



RUSSIA AND EUROPE CONFRONT CHALLENGES TO JOBS AND GROWTH . . . : RUSSIA; ECONOMIC CHANGE AT A CROSSROAD

*Steven Erlanger
New York Times*

MOSCOW— Europe, battered by recession, expects 1.5 percent growth in 1994. Japan is still mired in economic woes, though there is some talk of a rebound. China, whose growth in the last year has been in the mid-teens, could experience a slowdown -- to merely spectacular 10 percent growth. Then there is Russia, which must balance international calls for austerity with domestic politics and slow- or fast-paced privatization. From around the world, correspondents of *The New York Times* assess local economies.

After a clear look at the dark underside of Russian nationalism, manifested by the spectacular vote for Vladimir V. Zhirinovskiy in last month's elections, Westerners must regard Russia as one of the world's great crap shoots.

The West and its fiduciary agent, the International Monetary Fund, had high hopes for a resounding victory by the Westernized economic reformers who dominated the Russia's Choice party, led by First Deputy Prime Minister Yegor T. Gaidar.

A reformist majority in the new parliament, they thought, would provide the political mandate for a sweeping economic program. They were wrong.

There is no denying that a large majority voted against what they understood to be the kind of economic reform advocated by Russia's Choice and the West. Such a vote will make an I.M.F. austerity program, which would result in large increases in unemployment, almost impossible politically.

So Russia enters the new year at a crossroad. To listen to the voters too avidly would mean gutting economic change and bring about even higher inflation and instability, further fertilizing the ground for fascism, Mr. Gaidar argues.

So he is relying on President Boris N. Yeltsin, who consciously remained above the fray, to ignore the voters and follow the usual Russian route to reform: from on high, by decree.

But it is likely that Mr. Yeltsin will continue to fudge, to steer a sloppy, compromising course between irreconcilable concepts of how the Russian economy should be managed. That might not insure disaster, but it could mean more of the same, only with higher inflation, as Russia muddles through.

WHY OWEN, THE BALKAN PEACEMAKER, SOLDIERS ON

*John Darnton
New York Times*

LONDON — Those who know him say that when Lord Owen, the indefatigable mediator in the Bosnian war, stepped in front of the cameras in Brussels last week to announce yet another recess in the peace talks and yet another cease-fire that was being broken even as he spoke, there was a hint of frustration, even gloom, in his demeanor.

"Frankly, we're unconvinced this cease-fire is serious," he said forlornly, ticking off the complications so far that day: fighting in central Bosnia, heavy shelling of Sarajevo, and the hijacking of an armored personnel carrier with its crew of three British soldiers (later released). He appealed to "the political leaders" not to let this cease-fire become "a joke" like all the others.

"I've been struck by this feature of Communist societies -- it

does corrupt values," he said. "We have to face up to this lying factor. They will look you straight in the face and they lie. And you know it and they know you know it. You just have to go on."

But after a few dark moments, never-say-die diplomacy is back on track and Lord Owen is off, talking about a final settlement, if not in January then February, and the need to get the humanitarian convoys through to the people in the mountains so they can survive the winter.

But what kind of game is it, this three-way division of Bosnia? Not a winning one, according to Lord Owen. "Now, as we move more toward division, arguably, you can get away with less that is good," he said. "You've accepted more ethnic cleansing than I think is healthy, more territory seized. The more idealistic the

settlement, the harder it is to get."

The Vance-Owen plan, he still insists, was far superior. "That would have rolled the Serbs back 37 percent," he said. "This one, about 24 or 25 percent. If we had had the courage and the grit to see through the implementation of Vance-Owen, we could have reversed ethnic cleansing."

But the Vance-Owen plan had to go, he said, because the divisions it raised between the United States and Europe were threatening the Atlantic alliance. "There are too many other things that matter to allow an issue like that to get out of hand as much as it did," he said. "You just have to face that."

Lord Owen acknowledged what he called "the hideous moral questions," like whether the food and medicine and other essentials being provided by the United Nations prolong the war.

AFRICA, OUT IN THE COLD

New York Times

In a burst of compassion and amid loud applause, the United States a year ago rushed to the rescue of the sick and starving in Somalia. But for Africans, this holiday season is even bleaker, and not just for Somalis. When the humanitarian mission in Somalia went sour, most of Africa below the Sahara also seemed to drop from sight. Every bit of bad news -- civil wars, military coups, drought and disease -- has sadly reinforced a mood of fatalism or still worse, callous unconcern.

Yet it is one thing to recognize Africa's economic and political ills, and quite another to let them become the pretext for doing little or nothing. Much that has gone wrong in Africa springs from causes beyond African control; that, too, needs to be recognized. First and most grievous is the steady drop over a decade in the world prices for African exports, which in turn has shrunk the

private investment flow to sub-Saharan states from \$10 billion in 1982 to \$4.7 billion in 1990.

The dismal results are underscored by Boutros Boutros-Ghali, the first U.N. Secretary General from Africa. For countries below the Sahara, foreign debts, described by Mr. Boutros-Ghali as a "millstone around the neck," have risen to the equivalent of 106 percent of gross domestic product, compared with 37 percent for another debtor region, Latin America.

Doubtless, as the World Bank says, Africa's political volatility helps explain this contrast. But it is also true that sub-Saharan Africa has been the biggest loser as the cold war has ended. A decade ago, the Reagan Administration expatiated on Africa's vital maritime "choke-points," its wealth of natural resources and the presence of 37,000 Communist economic technicians below the Sahara. Now the technicians have disappeared, along with Soviet-bloc aid, and

so has Africa's cold war leverage.

What this also implies was spelled out at a conference in Namibia by a British parliamentarian, Sir David Steel: "We in the West cheerfully supported appalling dictatorships because they were on the 'right' side in the cold war. Now that this shadow is lifted, we demand instant standards of good governance. This is not good enough."

Remarkably, Africa has witnessed real gains in the past year. South Africa has repudiated apartheid. Peace, however tenuous, prevails in Ethiopia; Eritrea has won its right to independence. Armies have demobilized in Uganda, and its economy is percolating. In a broad swath of countries, from Kenya to Zambia, from Malawi to Gabon, ordinary people are clamoring for human and political rights. Gains like these merit a more generous -- and attentive -- response from richer nations.

CANADA BACKS ITS U.N. ROLE IN BOSNIA DESPITE INCIDENT

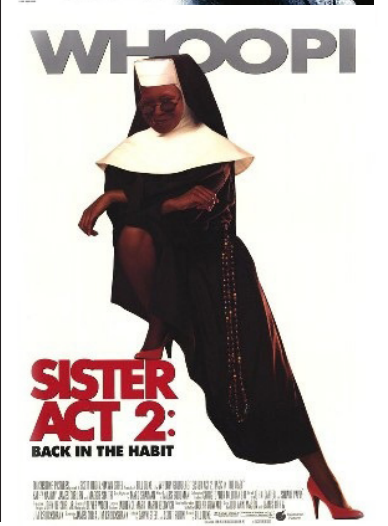
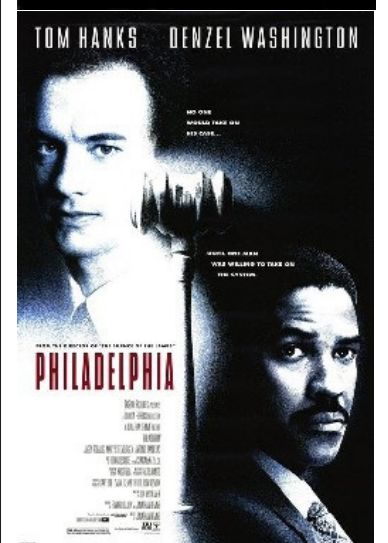
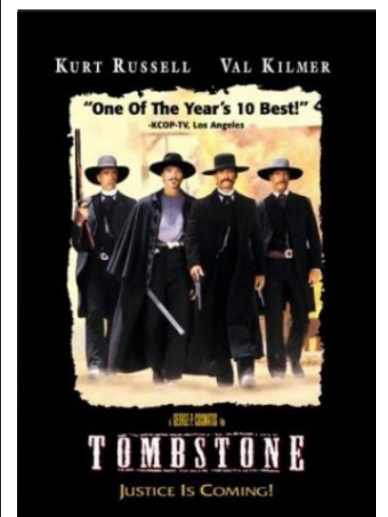
New York Times

TORONTO — Canada's Defense Ministry said today that it deplored an episode in Bosnia last week in which 11 Canadian members of a United Nations force were taken hostage, kicked and shot at, but the Ministry said Canada's support for the United Nations operation remains firm.

Defense Minister David Collette said in an interview with Canadian Press that he was "most concerned" about what happened in the episode on Dec. 22 in which Canadian forces were disarmed and held for nearly an hour by Bosnian Serb forces.

Yet despite the episode, the Minister said, "we fully support the U.N. efforts to bring humanitarian aid."

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U.N. Chief Urges Patience on North Korean Crisis

Patrick E. Teyler
New York Times

BEIJING — The Secretary General of the United Nations, Boutros Boutros-Ghali, called today for patience in resolving the crisis over North Korea's nuclear weapons program and reported that he was convinced after meeting with the North Korean leader, Kim Il Sung, that the "political will" for a negotiated settlement still exists. Speaking at a news conference here after arriving from North Korea on Sunday, Mr. Boutros-Ghali reported no progress toward winning North Korea's agreement to allow the resumption of international monitoring of its nuclear installations. His talks in North

Korea coincided with a report that the United States Central Intelligence Agency has concluded that North Korea probably has built one or two nuclear weapons. The North Koreans "are willing to continue negotiations and they believe they will be able to find a solution through more negotiations," he said. "There is a political will to solve peacefully this problem, the political will to avoid an escalation." Mr. Boutros-Ghali would not say whether there was any deadline to the negotiations over North Korea's return to compliance with the monitoring provisions of the 1968 treaty to halt the spread of nuclear weapons. Negotiations between American and North Korean officials have

been under way at the United Nations in New York and are said to be making some progress toward a resumption of nuclear inspections linked to specific security guarantees from Washington, cancellation of joint military exercises by the American and South Korean armed forces and possible economic aid incentives. Mr. Boutros-Ghali said he had not asked China to use its influence to persuade North Korea to reopen its nuclear sites to inspection and monitoring. On Sunday, Prime Minister Li Peng told Mr. Boutros-Ghali that China still believes that putting pressure on North Korea through the imposition of sanctions will not produce results.

HAITI, READY TO EXPLODE?

New York Times

There is no justifying the vicious mob attack that killed two civilian supporters of Haiti's military regime Monday and provoked a retaliatory rampage against slum dwellers presumed to support the exiled President, Jean-Bertrand Aristide.

But it is not hard to understand why frustrated Aristide supporters may now be turning to violence. Since the September 1991 military coup, most have put their faith in international diplomacy or sought to flee Haiti altogether.

But with diplomacy consistently thwarted by military obstructionists, anti-Aristide gangs swaggering triumphantly and a U.S. Coast Guard flotilla blocking all refugee ships, the patience of the poor and desperate may be about to run out.

Let the Clinton Administration heed the warning. Washington, in its efforts to win the Haitian military's consent to a workable compromise, has leaned hard on President Aristide to accept repeated concessions and delays. That is understandable. Short of sending in the marines -- a very bad idea -- give-and-take negotiations are necessary.

But all give by the Aristide side and all take by the military has not produced a solution. What it may produce instead is disastrous social combustion. To lessen that risk, Washington needs to tighten the pressure of sanctions and loosen the safety valve of refugee flight.

That means following through on a French proposal to broaden the U.N. oil embargo to other items if there is no diplomatic breakthrough before the Jan. 15 deadline. And it means listening to the conscientious misgivings of Administration officials and modifying the present policy of turning back all boats carrying fleeing Haitians without listening to claims to legitimate political asylum.

One reason the Pentagon has always been reluctant to send U.S. troops to Haiti is that it fears Americans could get caught in the middle of mob violence. Specifically, it worries that Aristide supporters, emboldened by an international presence, would seek revenge on paramilitary death squads and that the paramilitaries would fight back. Monday's bloodbath demonstrates how realistic those anxieties are.

Washington cannot produce magical solutions to Haiti's crisis. What it can usefully do is crank up the embargo against the generals and crank down the blockade against fleeing refugees. Desperate Haitians need to know they are not forgotten.

U.S. OPPOSES MOVE TO RAPIDLY EXPAND NATO MEMBERSHIP

Michael R. Gordon
New York Times

WASHINGTON — The Clinton Administration plans to stick to a go-slow approach on expanding NATO membership to Eastern European countries despite sharp divisions among American officials and mounting protests from Eastern European leaders, Administration officials say. Less than two weeks before a NATO summit meeting in Brussels, all sides acknowledge that the decision on whether to let nations like Poland, the Czech Republic and Hungary into NATO is one of the most important in the history of the alliance. The issue has become even more pressing for East European governments in recent weeks as their fears

of resurgent Russian nationalism have been heightened by Vladimir V. Zhirinovsky's aggressive statements and his party's success in the Russian elections on Dec. 12. Under the approach, which will be formally presented at the summit meeting on Jan. 10 and 11, the United States and its allies will endorse the principle that NATO's membership should eventually be enlarged. But NATO will not ease expansion of the alliance by outlining a clear set of standards for admitting new members. Instead, Eastern European countries and former Soviet republics are being invited to take part in a program of military training and exercises that will allow them to associate themselves with the alliance without offering them

formal membership or the security guarantees that come with it. Some NATO members, particularly the British, argued against the idea, fearing it would diminish their influence within NATO and make the alliance less cohesive. Moscow took both sides at different times. At first, President Boris N. Yeltsin said during visits to Poland and the Czech Republic in August that Moscow would not object to those countries' inclusion in NATO. By October, however, Mr. Yeltsin had survived a confrontation with the rebellious Russian Parliament and was trying to cultivate the Russian military. In a letter to Western leaders, he cautioned against allowing Eastern European countries to join NATO. U.S. Officials Divided

To persuade Eastern Europeans to go along with the plans for training and exercises, Mr. Clinton plans to meet in Prague with leaders of Poland, Hungary, the Czech Republic and Slovakia after the NATO summit meeting and before going to Moscow. But some Eastern European nations are deeply skeptical. Foreign Minister Andrzej Olechowski of Poland said recently that these countries might decline to take part if the path to NATO membership was not more clearly mapped out. "We will say 'no' if we come to the conclusion that this program is just a second Yalta or if it closes the door to NATO membership," Mr. Olechowski said.

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