

THE WHITE HOUSE
WASHINGTON

DATE: May 15, 1997

Al From

The President has reviewed the attached, and it is forwarded to you
for your:

Information ☒

Action ☐

Al From
518 C Street NE
Washington, DC 20002

Thank you.

Staff Secretary
(x6-2702)

cc:

5-15-97

To Al From
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that we do have as
biology - just not there
or our one -

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Al From
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Why the Tories Got Frowned

By RUPERT DARWALL

LONDON—The Conservative Party has paid the price for neglecting its Thatcherite principles, while new Prime Minister Tony Blair has been rewarded for dumping Labor's socialist ones. Unlike the 1992 election, in which taxes were the central issue—indeed, unlike the past four elections—in 1997 the clash of political ideas played little part, much to Labor's advantage.

There is a big lesson for the Tories. Left-of-center politicians can win elections by downplaying socialist thinking and selectively appropriating their opponents' ideas. For Conservatives, pragmatism—embodied in John Major's leadership—has been disastrous. There is now an important asymmetry in politics: On the left, it pays not to have an ideology, but the right is lost without one.

In an election thus drained of ideas, the parties focused on the personalities of the two leaders much more than ever before. Labor's final poster campaign simply had a picture of Mr. Blair; it did not even say which party to vote for. Mr. Blair towers over his party, reflecting his claim to have created "New Labor." Labor polled much better than it undoubtedly would have under Mr. Blair's predecessor, John Smith.

New Bonapartism

Mr. Blair has promised to be as radical in government as in reforming the Labor Party, but his empty mandate gives little clue as to what Labor will do. Comparisons with Margaret Thatcher and the Conservatives in 1979 are misleading. Her task was to make Britain governable; Mr. Blair's was to make Labor electable. With a few notable exceptions, such as Social Security Minister Frank Field, Labor shows little sign of the preparation Conservatives undertook in opposition before rolling out their supply-side revolution.

Yet the new Bonapartist tendency in British politics took its most extreme form in Mr. Major. Outwardly modest, with every appearance of being personally inoffensive, Mr. Major cut himself off from his party. In defiance of the wishes of the overwhelming majority of Conservative candidates, Mr. Major pledged to keep open the option of Britain joining the European single currency. He wanted a free hand to negotiate in the national interest—without saying what that meant—and a blank

check on the European question, with all the implications for Britain's future independence.

That is a very odd position. The essence of democracy is rival parties proposing different policies in a competition to win votes. If the big issue is to be left out of campaigns, why have elections at all? Mr. Major asked voters to look into his eyes and trust him. It was the wrong question to ask, since his rhetoric, as with Europe and taxes, was so often out of sync with what he actually did.

With this election, the bill for Mr. Major's big increase in public spending came due. Within three years of his taking office, public spending—before taking ac-

fewer seats. Labor's huge parliamentary majority reflected the collapse of the Tory vote and tactical voting to support opposition candidates—Labor or Liberal Democrat—most likely to beat the sitting Conservative.

Although it is a harsh lesson for Conservatives, the outcome demonstrates the fundamental health of democracy in Britain and the heavy price to be paid for breach of trust. And it was a step forward that the economy was not the central issue, with Labor saying it will eschew the deficits and inflation of the 1970s. After all, Conservatives are supposed to believe that prosperity is the result of individual effort, not government management.

The clash of political ideas played little part in the campaign, much to Labor's advantage. On the left, it pays not to have an ideology, but the right is lost without one.

count of the direct effect of the recession—had increased by 22 billion pounds (\$36 billion) in today's terms. Taxes had to be raised, totaling £17 billion. That destroyed the government's tax-cutting reputation, the trump card that won the 1992 election.

The Thatcherite revolution all but ground to a halt. Having taken the lead in cutting tax rates in the 1980s, Britain became a laggard in the 1990s. The top income tax rate has been stuck at 40%. The capital gains tax, also 40%, is one of the highest in the world. Even the German government is talking about dropping its top rate of income tax below Britain's.

The Conservatives under Mr. Major presumed that they were the natural party of government and that they would remain in office no matter what happened. They reasoned that it was impossible for Labor to win because the necessary voter swing would be too great. They thought the strength of the economy would automatically translate into votes. In short, the Tories made the profound error of taking the electorate for granted.

The outstanding aspect of the election was how ruthlessly Britons voted to oust Tories. The record number of seats won by Labor was not caused by the attraction of Mr. Blair. Mr. Major's Conservatives won only a slightly lower percentage of the vote in 1992 than Labor did this year—but far

Tory campaign strategists mistakenly believed that Mr. Major was their greatest asset. But Mr. Major's skills are those of a political middle manager, not a leader. By his own admission, he lacks the two essential requirements of leadership: the ability to make decisions and to project a clear vision. Trying to justify keeping open Britain's option to join the European monetary union, Mr. Major confessed to having been "scarred" by the pound's ejection from Europe's exchange rate mechanism, as if it made making a decision on monetary union more difficult. Seldom has a politician elevated paralysis to a political principle.

Mr. Major also had difficulty articulating a vision of Europe and Britain's place in it. "I long for the capacity to have those big issues crystallized in a straightforward way that does not mislead the public," he said in an interview. "In crystallizing it, you so often trivialize it." However, it suited Mr. Major to blur his position on Europe. His supporters argued that he was the only person who could keep the party together. It was



Tony Blair

therefore in Mr. Major's interest to keep the party divided so that he could perform this unique role. The Conservatives were thus denied an issue on which they had a clear advantage over Labor.

Europe dominated Mr. Major's second term. Following his surprise win in 1992, Mr. Major squandered his political capital in securing parliamentary approval for the Maastricht Treaty. The government did not have a clear view of what it wanted in Europe, and its supporters became increasingly Euroskeptical.

Europe will continue to dominate British politics. Mr. Blair's analysis is that Mr. Major's problems stemmed from having a divided party and that his own iron grip over Labor will ensure he avoids the same problem. Labor, extrapolating from its own recent history, looks forward to the Conservatives in opposition riven by division, much as Labor was in the 1980s. On this view, the Euroskeptics are the equivalent of the hard left that until now rendered Labor unelectable.

In for a Disappointment

But Mr. Blair is in for a big disappointment. The Euroskeptics have won the argument inside the Conservative Party. In contrast to the left in the 1980s, they are in tune with the public mood. Labor has not yet confronted the central dilemma of Britain's European policy, caused by the ineluctable pressure for further integration. Mr. Blair's proposed charm offensive in Europe will yield as little as Mr. Major's did when he became prime minister, since Britain's aspirations to remain independent are not compatible with those of its European partners.

At the Amsterdam summit in June, Mr. Blair will come under intense pressure to accede to the latest round of European integration. If he does, from that point on he will be held accountable for the problems inherent in Britain's membership in the European Union. He will be blamed for unpopular European decisions. And assuming the Conservatives pick a talented leader from what is now a wide-open field, they will be well placed to exploit his difficulties.

Mr. Darwall is director of London-based *Enlightened Competition* and was special adviser to former Chancellor Norman Lamont.



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Transmission To:

President William J. Clinton

From:

Professor Jay Katztransmitted from:
-7247THE WHITE HOUSE
WASHINGTON

— page(s)

Date

5/15

To:

Maria Echaveste

From:

The Staff Secretary

transmission, please call:

(203) 432-4981

As discussed.

Phil Caplan

Copy to Terry Edmonds



YALE LAW SCHOOL
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KB 5/15
11:15 a.m.

JAY KATZ

*Elizabeth K. Dollard Professor Emeritus
of Law, Medicine and Psychiatry*

*Harvey L. Karp Professorial Lecturer
in Law and Psychoanalysis*

203 432 4958
203 432 8260 FAX

May 12, 1997

President William J. Clinton
The White House Office
1600 Pennsylvania Avenue
Washington, D. C. 20500

Sent via fax: 202-456-2461

Dear President Clinton:

I read in today's *New York Times* that on Friday you will offer a formal Presidential apology for the Tuskegee Syphilis Study. This is long overdue. As you may know, I was a member of the 1972-73 Ad Hoc Advisory Panel which investigated the Study and terminated it forthwith.

I want you to know that your friend Ronald Brown, then General Counsel of the National Urban League, was a member of the Panel and so was the African-American syphilologist Dr. Vernal Cave (who, as I read also in the *New York Times* today, died last week). Both were allies in my efforts (since I was the only member of the Panel who knew a great deal about human experimentation) to make the condemnation of the Study stronger than the Panel as a whole did. Vernal's reservations were recorded in the Final Report. Ron sent his agreement with our reservations too late and therefore he is erroneously listed as being in total agreement with the Panel. (His views are recorded, however, in the transcripts of our meetings).

President William J. Clinton
May 12, 1997
Page 2

I enclose a copy of the statement because you might wish to memorialize also Ron's contributions to our deliberations. A small group of us who served on the Panel fought valiantly and, as I already suggested, he was a great ally.

I look forward to hearing your message on Friday.

Cordially,


Jay Katz,

JK/pls
Enclosure

YALE LAW SCHOOL
NEW HAVEN, CONNECTICUT 06520

TO: THE ASSISTANT SECRETARY FOR
HEALTH AND SCIENTIFIC AFFAIRS

FROM: JAY KATZ, M.D.

TOPIC: RESERVATIONS ABOUT THE PANEL
REPORT ON CILARGE I

I should like to add the following findings and observations to the majority opinion:

(1) There is ample evidence in the records available to us that the consent to participation was not obtained from the Tuskegee Syphilis Study subjects, but that instead they were exploited, manipulated, and deceived. They were treated not as human subjects but as objects of research. The most fundamental reason for condemning the Tuskegee Study at its inception and throughout its continuation is not that all the subjects should have been treated, for some might not have wished to be treated, but rather that they were never fairly consulted about the research project, its consequences for them, and the alternatives available to them. Those who for reasons of intellectual incapacity could not have been so consulted should not have been invited to participate in the study in the first place.

(2) It was already known before the Tuskegee Syphilis Study was begun, and reconfirmed by the study itself, that persons with untreated syphilis have a higher death rate than those who have been treated. The life expectancy of at least forty subjects in the study was markedly decreased for lack of treatment.

(3) In addition, the untreated and the "inadvertently" (using the word frequently employed by the investigators) but inadequately treated subjects suffered many complications which could have been ameliorated with treatment. This fact was noted on occasion in the published reports of the Tuskegee Syphilis Study and as late as 1971. However the subjects were not apprised of this possibility.

(4) One of the senior investigators wrote in 1936 that since "a considerable portion of the infected Negro population remained untreated during the entire course of syphilis... an unusual opportunity (arose) to study the untreated syphilitic patient from the beginning of the disease to the death of the infected person." Throughout, the investigators seem to have confused the study with an "experiment in nature." But syphilis was not a condition for which no beneficial treatment was available, calling for experimentation to learn more about the condition in the hope of finding a remedy. The persistence of the syphilitic disease from which the

victims of the Tuskegee Study suffered resulted from the unwillingness or incapacity of society to mobilize the necessary resources for treatment. The investigators, the USPHS, and the private foundations who gave support to this study should not have exploited this situation in the fashion they did. Unless they could have guaranteed knowledgeable participation by the subjects, they all should have disappeared from the research scene or else utilized their limited research resources for therapeutic ends. Instead, the investigators believed that the persons involved in the Tuskegee Study would *never* seek out treatment; a completely unwarranted assumption which ultimately led the investigators deliberately to obstruct the opportunity for treatment of a number of the participants.

(5) In theory if not in practice, it has long been "a principle of medical and surgical morality (never to perform) on man an experiment which might be harmful to him to any extent, even though the result might be highly advantageous to science" (Claude Bernard 1865), at least without the knowledgeable consent of the subject. This was one basis on which the German physicians who had conducted medical experiments in concentration camps were tried by the Nuremberg Military Tribunal for crimes against humanity. Testimony at their trial by official representatives of the American Medical Association clearly suggested that research like the Tuskegee Syphilis Study would have been intolerable in this country or anywhere in the civilized world. Yet the Tuskegee study was continued after the Nuremberg findings and the Nuremberg Code had been widely disseminated to the medical community. Moreover, the study was not reviewed in 1966 after the Surgeon General of the USPHS promulgated his guidelines for the ethical conduct of research, even though this study was carried on within the purview of his department.

(6) The Tuskegee Syphilis Study finally was reviewed in 1969. A lengthier transcript of the proceedings, not quoted by the majority, reveals that one of the five members of the reviewing committee repeatedly emphasized that a moral obligation existed to provide treatment for the "patients." His plea remained unheeded. Instead the Committee, which was in part concerned with the possibility of adverse criticism, seemed to be reassured by the observation that "if we established good liaison with the local medical society, there would be no need to answer criticism."

(7) The controversy over the effectiveness and the dangers of arsenic and heavy metal treatment in 1932 and of penicillin treatment when it was introduced as a method of therapy is beside the point. For the real issue is that the participants in this study were never informed of the availability of treatment because the

investigators were never in favor of such treatment. Throughout the study the responsibility rested heavily on the shoulders of the investigators to make every effort to apprise the subjects of what could be done for them if they so wished. In 1937 the then Surgeon General of the USPHS wrote: "(f) or late syphilis no blanket prescription can be written. Each patient is a law unto himself. For every syphilis patient, late and early, a careful physical examination is necessary before starting treatment and should be repeated frequently during its course." Even prior to that, in 1932, ranking USPHS physicians stated in a series of articles that adequate treatment "will afford a practical, if not complete guaranty of freedom from the development of any late lesions. . ."

In conclusion, I note sadly that the medical profession, through its national association, its many individual

societies, and its journals, has on the whole not reacted to this study except by ignoring it. One lengthy editorial appeared in the October 1972 issue of the Southern Medical Journal which exonerated the study and chastised the "irresponsible press" for bringing it to public attention. When will we take seriously our responsibilities, particularly to the disadvantaged in our midst who so consistently throughout history have been the first to be selected for human research?

Respectfully submitted,

(sgd.) Jay Katz, M.D.

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21. *VD Fact Sheet*, No. 17. U.S. Public Health Service Publication, December 1960, p. 19.
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Respectfully Submitted,

Ronald H. Brown
Jean L. Harris, M.D.
Seward Hiltner, Ph.D., D.D.
Jeanne C. Sinkford, D.D.S., Ph.D.
Fred Speaker
Barney H. Weeks

Approval with Reservations:

(See addendum for reservation statement)

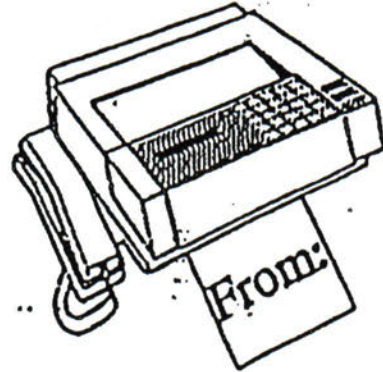
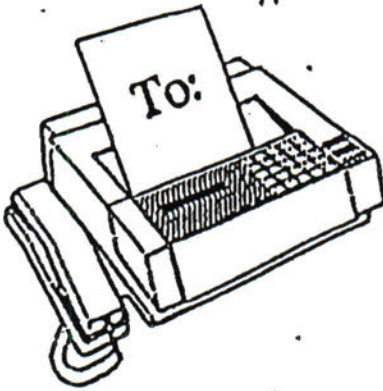
Jay Katz, M.D.

Vernal Cave, M.D.

Abstention:

Broadus N. Butler, Ph.D.

FAX TRANSMISSION



The White House -

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Notes

Letter for the President follows.

Phil Caplan

5/15/97

[To Chris Walker for
replyTotal Pages:
(incl. this page)

Congress of the United States**Washington, DC 20515**

May 13, 1997

President Bill Clinton
The White House
Washington, DC

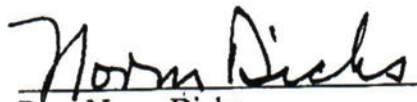
Dear Mr. President:

We are deeply concerned by recent public statements by the European Commission's Competition Commissioner, Karel Van Miert, regarding the proposed merger of The Boeing Company and McDonnell Douglas Corporation. Mr. Van Miert's public statements to audiences in Europe and the United States about his negative views of the proposed transaction are inappropriate, prejudicial, and do grave harm to the due process that is both the legal right of the involved parties, and the foundation of fair and impartial anti-trust review by regulatory authorities. These remarks are especially troubling, given the potential for a conflict of interest between the Commission's role as regulator, and the ownership interest of several of its Member states in the Airbus consortium.

There exists a 1991 "Agreement between the European Communities and Government of the United States regarding the application of their Competition Laws." Statements by Mr. Van Miert do not demonstrate comity in the application of competition laws but rather a view that it is the European Competition Commission's role to forward the interests of its domestic industry over that of a non-European industry that trades within Europe. This suggests the existence of an inherent conflict of interest in direct contradiction to the spirit and intent of the 1991 agreement. It also seems more than coincidence that Mr. Van Miert's unfortunate statements were made against the background of the European Commission's request to reopen aircraft subsidy issues that, until recently, all parties publicly agreed were resolved equitably in the 1992 Bilateral Agreement.

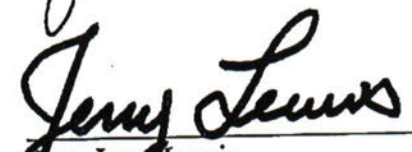
We recognize that the proposed merger is a matter currently being reviewed by US regulatory agencies, and we neither desire nor intend any actions on the part of the Congress or of the Executive Branch that would prejudice the outcome of that review, or any legitimate anti-trust review being conducted by a foreign entity. We do expect, however, that any proposed merger involving US companies, and particularly one that has important implications for US national security and economic strength as in this instance, should be reviewed and decided strictly on its merits with full regard to due process, and not be allowed to become a political or trade issue.

Mr. President we are certain that you share our expectation in this regard. Since time is of the essence, we urge you to communicate US expectations of due process and impartial review of the pending merger to the European Commission at the earliest possible time, and ask that you advise us of your actions.

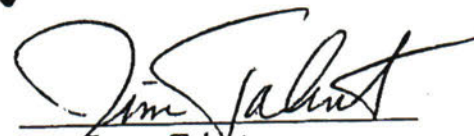

Rep. Norm Dicks


Rep. Jennifer Dunn


Rep. Sam Gejdenson


Rep. Jerry Lewis


Rep. Jim McDermott


Rep. James Talent

To MSC for reply
cc: Mack McLarty

PhM
5/15

THE
CARTER CENTER



Rec'd in
Jim Dorst's
office 5/13
by [unclear]

May 9, 1997

To President Bill Clinton

We had an excellent meeting last week at our conference on "An Agenda for the Americas for the 21st Century," and I very much appreciate the participation of Vice President Al Gore, Mack McLarty, and General McCaffrey. We had especially fruitful exchanges with Speaker Newt Gingrich and Representative Benjamin Gilman, during which the 17 former and current heads of government at the conference expressed their concerns and discussed ideas on reaching a more cooperative multilateral approach to the drug war and obtaining fast-track authorization to begin negotiations for a Free Trade Area of the Americas by 2005. We also urged all governments in the region to ratify the Inter-American Anti-Corruption Convention before the 1998 Summit in Santiago. Our final, signed statement is enclosed.

I want to call your attention to one issue in particular, and ask for your help. As you know, we are especially concerned about the possibility of an arms race in Latin America, and in our final statement, the leaders ask the governments in the region to pause before embarking on major arms purchases. We ask the governments of Latin America and the Caribbean to endorse a regional moratorium of two years before purchasing any sophisticated weapons. During that time, the governments could explore ideas to restrain such arms, while still allowing for modernization of the armed forces. At the same time, conference participants urged the U.S. and other governments that sell arms to affirm their support for such a moratorium.

I want to ask if you will give your support for a moratorium in principle, recognizing that it cannot be binding unless and until we get a critical mass of arms suppliers and purchasers to agree. I am writing to request support for this initiative from Latin American and Caribbean leaders as well as leaders from countries that sell arms in the region, but it would be very significant if you would pledge actively to pursue this objective.

If you agree, your public statement endorsing the idea on a moratorium would have far-reaching consequences for the region. I appreciate your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "Jimmy". The signature is stylized with a large, sweeping initial "J" and a horizontal line above it.

The Honorable Bill Clinton
President of the United States of America
The White House
1600 Pennsylvania Ave., NW
Washington, D.C. 20500

Enclosure: Final Declaration, Agenda for the Americas for
the 21st Century

THE
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COUNCIL OF FREELY ELECTED HEADS OF GOVERNMENT
STATEMENT ON THE CONCLUSION OF
"THE AGENDA FOR THE AMERICAS FOR THE 21ST CENTURY"
ATLANTA, GEORGIA
APRIL 29, 1997

We, the members of the Council of Freely Elected Heads of Government, have met in Atlanta, Georgia on April 28-29, 1997 to assess the state of western hemispheric relations and to offer our views and recommendations on ways to help achieve the goals that we share - the pursuit of peace; the end of illegal drug trafficking; the reinforcement, deepening, and extension of democracy; the promotion of a free trade area of the Americas; and social justice.

The Council was established at The Carter Center after a Consultation on "Reinforcing Democracy in the Americas" in November 1986 by many of us. Since then, within the western hemisphere, we have worked to reinforce democracy at critical moments, including by monitoring and mediating 15 electoral processes in nine countries in the Americas. We have lent our support to freer trade, including by urging the U.S. Congress to approve the North American Free Trade Agreement. We have worked hard to reduce the region's debt and bring peace to Central America.

For these past two days, we have reviewed a wide agenda confronting the nations of the hemisphere - trade, drug trafficking, poverty, and issues related to security and democracy.

Our Council of 29 current and former Presidents and Prime Ministers of most of the nations of the Western Hemisphere bring diverging perspectives to the table, which we found sometimes helps us to consider different approaches to an issue.

We found ourselves in agreement on the basic goals, many of which were enunciated by the Western Hemisphere leaders in the Declaration of the Summit of the Americas in December 1994.

-- The Americas should conclude a Free Trade Area of the Americas by the year 2005 while making sure that the benefits of freer trade are shared by all the peoples of the hemisphere.

-- We should seek to eliminate the scourge of illegal drugs.

-- The remaining territorial disputes of the hemisphere should be resolved soon.

-- We should curb the purchase and sale of arms.

-- The benefits of democracy should be extended to all the nations of the hemisphere, and we should deepen democracy, protect press freedom, and eliminate corruption and the disproportionate influence of money in the politics of all our nations.

While we are committed to those goals, we have to express our great disappointment at the lack of progress in achieving them, and so we concentrated most of our time on how to translate those general statements into concrete steps forward. Let us identify, now, with greater precision what it is that we hope the leaders of the hemisphere should strive to achieve.

First, some general principles:

- The issues on the agenda require cooperation and partnership, not unilateral dictation and paternalism.

- Most of the difficult issues on the agenda have two sides -- supply and demand on drugs, commodities, arms, bribery -- and an effective strategy requires dealing with both sides.

- The moral basis of the new community of the Americas is democracy. Freer trade will enhance the ties between our democratic nations.

1. Trade, Integration, and Poverty

We support the Summit Declaration to reach a Free Trade Area of the Americas by the year 2005. There has been great progress on negotiating bilateral and sub-regional free trade agreements, but thus, far, little progress toward the Summit goal of an FTAA. To attain that goal, the governments will need to move more quickly than they have during the past two years.

All of our nations will benefit from freer trade, but that doesn't mean that everyone will benefit. The best defense of those people who suffer the increased competition of freer trade is not protectionism, but rather additional mechanisms to ensure that the benefits of freer trade are more widely shared and that those who lose the competition can be helped to adjust.

1. **Fast-Track:** It is vitally important that the U.S. government obtains fast-track negotiating authority as soon as possible in order to begin serious trade negotiations. We were very encouraged in our discussions with U.S. leaders that there

seems to be grounds for a workable compromise. The AFL-CIO wants adequate protections for workers and the environment in the trade agreement. In our intensive discussions with Speaker of the House Newt Gingrich, the Speaker told us that he would support rapid passage of fast-track negotiating authority which included provisions for protecting labor rights and the environment, provided they are trade-related. We view this as a significant development that potentially goes beyond the existing NAFTA and hope Congress and President Clinton reach agreement on this as soon as possible.

2. Caribbean Basin Enhancement: It is vitally important that a Caribbean Basin Enhancement law is passed by Congress as early as possible to grant wider access to the U.S. market by the smaller and more vulnerable nations in the Caribbean Basin. These provisions will permit these countries to make the adjustment over an extended period of time to enter a Free Trade Area of the Americas (FTAA). ("Caribbean Basin" includes Central America and the Caribbean.)

3. Paths to FTAA: We explored several different ideas as to the best way to pursue an FTAA. Some believe that the U.S. and other countries should negotiate bilaterally; others would like for negotiations to proceed between sub-regional groups. We propose an alternative: the nations of the hemisphere should define clear and specific criteria through their talks within the 11 working groups set up at the Denver Ministerial, and nations or groups would become members of a growing FTAA as they meet these criteria. Special transitional provisions might have to be made for the smaller economies. Governments should encourage their private organizations to participate in this process.

4. Caribbean Basin Commodities: Several small Caribbean Basin nations are very dependent on a few commodities, such as bananas and sugar, whose markets are restricted. We urge the United States and Europe to expand market access to these products.

5. Reducing Poverty and Inequality: It is urgent to reduce poverty and injustice through development strategies and investments that contribute to social, economic, and fiscal justice and also through health, education, job training, housing, and support for small and medium enterprises.

Inasmuch as trade promotes growth, expanding trade can reduce poverty and inequalities as has been seen in Chile and the East Asian countries. But additional steps are necessary in order to compensate those who are hurt by the increased competition that

comes from trade. Such steps would include increased productivity, technological transfer, and increasing annual rate of growth to more than 3% per capita by generating more savings. Governments should also promote universal elementary education, improve the quality and equity of education at all levels, and remove barriers to poor people's access to credit, land and education.

2. A New Hemispheric Approach to Illegal Drug Trafficking

The hemisphere needs a new cooperative approach to combat illegal drug trade because so many of our countries are both producers and consumers of illegal drugs. Mutually recriminatory approaches distract from the real enemy: illegal drugs. If we recognize this, our efforts to fight the enemy can become a unifying rather than a divisive force. It is time to change the relationship from an adversarial one to a partnership.

The 1994 Miami Summit made explicit a new hemispheric-wide recognition of the seriousness of the drug problem and the shared responsibility among consumer, trafficker, and producer countries.

We applaud the ratification at the 1994 Summit of three existing agreements against drug trafficking and money laundering, but these lack time schedules for implementation and meaningful enforcement measures. The political will to combat illegal drugs clearly exists, but political capacity is weak in many countries. The U.S. has filled the enforcement vacuum with its certification policy.

With respect to the existing method of U.S. certification, the process should entail prior notification to the responsible authority within each foreign capital as to any concerns that have arisen and permit the opportunity of meaningful dialogue before the final assessment is made. There should be close coordination among U.S. officials in dealing with other nations.

It is now time to replace the unilateral certification policy with a multilateral strategy which includes monitoring and enforcement of efforts to reduce demand as well as supply. We were very encouraged by our conversation with Speaker Newt Gingrich, Senator Paul Coverdell, General Barry McCaffrey, and Chairman of the House International Relations Committee Benjamin Gilman -- all recognized the need for a new approach to this issue.

Speaker Gingrich described the certification policy as "offensive and senseless" and urged its replacement with a hemispheric-wide approach to the issue. He called for a dialogue among the nations of the Americas to develop a plan for a drug-free Western Hemisphere. We propose a multilateral forum, either

through the OAS (CICAD) or a new blue-ribbon commission, that would devise a hemispheric-wide plan and strategies for each country. In addition, the group needs to develop standards (what constitutes success?) and measures of performance and assess each country's performance. The group could use standards developed in the 1988 UN Convention. The group could be modeled on the Inter-American Commission on Human Rights, which is widely respected and competent.

The plan should pursue each link in the drug-trafficking chain: production, processing, transportation, consumption, and money-laundering. The U.S. Administration should give more attention and resources to the treatment and education (demand) side of the problem because that is the most cost-effective way to attack the problem.

The work of this group would be separate from the decisions made by the U.S. on aid, although we hope that the certification policy would be phased out as this group comes into being.

The illicit traffic in arms, ammunition, explosives, and other dangerous materials is a concomitant of the illegal trade in drugs.

Effective measures, requiring meaningful collaboration between nations of the hemisphere, will be required to combat this menace.

We discussed the possible relationships to global efforts to control money-laundering and drug trafficking; specifically, coordinating with the UN's Drug Control Program and participating in a Global Narcotic's Conference. We also discussed the idea of a regional court of the Americas that could handle drug, arms trafficking, money-laundering, and other transnational crimes. Appeals from such a court could be sent to the Hague.

We discussed the need to strengthen alternative development strategies based on trade reciprocity agreements for the Caribbean Basin and enhanced capacity of the IFIs to replace bilateral aid programs. Drug policy should not become a non-tariff barrier that will impede the continuing opening of markets and borders.

3. Resolving the Region's Territorial Disputes

We agreed that although some of the long-standing border disputes have been dormant for long periods, they still remain a source of tension and a rationale for an unaffordable arms race. And, in some cases, they can erupt into conflict. The movement toward democracy and the end of the Cold War has diminished tensions in the region, and we do not mean to imply that the region

is in turmoil. Quite the opposite. Democracy and peace is the norm, and we also believe that regional economic integration is a useful instrument for reducing security tensions.

Still, territorial disputes remain potential problems. We therefore believe that the time has arrived to try to resolve definitively these territorial disputes. We discussed a number of strategies for accomplishing that, and rather than recommend a single strategy, we thought it would be far more useful to propose several ideas.

The first question is who should mediate these disputes? The options are: (1) third-country governments; (2) institutions outside the hemisphere, like the Pope or the King of Spain; (3) the OAS; (4) a Commission of Mediators or Facilitators made up of a group of senior statesmen; or (5) The Carter Center or the Council of Freely Elected Heads of Government. Still, another alternative would be for the Hague Court to arbitrate the dispute.

The second question is how should such mediators gain legitimacy for pursuing these issues. The options are: (1) the disputed states could invite; (2) the OAS could pass an "umbrella resolution" that would require all states with disputes to submit them to some mediation that could be chosen by the states; (3) the Presidents of the Americas could address this issue at the Summit of the Americas in Santiago in March 1998; or (4) the OAS or UN Secretary General could designate senior statesmen to undertake an assessment and feasibility mission to determine whether the governments were ready to settle the dispute - a kind of pre-negotiation session.

Whichever of these options are chosen, we recommend the OAS Secretary General and other leaders in the region become much more actively engaged into trying to resolve these problems.

4. A Regime to Restrain Arms Sales and Purchases

Although Latin America spends relatively less on defense than most other regions, expenditures on expensive weapons systems divert scarce foreign exchange from more effective investments, including for education. They also compel neighbors to spend more on defense and, by doing so, generate international tensions.

Moreover, we are concerned about the possibility of an arms race in Latin America, and we urge the governments in the region to pause before embarking on major arms purchases. Latin America has served as a model for nuclear non-proliferation with the Treaty of

Tlatelolco, and we believe that it ought to embark on a conventional arms restraint agreement. The agreement needs to be multilateral - not unilateral, and it should involve purchasers as well as sellers.

We recommend, as a first step, that the governments of Latin America pledge to accept a moratorium of two years before purchasing any sophisticated weapons. During that time, they should explore ideas to restrain such arms. We encourage them to look at the recent accord between Brazil and Argentina, which called for a region free of an arms race. At the same time, we call on the U.S. and other governments that sell arms to affirm their support for such a moratorium.

Time is of the essence. Delay would be very costly to all of our nations. We urge the nations of the region to move quickly to implement a moratorium and to begin serious negotiations on ways to translate a moratorium into an agreement.

In considering future agreements, governments should consider making a distinction between modernization and acquisition of new weaponry. We also suggest studies on banning land mines from the region and better regulations on the trade in firearms.

We also urge hemispheric governments to sign a regional and an international Code of Conduct on Arms Transfers, which prohibits or restricts sale and transfer of weapons to: (a) states in international conflict; (b) states with internal conflicts and/or human rights abusers; (c) non-democratic states; (d) violators of international law; (e) states in which expenditures on health and education are less than for defense.

We also recommend that all states agree to mandatory weapons export and acquisition reporting to the U.N. Register of Conventional Arms. States should also agree to participate in the Standardized International Reporting of Military Expenditures.

5. A Hemispheric approach to Extending, Reinforcing, and Deepening Democracy

The hemisphere has reached an unprecedented moment in which all nations but one have held competitive elections. Elections are only one crucial element of democracy, however. We identified three issues for hemispheric cooperation on democratization: extending democracy to Cuba, deepening democracy by removing undue influence of money in campaigns and guaranteeing press freedoms, and eliminating corruption.

Extending democracy to Cuba: The most appropriate and effective way to bring democracy to Cuba is through a policy of engagement rather than isolation. The Helms-Burton law is counterproductive because it causes greater problems for U.S. relations with its friends in Canada, Latin America, and Europe than it causes problems for Fidel Castro. We urge the U.S. Congress and President to repeal or significantly modify that law and to cooperate with Latin America in drafting a hemispheric-wide approach to facilitating democracy and civil society in Cuba. The extra-territorial aspect of the law is particularly objectionable. Cuba should be invited to participate in hemispheric events, provided that the government is prepared to accept the standards of human rights and democracy as enunciated in the American Convention on Human Rights, the Santiago Commitment, and the Managua Declaration.

Deepening democracy. Democracy is a work in progress. Nowhere is it perfect. Existing campaign finance practices have tended to erode popular support for democracy even in countries like the United States. We discussed this issue along with access to the media for political candidates and concluded that reforms are necessary to restore confidence in the election process.

We urge governments and parties throughout the hemisphere to remove the disproportionate influence of money in politics. Each country will devise their own systems to provide for equity, transparency, and accountability in their electoral processes, but in our review of a number of models in this hemisphere and in Europe, we found that shorter campaigns, limits on expenditures, tax deductible small contributions, publicly subsidized media time, and effective monitoring all increased transparency and competitiveness of elections. Canada may be the best model in the hemisphere; the United States and Colombia might be among the worst.

Freedom of the press from harassment, censorship and intimidation is vital to a thriving democracy. We unanimously endorse the Declaration of Chapultepec and urge all hemispheric leaders who have not yet done so to sign.

Corruption: In 1995, this hemisphere constructed the first anti-corruption convention in the world. It is now time for all governments in the region to follow the lead of Bolivia, Paraguay, and Peru and ratify the Inter-American Anti-Corruption Convention before the 1998 Summit of the Americas.

Transnational bribery is a negative consequence of the growing trade and investment relationships and privatization efforts of the hemisphere. We urge prospective bidders and government procurement agencies to sign Anti-Bribery Pacts. We applaud the initiative of the Inter-American Development Bank to require such transparency on their own projects, and we urge the World Bank to do likewise. We support the establishment of a strong OAS anti-bribery working group to provide legislative and technical assistance and to monitor national performance.

We call on the OECD Ministerial meeting next month to follow the lead of the United States and the Inter-American Anti-Corruption Convention in criminalizing transnational bribery and ending tax deductibility for bribery.

We intend to bring these issues to the attention of the leaders of the hemisphere, beginning with our three colleagues on this panel, who are incumbents - President Leonel Fernandez of the Dominican Republic, Prime Minister P.J. Patterson of Jamaica, and President Gonzalo Sanchez de Lozada of Bolivia. After our press conference, we will be meeting privately with Vice President Gore to discuss these issues, and he will have an opportunity to state his response and U.S. policy tonight.

We are heartened that U.S. President Bill Clinton will be visiting Mexico, Central America, and the Caribbean in a week, and will visit South America next October. Thomas "Mack" McLarty attended part of our meetings along with officials from the State Department and the National Security Council. The President's trip offers a real possibility of translating the general goals of the Summit of 1994 into something that would benefit the people of the hemisphere.

We are pleased by the active participation of Ambassador Juan Martabit, who has been charged by Chilean president Eduardo Frei to coordinate all of the work of the Summit of the Americas that will be held in Chile in March 1998. He commented that "our meeting had awakened the hopes that had diminished after the 1994 Summit." We therefore see our work these last two days as a kind of a bridge between two Summits.

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Agenda for the Americas for the 21st Century
Council of Freely Elected Heads of Government
April 29, 1997

Former President Jimmy Carter, United States

Former President Gerald Ford, United States

President Leonel Fernández, Dominican Republic

Prime Minister P.J. Patterson, Jamaica

President Gonzalo Sánchez de Lozada, Bolivia

Former President Oscar Arias Sánchez, Costa Rica

Former President Patricio Aylwin, Chile

Former President Rodrigo Carazo, Costa Rica

Former President Marco Vinicio Cerezo, Guatemala

Former Prime Minister Joe Clark, Canada

Former President Osvaldo Hurtado, Ecuador

Former President Luis Alberto Lacalle, Uruguay

Former President Carlos Andrés Pérez, Venezuela

Former Prime Minister George Price, Belize

Former Prime Minister Erskine Sandiford, Barbados

Jimmy Carter
Gerald R. Ford
Leonel Fernández
P.J. Patterson
Gonzalo Sánchez de Lozada
Oscar Arias Sánchez
Patricio Aylwin
Rodrigo Carazo
Marco Vinicio Cerezo
Joe Clark
Osvaldo Hurtado
Luis Alberto Lacalle
Carlos Andrés Pérez
George Price
Erskine Sandiford

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Former Prime Minister Pierre Trudeau, Canada

Vice President Carlos Federico Ruckauf, representative of Council member President Carlos

Saúl Menem, Argentina

Amb. Ronaldo Sardenberg, Minister of Strategic Affairs and representative of Council member

President Fernando Henrique Cardoso, Brazil

Rodolfo Terragno, President, National Committee, Unión Cívica Radical Party, and

representative of Council member Raúl Alfonsín, Argentina

Dr. Robert Pastor, Executive Secretary of the Council of Freely Elected Heads of Government

and Director of the Latin American and Caribbean Program

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Agenda for the Americas for the 21st Century -- List of Participants

Co-Chairs

Former President Jimmy Carter, United States
Former President Gerald Ford, United States

Council Members and Current Heads of State

President Leonel Fernández, Dominican Republic
Prime Minister P.J. Patterson, Jamaica
President Gonzalo Sánchez de Lozada, Bolivia
President Ernesto Zedillo, Mexico
Former President Oscar Arias Sánchez, Costa Rica
Former President Patricio Aylwin, Chile
Former President Rodrigo Carazo, Costa Rica
Former President Marco Vinicio Cerezo, Guatemala
Former Prime Minister Joe Clark, Canada
Former President Osvaldo Hurtado, Ecuador
Former President Luis Alberto Lacalle, Uruguay
Former President Carlos Andrés Pérez, Venezuela
Former Prime Minister George Price, Belize
Former Prime Minister Erskine Sandiford, Barbados
Former Prime Minister Pierre Trudeau, Canada
Vice President Carlos Federico Ruckauf, representative of Council member President
Carlos Saúl Menem, Argentina
Amb. Ronaldo Sardenberg, Minister of Strategic Affairs and representative of Council
member President Fernando Henrique Cardoso, Brazil
Rodolfo Terragno, President, National Committee, Unión Cívica Radical Party, and
representative of Council member Raúl Alfonsín, Argentina
Dr. Robert Pastor, Executive Secretary of the Council of Freely Elected Heads of
Government and Director of the Latin American and Caribbean Program

Representatives of International Organizations

Secretary General Cesar Gaviria, Organization of American States
Secretary General Kofi Annan, United Nations
Enrique Iglesias, President, Inter-American Development Bank
Gert Rosenthal, Executive Secretary, United Nations Economic Commission for Latin
America and the Caribbean, Chile
Muni Figueres, External Relations Advisor, Inter-American Development Bank

U.S. Administration

Vice President Al Gore

Thomas "Mack" McLarty, Special Envoy to the Americas, Counselor to the President
Gen. Barry McCaffrey, Director, U.S. Office for National Drug Control Policy (ONDCP)

James Dobbins, National Security Council, Director of Latin American Affairs

Ronald Scheman, U.S. Executive Director, Inter-American Development Bank

Mark Schneider, Assistant Administrator, USAID

Peter Romero, Principal Deputy Assistant Secretary, Bureau of Inter-American Affairs,
State Department

Benjamin Harvey, Staff Director, Office of Supply Reduction, ONDCP

Joseph Donovan, Office of National Drug Control Policy (ONDCP)

U.S. Congress

Congressman Newt Gingrich, Speaker of the House of Representatives

Congressman Benjamin Gilman, Chairman, House Int'l Relations Committee

Senator Paul Coverdell, Chairman, Subcommittee on Western Hemisphere Affairs,
Senate Foreign Relations Committee

Other International Participants

Marcelo Carlos Avogadro, Undersecretary for Economic Negotiation and International
Trade, Argentina

Adhemar Gabriel Bahadian, Deputy Secretary General of External Relations, Brazil

José Octavio Bordón, President, PAIS Party, Argentina

Luis Gabriel Cano, President, Inter-American Press Association, Colombia

Luis Alberto Cordero, Director of CAPEL, Costa Rica

Pedro Pablo Diaz, Vice-President, Corporate Communications, Latin American Group

Fernando Duran, Director, The Arias Foundation for Peace and Human Progress

Raúl Fernandez, First Secretary, Ministry of Foreign Affairs, Chile

Mónica Inés González de Bordón, Director, Social Development, Institute of Economics
and Organization (INTECO), Argentina

Amb. Cedric Grant, Professor of Political Science, Clark Atlanta University, and former
Guyanese Amb. to the United States and delegate to the OAS, Guyana

José Angel Gurria, Foreign Minister, Mexico

Sergio González Galvez, Under Secretary for Multilateral Affairs, Mexico

Michael Kergin, Assistant Deputy Minister for the Americas, Foreign Ministry, Canada

Amb. Juan Martabit, Chilean Government Coordinator for the Santiago Summit of the
Americas, March 1998, Chile

Maureen McTeer, Professor of Law, University of British Columbia, Canada

Luis Moreno Ocampo, President, Transparency International, Argentina

Beatrice Rangel, Senior Vice President, Corporate Strategies, Cisneros Group, Venezuela

Miguel Rodriguez, Professor of Economics at IESA, Caracas, and former Minister of
Planning, Venezuela

Daniel Romero, International Affairs Coordinator for Former President Carlos Andrés
Pérez, Venezuela

José Serrano, President TTM and Board Member of Kansas City Southern

Representatives of Argentina, Bolivia, Dominican Republic, and Jamaica

Berndt Abendroth, National Secretary for Industry and Commerce, Bolivia
Virgilio Alcántara, Press Director, National Palace, Dominican Republic
Basil Bryan, Deputy Chief of Mission, Jamaican Embassy
Alejandro Benjamín Dosoretz, Advisor to President of the Argentine Senate
Miguel Cocco, Director of Customs and Duties, Dominican Republic
Fernando Cossio, Ambassador to the United States, Bolivia
Eduardo Latorre, Minister of Foreign Relations, Dominican Republic
Juan Marichal, Minister of Sports, Dominican Republic
Danilo Medina, Minister of the Presidency, Dominican Republic
Gerónimo Meleán, Executive President for the National Fund for Alternative Development, Bolivia
Amb. Richard Pierce, Senior Director, International Relations and Trade, Jamaica
Victor Rico, National Secretary for International Economic Relations, Bolivia
Ignacio Sánchez de Lozada, Special Assistant to the Bolivian President
Temístocles Montas, Director, CDE (Dominican Electric Company), Dominican Republic
Amb. Bernardo Vega, Ambassador to the United States, Dominican Republic

Other US Participants

Peter Bell, President and CEO, CARE, and Co-Chair, Inter-American Dialogue
Thomas Cardamone, Director, Conventional Arms Transfer Project
Linda Chavez-Thompson, Executive Director, AFL-CIO
Neal Creighton, President, McCormick Tribune Foundation
Michael Criszt, Coordinator, Latin American Research, Federal Reserve Bank of Atlanta
Carlos Diaz, President, Latin American Sales, Turner International, CNN
Richard Feinberg, Dean, UC San Diego Graduate School in International Relations and Pacific Studies
Peter Hakim, President, Inter-American Dialogue
Fritz Heimann, Chairman, Transparency International, United States Chapter
Amb. Sol Linowitz, Co-Negotiator of Panama Canal Treaties and Chairman Emeritus of Inter-American Dialogue, United States
James McClatchy, former President, Inter-American Press Association and Chairman of McClatchy Newspapers
Melissa Metcalfe, Georgia State Director, Common Cause
Sam Nunn, Partner at King & Spalding, former U.S. Senator, and former Chairman of the Senate Armed Services Committee
Roberto Peon, President, Latin America, BellSouth
Robert J. Ratliff, Chairman, AGCO
Landon Rowland, President, Kansas City Southern Industries
Former Speaker of the House Jim Wright
Hon. Andrew Young, former U.S. Amb. to the United Nations and Mayor of Atlanta
Randall Ashley, Foreign Affairs Commentator, *Atlanta Journal-Constitution*
Charles Krause, Commentator, Lehrer NewsHour
Christopher Marquis, Columnist, *Miami Herald*
Linda Robinson, Latin America Correspondent, *U.S. News & World Report*

Stephen Rosenfeld, Editorial Page, *Washington Post*
Vijay Vaitheeswaran, Contributor, Mexico City Bureau, *The Economist*

The Carter Center and Emory University Participants

Rosalynn Carter, Vice Chair of The Carter Center and former U.S. First Lady
John Hardman, Executive Director, The Carter Center
Gordon Streeb, Director, International Programs, The Carter Center, and former U.S. Ambassador to Zambia
Amb. Harry Barnes, Director, Conflict Resolution Program, The Carter Center, and former U.S. Ambassador to Chile
William Chace, President, Emory University, Atlanta, Georgia
Amb. Marion Creekmore, Vice Provost for International Affairs for Emory University and former U.S. Ambassador to Sri Lanka
Steven Sanderson, incoming Vice-President for Arts and Sciences and Dean of Emory College at Emory University, beginning July 1997
Juan del Aguila, Professor, Political Science, Emory University
Jeffrey Rosensweig, Professor, Finance, Goizueta School of Business, Emory University
Dr. David Carroll, Associate Director, Latin American and Caribbean Program
Dr. Jennifer McCoy, Senior Associate, Latin American and Caribbean Program
Becky Castle, Program Coordinator, Latin American and Caribbean Program
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Adam Long, Emory University
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CARTER CENTER CONFERENCE:
LATIN AMERICA'S 21ST CENTURY

Looking South

Talking over the Latin America of the 21st century will bring dozens of presidents, former presidents, prime ministers, ambassadors, members of Congress and captains of industry to the Carter Center this week. The conference may preview issues that will be discussed during President Clinton's first presidential trip to Latin America on May 5.

But understanding — and exploring new ways to achieve common goals — is what former president Jimmy Carter had in mind in calling the meeting as a follow-up to the Summit of the Americas in 1994, hosted by Clinton. Today we outline some of the vital issues.

■ Jimmy Carter on our neighbors

"Latin America has been transformed politically, as well as economically, in the past 10 years. The possibility of building a community of market-oriented democracies in the Western Hemisphere has never been greater." **Q&A, F3.**

■ Georgia's stake in trade

The conference will touch on trade as the United States looks south to this market of a half-billion people. Coca-Cola Co. has long had a southern strategy. Now other Georgia-based companies are looking to Latin America. **Report, F3.**

■ Selling danger in Latin America?

Some of the trade the United States is going after is deadly, says former Costa Rican president Oscar Arias. Selling too many U.S. weapons south will threaten Latin America's march to democracy. **Below.**

OPINION: FROM COSTA RICA

Weapons overtures may signal the end of peace, tranquillity

By Oscar Arias

There is a certain irony about a country living in peace: The world tends to lose interest in its fate.

Mechanisms that maintain and foster peace, promote human development or resolve conflicts peacefully are much less interesting than a good show of force on CNN. That our society celebrates violence and is bored by peace should give us cause for concern.

Nowhere is this phenomenon more visible than in the relations the United States maintains with Latin America. As the region struggles to establish firm and lasting democracies so that peace can flourish, we see little moral or active assistance from the international community. With reduced foreign aid, empty coffers and war-tired people, Latin America continues to inch toward a democratic reality and a brighter future for its children. None of this makes headline news. Yet Latin America may soon be the focus of world attention as its militaries start stockpiling high-technology weapons.

Until recently, U.S. weapons manufacturers had little, if any, interest in exploiting a Latin American arms market. Other regions proved to be much more lucrative outlets for their wares. Furthermore, the industry was faced with a decades-old policy restricting the sale of high technology weapons to Latin America: The informal ban had a tradition of being upheld since its initiation during President Carter's administration.

However, the Clinton administration, upon the advice of former Secretary of Defense William Perry

and pressure from arms manufacturers, has allowed Lockheed Martin Corp. to negotiate a bid for the sale of F-16 fighter jets to Chile. And Chile is just the beginning. Brazil has expressed interest in acquiring its own set of F-16s within the next eight years.



Oscar Arias

one would be naive to believe they are strong. Introducing high-technology weapons to Latin America bodes a future of violent eruptions, regional instability and a growing arms race. Border skirmishes will be intensified; fragile civilian control over traditionally strong militaries will be weakened; national resources will be diverted to satisfy professional soldiers' egos rather than address the needs of the peo-

ple. Peru and Ecuador are shopping around as well. Even Argentina, whose military spending has plummeted drastically in the past few years and who originally disapproved of lifting this ban, is now considering acquiring high-tech weapons if Chile proceeds with its plans.

The deadly trade that the United States is promoting is, at the very least, disconcerting. Although democracies exist throughout Latin America,

ple. How can a continent progress into the 21st century when governments are busy building arsenals and not schools? How can a people continue their struggle for peace when more money is spent modernizing fighter planes than hospitals? How can the hope for a brighter future not be broken when violence wields more clout than peace?

We are all conscious of the excruciatingly painful and costly process that Latin America has undergone in the recent past to move beyond its bloody history. As tentative steps are taken toward human development and peaceful reconciliation, one cannot help but question the logic behind the U.S. government's current maneuvers.

Perhaps the answer lies in the political contributions that defense contractors made during the 1995/96 election cycle. Lockheed Martin contributed more than \$1.6 million and, not coincidentally, happens to be the Pentagon's top contractor and the United States' leading weapons exporter.

There is a shred of hope. The U.S. government has not yet given its final permission to carry out the sale. Perhaps the Clinton administration will acknowledge Secretary of State Madeleine Albright's advice to respect the emerging democracies in Latin America by maintaining the informal ban on advanced weaponry sales. At the same time, President Clinton should limit Secretary of Defense William Cohen to acting on behalf of U.S. national defense and not the marketing aspirations of weapon manufacturers.

More important, Latin American governments should be encouraged to define a regional weapons purchasing agreement that will not upset the exist-

ing power balances. The United States should support such a regional measure. Furthermore, the United States could create a more supportive environment by endorsing an International Code of Conduct on Arms Transfers. Building on similar proposals being debated in the U.S. Congress and the European Union, there is an International Code of Conduct that has already been drafted by 15 Nobel Peace Prize laureates, including myself. This code would stress that any decision to export arms should take into account several characteristics pertaining to the country of final destination. The recipient country must endorse democracy in terms of free and fair elections, the rule of law and civilian control over the military and security forces. Its government should not engage in gross violations of internationally recognized human rights. The International Code of Conduct would not permit arms sales to any country responsible for armed aggression in violation of international law. Finally, the code would require the purchasing country to participate fully in the U.N. Register of Conventional Arms.

With the Carter Center's Council of Freely Elected Heads of Government meeting to discuss an agenda for the 21st century in Latin America and the Caribbean, I sincerely hope that these security suggestions will be taken to heart by national and international leaders alike.

Oscar Arias, the former president of Costa Rica, won a Nobel Peace Prize in 1987 for his Central American peace plan.

2 summits begin today in Atlanta

At the Carter Center, CNN: "Blockbuster" participants will discuss Latin America and international media interests.

By Elizabeth Kurylo
STAFF WRITER

A bevy of world leaders, including the president of Mexico and the head of the United Nations, will be in Atlanta for conferences beginning today at the Carter Center and at CNN.

The Carter Center meeting focuses on U.S. policy toward Latin America. Participants will discuss trade, drug trafficking, democracy and border conflicts. Former Presidents Jimmy Carter and Gerald Ford will host the two-day meeting today and Tuesday.

CNN's World Report Contributor's Conference will draw more than 200 journalists from around the world. Speakers include U.N. Secretary General Kofi Annan, who also will participate in the Carter Center meeting, and Israeli Prime Minister Benjamin Netanyahu and Jordan's King Hussein. Netanyahu and Hussein will appear via satellite Wednesday.

Mexican President Ernesto Zedillo will participate in the Carter Center conference tonight at a dinner downtown at the Atlanta law firm King & Spalding. Speaker of the U.S. House of Representatives Newt Gingrich also will speak at the dinner.

Vice President Al Gore will address participants of both conferences at a dinner Tuesday at the Georgia World Congress Center.

Carter said in an interview from his home in Plains that the United States has been ignoring Latin America, missing an opportunity to expand trade in the region. "Most Americans don't know about" the dramatic economic and political changes in Latin America, he said.



Joining in the CNN conference via satellite will be Israeli Prime Minister Benjamin Netanyahu (left) and Jordan's King Hussein.

"One of the objectives is to raise the profile of these issues, not just in the United States but to a broader audience," said Robert Pastor, coordinator of the Latin America conference.

Pastor said the Carter Center meeting is a "blockbuster conference," featuring four current and 17 former Latin American heads of state, two secretaries general (including the head of the Organization of American States), half a dozen foreign ministers, U.S. drug czar Gen. Barry McCaffrey and other Washington lawmakers.

Peter Hakim, president of Inter-American Dialogue, a Washington-based think tank, said U.S. policy toward Latin America has been "drifting," with no progress on creating a free trade zone. This was the chief topic during the Summit of the Americas, convened by President Clinton in Miami in December 1994.

In a related development, the White House confirmed Sunday that Massachusetts Gov. William Weld has been offered the job of U.S. ambassador to Mexico. President Clinton is expected to formally nominate Weld this week after conferring with Mexican officials. The nomination is subject to Senate confirmation. Weld said he expects to stay in the governor's job until he is confirmed.

EDITORIAL

The Atlanta Journal / The Atlanta Constitution

FOCUS ON LATIN AMERICA

At conference, U.S. should be good listener

Could the United States learn some things from its Latin American neighbors? As the region's democratic leaders converge at the Carter Center this week, listening will be as important as talking for U.S. officials—and for the rest of us as well.

During the 1980s, Americans became accustomed to thinking of Latin America as fraught with military dictators or communist regimes, as saddled with hopeless economic systems. But as members of the Council of Freely Elected Heads of State gather in Atlanta, it's clear that view is outdated. Not only have democratic regimes imposed stiff economic reforms, but progressive political and economic institutions are proliferating. In the past five years, U.S. trade with Latin America has increased eight times faster than with Japan and 15 times faster than with Europe.

There's no question that the United States has played a strong



Martha Ezzard is a member of The Journal's editorial board. Her column runs in The Journal on Monday.

MARTHA EZZARD

role as mentor to many of the struggling democracies. But there's also no question that the United States needs to revise its drug certification program that has antagonized friends without hurting enemies. Professor Robert Pastor, director of the Carter Center's Latin American program, said in a speech at Emory University that the United States can pick up some innovative ideas for solving our own problems from our southern neighbors.

For example, said Pastor, we could learn two lessons about campaign finance reform from Chile—don't equate money to free speech and limit expenditures as well as contributions. We might pick up some ideas from President Gonzalo Sanchez de Lozada's unusual poverty-fighting efforts in Bolivia, Latin America's poorest nation. Sanchez has sold off state-owned firms, used "federal" proceeds as pension funds for workers and distributed money to local officials to fashion social programs from the ground up.

Conservative think tanks have also pointed recently to Chile's successful savings and retirement program. At a time when a graying America faces reforming an outdated social security system, Chile offers a privatization model. Chileans are now allowed to save tax-free for old age, and the country's savings rate is 28 percent, compared with a U.S. rate of 10 percent.

Vice President Al Gore will be

in Atlanta for the Carter Center conference. Gore needs to revive the notion that expanding trade and sharing environmental protection go hand-in-hand. The much-touted safeguards of the North American Free Trade Agreement have not materialized and the Clinton administration has paid little heed to them.

Expanding free trade is the focal point of the important gathering, which is also attracting the region's top business leaders as well as GOP leaders Speaker Newt Gingrich and Sen. Paul Coverdell, who is working on a new drug certification approach. President Clinton will soon seek fast-track authority to include Chile in NAFTA, but a bold free-trade zone for the Americas doesn't seem far-fetched as we approach the end of the century.

What happens to our Latin American neighbors happens to us. In the post Cold War world, the hemisphere's economic security is as important to America's future as military security is.

R FRIDAY, MAY 2, 1997 A19

Stephen S. Rosenfeld

Gingrich's Surprise

ATLANTA—A moment in the history of the Americas seemed to click into place as House Speaker Newt Gingrich joined a conference Jimmy Carter had shrewdly contrived to let Latin leaders lobby American officials close

up. Up to that point, the ambiance at the Carter Center had been a bit sour. The North Americans were being held accountable for the lag in the premier American Latin-policy initiative of the 1990s. That would be the pact at the Miami Summit of the Americas in 1994 to enlarge the free trade agreement with Mexico (NAFTA) and to negotiate a hemisphere-wide free-trade area by 2005. Under George Bush as well as Clinton, free trade and its political consort, democratization, have moved to the center of Washington's post-Cold War Latin policy. It's called "integration."

Standing before a score of the hemisphere's past and current presidents and prime ministers was the figure many Latins identify as the avenging angel of a dismaying Republican congressional takeover. Swiftly, however, they realized they had misjudged.

On the pivotal issue of whether the U.S. Congress would enact "fast track" legislation to make free-trade negotiations feasible, Gingrich revealed a prospective softening of the Republican position. He would now support provisions to protect labor rights and the environment, as long as these were "trade-related"—something that could ease confrontation with elements backed by the protection-minded House Democratic leader, Richard Gephardt.

On the sensitive subregional issue of a break for the poorer and weaker economies of the Caribbean and Central America, Gingrich offered new transitional arrangements.

And on the explosive political issue of American "certification" of others' counter-drug performance as a condition of aid, he declared that unilateral certification is "offensive and senseless" and should be junked for a collective commitment to a drug-free hemisphere.

Grown men were shaking their heads in disbelief at positions they had not imagined could issue from a conservative Republican.

All the more stunning was that Gingrich loyalist Ben Gilman, chairman of the House international relations committee and someone who had opposed NAFTA, had just stoutly defended the certification process. No less caught by surprise was Jimmy Carter, who had just expressed the consensus Latin view holding that the American certification law is objectionable but here to stay.

(The president of Bolivia, Gonzalo Sanchez de Lozada, candidly expressed a more private part of that consensus when he admitted that certification's threat of unilateral stigmatization, though offensive, helps hard-pressed Latin leaders say no to narco financing of their elections.)

The euphoria of Atlanta still must be confirmed in the nitty-gritty of Washington. But for President Clinton these hints of change could not come at a more opportune time. He is planning an unprecedented three trips in a year to Latin America, starting next week and concluding with a second summit in Santiago next March. He can now show broadening congressional and bipartisan support for an executive branch effort that buries the traditional Latin lament of American "drift" and "neglect." He is fortified in his pursuit of the grand Miami-summit theme of hemispheric "integration."

In Atlanta the impression was widespread that Clinton has within his grasp a breakthrough in Latin relations. This is regarded as not only desirable and neighborly but as essential to the American national interest. What makes it so are the possibilities of democratic community and the importance of the Latin and Caribbean market, which already takes 40 percent of American exports and is growing apace. With Central America's revolutionary fires doused, there is no more of that sort of heavy political lifting to be done.

What struck me at the conference was that as soon as Gingrich electrified the crowd with the thought of closer cooperation with the United States, any inclination to gang up on Washington for its singular harshness on Cuba evaporated. In a hemisphere poised to work together to deepen democracy and expand a market economy, Cuba becomes irrelevant.

I heard one voice, but just one, complaining of predatory "United Fruit" tendencies by American corporations. There was little other audible discomfort with the possible downside of globalization. The Latin and Caribbean leaderships labor under intense pressures to produce more jobs. It is by growth that the region hopes to soak up at least the socially volatile part of the prevailing calamitous poverty.

That is why Latins and Caribbeans knock on the American door for trade and investment, not simply aid. It is what gives Bill Clinton his free-trade opening. It is why Newt Gingrich was the man of the hour in Atlanta.

U.S. drug oversight challenged

Latin American leaders say law is vague and arrogant, but drug czar says it is unlikely to change.

By Elizabeth Kurylo
STAFF WRITER

Several Latin American leaders said Monday that the United States should change the way it judges efforts to control illegal drug trafficking, but the U.S. drug czar told them the process probably won't change any time soon.

"It is a federal law, it is not a policy option," Gen. Barry McCaffrey said at a Carter Center conference on Latin American issues.

U.S. Rep. Ben Gilman (R-N.Y.) defended how the U.S. law works, but acknowledged that it is "so misunderstood by so many governments." He said Congress created the "certification" process, linked to foreign aid, so it could judge how other countries and the White House are fighting illegal drug trafficking.

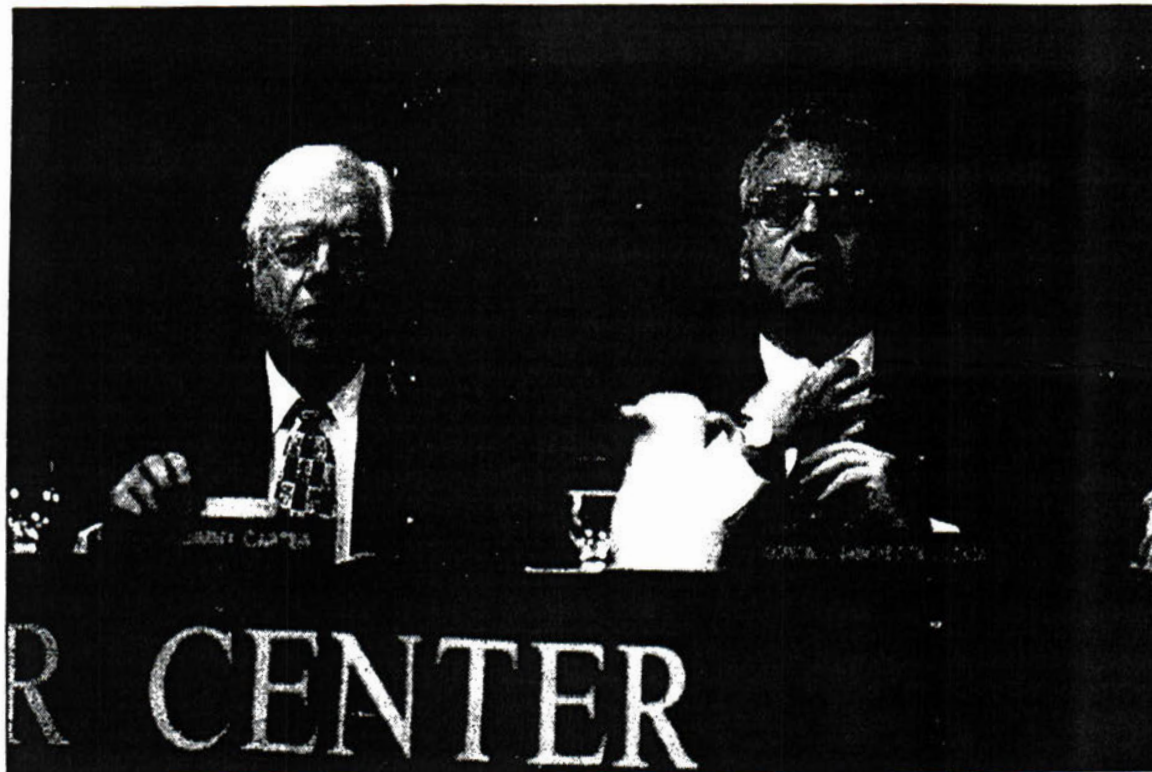
As a donor nation, Gilman said, the United States is "entitled to know on foreign policy just how well the people who are getting some of our funds are utilizing these funds."

"While they may not like what we're finding, if they're not cooperating, why should we be cooperating with them?" Gilman said.

The meeting, which concludes today, has drawn more than 100 world leaders, including U.N. Secretary-General Kofi Annan, Mexico's President Ernesto Zedillo and Vice President Al Gore.

The meeting began with general comments on free trade, democracy, arms control and border conflicts. Then talks turned to illegal drug trafficking. It became clear that some Latin Americans resent U.S. certification, which penalizes countries that do not perform satisfactorily in the war on drugs.

Luis Alberto Lacalle, former



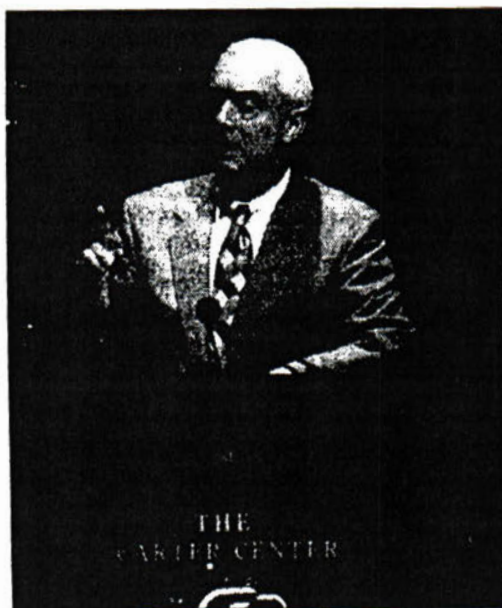
Photos by KIMBERLY SMITH / Staff

president of Uruguay, chided "the attitude of superiority" of the United States on the issue of illegal drug trafficking. He said the certification process "has caused damage to the struggle in the war against drugs."

Jamaican Prime Minister P.J. Patterson said the United States uses "vague" criteria to judge how other countries deal with illegal drugs.

"When the threat of decertification is used as a lever to coerce agreement for a particular aspect in the fight against drugs, it is obvious that the process does more harm than good," Patterson said. Conference participants will discuss alternatives to certification, such as having international organizations outside the United States assess how each country is doing in the war on drugs.

Former President Jimmy Carter, who is co-host of this week's meeting along with former President Gerald Ford, said in an interview before the conference that "enormous and almost unrestrained demand in the United



Close ties:
Former President Jimmy Carter (above, left) listens with Bolivian President Gonzalo Sanchez de Lozada to a speech Monday at the Carter Center. The center is hosting a two-day conference on the Americas. Barry McCaffrey, U.S. drug czar, (left) discusses drug control.

States" is a major factor in illegal drug trafficking.

Carter said the Latin America conference is "one of the most meaningful we've ever held at the Carter Center." Its recommendations will be shared with President Clinton, who is scheduled to travel to Mexico and other Latin

American countries in May.

Carter said it is "crucial" for the U.S. United States to move forward on free trade in Latin America. "If the United States gets bypassed, we're going to be usurped in one of the most wonderful opportunities in the future."

LATIN AMERICA SUMMIT

Conferees: Just say yes to trade

By Elizabeth Kurylo
STAFF WRITER

Latin American leaders ended two days of talks at the Carter Center on Tuesday by asking the United States to stop bullying them about the war on drugs and start taking them seriously as trading partners.

The group, which is composed primarily of former heads of state from 29 countries in the hemisphere, also urged the U.S. Congress and President Clinton to "repeal or significantly modify" the Helms-Burton law, which penalizes trade with Cuba. In addition, they asked current leaders in Latin America to stop buying high-tech weapons for two years, because they are concerned about the possibility of an arms race in the region.

The recommendations came at the conclusion of the conference, "Agenda for the Americas for the 21st Century."

Later Tuesday, Vice President Al Gore gave a whole-hearted endorsement to the council's call for fast-tracking trade negotiations with Latin American countries. But he signaled a sharp division with the council over an issue in the drug war, saying the administration will not back down from linking foreign aid to "certification" of countries involved in eradicating drug production and transport.

Gore's position on certification flew in the face of some Latin American delegates, who argue the U.S. does not meet its obligation to lower demand. It was one of Gore's few points that was not roundly applauded, possibly because he indicated drug flow stems from corruption in government.

"Corruption causes a diversion of energy and resources to accommodate the problem rather than allowing work on the solution," Gore said. "And of course we must do all in our power to stop drug trafficking."

"You had a very productive discussion of this topic here," Gore said. "You heard from Gen. Barry McCaffrey (U.S. drug czar), and others, and I just want to reaffirm, as he did, our absolute determination that drug traffickers will not prevail and they will be defeated."

In a final statement, conference participants said it is time to scrap the "certification policy," in which the United States imposes sanctions on countries it believes have not performed satisfactorily in the fight against drug trafficking. The Latin American leaders described the policy as vague, secretive and counterproductive.

They said they were encouraged by House Speaker Newt Gingrich's support of the "fast-track negotiating authority," which the U.S. government needs to expand free trade in Latin America. They said



RIC FELD / Associated Press

Touring Atlanta joints: Vice President Al Gore and Delta Air Cargo facility manager Jack Wingo look at a huge universal joint during a tour Tuesday at Hartsfield International Airport.

it was "vitally important" that the United States gets fast-track authority "to begin serious trade negotiations." The group wants a "Free Trade Area of the Americas" by 2005.

Gingrich, who met with the group Monday, said he supports fast-track negotiating authority that includes provisions to protect labor rights and the environment. He also said the U.S. certification policy is "offensive and senseless," and should be re-evaluated.

The vice president was upbeat on the fast-tracking issue. Gore praised the group for the meeting at which Gingrich voiced his support for swiftly lowering trade barriers with some nations.

"Opening markets, buliding prosperity and engaging the new

international commerce are among the most important pillars of our foreign policy," Gore said. "That is why President Clinton and I support speedy passage of fast-track legislation."

"It's win-win for the U.S. and for the other nations that will be affected, and that is why we are actively laying the groundwork with our Congress, particularly in the House, to build support for the administration's support," Gore said. "With protection for labor and the environment, of course. They represent the core principles of the U.S. and other countries, and making sure they are addressed is the only responsible approach."

— Staff writer David Pendered contributed to this report.

Latins seek more commerce, more respect

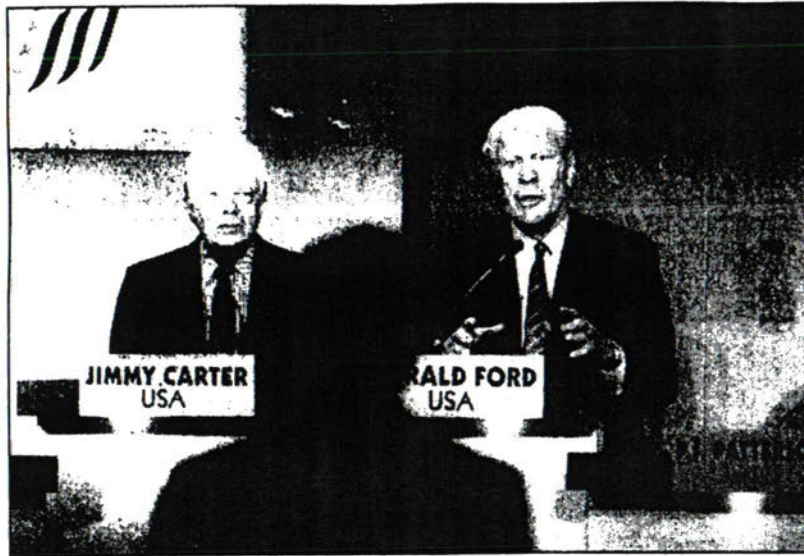
There is great urgency among Latin American governments that the United States move quickly to expand the free trade zone that began with the North American Free Trade Agreement to all of the countries in the Western Hemisphere.

There is a reason: Trade between the United States and Mexico has increased by 68 percent since NAFTA came into effect and has created jobs on both sides of the border. All of the other countries — including some in the Caribbean that believe they currently are being damaged by NAFTA — believe that in the long term they would benefit from free trade, with a few modifications for nations with one-item economies.

It is Washington that has been paralyzed for two years, doing nothing to implement the high hemispheric hopes for trade and cooperation expressed in the declarations of the "Summit of the Americas" in Miami in 1994.

And so House Speaker Newt Gingrich's straightforward endorsement Monday night of "fast-track" negotiating authority for the Clinton administration to expand the free trade zone was met with euphoria among the participants at the "Agenda for the Americas for the 21st Century" conference at the Carter Center.

"Fast-track" is the legislative phrase for allowing the executive branch — that is, the president and



FRANK NIEMEIR / Staff

After a conference attended by several Latin leaders, former Presidents Jimmy Carter and Gerald Ford field questions.

his assistants — to negotiate a trade agreement and then have Congress ratify it or reject it. No amendments are allowed.

In trade agreements, opening the agonizingly negotiated international agreement to amendments in Congress destroys it. Elected representatives too often want to exempt their Washington apples or Georgia peanuts or Michigan automobiles or New York banks from the provisions of free trade. The idea of "protecting" your local businesses is too strong for most politicians to resist.

So Gingrich was a statesman

Monday night, or at least a pragmatist. And the Georgia Republican wowed the Latin Americans a second time by promising "to review" with Clinton the U.S. law requiring the administration to certify that countries are doing a good job of fighting drug trafficking and the money laundering by traffickers.

Virtually all the Latin American nations consider it insulting and arrogant of the United States to sit in judgment on their efforts against the illegal drug trade. Colombia and Mexico are currently the most offended, with Jamaica close in the



ON THE WORLD

J. RANDAL ASHLEY

running.

While it is true that none of these nations has fixed its problems with illegal drugs and the corruption that flows from the vast amount of money that trafficking generates, neither has the United States.

And while Colombia and Mexico have had sensational, scandalous incidents of drug corruption in high places, they also have had a very large number of police killed while faithfully fulfilling their obligations in the war on drugs.

Repeatedly at the Carter Center, the diplomats tried to be diplomats and not be overly harsh in condemning the 200-pound gorilla of the hemisphere — the United States. But the nearly unanimous calls for cooperation instead of unilateral U.S. condemnation of their anti-drug efforts were striking.

— *AJC* foreign editor J. Randal Ashley provides analysis, opinion and commentary in his column.



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Editorials

Speaker shows statesmanship

Newt Gingrich impresses Latin America with his support of issues concerning the hemisphere

This week's Carter Center conference on Latin America generated solid proposals to improve cooperation throughout the hemisphere, but none more so than those advanced by Newt Gingrich. Why? Because as speaker of the House, he is well-placed to help carry them out.

The support he voiced for giving President Clinton fast-track trade authority will be crucial in broadening the 1993 North American Free Trade Agreement to include other prospective members. Prospering Chile would be first in line.

The benefits of the 3-year-old NAFTA agreement between the United States, Mexico and Canada deserve to be shared with others. According to the enthusiastic testimonial of Mexican President Ernesto Zedillo at the Carter Center meeting, NAFTA has increased U.S.-Mexican trade by 70 percent and is a major factor in helping Mexico over its recent financial crisis.

Fast-track authority, which must be approved by Congress, would allow Clinton to send a trade agreement to Capitol Hill for an up-or-down vote — without amendments or reservations. Without it, lawmakers who seek to safeguard special interests might undo the work of negotiators who draft the agreement with the broad national interest in mind. That

Latin Americans at the conference when he denounced the U.S. certification policy on the hemisphere-wide war on drugs as inconsistent, even nonsensical. The United States has raised hackles, especially in Colombia and Mexico, with its yearly evaluation of the drug-fighting efforts of our Latin compatriots.

Last year Colombia was decertified, thereby cutting the amount of U.S. aid it receives. This year Mexico was subjected to an intense review before the Clinton administration gave its seal of approval. However, many congressional Republicans strongly disagreed with certification, which was resented by most Mexicans.

Gingrich identified the flaw in American complaints about the shortcomings of other countries in combating drug trafficking. "For us to say to Mexico and Colombia that you should do better than we do strikes me as wrong," he said. In other words, until this country does a superior job of reducing

demand for narcotics, treating addicts and policing the drug trade itself, it should concentrate on encouraging, not badgering, its neighbors to do better, too.

Gingrich made an excellent impression on the Latin Americans. Now all he has to do is sell a majority of his colleagues on writing these initiatives into law. For Gingrich, often mired in bareknuckled partisan quarrels, that will be a refreshing exercise in bipartisanship and



Associated Press

Newt Gingrich

The Miami Herald

TUESDAY, APRIL 29, 1987, THE HERALD 3A

Gingrich urges break for drug war allies

Remarks may boost hemisphere policy

By CHRISTOPHER MARQUIS
Herald Staff Writer

ATLANTA — House Speaker Newt Gingrich on Monday endorsed calls to revise the U.S. certification process of drug war allies, a congressionally mandated review that has antagonized many nations in the hemisphere.

In remarks to the Council of Freely Elected Heads of Government at the Carter Center here, Gingrich said Congress should pursue a more subtle multilateral approach to judging the performance of other nations' anti-narcotics efforts.

"I think certification in its current form by the United States just doesn't make sense," said Gingrich, who noted that it angers what he called the "legitimate sensitive patriot."

Gingrich said the United States is in no position to pass judgment on others when "we can't police ourselves."

"I'd like to see us rethink this entire process," he said.

At the same time Gingrich told the leaders from across the hemisphere that he favors approval of fast-track negotiating authority for President Clinton, and would not object to the inclusion of labor and environmental standards in a future trade pact with Chile.

"I am dedicated deeply to passing fast track legislation this year," the speaker said. "I think it will be good for America and good for the hemisphere."

Gingrich also expressed a desire to extend full parity for the North American Free Trade Agreement to nations of the Caribbean.

Taken together, his remarks appeared to help clear the way for the Clinton administration to reinvigorate its often-strained relationship with Latin American nations. The gesture comes a week before Clinton is scheduled

THE AMERICAS

to leave on a three-nation trip to the region, his first extended visit since he became president nearly five years ago.

U.S. relations with Mexico — the first stop on Clinton's itinerary — were roiled earlier this year when U.S. officials openly debated whether to deny certification to Mexico's anti-drug campaign, a move that would have opened the door to sanctions.

Amid a fierce Mexican outcry, Clinton ultimately backed off despite a mushrooming scandal that led to the imprisonment of Mexico's drug czar.

Mexican President Ernesto Zedillo, in remarks obviously pointed toward Washington, urged nations to avoid "self-complacency and blaming others."

"We need to move beyond labeling each other as suppliers, transporters and users," he said. "The truth of the matter is that ... only a coordinated effort will ensure success."

In Latin America, only Colombia was denied certification — for the second consecutive year.

U.S. drug czar Barry McCaffrey acknowledged Monday that the certification process is flawed and offensive to many nations.

"Certification is a process that will need to be relooked at by the U.S. Congress and the executive branch," McCaffrey said.

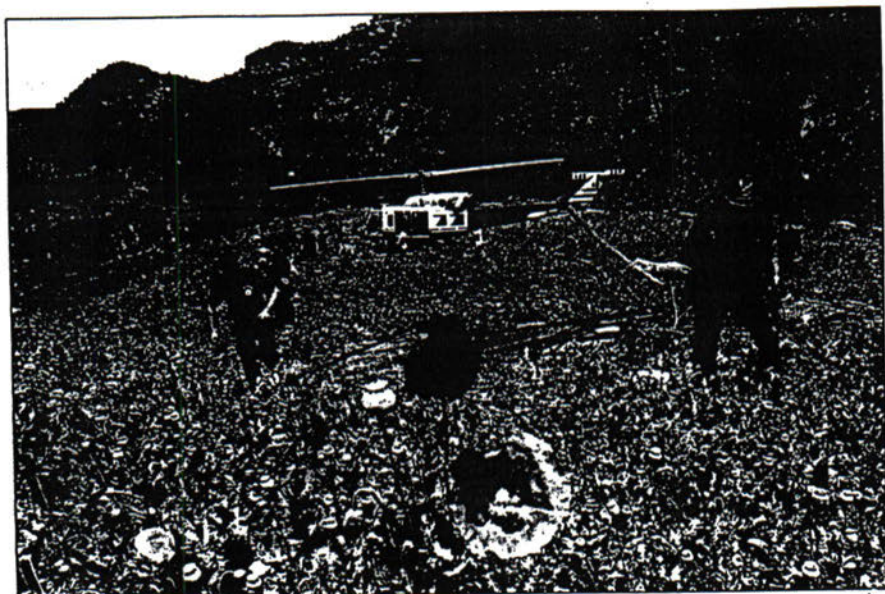
But Rep. Benjamin Gilman, R-N.Y., the chairman of the House International Relations Committee, argued that the certification process had been misunderstood.

"The certification process ensures that for at least a few weeks out of the year, this problem is accredited the attention it deserves," said Gilman, an original sponsor of the certification law.

INTERNATIONAL

The United States looks south

ATLANTA



Goodbye to one Mexican's dream of wealth

FOR once, it really was a blue-ribbon meeting. Jimmy Carter had brought together at his centre in Atlanta a small crowd of former western-hemisphere presidents and four—those of Mexico, Bolivia, Jamaica and the Dominican Republic—now in office, to look at key issues: trade, drugs and arms control. From the United States came, among others, Vice-President Al Gore and Newt Gingrich, Republican speaker of the House. The meeting was timed to provide President Clinton, due in Mexico, Central America and the Caribbean next week, with fresh ideas. And there were some.

The big issue—as seen from Washington—when Mr Clinton reaches Mexico will be drugs. Latin Americans accept that this is important: Mexico this week announced the complete replacement of its anti-drug machinery. But the Latins also have bones to pick with the United States. Its annual process of unilaterally certifying—or decertifying—other countries as allies in the drugs war greatly irritates them. Here Mr Gingrich dropped a bombshell. “Clumsy, offensive and senseless,” he called the process, to the surprise of General Barry McCaffrey, Mr Clinton’s top drug fighter, who thinks much the same but did not expect to hear his thoughts in that mouth. Mr

Gingrich said he would push for a co-operative, hemispheric approach.

Trade is the top priority for most Latin American leaders. At Miami in December 1994, the region’s presidents agreed to forge a free trade area of the Americas (FTAA) within a decade. President Clinton also promised to expand the North American Free Trade Agreement (NAFTA) to include Chile. For whatever reason—one former adviser blames Mr Clinton’s need for re-election and sundry promises to Cuban-Americans, labour groups and so on—two years have passed without real progress.

Now, maybe, things will change. Mr Clinton has said that 1997 will be the year Latin American issues come to the fore. His trip next week will be the first of three, building up to a pan-American summit in Santiago, Chile, next March. Yet the outlook has been bleak. A meeting of trade ministers in Brazil later this month seemed until recently to be heading mainly into a wall. But there has been progress. And Atlanta brought Mr Clinton some good news on this issue from his home front.

One basic trouble on the road toward an FTAA is the Brazilians’ wish to get Mercosur—the customs union involving them, Argentina, Uruguay and Paraguay—

consolidated and enlarged first, as a counterweight to NAFTA. Mercosur has already brought in Chile and Bolivia as associate members. Bolivia’s President Gonzalo Sanchez de Lozada foresees a South American “SAFTA” emerging as early as next year.

One can doubt that. But certainly if the United States wants progress on the lines it favours, Mr Clinton will have to show leadership—as he has not done in looking for the “fast-track” authority from Congress that he needs to negotiate trade deals. His hesitation has been understandable: powerful lobbies on one side have insisted that fast-track deals must be Christmas-treed with onerous labour and environmental provisions, while free-market Republicans vowed to kill any fast-track so adorned. But Atlanta brought a potential breakthrough. For the first time, Mr Gingrich agreed to push through fast-track fast, even with labour and environmental provisions—not even as “side accords”—so long as these were truly trade-related. A swift compromise, unthinkable till now, seems possible.

Thus far the men at Atlanta were opening doors that Mr Clinton may be happy to slip through. Not so on regional disarmament. Pushed by weapons makers, he recently eased a ban imposed 20 years ago by Mr Carter on the sale of high-tech arms to Latin America. Chile is already shopping for fighters. Some Latin Americans, such as Oscar Arias, former president of (army-free) Costa Rica, are dismayed: he fears regional arms races, and argues that it is still up to the United States to prevent them.

The United States is unlikely to do any such thing. Sam Nunn, until recently the American Senate’s most powerful voice on security matters, argued that his country should restrict arms sales to its southern neighbours only if they agreed among themselves to a ban. That is not unreasonable: other suppliers will not hesitate to tread where the Americans do not. Here too Mr Carter may have helped: he won the backing of the gathered Latin leaders to a two-year moratorium on high-technology arms purchases. In coming weeks, they are to lobby their countries’ governments.

Yet in the end the man who must make things happen in the hemisphere is Mr Clinton. He has much that is essentially bilateral to discuss during next week’s trip. For Mexico—and other near neighbours—one big issue is new American legislation on immigrants. This has caused near-panic among such people, and rage in their home countries, to whom it typifies gringo blindness—at best, contempt at worst. But Mr Clinton must think more widely. During his first term, he did, if belatedly, work hard to win congressional support for the NAFTA treaty; his men did, if less than brilliantly at first, prepare the Miami summit. But then he largely forgot the region. His coming trip will be his first official visit south of the border. With the concession from Mr Gingrich on fast track, and the push on decertification, he has the chance at home to show leadership abroad.

'97 MAY 14 PM 5:02

Mr. & Mrs.
William Jefferson Clinton



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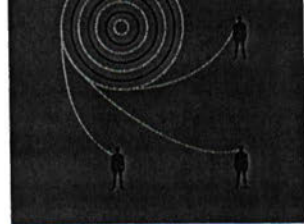
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Mexico City, May 5th., 1997.

Rec'd 5/14/97
5:02pm

► To The Honorable President of
The United States of America
Mr. & Mrs. William Jefferson Clinton

Dear Mr. & Mrs. Clinton:

I, Alejandro Llano de la Torre, as my pride is being a Mexican citizen, sincerely believe today's prevailing **good will** at both sides of our bi-national governments' relation shall be the key of our future for all the American nations.

With all of my consideration, with humility, please accept these **welcome** words.

Have my country, my beloved people, in your faithful prays to our universal Lord, as I do too.

5/15/97
Betty Currie received
on trip -

Send to Denskind?

Yes ☒

No ☐

coordinate w/ USC?

DOXA Internacional S.A. de C.V.

Minerva 332 Col. Florida C.P. 01030
Teléfono / Fax: 663 5122 Alvaro Obregón, México, D.F.

THE WHITE HOUSE
WASHINGTON

Date 5/12

To: Maria Echaveste

From: The Staff Secretary

Two letters on Postage experiments.
Data are okay for POTUS to
come to Alabama; 2nd letter
waives her educational loans
canceled as form of payment for
experiments.

Could you give me a call about
these? Thanks Phil

5/15/97

Jim -

I talked to Maria about these
two letters.

We should do post-event letters to
John. The first, Fred Gray, will be here
at the vet tomorrow. Our response should hint
at going to Postage, etc. We explored the option
the second letter - we need to work on
response with HHS, regarding the compensation
issue, but same language as first letter
for venue of event.
I'd like to see these + other
Postage that-yours.
Phil
5/15

50, 75
Sue Ann H

GRAY, LANGFORD, SAPP, MCGOWAN, GRAY & NATHANSON

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***ARIZONA

Honorable William J. Clinton
President of the United States
The White House
1900 Pennsylvania Avenue
Washington, DC 20500

Pollard, et al. v. USA, et al., CV-4126-N
United States District Court for the Middle District of Alabama

Dear President Clinton:

As counsel for the living participants and the more than 6,000 heirs of deceased participants in the Tuskegee Syphilis Study, I write this correspondence to thank you for agreeing to apologize on behalf of the United States government to the participants and their heirs. This correspondence is further intended to encourage and solicit your reconsideration of the location for the apology. I appreciate very much participating in the conference call on Tuesday, April 29, 1997 with Mr. Ben Johnson of your office and others with regard to this most urgent matter.

In 1932, 623 African American men from Macon County, Alabama unwittingly participated in a health program financed by the United States government, the undisclosed medical purpose of which was to observe the effects of untreated syphilis on African American males. The Study ended 40 years later amid public outcry as a result of national media exposure. Today, only eight participants remain, the youngest of whom is 87 years old. Seven of the eight live in Alabama. Two of the eight live in assisted care facilities in Alabama. The men are aged and in declining health. As a group, they are not in the best of health to travel to Washington, D.C.

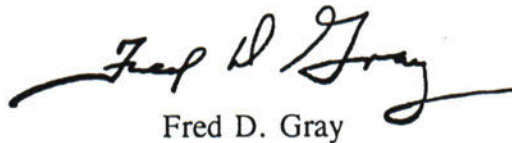
As a means to bring closure to the Tuskegee Syphilis Study issue, an apology from Tuskegee is fitting and proper. It would mean a lot to the men individually and as a group, since Tuskegee is where the tragic events unfolded. Such a meeting at such a place would undoubtedly lift the remaining participants' collective spirits, knowing that the same government

Honorable William J. Clinton
May 2, 1997
Page 2

that disregarded their rights as human beings 65 years ago when they were young and had their lives in front of them is now caring and conscientious enough to come to the same place, admit wrongdoing, and reassure minorities throughout the country of the integrity of our government and the integrity of clinical trials. Moreover, expected positive dialogue flowing from an apology from Tuskegee would only be surpassed by the increased minority confidence and participation in various clinical trials throughout the country, predictably resulting in treatment and cures for many dreaded diseases that plague our country.

Your favorable consideration of this request is greatly appreciated.

Very truly yours,

A handwritten signature in cursive script, reading "Fred D. Gray". The signature is written in dark ink and is positioned above the printed name.

Fred D. Gray

FDG:j

cc: Mr. Ben Johnson

AS
Sue Smith

3458881

1/18/97

[Handwritten signature]

March 18, 1997

President Bill Clinton
1600 Pennsylvania Avenue
Washington, DC

Dear President Clinton,

I hope that this letter finds you and your family in a complete state of well-being, and I hope that you are successfully recovering from your recent surgery.

Unfortunately, I am writing this letter because I am an heir of the Tuskegee Syphilis Study. On August 8, 1994, I received a check for being "a disease syphilitic heir of Osborne Pollard." For your reference, the check number is 4602-00069495 and the amount \$47.14. I have not cashed this check because it is an inadequate representation, of the pain and humiliation that my family is still experiencing today.

After viewing the HBO Special, *Miss Ever's Boys*, and reading the various articles written about the Study, it repeatedly stated that my ancestors and others in the Study were, at best, "*semi-literate*." With all due respect Mr. President, I do not believe the cognitive ability of the participants is the issue, in this instance. I would like to believe that they were misinformed by government officials, who took advantage of their trusting nature, and their lack of understanding about the disease and the protocol for treatment.

I believe that any survivors or heirs of this unethical Study, who has taken the initiative to formally educate themselves and others, should be considered for cancellation of all **educational loans**. Most of us have low economic backgrounds, and had to borrow money to cover the cost of a college education. Hopefully, through formal education and specialized training, we the heirs of the Study, can help protect ourselves as well as others against human experimentation without full disclosure.

I look forward to your formal apology in the near future. I am in total agreement with Dr Benjamin Payton, President of Tuskegee University, that Tuskegee Alabama should be setting for the formal apology. Enclosed please find a recent photograph of Mr. **Charlie L. Pollard**, a participant of the Study, who still resides in Nostalsulga, Alabama.

Respectfully,

Cynthia M. Pearson

Cynthia Moss Pearson, MSW
Clinical Social Worker and
Social Work Instructor

May 13, 1997

The Honorable William Jefferson Clinton
The White House
1600 Pennsylvania Avenue, N.W.
Washington, D.C. 20500

Dear Mr. President:

We would like to encourage you to disallow the portion of the Texas Welfare Plan that involves the Texas Integrated Eligibility System (TIES) presented to the Administration for approval.

We believe the TIES plan, which would allow a private company by automation to decide which applicants would receive public assistance, should and must be disallowed. The State of Texas has 690,000 recipients of its Aid to Families and Dependents, and 1.4 million recipients of food stamps who would be adversely affected by this change.

The need to provide adequate service to the poor is of vital importance and we concur that it is not a function that can be left solely to private entities under this particular plan. Some private entities may not hold the same interest as well-trained social service professionals in providing assistance to those who are less fortunate in our communities.

As local, state, and national governments work to address deficit issues in creative and innovative ways we should all be mindful of the mission and purpose of the social service system. By your example, it is clear that reducing costs and reforming welfare should not mean the abdication of authority in a critical area of public policy. It is important that the process of eligibility determination be a considered, fair, and humanistic process.

While welfare reform has wide-spread support, there is a right way and a wrong way to implement such reform. Therefore, since we understand that a meeting has been requested by those who support TIES, we are requesting a meeting with the Administration to present the opposing view as supported by legislation being offered in the Texas legislature.

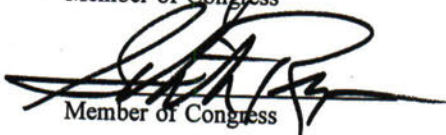
Thank you for your consideration. We appreciate your office contacting Kathi Wilkes at 225-3816 for the meeting to be arranged.

Thank you once again for your leadership on this issue.

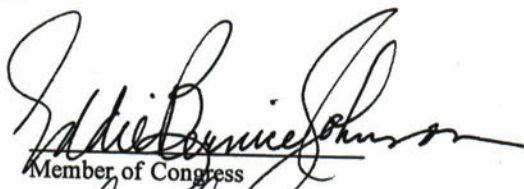
Sincerely,



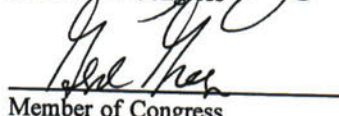
Member of Congress



Member of Congress



Member of Congress



Member of Congress

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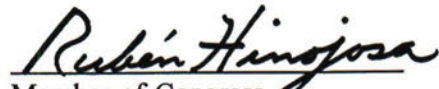
Phil -

Should I log in,
or send to Log Apps?

No -
Just send to
to Chris Walker
cc: Elena Kagan

cc: Erskine Bowles

Letter to President Clinton
May 13, 1997
Page Two


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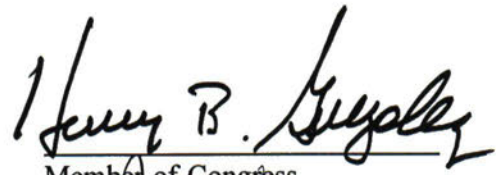
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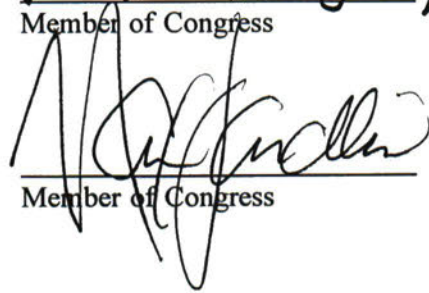
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High Lead Exposure Sickens Children of Industrialized Russia

A1

By David Hoffman
Washington Post Foreign Service

KRASNOURALSK, Russia—Inside Little Flower School No. 7, preschool children awake from an afternoon nap and scamper about the playroom, the boys happily fastening plastic blocks together, the girls cooking an imaginary lunch over a toy stove.

But the little flowers of Krasnouralsk are ill. They suffer from chronic respiratory ailments, and, according to tests, many of them have high levels of lead in their blood, which can lead to brain damage, mental retardation and behavioral problems.

"People are getting more and more sick every year," said Rima Yermakova, headmistress of the preschool, perched on a chair in the infirmary.

"We do what we can. But there is no improvement, and the level of sickness is growing."

According to Russian analysts, the source of the sickness is the tall smokestacks of the Krasnouralsk Copper Works, a smelter built in the days of Joseph Stalin's drive to industrialize the Soviet Union.

For 65 years, the smokestacks have been raining pollution on Krasnouralsk, a town of 33,000 in Russia's heavily industrialized Ural Mountains heartland. High levels of lead have accumulated in the soil, tests show, and many young children may already be suffering from lead poisoning.

The town is not alone. A white paper published recently by Russian specialists concludes that lead contamination is blanketing the country, another in a long list of environmental disasters in the former Soviet Union that have been acknowledged in recent years.

"A large part of the territory of Russia is experiencing lead fallout loads that exceed the level critical for the normal functioning of the ecosystem," said the document, prepared with help from the U.S. Agency for International Development.

The chief source of lead is auto emissions, since half of

See LEAD, A13, Col. 1

LEAD, From A1

Russia still uses leaded gasoline, but metals factories, such as the copper smelter, are also a major cause of contamination.

Although the report calls for urgent measures to reduce lead pollution, it comes at a time when Russia's economic crisis has overshadowed environmental concerns. Now in the sixth year of industrial depression, Russia lacks

"If this situation existed in the West, the factory simply would not operate."

— Vladimir Gurvich,
deputy chief regional physician

money to clean up the pollution of earlier generations. And if the economy begins to recover and factories go back to work, the pollution is expected to get worse.

The conflict between economic needs and ecological hazards is starkly evident in Krasnouralsk, located in pine and birch forests 132 miles north of Yekaterinburg, the regional capital. The Svyatagor Joint Stock Co., which runs the copper works, is the town's biggest taxpayer, its biggest employer—and its biggest polluter.

Vladimir Gurvich, deputy chief physician of the regional health inspectorate, said the lead contamination

is so severe that the town should be evacuated.

"Everyone knows what you have to do. You can only do one thing with the people—move them out," he said. "What does that mean? A population left without work or income? It wouldn't be a problem if it was only one town, but towns like this are many."

"If this situation existed in the West," he added, "the factory simply would not operate. It would not be profitable, because of fines it would have to pay." But the factory cannot realistically be closed, he said. "The people living on that territory are hostages. They have jobs. The jobs feed them. Where can they go?"

They are people like Lena Pigalova, 26, a mother of two whose father and husband work at the smelter. "Our city lives on the factory," she said. "It's on the basis of them that we hold on."

The Krasnouralsk smelter employs 4,500 workers and produces 60,000 tons of unfinished copper a year. Sergei Litovskikh, the general director, said the company earned \$3.6 million profit last year on sales of \$61.8 million.

But the smelter uses equipment dating back to 1932. Extracting copper from the ore releases dangerous elements, including lead and gases. New antipollution equipment is to be installed later this year, but in the meantime the factory is spewing about 150 tons of lead into the air each year.

The company acknowledges some responsibility for the town's plight, Litovskikh said, but the whole region

is polluted. "It's a problem, but not only the factory is to blame. There are other factories. . . . Overall, the ecology is not so good." In the town, he added, "We have not seen any serious studies of how polluted the earth is."

However, recent tests show the soil is badly polluted. According to Vyacheslav Lupinin, chief physician of the town's health inspectorate, soil sampling at 27 locations shows lead levels far in excess of the maximum allowed by Russian standards. The soil samples are important because experts believe children often absorb lead from playing outside—in sandboxes, for example—and from eating foods grown in contaminated soil.

The town has long suffered other pollution problems. For example, in spring and summer, the winds sometimes blow a blue smog from the smelter to the center of town, and schools rush to bring children inside.

Lupinin said. Vegetable gardens often wilt in the smog, and the factory paid \$36,000 in compensation last year to residents who lost their gardens.

In recent months, health specialists here have started to measure the effects of lead poisoning, which often does not have immediate symptoms. Lead poisoning is especially risky for young children, since it affects the developing brain and nervous system. Last October, a study was begun on about 180 Krasnouralsk children. It checked their overall medical conditions, their blood lead levels and their mental abilities.

"We concluded these children were in poor health," said Larissa Privalova, deputy director of the Ural Regional Center for Environmental Epidemiology, who oversaw the research. "And those with a lot of lead are in poorer health."

According to the U.S. Centers for Disease Control and Prevention, "some adverse health effects" occur in children with lead levels in their blood of 10 micrograms per decaliter. The Krasnouralsk children averaged 13.1 micrograms per decaliter. Half those tested had levels between 10 and 20, which the U.S. defines as mild lead poisoning, and 14 percent had levels above 20, which is considered moderate lead poisoning.

Also, a group of children was tested for mental abilities using Raven's Progressive Color Matrices, a tool developed in England. According to Privalova, 75 percent of the children tested showed some signs of mental retardation, far higher than the Russian population as a whole, although she cautioned that a direct link to lead contamination was not proven.

The children also suffered from other maladies, especially respiratory ailments. "As a doctor, I think the problem is very serious," said Lupi-

nin. "There are practically no healthy children."

Yermakova, the preschool headmistress, said her students' parents are poor. "People do not have money for medicine and less money for food."

Glina Gusakova, a children's health specialist, said the preschoolers do not get enough milk every day; their parents cannot afford it.

The recent test results in Krasnouralsk have not yet been made public here, and several officials said they are unsure what kind of reaction will follow.

Mayor Gennady Voroshilov said the town has few alternatives, and he does not expect the factory to contribute more money for cleanup. "They won't do more," he said. "We all know how to count our money. They are a joint stock company, and any investor who demands they spend money on the environment—that is difficult. No one will do it voluntarily. We also can't push them too hard."

Voroshilov at first questioned the results of the latest research, saying mental problems in children might be traced back to "criminals" whom Stalin forced to build the smelter. Later, he said of the tests, "The methods used were not definitive. There might be a reason to doubt them." He urged a reporter not to "dramatize" the situation.

"For local residents, these will be very serious, troubling results," said Gurvich, the regional health inspector. "Since the 1930s, generation after generation has been living in a very bad, polluted environment."

The Washington Post

MONDAY, MAY 5, 1997

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WEDNESDAY, MAY 14, 1997

The Washington Post

Bill Frist

We Need A Surgeon General

For two years the office of surgeon general has been vacant. It's been so long now that some question whether we really need a surgeon general at all. We do. And the time to appoint and confirm one is now. But as we've seen before, to be confirmed and to be effective, any surgeon general candidate must rise above the political fray to be a reasoned and nonpartisan spokesman for public health. Political controversy should never interfere with the health and safety of our citizens.

As chairman of the subcommittee on public health and safety in the Senate Labor Committee, I am calling on the administration to nominate such a candidate for surgeon general—one who is nonpartisan, widely respected, and who will carry out the duties of an office that has over the years helped save millions of lives. Recent reports suggest that the administration is considering nominating one individual to serve as both assistant secretary for health and as surgeon general. I encourage it to do so and do it now to provide one clear voice on public health for all Americans.

Historically both political parties have kept the position of surgeon general nonpartisan. That tradition has served the American people well and must continue. Why? As a senator, I know that political debate—vigorous, spirited, even passionate—has always been healthy for American democracy. But as a physician, I also know that we should never play politics with Americans' medical and physical well-being.

Like most Americans of my generation, I remember the surgeon

general's report in 1964 warning of the dangers of cigarettes. In the 1980s, C. Everett Koop woke America up to the emerging AIDS crisis, and with candor and realism helped the public separate fact from fiction about this disease. And just last summer, the surgeon general's office issued a report demonstrating that moderate physical activity can reduce the risk of heart disease and some cancers.

These reports were issued with no political agenda in mind, only the well-being of our nation. As we face both lingering and new public health problems—including AIDS, emerging infectious diseases, food-borne illnesses, substance abuse, tobacco use by children and alcoholism—we must use the same approach today. To do so, we must have a high-profile official who speaks with authority and can educate the public about the important link between personal behavior and illness.

How can a surgeon general improve the health of our citizens? First, and foremost, a new surgeon general will bring national and international recognition to public health problems. Because of their credibility, the reports and warnings of the surgeon general are used repeatedly by media, health professionals, medical journals and educators. That's why, unlike some government reports, a surgeon general's report does not end up on the shelf collecting dust. It is read, discussed, cited and relied on.

Second, the surgeon general has the ability and the responsibility to continuously hammer home good



JOHN OVERMYER

public health messages. Other officials often need to move from issue to issue, but the surgeon general has the specific mission to communicate public health information—and promote public health programs and activities—in multiple forums, over a long period of time. By being both the architect and the messenger, and a persistent messenger, the surgeon general provides critical public health leadership that goes beyond evaluating research and issuing reports. The fact is, when the surgeon general speaks, people listen.

Third, because of organizational changes at the Department of Health and Human Services, the surgeon general can play a larger role on

behalf of the secretary and the American people. By combining the traditional role of the assistant secretary for health with that of surgeon general, our nation will have, in one person, a chief public health expert and national spokesman on prevention.

The president should show Americans that the appointment of a surgeon general is no place for politics. And the Senate should respond to prove the same, in future surgeon general confirmations. The time has come for both parties to act in the interest of public health.

The writer is a Republican senator from Tennessee and a medical doctor.

To A From
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By RUPERT DARWALL

LONDON—The Conservative Party has paid the price for neglecting its Thatcherite principles, while new Prime Minister Tony Blair has been rewarded for dumping Labor's socialist ones. Unlike the 1992 election, in which taxes were the central issue—indeed, unlike the past four elections—in 1997 the clash of political ideas played little part, much to Labor's advantage.

There is a big lesson for the Tories. Left-of-center politicians can win elections by downplaying socialist thinking and selectively appropriating their opponents' ideas. For Conservatives, pragmatism—embodied in John Major's leadership—has been disastrous. There is now an important asymmetry in politics: On the left, it pays not to have an ideology, but the right is lost without one.

In an election thus drained of ideas, the parties focused on the personalities of the two leaders much more than ever before. Labor's final poster campaign simply had a picture of Mr. Blair; it did not even say which party to vote for. Mr. Blair towers over his party, reflecting his claim to have created "New Labor." Labor polled much better than it undoubtedly would have under Mr. Blair's predecessor, John Smith.

New Bonapartism

Mr. Blair has promised to be as radical in government as in reforming the Labor Party, but his empty mandate gives little clue as to what Labor will do. Comparisons with Margaret Thatcher and the Conservatives in 1979 are misleading. Her task was to make Britain governable; Mr. Blair's was to make Labor electable. With a few notable exceptions, such as Social Security Minister Frank Field, Labor shows little sign of the preparation Conservatives undertook in opposition before rolling out their supply-side revolution.

Yet the new Bonapartist tendency in British politics took its most extreme form in Mr. Major. Outwardly modest, with every appearance of being personally inoffensive, Mr. Major cut himself off from his party. In defiance of the wishes of the overwhelming majority of Conservative candidates, Mr. Major pledged to keep open the option of Britain joining the European single currency. He wanted a free hand to negotiate in the national interest—without saying what that meant—and a blank

check on the European question, with all the implications for Britain's future independence.

That is a very odd position. The essence of democracy is rival parties proposing different policies in a competition to win votes. If the big issue is to be left out of campaigns, why have elections at all? Mr. Major asked voters to look into his eyes and trust him. It was the wrong question to ask, since his rhetoric, as with Europe and taxes, was so often out of sync with what he actually did.

With this election, the bill for Mr. Major's big increase in public spending came due. Within three years of his taking office, public spending—before taking ac-

fewer seats. Labor's huge parliamentary majority reflected the collapse of the Tory vote and tactical voting to support opposition candidates—Labor or Liberal Democrat—most likely to beat the sitting Conservative.

Although it is a harsh lesson for Conservatives, the outcome demonstrates the fundamental health of democracy in Britain and the heavy price to be paid for breach of trust. And it was a step forward that the economy was not the central issue, with Labor saying it will eschew the deficits and inflation of the 1970s. After all, Conservatives are supposed to believe that prosperity is the result of individual effort, not government management.

The clash of political ideas played little part in the campaign, much to Labor's advantage. On the left, it pays not to have an ideology, but the right is lost without one.

count of the direct effect of the recession—had increased by 22 billion pounds (\$36 billion) in today's terms. Taxes had to be raised, totaling £17 billion. That destroyed the government's tax-cutting reputation, the trump card that won the 1992 election.

The Thatcherite revolution all but ground to a halt. Having taken the lead in cutting tax rates in the 1980s, Britain became a laggard in the 1990s. The top income tax rate has been stuck at 40%. The capital gains tax, also 40%, is one of the highest in the world. Even the German government is talking about dropping its top rate of income tax below Britain's.

The Conservatives under Mr. Major presumed that they were the natural party of government and that they would remain in office no matter what happened. They reasoned that it was impossible for Labor to win because the necessary voter swing would be too great. They thought the strength of the economy would automatically translate into votes. In short, the Tories made the profound error of taking the electorate for granted.

The outstanding aspect of the election was how ruthlessly Britons voted to oust Tories. The record number of seats won by Labor was not caused by the attraction of Mr. Blair. Mr. Major's Conservatives won only a slightly lower percentage of the vote in 1992 than Labor did this year—but far

Tory campaign strategists mistakenly believed that Mr. Major was their greatest asset. But Mr. Major's skills are those of a political middle manager, not a leader. By his own admission, he lacks the two essential requirements of leadership: the ability to make decisions and to project a clear vision. Trying to justify keeping open Britain's option to join the European monetary union, Mr. Major confessed to having been "scarred" by the pound's ejection from Europe's exchange rate mechanism, as if it made making a decision on monetary union more difficult. Seldom has a politician elevated paralysis to a political principle.

Mr. Major also had difficulty articulating a vision of Europe and Britain's place in it. "I long for the capacity to have those big issues crystallized in a straightforward way that does not mislead the public," he said in an interview. "In crystallizing it, you so often trivialize it." However, it suited Mr. Major to blur his position on Europe. His supporters argued that he was the only person who could keep the party together. It was



Tony Blair

therefore in Mr. Major's interest to keep the party divided so that he could perform this unique role. The Conservatives were thus denied an issue on which they had a clear advantage over Labor.

Europe dominated Mr. Major's second term. Following his surprise win in 1992, Mr. Major squandered his political capital in securing parliamentary approval for the Maastricht Treaty. The government did not have a clear view of what it wanted in Europe, and its supporters became increasingly Euroskeptical.

Europe will continue to dominate British politics. Mr. Blair's analysis is that Mr. Major's problems stemmed from having a divided party and that his own iron grip over Labor will ensure he avoids the same problem. Labor, extrapolating from its own recent history, looks forward to the Conservatives in opposition riven by division, much as Labor was in the 1980s. On this view, the Euroskeptics are the equivalent of the hard left that until now rendered Labor unelectable.

In for a Disappointment

But Mr. Blair is in for a big disappointment. The Euroskeptics have won the argument inside the Conservative Party. In contrast to the left in the 1980s, they are in tune with the public mood. Labor has not yet confronted the central dilemma of Britain's European policy, caused by the ineluctable pressure for further integration. Mr. Blair's proposed charm offensive in Europe will yield as little as Mr. Major's did when he became prime minister, since Britain's aspirations to remain independent are not compatible with those of its European partners.

At the Amsterdam summit in June, Mr. Blair will come under intense pressure to accede to the latest round of European integration. If he does, from that point on he will be held accountable for the problems inherent in Britain's membership in the European Union. He will be blamed for unpopular European decisions. And assuming the Conservatives pick a talented leader from what is now a wide-open field, they will be well placed to exploit his difficulties.

Mr. Darwall is director of London-based Enlightened Competition and was special adviser to former Chancellor Norman Lamont.

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U.S. Economy's Report Card: Not All A's

Productivity, Distribution Of Wealth Don't Make Grade Despite Affluence

By DAVID WESSEL
And JACOB M. SCHLESINGER
Staff Reporters of THE WALL STREET JOURNAL

WASHINGTON — President Clinton hasn't any doubt. "Our economy is the strongest it has been in a generation," he boasted last week.

In many respects he is correct. The old "misery index"—inflation plus unemployment — has fallen back to 1960s levels. The stock market is at record levels. The U.S. economy is the envy of the industrialized world. But that isn't the whole story.

"If you think simply about material standards of living, we are much better off,

Tracking the Economy is on page A4.

not only because we have low unemployment and low inflation, but because we have a generation's worth of technology boosting our total economic prosperity," says Bradford DeLong, an economist at the University of California at Berkeley and a former Clinton aide.

But, he adds, "If you think about things like long-run productivity growth, it's still a pretty lousy economy. If you think about things like the distribution of income, it's a much worse economy than we had a generation ago."

Much of the recent growth has been achieved by putting more people to work, rather than by improving productivity, or output per hour of work. Even if there has been some recent pickup, productivity is improving at a pace well below the preceding 20 years. That hurts wage growth.

The wage growth that has occurred hasn't been shared evenly. For the best-off Americans, those with education, good jobs and health and pension benefits, these are the good old days. For those without skills that employers demand, wages have been falling and only recently has there been a hint of a turnaround. "You can have low unemployment, low inflation and still not have broadly shared income growth—if hourly wages for most workers fail to grow, and that's what has happened over this business cycle [since 1989]," says Lawrence Mishel of the liberal Economic Policy Institute.

"Some would argue that the reason so many families need two incomes is that they're not doing as well as they once were," adds Bruce Bartlett of the conservative National Center for Policy Analysis. The income of the typical American family last year, adjusted by official inflation

gauges, was just 4.3% higher than in 1973, and was below the 1989 peak. "There is some evidence that the gains in the macro-economy haven't filtered through to people in terms of wages," Mr. Bartlett says.

Here's how the U.S. economy compares to 1973, the year it took a turn for the worse. All figures are based on official statistics, which have been criticized for overstating inflation and thereby understating increases in growth, income and wages.

JOBS & GROWTH. The U.S. has been creating lots of jobs, 2.7 million in the past year. The jobless rate is the lowest in 24 years. For the past four years, the economy has been expanding an average of 2.8% a year, better than many expected, but shy of the 1960s and 1970s pace.

INFLATION. Consumer prices haven't risen so slowly since the 1960s. Despite a jobless rate well below the point at which economists predicted upward pressure on wages, there isn't much. American business complains it can't boost prices no matter how much it tries. "You want to discount all such claims, but you hear so much there must be something to it," says Princeton University economist Alan Blinder.

Best Economy in a Generation?

LOOKING GOOD	1973	TODAY ¹	NEAR-TERM OUTLOOK
Jobless Rate	4.9%	4.9%	Unclear
Growth in Gross Domestic Product	5.6%	4.0% ²	Slowing
Consumer Price Inflation	8.7%	2.8% ³	Steady
Budget Deficit (as % GDP)	1.1%	about 1%	Falling
Women's Wages (as % of men's)	63%	75%	Rising
Consumer Confidence Index	98	118	Rising
NOT SO GOOD			
Americans Below Poverty Line	11.1%	13.8%	Falling
Male Wage Inequality (90th percentile vs. 10th percentile)	3.6	4.5	Rising more slowly
Hourly Wage for High School Graduates ⁴	\$12.17	\$10.46	Leveling off?
Net Investment (as % GDP)	9.5% ⁵	6.7%	Rising
Net National Savings (as % GDP)	9.5% ⁵	5.7%	Rising
Productivity ⁶	1.9%	0.9%	Unclear
African-American Earnings (as % of whites)	80.2% ⁶	76.5%	Falling
Dow Jones Industrial Average	850.86 ⁷	6976.48	Unclear

¹Latest available data ²Past year ³1972-74 average ⁴Inflation adjusted ⁵1970s vs. 1990s ⁶1979 ⁷Dec. 31
Sources: Economic Report of the President, Conference Board, Bureau of Labor Statistics, Census Bureau, Economic Policy Institute

CONFIDENCE. It's up, by the Conference Board's consumer-confidence measure, but still below the late 1980s peak, partly because of widespread job security fears. "Just because you join a major corporation doesn't necessarily mean you'll retire from that place," says Lynn Franco of the business-research group. "That's now part of the American cult."

Please Turn to Page A11, Column 1

Continued From Page A2

ture." Americans have yet to regain the boundless optimism about the future that once was a national hallmark, she says.

INEQUALITY. The economic spoils are divided less evenly than in 1973. The gap has widened between the well off and the rest of Americans by nearly every measure. The best-off 5% of households took in 5.7 times as much money in 1995 as the poorest 20% of households; 20 years earlier, the ratio was 3.6, the Census Bureau says.

LOW-WAGE WORKERS. They're beginning to do better, says Richard Freeman, a Harvard economist, "but a year or two won't make up for 20 years" of steep declines in wages. "Do they have as much health-care coverage as then [1973]? No. Do they have as good a private pension package [as in 1973]? No."

AFRICAN-AMERICANS. They've gained lately, but not as much as other Americans. Black unemployment has fallen to 9.8% from 10.5% a year ago. But that's 2.3 times the white unemployment rate; in 1973 the black jobless rate was 2.2 times the white rate. The gap between the wages of black and white workers has widened.

WOMEN. "On average women are faring quite well," says Claudia Goldin, a Harvard University economist. "Not only is the ratio of female-to-male earnings higher than it was 25 years ago, it has apparently continued to advance slowly, but surely, almost every year since 1980."

CHILDREN. Nearly one in every four babies in the U.S. is born on Medicaid, tantamount to being born into poverty. Over the past quarter century, the fraction of children living in poverty has risen. One reason: Fewer kids are living with two parents, says demographer Bill O'Hare. At last count, 69% of children lived with both parents, down from 85% in 1970.

POVERTY. The Census Bureau says the fraction of Americans in poverty has risen since 1973. Though it's begun to fall lately, it remains higher than in 1989. But the official measure doesn't fully account

for the expansion of federal food stamps and health care.

SAVINGS & INVESTMENT. As a share of gross domestic product, the U.S. saves less than it did in 1973, and invests less. Both national savings and net (after-depreciation) investment are on the rise, and investment in computers and other equipment is up a lot. None of this is satisfactory, says Stanford University economist Michael Boskin. One reason: We're not saving enough to prepare for the baby boom's retirement. "The ratio of retirees-to-workers has been stable for 10 to 15 years, and will stay flat for 10 more. But then it will start to rise inexorably," he says.

TRADE DEFICIT. A nation can invest more than it saves if it borrows from abroad, and the U.S. has done so. Last year, the current-account deficit, the best way to measure trade and borrowing flows, was nearly 2% of GDP; back in 1973, it was a surplus of 0.6%.

PROFITS. As the stock market suggests, profits are good. "Margins are the highest in a generation," says Federal Reserve Chairman Alan Greenspan, though he adds "they are still below those that prevailed in the 1960s."

THE WALL STREET JOURNAL
MONDAY, MAY 5, 1997

Copied
Emanuel
COS

Rahm

THE PRESIDENT HAS SEEN
5-15-97

IN BRIEF

U.S. Ponders sanctions For Oil Deal in Iran

British, Canadian Firms to Drill Offshore Field

Reuter

The State Department said yesterday it was investigating whether sanctions should be imposed under U.S. law on a British-Canadian consortium for a deal with Iran to develop the Balal oil field.

"That's a very serious issue. And we're looking into it with great care right now, but we have not yet made a determination if this particular deal fits that category," spokesman Nicholas Burns told reporters.

Under U.S. law, companies investing more than \$40 million in any one year in Iranian or Libyan oil and gas projects could be subject to a broad range of trade and financial penalties.

"And our law is very clear. The Iran-Libya Sanctions Act sets a threshold for investment beyond which companies are technically in violation, and therefore can be subject to U.S. penalties," Burns said.

Iran's oil minister confirmed Saturday that Tehran had awarded a contract to British and Canadian firms to develop the Balal offshore field. The project could cost \$140 million or more.

The minister, Gholamreza Aghazadeh, refused to name the two firms. But sources at the National Iranian Oil Co. identified them as Britain's Pell Frischmann and Canada's Bow Valley. U.S. officials said those were the firms being referred to by Burns.

The spokesman said the Clinton administration planned to seek information about the deal "from the British company, from the [United Kingdom] and from other sources."

So far, the United States has not penalized any companies under the Iran-Libya Sanctions Act, which was passed in August 1996 in an effort to

deter what President Clinton and other officials said is the two states' support of terrorism.

But 11 projects that Iran said in 1995 were open for bids from foreign firms are also being investigated by the United States in case they violate the law.

"We're looking at this very carefully but have not made a determination yet," one U.S. official said.

He argued that even without any sanctions being imposed the law has been effective because it has discouraged foreign investment in Iran.

But some experts have faulted the United States for not acting to impose sanctions on companies that have announced deals with Iran.

Hillary Mann of the Washington Institute for Near East Policy said Washington's failure to act has fueled doubts about its willingness to vigorously enforce the sanctions.

"While there is no doubt that the mere passage of [the Iran-Libya Sanctions Act] has been a powerful deterrent to companies interested in investing in Iran, the credibility on which that deterrent depends will, over time, be increasingly at risk," Mann wrote in a recent analysis of the law.

She argued that a recent German court decision that Iran's top leaders ordered the assassination of several dissidents in Berlin has created an opportunity for the United States to reenergize its policy of containment toward Iran.

"Washington should make it clear at the highest levels that the U.S. intends to enforce [the Iran-Libya act] vigorously to deter further investment in Iran and to make Iran's leaders actually pay a real economic price for their sponsorship of international terrorism," Mann wrote.

U.S. Deports Illegal Immigrants At Record Pace

The government is deporting illegal immigrants at a record pace, removing 42,426 in the first six months of fiscal 1997.

The Immigration and Naturalization Service said yesterday that more than half of the deported immigrants—23,290—had been convicted of aggravated crimes such as murder, rape or armed robbery.

Removing criminal aliens is a key agency enforcement goal, one that Clinton administration officials have been stressing in recent months.

"We need to remember that these criminal alien statistics represent more than just numbers," agency general counsel David Martin said. "Each criminal alien removed means one less dangerous person on our streets."

The six-month deportation rate keeps the Immigration and Naturalization Service on pace to achieve its goal of removing 93,000 undocumented aliens from the United States this year, up from nearly 69,000 last year.

Even as the agency is speeding removals, some lawmakers on Capitol Hill are complaining that too little is being done. The illegal immigrant population is estimated at 5 million, a number that swells by some 275,000 each year.

—Associated Press

Billions in Reserves

Local authorities are keeping billions of dollars as reserves in a housing program for the poor, but the nation's top housing official acknowledged yesterday that no one knows precisely how much is there.

"I am somewhat reluctant to say, 'Here is the number,'" Housing and Urban Development Secretary Andrew M. Cuomo told a Senate Appropriations panel.

Cuomo said that the nation's 3,400 public housing authorities are supposed to keep up to a six-month reserve in HUD's Section 8

program, which provides housing for millions of poor people. HUD has not kept precise tabs on how much each housing authority has.

The extent of the reserves was unveiled in April, when House members discovered there may be as much as \$5.8 billion, which gave Congress the \$3.6 billion needed to pay for Midwest flood relief and other items.

Some lawmakers were appalled that local housing authorities were holding on to that much money when Section 8 faces a shortfall of some \$10.2 billion in fiscal 1998 and even more in later years.

"I think this committee, the American taxpayers, and tenants of public housing deserve an agency that is more accountable for its actions than HUD has shown to date," Sen. Christopher S. Bond (R-Mo.) said.

Cuomo said the \$5.8 billion "is not found money" and that each local housing authority has leeway to determine how much to keep in reserve in case of an economic downturn or a surge in need for housing.

—Associated Press

Gore's 'Brownfields'

The federal government will spend \$300 million to leverage billions in private investment for the cleanup and redevelopment of abandoned factories and other urban industrial eyesores, Vice President Gore said yesterday.

As part of the administration's "brownfields" initiative, Gore also announced redevelopment project grants—of up to \$200,000 each—to 34 communities that hope to turn abandoned lots and factories into new businesses. That brings the grant program, launched in November 1993, to 113 sites.

The brownfields are industrial sites that are tainted by hazardous waste, but not to such an extent that they qualify for Superfund cleanup aid.

Fifteen agencies were drawing on existing budgets to pool the \$300 million investment, which administration officials hoped would unleash between \$5 billion and \$28 billion in private investment.

—Associated Press

The Washington Post

WEDNESDAY, MAY 14, 1997

Lesson From a Small Country

Plainly it's a good thing when a developing nation embarks on raising its living standard. But the development often comes at a price. There may be some short-term benefits to be gained from depleting natural resources, but in the longer term it can leave the country worse off than before. Meanwhile, serious environmental damage may have occurred—with effects not only on the country where it was done but on a global scale—as in the case of deforestation and accompanying increases in "greenhouse" gases.

This is essentially a worldwide problem—sometimes seen even in the poorer areas of developed nations—and a complex one. But it is not a problem without solutions. One place where truly exciting progress has been made is in the small, progressive Central American country of Costa Rica.

Costa Rica has had an enviable history of democratic government ever since the legendary Don Pepe Figueres abolished the army shortly after taking office in 1948. It has a history of environmental concern and leadership, yet has had, and continues to have, its own share of environmental problems including a high deforestation rate. Since 1994, however, under the leadership of Don Pepe's son, Jose Maria Figueres, Costa Rica has launched an unparalleled effort to move toward sustainable development.

One area of major innovation is in energy consumption, the production of greenhouse gases and the problem of climate change. Costa Rica is at-

Little Costa Rica is leading the way on some big environmental issues.

tempting to phase out fossil fuels for power generation by 2010. This is easier there than it might be in other countries, because Costa Rica has an abundance of other means of producing power: good hydroelectric sites, wind sources and the geothermal potential that goes with living atop a string of volcanoes.

The country has already reduced power demand through an aggressive campaign that depended in part on the classic approach of raising the price, through a 15 percent national fuel tax. (Contrast that with the reluctance of the U.S. Congress even to contemplate a more modest BTU tax not many years ago.) Some of the revenues are being recycled into reforestation, thus preserving or restoring the resource base while avoiding or reducing carbon emissions as only forests can.

The carbon tax is linked to a 1996 forest law that pioneers the concept of "payment" for environmental benefits such as watershed protection and absorption of greenhouse gases. Of the water for hydroelectric genera-

tion, 87 percent comes from protected forests, and it would cost \$104 million to replace it with fossil fuel generation. Thus the savings of environmental protection offset its costs.

Costa Rica's latest—and perhaps most exciting—endeavor is to set itself up as a kind of world carbon bank, which works as follows: An entity in another nation, say, a private power company (or maybe a public agency operating power plants) is required by law or pressed by international convention to cut its carbon emissions or at least keep them from increasing. If it is inconvenient or costly for the power company to do so in its own country, it may "purchase" reductions in some other country.

The power company (or public agency) might do this by building a non-emitting plant in Costa Rica, as the United States' Northeast Utilities has done with a 20-megawatt wind farm there. Or it might buy the equivalent of a conservation easement on a tract of Costa Rican forest, so that rather than being converted to pastureland or some other non-forested state, the land is maintained in its natural state as a capturer ("sequesterer") of carbon. Or it might simply pay for reforestation.

This system, known as "joint implementation" creates a "market in virtue" and, in theory at least, brings about pollution reductions at the lowest possible cost. Once the law requires countries and companies to reduce or limit emissions, they look

around for ways to minimize costs, and this is where Costa Rica comes into the picture by offering itself as a means of achieving the pollution cuts.

Recently it has created a financial instrument that allows one to invest in pollution reduction through a type of bond that will eventually be tradable on commodity markets. For now, it provides funds to small landholders for reforestation, or forest protection. This approach also permits generation of multiple income streams from the same tract of forest by activities that don't affect carbon storage such as ecotourism or extraction of minor forest products. The combined revenues constitute a powerful alternative to deforestation.

In the other area of innovation, Costa Rica's "alliance with nature" has already produced nature-oriented tourism on the scale of \$700 million a year and more than 100 private conservation areas, including a rain forest canopy tram and several butterfly farms. The most sophisticated aspect, however is the National Institute for Biodiversity (INBio). Founded and led by Rodrigo Gamez, INBio is a hub of activity engaged in systematic inventory of the flora and fauna in the 24 percent of the nation designated for permanent protection. This is all fed into an enormous databank and used by such pharmaceutical firms as Merck & Co. in the search for new medicines.

The generation of wealth from molecules in nature, thanks to organized data and the ability to return to the

same individual tree that previously yielded a promising compound, already makes Costa Rica a country of choice at the dawn of the age of biotechnology.

This is not to say that all these initiatives have been without their problems or their critics. The carbon tax in particular has been unpopular, although polls indicate Costa Ricans are willing to pay more for water if guaranteed quality and quantity for their children and grandchildren. Figueres has, nevertheless, paid a price in abysmal popularity ratings for pursuing his visionary initiatives. He perseveres, however, convinced he should do the right thing for his country's economic growth and quality of life, and confident that this will in time be recognized.

The big issue is whether there will be continuity after the end of his constitutionally mandated single term in May 1998. It is unlikely that foreign supporters will walk away, because, as U.S. Interior Secretary Bruce Babbitt observes, "The world needs a Costa Rica to show the way."

Critics often say Costa Rica is a special case, an anomaly among Third World nations. It probably is—and so is its brilliant, energetic and impulsive young president. But the entire world would do well to pay attention to the exciting experiments going on there, and take what it can from them.

The writer is counselor for biodiversity and environmental affairs to the secretary of the Smithsonian Institution.

WASH. POST, 4/22/97

THE PRESIDENT HAS SEEN
5-15-97

TB & McGinty
It was
incredible

Px

Copied
McGinty
COS



MEMBER

EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON, D.C. 20500

'97 MAY 15 PM5:09

May 15, 1997

Dear Mr. President:

The time has come for me to resign my position as a Member of the Council of Economic Advisers. I will be leaving August 1, 1997. It has been a privilege to have served you in this capacity and in the role of Assistant Secretary for Economic Policy at Treasury during the first two years of your Administration.

For an economist, the last four years have been an amazing and wonderful time to have been in government. You have had a string of great Council members--Laura Tyson, Alan Blinder, Joe Stiglitz, Martin Baily, Jeff Frankel, and Janet Yellen. It has been both an intellectual and personal treat to work with all of them. You have also identified and stood up to the major economic problems--growing budget deficits, increasing inequality, and slow economic growth. The budget deficit is no longer a threat to the economy and, while the longer term issues of slow growth and inequality will take time to reverse, your policies of investment in capital and in people have set the nation on the right course.

I want to thank you for the opportunity to have served both at Treasury and at the CEA. I have learned a great deal and feel very fortunate to have participated in such an exciting period of history. I wish you continued success.

Sincerely yours,

Alicia H. Munnell

The President
The White House
Washington, D.C. 20500

5-15-97

After you have seen we will
send the original to the Clerk
and a copy to Doriskind for reply.

B.

Copied
Emanuel
Reed
Kagan
COS

THE PRESIDENT HAS SEEN
5-15-97

THE WHITE HOUSE
WASHINGTON

May 15, 1997

MR. PRESIDENT: ~~to~~ see @ on p. 3

The attached memo concerns the issue of whether to allow the Secret Service Uniformed Division to unionize. Rahm, Bruce and Elena wanted you to see the memo tonight because you will see Gil Gallegos, President of the Fraternal Order of Police, tomorrow at the Peace Officers Memorial event -- Gallegos is very concerned about this issue.

As you know, this has been a sharply contested issue within the Administration. For example, Jack Quinn favored unionization; Bob Rubin is strongly against and would want to speak with you personally before you make a decision.

Rahm, Bruce and Elena set out the pro and con arguments and suggest a possible compromise, though Treasury opposes it. ***This is not a decision memo, however, and you should not decide the issue before you see Gallegos.*** Erskine has held a meeting on the issue and his office is in the process of following up so that you can be presented with a recommendation. Sylvia notes that for you to make a decision now would be ill-timed; Eljay Bowron is leaving this week and it would be better to have a new Secret Service Director in place before you make a decision.

Todd Stern
Phil Caplan *Ph*

THE WHITE HOUSE
WASHINGTON

5-15-97
97 MAY 14 PM 5:51

May 14, 1997

MEMORANDUM FOR THE PRESIDENT

FROM: RAHM EMANUEL
BRUCE REED
ELENA KAGAN

SUBJECT: UNIONIZATION OF SECRET SERVICE UNIFORMED DIVISION

You will meet tomorrow with Gil Gallegos and other officers of the Fraternal Order of Police (FOP). They may ask you, as they have before, whether you will amend an Executive Order to allow employees of the Secret Service Uniformed Division to unionize and engage in collective bargaining. This memo provides you with the arguments on each side of the issue, so you can decide how to respond to inquiries.

Before his departure, Jack Quinn conducted an extensive review of this issue and recommended changing the Executive Order in the way the Uniformed Division employees requested. The Department of Treasury is strongly opposed to this approach. We believe a sensible compromise proposal is available, but Treasury has rejected this compromise and we do not know how the Uniformed Division employees would greet it.

Background

Federal law gives the President authority to issue an order prohibiting the employees of any federal unit that "has as a primary function, intelligence, counterintelligence, investigative or national security work" from organizing and collective bargaining. Using this authority, President Carter issued Executive Order 12171, which precluded the Secret Service Uniformed Division from engaging in these activities. The E.O. also covered many other units in the Departments of Treasury, Defense, Justice, Transportation and Energy.

In March and May 1995, members of Congress (Reps. Trafficant, Frank, Conyers, and Torres) wrote to you requesting that you exempt the Secret Service Uniformed Division from the E.O., allowing employees of this division to unionize. The White House referred the letters to the Department of Treasury, which advised the Congressmen and two interested unions that national security concerns required the ban to remain in effect. In September 1995, Judge Mikva affirmed this determination, citing a policy of deference to the Treasury Department on matters relating to the security of the President and Vice President.

Last year, Jack Quinn received a letter from the Secret Service Uniformed Division Labor Committee of the FOP asking for reconsideration of this issue. The letter stated that "national

security concerns...are being used as a convenient way to deny the members of the Uniformed Division fundamental labor rights." Quinn initiated discussions with Treasury Department officials and Uniformed Division employees.

In a September 1996 FOP questionnaire for presidential candidates, you referred to the controversy and stated: "To make a decision on this issue in as thoughtful and expeditious a manner as possible, I have asked my counsel . . . to look into the competing arguments, and present a recommendation to me."

At a later meeting with the Executive Board of the FOP, you were careful not to commit yourself, but did express sympathy for the position of the Uniformed Division employees. The Wall Street Journal quoted you as saying at that meeting that "it would be the height of hypocrisy for me not to support [the right to unionize] for federal officers." Members of the FOP left the meeting generally encouraged.

Quinn recommended before he left that the Administration grant the Uniformed Division employees' request. Secretary Rubin, however, vehemently opposed this recommendation, and the matter did not come to you for decision.

As consideration of the issue has proceeded, Gallegos and employees of the Uniformed Division have accused Uniformed Division management of retaliating against union supporters. One incident resulted in a lawsuit brought by the officers alleging various constitutional violations. In addition, Gallegos has come under increasing pressure from his membership to move forward on this issue.

Department of Treasury Arguments

The Department of Treasury offers three reasons for opposing unionization. First, Treasury claims that the obligation to bargain will compromise security by decreasing management's authority over such matters as the deployment and scheduling of officers and the selection of equipment. Treasury cites the decision to close off Pennsylvania Avenue to traffic as an example. That decision affected many employees' schedules and work assignments. Without a union, the Division could take this action unilaterally; with a union, the Division might first have had to bargain about the proposed change, thereby losing flexibility and causing delay.

Second, Treasury argues that unionization will compromise security by forcing the disclosure of information during collective bargaining. Treasury notes that information about security procedures and techniques-- about postings, manpower allocations, equipment, and so forth-- is now provided on a "need to know" basis. If the Division were obligated to engage in collective bargaining, Treasury argues, it would have to provide such information to union members and officials and possibly to arbitrators.

Third, Treasury argues that exempting the Uniformed Division from the E.O. will place

the government on a slippery slope toward exempting other covered employees or eventually eliminating the E.O. Treasury is particularly concerned that if the Uniformed Division are free to unionize, then the special agents of the Secret Service, who directly protect you, the Vice President, and your families, will request identical treatment.

Uniformed Division Employees' Arguments

The argument in favor of allowing employees of the Uniformed Division to organize starts from a simple premise: this Administration is committed to safeguarding the rights of employees to organize and engage in collective bargaining. This commitment should be upheld unless there is a strong countervailing interest.

In considering whether such an interest exists, you should note that there is no danger that unionization will lead to work stoppages of essential employees. A federal statute makes it an unfair labor practice for a union to strike at any federal agency. This statute would apply to Uniformed Division personnel just as it does to other federal employees.

Although Treasury is right that the obligation to bargain will limit its unfettered authority over workplace decisions, it is not nearly so clear that this obligation will compromise security interests. With respect to a number of issues, such as benefits, the obligation to bargain will have little or no effect on security. With respect to more sensitive issues, bargaining often will not be required. Agencies can take certain actions involving hiring, assignments and the like -- actions implicating "management rights" -- without engaging in collective bargaining. If this authority is insufficient, Treasury can negotiate contract provisions giving it additional powers. And if even this is not enough, we can reserve still greater powers to Treasury through adoption of the compromise proposal discussed below.

Similarly, Treasury's concern about the disclosure of sensitive information seems overstated. The officers in the Uniformed Division already have most of this information -- or at least could obtain it if they all pooled their knowledge. Moreover, the Treasury Department could condition providing such data in collective bargaining on an agreement by the union to confidentiality requirements.

Finally, Treasury's "slippery slope" argument is subject to question. If exempting another unit from the E.O. would pose a greater danger to security than exempting the Uniformed Division, then the Administration should be able to justify continued coverage of that unit. For this reason, all four other agencies with covered employees declined to support Treasury's argument, stating that their employees could be distinguished from Uniformed Division personnel.

What
Security?

Compromise Proposal

An alternative course is to amend the E.O. to allow Uniformed Division employees to

unionize, but to give them fewer collective bargaining rights than other unionized federal employees have. This approach should not be difficult to accomplish. When you came into office, you signed an executive order requiring the agencies to bargain over certain subjects that they previously did not have to bargain over. In modifying the E.O. to allow unionization of Uniformed Division employees, you could make clear that the old rules apply to these employees. These rules would give the Treasury Department greater authority to act unilaterally -- without any consultation with the employees' union -- than federal agencies now have. It would go some way toward accommodating both the employees' desire for unionization and the agency's concerns about security.

THE WHITE HOUSE
WASHINGTON, D.C. 20500

DATE: 5-15

TO: Steph and Streett

FROM: Staff Secretary

How do you want
to handle this?

Good

JOHN BREAUX
UNITED STATES SENATOR

'97 MAY 15 PM 12:26

MEMORANDUM

TO: POTUS
FROM: JOHN BREAUX
DATE: MAY 13, 1997

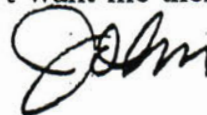
For the first time in history, the Davis Cup will be held in a U.S. national park--Rock Creek Park here in Washington.

The Washington Tennis Foundation is a 501(c)(3) charitable organization that gives all their money for inter-city kid's tennis programs and is the principle host for the matches. The U.S. will play Australia on September 19-21, 1997. The U.S. Tennis Association is also a non-profit organization.

I really need you to kick off this event on Friday, September 19, at noon, or any day you could appear. ESPN is telecasting and the opportunity for you to be with inter-city kids, who benefit from the programs, and show your support for the Davis Cup and the battle against the Aussies would be great for everyone. Also highlighting the use of a urban national park would be important.

Thanks!

P.S. I'm on the Board of the Washington Tennis Foundation and would be with you (unless I mess up between now and then and you don't want me there!)



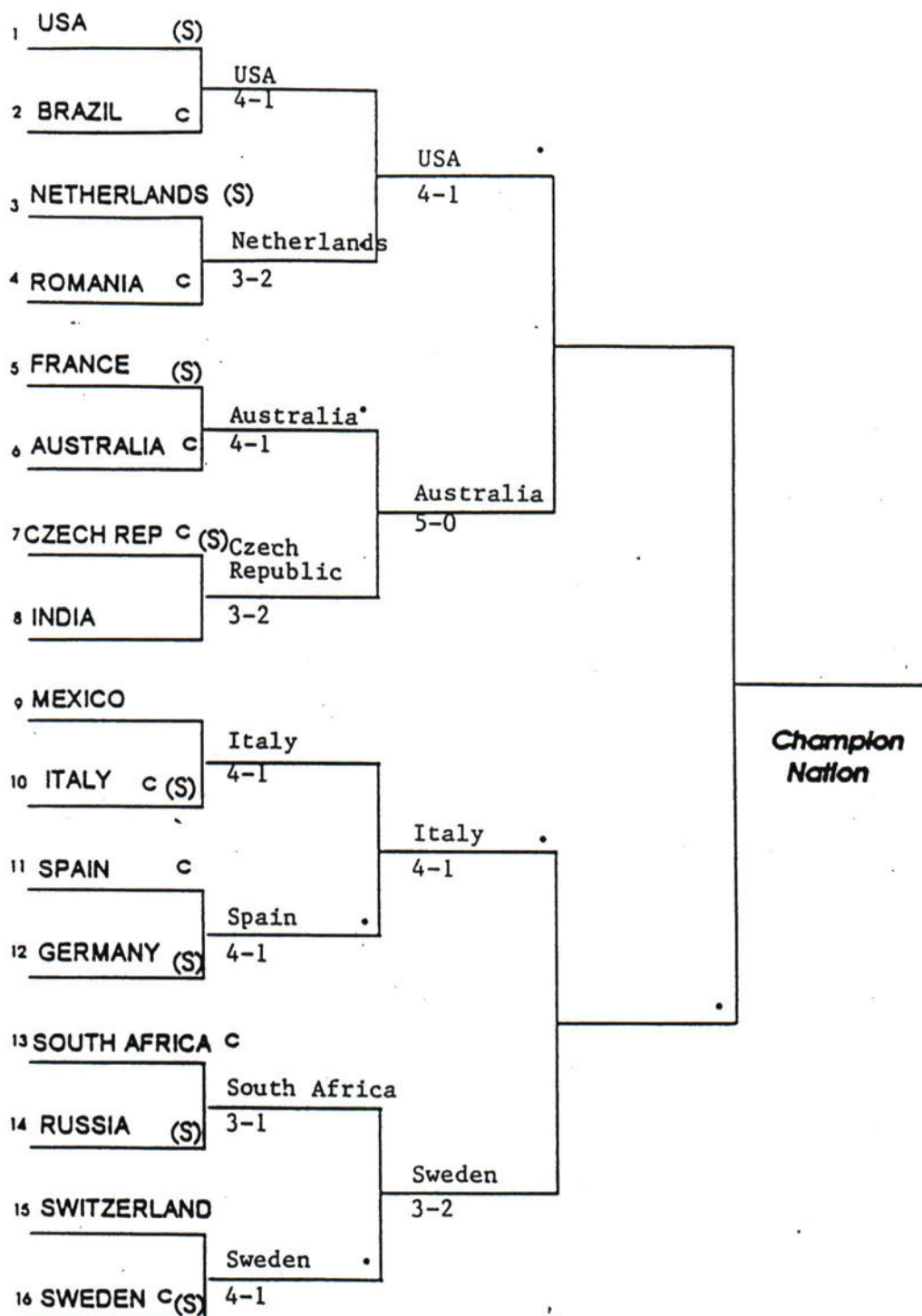
World Group 1997 (16 nations)

1st Round
7-9 February

2nd Round
4-6 April

Semifinals
19-21 September

Final
28-30 November



(S) = Seed
C = Choice of Ground
* = Choice of Ground
If decided by lot



UNITED STATES TENNIS ASSOCIATION

UNITED STATES TENNIS ASSOCIATION
INCORPORATED
70 West Red Oak Lane
White Plains, NY 10604-3602

Telephone 914 696-7000
Fax 914 696-7167

P R E S S R E L E A S E

For Immediate Release

Release No. 56-97
May 5, 1997

**UNITED STATES DAVIS CUP TEAM TO FACE AUSTRALIA IN WASHINGTON, D.C.
William H.G. Fitzgerald Tennis Center To Host Event, Sept. 19-21**

WHITE PLAINS, N.Y. – The William H.G. FitzGerald Tennis Center at Rock Creek Park in Washington, D.C. will be the site for the United States Davis Cup team's semifinal round tie against Australia, Sept. 19-21, United States Tennis Association President Harry Marmion announced today.

Marmion said, "Davis Cup by NEC is the premier team event in men's tennis. The international importance of our nation's Capitol was an obvious consideration in the selection process. The rivalry between the United States and Australia is one the fiercest in the history of the Davis Cup. I am certain that the Washington, D.C. area will support this great competition."

Play will be held on a hard court and the facility will seat 7,500. A press conference will take place on May 13 in Washington, D.C. to announce ticket prices and availability.

The United States has won the Davis Cup 31 times, more than any other nation. The U.S. last won the Cup in 1995, defeating Russia in the final in Moscow. Australia is in second place on the all-time list of Davis Cup winning nations with 26 titles. The two countries last met in Melbourne in the opening round of 1993, with Australia winning 4-1.

The event will be held in cooperation with the Washington Tennis Foundation, the organization responsible for the operation of the William H.G. Fitzgerald Tennis Center.

Jonathan Schiller, President of the Washington Tennis Foundation commented, "On behalf of the Washington Tennis Foundation and the thousands of children participating in its programs, we are proud to be a part of this great Davis Cup tie. Since 1955, the mission of the Foundation has been to reach out to children in Washington through tennis – especially kids in lower-income communities – and make a positive impact on their lives."

Founded in 1881, the United States Tennis Association is a not-for-profit organization with half a million individual members and more than 6,000 organizational members. As the national governing body for tennis in America, the USTA uses its \$135 million annual budget to train and encourage tennis players of all ages and skill levels. The USTA presents the U.S. Open and selects the teams for Davis Cup, Fed Cup and the Olympics.

-30-

FOR MORE INFORMATION CONTACT:
Page Crosland, USTA Director of Communications
(914) 696-7243
Art Campbell, USTA Sports Information Coordinator
(914) 696-7290



UNITED STATES TENNIS ASSOCIATION

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P R E S S R E L E A S E

1997 DAVIS CUP by NEC SEMIFINAL AT GLANCE

WHO: Australia vs. United States

WHERE: William H.G. FitzGerald Tennis Center at Rock Creek Park
Washington, D.C.

TICKET INFORMATION: Write The D.C. Davis Cup
P.O. Box 22499
Kansas City, MO, 64113-0499

DATES: September 19-21, 1997

U.S. CAPTAIN: Tom Gullikson
CAREER RECORD: 9-2/Won the Davis Cup in 1995

AUSTRALIAN CAPTAIN: John Newcombe
CAREER RECORD : 6-3

SERIES: The United States leads the series 24-19.
The nations last met in the opening round in 1993 with Australia winning 4-1 at the Kooyong Lawn Tennis Club in Melbourne. The United States has won the Davis Cup 31 times, more than any other nation. Australia has won the Davis Cup 26 times, second on the all-time list.

FORMAT: Best of five rubbers (matches)
Four singles, one doubles
All matches are the best of five sets, until the tie has been clinched. Dead rubbers will be the best of three sets.

U.S. RESULTS: U.S. def. Brazil 4-1
U.S. def. Netherlands 4-1

AUSTRALIAN RESULTS: Australia def. France 4-1
Australia def. Czech Republic 5-0

TEAM NOMINATIONS: Player selections must be made no later than 10 days prior to play.

The winner advances to the 1997 Davis Cup final, Nov. 28-30, to face the winner of Italy vs. Sweden semifinal.

For more information, call:

Page Crosland, USTA director of communications (914) 696-7243 or
Art Campbell, USTA sports information coordinator (914) 696-7290



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Fax 914 696-7167

P R E S S R E L E A S E

MEDIA ADVISORY

- EVENT:** Formal announcement of the Australia vs. United States semifinal round Davis Cup tie. The tie will take place at the William H.G. FitzGerald Tennis Center at Rock Creek Park, Sept. 19-21, 1997.
- PARTICIPANTS:** Harry Marmion, USTA president
Jonathan Schiller, Esq., Washington Tennis Foundation president
Senator John Breaux, Washington Tennis Foundation director
Christopher Stokes, International Tennis Federation
Russ Cline, Russ Cline & Associates, event organizer
- HONORED GUESTS** Camille Mosley, USTA Executive Committee
The Honorable William H.G. FitzGerald, Washington Tennis Foundation director
The Honorable Paul Ignatius, Washington Tennis Foundation director
Charlene Drew-Jarvis, city council chairman pro tem
Michael Dickens, vice chairman D.C. Convention Center Authority
Buford Driskill, USTA Davis Cup committee chairman
Steve Potts, USTA Olympic Committee chairman, USTA Davis Cup committee
Rod Dulany, USTA Mid-Atlantic Section
- WHERE:** William H.G. FitzGerald Tennis Center at Rock Creek Park
16th and Kennedy Streets N.W.
Washington, D.C.
- WHEN:** Tuesday, May 13
3:30 p.m. (E.D.T.)
- TELECONFERENCE:** All media are encouraged to attend the news conference. Anyone in the United States is invited to participate in the teleconference by calling 800-825-2125 a few minutes before 3:30p.m. and asking for the Davis Cup Conference. Media members outside of the United States should call (617) 225-2125.
- FACTS:** Founded in 1900, the Davis Cup by NEC is the premier international team competition for men. A record 127 nations will participate in 1997. The United States and Australia are members of the 16-nation World Group which competes for the Davis Cup. Each tie consists of five rubbers (matches) contested over three days. Two singles rubbers on Friday, one doubles on Saturday and two singles on Sunday. The U.S. reached this semifinal round by defeating Brazil and The Netherlands. Australia defeated France and the Czech Republic. The United States has won the Davis Cup 31 times, more than any other nation. Australia has won the Davis Cup 26 times, second on the all-time list. The United States Tennis Association selects the U.S. Davis Cup team and is responsible for organizing all home ties. The Davis Cup by NEC competition is organized, internationally, by the International Tennis Federation.

For additional information, call

Page Crosland, USTA director of communications (914) 696-7243

Art Campbell, USTA sports information coordinator (914) 696-7290

5-15-97



Send to Doriskind
Yes

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CERTIFIED GEMOLOGIST APPRAISER
AMERICAN GEM SOCIETY

April 28, 1997

'97 MAY 16 AM 7:34

President Bill
Whitehouse
Washington, D

Dear Mr. Pres.

Bill, I hope that 1997 finds you and your family healthy and well, with your knee on the mend.

These comments by Tim Hutchinson reminded me of my intent to write to you, encouraging your support for the repeal of the estate tax. It is a grossly unfair and burdensome tax for the small business or farm and here is why:

1. Underwood's is fairly typical in that I founded the firm 40 years ago this year with only \$1,000.00 of borrowed money. It's a miracle the store survived with such an undercapitalized beginning.
2. For a jewelry store (as well as most small businesses) to prosper and grow, it requires heavy inventory investments. In the jewelry industry, the average inventory turn is about one time per year, so the inventory is relatively illiquid. And the equipment we use is even more illiquid because of its specialized nature.
3. All of our inventory growth, which has contributed significantly to our growth and success, has been financed from profits on which income tax to the government has already been paid. Not a cent has come from outside, new money, and I imagine that is true with most small Arkansas companies and farms.
4. In the early years in particular, LeAnn and I made personal sacrifices of diverting most of our profits from the store to the building of inventory with after tax dollars. While friends of ours (who did not have inventory demands) were taking vacations, buying new cars, boats, etc., we were both working 60 hour weeks and investing our after tax dollars in the business, which we could hopefully some day pass on to our children and grandchildren.
5. For a family in the jewelry business, this generation linkage is extremely important for the future success of the business. As illogical as it seems, diamond dealers still consummate multi-million dollar deals with only a handshake or your word that you will either return the goods or pay. So the continuation of the generations of honorable dealings is extremely important to those in the jewelry business.





President Clinton
April 28, 1997
Page 2

6. My son, Craig, has spent his entire life in the business and is making the same sacrifices I did. He has three sons and it's probable that at least one of them will follow his career.

But if estate taxes take up to 55% of the value of the business when I die, none of that will happen. My son will have to start anew; our 15 employees will be looking for new jobs; there will be no more profit from Underwood's, so the government will lose that; the owner of the building will be out a tenant; and the ripple effect goes on and on. All because the government wants to tax again assets that were built with after tax dollars from earnings on which tax had already been paid in years before.

It is fundamentally and basically unfair and should be repealed.

I believe that one of the greatest legacies you could leave as president is the one of restoring fairness on the part of government. For your lifetime as well as mine, our government has been noted for taking money wherever it can find the money, without regard for the fairness of how that money is taken. I sometimes feel that our government is totally out of control and will spend every cent they can collect, even to the point of bankrupting our country and our citizens.

I had a conversation with David Pryor last week and he told me that last year when he and Bob Dole co-sponsored legislation to modify the estate tax there was no tax bill in Congress that could provide enabling, but there would definitely be a tax bill this year to which it could be attached.

Bill, what is your position on this? And what do you think are the chances of repeal?

Could I hear from you, please?

Sincerely,

William G. Underwood, CGA
President

WGU:vdh

Drake Field, said Fayetteville and the surrounding area will benefit from five DHL cargo flights a week. The flights will originate at the Greater Cincinnati/Northern Kentucky International Airport and will fly from Fayetteville to Tulsa, Okla.

The flights will be by a Fairchild turboprop Metroliner, Furr said.

airport's first direct air freight service by a major company in decades, Furr said.

He said he is hopeful the arrangement will "nurture something bigger."

DHL Worldwide Express has links to more than 635,000 cities in more than 200 countries.

Hutchinson: Estate tax must go

By MAYLON T. RICE

Times Staff Writer

U.S. Sen. Tim Hutchinson, completing a state-wide listening tour during the past two weeks, says, "it's time to repeal the estate tax."

"During my travel throughout Arkansas I heard numerous complaints about the unfair nature of the estate tax, commonly called the 'death tax,'" Hutchinson said.

"Most Americans spend their entire life working, paying taxes, saving and hoping to pass along what they have earned to their children," Hutchinson said.

Unfortunately, when they die, their "estate" — whether it is a family farm or home — is often taxed at an incredible 55 percent, Hutchinson said.

"It just doesn't make sense to punish thousands of Arkansans — often farmers — who have worked hard their entire lives to earn something which they can pass on to their loved ones," he said.

"Nationwide, nearly 30 percent of all family-owned businesses are passed down to a second generation, and only about 13 percent reach the third generation," Hutchinson said. "The estate tax is among the most significant barriers to the transfer of family owned businesses, farms and ranches."

The estate tax doesn't make sense for a number of economic reasons, Hutchinson said. It raises relatively little revenue for the government. The Internal Revenue Service spends nearly 65 cents of every dollar it receives in revenues in attempting to collect this tax, he

said.

Statistics show the tax reduces economic growth, discourages saving and encourages tax-avoidance schemes. The estate tax has few defenders, except tax attorneys.

There are four bills in the U.S. Senate which would reform the estate tax, and another bill which would completely repeal this unfair tax. Hutchinson is a co-sponsor of all five.

"The estate tax is quite possibly the most unfair, un-American tax which exists," Hutchinson said.

"It's a killer of the American dream. It's been said that the power to tax is the power to destroy. Our government is destroying the American dream if it continues to tax the property of its people," Hutchinson said.

The tax issue has hit close to home, Hutchinson told the Ozark Food Processors Association in Springdale last week.

"My chief of staff's parents own a small cafe in north central Arkansas and they were on the verge of selling it when their accountant laid out the figures," Hutchinson said.

"They've worked hard all their lives, but if they were to sell, it would be to pay the taxes on the sale, that's all," Hutchinson said.

Hutchinson quoted Benjamin Franklin who once said: "In this world, nothing is certain but death and taxes."



Hutchinson



MEMBER

EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON, D.C. 20500

'97 MAY 15 PM5:09

May 15, 1997

Dear Mr. President:

The time has come for me to resign my position as a Member of the Council of Economic Advisers. I will be leaving August 1, 1997. It has been a privilege to have served you in this capacity and in the role of Assistant Secretary for Economic Policy at Treasury during the first two years of your Administration.

For an economist, the last four years have been an amazing and wonderful time to have been in government. You have had a string of great Council members--Laura Tyson, Alan Blinder, Joe Stiglitz, Martin Baily, Jeff Frankel, and Janet Yellen. It has been both an intellectual and personal treat to work with all of them. You have also identified and stood up to the major economic problems--growing budget deficits, increasing inequality, and slow economic growth. The budget deficit is no longer a threat to the economy and, while the longer term issues of slow growth and inequality will take time to reverse, your policies of investment in capital and in people have set the nation on the right course.

I want to thank you for the opportunity to have served both at Treasury and at the CEA. I have learned a great deal and feel very fortunate to have participated in such an exciting period of history. I wish you continued success.

Sincerely yours,

Alicia H. Munnell

The President
The White House
Washington, D.C. 20500

5-15-97
After you have seen we will
send the original to the Clerk
and a copy to Doriskind for reply.

B.