7:00 a.m. Opening of the first joint annual meeting of the Health Resources Administration's Division of Organ Transplantation and the United Network for Organ Sharing. Topics of discussion include the effects of health care reform on transplants. Grand Hyatt Washington.

8:30 a.m. Senate Judiciary Subcommittee on the Constitution hearing on the balanced budget amendment with former Sen. Tsongas and others. 226 DSOb.

9:00 a.m. The President departs the White House for Columbus, Ohio.

9:00 a.m. Senate Appropriations Committee hearing on the balanced budget amendment with OMB Director Panetta, Secretary Shalala, Attorney General Reno, Secretary Perry and others. 192 DSOb.

9:15 a.m. The Federal Reserve Board releases January industrial production figures.

10:00 a.m. News conference to announce the formation of the Health Care Liability Alliance, a broad-based coalition comprised of all segments of the health care and business worlds, working to ensure that national health care reform legislation includes reasonable and fair medical liability provisions. 106 DSOb.

10:00 a.m. Christian Coalition executive director Ralph Reed analyzes the President's health care plan and announces a campaign to mobilize grass roots activities based on that analysis. National Press Club.

10:30 a.m. United Seniors Health Cooperative releases a report on the President's health care plan and its impact on senior citizens. 1331 H St., NW.

11:00 a.m. Hillary Rodham Clinton discusses VA health reform at the American Legion's annual Washington Conference. Sheraton Washington.

12:00 noon Clyde Prestowitz lectures on "The Clinton-Hosokawa Summit: A Postmortem." Suite 1300, Economic Strategy Institute, 1100 Conn. Ave., NW.

2:00 p.m. Secretary Riley gives his annual State of Education address. Gaton Hall, Georgetown University.

3:00 p.m. Hillary Rodham Clinton addresses the 17th annual Washington Policy Conference of the Group Health Association of America. Washington Hilton.

4:40 p.m. That National Health Care Institute Conference concludes with a successful case study of the improved process performance approach. Omni Shoreham.

7:30 p.m. Hillary Rodham Clinton attends the Vista Corporate Achievement Awards. National Press Club.

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ABC WORLD NEWS

2. Unfair trading practices in Japan plague U.S. firms.
3. 30 day weather forecast announced.
4. Cease fire holds in Sarajevo.
5. Dan Jensen falls, failing to win a medal in speed skating.
6. Kennedy loses control of his sled, failing to win a medal.
7. Tonya Harding prepares to leave for Olympic Games.
8. Michael Jackson testifies that he did not steal lyrics.
9. Corning and others set up fund to pay implant victims.
10. Delinquent farm loans cost tax payers $5 billion.
12. Dow Jones up in moderate trading.
13. President Clinton promises $400 billion loan to Kazakhstan.
15. Chaos breaks out at political rally in Durban, South Africa.
16. British firm develops luggage container to withstand bombs.
17. Exhibit honors first all Black calvary unit.

CBS EVENING NEWS

1. U.S. will respond to Japan's refusal to open its markets.
2. Truce holds in Sarajevo for another day.
3. Severe weather will have enormous economic costs.
4. Health care companies settle losses in breast implants case.
5. Tonya Harding will skate in Olympics in Norway.
6. Olympic skater Dan Jansen loses; skier Tommy Moe wins gold.
7. Zulu leader demands independent state in South Africa.
8. Terrorist attacks on the rise in Egypt.
10. Senator Packwood asks appeals court to keep diaries secret.
12. Eye on America: Auschwitz survivor fighting for reparations.

NBC Nightly News

1. Economic gains overshadowed by trade dispute with Japan.
2. Truce holds in Sarajevo; U.N. is ready with threat of bombs.
3. Child neglect is up 50% since 1985.
5. Three leading makers of breast implants settle damage claims.
6. Chrysler recalls luxury cars.
7. Crowds take over Olympic Village.
8. Economic opportunities open to Gold Medalist Tommy Moe.
9. The rate of Sudden Infant Death Syndrome is down.
10. America Close-Up: Treatment program for female child abusers.
A UPI News Update!

President Clinton is nearing a decision on possible US trade sanctions against Japan for its refusal to open the cellular phone market to Motorola. The action could come as early as today.

President Clinton says US exports to Japan could improve to the tune of 12-BILLION dollars a year if the United States was allowed to sell products on an equal footing.

-0-
In Lillehammer, Austrian bobsled driver Gerhard Rainer (GER-hard RYE-ner) has been thrown out of the 17th Winter Olympics after failing a pre-Games drug test.

Rainer, a 33-year-old policeman from Innsbruck, tested positive to steroids. He was sent home from the Olympic village last Wednesday, but the event did not become public knowledge until late Monday night.

It was a sad day for speed skater Dan Jansen. He slipped again... this time in the 500-meter race. He finished eighth.

And in the men's luge singles, Duncan Kennedy lost control of his sled at 80 miles per hour and failed to finish. He survived the crash and limped off the track with only a bruised knee.

-0-
Attorney General Janet Reno was heckled in New York yesterday after refusing to comment on the death of an Australian rabbinical student during the 1991 Crown Heights riots. Speaking at a Manhattan synagogue, Reno drew boos for her support of gun-control in a new national crime bill.

-0-
The warring factions in Afghanistan have accepted a temporary cease-fire, which went into effect this morning. The four-day cease-fire is designed to give combatants time to find a way to end the fighting.

-0-
Pakistan's opposition leader wants Prime Minister Bhutto to resign for what he calls anti-national acts. Bhutto said in an interview Sunday that she helped late Indian Prime Minister Rajiv Gandhi fight the Sikh separatist movement in 1989. That admission, says the opposition leader, means Bhutto has forfeited her right to govern Pakistan.''

-0-
Hong Kong's Governor, Chris Patten, defends his style of governorship and rejects suggestions his decisions are responsible for tension with mainland China. Patten says he is determined to press on with his democratic reforms before turning over the former British colony to China in 1997.

-0-
Folks in the Midwest and Northeast who have been battered by one storm after another this winter should remember a few safety rules while dealing with the accumulation of ice and snow. Use your legs, not your back, to lift snow while shoveling, and to take the time to clear ice and snow from car windows, headlights and tail lights.

-0-
By Tom Gauger (UPI)
* For the next two weeks, the President, First Lady and members of the Cabinet will be talking about how the Clinton approach to health care reform benefits older Americans. Tomorrow, the President and First Lady will travel to Edison, New Jersey to speak to older Americans with the President speaking to reporters from senior publications on Thursday.

Below are general talking points on how the President’s approach affects older Americans.

* Preserves Medicare.
Medicare will be preserved and strengthened. Older Americans will continue to receive the same Medicare coverage -- with guaranteed security. Seniors can keep seeing the doctors they see today, with expanded benefits. And doctors and hospitals will not be able to charge more than what Medicare covers.

* Expands Medicare to include prescription drug coverage.
The plan offers prescription drug coverage as part of Medicare --providing desperately needed protection for older Americans. For less than $10 a month, older Americans will get protection against prescription drug prices that represent their highest out-of-pocket medical cost. An annual cap will be placed on out-of-pocket prescription drug costs, and above this amount, drug costs will be fully covered.

* Covers home and community-based long-term care.
The Health Security Act takes an important first step towards expanded coverage of long-term care by creating a new home and community-based long-term care program. It will help Americans who need long-term care live independently at home and in their communities -- which most older Americans, people with disabilities, and their families and friends prefer.

* Guarantees security to early retirees.
Under the Health Security Act, American workers who retire early will never have to worry about losing their health insurance. Today many of these Americans are vulnerable -- dropped from their coverage and not yet eligible for Medicare. Starting in 1998, early retirees will pay no more than their share of the premium that they paid as employees, unless they are single and have an annual income higher than $90,000, or a couple with income of more than $115,000. Companies must honor existing agreements that guarantee that their retirees pay nothing for health care.

* Outlaws insurance company discrimination against older workers.
Today, insurance companies pick and choose whom they cover --and they charge older workers more than younger workers. These practices will be outlawed under the President’s approach --insurance companies must charge older workers the same as younger workers.

Health Care Reform Today * The White House * 202-456-2566 *
Fax: 202-456-2362
U.S. Is Taking Action Against Japanese in a Japan Trade Case

Long-Running Dispute Provides Chance to Warn Tokyo After Talks by Leaders Failed

By THOMAS L. FRIEDMAN
Special to The New York Times

WASHINGTON, Feb. 14 — The Clinton Administration decided today to initiate sanctions against Japan for failing to live up to promises to allow Motorola, the American cellular phone maker, equal access to the lucrative Tokyo cellular phone market. The Motorola decision, which officials said would be announced today, had been in the works for months, with a deadline that happened to fall on Feb. 15. It involves a 1989 trade agreement between Japan and the United States that Tokyo had ignored.

But Washington could not open Japanese markets, in the meantime, as N.T.T. was

Seizing an Opportunity

But in view of the failure of the framework trade talks, Administration officials welcomed the chance to use the Motorola case to send a rapid-fire signal to Japan that if Washington could not open Japanese markets through negotiations, it would find other means.

In the Motorola case, the Administration is likely to impose punitive tariffs on Japanese phone makers that sell in the United States, until Motorola is given equal access to the Japanese market. President Clinton told reporters of the Administration's decision today: "While it's co-

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The Motorola dispute: "While it's co-

Continued From Page D7, Column 1

illustrative of our general problem. There's no question that Motorola pro-

vides a world-class product fully com-

petitive in quality and price on that.

While the Administration continued to review what additional steps it might take against Japan, Mr. Clinton said: "I'm going to make a decision within a few days. We need to clarify what America's approach is going to be. There are a number of options open to us, including some that have not been widely discussed that may offer greater promise."

In the meantime, the Administration's strategy appeared to be to try to raise as much anxiety, and uncer-

tainity, in Tokyo as possible — in hopes of driving the value of the yen and driving down the Tokyo stock market. Administration officials ap-

parently hope that uncertainty about what Washington will do might create pressure from the Japanese community that will force the Gov-

ernment to make concessions, and obviate the need for any further American sanctions.

The Nikkei index of 225 Japanese stocks fell 531.45 points in Tokyo to-

day, or 2.7 percent, closing at 18,458.25, in reaction to the collapse of the framework trade talks on Friday; Tokyo trading had ended before the Motorola decision was made public. In New York, the dollar fell today to 105.26 yen, its lowest rate since touch-

ing 100.90 yen on Aug. 19, 1993. A stronger yen tends to make Japa-

nese exports to the United States more expensive while making Ameri-

can exports to Japan cheaper — a quick way to ease the trade imbalance.

A Strategy of Uncertainty?

Administration officials denied that they were deliberately trying to talk up the value of the yen. But, then, they do not have to. Just the uncer-

tainity of the moment is enough to spur speculators to act.

President Clinton added fuel to that mood of uncertainty today by refus-

ing to rule out a broad array of sanc-

tions on Japan. "I'm not ruling any-

thing out," he told a news conference.

Mr. Clinton stressed that Japan's re-

luctance to set numerical stand-

ards for determining whether Japan was living up to promises to allow competition between two consor-

tiums for the huge Tokyo-Nagoya market, where 60 percent of Japan's population resides. One consortium was led by Nippon Telegraph and Telephone, or N.T.T., and included the nippon idou Tushion Corporation, known as IDO, a Japanese cellular phone provider.

The other consortium was led by IDO, and Motorola was assigned to be a leading-edge cellular technology.

Not surprisingly, IDO sided with its

partner N.T.T. by favoring its trans-

mission technology over Motorola's. This was in part because N.T.T.'s system was compatible throughout Japan, while, American officials say, Motorola's had been prevented by the Japanese Government from having such broad access. As a result, the number of Tokyo residents who have signed up for cellular phones supplied by the N.T.T.-compatible system is 318,000 and the number for the Motor-

ola-compatible system is 12,000.

Working on a Product

In the meantime, as N.T.T. was

shilling market share and customer loyalty, it was also able to develop a line of cellular phones that experts say has a strong resemblance to the market leader — Motorola's Micro-

Talk, lately the fastest-selling of any new product. The United States trade representa-

tive's office reviewed the situation and was in noncompliance with the 1989 accord. Now that the Clinton-Hosokawa meeting failed to produce any last-minute break-

through, the trade office has decided to act.
Economic Watch

Big Trade Deficit With Japan: Some Think It's No Problem

BY PETER PASSELL

"America's trade deficit with Japan is not very popular with the American people or the American Government," President Clinton allowed at the news conference with Prime Minister Morihiro Hosokawa of Japan in which the two agreed to disagree over trade. "It's hard to explain it, year in year out, always getting bigger," he added.

Most economists would undoubtedly agree with Mr. Clinton that mega-deficits are not popular, nor easy to explain to the great majority of Americans who prefer their economics lessons in easy-to-swallow gel caps. But it is equally safe to say that few economists think the chronic trade deficit with Japan is a problem in itself worth much of a fuss—or, for that matter, an economic problem at all.

This does not necessarily mean that individual American exporters don't have a legitimate gripe with the Japanese: Motorola may encounter a lot of static when it tries to sell mobile phones in Tokyo, and Chrysler may hit a brick wall when the company tries to sign up dealers for its nifty little Neon runabout. But there is no reason to believe that free trade nirvana—a relatively open world trading system—would balance the Japanese-American account or even change it measurably.

"There may be giving America exporters a hard time, but the bilateral deficit is not evidence of it," said Robert M. Solow, a Nobel laureate in economics at the Massachusetts Institute of Technology.

Why There Is a Deficit

By the same token, economists generally reject the idea that America's chronic trade deficit with the world (or Japan's chronic surplus) is linked to anyone's trade policy. "America runs a deficit because Americans spend more than they produce at home," said Gary Saxonhouse, a University of Michigan specialist in the Japanese economy. "We make up the difference in imports— or at least we do as long as foreigners are willing to finance the transactions.

The day may even come, Mr. Saxonhouse suggested, when America will regret demands that the Japanese spend more on themselves and lend less abroad to accommodate capital scarce economies. "It would be better to build bridges in Tadjikistan that are badly needed than more back home in scarce economies. "It would be better to build bridges in Tadjikistan that are badly needed than more back home in scarce economies."

continued from page 41

Badgering Tokyo to get its economy cooking may still work when the Japanese stop cheering Mr. Hosokawa for standing up to Uncle Sam and start remembering that fiscal stimulus is as much in Japan's interests as America's. But those who think that a reduction in America's deficit with Japan will make a significant difference in America's overall deficit with the world are probably mistaken, Mr. Tobin said.

America's external deficit, remember, is the difference between what America produces and what it spends. Thus while a boom in Japan's demand may increase American exports, the change would be reflected in America's total deficit only if American output went up more than American domestic spending—a possible but not especially likely occurrence.

There is another reason why keeping up the pressure on the Japanese to spend more like Americans could prove problematic, Mr. Solow said. It is one thing to encourage Japan to avoid recessions, it is quite another to accelerate the maturing economy's drift toward higher consumption and lower savings. For if Japan does not produce the flood of goods and good credit terms needed to finance the development of poor countries along with the renaissance of the former Soviet bloc, who will? Apparently not America, which itself has been feeding at Japan's credit trough.

In the final reckoning, Mr. Solow said, Japan's external deficit "is no body else's business." "All we can legitimately ask," he said, "is that they play fair on trade."
Irked by Medicare, Doctors Ask Elderly to Pay Up

By ELISABETH ROSENTHAL

A small but growing number of doctors, angry with the Federal Government's reimbursement limits on what they can charge for treating elderly patients, are finding ways to get around the Medicare rules. Some doctors are making private contracts with their elderly patients, doctors and Government officials say.

The practice, which usually involves doctors' asking their elderly patients to sign contracts that result in added out-of-pocket charges, is drawing scrutiny from the Government and from advocates for the elderly. And Medicare officials have written to some doctors, warning that charging more than the Medicare-approved rate leaves doctors asking their elderly patients to pay separately for services, thus exposing them to sanctions.

Some of these private contracts stipulate that the patient will forgo Medicare coverage for a particular visit and pay out of pocket a fee set by the doctor. Others hold the patient financially responsible for future services that Medicare considers part of the standard fee for office visits.

Doctors say that at a time when Medicare is covering fewer services and when reimbursement rates often run only 75 percent or less of their standard fees, private arrangements are the only way they can afford to treat the elderly. They note that other doctors have dealt with the issue by refusing to see Medicare patients entirely.

But some advocates for the elderly

Continued From Page A1

say the contracts and waivers are a thinly veiled scheme to get more money for Medicare patients, threatening vulnerable elderly patients into payments they are not legally obligated to make. They say that virtually all of these contracts skirt the intent of the Medicare law, and that others are blatantly illegal.

Medicare, the Federal insurance program for those over 65, prohibits doctors from charging more than 15 percent above a set of approved rates and requires them to file Medicare claims, for any services for patients covered by the program. Doctors say that contracts are meant to bypass one or both of these requirements, Medicare officials say.

Although no one knows precisely how many doctors are using such contracts, Medicare officials say they are hearing more complaints. Some are hearing more complaints.

A doctor may hold a patient responsible for services not covered by Medicare, and organizations offering advice before embarking on contract plans to offer private contracts next year — for a fixed $175 fee.

In June 1993, the Federal Medicare office announced its interpretation of contracts that Medicare officials say were legal, public, local and federal agencies to sign

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6
**U.N. COMMANDERS IN BOSNIA TO RELY ON TECHNOLOGY**

**BOLSTER THREAT OF RAIDS**

Planning Stresses Surveillance by Awaacs and Radar Rather Than Arms Collection

By JOHN KIFNER

Special to The New York Times

SARAJEVO, Bosnia and Herzegovina—February 14, 1994—United Nations commanders here are developing a complex, ambitious peace plan, using NATO's advanced technology to strengthen the threat of air strikes on the combatants in Bosnia.

As the ad hoc plan unfolds, Lieut. Gen. Sir Michael Rose and other commanders said in a series of conversations over the last few days that they hoped first to restore besieged Sarajevo to the life of a normal European city and then to use the effort as a model to apply militarily in other battle grounds throughout Bosnia.

But they acknowledge that they face fears and hatreds going back not just the last 20 or 30 years, but hundreds of years of mountain traditions of banditry and guerrilla warfare, intensified by fierce bonds of religion and nationalism.

**Using Awaacs and Radar**

The United Nations plan will rely heavily on advanced technological surveillance—Awaacs planes in the sky and advanced radar on the ground capable of pinpointing a mortar's firing position—to track any violations and call down air strikes as punishment.

The NATO deadline, officers here said, does not mean that bombs will automatically begin falling at 12:01 A.M. on Feb. 21, but means rather that General Rose, as the tactical commander, on the ground, will have the power to order them in. Technical details were worked out in a meeting in Zagreb, Croatia, on Sunday between General Rose and the commanders of other United Nations officials and NATO commanders, including Adm. Jeremy Boorda, who heads NATO's advanced technology.

All Playing 'From Same Sheet'

The peace effort, General Rose said tonight, is "backed by the power of NATO's air might." He added: "There is no discrepancy at all between what we are doing and the ultimatum. We are all playing from the same sheet of music."

The threat of NATO air strikes, another officer involved in the rapidly developing plans said, "is a tool, a terrific tool," adding, "If we can do Sarajevo, it's on to Zenica and Tuzla."

As General Rose's plan is evolving, the critical issue of the Serbian gunners' either withdrawing their heavy weapons in the hills surrounding the city or putting them under United Nations control is being redefined.

Control, United Nations officers now say, may not necessarily mean actually locking the weapons up in a guarded compound, but may rather entail keeping them under electronic surveillance, with the credible threat that they could be destroyed if fired.

"There are other ways of controlling heavy weapons than physically putting them round with barbed wire," said Lt. Col. Simon Shadbolt of the Royal Marines, who is an aide to General Rose.

Few Weapons Turned In So Far

So far, the number of weapons that have been turned in has been "quite negligible," Gen. Jean Cot, the overall U.N. forces commander in Zagreb, conceded.

One particular problem, General Rose said, is that: "Tito's defense plan called for Partisan action, so there is a great store of weapons in these hills."

Marshall Tito, fearing a Soviet attack after his break with Moscow in 1948, established a kind of Swiss system of defense in the mountainous core of Yugoslavia, with weapons dumps that would enable the population to fight as guerrillas. Many of these weapons of the Serb-dominated regular Yugoslav Army were handed over to the Bosnian Serb forces now besieging Sarajevo.

One consequence of Tito's defense plan is that many of the heavy weapons in the hills around the city are 82-millimeter and 120-millimeter mortars. A mortar is a simple weapon, ideal for guerrillas, consisting of a tube into which a shell is dropped and a firing plate. It can be taken apart rapidly and moved on a soldier's back.

Much Damage From Mortars

Much of the damage in Sarajevo has been inflicted by mortars, including the single shell that fell on the main market on Feb. 5, killing 68 people and leading to the NATO ultimatum.

Under present circumstances, a mortar could be hidden in the trunk of a car or in someone's home. General Rose, declaring that he had no intention of searching every barn, cellar and bunker, said that even if a mortar was hidden away, it was effectively withdrawn once it was taken from its firing position.

"I couldn't care," he said tonight when asked about hidden mortars. "I couldn't less."

Sophisticated radar will be put in place to find the mortars if they should be brought out to fire, he said.

Fear of Deception

But because a mortar can be moved quickly, it could be difficult to determine who fired it and why, the general said. He added that he was particularly concerned about one side's slipping behind the lines of the other and firing in hopes of bringing retaliation on the enemy.

"I have a nasty mind," he said, in tones suggesting that this helped qualify him for service in the Balkans. Negotiations with both Serb and Bosnian Government commanders were proceeding "step by step," General Rose said, adding that he wanted to establish weapons dumps eventually "in five locations, hopefully with armed guards."

This would depend, he said, on "confidence-building measures," as "the biggest problem is that these people really fear each other."

A major concern was to get bigger weapons withdrawn from the 12.4-mile radius centering on the marketplace. Once they were gone, any movement by either side would be easily detected by aerial surveillance.

"World Was Afraided"

The carnage of the Feb. 5 market attack drastically changed the situation here, bringing about the NATO ultimatum, because "the whole world was afraid," General Rose said.

Over the last few days the general and his staff have tried to capitalize on the changed situation in the belief that if they establish a cease-fire, separate the warring armies and begin to restore normal life to Sarajevo, this will underpin support on all sides for continuing the war. Their watchword, repeated over and over every day is "slowly, step by step."

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Aiming at Core Group

Supporters of three strikes point to Federal figures showing that more than 70 percent of criminals commit about 70 percent of all crimes; thus, they say, the law will remove from society a large majority of violent felons who are incorrigible. High-profile cases like shoplifting and killing of 12-year-old Polly Boll of California — committed, the police say by a man with an extensive criminal history — have provided powerful anecdotes for the debate.

From the early experience in Washington State, some legal experts say the three-strikes notion may need refining. Others say the law is achieving exactly what most voters wanted.

The case most troubling to the law's critics is that of Larry Lee Fisher, 35, who had been in and out of jail since he was a teen-ager. His first strike (as classified by the new law) was in 1986, when he was convicted of robbery in the second degree — pushing his grandfather down and taking $399 from him. Mr. Fisher served four months in jail. Two years later came his second strike, a $100 robbery of a pizza parlor in which he concealed his finger and said it was a gun. He served 17 months.

Last month Mr. Fisher was arrested for holding up a sandwich shop in Everett, north of Seattle, again with a finger gun but pretending he had one by pointing his finger inside his coat pocket. The police found him holding a holdup drinking beer in a nearby tavern. Normally, he would face 24 months in jail. But now, if convicted, he will spend the rest of his life in prison.

"You can understand he is upset after he heard what he was facing," said Bill Jaquet, Mr. Fisher's lawyer. "He didn't know about the new law.

Second Thoughts

Mr. Fisher's case is also coming as a shock around Everett: an old mill town surrounded by fast-growing suburbs.

"I went to a Rotary meeting this week and a number of people came up and said they were pretty surprised that this is what they voted for," said Jim Townsend, the prosecutor who is handling Mr. Fisher's case. "What I think will happen is, we will catch a lot of people whom no one would have caught before, and then we will have a few cases that will give people pause.

Dave LaCourse, a leader of the three-strikes initiative in this state and the most visible opponent of the law, pronounced the Washington law as "unintended." "Here's a guy with 10 crimes on his record, he's 35 years old and he hasn't learned a lesson yet," Mr. LaCourse said. "What's it going to take? He seems to be one of those people who's making crime a career.

"Paster Child!" for the Law

If Mr. Fisher's case is causing second thoughts, those of other three-strike candidates are less controversial. Cecil Emile Davis, 34, of Tacoma, is facing life in prison without parole for parole for three convictions: rape and attempted murder. According to court records, Mr. Davis kidnapped a 24-year-old woman on Nov. 26, raped her repeatedly, stabbed her in the throat and left her for dead. Unable to speak, the woman was able to draw a map to the site of her abduction, an apartment where Mr. Davis was arrested.

Mr. Davis, the first man to be charged under the new statute, is a "poster child for three strikes and you're out," Mr. LaCourse said. The prosecutor, John Ladenburg of Pierce County, south of Seattle, hailed Mr. Davis's arrest: "This is exactly the kind of case the public had in mind when passing this law," he said.

THE NEW YORK TIMES, TUESDAY, FEBRUARY 15, 1994

Mr. Davis had been convicted of several crimes, including an attack with an ice pick on two people and a robbery in which he beat a store clerk, and a person who came to the clerk's rescue. Though he had been given sentences close to the maximum — "for extreme cruelty" — he had never served more than three years in prison for any of his crimes.

Before the three-strikes law, Mr. Davis would have been facing about 20 years in prison for the current charges. Nationwide, critics of the three-strike law say it will create a population of career criminals that is well populated with people who are well past their peak crime years and then keep them in prison for a current 25-year term for every inmate — until they die. They say repeat offenders should be let out after an older age serving a longer time.

Experts in criminal law say the peak crime years are from the ages of 15 to 25. But of the first five cases in Washington State, three of the criminals are in their mid-30's, one is 46 and only one is under 30.

When the typical age is higher than expected, the volume of people who fit on this work force category is starting to sound about as expected. In Washington, experts said the law would lock up about 70 people a year. For New York State, the estimate is about 300 a year: for California where a three-strikes measure is expected to pass by a big margin next fall, the number would be slightly more than the Washington law.

Police See More Violence

Police officers here say they have run into one unexpected problem on the streets: more people likely to use violence when cornered.

"They just want to clean up their act about to make what they thought would be a routine arrest of a burglary suspect in the town surrounded by fast-growing suburbs, Mr. Davis's arrest. "This is exactly the kind of case the public had in mind when passing this law," he said.

Voters may have second thoughts after throwing away the key.

to pass similar measures, criminals are required to spend life in prison without parole if they are convicted of three separate felonies from a list of 44 crimes, most of them involving violence. Washington does not give prosecutors or judges any discretion, though some states are allowing for more latitude in classifying three-strike crimes.

Second Thoughts

Some three-striker crimes.

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The New York Times

Tuesday, February 14, 1995

Trade Center Trial Nearing Close
As Defense Team Rests Its Case

By RICHARD BERNSTEIN

The World Trade Center bombing trial moved abruptly to closing arguments yesterday after three of the four defense lawyers declined to call witnesses. After just two days of testimony by one defendant, the three lawyers in essence left it to the jury to decide the case entirely on the strength or weakness of the prosecution's evidence.

The detailed, methodical presentation by the prosecution, which often tested the patience of the presiding judge, Kevin T. Duffy, contrasted starkly with the decision of most of the defense lawyers to call no witnesses.

But the judge remanded the jury last week that it was entirely normal for the defense, which has no burden of proof, to present no case, and that, indeed, most defense lawyers in criminal cases do just that.

Instead, the judge said, the defense argued that the Government had failed to make a case against the defendants, who therefore should be acquitted.

And so in court yesterday, Austin Campriello, the one lawyer who stood on a defense, for Ahmad M. Ajaj, called his final witnesses. Soon after, one of the four prosecutors presented the first hour of what was expected to a four- to six-hour summation.

"Now it's time to put the pieces together," said the prosecutor, Henry DePippo. "To put it all together and to show how it proves that all of the defendants are guilty beyond a reasonable doubt."

And, as if to match Mr. Campriello, Mr. DePippo spent most of his time telling the story of Mr. Ajaj, trying to convince the 12 jurors and five alternates that Mr. Ajaj had engaged in a conspiracy to bomb the trade center, even though he was in jail for almost the entire time that the bombing was reportedly being prepared and carried out.

Mr. Ajaj is a 27-year-old Palestinian who arrived at Kennedy International Airport on Sept. 1, 1992, after an absence of four months, traveling on a false passport and carrying with him six volumes of bomb-making manuals containing formulas that prosecutors say were the same as those most likely used in the trade center blast.

Mr. Campriello has argued from the beginning that Mr. Ajaj left the country for Peshawar, Pakistan, because he was involved in the fighting in neighboring Afghanistan. Thus the bomb-making materials, as well as notebooks and videotapes that Mr. Ajaj had in his luggage, have no connection to terrorism in the United States, Mr. Campriello said.

Yesterday Mr. Campriello showed the jury portions of a videotape that Mr. Ajaj had in his suitcase when he arrived at Kennedy. Two videotapes carried by Mr. Ajaj showed how to mix chemicals into explosives, and one contained footage of a terror-bomb attack on an American Embassy.

The videotape played in court yesterday by Mr. Campriello, by contrast, showed Afghan guerrillas in action against the forces of the Soviet Union, which occupied Afghanistan from 1979 to 1989.

With Mr. Campriello finished, Judge Duffy gestured to each of the other defense lawyers in turn, asking whether they had any witnesses to present. Each replied that he did not, leading the judge to signal to Mr. DePippo to begin his summation.

Piecing Evidence Together

Standing in front of the jury with large black-and-white charts on an easel beside him, Mr. DePippo began a detailed rehash of the Government's version of the facts in the case, a version that he said would prove that "these defendants before you were the ones who carried out the bombing of the World Trade Center."

It was the first time that the prosecution was able to explain to the jury how its evidence in the slow, four-month trial — which included 207 witnesses and more than 1,000 Government exhibits — fit into an overall pattern.

"The story really begins in Houston," Mr. DePippo said, when Mr. Ajaj left the United States for Peshawar. He showed that Mr. Ajaj's passport indicated that Mr. Ajaj traveled from Peshawar to Dubai, a small Arab country on the Persian Gulf, and then to Jidda, Saudi Arabia, before returning to Peshawar.

"What he's doing is obvious," Mr. DePippo said. "He's doing explosives training.

The Land of Jihad

Among the several letters found in Mr. Ajaj's suitcase, for example, was one that Mr. DePippo said proved that Mr. Ajaj was "coming to the land of jihad for training, weapons training and in custody, he translated "Jihad: The Arabic word for holy war, and "the land of jihad" has been identified in other materials in the case as a reference to Afghanistan.

Mr. Ajaj also had notebooks containing handwritten formulas for explosives. He had the six volumes of military manuals. Both had his fingerprints on them. Some of the videotapes and written materials carried by Mr. Ajaj, Mr. DePippo said, specifically call for a war against the United States.

"What happens next?" Mr. DePippo asked. Apparently trying to anticipate arguments from Mr. Campriello when his turn for a summation comes, Mr. DePippo tried to demonstrate that Mr. Ajaj's interest was not just the war in Afghanistan, but also in a plot to blow up a building in the United States.

Most important, Mr. DePippo tried to show that sometime before leaving Peshawar for the United States, Mr. Ajaj met with Ramzi Ahmed Yousef and then traveled with him to New York on Sept. 1, 1992. Mr. Yousef, who was indicted in the case but is not in custody, has emerged during testimony as a critical figure in the bombing conspiracy, the likely mastermind of the entire effort.

Two Men, One Pseudonym

Mr. Ajaj and Mr. Yousef booked their tickets from Pakistan to the United States together, Mr. DePippo said. At different times, he said, they used the same pseudonym, Khurram Khan. The airline records show that they sat together on the flight from Peshawar to Karachi, Pakistan, the first leg of their journey to New York, but they sat separately on the Karachi-New York portion of the trip, because, Mr. DePippo argued, "when they arrive in the United States, they don't want to be seen together.

When they arrived, Mr. Ajaj was caught trying to enter the country on a false Swedish passport under the name Khurram Khan and was eventually jailed for six months for that violation. Mr. Yousef, arriving on the same flight, traveled under the pseudonym Azam Mohammad, and his boarding pass was in Mr. Ajaj's carry-on luggage. Still, Mr. Ajaj told immigration authorities that he was traveling alone, Mr. DePippo said.

"So what is Ahmad Ajaj doing denying knowing Ramzi Yousef?" Mr. DePippo asked. "Basically, he's sacrificing himself. He's drawing attention away from Ramzi Yousef, where he can get into the country."

A prosecutor retells the story of the trade center blast.
Detained Burmese Laureate Speaks Out to U.S. Visitors

By PHILIP SHENON
Special to The New York Times

YANGON, Myanmar, Feb. 14 — Daw Aung San Suu Kyi, who won the 1991 Nobel Peace Prize and the leader of the Burmese democracy movement, was kept under house arrest here for more than four years, was allowed to break her silence on Wednesday for the first time in years. She came on condition that her name be respected and that she be allowed to see visitors in a prison compound.

"The concept of driving somebody out of their own country is totally unacceptable to me," she said.

Mrs. Aung San Suu Kyi, 48, said in a calm, resolute voice that betrayed none of the suffering of her isolation. "They have tried to pressure me to leave the country in ways that simply respecting Government should try." Her prison has been her family home, a crumbling lakeside compound in Yangon. The delegation that came to her door today, led by an American Congressman, is the first group of visitors the Government has allowed her to receive apart from her family and her doctors.

A Nobel for Her Campaign

Mrs. Aung San Suu Kyi (pronounced aung san sue chee, with each syllable equally stressed) won the 1991 Nobel Peace Prize for her "non-violent struggle for democracy and peace in Myanmar," a nation of 43 million people better known to the outside world by its colonial name, Burma.

Whatever they do to me, that's my business, she said. "I believe a process of possible talks is on the agenda today, and that's the point."

Her party, the National League for Democracy, won a landslide victory in the May 1990 general elections, but the military refused to recognize the results and arrested her as the victory in the May 1990 general elections.

Her father, U NeWin, is identified by an American Congressman, is the representative of the United Nations Development Program, and is a member of the House of Representatives.

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Clinton Faces Pressure to Remove Health Plan's Provision on Early Retirees

By ADAM CLYMER
Special to The New York Times

WASHINGTON, Feb. 14 — The sudden need to carve savings out of its health care plan is putting pressure on the Clinton Administration to drop or scale back its proposal that the Government assume companies' costs of health care coverage for early retirees.

Eliminating that provision could save more than half of the increase in public last week concluded that instead of reducing the deficit by $5 billion in five years, as the Administration predicted, the plan would increase the Government's debts.

Many Administration supporters on Capitol Hill and elsewhere have concluded that big manufacturers have become eligible for Medicare.

Many Administration supporters on Capitol Hill and elsewhere have concluded that big manufacturers have not support ed the plan as much as this boon to them would seem to demand. That impression was heightened this month as three major business groups — the

Business Roundtable, the National Association of Manufacturers and the United States Chamber of Commerce — spurned the Clinton plan.

But most supporters are reluctant to call for dropping the retirees provision because those companies' unions also have a strong stake in that proposal, and the unions have been solidly behind Mr. Clinton.

A Congressional Budget Office official said in an interview last week that the retirees provision would save business $35 billion through the year 2004, and cost the Government the same amount. He declined to disclose year-by-year projections that could be compared with the Administration's estimate that the plan would cost $14.8 billion through the year 2000.

The budget office report itself said this provision would cost $15 billion a year in 2004. The costs of the program, which would begin in 1996, increase gradually. In the first three years, under the Clinton plan, employers would have to continue paying part of their contractual payments.

The savings are inviting. Such a loyal Clinton supporter as Senator Tom Daschle, Democrat of South Dakota, said, "I think we ought to look at it." Sen. Daschle, who led the Senate Republican health care task force that produced a bill calling for universal health insurance, Rhode Island, said, "Generous Beyond Belief"

He said he had never seen why some poll press operator in Providence, Rhode Island, who is working quite near the minimum wage should have to pay taxes to relieve General Motors of the obligation it freely entered into.

Mr. Stark, chairman of the House Ways and Means subcommittee on health, said the budget office's numbers showed that this provision was "generous beyond belief." Unlike Mr. Chafee, he did not call for killing the proposal outright, but said, "It is very unlikely that this provision, in its very generous form, will survive."

The health subcommittee may be the first to vote on any form of the Clinton bill. Mr. Stark said he might support a greatly reduced version of the subsidy to companies that are now obliged by contract to provide health insurance to early retirees.

At the White House, the spokeswoman for health care, Lorrie McHugh, defended the provision. She said workers who retire at 55 worry that they may not retain health insurance, even if their former employers now insure them. She called the provision "insurance against insurance company discrimination."

A fair spreading of the costs or a "generous" bonus for companies?

"There is no denying that this is a benefit for those corporations that have gone an extra mile in guaranteeing coverage for their employees," Ms. McHugh said. "But the real beneficiaries are those Americans who have worked hard all their lives and are now finding it difficult to obtain coverage that is affordable."

"Generous Beyond Belief"

But she argued that about 60 percent of the nine million early retirees were not insured by their former employers, and that it was important for the Government to assume coverage of people, 55 and over who were not part of a working household. Under the Clinton plan, the Government would pay 80 percent of the insurance costs for those people. In working households, employers pay that 80 percent.

Insurance for early retirees has seemed to be in trouble from the start, even though Hillary Rodham Clinton, the Administration's chief health care advocate, had strongly defended it in hearings.

For example, Mrs. Clinton told Senator Chafee at the Finance Committee on Sept. 20 that the provision was important for two reasons. First, she said, many companies were abrogating or reducing their promised benefits to early retirees. Second, she said, "those companies that are continuing to provide retiree benefits are doing so at an extraordinary cost that we think is more broadly shared by the general public."

Even so, Administration officials acknowledge that they will have to go along with some cost reductions in the program so that the Congressional Budget Office will consider it neutral or favorable in its impact on the deficit. As Mr. Daschle told reporters on Tuesday, "It sure would be easy to trim the budget with that."
H.M.O.'s Propose Nationwide Uniform Standards for Health Plans

By ROBERT PEAR

WASHINGTON, Feb. 14—Health maintenance organizations, which now serve 45 million Americans, today proposed uniform federal standards for the operation and financing of health plans across the country.

The H.M.O.'s, concerned about the possibility of 56 different state regulations, would go much further than President Clinton's health care plan in trying to establish uniform national standards.

Under Mr. Clinton's proposal, no health plan could do business unless it was first certified by one or more states. The states would set criteria for the quality of care, "the financial stability" of health plans and the reporting of data to measure their performance.

The Group Health Association of America, a trade group for the nation's H.M.O.'s, proposed health plan standards that would eliminate much of the variation among states. It would also require that all networks of doctors and hospitals meet the same stringent standards as H.M.O.'s.

Health Care Networks

Membership in health maintenance organizations has exploded in the last 10 years, to 45 million in 1993 from 12.5 million in 1983.

Without waiting for action by Congress, hospitals and doctors and insurance companies are already linking up to form the health care networks that the Clinton health plan has proposed as the foundation of a new medical system. Some of these networks are H.M.O.'s, which provide a wide range of services for a monthly fee, set in advance. Others give patients a small incentive to choose doctors and hospitals from a list of "preferred providers" who agree to accept lower fees in return for more patients.

Mr. Clinton proposed that all health plans have at least $150 million of premiums, as a first annual reserve. The Group Health Association said this amount was far too small to protect consumers or to guarantee the stability of health plans. The association proposed that H.M.O.'s and other health plans have a minimum of $1.5 million of capital.

James Walworth, president of the Group Health Association in North Carolina, said: "We want the doctors and hospitals to share the financial risk with the health plan. We want Mr. Walworth, the Michigan health plan official.

Under the President's proposal, he said, consumers would be protected as doctors and hospitals could not demand consumers for amounts by a health plan that failed.

Employer Health Costs Still Rise

The growth in medical spending by employers is easing, but their costs are still rising much faster than the average general inflation rate, according to a national survey released yesterday.

The survey showed that the average cost per worker of health care, last year, an increase of 8 percent, compared with 10 percent in 1992 and ending a five-year string of double-digit growth. Corporate benefits managers said that in spite of efforts to control costs, health care continued to be a big problem for them and their employees.

Employers are closely watching the cost trends as Congress weighs proposals for sweeping changes in the health care system.

David Rahill, a principal at Fosser Higgins, the benefits consulting firm that conducted the survey, suggested that: "Some Clinton Administration officials must have misread what happened last year. He said an employer's average insurance premium for a single employee would be $2,175 in 1994, nearly 13 percent higher than the Administration's projection of $1,932.

But Walter Zeiman, a senior health care adviser in the Administration, said premiums were high "because millions of uninsured people are being paid for by those who are insured." In the new system, he said, "more people will be insured and the cost of each policy will come down."

Rise for Open-Ended Plans

A growing number of employers have shifted to lower-cost managed-care organizations and managed-care health plans, which include networks of doctors and hospitals that set discounted fees. The steep increase was in the increase in the number of open-ended H.M.O.'s, which permit members to select an outside doctor if the patient pays more of the costs.

The survey of 2,383 employers was conducted by Fosser Higgins with help from the Research Triangle Institute, a nonprofit research organization.

Mr. Rahill attributed the slower growth in employer spending last year to rising competition among managed-care plans and a movement by doctors, hospitals and insurance companies to delay price increases temporarily "in the hopes of heading off Draconian health care reform measures in Washington."

Varying Rates of Increase

Uwe E. Reinhardt, a Princeton University health care economist, said medical inflation "is rallying back" when the subject is being debated in Congress. He pointed out that a medical cost law is written and the
A Call for Government Intervention

By KEITH BRADSHAW

WASHINGTON, Feb. 14 — President Clinton's economists want the government to do more to tweak the economy, addressing areas like health care and technological research where they think the free market has failed.

They put forward their most comprehensive version of this view today, releasing their first annual Economic Report to Congress, a book-length document mandated by Congress since 1946.

While recent reports by Republican administrations have broadly criticized the government, contending it played too great a role in the economy, today's document calls for a lower threshold for government intervention. Instead of the typical Republican chapter bemoaning the price of Government regulation, the Democratic economists have a chapter entitled "Macroeconomic initiatives to promote efficiency and productivity."

They would have the Administration spend money on manufacturing research, to fight monopolies and to force companies to pay for their pollution.

"I think there is something different about the whole tone of this," said Laura D'Andrea Tyson, the chairwoman of the Council of Economic Advisers and the report's main author. "There is a lot here implicitly about the role for the government to do something that would be beneficial to the future performers of the economy, not harmful."

Republicans Disappointed

Some Republicans say they are disappointed. "That was my special baby — we had a special section on regulatory," said Murray L. Weidenbaum, who was President Reagan's first chairman of the Council of Economic Advisers and is now an economics professor at Washington University in St. Louis.

Republican versions of the annual report called for two tests to be met before governmental action could be justified: first, markets have failed to produce optimal results — as, for example, when only sick people buy health insurance — and second, Government action must be demonstrably better than private sector action.

Today's report tends to include the first test, but says less about the second. The report is optimistic that intervention can work once market failures are identified.

For example, both last year's economic report, released a week before President George Bush left office, and this year's identify a problem in health care insurance: sick people tend to buy the most comprehensive health plans, while healthy people tend to buy more modest plans or forgo insurance. This problem of adverse selection means that comprehensive insurance may be difficult to obtain, because insurance companies are afraid it will be used heavily.

The last Bush Administration report called for modest steps to tackle this issue. The Clinton report is stronger in calling for Government intervention, saying: "By compelling all insurers to cover pre-existing conditions and by eliminating limitations on lifetime payments, the Government makes the adverse selection problem in private insurance markets and thereby improve how they function."

But this year's report, while different in many ways from the Republican versions, is also much more cautious than some liberal Democratic prescriptions for broader Government involvement in the economy. Republican critics contend that the Administration has already adopted these liberal solutions, saying the Administration's plans for extra research spending is an industrial policy. Even some officials, like Energy Secretary Hazel O'Leary have suggested this was the case.

This report studiously avoids any such stand. "I think industrial policy has a particular meaning, which I don't think is very characteristic of what we are doing," Ms. Tyson said.

Some Free Markets Cheered

And there are many places where the report shows an enthusiasm for free markets that work well. For example, the report includes a scathing criticism of laws aimed at stopping dumping, a practice in which foreign companies sell goods here for less than they are sold at home or for less than they cost to produce. The anti-dumping laws allow American companies to seek steep tariffs on priced foreign goods that cause their financial injury.

"Both in the United States and else where, antidumping laws go beyond preventing anticompetitive practices — which should be their rationale — and often have the effect of protecting domestic industries from foreign competition," the report says. "For example, a recent study found that during the Reagan Administration, non-tariff barriers including anti-dumping actions probably reduced U.S. manufactured imports by a fifth — largely by discouraging foreign producers from entering the U.S. market or by forcing those that do export here from lowering their prices."

The early draft of the report had even stronger language, which was watered down after a strong interagency protest from the Office of the United States Trade Representative, a Federal official who requested anonymity said.

Kantor Defends Laws

Mickey Kantor, the United States trade representative, has been a defender of these laws as a way to combat collusive foreign practices that are hard to address with American antitrust laws.


Ms. Tyson personally wrote much of the trade chapter, while her two colleagues on the council, Joseph E. Stiglitz and Alan S. Blinder, helped write other chapters.

One of the biggest internal debates each year concerns the color of the annual report's cover. The reason, said Michael Boskin, who ran the council for President Bush, is that the council's economists and secretaries, who order sweatshirts and T-shirts and coffee mugs, and they sort of like it to be a color that hasn't been around for a year. "The staff members pay for these color-coordinated accessories themselves. This year's cover is a fashionable teal blue."

Stephen Crowley/The New York Times
Dollar Falls Sharply Vs. the Yen

Trade Talks’ Failure Hastens the Descent

By KENNETH N. GILPIN

Accelerating a descent that began about 10 days ago as trade tensions between the United States and Japan intensified, the dollar plunged yesterday to a six-month low against the Japanese yen.

The dollar’s 4.7 percent decline against the yen to 103.23, from 107.28 late Friday, was particularly steep.

“Something is going on in the market’s perception,” said C. Fred Bergsten, chairman of the Institute for International Economics in Washington.

Yesterday, for example, there was no apparent intervention by the Federal Reserve to support the dollar, as has been the case in recent days.

The rise in the yen is the currency market’s response to a long-simmering dispute between the two nations that may yet boil over into some sort of trade war. In addition, traders and investors are pushing the value of the dollar lower and the yen higher because Washington does not appear ready to step in to stem the dollar’s fall.

Yesterday, for example, there was no apparent intervention by the Federal Reserve to support the dollar.

On Friday, President Clinton said that top-level trade talks with Japan had ended without agreement, setting the stage for possible American retaliation against Japan.

Yesterday, the President refused to rule out possible trade war, though he added he would take “some days” to ponder the options he might take before imposing sanctions.

“The market is saying that since official efforts for reducing Japan’s trade surplus with the United States are not working, Washington is therefore in favor of a higher yen as a way of cutting that surplus, and will do nothing to stop it from appreciating,” Mr. Hormats said.

A stronger yen and a weaker dollar could reduce Japan’s trade surplus with the United States by making Japanese exports to the United States more expensive for Americans to buy. American officials have made clear that they are willing to resort to unilateral techniques as a way to force Japan to consider opening its markets to more American products as an alternative way to cut the Japanese trade surplus.

In recent days, that perception has been reinforced by the lack of comments or actions by officials or monetary authorities in either Washington or Tokyo that might act as a brake on the yen’s rise.

Unless and until that happens, current trends are likely to continue.

Continued From First Business Page

...times of economic turbulence.

At the Commodity Exchange in New York, gold for April delivery rose $3.90 to $385.60 an ounce. March silver gained 9.5 cents, to $5.53 an ounce.

THE NEW YORK TIMES, TUESDAY, FEBRUARY 15, 1994
Motorola, Long a Backer of Sanctions

Motorola, Long a Backer of Sanctions

By BARNABY J. FEDER

CHICAGO, Feb. 14 — It is not a surprise to see Motorola Inc. emerging as the first testing ground in the developing trade dispute between the United States and Japan. Motorola has long been a leader in promoting corporate America of the necessity of using sanctions to pry open Japanese markets and protect domestic ones from unfair import competition.

"We cannot allow Japanese companies to have a sanctuary," Robert Galvin, then Motorola's chairman, said in a 1980 interview with Business Week that summed up more than a decade of battling in Tokyo and Washington to level the trade playing field. Motorola, a microchip and telecommunications company based in Schaumburg, Ill., is the market leader in cellular telephones in the United States, and the company, Motorolas Sweden is also a leader in the European market.

Share Lag In Tokyo

In Japan the company's analog cellular service has picked up 49 percent of the Osaka region market. The fact that the same service has picked up just 10,000 subscribers in the large Tokyo-Nagoya corridor, compared with nearly one million for the Japanese systems market by Nippon Telegraph and Telephone, Japan's state-owned telecommunications company, and Nippon Sharyo, has been cited by Motorola as evidence that Japan is preventing free competition.

The dispute traces to the Japanese Government's decision to assign the license to Japanese technology to Nippon Ido, which was already committed to using a Japanese system and has been slow to invest in the infrastructure necessary to make the Motorola technology appealing.

Motorola's most visible success in Japan has been in pagers, and it came after a long battle to gain acceptance. After years of resistance from Nippon Telegraph, Motorola has become Nippon's biggest supplier of the devices. It has sold more than one million of them.

Tariff Protections Won

Motorola's most significant assist from Washington in combating Japanese trade practices came in the early 1980's, when it convinced the Commerce Department that Japanese manufacturers were illegally dumping pagers and cellular telephones in the United States. It won tariff protections of up to 106 percent.

Although the Japanese cellular phone market is one of the most important foreign cellular markets, the revenues involved in this dispute are not enough to play a major factor in the investment outlook for the company, some analysts said. But James L. Barlage, who follows Motorola for L. M. Ericsson, does fear that imports might irrationally sell Motorola stock if they began to suggest that it will be at the heart of a trade war.

Over all, however, Japan plays a significant role in the company's earnings, accounting for about $10 million of the $13.3 billion in revenues in 1992, the last year for which regional sales statistics are available.

Motorola's combative attitude is based on respect for the Japanese.

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More importantly, by committing itself to match or top Japanese manufacturing quality, Motorola emerged during the 1980's as one of the national most highly respected manufacturers and the first winner of the Federal Government's Malcolm Baldrige Quality Award.

Motorola's combative attitude is based on profound respect. Motorola executives repeatedly toured Japan in the 1980's seeking partners for joint ventures and studying Japanese manufacturing techniques. Mr. Galvin's urges that American companies buy more Japanese products. But the resurgent Japanese companies played a major role in driving Motorola out of the television business — it sold its Quasar line to Matsushita — and even the car radio business that had given the company its name and first major product during the 1930's. During the 1980's Motorola decided to fight back rather than give in when the Japanese attacked.

Trade battles have not prevented Motorola from forming alliances with Japanese companies. It has a joint manufacturing operation with Te­shiba Inc. that markets Motorola televisions in Japan and pro­vides Motorola with memory chips and chip technology. That agreement helped lift Motorola's semiconductor sales in Japan from 1 percent of Motorola's chip business in 1975 to more than 11 percent in 1992, or $522 million, according to Datasat Inc, a market research firm.
Housing Chief Pushes A Wrecking-Ball Plan

BY DON TERRY

Special to The New York Times

CHICAGO, Feb 14 — Vincent Lane in the chairmanship of the Chicago Housing Authority, a post that is a lot like being the engineer of a train wreck. Every time he turns around something is going wrong, someone is angry with him, another car is flying off the track.

But after nearly six years as chairman, Mr. Lane has become one of the brightest stars in the nation’s galaxy of public housing officials. He is a pragmatist, a businessman, a black role model, a registered Democrat with the soul of a Republican, a man who says he is willing to try almost anything to turn the dreary and dangerous patch of urban America into a safe and shining home where the poor can rear their children instead of burying them.

As he sees it, he is locked in a battle between peril and promise, and peril has a 30-year head start. The outcome could shape the future of public housing across the nation, and that worries his critics, who believe that his vision of progress disguises a prospect of more hardship and displacement for the poor.

Goal is to Shrink

Mr. Lane, 51, says he believes he can so reduce the Chicago Housing Authority’s vast bureaucracy and the buildings — beginning with the authority’s vertical slums at Cabrini Green — that the agency will be on a par with the nation’s most promising housing projects. He has said that he is willing to try almost anything to deliver the basics.

The plan calls for the cleared land to be leased by private developers to build mixed-income neighborhoods. The land authority will demolish three buildings at Cabrini and maybe two other smaller projects closest to the Cabrini complex. On the near North Side, Cabrini’s 7,000 residents will have to survive the conversion. The plan would provide about 2,000 new homes, including 1,200 public housing units.

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Trouble Delivering Basics

Developers have long lusted after the land, especially the 70 acres that is Cabrini Green, perhaps the country’s most infamous housing project but not even Chicago’s most troubled. It requires so much attention because it is just a few blocks from the glitter of the Magnificent Mile shopping district.

For Mr. Lane, the land is the only bargaining chip his poor tenants have. “You can’t rely on charity and altruism,” he said. “They’re here today and gone tomorrow. But self-interest is permanent. It will make people do a lot of things.”

Whatever the future holds for Chicago public housing, his agency’s 150,000 mostly black and desperately poor tenants will have to survive the present.

With more trouble than money, Mr. Lane says, his agency can deliver the basics. The city has vowed to keep Mr. Lane’s agency’s five times this wicker pavilion was not provided with heat to some project buildings.

He has been called Uncle Tom and worse. But many of his roles Lane and him a role model. Robert L. Armstrong, president of the National Assocation of Housing Redevelopment Officials, who represents 3,500 housing authorities, said Mr. Lane had brought fresh ideas to public housing.

“I believe,” Mr. Armstrong said, “that he will have some long-term impact on the housing industry in general and in Chicago in particular. But the problems were so bad when he took it over that it will be quite some time before you see the real effect of what he’s done.”

“This is a Revolution

When he took the job in 1988, Mr. Lane inherited a haunted house of prejudice and failed policy. Chicago’s was perhaps one of the worst housing authorities in the country, he said, a sprawling system built largely in the 1950’s and 60’s to keep the poor tenants as far as possible from the centers of power and prosperity.

The meeting had gone well. No one had called Mr. Lane any names, even after selling the tenants as far as possible from the centers of power and prosperity.

The tenants, who already have plenty of bad memories, did not look happy about what they were hearing. The chairman had just used the dreaded D-word — demolition — but it could also stand for displacement and discrimination.

“Mr. Lane,” a woman said, rising slowly to her feet, “we’re all a little frightened.”

He replied: “I know. But we can’t keep patching these raggedy buildings together forever.”

The next night, he made his case as he had for years, a weary project on the West Side.

He uses any edge he can get in his campaign. His race, he acknowledges, can be a shield and a sword. The tenants would be ticked off if a white man said some of the things I say,” Mr. Lane said with a sad laugh and another sip of wine. “Like when I say that sometimes we are our own worst enemies.”

On the stump, “choice” and “privatization” are his mantra. Controversy is the campaign. His race, he acknowledges, can be a shield and a sword. The tenants would be ticked off if a white man said some of the things I say," Mr. Lane said with a sad laugh and another sip of wine. “Like when I say that sometimes we are our own worst enemies.”

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Hundreds of thousands of households in the South have been without power since last week's ice storm, and some people have been trapped in their homes. In Caroline County, Va., Sgt. Frank Daif of the National Guard delivered an oxygen tank on Sunday to Dora Burke, who has emphysema.

39 Tons of Ice

Harry Wadsworth, spokesman for the Mississippi Power and Light Company, said last week's storm was particularly devastating because it coated some transmission lines with inches of ice along the 500-foot span of wire from one metal tower to the next.

"There are three lines running between each tower," Mr. Wadsworth said, "and our engineers have estimated that in the worst-case scenario there were 20 tons of ice pulling down on the metal structures, causing them to bend."

Still, the region was thawing out from the storm, and for now no storms clouded are on the horizon. Indeed, the region was bathed in sunshine today.

Frank Taylor, a spokesman for the National Weather Service here, said a high pressure system would keep temperatures in the 50's and 60's much of the region this week.

This was a mixed blessing in parts of Mississippi, whose farmland has left fields muddy and inaccessible to the heavy vehicles necessary for replacing utility poles. In some areas, crews were using National Guard helicopters to fly poles into remote areas and then lower them to repair crews on the ground.

700,000 Without Power

Utility workers had restored power to more than 500,000 people from Arkansas to Delaware today, but a tele-
West, at U.N., Warns Serbs Of Its Resolve to Use Force

By PAUL LEWIS

UNITED NATIONS, Feb. 14 — The United States, with support from Britain, France and most other Security Council members, sought today to convince Serb forces ringing the Bosnian capital of Sarajevo that they really do face immediate retaliatory air strikes if they do not comply with NATO's conditions to bomb Serb forces. But, if failure to meet NATO's deadline of Feb. 21 for removing their heavy weapons. And after the massacre in Sarajevo on Feb. 5, he sensed that France and Britain were now ready for even more forceful action and asked NATO to threaten the Serbs with air strikes, believing that its members were now willing to do so.

"We are entering uncharted waters," she said. "Cooperation between the United Nations charter which allows the UN Security Council resolutions as well. United Nations Secretary General." She added, "We feel if you only use sanctions, you destroy the country, and you don't build a lasting political solution," the official said.

"We are entering uncharted waters," she said. "Cooperation between the United Nations and the NATO is essential — not only for the citizens and other safe areas in Bosnia but also for the drive for future collective security." She alluded to the possibility that the Western alliance could be asked to enforce other Security Council resolutions as well.

This is the first time, she pointed out, that a regional security organization like NATO has agreed to use force to carry out a Security Council resolution taken under chapter seven of the United Nations charter, which allows the Council to enforce its decisions.

"We are entering uncharted waters," she said. "Cooperation between the NATO and the United Nations is essential — not only for the citizens and other safe areas in Bosnia but also for the future of collective security." She alluded to the possibility that the Western alliance could be asked to enforce other Security Council resolutions as well.

This evening, Ms. Albright called on the Secretary General to review the overall situation and urge him to order immediate strikes if the Serbs have not complied fully with NATO's demands by the deadline of Feb. 21. However, diplomats here out of concern that the Supreme Allied Commanders' resolution does not appear to be in any serious doubt.

In recent weeks, he has told visitors that he has been moved to neighboring Hungary. Great Britain and the Netherlands also evacuated several dozen dependents, diplomats said, adding that Germany was expected to follow suit.

Threat Is Firm, Clinton Says

WASHINGTON, Feb. 14 — Seeking to maintain pressure on the Bosnian Serbs, President Clinton said today that NATO's threat to carry out air strikes in Bosnia remained firm and he insisted that there was no disagreement with the United Nations about the details of this threat.

The President said he expected the terms of the NATO agreement to be strictly followed notwithstanding suggestions from some United Nations field officials in Bosnia that they might ease NATO's conditions to bomb Serb artillery if it was withdrawn by Feb. 21.

Family Members Evacuated

BELGRADE, Yugoslavia, Feb. 14 — The United States and at least two other countries have evacuated family members of diplomats stationed here out of concern for possible retaliation if NATO fulfills its threat of air strikes on Bosnian Serbs, diplomats said.

A United States Embassy spokesman said that the embassy evacuated 23 dependents on Sunday. Other diplomats said the American dependents have been moved to neighboring Hungary. Great Britain and the Netherlands also evacuated several dozen dependents, diplomats said, adding that Germany was expected to follow suit.

The New York Times, Tuesday, February 15, 1994
Leader of House Arms Panel to Visit North Korea

By ERIC SCHMITT

WASHINGTON, Feb 14 — As a deadline in the Administration’s standoff with North Korea looms, the chairman of the House Armed Services Committee is to travel there this week on a secretly arranged trip at the invitation of the Government of Kim II Sung.

In a brief telephone conversation today, the chairman, Representative Ronald V. Dellums, declined to comment on the trip. But Administration officials said Mr. Dellums hoped to help defuse the dispute over North Korea’s nuclear weapon programs.

Mr. Dellums sought and received White House approval for the visit, which comes just before the International Atomic Energy Agency’s board of governors meets in Vienna on Feb. 21. Unless North Korea allows a thorough inspection of its nuclear sites by then, the agency is expected to refer the issue to the United Nations Security Council for the imposition of sanctions.

It was unclear if Mr. Dellums, a liberal California Democrat who assumed control of the committee from Les Aspin last year, would carry a written message from President Clinton to Kim II Sung. But the trip was arranged with a 12-term lawmaker receiving an extensive briefing from an array of Government experts on North Korea last Saturday.

"Dellums is not an emissary from the Administration, but he obviously knows our views," a senior Administration official said.

Mr. Dellums becomes the latest of a short list of American lawmakers who have visited North Korea.

Stephen J. Solarz, a former New York Congressman who headed the House Foreign Affairs subcommittee on Asia and Pacific affairs, visited in 1990 and 1991 to discuss reducing tensions on the Korean peninsula and urge North Korean compliance with nuclear treaties.


Representative Gary Ackerman, a New York Democrat who succeeded Mr. Solarz as head of the House Foreign Affairs panel, visited last October, the last American lawmaker to do so.

Mr. Dellums received his invitation from Pyongyang in late December or early January, and told Administration officials he would like to accept it during the Congressional recess this week, said one senior Administration official.

But Mr. Dellums told White House officials that he would only go if they had no objections, and that his visit remained unpublicized. "He didn't want to be a cowboy in this," a Defense Department official said.

No Government agency objected and the Administration quietly arranged the briefing with diplomatic, military and intelligence experts. Only a small number of Administration and Congressional officials were told of Mr. Dellums’s plan, these officials said today.

North Korea’s invitation to Mr. Dellums is intriguing. While well versed on an array of national security issues from his long tenure on the Armed Services Committee, Mr. Dellums has had very little publicity on the Korean nuclear dispute in the past year.

Indeed, Mr. Dellums has kept a relatively low-profile in his first year as committee chairman, focusing on running the panel and working with his Senate counterparts to produce a military budget. aides say that Mr. Dellums intends to stake out more public positions on foreign affairs and the Administration’s long-range war-fighting strategy and budget that Mr. Aspin unveiled last year.

"Peace is my passion," is one of Mr. Dellums’s favorite adages, and some Administration officials said today that North Korea may consider Mr. Dellums more receptive or understanding of its nuclear position than the Administration.

An Administration official said Mr. Dellums plans to leave as early as Tuesday, fly commercially to Seoul and then travel by land to the demilitarized zone between the North and South.

In Pyongyang, Mr. Dellums is expected to meet with the North Korean leader and his top advisers. A Foreign Service officer familiar with North Korea is expected to accompany Mr. Dellums, who will return to Washington this weekend or early next week.
At Home in Her Prison, a Caged Bird Is Silenced No Longer

BY PHILIP SHENON

YANGON, Myanmar, Feb. 14 - The garden that her mother had once tended so lovingly is now overgrown with weeds and a mesh of rotting tree limbs, and the resulting small jungle just outside Mrs. Aung San Suu Kyi's door is simply one more barrier between the world's most famous political prisoner and the outside world.

"I just can't afford a gardener," she said, leading a visitor around the villa that today is her prison. "Sometimes I have not had enough money to eat." She smiles at the lunacy of her situation with evidence of the nettle that has allowed her to survive.

Despite rumors to the contrary, she said that she had only been on a hunger strike once during her detention, but that she had also suffered malnutrition at times because she refused to accept food or supplies from the military. "I was very malnourished for about a month or so," she said. "I couldn't get out of bed because I was weak."

The tour eventually leads back to the dining room and the circular dining room table that was the center of activity during the democracy movement of the 1980s, the gathering place of friends and supporters who dreamt of shaking off a generation of brutal military control.

It was on July 20, 1989, that the military government placed 11 truckloads of armed troops in front of the house and blocked her from leaving. Her telephone lines were cut. The military announced that she was feared to be a "dangerous subversive" and would be placed under house arrest for up to a year. In the four years, six months and 25 days that have followed, there has been endless speculation about how this proud, defiant woman would deal with a life within the confines of this house. She has only now been allowed to answer the questions herself.

"Isolation is not difficult," she said with another calm smile. "I know that other people have suffered a lot more. People have died."

She explained that her life in recent years has consisted of following the path suggested to her once by a wise Buddhist monk.

"When I first went out campaigning, a very, very old abbot - he was over 90 - gave me two bits of advice," she said. "The first was that to get happiness, you have to invest in suffering. The second is that if you want to indulge in honest politics, you've got to be prepared to be reviled and attacked. He was right."

She commonly spends her afternoons curled up with one of the dozens of books she opens the door to the home. In the front hallway, she has posted large sheets of paper on which she has written out slogans on the value of democracy and the rule of law.

How much has she read over the years? The writings are those of her father, Aung San, the father of Burmese independence, and those of another of her heroes, Prime Minister Nehru. One of her father's writings seems particularly appropriate to her battle with the Burmese generals. "You cannot use martial law as an excuse for injustice," it says in Burmese.

Were the signs put up for the sake of any military visitors to the house? "Perhaps," said Mrs. Aung San Suu Kyi. "I thought they might be educational."

One of the few people who have had the chance to see the signs regularly is a lieutenant colonel in the Burmese Army who serves as her go-between to the Government and visits regularly. Mrs. Aung San Suu Kyi describes her relationship with the colonel as "quite good - I don't believe everything he tells me, and he knows that."

The dining room table is one of the last pieces of furniture that is still found on the ground floor of the house. The rest of the furniture, she said, was sold off through the army to enable her to buy food and to pay her single employee, a Burmese maid who visits each day.

She has refused to sell the dining room table, which she describes as the victim of "honorable wear and tear," and said she could never for an instant consider selling her piano. "It was my mother's."

When her neighbors in this leafy, genteel district of northern Yangon stopped hearing her regular piano practice a year or so after her detention they worried about her health, even whether she was still alive.

She explained today that she is not playing because the piano has long since been out of tune, and the keys are sticking. "It's totally out of tune, there are broken strings," she said. "My poor old piano."

Told of how quickly the reports had spread among her neighbors on University Avenue that her piano playing could no longer be heard, Mrs. Aung San Suu Kyi laughed. "Perhaps they were relieved," she said. "My piano playing is very rusty, not that I was ever very musical."
On My Mind

A. M. ROSENTHAL

Five Honest Men

On Sunday, during another day of thinking, talking and reading about American policy on Bosnia, I knew suddenly that my mind badly needed fresh air.

For the U.S. Bosnia is one of the most miserable exhibitions I have seen in a lifetime of journalistic involvement in American foreign policy. It was, and is, a testament to our lack of will and, more to the point, to our lack of will to act.

President Clinton pronounces the U.S. ready for war but he doesn't use the word. "Air strikes" are a war. So be it. The next question is: how long the U.S. will strike, how wide and how far.

By afternoon I realized I was so depressed by the failure of Clintonist diplomacy as to have passed over Bosnia that I had passed over other reality of that day: a number of quite different situations in which Americans had turned our backs on our own lives or the desires of our neighbors. Each was involved in a different public matter and each was asked, in a different context, to confront the same issue.

So I will write a bit about them, for pleasure and purpose.

Representative Major R. Owens, Democrat of Brooklyn. As a prominent African-American he was asked by Gabe Pressman, on Channel 4, about Louis Farrakhan. He said the man was obsessed with anti-Semitism, that the Nation of Islam hurt African-Americans by separating them from their allies and that he was not interested in Mr. Farrakhan's psyche. That was it, no resentment about the question, no counterattack — plain, no evasion.

I spoke with a couple of journalists, at least one of whom is a senior fellow at the New York Times and a response to the Pentagon to adjust to the Pentagon's severest critics was Les Aspin, no shock.

The story of attempted therapy and next to nothing down of the Berlin Wall in 1989, the Pentagon has experienced a great deal of attempted therapy and next to nothing down of the Berlin Wall in 1989, the Pentagon has experienced a great deal of attempted therapy and next to nothing down of the Berlin Wall in 1989, the

The Pentagon budget could easily down of the Berlin Wall in 1989, the

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Saturday Morning at the Needle Exchange

By Dana Edwin Isaacson

Jimmy tells me about how he used to run with a gang, then went to jail, and now is "interested in peaceful things, like poetry and art." He has no used needles to return, so we give him two clean sets.

Lis is headed downhill. Her make-up is applied with clownlike exaggeration, her teeth look loose, her yellow hair is a mess. She's got four used bottles of wine in her purse. I is has a brown bag. I don't look inside until later, when I find two Almond Joy candy bars. Donald won't eat his, but I do. He's a hooligan.

By Dana Edwin Isaacson

We go to four sites. Some are close to methadone clinics and people have grown to expect our arrival. We see a lot of the same faces. (I've changed the names of participants and some other identifying details.) We're collecting dirty needles and handing out clean sets. Participants in our program get two more needles than they give us. If they bring more than 30, we give them one for one. Sometimes people exchange more than 100 needles, and we're pleased to send an equal number of clean ones back on the street. That's the point.

I think I've heard every opinion about what we're doing: we're promoting drug use or we're wasting our time or we're endangering ourselves. What surprises me, however, is how many different attitudes exist among those at the needle exchange office. As a white man, I find that many of the other white men and women who work there share my moral relativism — we make no judgments about the participants. Our goal is to prevent the spread of AIDS.

Aaron, an elderly man who, rumor has it, was once an engineer in Wisconsin of my youth, drug abuse meant standing and stuck in a muddy ditch seems far away from Jimmy's rebellious pose-running. It isn't.

Some participants in the program have gained legendary status among the volunteers. Foremost among them is Aaron. An elderly man who, rumor has it, was once an engineer in New Jersey, he has a long, bushy gray beard. He's quite an expert on Judaism, though I was surprised to hear him say about heroin: "I neglected to ask Aaron's rabbi, when Aaron introduced me to him and his 8-year-old son one summer afternoon."

Everyone assumes it is depressing wandering downtown where the people I deal with every Saturday are interesting, vital. They are alive with humor and (yes) hope. They come by passing out needles, they're friendly, they watch a man not far away. His knees gave way. He was obviously stoned, and was having trouble standing. A friend of his standing nearby took charge and leaned the top of his head against a tree. Was it callous that this seemed funny to us?

A few minutes later, this same stoned guy rousted himself, came over to get some needles and joked about the tree too. He was one of the Wittiest guys I've met. You might not believe me, but often the people I encounter while exchanging needles are friendlier and kinder than the people I deal with in my professional life.

Of course, sometimes people try to rip us off, trying to get more needles, telling us our policy has changed. Or they get defensive.

Aaron often brings us chocolate cake and fruit juice, which he gets God knows where. It's a nice gesture, but no thanks. (The Almond Joy had a wrapper.) He brings his needles to us in a box on a strap hanging over his stomach; this is so he won't violate Talmudic law and actually be carrying something on a Saturday. (I've never gotten around to checking this observation's validity, but I have my doubts.) What does the Talmud say about heroin? I neglected to ask Aaron's rabbi, when Aaron introduced me to him and his 8-year-old son one summer afternoon.

Five minutes later, this same stoned guy rousted himself, came over to get some needles and joked about the tree too. He was one of the Wittiest guys I've met. You might not believe me, but often the people I encounter while exchanging needles are friendlier and kinder than the people I deal with in my professional life. Of course, sometimes people try to rip us off, trying to get more needles, telling us our policy has changed. Or sometimes they get defensive.

Under state law, when we hand out needles we have to gather certain statistics. (The exchange is, however, anonymous.) One Saturday, at the bottom of the hill of Sardis Delano Roosevelt Park, I blew. I one guy constantly hassled us about our questions; week after week he complained about our procedure but never took any needles.

He was being a jerk for the hell of it. I finally told him not to waste our time. I told him to get lost — only in stronger language than that.

A mistake. Ballistics: I was disrespectful, an arrogant white boy.

Most of the people I deal with do. He was throwing a fit. I was currents flowing; my veins, I imagined a gun or a knife beneath his coat, and so did the other volunteers. But nothing happened. I had watched a man not far away. His knees gave way. He was obviously stoned, and was having trouble standing. A friend of his standing nearby took charge and leaned the top of his head against a tree. Was it callous that this seemed funny to us?

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Dana Edwin Isaacson is a book editor at Paramount Publishing.
Two Senate hearings are scheduled today on one pesky proposal — a balanced-budget amendment to the Constitution. This idea is fiscal sleight-of-hand at its most devious, a solemn pledge by the current crop of federal judges that future Congress will finally balance the budget.

The amendment stipulates that the budget must be balanced two years after ratification — or in 2001, whichever is later — and forever after, except in wartime or unless three-fifths of both the Senate and the House approve a deficit.

The amendment’s rigidity is folly. Fiscal policy must be flexible; the amendment is not. The sponsor’s say it doesn’t rule out deficits in recession years — if a three-fifths majority in Congress approves. But that means a two-fifths minority could call the shots, refusing to go along with a deficit unless the budget met minority members’ demands. In effect, this would raise the rationale of the Senate’s heavy filibuster rules to the level of national fiscal policy.

In a federal democracy, it is argued state governments live within balanced-budget requirements; why not the Federal Government, too? States typically balance revenues and operating expenses, but borrow for capital expenses. The Federal budget does not separate the two. States also concoct all sorts of gimmickry to make unbalanced accounts appear to be balanced. The amendment would invite the same kinds of trickery in Washington, starting with spurious estimates of anticipated spending and revenues.

Finally, if a deficit developed without prior approval, how would the amendment be enforced? Courts are not equipped to make fiscal policy, and current crop of federal judges are not elected; they are Presidential appointees, for life. If indeed there were a “violation,” they would be asked for political decisions: What did Congress mean by a “receipt”? An “outlay?” The effect would cripple the constitutional separation of powers.

The amendment’s chief sponsor is Senator Paul Simon, the Illinois Democrat who heads the Senate’s Appropriations Committee on which Congress is scheduled to hear. The Senate approves their simplistic scheme, by the two-thirds majority required to amend the Constitution. It is expected the House would, too. It would then have to be ratified by 38 states.

The President is against it. So are George Mitchell of Maine, the Senate majority leader, and Senator Robert Byrd of West Virginia, chairman of the Appropriations Committee, whose hearings start 90 minutes after Senator Simon’s.

According to the Constitution that Senator Simon wants to amend, Federal spending and revenues are the business of the President and Congress. Cluttering the document with mischievous language will not get them off the hook.

A Piece of Fiscal Folly

Two groups have formed an unscrupulous alliance to disrupt the first elections in South Africa in which the whites vote with the coloreds. A giant paperback, Colas et al., promises to make the case for a federal democracy rooted in common citizenship.

The Five-Year Stain on Iran

Just five years ago yesterday, Ayatollah Khomeini, the leader of Iran, issued a decree calling upon the Islamic faithful to stand together against the “Zula-based infidels in Zululand” and all associated in publishing his novel "The Satanic Verses.” A few months later the old ayatollah died, but the deadly fatwa stands. Murderous goons have struck — at Rushdie’s Japanese translator, and tried to kill his Italian translator and Norwegian publisher. Yet Iran’s leaders behave as if they are the injured parties when other countries dare make a fuss about this barbarism.

After visiting Bonn two weeks ago, an Iranian member of Parliament saw “no reason why German politicians should antagonize Islam” by deprecating Rushdie’s right to live. “We must be able to protect our interests in the world in the best possible way,” said Mohammad Larjani. He means Iran should be free to offer $3 million for the death of a British subject and to assault exiled foes in a dozen countries — without jeopardizing its ability to buy nuclear reactors from infidels. Finally, if a deficit developed without prior approval, how would the amendment be enforced? Courts are not equipped to make fiscal policy, and current crop of federal judges are not elected; they are Presidential appointees, for life. If indeed there were a “violation,” they would be asked for political decisions: What did Congress mean by a “receipt”? An “outlay?” The effect would cripple the constitutional separation of powers.

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Breast Implant Fund Grows to $3 Billion

3 Major Firms Sign On to Proposed Settlement

By John Schwartz
Washington Post Staff Writer

Three major companies—including Dow Corning Corp., once the nation's largest maker of silicone breast implants—have announced that they will contribute more than $3 billion to a $4.75 billion settlement with thousands of women who claim to have been injured by implants.

Dow Corning alone agreed to pay $2 billion over 30 years under the terms of a settlement plan proposed last September to compensate women who received the devices and to provide medical monitoring and surgical expenses. Pharmaceutical giants Bristol Myers-Squibb Co. and Baxter Healthcare Corp. also signed on to the plan, providing more than $1 billion more to the settlement, which is still being negotiated.

If ultimately approved, the settlement could signal the end of a heated national debate over potential hazards of the devices, which were restricted by the Food and Drug Administration in 1992 following reports of health problems.

In a statement, Gary E. Anderson, executive vice president of Dow Corning, maintained that the implants were safe but called the agreement "the most responsible way to move from a divisive situation to one that can bring closure to the issue."

The move means that negotiators have reached about 85 percent of the proposed $7.5 billion total fund. The other two major companies at the table, General Electric Co. and 3M Corp., are expected to provide about $400 million.

If the settlement is approved, the biggest winners are likely to be women whose implants were manufactured by smaller companies, said liaison attorney Rosenthal. Some of those manufacturers have declared bankruptcy, and any court judgment against them could well have up to $4 billion more than the settlement of $4.75 billion.

If the settlement is approved, the FDA declared a moratorium on all silicone breast implants in January 1992. Last April, the agency announced it would allow implantation for reconstructive surgery as part of clinical studies. It maintained the ban on cosmetic surgery. The FDA does not restrict the use of implants filled with saline solution.

Last December, the American Medical Association called for the FDA to lift the ban, giving women the "right to choose." In a reply to the AMA, the American Medical Association, FDA Commissioner David A. Kessler called the AMA position "unsupportable," and said that "caveat emptor is not the accepted standard for medical products."

Individual plaintiffs might have faced arduous legal battles costing at least $50,000 each and stretching out over several years, Levine said. Many would have lost in court because of the difficulty of proving the toxic effects of silicone, since many of those effects have not been demonstrated conclusively in scientific studies.

Also, Levine noted, few women know exactly which of the 1,500 kinds of implants they were given, and many have been implanted repeatedly for breast problems, making their cases more difficult.

In addition, he said, some women who would fall outside the statute of limitations for filing claims, would be eligible to file for compensation under the terms of the settlement.

Moreover, by reducing the amount of the lawyers' usual cut, Levine said that the plaintiffs will end up with more money than they might have by pursuing individual cases: "This way they'll get a billion of the four billion. The other way they would have gotten one and a half billion."

Once all parties have reached an agreement, the settlement will be submitted to U.S. District Judge Sam Pointer in Birmingham, Ala., who will hold hearings to determine whether the settlement is fair. A final ruling could come within nine months.

Women who are not satisfied with the terms of the settlement would be free to opt out and pursue individual lawsuits.

That feature is important to San Francisco attorney Dan Bolton, who has 120 breast implant clients and said he is "not crazy about" the settlement. Bolton called the agreement "a typical class-action settlement which promises a lot and gives very little." Bolton said he will probably recommend that his clients pursue individual cases, which are potentially more lucrative.

But Aaron Levine, a Washington personal injury lawyer who wrote a position paper for many of the medical committees formed to hammer out the agreement, said yesterday that the settlement is a boon to the thousands of potential litigants.
SARAJEVO, Bosnia, Feb. 14—The U.N. commander in Bosnia, saying he is working smoothly with NATO, declared today he has "no doubt" Bosnian Serb forces will comply with a NATO ultimatum threatening airstrikes unless the Serbs withdraw their weapons 12 miles from Sarajevo's center or place them under U.N. control by Feb. 21.

The comment, from British Lt. Gen. Michael Rose, appeared designed to blunt speculation here of a gap between NATO's ultimatum last Wednesday in Brussels threatening the Serbs with airstrikes and an agreement more recently reached by NATO, Rose's plan would essentially ensure a flexible interpretation of NATO "control" outlined in the ultimatum that fails to guarantee full U.N. control over any heavy weapons left within the 12-mile exclusion zone.

The discussion here and in Washington revolved around how to interpret the "control" called for in the demand by NATO for "withdrawal, or regrouping and placing under [U.N.] control" of heavy weapons and artillery deployed by the Muslim-led Bosnian government forces in Sarajevo and the Bosnian Serb units that have been surrounding the city for much of the 22-month civil war.

Rose's plan would essentially create an electronic net around Sarajevo—where not only Serb but also Muslim gun and infantry positions would be monitored from the sky by U.S. C-130 observation aircraft and from the ground by U.S.-made anti-artillery radar, along with hundreds of U.N. military observers and troops from several nations. Any violations could be met by an immediate attack on offending positions.

The center of that circle is the city's open-air marketplace, where a 120mm mortar shell landed on a "hawkier's" table Feb. 5, killing a few people—"an atrocity that prompted the NATO move," according to U.N. minutes of a meeting Sunday between Rose's deputy, French Gen. Andre Souvraz, and Momjoko Milunovance, chief of staff of the Bosnian Serb army, U.N. forces agreed Monday the Serb heavy guns encircling Sarajevo would remain in place past Feb. 21. The rationale behind this agreement, according to U.N. officials, involves Rose's faith that the technologically advanced weapons systems he is seeking will be available to him quickly and that his men will be able to use them to pin-point with deadly accuracy any violations.

If allowed to stand, Rose's interpretation of the NATO ultimatum would get the requirement of a 12-mile heavy weapons exclusion zone around Sarajevo, senior Clinton administration and NATO officials said.

Senior Clinton administration officials in Washington warned, however, against any interpretation of the NATO ultimatum that fails to guarantee full U.N. control over any heavy weapons left within the 12-mile exclusion zone.

The minimum acceptable definition of U.N. "control," according to administration officials and NATO officers, is the physical disabling of weapons in the exclusion zone, such as by removing the breech block from a howitzer. They said Adm. Jeremy M. Boorda, NATO's commander in southern Europe, described the concept of control is to take into account what he said were legitimate Serb security concerns that Muslim fighters would take advantage of Serb pullbacks to punch through Serb lines and break the siege of Sarajevo. Throughout the war, the well-armed Serbs have employed their superior firepower to keep the larger Muslim infantry at bay.

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However, if the Serbs attempt to use their weapons, Rose told reporters, "They will get whammied. If they get whammied on the spot or 10 minutes later with an airstrike is neither here nor there as far as I'm concerned."

As part of his approach, Rose has also modified what appeared to be a broad NATO threat to bomb any legitimate military target in Serb-controlled territory in Bosnia. In the Zagreb meeting, called to increase coordination between NATO and the U.N. Protection Force, he urged a limited NATO response to specific violations of either the ultimatum or the U.N. cease-fire plan.

In the first instance, he argued, he would order NATO planes to strike the actual gun emplacement that fires or is otherwise seen to be violating the NATO ultimatum. If that is impossible, the company command post or an ammunition dump nearby would be a likely target, he said. Only failing that would Rose countenance an attack on a command post, ammunition dump or control center, the minutes said. "I have no doubt," he said, "by the time the ultimatum is up we will have 100 percent compliance" from the Serbs.

Staff writers Daniel Williams, Ann Devroy and Barion Coleman contributed to this article.
forms, will tell a lot about the legislation's old scores. Whether he can shield Clinton's House committees that will handle every aspect of the fierce opposition of organized medicine.

In many ways, Dingell has been training for the ballgame his whole life. His father, John Dingell Sr., was diagnosed with tuberculosis at age 20, fired from a printer and sent to a sanitarium to die. But he recovered, got into local politics and was elected a New Deal congressman from a district carved out of the burgeoning auto industry in 1943 and saw his lifelong goal scuttled by Congress's first national health insurance bill sponsor of Clinton's plan. His father wrote himself to finish his father's work, landing a seat on the health subcommittee of what became Energy and Commerce. He helped to pass Medicare and Medicaid in 1965 and rose steadily to chairman in 1981.

Early in his career, Dingell positioned himself to finish his father's work, landing a seat on the health subcommittee of what became Energy and Commerce. He helped to pass Medicare and Medicaid in 1965 and rose steadily to chairman in 1981.

At the committee helm, Dingell has become one of the most forceful House leaders and its most tested in battles with muscular, well-financed interest groups. Friendly to big business, especially the Rust Belt industries of his district, he has nonetheless tightened regulations for cable television and controls on air pollution by cars, utilities and chemical plants. His strategy is well-suited to the health care fight crowded with special interests. Instead of conquering key industry opponents, he co-opts them, lobbyists say. He invites compromise, pledging to help protect their interests if they come to the table. If they don't, he makes it clear: All bets are off.

"Dingell's got a very great talent at putting everybody at risk," said Rep. W.J. "Bilby" Tauzin (D-La.), a committee member. "He gives people a stake in the outcome, or something awful's going to happen to them."

His nickname, "Big John," is used most often by Dingell colleagues to describe his powers of persuasion. He is a hulk of a man, 6 feet 3 inches, who uses every bit of it to intimidate or charm his quarry. When he drapes his long arm around a committee member and says, "I need you," he rarely comes up short.

As chairman for 13 years, he has handpicked most of his members, drawing them from every political, economic and regional background into the ever-broadening jurisdiction of his committee, which now handles about 40 percent of House bills.

The diversity can be a great asset. If Dingell gets a committee majority to vote out legislation, it usually sails through passage on the House floor.

In health care reform, however, the differences are so sharp that even Dingell despairs. He said in an interview that the fight is the toughest of his career and compared it historically to "resolution of the great issues," such as slavery, the Civil War and the Depression.

**STRESS TEST**

**LOBBYING HEALTH CARE REFORM**

Sizing Up the Opposition

When Energy and Commerce fills its hearing room in the Rayburn House Office Building, it is very much “Big John’s” committee. The members sit along an arc on the dias, waiting to be recognized, reprimanded or guided by a procedural ruling. Dingell uses his gavel like a traffic cop, waving through the bills he approves and heading off votes he cannot win simply by adjourning.

Scanning the arc today, it is clear Dingell is not ready to vote on the Clinton bill. To his left, the 17 Republicans form a solid bloc against the bill.

The Democratic side of the room is divided. Dingell probably can count on 16 members who either favor a government-financed system, want to support a Democrat in the White House or have large constituencies—such as the elderly, the uninsured and labor—who would benefit

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"You pick the battleground that you have the best chances of success in," said John Motley, NFIB’s chief lobbyist. "You want to fight them to a standstill, bring them to the table or prove to them they can't possibly bring this [bill] to the floor and force them to work to kill it."

"You have to go after Dingell’s committee first," he said. "That’s the ballgame."

A Lifetime of Preparation

In many ways, Dingell has been training for the ballgame his whole life. His father, John Dingell Sr., was diagnosed with tuberculosis at age 20, fired from a printer and sent to a sanitarium to die. But he recovered, got into local politics and was elected a New Deal congressman from a district carved out of the burgeoning auto industry in west side of Detroit.

Dingell was already a champion of the little man, and his pioneer efforts to guarantee health care for everyone left a deep impression on his son. Ever since 1955, when he succeeded his father in Congress, Dingell has introduced his father’s bill the first day of every new Congress. He always numbers it H.R. 16 after their 16th District of Michigan.

Early in his career, Dingell positioned himself to finish his father’s work, landing a seat on the health subcommittee of what became Energy and Commerce. He helped to pass Medicare and Medicaid in 1965 and rose steadily to chairman in 1981.

At the committee helm, Dingell has become one of the most forceful House leaders and its most tested in battles with muscular, well-financed interest groups. Friendly to big business, especially the Rust Belt industries of his district, he has nonetheless tightened regulations for cable television and controls on air pollution by cars, utilities and chemical plants. His strategy is well-suited to the health care fight crowded with special interests. Instead of conquering key industry opponents, he co-opts them, lobbyists say. He invites compromise, pledging to help protect their interests if they come to the table. If they don’t, he makes it clear: All bets are off.

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from Clinton's plan, committee sources said.

That leaves Cooper and an uncommitted corps of nine Democratic conservatives and moderates in the middle.

Many are drawn philosophically to Cooper's less regulatory measure. A few see value in a limited, voluntaristic approach introduced by Rep. J. Roy Rowland (D-Ga.), a committee member and the only family physician in Congress.

But with Dingell in charge, the only bill on the table is Clinton's, and the only issue is whether he can do what it takes to reach a majority.

Some of the uncommitted have special constituent problems. Rep. Lynn Schenk (D-Cald.), for example, is under pressure from San Diego's large biotech industry that opposes the provision for government regulation of "breakthrough" drug prices. More than 100 research firms employ 14,000 people in her district.

Tobacco growers are leaning on Rep. Rick Boucher (D-Va.) to fight the tripling of tobacco taxes that Clinton wants to help pay for reforms. Tobacco is a $40 million-a-year business in southwest Virginia, employing 14,000 farmers.

Most of the swing Democrats are caught in a lobbying cross-fire over more integral components of the Clinton plan.

Rep. Jim Slattery (D-Kan.) is under fire from every direction. A six-term lawmaker from rural, east Kansas, he is a candidate for governor and running into virtual every constituency with a stake in the health care debate.

Many Kansans favor Clinton's proposal, including labor unions, nurses, disability groups and a large, politically active elderly population. Families USA, a national advocacy group, is working full time in the state organizing consumer support for the president's bill.

But the list of opponents is topped by some of the state's most powerful business and professional interests, including large contributors to Slattery's campaign.

Employers of fewer than 5,000 workers would be required to buy insurance for their workers through state-run purchasing cooperatives and pick up 80 percent of the premium costs. There are only five cooperatives in Kansas large enough to be exempt from the law and offer health plans directly to their employees.

"This is going to be the Gettysburg of legislative battles."
- Rep. Jim Slattery

Insurance agents—popular figures in the small towns of Kansas where they customize insurance packages for farmers and merchants—fear for their survival. The cooperatives, as middlemen between employers and insurance companies, would supplant the traditional role of agents. Well-organized politically, they let customers know the Clinton plan would put them out of business.

"This is going to be the Gettysburg of legislative battles," Slattery said in an interview. "Everybody is probably targeting me. The providers [doctors] want to know how the reforms will affect their lives, the hospitals are anxious, small employers and [insurers] want to know what the mandates mean to them."

Despite the specter of gridlock, Slattery predicted that Energy and Commerce would pass some version of the president's bill.

"If anybody can do it, Dingell can," he said. "He's tough, he has the ability to build coalitions, he understands the substance of legislation as well as anyone. And he has the gavel."

After All These Years

In 1957, two years after he entered the House, Dingell was visited by top officials of the American Medical Association. Only a short time earlier, the doctors lobby had defeated his father's bill. Now its officials offered to act as a "resource" to his son.

The rookie lawmaker accepted the invitation. "Help me pass my dad's bill," he recalls saying.

Not long after the meeting, the AMA wrote editorials against "creeping socialized medicine," laid out large sums to defeat H.R. 16 and "terrorized everybody around here on this issue," Dingell said recently.

"Everybody became quiet." Thirty-four years later, Dingell again was visited by the AMA. James S. Todd, executive vice president, recalls going to the chairman's office to talk about health policy. As the meeting ended, Dingell threw his arm around Todd's shoulder and said, "You're probably too young to remember my father."

Todd responded that he knew the senior Dingell by reputation as the earliest supporter of national health insurance.

Dingell nodded. "Like father, like son," he said. "We'll get it done."
Arkansas Democrats Said to Gain Profits

By Howard Schneider

LITTLE ROCK, Ark.—Stephen Smith wouldn't seem to need the federal government's help to make a living. A doctor's son with a doct- torate in communications, Smith was a city council member who was elected to the Arkansas legislature, became administrative assistant to then-Gov. Bill Clinton in the late 1970s, and a bank president by age 32.

But when Smith was looking for money for his political consulting company in the mid-1980s, he had no problem landing a $65,000 loan backed by the federal Small Business Administration from an Arkansas investment company that was supposed to promote "socially and economically disadvantaged" entrepreneurs.

The head of that company was David Hale, a small-time Democrat who is a central figure in special counsel Robert B. Fiske Jr.'s investigation into President Clinton's ties to a failed Whitewater development.

Hale says that the loans mocked the intent of his SBA license to help minorities and others without access to traditional sources of capital. But he says he made them only under pressure from the Arkansas Democratic "political family," including then-governor Clinton.

"I'm no choirboy," says Hale, who was indicted in September on SBA fraud charges.

Fiske unraveling the events that surrounded Clinton's ties to Madison and the Whitewater company, he said, will have to follow the trail of loans from Capital Management—some of which Hale says were funded with money drawn from Madison's treasury and put in his hands through real estate deals that McDougal arranged. Then, Fiske will have to make a choice: Did Hale make the loans to political cronies for his own reasons? Or, as Hale contends, he was pressured to do so by Clinton, Madison-owner James McDougal, and others.

Hale concedes he has self-serving motives to implicate others in the financial dealings that led the SBA and Justice Department last fall to indict him on felony charges. But he also contends that an impartial look at Capital Management will support his central point—that the actions for which he has been investigated and charged need to be treated as part of the same financial web that surrounded Madison's collapse.

The players are all linked, he said, with money in some cases flowing out of Madison to his company, and then out of his SBA loan company to individuals affiliated with Madison. The thrill's 1989 failure cost taxpayers an estimated $60 million.

Hale had been a fringe figure in Arkansas politics since his youth, when he ran the Young Democrats at the University of Arkansas. There he met McDougal, another budding party activist who went on to become a top aide to Arkansas Sen. J. William Fulbright, the longtime chairman of the Senate Foreign Relations Committee.

Hale remained active in the party, and when a federal criminal court was established in 1979, he was appointed to one of the local judgeships in Little Rock. He was successfully reelected several times, but resigned last year when he was indicted.

It was also in 1979 that Capital Management was licensed as an SBA as a MESBIC, or "Minority Enterprise Small Business Investment Company." By investing some of his own capital, Hale knew in the next several years received $3.4 million in federal money to help make loans to entrepreneurs.

Ironically, companies like Hale's offered a living to Clinton's mind in the 1980s as the governor sought ways to bring venture capital into the state. Hale said he was called to a meeting along with other investors in which Clinton asked how the SBA might encourage them to produce jobs and alleviate Arkansas' desperate rural poverty.

The idea was a component of Clinton's economic development plan in the mid-1980s.

Arkansas always has had fewer of the companies than other states. There are currently 103 such companies licensed in the United States. Hale's Capital Management was the only such company in Arkansas. The company was taken over by the SBA when Hale was indicted.

The rules defining which borrowers are socially and economically disadvantaged were left intentionally vague when the program was created in 1972, said SBA spokesman Mike Stamler. The program is not restricted by race. The intent was to get capital to people who otherwise would not have access to it, while leaving final lending decisions in the hands of investors like Hale.

Procedural guidelines written for lenders in 1980 say they were to consider whether a business owner's income, education or the general pattern of their life... prevented them from obtaining financial or other assistance available to the average entrepreneur in the economic mainstream.

When his friends turned to him in the mid-1980s, Hale said he paid little attention to those guidelines, and SBA officials say they never monitored individual transactions.

In meetings with McDougal in the fall of 1985 and early 1986, Hale told the thrift owner asked for help in the form of loans to take care of problems within the "political family." Hale said he was never told exactly what the problems were, and was unaware at the time that federal regulators were on the verge of ousting McDougal from Madison and eventually charging him with bank fraud.

McDougal's companies used the money to invest in one of McDougal's final real estate ventures—a mobile home park south of Little Rock that generated some of the thrift's largest losses.

"McDougal introduced us... and he [Hale] gave me the loan," said Smith, a top aide during Clinton's first gubernatorial term in the late 1970s. Smith borrowed $65,000 for his consulting firm, The Communications Company, which did polling and market research for the Madison thrift. He said there was no discussion about whether his company fit SBA guidelines.
"I don't think it was disadvantaged," said Smith, a onetime Madison stockholder and board member who teaches communications at the University of Arkansas. Smith said he is trying to work out a repayment schedule with the SBA. Smith and McDougal were frequent business partners in the late 1970s and early 1980s, investing together in a rural bank in Kingston, Ark., in the Madison thrift, and in land deals.

Hale said there was one final loan that McDougal needed—the $300,000 he alleges was the subject of a special request from Clinton. The check was to be made out in the name of Susan McDougal's marketing firm, Master Marketing.

But there was a problem. Hale said his company was running short of cash, so McDougal arranged the purchase of two North Little Rock properties that Hale owned, and had Madison finance the $800,000 sale. Hale said the transaction netted him a $500,000 profit. That money went back into Capital Management, and Hale then funded the loan to Susan McDougal.

In all, Hale extended $765,000 in loans that he now believes originated in Madison's pending collapse. When the loans were not repaid, Hale's company was left in desperate need of cash. In Hale's indictment, the SBA contends he resorted to fraud to raise it—setting up a shell game in which his associates deposited money in Capital Management, then presented those deposits to the SBA as new investment capital. The SBA forwarded $900,000 in federal matching funds, and the original money was returned to Hale's associates, the indictment charges.

Clinton denied having any conversations with Hale about the Susan McDougal loan. White House press secretary Dee Dee Myers says his comments were a fanciful ploy to "save his butt," a sentiment echoed by James and Susan McDougal.

Hale concedes he has no way to independently corroborate that in 1986 Clinton twice approached him about the loan to McDougal—once on the state Capitol grounds, and once at a Madison real estate sales office. And he and his lawyer also have been candid in stating that they decided to go public to help Hale's defense against the pending fraud charges.

Until late September, Hale's lawyer Randy Coleman was trying to negotiate a plea agreement with U.S. Attorney Paula Casey, a Clinton appointee and former law student and campaign worker of the president. When the negotiations failed, Hale told reporters he felt he was being made a scapegoat for the misdeeds of more prominent Democrats.

"I cannot help but believe that this reluctance [to reduce the charges against Hale to a misdemeanor] is borne out of the potential political sensitivity and fallout regarding the information which Mr. Hale could provide," Coleman wrote in a Sept. 15 letter to Casey.

See HALE, A7, Col. 1
Tailhook Papers Rebut Findings Against Kelso

'Credible Evidence' Lacking, Deputy IG Says

By John Lancaster
Washington Post Staff Writer

Fighting to save his reputation and his job, Chief of Naval Operations Frank B. Kelso II yesterday released documents challenging last week's findings by a military court that he witnessed lewd conduct at the 1991 Tailhook convention and then lied about his knowledge of the misconduct.

The documents include a Feb. 11 memorandum from the Pentagon's senior Tailhook investigator to Deputy Secretary William J. Perry supporting Kelso's assertion that he did not see any inappropriate behavior while attending the gathering of naval aviators at the Las Vegas Hilton.

"During our investigation we were unable to find any credible evidence that Admiral Kelso had specific knowledge of the improper incidents and events that took place," said the memo from Deputy Inspector General Derek J. Vander Schaaf.

Vander Schaaf headed an exhaustive Pentagon inquiry into the scandal that included interviews with more than 1,000 people who attended the convention. Several former Navy officials who were involved in the case joined Vander Schaaf in supporting Kelso's version of events.

At Kelso's request, Navy officials released the statements in a detailed rebuttal to last Tuesday's finding by a military judge that Kelso had witnessed lewd behavior and then lied about his knowledge of the misconduct.

The judge, Navy Capt. William Vest, cited Kelso's "manipulated the initial investigative process and the subsequent [discipline] process in a manner designed to shield his personal involvement in Tailhook '91." Specifically, Vest found that Kelso had acted inappropriately in appointing Vice Adm. J. Paul Reason to oversee the handling of roughly 120 cases referred to the Navy by the Pentagon inspector general for possible disciplinary action.

Vest ordered Reason disqualified as a result of Kelso's involvement, although he found Reason's conduct "above reproach." The dismissal of Reason during that infamous Saturday night. However, based on all the testimony, we believe that he was not present on Saturday and that those who believed they saw him are mistaken. We continue to believe that Admiral Kelso had no specific knowledge of the indecent activity that took place.

Senior officials suggested that Vander Schaaf's memo should carry "substantial weight" with Perry because of Vander Schaaf's role as the principal author of a critical report on Tailhook that led to the removal of several senior officers. The memo was included with a "fact sheet" disputing the key points in Vest's 111-page ruling.

Among other things, the document takes issue with Vest's finding that Kelso had played the principal role in appointing Reason to oversee the Navy's Tailhook cases. Sean C. O'Keefe, the Navy secretary at the time, said in statement submitted on Kelso's behalf Friday that he made that decision on his own.

\[\text{[image]}\]

"We continue to believe that Admiral Kelso had no specific knowledge of the indecent activity that took place."

—Derek J. Vander Schaaf, deputy inspector general

the three court-martial cases means that no Navy officer will face criminal charges for his actions. Navy officials note, however, that 28 officers have received administrative penalties and 30 admirals, including Kelso, received "non-punitive" letters for their part in Tailhook.

Like many of the Navy's senior leaders, Kelso attended the three-day convention, whose bawdy after-hours rituals included a "gantlet" of jeering aviators who pawed women passing by them on a third-floor hallway. Kelso, however, has steadfastly insisted that he did not witness any misconduct during the convention and was not even present at the Saturday night party associated with the most outlandish behavior.

A senior Navy officer said, "I have never seen him more upset in my life than the Tuesday of Vest's ruling. Normally low-key, Kelso angrily told reporters on Friday "I am an honest man, I didn't lie, and I didn't manipulate." Vander Schaaf told Perry he believed Kelso's account. "We reached that conclusion based on numerous witness interviews," Vander Schaaf's memo said. "We found individuals who believed they saw Admiral Kelso on the third floor during that infamous Saturday night. However, based on all the testimony, we believe that he was not present on Saturday and that those who believed they saw him are mistaken. We continue to believe that Admiral Kelso had no specific knowledge of the indecent activity that took place."

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Violence Muscles Its Way Onto Campus
Norfolk Shooting Shows That Colleges Are No Longer Sanctuaries

By DeNeen L. Brown

NORFOLK—Ronald Richardson remember being awakened that early morning by someone opening the door of his dormitory room at Norfolk State University. In the darkness, he heard a gun; then he saw the gun turned on him as he lay in bed.

"I just saw the bullets. I saw the flashes. I felt the hot, burning sensation in my stomach," said Richardson, a freshman from New Jersey.

Richardson and his roommate were in their room on a college campus, a supposedly safe haven. When the gunfire ended, Richardson was critically wounded and his roommate, Gerard Edwards, an 18-year-old honor student from the District, was dead.

The shooting on that day last month also killed the perception among many students at Norfolk State that life on campus would bring a retreat from violence.

"You come to a southern school so you don't have to fight too much," said Robert Burrell, a clinical psychologist who counsels youths involved with gangs in California.

Burrell, who grew up in a middle-class community in central Illinois, where a student was killed in a robbery attempt in 1991. "People want to concentrate on education and not whether a bullet will fly through your window.

But college life, as many students perceive it, has changed.

"It is changing," said Derek Gandy, director of minority recruitment at Yale University, where a student was killed in a robbery attempt in 1991, "people are getting shot in the city, in the inner-city suburban schools and in the college fields. They are getting shot everywhere these days. I think society in general become more violent. We look at college and try to make it different from the real world. It's not different from the real world.

College is no longer a safe haven that sorts out "good kids and bad kids," said Robert Burrell, a clinical psychologist who counsels youths involved with gangs in California.

"Some kids carry guns for protection," Burrell said.

"Who is to say kids carrying for protection won't go from high school to college?"

Richardson's killing was not an isolated act of campus violence. According to a survey by the Chronicle of Higher Education, there were 17 slayings on campuses in 1993. That is one fewer than the previous year. But robberies, assaults and motor vehicle thefts increased.

The violence is scattered over many campuses—public schools and private, large schools and small, exclusive schools and those with open admissions.

Recently, a 19-year-old college student was convicted of first-degree murder in a December 1993 shooting rampage at a small, private college in Massachusetts. The shooting at Simon's Rock College of Bard, a 300-student college in Great Barrington, left a professor and a security guard and three students wounded.

At In October, three students at Illinois State University were wounded when two teenagers shot into a crowd at a Kappa Alpha Psi fraternity party on campus. "Apparenly, there was an argument over paying admission to the party," said Roger Cushman, a spokesman for the 21,000-student university in the farm fields of central Illinois.

Illinois State University has experienced shootings and killings near the Norfolk State University campus, which is

in an urban area, the dormitory shootings on Jan. 18 were the first on campus since the historically black college was founded 58 years ago.

"You have to exert your independence and establish your identities, which is a normal part of adolescent development. Another part is developing friendships, often based on having a common home town." But some students said that identities, often bases on having a common home town.

"When I came in as a freshman," said Angela Moore, 22, a senior at Norfolk State, "they would try to immature an accent. . . People would joke about it, like, 'Y'all ain't this.

Now, the younger crowd coming in takes it more seriously.

Some students said that they have seen peers, "good kids" back home, change once they came to college.

"You go where you need new, nobody knows you. You want to change your image," Datcher said. "The people you knew at home, the mamas and poppa, they come down here and act like they got nerve. They make you think you can say anything to them. They are ready to fight."

"But college students know it is not so surprising that violence has come to college," said Hope M. Hill, assistant professor of psychology at Howard University, said that in every generation, adolescents adapt to a culture that binds them, seemingly empowers them and distinguishes them from adults.

"Although every generation of adults has found some aspect of adolescent culture to be strange, the gangster culture is really taking it to the extreme in terms of ramifications for adolescents and society," said Hill, who directs Howard's Violence Prevention Project.

Another issue that campuses are dealing with is that students who were members of gangs as teenagers do not necessarily drop out of high school and forgo college.

"When they come, they are a product of where they have been," said Lawrence Dawson, director of security at Howard University, "We get a cross section. We have a lot of foreign, rural and inner city students. They don't change once they come to school."

Malik Conway said that while growing up in the District, he ran with a crew, which he described as a loosely structured gang. "When you go to college, some of that mentality still walks with you," he said.

He described his reaction when he was punched by a football player for taking a girl's dinner at Alabama A&M University. "I said, 'He ain't playing fair; so I ain't playing fair. That's the way I was brought up.' We were going to stomp him." Conway said. "I still had that thug mentality. Someone intervened, and Conway never attacked the football player. Conway, 22, last term transferred to another school and has shunned his gang ties.

Security officials at some colleges have a difficult time dealing with the quick tempers of some students and with the fact that some young people may be carrying guns.

Lt. Ted Price, acting chief of the Norfolk State University campus police department, said metal detectors are used at student activity sites on campus. "When you have sporting events, you have outside people coming on campus," Price said. "That may present a problem for someone here to get an education, and you assume they are not carrying weapons.

Price said that at safety seminars, students are taught how to avoid trouble.

"One way is you just can't get there and get in an argument with anybody. Now, people want to take it to the extreme. It used to be scuffs," Price said. "Basically, just common sense these days."

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The Clinton administration stepped up its campaign against the balanced-budget amendment yesterday, claiming that mandating a balanced budget in 2000 would require sharp tax increases and deep cuts in defense spending, Social Security and other critical programs.

The White House released a Treasury Department study analyzing various options—all painful and none politically feasible—of achieving the $600 billion in deficit reduction over the next five years that the administration says would be needed to balance the budget.

The study is part of an effort by the White House to refocus public attention away from the universally popular idea of balancing the budget and to concentrate instead on what the administration says would be the dire real-world consequences.

With the Senate preparing to debate the measure, the White House wants to shift the burden to proponents of the amendment to explain how they would manage the massive cuts necessary.

"We want the American people to understand the degree of hardship ... which would result from this step and, believe me, it is major league," said Deputy Treasury Secretary Roger C. Altman, one of several administration officials who appeared in the White House briefing room to denounce the amendment.

He called the balanced-budget amendment "the ultimate sham," with "a considerable number of people in the country and in the Congress favoring the amendment, virtually all of whom oppose the specific steps necessary to bring about compliance."

The study showed five scenarios for balancing the budget: combining tax increases and spending cuts; cutting spending across the board; cutting spending but sparing defense; cutting spending but shielding Social Security; and cutting spending but exempting defense and Social Security.

The bottom line of each scenario was the same, in the administration analysis: cuts and taxes that would be politically unimaginable. For example, under the analysis, a combination of tax hikes and spending cuts would raise individual income taxes an average of $728 per year and cut $605 yearly for the average Social Security recipient, $480 for each Medicare recipient, plus other difficult cuts.

"A balanced-budget amendment is a truly horrible economic idea," said Clinton economic adviser Robert E. Rubin.

The administration's study comes on the eve of dueling hearings by the chief Senate protagonists in the balanced-budget debate, Sen. Robert C. Byrd (D-W.V.), the leading critic, and Sen. Paul Simon (D-Ill.), its main proponent.

Simon last night called the White House critique "inaccurate," saying that it "ignores the beneficial economic and budget effects of reducing the deficit and it ignores the long-term economic harm we face through inaction."

He accused the White House of stooping to the tactics of interest groups in producing "mock reports."

In the Senate, an administration official said, the battle is "winnable but we're not there yet." A source on the other side described the situation in the Senate as "squeaky tight."

In addition to its nationwide breakdown, the administration released state-by-state numbers of what its scenarios would mean for ordinary citizens from Alaska to Wyoming. That was buttressed by conference calls from administration officials with reporters in key states.

Solorz Nomination ‘On Track’ After Review by FBI

Clinton administration officials said yesterday that the nomination of former New York representative Stephen J. Solarz to be ambassador to India was "on track" once again, having been delayed for months by an FBI background investigation.

The Justice Department notified Solarz three weeks ago that it had concluded an investigation of him without charging him with a crime.

The investigation centered on his efforts to assist a Hong Kong businessman with a criminal record to obtain a visa to this country.

Despite Justice's action, the nomination, pending since last summer, appeared to be stalled, leading to speculation in Congress and at the State Department that the nomination was doomed. The ambassadorial post in India has been vacant since last April, when former ambassador Thomas R. Pickering left to become ambassador to Russia.

Sources indicated yesterday that any lingering questions regarding the nomination apparently had been answered satisfactorily and that they expected the nomination to go forward "sooner, rather than later."
The Clinton administration will cite Japan today for failing to lived up to a 1989 agreement meant to boost its imports of U.S. cellular phones, a move that underscores broader U.S. complaints about Japanese trade policies, administration officials said yesterday.

While the issue is not directly related to the trade negotiations that broke down Friday, President Clinton yesterday called the dispute a "good illustration" of the serious U.S.-Japan trade quarrel that is now in danger of escalating.

The two governments had sought for seven months to reach agreement on lowering Japan's global trade surplus.

In the telecommunications case, the administration is acting on a protest by Motorola Inc., which was supposed to benefit from the expansion of Japan's cellular phone market under the 1989 pact.

The U.S. finding sets in motion a process that could lead to sanctions in several months if the issue is not resolved. Acting under U.S. law, the administration could impose 100 percent tariffs on Japanese imports, followed by counter-retaliation against U.S. products by Japan, caused a sharp tremor in Japan's financial market yesterday, sending stocks plunging.

Japanese officials sought to defuse tensions and avert the threat of U.S. sanctions.

Japanese Prime Minister Morihiro Hosokawa told a meeting of top-level officials that Japan will "voluntarily" do "whatever it can to reduce its global trade surplus, which reached $131 billion last year. "Emergency" meetings will be held this week on the trade issue, said deputy chief cabinet secretary Nobuo Ishihara.

"Just saying 'no' to what we deem absurd demands doesn't mean we do not have to make any other effort" to cut the trade surplus, Japanese Foreign Minister Tsutomu Hata told a news conference.

No further talks are scheduled, but yesterday, U.S. Trade Representative Mickey Kantor said, "The ball is in Japan's court."

For Japan, the prospect of conflict with the United States could have immediate economic consequences, weakening confidence and prolonging its recession.

Yesterday, the yen rose in Tokyo to a rate of 105.69 to the dollar, up 2.56 from the pre-summit close last Thursday, amid expectations that Washington would seek to lower the dollar's value against the yen to redress the trade imbalance. In New York, the dollar ended at 102.65 yen, down from 107.20 yen Friday.

The lower the dollar, and the stronger the yen, the cheaper U.S. products become in relation to competing products made in Japan.

Japan's stock market also reacted anxiously yesterday to the trade friction, sending the Nikkei stock average down 51.45 points, to close at 19,459.25.

U.S. and Japanese business leaders, meeting jointly in Washington this week, rallied behind their separate governments yesterday, although executives on both sides expressed concern that the issue could spread out of control.

The administration has to take some action," said Joseph R. Gorman, TRW, chairman. "I hope it won't lead to a trade war. I believe it won't."

"All of us would advise the administration, "Let's do this cautiously,"" said Donald Fites, chairman of Caterpillar Inc. "We have some concerns about possible escalation that neither side would benefit from."

Yutaka Kume, chairman of No. 2 Japanese automaker Nissan Motor Co., said he has no objection to the U.S. claim that the two countries must agree on some way of regularly measuring Japan's progress in opening its markets.

But Kume, who is chairman of the Japan Automobile Manufacturers' Association, condemned what he said is the U.S. position that there must also be numerical targets to gauge progress in individual sectors. "Our private sector certainly won't accept those," he said.

Administration officials yesterday described Motorola's experience as an example of why trade agreements with Japan need greater specificity. Motorola was promised opportunities to establish a competitive cellular phone network in Tokyo and a large adjoining metropolitan area, the officials said. But it was forced into a "shotgun marriage" with a Japanese telecommunications equipment firm that has moved slowly to create the cellular communications networks Motorola's system requires.

As a result, Motorola has 12,000 customers, compared with more than 400,000 for its Japanese competitor in the same market.

Blustein reported from Tokyo. Staff writers Clay Chandler and Shigehiko Togo contributed to this report.

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**Trade Report**

TRADE, From Cl

"Offered no timetable for the decisions. "We are reviewing all our options. But we haven't ruled anything out." Asked if the action in the cellular telephone case could be the start of a trade war, Clinton said: "lt could be. But I think they [the Japanese] would have to think long and hard about it." Fears that the conflict would spread, leading to U.S. sanctions on Japanese imports, followed by counter-retaliation against U.S. products by Japan, caused a sharp tremor in Japan's financial market a day earlier. "Emergency" meetings will be held this week on the trade issue, said deputy chief cabinet secretary Nobuo Ishihara.

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Blustein reported from Tokyo. Staff writers Clay Chandler and Shigehiko Togo contributed to this report.
Economic Advisers Upbeat On Outlook for Long Term Report Sees Sustained Growth, Low Inflation

By John M. Berry
Washington Post Staff Writer

President Clinton's Council of Economic Advisers painted a bright economic picture for the 1990s yesterday—sustained growth of 2.5 percent to 3 percent a year, declining inflation, employment gains, and long-term interest rates close to current levels. Along with all that, the report said, would enjoy a shrinking trade deficit, greater productivity and after-tax incomes for U.S. families that stay ahead of inflation, the council said in its annual report, released yesterday.

The key to this bright outlook, the report said, was Clinton's success last year in winning congressional approval for tax hikes and spending restraint to cut the federal budget defi- cit. The report said that was the major reason long-term interest rates fell sharply last year.

With deficits falling relative to the size of the economy, "financial markets should be reassured that inflation and interest rates can be sustained at the [low] levels of the 1950s and 1960s," the report said.

As a result, "Interest-sensitive sec- tors of the economy...should thrive and provide a steady demand base," the report said. "Housing and demand for household durable goods and auto- mobiles should do well underpin- ning a steady economic expansion."

A number of private economists said the report's long-term projection was not unreasonable, but some ques- tioned whether inflation and interest rates would be as low as the administration assumed.

"With other forces, including past shocks of the economy...should thrive ahead of inflation, the council said in its Report Sees Sustained Growth, Low Inflation forecasting firm in St. Louis, predicted that long-term interest rates would remain as low as 5.7 percent between U.S. Treasury bond yields stay at 5.7 percent in the projections.

"If long-term interest rates are likely to drift slowly upward over the coming years as the economy strengthens," the report said, "Low-term interest rates are expected to increase ap- preciably, however, because inflation should remain subdued and budget deficits will continue to shrink."

The report said that falling deficits would help the economy in ways other than just lowering interest rates. For example, "The long-expected reductions in government borrowing needs reduced, there will be less com- petition with private business borrow- ers seeking funds to invest."

"A high level of long-term interest rates will increase the nation's capital stock and thus increase its long-run productivity, the report said. At the same time, less foreign money will be needed to cover the gap between U.S. investment and saving, which "will help the current net foreign savings position," the report said.

The CEA estimated that the looser rates would lead to a 1 percent point increase in the investment share of the gross domestic product.
Rise in Costs For Health Slowed in '93

Employers' Increase Smallest in 5 Years

By Frank Swoboda
Washington Post Staff Writer

Employer health care costs registered their smallest increase in five years in 1993, a result of companies continuing to shift costs to employees and a slowdown in medical care inflation, according to a nationwide survey of public and private employers released yesterday.

The survey of 2,395 employers by Foster Higgins & Co., a New York-based benefits consulting firm, showed the average employer paid $3,781 per worker for health care coverage in 1993, an increase of 8 percent over the previous year. The survey also showed that employers with fewer than 500 workers had a smaller average increase because the employees generally are required to pay a larger share of their health care costs.

The annual Foster Higgins survey, which began in 1987, is one of the largest of its kind, and this year's findings come as Congress is about to accelerate the debate over national health care reform. Last year was the first since 1987 that the percentage rise in health care costs has been less than double digits. The increase in 1987 was 6.9 percent. The following year, health care costs rose 18.6 percent.

David Rahill, who helped conduct the survey, said a key element in last year's cost picture was a "continuing though gradual" trend toward shifting health care costs onto employees in an effort to stabilize outlays of employers. Employer health care plans, he said, "are no longer the open checkbook they once were."

A majority of employers—57 percent—still offers the traditional style "indemnity" health care plans that provide reimbursement for services covered by the plan, often at no or little cost to the employee. At the same time, the survey showed that for the first time since the survey was started, the number of employees covered by these plans dropped below a majority, from 52 percent to 48 percent.

One of the biggest surprises in health care costs last year, according to Rahill, was the moderation in medical price inflation—the prices charged for medical services by doctors, hospitals and others in the health care industry. The medical component of the government's consumer price index rose 5.4 percent in 1993. Overall inflation, as measured by the CPI, rose 2.7 percent for the year.

Rahill attributed this in part to fears in the industry that Congress may take "draconian" measures against the industry unless it showed price restraint.

But he noted that health care providers are largely untouched under most of the health care reform proposals now before Congress.

"The biggest fear is that hospitals, doctors and others will be seen as the high cost providers and nobody will want to contract with them," Rahill said, referring to the increasing trend toward managed care health coverage, in which an employer contracts with a limited number of health care providers in exchange for lower prices.

The Foster Higgins survey showed that because of cost shifting and less coverage, smaller employers experienced a smaller increase in health care costs than larger employers. Employers with fewer than 500 employees had an average increase of 5.9 percent. The average increase for larger employers was 9.1 percent.

The survey report said smaller employers generally require substantially higher deductibles than larger employers for all types of plans they offer. In addition, larger employers tend to offer more servic
What the Major Players Have at Stake on Health

Clinton Proposal Would Shift Huge Amounts From Some Medical Care Payers to Others

By Spencer Rich
Washington Post Staff Writer

President Clinton's health plan would affect how hundreds of billions of dollars are spent on health care, shifting huge amounts from some payers to others and affecting the bottom line of thousands of health care enterprises and other businesses.

Americans spent about $820 billion on health care in 1992, or about 14 percent of gross domestic product. Included in one of the nation's largest industries are 6,000 hospitals, 520,000 practicing physicians, numerous related businesses and about 8 million workers.

The following describes four major players and their stakes in the coming battle.

- Hospitals. Despite $324 billion in annual gross revenue for hospitals, the average hospital's profit margin was only 0.4 percent on patient care in 1992, and 5.2 percent when income from charity, flower shops and parking lots is included. Clinton's proposals would hold down future payment growth on the theory hospitals can improve efficiency. One-third of hospital beds are empty each day.

Part of the revenue loss would be offset by universal insurance coverage, eliminating unpaid bills and free care that hospitals provide. But hospitals fear Clinton may be far too optimistic about savings from improved efficiency. If so, controls could result in deferred maintenance, delays in buying equipment, financial distress and perhaps shutdowns and consolidations of hospitals.

- Doctors. Physicians receive $152 billion in gross payments but almost half goes for office staff and other practice costs. Even so, the average non-federally employed physician (excluding residents) made $170,000 after expenses but before personal income taxes.

Under the Clinton plan, growth of fee levels for doctors would be restrained by premium caps in the private sector that would force insurers to hold down payments to doctors.

While some doctor groups seem open to some types of cost controls, the American Medical Association has been opposed to fee caps and premium caps.

- Business. There are tremendous splits among businesses, which pay $159 billion a year for health benefits. "Businesses are all over the lot, and confused about the details," said Jerry Jasinowski, president of the National Association of Manufacturers.

Some businesses see potential benefits from the Clinton plan. It could reduce "cost-shifting" that hurts companies, mostly medium-sized and large firms that already insure their workers. Such businesses now pay more for insurance because doctors and hospitals charge more to cover their losses on the uninsured.

Businesses also could save from controls on insurance premiums. And some businesses that are paying high insurance rates would save because Clinton's plan evenets out insurance rates substantially.

Moreover, under Clinton's plan, any medium to large company that gets its insurance through the alliances—the big health insurance purchasing cooperatives that Clinton wants to create—would have to pay no more than 7.9 percent of payroll for a basic health plan (less for smaller companies). If the company is now paying more, it would save.

In addition, companies would have to pay no more than 80 percent of the premium for employees; some now pay more.

The plan would allow companies with more than 5,000 workers to self-insure. Some say they want to do this, figuring they could hold their costs down.

At the same time, companies paying for the health policies of retired employees between 55 and 65 would be relieved of much of the burden by the government.

But there is much opposition and fear as well.

Small businesses, such as those represented by the National Federation of Independent Business, have by far the highest levels of uninsured workers. Many believe that being forced to insure their workers, even with federal subsidies, would ruin them financially or require work force cutbacks. Some medium businesses and a few large ones that do not insure all their workers don't like the added costs either.

Many businesses, even large ones, worry about the government setting prices and controlling the market—in effect playing a dominant everyday role. They fear the health purchasing alliances will be government regulatory agencies, and combined with Medicare, will cover 85 percent or more of all people in the country, leaving no viable private insurance market.

And perhaps the biggest fear: Medium and large businesses that already insure their workers suspect that the cost of universal coverage for others will not be adequately funded and that the shortfall will be dumped on them to pay.

- Insurance. The private insurance industry pays for more than $200 billion in benefits. Whatever their stance on other aspects of the Clinton plan, spokesmen for all major branches of the insurance industry—the Health Insurance Association of America, big independents such as Aetna, Blue Cross-Blue Shield and even, to a certain extent, the Group Health Association of America—appear leery of tight government insurance premium controls.

The Health Insurance Association of America, sponsor of the controversial television commercials featuring "Harry and Louise," also contends that requiring all individual purchasers and firms with fewer than 5,000 workers to buy insurance only through from the proposed purchasing alliances "would be a legislative death knell" to many of the commercial insurers it represents.

TUESDAY, FEBRUARY 15, 1994 THE WASHINGTON POST
THE REGULATORS

A Buyback Draws Criticism

Nissan, NHTSA Find Where There's Smoke, There's Ire

By Cindy Skrzycki, Washington Post Staff Writer

The fires of the Nissan C-22 minivan recall continue to smolder.

Just days after Nissan North America announced it would buy back about 30,000 of the vans, which ran the risk of engine fires, the agreement between the company and the auto industry's safety regulator, the National Highway Traffic Safety Administration, is the target of carping by safety consultants, some van owners, law enforcement officials and a congresswoman.

Who was in the driver's seat—Nissan or NHTSA? Why were there four unsuccessful recalls of the vehicle? Will the buyback program have the intended effect of getting the problem vans off the road?

In the dance of regulations, and their enforcement, decisions are made that seem to be the best thing to do at the time, but that later leave room for criticism.

"I don't see anything that I am bothered by," said William Boehly, associate administrator for enforcement at NHTSA. "I might do things differently, but I don't know what."

Boehly had looked at the facts: 160 fires, no serious injuries and no fatalities. The agency wasn't satisfied with the results of the third recall. Nissan promised an expensive fourth repair. Sitting on Boehly's desk was a year-old petition from a safety consultant pushing for a public hearing and a buyback. State attorneys general were investigating. Rep. Helen D. Bentley (R-Md.) was concerned that none of Nissan's key lawyers was the former general counsel of NHTSA, and she wanted the General Accounting Office to look into that relationship. Class action suits have been filed.

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Navy Changes Base
In Middle of Stream

By Guy Gugliotta
Washington Post Staff Writer

First you say you do, and then you don't. Then you say you will, and then you won't. Then the government buys the Navy a fancy $27 million building in Virginia, and the Navy decamps to Rhode Island.

In the federal bureaucracy, where decision-making is often an adventure, the Navy deserves a medal for trying to have it both ways—and succeeding. Critics perceive a scandalous

"We know they made a big deal about needing a big special use building in Norfolk. But at the same time another part of the Navy was saying 'it can be in Newport.' Who in hell makes these decisions?"

—Sen. Byron L. Dorgan

boondoggle: the Navy maintains it made the best possible deal for itself and the taxpayer.

In 1991, the Navy told the Base Realignment and Closure Commission that its Naval Undersea Warfare Center, a submarine support facility in Norfolk, needed to be upgraded and needed to remain in the Hampton Roads area—close to the boats.

There was no opposition from the commission and during the next two years, construction was completed on a 280,000-square-foot, $27 million, taxpayer-funded, special-use headquarters for the center in Suffolk, Va., near Norfolk. In early 1993, the center's commander told employees the future was secure and they could move to Norfolk.

Five months later, the Navy suddenly changed its tune, saying it had to move the center to Newport, R.I., for having reasons, even though Newport had no boats. The commission agreed.

Two weeks after that, on July 12, 1993, the Navy actually held a ribbon-cutting ceremony for the spurned headquarters. And Rep. Norman Sisisky (D-Va.), Suffolk's representative, actually spoke at it.

He was not pleased. "I feel like one of those Marx Brothers movies where Groucho danced into the room, sang, 'Hello, I must be going,' and I'm here to say I cannot stay."

Now it's February and the Suffolk Center is a white elephant in search of permanent tenants. Accountants are still arguing over the cost of the move, admirals are still wondering what's going on and congressional investigators are trying to find out.

Sometimes, in the next few weeks, the investigators are expected to submit a preliminary report to Sen. Byron L. Dorgan (D-N.D.), heading up a "Special Subcommittee on Waste" for the Senate Government Affairs Committee.

"We knew [the Navy] had made a big deal about needing a big special use building in the [Virginia] area," Dorgan said. "But a small part of the Navy was saying 'it can be in Newport.' Who in hell makes these decisions?"

The Navy's story, as recounted by Charlie Nemfokas of the Navy Department's Base Structure Evaluation Committee, is that the department changed its mind because things were much different in 1993.

In 1991, Nemfokas said, the Navy realigned its "technical centers," deciding that Undersea Warfare should stay in the Norfolk area. This evaluation was sent to the commission, set up by Congress to render Solomonic decisions untainted by politics.

The commission accepted the plan. Nemfokas said the Navy then found that "downsizing" was much more painful than expected. A smaller Navy could save money by shedding "capacity," which included blending the Norfolk Undersea Warfare Center with the parent command in Newport. The commission voted 4-3 to approve the move.

Evidence suggests that a lot of people didn't get the word. Undersea Warfare Center commander Rear Adm. S. Sears in January 1993 told Virginia employees that the future in Suffolk was secure, and that they should buy homes in the area.

And two months later, when Sears saw the center was slated to leave town, he remarried in an E-Mail message to superiors that "I was very surprised," and suggested the commission "may want to reexamine the advisability" of closing the Virginia detachment. This year admirals are still complaining in messages about the speed of the move and its advisability.

Meanwhile, the Navy and its detractors have been arguing over the projected costs and savings expected by having the center in Newport. The dueling bureaucracies have generated at least seven different projections, with the sort of spectacular discrepancies that cause the public to sneer in contempt.

Estimates of the cost of the move range from $18.025 million (Navy) to $45.4 million (critics), while estimates of annual savings/losses range from $11 million per year (Navy) to minus $14.5 million (critics) per year.

The Navy maintains that taxpayers will gain even though the Navy has lost the 15-year, $3.3 million per year lease on the Suffolk Center. Dorgan wonders why the building was built in the first place.

The Suffolk city fathers, suddenly waving goodbye to $500 million per year in anticipation, obviously made a mistake. What the voice really said was: "If you build it, they will go."

Prominent Israeli Charged with Fraud
Head of Quasi-Governmental Jewish Agency Denies Wrongdoing

By David Hoffman

JERUSALEM, Feb. 14—Sumcha Dinitz, chairman of the quasi-governmental Jewish Agency and an ambassador to Washington in the 1970s, was charged today with serious fraud and breach of trust involving personal use of agency credit cards.

Dinitz announced he is taking a paid leave of absence to fight the charges, and said he is innocent.

The indictment, following a long police investigation over the last year, reflects poorly on an organization that is dependent on donations from Jews abroad.

Prosecutors alleged that he bought $23,000 in clothing, furniture, gifts and cosmetics with agency credit cards.

In Israeli news media reports over the last year, Dinitz has been depicted as a high-flying executive who ignored warnings that he was violating agency rules and who spent expensive tastes while on agency business, including once insisting on a chauffeured car to take him 200 miles between terminals at a New York airport.

The issue is sensitive because the Jewish Agency is a major recipient of charity donations from Jews around the world. The agency, which predated the state of Israel, is one of the country's most powerful institutions and is responsible, among other things, for bringing new immigrants to Israel from around the globe. It is also closely linked to the ruling Labor Party.

Mendel Kaplan, chairman of the agency board of governors, said the police investigation over the last year had not affected the agency's finances. But others have said that the scandal surrounding Dinitz reflected poorly on an organization that is dependent on donations from Jews abroad.

Dinitz will be on a paid leave to contest the charges in court. Kaplan said. Dinitz had refused to step down during the investigation.

If convicted, he could face a maximum of five years imprisonment for the fraud charge and three years for breach of trust.
Clinton Pledges Aid Increase To Kazakhstan, Citing Reforms
U.S. Is Concerned About Possible Routing of Oil Through Iran

By Ann Devroy
Washington Post Staff Writer

President Clinton, praising Kazakhstan’s economic reforms and its decision to give up its nuclear weapons, yesterday pledged to increase U.S. aid to the former Soviet republic by several hundred million dollars.

Clinton, at a news conference with Kazakhstan President Nursultan Nazarbayev, used the pledge of increased economic aid and U.S. technical assistance to promote another U.S. goal: persuading the republic to continue piping its oil through Russia rather than Iran.

The White House welcome and promise of greater U.S. aid resulted from Kazakhstan’s decision in December to ratify the nuclear Non-Proliferation Treaty and move forward on its pledge to destroy the SS-18 long-range nuclear missiles left on its soil after the breakup of the Soviet Union.

Kazakhstan holds enormous oil reserves that officials said were part of the White House discussions yesterday. Clinton made clear in his statement that he would prefer that Kazakhstan continue using a pipeline through Russia to move its oil from facilities developed by Chevron to the Black Sea port of Novorossiysk.

Nazarbayev said this route was his “first priority” but he is looking at other options, including one through Iran and Turkey to the Mediterranean and another through Iran to the Persian Gulf. Senior officials said Nazarbayev is looking for alternatives for fear that instability in Russia might affect his country’s oil exports. The officials added that Nazarbayev has had a number of meetings with high-ranking Iranian officials.

In his meeting at the White House and in discussions with American business officials here, Nazarbayev appealed for U.S. private investment in his country, which besides large oil reserves boasts mineral and precious metal reserves.

Clinton and Nazarbayev signed a charter on democratic partnership aimed at encouraging trade and investment and stating a common commitment to democratic values, human rights and the rule of law.

In a session with about 200 Kazakh-American joint ventures are underway, and the Clinton administration has increased funding to OPIC, the government agency that guarantees loans and provides risk insurance for businesses investing overseas.

After his White House session, Nazarbayev met for nearly an hour with Defense Secretary William J. Perry and witnessed the signing of a memorandum committing both nations to broaden their military ties and begin regular discussions of military spending, doctrines, recruiting and training practices.

The agreement, which is similar to a memorandum Washington signed last year with Ukraine, is partly meant to encourage civilian control of Kazakhstan’s armed forces and prepare the country for participation in future peacekeeping activities. A separate memorandum spelled out arrangements for U.S. advice on the conversion of military factories to peaceful purposes.
Interior Secretary Bruce Babbitt, seeking wider support in the West for his embattled plan to overhaul grazing rules on federal lands yesterday said that Clinton administration would give local groups a larger role in managing federal rangelands.

"Over and over, I've heard one thing from westerners," Babbitt said in a statement released by his office. "Those closest to the land—who live on the land—are in the best position to care for it.

Babbitt announced the proposal—which would create local "councils" to help manage federal rangelands and spend the fees collected from ranchers—during a speech yesterday to the Society of Range Management in Colorado Springs. The proposal uses as a model a Colorado group of environmentalists, ranchers and local officials who met last fall to resolve their differences over grazing.

Colorado Gov. Roy Romer (D) invitated Babbitt to attend these meetings after the state's legislature was scheduled to reconsider the state's grazing laws. "Babbitt vowed to the time to implement the changes administratively, he also engaged in an effort to make them more palatable to traditional western political interests, particularly the region's governors who had protested to the White House that the new policies were too harsh.

The new announcement is the first concrete result of that process and will be followed during the next several weeks by other details as Babbitt unveils piecemeal the new policies. Babbitt's plan for "multiple resource-management councils," they said, may give too much power to western governors who would have a strong role in determining their membership, may make it too easy for local citizens to override federal land managers' decisions and overlooks the fact that federal lands are owned by all Americans, not just those living near individual parcels of public land.

That strategy paid some dividends yesterday, as both Romer and Sen. Ben Nighthorse Campbell (D-Colo.)—who had fought some of the original grazing changes—praised Babbitt for transferring some authority from Washington to local communities.

However, some environmental groups who strongly supported President Clinton in the 1992 election characterized the move as a retreat from Babbitt's commitment to overhauling federal land use policies.

Babbitt's plan for "multiple resource-management councils," they said, may give too much power to western governors who would have a strong role in determining their membership, may make it too easy for local citizens to override federal land managers' decisions and overlooks the fact that federal lands are owned by all Americans, not just those living near individual parcels of public land.

The plan, which is part of an effort to find a new equilibrium in the form of a strong livestock industry, would be implemented administratively, so Babbitt's plan would have a role in a broad range of decisions, such as how much cattle should be allowed on an individual grazing allotment. And if they became too sensitive to advice, they could appeal directly to the interior secretary.

Hungary Orders Bosnia-Monitoring NATO Planes From Its Airspace

By David B. Ottaway
Washington Post Foreign Service

ZAGREB, Croatia, Feb. 14—Hungary has banned NATO surveillance aircraft that might be associated with airstrikes against Bosnian Serb targets around Sarajevo from flying into its airspace.

The decision is the latest in a series of moves by Hungary to improve relations with neighboring Serbia—the chief patron of the Bosnian Serbs—even while signing up for NATO's Partnership for Peace program in hopes of eventually becoming a full member of the Western alliance.

The action is likely to be seen as a further indication that Hungary is determined to keep its distance from the Bosnian Serb-aligned forces operating from Belgrade's northern Vojvodina province.

Hungary has been complaining bitterly about what it estimates to be a $1.3 billion loss in trade and business because of the U.N. sanctions imposed on Serbia as punishment for its heavy support of the nationalist Serb faction in Bosnia's three-sided war.

It is also concerned about the treatment of 400,000 ethnic Hungarians who live in Serbia's northern Vojvodina province. The Hungarian Foreign Minister Geza Jeneszky visited Belgrade in late January to discuss this issue among other bilateral problems that have arisen as a result of the sanctions. "We have our own special interests and believe unnecessary tensions with Serbia ought to be kept to a minimum," said Hungarian spokesman Janos Herman.

Bosnia and not to become involved in hostile action.

Hungary is not yet a member of NATO, he said, and had not been involved in the decision last Wednesday to issue an ultimatum to the Bosnian Serbs to withdraw their heavy weapons from around Sarajevo by Feb. 21 or face airstrikes. He insisted the Hungarian constitution contained only a "temporary stopgap" of NATO planes. "It does not mean any change in our policy," he said.

Nonetheless, the action is likely to be seen as a further indication that Hungary is determined to keep its distance from the Bosnian Serb-aligned forces operating from Belgrade's northern Vojvodina province.

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Becomes Conflict With Aristide
Proposal Suggests ‘Open Ended Timetable’ for Haiti Leader’s Return

By John M. Goehko
Washington Post Staff Writer

The Clinton administration and opponents of Haitian President Jean-Bertrand Aristide came to the brink of open confrontation yesterday, with Aristide bolting at a U.S.-backed plan for restoring Haitian democracy and insisting instead that the United Nations impose tough new sanctions against Haiti’s military rulers.

The clash surfaced over the weekend when a group of Haitian military leaders, encouraged by U.S. officials, tried to present Aristide with a new formula for appointing a civilian government that would require an amnesty law for the military. U.S. officials said that might be an incentive for Cedras and other top commanders to give up power, and the prime minister and Aristide then would work out arrangements for the president to return to some unspecified future time.

Since the collapse of the Government-Southern Alliance accord, Aristide’s supporters have argued that the Haitian armed forces will continue to defy the international community unless the U.N. embargo on oil is broadened to include all other shipments into Haiti except food and humanitarian supplies.

Aristide refused to meet or take phone calls from the Haitian politicians or from such other backers of the plan as Dante Caputo, the United Nations’ special envoy for Haiti, and William Neukom, the special U.S. negotiator working with Caputo; and Canadian Foreign Minister Andre Ouellet.

The purpose of an embargo is not to create a basket case,” said one senior U.S. official, who declined to be identified. “If we wait much longer, we will have a country that will be ungovernable, a military power other than a ruthless dictatorship.”

For that reason, he said the United States, its three allied governments and the U.N. must seek a political solution. “If Aristide does not agree to this plan, he will be abandoned,” said the official, “and we will be left with a basket case.”

Armed Haitian Rebels
Said to Battle Soldiers
Backers of Aristide Pursued in Mountains

By Michael Tarr
Special to The Washington Post

LES CAYES, Haiti — A group of young, armed supporters of exiled President Aristide engaged soldiers in a four-hour-long exchange of gunfire Feb. 3 in a remote mountainous region on the southwestern tip of Haiti, Haiti, officials and other sources here said.

The clash, which has not been reported by the government or press, marked the first sign of armed resistance to the military officers who have run Haiti since President Aristide was deposed in September 1991, eight months after he was elected in Haiti’s first democratically elected election.

Aristide’s backers, numbering about 40, escaped after the shooting and are still at large in the area, which is the largely deforested Caribbean nation with enough trees left to provide cover for rural guerrillas, the sources said.

Emergence of rebels in the countryside would inject an unpredictable new element for the U.S. strategy of trying to restore Aristide to power by applying a fuel embargo, which has further devastated an already impoverished economy.

To judge from the most detailed account of the shootout, the pro-Aristide youths were not looking for a fight that left seven soldiers and two young men dead and nine others wounded, and seven covered in blood, according to the sources.

Residents of Le Pretre and Les Cayes corroborated parts of Saint-Cyr’s account. A Les Cayes resident, who obtained the account from four sources about 40, escaped after the shootout, the sources said.

The sources said soldiers passed through Le Pretre on Feb. 3 and a prolonged gunfire was heard later. A young man took two of the reporters aside and began to talk about others hiding in the surrounding hills until a deputy sheriff appeared and cut him short.

The residents of Le Pretre, who are located a short distance away, the residents of Les Cayes, about 25 miles west of Les Cayes, said 10 soldiers approached the cave, they came under heavy fire, perhaps from automatic weapons, Saint-Cyr said. After four hours, the soldiers were able to get back to reinforcements. When they returned, the rebels had escaped by a small exit at the rear of the cave, he said.

The soldiers found food, straw mats and three M-1 rifles inside.

As the rebels climbed farther into the mountain, the bodies of the men were burned by soldiers as a reprisal. Seven other houses around the village also were burned, they said.

Saint-Cyr said the burned houses belonged to people who were linked with the rebels. But he became embarrassed when asked to confirm that soldiers were responsible.

"I don’t know who burned them," he said.

Fired from his post during the Aristide presidency, Saint-Cyr was reinstated after the coup.

There were also many arrests, area residents said. A human rights monitor estimated that 12, including Pierre Anthony Italo, the pro-Aristide deputy mayor of Chantal, a mountain town near Le Pretre, were still being held.

Some of those detained were-known Aristide activists who are rounded up every time there is tension, residents said. But others, including a truck driver and a traveling salesman, were captured for questioning because they were suspected of running supplies to the alleged rebels.

Residents said soldiers passed through Le Pretre on Feb. 3 and a prolonged gunfire was heard later. A young man took two of the reporters aside and began to talk about others hiding in the surrounding hills until a deputy sheriff appeared and cut him short.

The residents of Le Pretre, who are located a short distance away, the residents of Les Cayes, about 25 miles west of Les Cayes, said 10 soldiers approached the cave, they came under heavy fire, perhaps from automatic weapons, Saint-Cyr said. After four hours, the soldiers were able to get back to reinforcements. When they returned, the rebels had escaped by a small exit at the rear of the cave, he said.

The soldiers found food, straw mats and three M-1 rifles inside.

As the rebels climbed farther into the mountain, the bodies of the men were burned by soldiers as a reprisal. Seven other houses around the village also were burned, they said.

Saint-Cyr said the burned houses belonged to people who were linked with the rebels. But he became embarrassed when asked to confirm that soldiers were responsible.

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U.S. Lawmaker Meets Detained Burmese Dissident

By William Branigin
Washington Post Foreign Service

BANGKOK, Feb. 14—An American congressman met today with detained Burmese pro-democracy leader and Nobel laureate Aung San Suu Kyi and engaged in shuttle diplomacy with the ruling military junta to press for her release.

There was, however, no sign of any change in the government's position that it will free her only if she agrees to leave Burma and live in exiile abroad.

"I will not leave the country," the 1991 winner of the Nobel Peace Prize reportedly told Rep. Bill Richardson (D-N.M.) at her home in the capital of Rangoon, where she has been detained without charge or trial since July 1989.

Aung San Suu Kyi, the daughter of assassinated Burmese independence leader Gen. Aung San, said she was determined to continue the struggle for democracy in Burma, even though she has been prevented from doing so since July 1988.

The meeting occurred amid a debate within the U.S. government over the sometimes competing interests of upholding human rights and suppressing drug trafficking in Burma.

The meeting was sponsored by his Pacific Community Institute, which describes itself as "a division of Touro College" in the United States.

Richardson's four-hour meeting with the detained dissident was also attended by the ranking United Nations representative in the Burmese capital, informed sources said.

Richardson met twice today with Lt. Gen. Khin Nyunt, Burma's foreign minister, who is scheduled another meeting with Aung San Suu Kyi before his departure Tuesday.

Richardson, a deputy majority whip and key ally of Clinton, appealed to Khin Nyunt for the release of the pro-democracy leader, but the general merely "listened politely" and made "no explicit commitment," an informed Western source in Rangoon said. The source said her release was "not being negotiated," but that the purpose of Richardson's multiple meetings was "to carry back messages and try to start a dialogue" between the two sides.

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Richardson is on an official trip paid for by the House of Representatives, and has vigorously promoted U.S. government positions on human rights in his talks with Burmese officials, U.S. officials said.

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The bulletin is written by Lee Hockstader. The headline reads: "Russian Envoy to Finland Sparks Furor With Diplomat at Note." The article by Olli Kivinen states: "Helsinki—Yuri Deryabin, the Russian ambassador to Finland, wears a cardigan sweater and a warm smile when he greets a visitor at his chancery's conference room. Cookies and coffee are offered, along with solicitous small talk, by Deryabin's personal secretary, Nelly Rönkä. In a building of non-diplomatic fashion, Deryabin seems in every respect a kinder and gentler breed of Soviet diplomat: soft spoken, thoughtful, moderate, gracious, even deferential.

"You are so merry, so Finnish, so Finnish with him? And how come a few zealots have threatened to kill him?"

The ambassador's answer lies in a strange diplomatic incident that led to the question. Deryabin, a "Western-leaning" policy, and the Finns' mutual suspicions. And at the end of it all is the strange story of a diplomat's life. Deryabin conducted with "Finlandization"—and per- fectly. The ambassador's notes were a curious but durablefix to tactical voting. Critics thundered that Deryabin was reviving Soviet-style interference in Finnish politics. The outcry went on for weeks. The immediate answer lies in a Russian ambassador in Finland. This time, Deryabin mentioned the issue more than once but got no reply from the Finns. One reason was that Finnish diplomats regard the 1974 Treaty of Paris, which banned the resurgence of fascist groups in Finland. Deryabin said he mentioned the issue more than once but got no reply from the Finns. A recent survey of the Finns found that they were more Western-leaning policy, and the Finns' request for "military consultation" were unforgettable. Helsinki's official reply was a bare- faced attempt to remind us that we are not a free country. Helsinki's official reply was a bare-faced attempt to remind us that we are not a free country.

Tuesday, February 15, 1994 THE WASHINGTON POST
Doctors Who Don’t Give Their Employees Health Coverage

In many doctors’ offices, there’s a discreet little sign in the corner reminding people that they are responsible for paying for services rendered; before blood pressure is measured, a patient is usually asked to provide information about insurance coverage.

But doctors and medical clinics that are often the first to ask about a patient’s health insurance are sometimes the last to provide coverage for their own employees.

A study by the American Medical Association found that one third of all physicians do not provide full-time employees any health insurance. Among solo practitioners, 42 percent provide no coverage.

When part-time workers are included, the picture gets worse for medical employees outside of hospitals. According to the Employee Benefit Research Institute, little more than half of the 4.4 million people who work in doctors’ offices, clinics, some nursing homes and other facilities are offered health insurance by their employer.

Even the work force as a whole does better than medical employees; some 62 percent of all American workers get health insurance directly from their employer.

Sharon Wolfe of McLean knows what it’s like to be an uninsured medical worker. The divorced mother of two girls has worked in a doctor’s office for five years. She runs the office, helps with patients, files insurance claims. On a salary of about $25,000, Wolfe shopped around to be an uninsured medical worker. The American workers get health insurance directly from their employer.

The situation is different in hospitals, where three quarters of the workers get insurance from their employer. What’s more, for physicians who already provide coverage, the Clinton plan would likely reduce labor costs slightly.

On the surface, health care reform would seem to be a bonanza for doctors. Everybody would have coverage. Whenever a patient walked through the door, doctors could rest assured that they would be paid. No more anxiety about bad debts. No more charity patients or courtesy care. No more cost-shifting to cover the uninsured and underinsured.

Indeed, the AMA had strongly supported the Clinton proposal of requiring employers to provide health insurance as a way of guaranteeing universal coverage. That was before the AMA leaders heard from their rank and file, who pointed out that doctors are also entrepreneurs. In medicine, the so-called employer mandate cuts two ways.

“Universal coverage implies that someone bears the cost,” says Simon. That’s the crux of the economic debate over health care reform. Everyone is in favor of universal coverage as long as the costs are borne by someone else.

But what about the human side of this debate? Right now, the Sharon Wolfs of the medical industry are bearing the costs—not the Marcus Welbys.
Q. I would like to know why temporal
mandibular joint dysfunction [jaw pain] is not
considered a medical problem and, therefore, is
exempt from all or most health plans now. I’ve
spent literally thousands of dollars out of my own
pocket and have been advised by insurers that
there’s too much room for fraud from doctors and
patients. Why isn’t it included?—it’s a real
disease.
A. All proposals for health reform must struggle
with the issue that you raise. Concern for the costs
of health care will be a major issue, and rules will
be established, just as insurance companies do now,
to limit coverage for treatments that have not been
accepted as necessary or appropriate. And part of
the reason is just as you have indicated— to protect
against having to reimburse providers without limit.
The Clinton proposal and the single-payer approach
of H.R. 1200 from Rep. Jim McDermott (D-Wash.)
spell out with considerable detail what would be
covered. Both would exclude experimental
treatment, and both would establish standards for
what would be covered. Similarly, the Managed
Competition Act, a bill by Rep. Jim Cooper
(D-Tenn.) indicates there would be a standard
benefit package, but the bill includes no details.
Instead, a national commission would be appointed
to decide what benefits would be covered.

Q. I’d like to know if President Clinton’s plan is
going to address the treatment of bipolar disease,
which is manic depression, as a medical
condition vs. where it is currently classified as
psychiatric, considering that bipolar
disease is caused by a physical problem.
A. As written, the Clinton proposal continues to
classify all mental illnesses together and does
not allow for bipolar disease or other serious
mental illnesses to be treated as medical
conditions. Since this issue is clearly a
troversial one, it may be revisited by
Congress in its deliberations.

Q. What impact do you think the Clinton plan
will have on health care for women and children
who are HIV-positive and living with AIDS?
A. People with serious medical problems, such
as those who are HIV-positive or those with
AIDS, need consistent treatment and support.
They also need access to professionals who are
experienced in the disease, and perhaps
specialized settings or clinics. The Clinton plan
should result in better access to such services.
It would offer everyone private insurance
coverage, and there are requirements to make
such specialized care available. With mainstream
coverage for all AIDS patients, treatment should
improve. One of the unknown factors, however,
is whether every health care plan offered in the
area would be equally qualified to provide good
care for such patients. As envisioned in the
Clinton program, regional health alliances would
make sure a basic level of services would be
offered by all plans.

Q. I have a $2,000 deductible, which is very
expensive. So I would like to know if 
under Clinton’s plan] that is going to be better. I am
self-employed, and for my insurance I pay $246
every month.
A. Your situation should improve under the
Clinton proposal. Coverage would be more
comprehensive, and the premiums you would
owe should go down. The maximum deductible
under that plan is $200 for an individual, $400
for a family. In some circumstances, there would
be no deductible on policies. Further, the plan
guarantees that no one would pay more than
$1,500 out of pocket for covered services in any
year. As a self-employed person, you would be
responsible for the full cost of the premium, but
it would likely be lower than $246 per month.
Estimates of the premium for the Clinton plan
range from $162 to $175 per month. In
addition, if your income was below about
$20,000, you would be eligible for further
reductions in the premium.

D o you have a question about President Clinton’s health proposal or
about the other bills in Congress? The Washington Post has opened a
special line in its free telephone information service to take questions
from readers about how the plan could affect them. If you have a
question, call POSTHASTE at 202-334-9000 on a touch-tone phone and enter
category code 8500 (in Prince William County, 703-690-4110). Health
economist Marilyn Moon of the Urban Institute provides answers in this column
based on information from the White House, Congress and other sources. While
she cannot answer all questions or give personal advice, she will answer a
broad selection of inquiries.
Social Security: It Is Affordable

Robert Ball
And Henry J. Aaron

Taking Exception

Robert Rudman chastises us for failing to join him in fomenting unfounded hysteria about the financial condition of Social Security system [op-ed, Jan. 12].

So, does Social Security face a fiscal crisis? I think not.

First, Mr. Rudman commits the fallacy of the proportionate part of the growth in earnings proportionately to the number of active workers (Not on the page)

Second, Rudman, like many others, seems fixated on the fact that the ratio of all dependents, old and young, to active workers. Whether a group is supported by tax-financed Social Security benefits or by family-financed child support, the necessary goods and services must be produced by active workers.

The true measure of the burden of the dependents population is the ratio of the dependent, old and young, to active workers. That ratio will first drop, then rise, but only a bit. As the following numbers indicate, the dependency burden will never be as high as it was in 1960, when the baby boomers were children:

<table>
<thead>
<tr>
<th>Year</th>
<th>Dependent Population Per 1,000 Active Workers</th>
</tr>
</thead>
<tbody>
<tr>
<td>1960</td>
<td>904</td>
</tr>
<tr>
<td>1993</td>
<td>707</td>
</tr>
<tr>
<td>2010</td>
<td>650</td>
</tr>
<tr>
<td>2040</td>
<td>789</td>
</tr>
<tr>
<td>2070</td>
<td>826</td>
</tr>
</tbody>
</table>

As an economist Frank Ackerman quipped: If we could afford to bend through the childhood of the baby boom generation, we can afford to bend through the old age.

Rudman is right about one thing: If one trusts the assumptions used by the actuaries, it will be necessary by 2025 to raise Social Security revenues, to do Social Security benefits or to do some of both to prevent outlays from exceeding tax revenues.

We think it prudent to enact changes in Social Security now to take effect later when revenues actually fall short of benefit payments. That method of dealing with the long-run deficit in Social Security strikes us, rather more prudent than Rudman’s proposal to convert Social Security to the functional equivalent of “welfare for the elderly” by instituting means-testing of benefits.

Right now, we should focus deficit reduction efforts where the deficit is—in the rest of the government budget.

Robert Ball is a former commissioner of Social Security. Henry J. Aaron is director of economic studies at The Brookings Institution.

The Buyout Forecast

By Mike Causey
Washington Post Staff Writer

G reat news for the legions of people sick of hearing about buyouts for bureaucrats: The buyouts may be doing a fast fade with two new horrors on the horizon—furloughs and layoffs—waiting in the wings.

The $25,000 pay-go plan is in such bad shape that if it were a hospital patient, it would be on the critical list. Congress could make it better, or pull the plug, once members return to work next week. But for the next week at least, there should be a period of respectful silence over buyouts.

After four months (it seems like four years to some) of legislative maneuvering, the sticking point in Congress—funds for crime-fighting—has nothing to do with paying civil servants to quit or retire.

Buyouts are a humane and cost-effective way to let Uncle Sam shed his love handles, which the Clinton administration says are made up of thousands of managers and executives in the $42,000- to $123,000-a-year pay range. The voluntary departure of thousands of mostly white, 50-plus men would give the government instant diversity.

And it would open up promotion channels for younger workers, women and minorities even as their agencies cut back.

Opponents believe it is obscene to pay a $25,000 bonus to bureaucrats eligible to retire on pensions indexed to inflation (something unknown in most private pension plans) while the private sector is giving workers two week’s notice and cutting back their pension perks. Some argue that buyouts are a ploy to create vacancies for the politically correct or a banana for contractors who would provide services once handled by federal workers.

Whatever the arguments, the House buyout bill, by Rep. William Clay (D-Mo.), went to the Senate. The plan was to make it part of the fast-track earthquake relief package. But the Senate decided on a stand-alone buyout bill, which could run into trouble with House conservatives. The apparent sticking point is Sen. William V. Roth Jr.’s (R-Del.) insistence that savings from the elimination of 252,000 federal workers be applied to hiring the 100,000 new police officers proposed by the president.

Opponents say that the president’s budget provides such funding and that liberal Democrats who see the crime bill as a civil liberties nightmare will never buy the feds-for-cops plan in a conference over buyouts.

Several things could happen:

• Senate-House conferences could meet soon and reach agreement and the buyouts would become effective in time to be useful to agencies this year. The cost-effective fiscal year break-even point for most agencies is March or April. Conferences also could meet and fail to agree, or they could fail to meet and buyouts would be back to square one.

• Congress could decide that buyouts can wait and could tackle them later, so that buyouts would be effective in the fiscal year that begins in October.

• The only sure thing is that nothing will happen until next week when Congress returns. For those who can’t get enough buyout news, that means a dry spell. It means a brief quiet time for those for whom the buyout bell has tolled too often of late.

Buyout and downsizing junkies with computers can stay tuned via the Office of Personnel Management’s “Mainstreet” electronic bulletin board (202-606-4800, select the Downsizing Forum after connecting) or via OPM’s FOSH electronic bulletin board in Macon, Ga. (914-757-3100, select the FOSH option, then the RIF conference).
Jim Hoagland

Mitterrand's Last Hurrah

PARIS—By all odds Francois Mitterrand should have faded into pre-retirement limbo by now. But the lame-duck president of France holds on to more power than he had expected when his Socialist Party lost control of Parliament and the prime minister's office last year.

In contrast, the other surprise that dominates European politics at the moment is how the political weakness of German Chancellor Helmut Kohl. After 11 successful years in power the man who personified the unity of the European Community is absorb­
ed in an increasingly bitter and difficult reelection campaign that has diminished Germany's involve­ment in the world and its influence.

American policy toward Europe is affected neg­atively by this combined appearance of an unexpect­edly activist France and a politically absent Germany. These developments signal a reemerg­ence of balance-of-power politics in Europe, span­ning new alignments around the conflict in the Balkans and the uncertain political struggle in Russia.

The actual shifts in positions and calculations are slight thus far. Maintaining French-German political cooperation as the core of the European Community continues to be France's highest diplo­matic priority. Maintaining the appearance of a united front against Russia is also important to Paris.

But for the first time key French officials now mention the possibility that Germany may resign Kohl for his triumphs on German unification. Kohl, like Churchill, may be done in by the economic problems his political successes created.

The French have charged Germany with joblessness expected.

"Nutbrain," "Bimbo," "Wink-Wink" and "Whisky Bottle," the son of an alcoholic, and his young brother, "Baby Winn." Ultimately, Nathan McCaull might get something else as well: 10-63-83. It was his prison number.

But no more. Now he is a journa­list, a writer, and the poetry of Gwendolyn Brooks. Even as a reader can like what he wants from McCaull's book, McCaull provides evidence for hard-liners on crime. The authorities in his hometown of Portsmouth, Va., seemed almost indifferent to his criminality—as long as his victims were poor blacks. He shot a teenage girl and put her off the bus—four weekends in jail—a $300 fine and a year's probation. It's possible that McCaull, not to mention his later victims, would have been better off if the judge had been more stern.

But those who favor Draconian sentences—three strikes and you're out, for instance, or stiff mandatory minimums—will have their thinking challenged by this book. McCaull's conviction for armed robbery was hardly his first brush with the law. Lucky for him, he got only 12 years. He served three of them, using his prison time to educate himself, learn a trade (printing) and grow up. (There's nothing like aging to turn a violent kid into a passive adult.) McCaull's sentence been longer, had the no-parole boys grown up. (There's nothing like aging to turn a violent kid into a passive adult.)

For the lock-'em-up and throw-away-the-key crowd, McCaull must send a disturbing message. The stereotype suddenly becomes a human be­ing. The heartless animal cries when he is sentenced to prison. The artist stalks prints his Hemingway and Chaim Potok in prison, and the poetry of Gwendolyn Brooks. Even as a reader can like what he wants from McCaull's book, McCaull provides evidence for hard-liners on crime. The authorities in his hometown of Portsmouth, Va., seemed almost indifferent to his criminality—as long as his victims were poor blacks. He shot a teenage girl and put her off the bus—four weekends in jail—a $300 fine and a year's probation. It's possible that McCaull, not to mention his later victims, would have been better off if the judge had been more stern.

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Democracy or Plutocracy?

Should middle-class and poor people have less power at the ballot box than the wealthy? Should incumbents begin a campaign with often prohibitive advantages over the candidates who challenge them? Should a large number of places in the United States Senate be reserved for millionaires?

Most people would answer all of these questions with an emphatic "No!" Yet the rising cost of American political campaigns has created a system that often answers "Yes" to each of them.

What's happened to the price of winning elections is similar to what's happened to the price of medicine. In hospitals, there are those wonderful (and expensive) new machines and procedures. In politics, we have the growing importance of the paid political commercial, increasingly sophisticated polling and direct mail techniques, and the rise of an arm of smart political consultants who get paid leisure-class fees for running "populist" campaigns.

Somebody has to finance all this. If you're a multimillionaire, you can dip into your bank account. That's one reason why in 1992 at least 51 of the 100 members of the United States Senate were millionaires. Millionaires can spend what they want because the Supreme Court in its Buckley decision ruled it was a violation of free speech guarantees to stop them from doing so. The court's concern for the First Amendment was admirable, but its decision gave a huge political advantage to the wealthy.

If you're not rich, you have to go begging, and the most obvious people to beg are the organizers of political action committees for companies, professional groups and trade unions. They can write the biggest checks and usually give them to incumbents, on the self-fulfilling theory that incumbents will be back. Thus, House incumbents running in 1992 received eight times more PAC money than those who challenged them. And money matters even when there's no incumbent. In 1992 contests pitting newcomers against each other, the candidate spending more money won three races out of four.

All these figures come from an important article that appeared last year in the Yale Law and Policy Review by Jamin Raskin, a professor at American University's law school, and John Bonifaz of the Center for Responsive Politics. They argue that we've erected a new barrier to political participation, which they call the "wealth primary." If candidates are to have any chance of winning the regular primary, not to mention the election, they need to raise huge sums first.

They compare the "wealth primary" to the old "white primaries" in the South. The courts struck down the white primaries, which deprived blacks of a chance to participate in Democratic primaries, the only voting that mattered in the then one-party South. The "wealth primary," Raskin and Bonifaz argue, is the same sort of violation of the Constitution's "equal protection" guarantee, since "big costs deter non-affluent candidates and big money dominates both the selection of candidates and the policies of government."

Raskin and Bonifaz freely concede that their legal theory is unlikely to win favor from the current Supreme Court. But their argument underscores why campaign finance reform is essential if we're to preserve not just the form but also the substance of democracy.

Money, properly lubricates the economic market. But money is not supposed to play the same dominant role in the political process. Of course the wealthy will always enjoy advantages that others won't have. But the rules have always been designed to make sure that the votes of majorities matter more than the dollars of minorities. That's why bribery and vote-buying are illegal. That's why we have "one person, one vote," not "one dollar, one vote." That's why we allow companies, but not the government, to be bought and sold.

The solutions to this problem are at hand, embodied in competing bills passed by the Senate and House. In different ways, the bills would place some limits on the cost of campaigns (the equivalent of medical cost containment) and provide some public financing to give challengers—and others unable or unwilling to raise big bucks—a fair chance to make their case.

Public financing is often attacked as "taxpayer financing of politicians." But we already have taxpayer financing of incumbent politicians, thanks to their large staff allotments and free mailing privileges. Campaign reform is designed to give a few of those resources to challengers.

Nonetheless, the current reform effort could get hung up on the public financing issue. There's an alternative, at least in the case of Senate races. It would involve requiring FCC-licensed television stations to give a reasonable amount of free time to Senate candidates within 45 or 60 days of the election. This would take one of the most expensive costs out of a campaign budget.

There are problems with this, of course. Free time provisions wouldn't work for House elections, since they'd create nightmarish problems for media markets covering dozens of House districts. In big media markets serving more than one state (New York City and Philadelphia, for example), there would have to be limits on how much time stations would be asked to give to each Senate candidate. In addition, free time amounts to a tax imposed on television stations and no one else. And FCC rules are such that channels available only on cable would not be covered by free time provisions.

But Fred Wertheimer, president of the Common Cause and a longtime advocate of campaign reform, points out that free time requirements are beginning to win broad acceptance across the political spectrum. He notes that Ross Perot, Bob Dole, Bill Clinton and William F. Buckley Jr. have all spoken favorably of the idea in principle. Free time, moreover, is the rule in almost every other democracy.

However it gets done, whether through partial public financing of campaigns or free time, money's writ will be limited. Millionaires should be able to buy as many cars and houses as they want. But it shouldn't be so easy for them to buy Senate seats, or the favor of senators.
Who Pays for Health Care?

President Clinton would finance his health care plan mainly through an employer mandate, the equivalent of a payroll tax split 60-20 between employers and employees. That sounds as if much of the burden would be borne by business. But most economists, including most business economists, will tell you that employers don’t pay payroll taxes; employees do. No matter how the taxes are nominally split, they tend to be shifted so that in the end they come out of wage. What sounds like a business tax is a worker tax or tax on labor. As in so much else in the health care debate, there’s a mismatch between the rhetoric—here the terminology—and the reality.

The incidence of taxes—who really pays them?—can be a complicated question. That’s particularly true of business taxes. Are they paid by owners in the form of lower returns, by labor in the form of lower wages or by the public through higher prices? Economists aren’t always sure. They are pretty well agreed, however, as to payroll taxes. You may think your employer absorbs his half of Social Security taxes. In fact, he regards it in the same way he regards the rest of your compensation, as part of his labor costs. The more paid in tax, the less remains for wages, and the other way around.

Thus the Congressional Budget Office noted in its report on the president’s plan last week that “employers facing an increase in their premiums would probably shift most of the added cost to their workers by reducing cash wages, much as occurs now in firms that offer health insurance. Similarly, employees of firms that would pay less would receive higher wages.” (And if the plan were successful in suppressing all health care costs over time, as the administration hopes and the CBO agreed could happen, all workers could expect to receive higher wages than otherwise.)

Business groups go both ways on the incidence issue. Sometimes they find it to their advantage to argue that business itself bears business taxes (and therefore shouldn’t be asked to contribute more). Other times they find it more useful to say that businesses don’t pay taxes; people do, as the taxes are shifted to workers or consumers. Labor will do the reverse, sometimes arguing (for lack of alternative) in favor of a nominal business tax that its own economists recognize is likely to be passed along to the public at large.

The bulk of this country’s health care is now financed through employment-related and essentially regressive means—either employer-paid insurance or Medicare taxes. (The premiums are also excluded from taxable income, a provision which benefits those in the highest tax brackets most.) The president could have chosen to start over. He chose instead to build on the existing system (but round off its regressive edges by subsidizing premiums for small and lower-wage employers and low-income employees). Most of the rival health care plans are also wage-based, one way or another; the so-called single-payer plan would rely heavily on an explicit payroll tax, the Cooper plan on limiting the current deductibility of employer-paid premiums.

We can think of plenty of reasons why business groups might object to the Clinton plan. The cost estimates are chancy; the plan includes a lot of regulatory gingerbread—and not all businesses would be affected equally. Some would face much larger additional costs than others and find it harder to adjust. Those are all real questions to be addressed; but the Cooper plan would rely heavily on an explicit payroll tax, the single-payer plan in the field. But for the most part business isn’t likely to pay whatever added cost of health care may appear to be laid upon it. In one way or another it is much more likely to shift and pass the cost along—and the serious question is, to whom?

Restoring Somalia

Somalia 1994: Can a crisis-torn nation that the United Nations failed to put back together put itself back together? The optimistic theory that launched the first American-led U.N. intervention after the Cold War was that the world body would conduct an enlightened and intervention after the Cold War was that the rivalries of local factions and clans. The no less generous revival; this effort was undone when the theory that launched the first American-led U.N. United States let themselves be drawn into that the same Somalis, seeing finally that their intervention in 1992. Less probably shift most of the added cost to their workers by reducing cash wages, much as occurs now in firms that offer health insurance. Similarly, employees of firms that would pay less would receive higher wages.” (And if the plan were successful in suppressing all health care costs over time, as the administration hopes and the CBO agreed could happen, all workers could expect to receive higher wages than otherwise.)

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Marlene, Jack
David, Part XX

and now a word from Marlene Chalmers's lawyer:
"She is not at fault here," declares Juan Chardiet, the confidant of the former Mrs. Jack Kent Cooke willing to talk.

Chardiet, a local lawyer who's handled Chalmers's numerous legal matters in the past, described the notorious Marlene as "confused" and "shocked" since Jack ended their marriage last week by announcing that her divorce from David Chalmers was "falsely obtained."

As to the legal complexities: Chardiet claims it was Chalmers who botched the divorce in the Dominican Republic, a spot well-known for quick, easy divorces.

We should all have such action-packed friendship. She is not a loose woman."

After Saturday she did, as she was in Mexico serving a sentence for drug trafficking. (We should all have such action-packed friendship. She is not a loose woman.)

By G.B. Trudeau
IETMB WARN YOU...
What’s News

Business and Finance

VIacom announced plans to spin off its credit-rating operation, a move that would free the parent company from conflict-of-interest concerns that blocked it from managing mutual funds.

(Aricle on Page C11)

Ahold tentatively agreed to sell much of its Westin Hotels & Resorts to an investor group for $708 million.

(Aricle on Page B16)

Lloyd’s of London investors rejected a $1.3 billion settlement offer, increasing chances of a costly legal battle over losses the investors incurred in the insurance market.

(Aricle on Page A10)

Markets

Stocks: Volume 263,105,670 shares. Dow Jones industrials 19,912.9, up 1.78; transportation 1,903.56, up 0.44; utilities 1,190.30, up 0.52.

Bonds: Lehman Brothers Treasury index $534.60, up 0.31.

Commodities: Oil $14.13 a barrel, off 0.5 cents. Dow Jones futures index 145.03, up 0.36; spot index 130.56, off 0.04.

Dollar: 102.65 yen, off 1.2701; 1.7176 marks, off 1.7273 marks, off 0.0027.

World-Wide

A U.S. COMMANDER STEPPED UP pressure on Bosnian Serb forces. The U.N.’s military chief for Bosnia told the Serbs they must give its forces control of their heavy guns by Sunday or face NATO air strikes. His statement effectively closed the gap between plans developed by the U.N. and NATO for ending fighting in Bosnia. There had been speculation that the Serbs could exploit differences between the two plans to delay withdrawal of their weapons.

The Serb forces turned in two more artillery pieces, bringing to 28 the total they have given up so far. More than 300 heavy weapons are said to remain in Bosnian capital.

The U.S. is backing a plan that aims to restore democracy in Haiti but does not include a term date for the return of ousted President Aristide. In a widening breach with Aristide, the U.S. plan calls for his eventual restoration after he names a prime minister and a new government takes certain actions. (Article on Page Al0)

The Council of Economic Advisers said a widening gap between the rich and poor in the U.S. is "a threat to the social fabric," and blamed technology, the decline of unions, a lagging minimum wage and immigration. The report describes an administration philosophy that government must promote economic expansion. (Article on Page A2)

Business inventories held steady in December and sales increased 1.4% in all of 1993, stocks were up 7%, while sales increased a more robust 5.4%.

(Aricle on Page B5)

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(Aricle on Page A3)

Borden’s chief financial officer and general counsel are leaving the company as part of a settlement offer, but the move won’t necessarily block the plan.

(Aricle on Page A4)

GE and Honeywell were accused by two unions of firing Mexican workers for trying to organize into labor unions. In the first complaints filed under NAFTA’s labor side-agreement.

(Aricle on Page A7)

A trade group for HMOs is joining the Clinton administration’s effort to boost vaccination rates among U.S. children to 90% by 1996. The Group Health Association of America said that more than 250 HMOs will be participating in the nationwide project. (Article on Page B6)

The PLO insisted that a final detailed accord with Israel on Palestinian self-rule must include full amnesty for Palestinian prisoners in Israeli hands. After a day of PLO-Israeli talks in Egypt, the chief PLO negotiator emphasized the amnesty issue but predicted that details of an agreement could be wrapped up in less than a month.

Armed Mexican rebels agreed to release a former Chiapas state governor they have been holding since January 2, a government official said. The rebels agreed to free Cesar Bustios de la Riva, a former Chiapas state governor they have given up so far. More than 500 heavy weapons are said to remain in Bosnian capital.

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A Special News Report on People And Their Jobs in Offices, Fields and Factories

CORPORATE JARGON: If you don’t know the inside skinny, it can be a jumble.

At Coors Brewery, new beers are referred to as “the liquid,” as in “the problem wasn’t the marketing, but the liquid.” At Microsoft Corp., executives refer to an employee’s “bandwidth,” sometimes offering “that guy doesn’t have the bandwidth to handle that project.” notes computer consultant Cheryl Currid. One for linguists to cringe over: a new verb “incentivize.” meaning to revise pay arrangements for managers.

Companies come up with derivations of their names. At Wal-Mart Stores Inc., executives “Wal-Martize” employees at firms they acquire — that is, train them to smile often and offer extra service. At Intel Corp., officials use the “-ize” formulation for trying to get involved in a new business; these days, the company is trying to Intellize the video-teleconferencing industry.

New York restaurateur Jeff Bliss went before an administrative clerk to get a chef at trendy Mesa Grill out of his assignment on the final day of fill-ins for workers doing their civic duty. Gala Hallmark in Dearborn, Mich., trains its 80 employees to substitute for key workers. Gala Hallmark in Dearborn, Mich., uses college students and other part-timers to keep things running.

UNIONS TRY TO REGAIN their edge on health care after a slow start.

Bitterness over Nafta crimps their financial contributions to health-care reform, and they have done little aside from training campaign coordinators. Health-care campaign coffers collect just over $1 million so far — an amount expected by the end of last year. The Health Care Reform Project, the advertising campaign, financed in part by Wal-Mart, is being compared to a by the healthcare industry fighting the Clinton plan, says AFL-CIO’s Rex Hardnesty.

UNIONS say they have held off intentionally, and now will pick up the pace. They expect to send out 360,000 pieces of direct mail to constituents of 72 key members of Congress during the President’s Day recess. Radio ads will run in swing districts. “We’re really into, lobbying effort now,” says Joanna Reagan, political director for the bricklayers union.

WANT A COMMITTED WORKER? Hire a new one. Employees grow much less loyal after two years on the job, says a study of young managers by researchers at New York University and Northwestern University. Experienced workers also feel they deserve faster promotions and high pay, according to the study in the Academy of Management Journal.

FOR LIGHTER FINES, put out the welcome mat for safety inspectors. A review of Occupational Safety and Health Administration data by OSHA Data of Morristown, N.J., shows companies that initially denied access to OSHA inspectors were charged with almost twice as many violations per inspection. And the safety agency sought fines against them nearly double those against more cooperative firms.

SPLIT DECISION: A Harris poll shows three-quarters of Americans believe that unions improve wages and working conditions. But 70% say unions are too involved in political activities, and nearly two-thirds think unions fight harder against change than for it.

TELECOMMUTING GETS a boost from the Los Angeles earthquake. The battered highways become a marketing tool. Pacific Bell signs up 1,490 new customers for services such as voice mail and call waiting. Heavily damaged California State University at Northridge sets up space for 1,000 telecommuters to use “semi­remote” services; they can travel a short distance to the campus, avoiding driving all the way to their offices.

A telecommuting center that Newhall Land & Farming Co. set up in Valencia, Calif., has half its 80 employees substitute for key workers. Newhall partner Steve Valenziano predicts that “the demand for our space will fall off in the next year or so. But even after the freeways are back in action, he says, some companies “are going to want to continue to do it to some extent.”

Even advocates wonder if the trend will continue once the highways are fixed. A Pacific Bell spokesman says telecommuting works, though it’s unclear how many new users will be telecommuting a year from now.

THE CHECKOFF: Executive recruiters surveyed by newsletter Workplace America received a record 1.6 million resumes in the past year. They had only 11,900 positions to fill... Resumes we never finished reading: An applicant to this newspaper writes, “I would like to be considered for a photograph position...”

—KEVIN G. SALWEN
Many Firms in U.S. Are Urging Caution In Dispute on Trade

As Clinton Moves to Impose Sanctions on Japan, Calm Is Sought by Corporations

A WALL STREET JOURNAL NEWS ROUNDUP

With the Clinton administration moving to slap trade sanctions on Japan, most of corporate America -- including some companies exasperated with Japan -- is calling for caution and calm.

Predictably, firms hurt by Japanese competition were more inclined to support retaliation. Big and large, though, U.S. businesses -- even those who applaud the Clinton administration's hand-tough stance -- don't want a trade war that threatens to flare out of control.

Some executives saw the rising yen as a way to solve the trade problem "peacefully" by giving Japanese consumers more buying power and raising the cost of Japanese goods in the U.S.

"Be cautious," said Joseph Montgomery, chief executive officer at Cannondale Corp., a Georgetown, Conn., off-road bicycle maker. "There's got to be a lot of different ways to wrinkle this worm around.""There's got to be a lot of different ways to wrinkle this worm around."

Chris Dolan, manager of planning and development at Guardian Industries Corp., a maker of semiconductors and other components used by the defense and aerospace industries, warned that "there will be no winners" if the U.S. retaliates with Japan. But the head of Honda of America Mfg. Inc., the automaker's U.S. subsidiary, said the Clinton administration "is going to bring our industry to its knees," he warned.

Mr. Raymund said it's foolish for the U.S. to retaliate against the Japanese now because of the internal political strain. "The Japanese prime minister is clinging to power by his fingertips," he reasoned. "The guy is going to have to dig in his heels to retain respect at home. The U.S. is choosing the worst possible moment to confront Japanese leadership."

Others joined Chrysler in the call for retaliation. "We would be hawks," said Steven Wolf, a vice president at the River Oaks Chrysler/Plymouth dealership in Houston, said he would like to see tariffs imposed on Japanese autos and other products, which he believes are dumped in the U.S. "The guy is going to have to dig in his heels to retain respect at home."

'didn't make a major sale in Japan since 1974--isn't pushing any specific retaliation plans. The Fond du Lac, Wis., company only says that the U.S. should "closely look at the options available to it.""I'm not gung-ho, let's sanction-the-hell-out-of-them," he said.

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Mr. Wolf complained, "I'm not gung-ho, let's sanction-the-hell-out-of-them," he said.

Toyota Motor Corp. and the Japanese sell cars to maintain market share," Mr. Wolf complained. 

Chrysler Corp. chairman. His company wants to see higher tariffs on Japanese minivans and sport-utility vehicles.

Steven Wolf, a vice president at the River Oaks Chrysler/Plymouth dealership in Houston, said he would like to see tariffs slapped on Japanese autos and other products, which he believes are dumped in the U.S. "I'm not gung-ho, let's sanction-the-hell-out-of-them," he said.

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exports relatively more expensive,
administration officials voiced that
not their intention. They argued that
broader market forces that could push
the yen down the year primarily the weaknesses
of the Japanese economy, are too strong
and don't counteract unilateral
actions.

The Clinton administration didn't act
to stop the yen's rise during New York trad-
ing yesterday. But last night, hoping to
calm the foreign-exchange market, the
Treasury issued a statement attribut-
ing the yen's fall to a senior Treasury
official and "just in time for the opening of
the Tokyo market." It said, "The exchange-
rate policy is unchanged from that already
announced by Secretary Treasury
Lloyd Bentsen: We do not believe in artificially
manipulating exchange rates.

The U.S. hopes that its tough trade tac-

tics will force Japan to retreat and adopt
import goals that it dismissed last week.

The administration has decided to review a tough trade
provision, known as Super 301, that puts
our country's retaliation is

Japan. Congressional staff
said the rate could come as early as

The administration officials said it might take
several days later. At this time, the
administration also plans to launch trade-sanctions
processes today over a dispute with
Japan over cellular telephones.

We're looking at several options," said
President Clinton. "But I'm not ruling
anything out.

Japan agencies in the

The administration's decision to review a tough trade
provision, known as Super 301, that puts
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have not decided to negotiate a more favorable
deal than the first step in imposing
sanctions.

Under U.S. trade law, the administra-
tion would announce 90 days later a
list of products on which the
U.S. would impose punitive tariffs. Tariff
rates are based on the products that are
most important to Japan's trade and are
available from other sources. The U.S.
would impose tariffs even if it is not
possible to obtain the products in Japan.

"In the end, we want to impose tariffs,
which will lead to punitive
taxes on theimporters. We want to
eliminate the trade imbalance,
which is a problem for the U.S.
and Japan." he said.

President Hardy is holding these discussions
with the trade representatives of Japan.
"We have asked the Japanese government
officials to make a decision on the
proposal on the new tariff rates," he said.

After the preliminary list is published,
the U.S. will hold a hearing on the items
choosen, in order to give domestic
industries a chance to say whether the tariffs
will harm them. Later, on the U.S. would
publish a final list of sanction targets, then
finally impose the tariffs. The whole pro-
cess can take more than three months.

That's on purpose. The idea of trade
sanctions isn't to impose tariffs, but to
force a country to eliminate the
trade imbalance.

Japanese government officials declined
to comment yesterday whether they will offer
last-minute concessions to stave off
the U.S. threat on cellular phones.

Some officials said that Prime Minister Mori

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"The U.S. is much case is much weaker,
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U.S. trade officials say that Japan
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But the U.S. is more concerned with
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After the preliminary list is published,
Widening Rich-Poor Gap Is a Threat
To the 'Social Fabric,' White House Says

BY PAULETTE THOMAS
Staff Reporter of THE WALL STREET JOURNAL
WASHINGTON — President Clinton's Council of Economic Advisers said the widening gap between rich and poor is "a threat to the social fabric," and blamed it on technology, the decline of unions, a lagging minimum wage and, to a lesser degree, immigration.

President Clinton decried growing income inequality during his campaign, and the issue has influenced administration policies affecting everything from taxes to welfare reform and job training. "Raising the living standards of all Americans is the fundamental economic goal of my administration," Mr. Clinton said in the introduction of the 388-page report.

The wide-ranging report also describes the administration's philosophy that the government should play a big role in promoting economic expansion. It specifically urges shrinking the deficit; investing in infrastructure, technology and job training; reducing trade barriers, and restructuring the health-care system. The economic report represents a contrast from council reports for the previous 12 years, in which the Reagan and Bush administrations warned of the dangers of high interest rates.

There have been signs that people who work with personal computers earn far more than those who don't, accounting for about half the increasing gap between the wages of high school and college graduates. And immigration, which has expanded the pool of low-income workers in the U.S., may be responsible for about 1% of the disparity, the report says.

Trade Factor Noted
The report plays down the notion that more competition with low-wage workers abroad has accelerated the disparity between rich and poor. It says that up to now, the availability of foreign low-wage workers hasn't reduced demand for those educated workers in the future, the report says.

The report also asserts that it's reasonable to expect long-term interest rates to continue to fall. When adjusted for inflation, it says, the rates now about 6%, still have room to decline, based on historic averages.

In addition, the report says the credit crunch faded last year — particularly as banks freed up funds they had parked in government bonds, which had been yielding high rates.

Although most sections of the report speculate about economic variables broadly, the chapter on the president's health-care-reform plan doesn't. After lengthy discussions, the council decided not to risk giving critics of the plan any ammunition with which to attack it.

Separately, the White House turned up the heat in its battle to defeat a proposal on Capitol Hill to pass a constitutional amendment that would require a balanced federal budget. White House aide Robert Rubin called the amendment "a truly horrible economic idea." And Deputy Treasury Secretary Roger Altman said, "We need to save the country from this disaster."

To prove its case, the Treasury released an analysis of how a balanced-budget amendment might affect individual states. The analysis asserts that the amendment would cost Alaska $511 million to $820 million a year, for instance.

Administration officials said they believed they would be able to prevent the amendment from attracting the 67 votes needed for it to be approved by the Senate.
How to Lose Federal Millions and Owe Nothing

By John R. Emmisweiler
Staff Reporter of The Wall Street Journal

A loophole in a federal small-business lending program helped an entrepreneur named Peter Van Oosterhout to cheat American taxpayers $28 million for his own bad investments, regulators say.

Mr. Van Oosterhout, 62 years old, was also able to use some of this money to invest in a tiny Salt Lake City company whose stock price has soared, even though it has been losing money.

Mr. Van Oosterhout got the major part of his investment funds from the Small Business Investment Company program, in which privately owned firms, known as SBICs, use a combination of federally guaranteed debt and private capital to help finance small businesses. Currently, some 280 SBICs have about $850 million in government-backed debt - as well as $2.3 billion in private funds.

To get SBIC status, investment firms have to apply to the Small Business Administration, which oversees the program. SBICs have helped hundreds of small businesses grow and prosper, including Apple Computer Inc. and Federal Express Corp.

The problem is that during the 1980s, when making risky investments was commonplace, hundreds of investments went sour, dozens of SBICs sank and taxpayers were left footing a bill that has been estimated at several hundred million dollars. The SBA has had to go to court in recent years to seize control of some six dozen failing SBICs in order to sell assets and try to recover at least some of the taxpayers' money.

Probably no single case better exemplifies the abuses in the program, say SBA officials, than that of Mr. Van Oosterhout and his SBIC, River Capital Corp., of which he is president and has been a major owner, regulators say.

Mr. Van Oosterhout had been a leading figure in the SBIC industry even before he became president and part owner of River Capital. In 1983, he was chairman of the National Association of Small Business Investment Companies. He helped establish River Capital, based in Springfield, Va., a few years later, and, with about $7 million in private funds and $28 million from the government, he developed it into one of the country's biggest SBICs, financing dozens of companies.

The SBA wasn't able to recover any taxpayer dollars in the case of River Capital. Before it could seize control of the floundering firm, River Capital filed for protection under Chapter 11 of the federal Bankruptcy Code in 1989.

And there, regulators say, is the loophole. Congress designed the SBIC program to make the government a subordinate debtor. So in bankruptcy reorganization proceedings, the debts owed to the government can be canceled if the court finds there isn't enough money to pay off all the creditors.

The availability of bankruptcy offers a "sweet situation for the SBIC owner" in which the "government becomes the convenient fall guy," says Martin Teckler, deputy general counsel for the SBA. "It is a big problem."

Bankruptcy court eliminated River Capital's $28 million federal debt. Fourteen other SBICs have also filed for bankruptcy in the past several years, SBA officials say. Including River Capital, more than $70 million of federal obligations have been or are expected to be wiped out, says Mr. Teckler.

Federal officials say they believe fraud kept them from seeing the SBICs' problems sooner. Mr. Van Oosterhout is facing criminal charges in a Cleveland federal court on fraud and conspiracy and extortion charges stemming from his operation of River Capital. His trial is expected to begin sometime this year.

Mr. Van Oosterhout has pleaded not guilty to the charges. Neither he nor his attorney returned phone calls seeking comment.

The government has been investigating how River Capital operated. An Alaco bank official says that the company has been "running amok" for the last year and had its sine qua non been closed.

Mr. Van Oosterhout is, in addition, facing criminal charges in a Cleveland federal court on fraud, conspiracy and extortion charges stemming from his operation of River Capital. His trial is expected to begin sometime this year.

Mr. Van Oosterhout has pleaded not guilty to the charges. Neither he nor his attorney returned phone calls seeking comment.

The indictment charges him with being

Please Turn to Page B2, Column 3
More Insurers Pay for Care That's in Trials

By GEORGE ANDERSON

Staff Reporter of The Wall Street Journal

Health-maintenance organizations and other insurers are starting to pay for a lot of "experimental" treatments that they traditionally have balked at covering.

The new leniency reflects HMOs' growing concern about their legal vulnerability if an ailing member is denied care. Recently a California HMO, Health Net, lost a high-profile court case involving a 27-year-old woman who couldn't get the health plan to promptly approve experimental therapy for her breast cancer. The woman paid for treatment on her own and later died; a jury awarded her estate $89 million in damages.

"This is a hot issue, and it just got hotter," says Hyman Kahn, a medical director at U.S. Healthcare Inc., Blue Bell, Pa. Like most HMOs and insurers, U.S. Healthcare plans to use its contracts with employers and members that it won't pay for experimental care. But "we aren't going to hide behind that," Dr. Kahn says. "If there's a medical request to do something, we will act on its merits. More often than not, we cover it."

Many HMOs are setting up panels of independent researchers to help them decide when experimental care is appropriate. That's an approach taken by U.S. Healthcare, which says that for some types of cancer, it now enacts approving 90% of the requests for coverage of experimental care. These pioneering treatments some-Please Turn to Page B6, Columns 3

More Insurers Agree To Reimburse for Care That's Still in Trials

Continued From Page B1
times carry steep price tags. Experimental drugs to treat cancer or AIDS can cost $3,000 or more for prolonged treatment. Spending for laser surgery to treat lung disease may run $40,000. And new types of organ transplants often run more than $100,000.

Many seriously ill patients want such pioneering treatment — and are willing to sue to get coverage. Richard Carter, an Alexandria, Va., lawyer, says that in the past four years he has handled 300 cases involving patients' efforts to get experimental care paid for. In most cases, Mr. Carter says, reluctant HMOs and insurers backed down quickly and agreed to pay. "I'd say that less than 25% of cases have gone to court, and only eight have gone through a full trial," he says.

This willingness to bend affects HMOs' efforts to hold down costs on their most complex cases. "In a vacuum, we'd like true evidence that something improves people's health before approving it," says Simon Rubenstein, head of the new-technology committee at Group Health of Puget Sound. "But the reality of politics and social pressure is that things aren't always that simple."

Some of the keenest debates involve high-dose chemotherapy followed by a bone-marrow transplant that helps revive a cancer patient's white-blood-cell production. Such treatments can cost as much as $200,000.

Group Health did an about-face on its policy for bone-marrow transplants last summer after a member threatened to sue over the Seattle HMO's plans to deny coverage. Dr. Rubenstein says Group Health chose to cover such treatment because new data from Duke University suggested that bone-marrow transplants worked better than expected. He adds, though, that the threat of a suit spurred his HMO to re-examine the issue.

As pressure on insurers mounts, patients and their families voice relief. Mark Burkdoll, a Clearlake, Calif., hospital technician, says he was braced for a major battle last summer with his HMO, Health Plan of the Redwoods, if his son Colin was battling cancer, and doctors had recommended high-dose chemotherapy followed by a bone-marrow transplant.

To Mr. Burkdoll's surprise, the HMO quickly agreed to pay for the treatment after consulting with an independent doctor. "It was going to bat for me," Mr. Burkdoll says. His son underwent treatment in October and appears to be doing well.

Most of the largest HMOs and insurers now regularly use panels of independent medical experts to help decide whether to authorize costly experimental care. Aetna Life & Casualty Co., for example, examines cancer cases to a panel of 130 doctors at institutions such as Stanford University and the University of California at Los Angeles. The panel is overseen by Grace Powers Monaco, a patient-rights activist in Washington, D.C., who picks three panelists from the medical records. These doctors then issue opinions about whether experimental treatment is warranted.

"This makes it a much more cooperative approach with patients," says William McGivney, director of technology assessment at Aetna. He says the outside panel approves about 65% of the experimental treatments sent its way.

At U.S. Healthcare, breast-cancer patients generally are offered access to controlled research trials, where they have at least a 50% chance of getting an experimental treatment. In some cases, the HMO lets patients undergo bone-marrow transplants right away, rather than take a chance on the research trials.

"There's a large gray area" between standard and experimental care, says Harris Berman, chief executive officer of Tufts Associated Health Plans, Waltham, Mass. His HMO has regularly paid for experimental services that it thinks have promise, including 14 of 15 requests last year for bone-marrow transplants in breast-cancer patients.

The federal government at one time paid for most experimental care at established medical centers. But in the early 1980s, federal funding dried up, while costs for such treatment soared. As a result, Ms. Monaco says, insurers began in the mid-1980s to deny more care under the experimental-treatment exclusion. But over the past two years, she says, "more and more insurers are saying: If the feds aren't going to pay for clinical trials, maybe we should."

Some HMOs, in fact, are trying to develop new contract language that will do away with the dispute about what is experimental care and what isn't. A major Colorado HMO, Qual-Med Inc. has started letting employers choose between a plan that covers a wide range of controversial new treatments (such as lung transplants for cancer patients), and one that specifically excludes them.

The price difference amounts to between 1.5% or $2.60 per member per month, says Malik Hasan, Qual-Med's chief executive officer. Dr. Hasan says he thinks the premium plan will do well with large corporations and their health plans.

Major employers don't want the strife that often comes with denying insurance coverage to a desperately ill employee, he observes. Qual-Med also would find a more explicit coverage system easier to manage. His interest is more than academic; Qual-Med last month acquired Health Net, the California HMO that lost the $89 million damage case.
Big HMO Group Joins Drive to Lift Vaccination Rates

BY RON WINSLOW

A big trade group for health maintenance organizations is joining the Clinton administration's effort to boost vaccination rates among U.S. children.

The Group Health Association of America said more than 250 HMOs will work toward developing strategies for raising vaccination rates to 90% by 1996. Current rates average about 60% of all children get them on the recommended schedule. One result: in the three years ended in 1991, some 136 children died in measles outbreaks that public health officials say, could have been prevented with better vaccination rates.

Legislation aimed at achieving the 90% goal was passed by Congress last year and officials at the National Vaccine Project in the Department of Health and Human Services figured HMOs, which emphasize preventive care, could help lead the effort. "We need someone out front to demonstrate that it's possible to do it," said Anthony Robbins, of the National Vaccine Project.

Under the program, participating HMOs will determine their 1993 vaccination rates for their members to establish a baseline, set annual goals and report on strategies that work and those that don't, said Pamela Middles tat, director of medical affairs at GHAA. By disseminating such information, even among HMOs that might compete in local markets, the hope is that overall immunizations will increase and that models for both HMOs and non-HMO organizations can be developed. HMOs that serve Medicaid patients will be among the participants.

Experience at some 30 HMOs operated by United HealthCare illustrates some of the hurdles facing the initiative. Even though all the HMOs provide free vaccines, rates average about 65% to 70%. Dr. Newcomer said a study showed that physicians frequently missed opportunities to vaccinate children when they were brought in for other reasons. But rescheduling a visit was difficult because while parents can get time off from work to take a sick child to a doctor, they can't get time off to take a well child for a shot.

Employer Costs for Prescription Drugs Increased 15% Last Year, Survey Finds

BY RON WINSLOW

NEW YORK — Employer costs for prescription-drug benefits jumped 15% last year, about twice the rate of overall health-plan expenses, according to Foster Higgins, an employee-benefits consultant.

The findings indicate that despite growth of managed-care strategies to contain health costs and pledges from drug manufacturers to hold down price increases, many employers are still having difficulty holding down the cost of prescription drugs for their workers.

The survey, covering 2,360 employers, also found that growth in overall health costs was shaved to 8% last year, compared with 10% in 1992. And it showed that, for the first time, a majority — 53%, to be exact — of U.S. employees who were covered by health insurance were enrolled in a managed-care program, up from 48% in 1992.

The most successful approach we see in holding down costs is getting more and more employees into managed care," said David Rahill, principal at Foster Higgins.

The overall results provide further evidence of a general moderation in health-care inflation. Last month, for instance, the Bureau of Labor Statistics reported that medical-care prices rose just 5.6% last year, the lowest annual increase since 1973.

Conflicting Forces

But the results for drug benefits run counter to that trend and may reflect a variety of conflicting forces in the market. For one thing, said James A. Norton, managing consultant in Foster Higgins's Stamford, Conn., office, more companies are trying new techniques to manage their drug costs and the initial impact of such strategies often is to increase costs.

That's because of the "shoebox effect." For example, prescription cards automatically record claims that employees might otherwise have stuffed in a shoebox and never paid.

Another factor, Mr. Norton said, might be the growing use of new drugs such as Prozac, an antidepressant marketed by Eli Lilly & Co. Many experts said they believe that consumers are seeking — and physicians are prescribing — such medicines for conditions that don't call for pills. "The consumption of drugs by the population is increasing steadily each year, and not necessarily because the rate of disease is increasing," he said.

It appears unlikely that drug-price increases contributed significantly to the rise in corporate costs since prescription drug prices were increased just 3.1% last year, according to the producer-price index. Compared with the 15% rise in employer-drug costs, revenues at the major drug companies grew about 6%, noted Jack Lambertson, an analyst at NatWest Securities Corp.

A Merck & Co. spokesman said growth of membership in managed-care plans could account for some increase in employer-drug costs because the plans tend to use drugs more aggressively to hold down hospital and other health-care expenses. But because managed-care organizations negotiate discounts, their increased utilization — and increased cost — might not increase drug companies' revenues proportionately, said a spokesman for McKesson Corp., which owns PCS Health Systems Inc., a big manager of pharmaceutical costs for health plans.

Mail-Order Pharmacies

According to IMS America Ltd., which collects data on prescriptions dispensed in the nation's pharmacies, individual prescriptions were up 5% in 1993, but those dispensed by mail-order pharmacies, which are heavily used by managed-care organizations, were up 15%.

At managed-care networks known as preferred-provider organizations or PPOs, costs were up 5.6%, while at so-called point-of-service plans — HMOs that provide members with the option of getting care outside of their network — increases were 8.9%.

Unlike traditional HMOs, both PPOs and point-of-service plans often give members the option — at increased out-of-pocket costs — to see doctors outside of the health plan. Nearly all of the enrollment growth in managed care occurred in those types of plans, while traditional HMO membership was almost flat, the survey found. "The desire to have some choice is a key selling feature of any new health plan," Mr. Rahill said. Preserving choice of doctors is emerging as a key issue in the national debate over legislative proposals to reform the health-care system.

— Elyse Tonouye contributed to this article.
Nafta Side Pact
On Labor Laws
Faces First Test

Unions Say GE, Honeywell
Fired Mexican Workers
For Trying to Organize

BY ROBERT L. ROSE
Staff Reporter of THE WALL STREET JOURNAL

In the first complaints filed under the labor side agreement of the North American Free Trade Agreement, two unions accused General Electric Co. and Honeywell Inc. of firing Mexican employees for attempting to organize workers into labor unions.

The separate submissions were filed with the U.S. Labor Department's new National Administrative Office; the United Electrical Workers filed against GE, and the Teamsters filed against Honeywell. Together, the submissions could set precedents for handling such cases under the complicated mechanism set up under the trade agreement to resolve cross-border labor disputes.

The unions, which represent some of the companies' U.S. workers, teamed up with the Authentic Labor Front, an independent labor federation in Mexico, to file and publicize the cases. The labor organizations are asking for public hearings and for the fired workers to be reinstated and allowed to choose unions without reprisals.

GE, a Fairfield, Conn., service and manufacturing company, and Honeywell, a Minneapolis-based maker of controls, both denied the allegations and said they would cooperate with any inquiries from the National Administrative Office.

The first question for the National Administrative Office is whether the office, born Jan. 1 when the trade agreement took effect, can rule on cases that began last year. Even if the office accepts one or both for review, the cases are likely to face a long bureaucratic road and an uncertain outcome.

Still, they show that despite harsh criticism of Nafta and the labor side agreement, labor unions aren't hesitant to use the processes they created. "We're testing the NAO and seeing if it works," said Bob Nicklas, special-projects coordinator for the Teamsters. He acknowledged that it could take some time; his own count of the various steps in the process shows that it could take more than two years for the cases to be concluded.

Under the Nafta side agreement on labor, organizations are set up in each participating country to handle complaints over enforcement of labor laws in other countries. The National Administrative Office has 60 days to decide whether to accept the submissions. Ultimately, the cases could go to dispute-resolution panels.

The Teamsters allege that Honeywell fired about 20 production workers at its Chihuahua plant in November "for seeking to form an independent and free trade union," and that since then, the company has increased electronic surveillance of its workers.

A Honeywell spokeswoman said 22 workers were laid off "as part of an overall plan to downsize" the factory. She added that one employee was fired for "performance issues."

The United Electrical Workers, meanwhile, allege that General Electric "flagrantly violated the labor and human rights of its employees" at its motor plant in Juarez. In addition to alleged firings for union activities, the union says that workers are now forced to board or exit buses on company property so they can't receive union literature.

GE said it hasn't violated U.S. or Mexican labor laws, and that the allegations are "part of a union organizing campaign in Mexico and the UE's continued anti-Nafta efforts."

A spokesman said six of 11 fired workers were offered reinstatement after the company's management reviewed the cases, but that the workers declined. He said GE found that local management had "sufficient evidence" that four others violated company rules, and that another case is under review.

TUESDAY, FEBRUARY 15, 1994
Is Virginia for Ollie-Lovers? Absolutely Not, Say Reagan Aides, Others Opposing Senate Bid

By James M. Perry
Staff Reporter of THE WALL STREET JOURNAL

ARLINGTON, Va. — Ragtag forces opposed to Oliver North’s U.S. Senate bid are desperately trying to energize a few good men and women, to attend a convention in June that will nominate the Republican Party’s candidate for the seat.

The up-in-arms include:
- College kids led by the son of a former Republican governor
- Leaders as weber arms-supply operators
- Prints of a damming anti-North article from the conservative Reader’s Digest
- The hall won’t be big enough to hold everyone
- Enlisting as a bodyguard.

Mr. North, 50 years old, is that rare political candidate who draws either fierce loyalty or ferocious opposition, with hardly anyone in between. ‘Ollie appeals to the GOP faithful,’ says campaign spokesman Mark Merritt. ‘They know Ollie is a guy who will stand up to the Washington elite and say, “Stop.”’

But Mr. North is controversial even among GOP stalwarts. Nothing being said against him hurts more than an article by Rachel Wildavsky in June 1983 Reader’s Digest. The title was “Does Oliver North Tell the Truth?” and the answer, unequivocally, was no.

‘A Credibility Problem’

The story was commissioned by Kenneth Y. Tomlinson, the magazine’s editor in chief, who served in the Reagan administration as the director of the Voice of America. ‘I’d heard over the years from people who worked with North that he was never what he appeared to be,’ Mr. Tomlinson says. ‘There was a credibility problem there. We talked to a lot of people, and they all said they felt he had a seriously phony character.’

The Reader’s Digest story traced a number of tales that Mr. North has told, big ones and little ones, many of them intimating a closer relationship with Mr. Reagan than loyal Reaganites believe ever existed.

The article stung in ways that nothing or the Washington Post could have done. ‘It was a very powerful piece for us,’ says the governor, Linwood Holton. ‘It’s been a ship with Mr. Reagan than loyal Reagan-loyalist followers, he said the Reader’s Digest story traced a number of tales that Mr. North has told, big ones and little ones, many of them intimating a closer relationship with Mr. Reagan than loyal Reaganites believe ever existed.

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Mr. North’s record. He ships it off to his staff, moss and is Mr. North’s only significant GOP opponent.

Dan Carol, a former opposition-research specialist for the Democratic Party. He is burrowing through records and documents, looking for dirt on Mr. North, the former Marine Corps lieutenant colonel who as a National Security Council staff helper helped sell the arms to Iran, and the Lebanon aid operation that organized the secret sale of arms to Nicaragua that was partially funded by drug traffickers, almost all of them college students, for a group called the Contras.

Virginia Republicans like to say their convention is the state’s largest democratic gathering. This year, they worry he will not be big enough to hold everyone. More than 10,000 people may now up, owing to a wide-open selection process and the interest stirred up by Mr. North’s candidacy.

Observers say Mr. North, a shrewd, charming performer on the stump, almost certainly will walk away from the convention’s endorsement to oppose Mr. Miller. ‘But the forces arguing to back Mr. Miller can’t so easily be dismissed. They are particularly troubled by his claims on Mr. Reagan’s friendship and affection; he was never close to the president, they assert. “There’s only one Reagan Republican in this race,” says Lyn Voitik, who was Mr. Reagan’s California press secretary and White House political director, “and that’s Jim Miller. The other guy [Mr. North] is not a Reagan Republican. He was never a part of our organization.”’

Davy Stockman as Mr. Reagan’s budget director, and saw the power of the job diminish, though Mr. Miller, with his business manner and loud whistling, was sometimes hard to ignore. In recent years, Mr. Miller has run Citizens for a Sound Economy, a lobbying group that has fought for low tariffs and low taxes but has come under criticism for some of its tactics. (When the organization claimed that local opponents of such mid-American organizations as the Boy Scouts, Girl Scouts, March of Dimes and American Heart Association had signed on to fight Detroit’s push for steep tariffs on foreign minivans, many of the local groups complained they had been misled.)

Mr. Miller’s main pitch in his uphill Senate campaign is that he can win the fall and the controversial Mr. North cannot. He generally avoids talking on Mr. North personally.

That’s just what Dan Carol, the veteran opposition-strategist, hopes to achieve. He intentionally designed to do. Every month or so, his Ollie-PAC issues a new chapter of “Ollie’s Folies,” in which he examines Mr. North’s record. He ships it off to contributors and to members of the media. While stoutly maintaining that Mr. Carol isn’t a serious threat to the campaign, Mr. North’s handlers have put together a packet of their own, called “Dan Carol, Maddening on the Run.”

Mr. Merritt, the North spokesman, says the anti-Ollie forces may make noise and gather media attention, but will be drowned by the pro-North tides that will give them their nomination come June. ‘Put all those anti-North folks in a stretch limousine,” he says, “and send them down to the convention.”

The 31-year-old Mr. Miller succeeded Dan Carol, a former opposition-research specialist for the Democratic Party. He is burrowing through records and documents, looking for dirt on Mr. North, the former Marine Corps lieutenant colonel who as a National Security Council staff helper helped sell the arms to Iran, and the Lebanon aid operation that organized the secret sale of arms to Nicaragua that was partially funded by drug traffickers, almost all of them college students, for a group called the Contras.
Dollar Falls 4% Against Yen in Trade Dispute

By MICHAEL R. SORRIN
Staff Reporter of The Wall Street Journal

The U.S.-Japan trade dispute sent the dollar plunging almost 4% against the yen. Traders and investors speculated that the Clinton administration will try using a stronger yen to prod Japan to open its markets more expansively to U.S. goods.

Following the collapse of last week's trade talks, U.S. officials said they didn't intend to jawbone the yen higher. But traders and analysts contended that it didn't matter. "The U.S. doesn't have to talk the dollar down; the currency market implicitly believes this is what Washington wants. So the administration has to just sit back and let this happen," said Michael R. Rosenberg, an international economist at Merrill Lynch & Co. in New York.

On Monday night, on the heels of the dollar's sharp fall, the U.S. Treasury said that exchange-rate policy was unchanged. But traders interpreted her remarks as meaning that the administration had no problem with the U.S. currency's plunge.

During the New York trading day, the Clinton administration watched passively as the dollar fell against the yen. It didn't show unusual concern. The administration's strategy was determined to maintain "radio silence" and not comment on the yen's activity, a Treasury official said.

Treasury official and released just in time for the Tuesday opening of the Tokyo markets, said: "Our exchange-rate policy is unchanged from that already articulated by Treasury Secretary Lloyd Bentsen: We do not believe in artificially manipulating exchange rates."

At midday Tuesday in Tokyo, after the statement's release, the dollar stood at 102.48 yen, off slightly from the New York quote of 102.65 yen.

The steepness of Monday's decline "caught the market by surprise; the bad weather in New York prevented people from selling dollars on Friday," said Julian Symons, head trader at Citibank in London. He warned that many institutional investors that had been funding their purchases of foreign non-Japanese bonds by borrowing yen at low interest rates could be hurt by the sudden, steep rise in Japan's currency.

But the biggest damage could be to Japan's economy, "It's going to hurt the Japanese economy," predicted Merrill Lynch's Mr. Rosenberg. "Trade adjustment - if it's going to succeed in the long run - has to cause pain. If there's no pain, there's no adjustment."

He added that to ameliorate the impact of the stronger yen on Japan's economy, the country's central bank might cut its key discount rate 1.25% or even 1% from its
ABC Scolds 2 Employees/ For Staging a News Scene
By丰富 WALL STREET JOURNAL Staff Reporter

The report, which aired on “World News Tonight with Peter Jennings,” showed correspondent Cokie Roberts, wearing a coat, in front of an electronically imposed Capitol Hill scene. Mr. Jennings, unaware that Ms. Roberts was actually in a studio, several times told viewers that she was live at the Capitol. Ms. Roberts wore the coat at the request of the newscast’s executive producer, Rick Kaplan. Both Mr. Kaplan and Ms. Roberts were reprimanded.

ABC, a unit of Capital Cities/ABC Inc., said the incident was a mistake. “Even though it had no editorial effect, the action was serious because it misled our audience,” said Richard Wald, senior vice president, in a memo to ABC News staff.

FOREIGN EXCHANGE
Dollar Off Almost 4% Against Yen
In Row With Japan Over Trade
Continued From Page C1

current 1.5%.

“Anywhere that Japan competes globally — either in Japan or abroad — the stronger yen is going to hurt Japanese competitiveness,” said Mr. Veit of Brown Brothers Harriman. “It’s going to severely damage the manufacturing sector.”

Referring to Tokyo’s recently announced $140 billion to $150 billion program to stimulate its moribund economy, Citibank’s Mr. Symmons said: “All the benefit [Japan] hoped to get via fiscal stimulus by pumping money into the economy is negated by the strong yen.”

The mighty yen also is devaluing the portfolios of Japanese institutional investors, which since January 1986 have made net purchases of about $710 billion of foreign stocks and bonds, according to High Frequency Economics, a New York economic consulting firm. “That means that each one yen rise against the dollar equates roughly a loss of $6 billion to these institutions” in the value of their foreign securities holdings, said Carl Weinberg, the firm’s chief economist. Thus, Japan’s life-insurance companies, trust banks and other big investors have seen their portfolios shrink by more than $30 billion just since Thursday.

Theoretically, a stronger yen should eventually help reduce Japan’s huge trade surplus with the U.S. by increasing the costs of Japanese products and lowering the prices of U.S. goods — especially in “third markets” (neither the U.S. nor Japan). “A stronger yen is the equivalent to higher tariffs on Japanese exports to the U.S. and is the equivalent to a subsidy on U.S. exports to Japan,” said Mr. Rosenberg of Merrill Lynch.

Although not an immediate concern, a weak dollar also could contribute to U.S. inflation. That’s because American manufacturers might use the higher prices on Japanese products as an excuse to raise their own prices. A weaker dollar could also have a significant impact on U.S. and Japanese stock prices, corporate earnings and the value of U.S. investors’ holdings of Japanese stocks and bonds.

By making them more competitive — and by making their sales and earnings in Japan worth more when translated into dollars — a falling dollar can fatten U.S. companies’ bottom lines. Improved earnings, in turn, can boost stock prices of some major U.S. multinational corporations. A weaker dollar also increases the value of a U.S. investor’s Japanese portfolio; that’s because Japanese stocks and bonds will be worth more when translated into U.S. currency. By contrast, a weaker dollar can damage the earnings of Japanese companies by hurting sales and making those sales worth less in yen terms. That can lead to lower stock prices.

That’s exactly what happened yesterday, when the Tokyo stock market fell 1.5%, as measured by the Japanese portion of the Dow Jones World Stock Index. But because of the yen’s steep ascent, Tokyo shares were up 2.4% in dollar terms. So far this year, the Dow Jones Equity Market Index for Japan is up 10.1% in yen and 19.9% in dollars.

Major support for the yen comes from Japan’s trade surplus, which Mr. Rosenberg of High Frequency Economics estimates is running at about $120 billion a year. Roughly half is attributable to the U.S., he says. In addition, he noted that “Japanese institutions have cut back their purchases of foreign securities,” purchases that otherwise would have helped weaken the yen.

What’s more, says Mr. Rosenberg of Merrill Lynch, the yen has fallen below its 200-day moving average against the dollar. That means the many traders and investors who use charts to predict currency movements will be buying the currency. Nonetheless, some traders warned investors against betting that the yen higher was a smooth journey to faster profits. “Any statement by Fed or Treasury officials that they don’t want the yen to climb any further could get you a quick reversal, because there are lot of people short (dollars) out there,” said Pat Magill, chief corporate dealer at Daiwa (Europe) Bank Ltd. in London.

Traders that said the Bank of Japan sold yen and bought dollars during early Asian trading to try to halt the yen’s rise, but analysts disagree about how serious the intervention effort. They also disagree about whether Japanese central bank intervention can have any lasting impact on the dollar-yen exchange rate.

Last year, the Treasury intervened in April and in August to stop a rise in the yen. The coordinated summer intervention by Japan and the U.S. came when the yen hit a postwar high. Traders are betting the U.S. won’t be as quick to intervene this time, though. “At this point, given the administration’s disappointment with Japan, I think they’ll be much slower to move against a high yen,” says Stephen Roach, senior U.S. economist at Morgan Stanley & Co.

—Kenneth H. Bacon contributed to this article.

Spar Aerospace Unit Gets Pact
MISSISSAUGA, Ont. — Spar Aerospace Ltd. said its ComStream subsidiary has received a $1 million Canadian dollar ($75.5 million) contract to upgrade the telecommunications system of Indonesia.
Tokyo Stock Prices Fall 3.1% Early Tuesday

Tokyo stocks tumbled 2.7% Monday after the failure of the U.S.-Japan trade summit sent the yen rocketing upward, and a further 3.1% Tuesday morning. The Dow Jones World Stock Index was at 116.92, down 4.99, reflecting higher European and Asia/Pacific markets and lower American ones.

In Taipei, shares ended solidly down after the closing at 218.91, down 4.99, or 2.2%, with Dunlop and black coffee suffering. Trucking stocks were the top gainers in the Dow Jones World Industry Groups. Trucking stocks were the top gainers in the Dow Jones World Industry Groups.

In Frankfurt, the DAX 30-stock index sank 1.3% to 2116.01, though the market was stagnant following last week's volatility, which left investors deeply pessimistic. The yen was off their so-called framework talks to influence stock prices right along. Analysts said that the recent rise in interest rates has initiated a correction that will continue for some time.

In Taipei, the 4.5% loss was broadly based and attributed to weak buying interest linked partly to the Taiwan central bank's tight monetary policy and to market sentiment. Investors were also worried about possible sales against Japan, which could hurt its trade balance.

In London, the Financial Times-Stock Exchange 100-stock index dropped 15.4 points Thursday, to 10681.3. Foreign buyers; the gains came on corporate news and declining Swedish interest rates. In Zurich, stocks sank 1.3% but were up after a heavy selling pressure. Precious metals stocks, which have led the market, came under heavy selling pressure. Precious metals stocks, which have led the market, came under heavy selling pressure.

In Tokyo, the Nikkei 225-stock index, which dropped 49.32 points Thursday, to 116345.45, dropped because of a slightly lower dollar in exchange dealings pressured stocks and thinned activity. In Milan, profit-taking continued and stock prices down on the first day of the March trading record, including the TSE's 30-stock index that includes issues traded electronically lost 1.1% in what was termed a healthy correction. In Madrid, stocks slumped because of a gloomy economic outlook for Spain, based on data showing rising unemployment and declining Swedish interest rates.

In Hong Kong, dashing hopes for the traditional rally following the Chinese New Year celebrations, the Hang Seng Index plummeted 515.22 points, the fifth-biggest drop ever in terms of points, to 10981.8. The market was down because of weak buying interest in other markets during the Hong Kong bourse's holiday break and losses continuing in the session, led by Hang Seng futures contracts. Foreign investors continued their recent pattern of selling, but local retail buyers didn't appear as a buffer. Including Monday's drop, three of the blue-chip index's four biggest declines occurred over the last week, but in percentage terms, Monday's loss didn't approach several double-digit plunges in the past two decades.

In Sydney, the benchmark index slipped and shares mostly lost ground but ended up from their lows for the day. Stocks opened weaker on expectations of a rate cut associated with the November-December trade deficit, but falls were limited as the market continues to have confidence in the economy. In Seoul, in a slow, weather-tropic kind of decline.

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U.S., Aristide Differ on Plan To Aid Haiti

Proposal for a Democracy Doesn't Set Firm Date For President's Return

By ROBERT S. GREENBERGER
Staff Reporter of THE WALL STREET JOURNAL
WASHINGTON — In a widening breach with Haitian President Jean Bertrand Aristide, the U.S. is backing a plan that aims to restore democracy on the island nation but doesn't include a firm date for the ousted president's return.

The plan, which is being pushed by a Haitian parliamentary delegation, calls for Mr. Aristide's eventual restoration. After he names a new prime minister and a new broad-based government takes certain actions. But unlike a previous agreement last summer to end the crisis in Haiti, the current blueprint doesn't include a specific timetable for the restoration of Mr. Aristide, who was overthrown in a September 1991 military coup after being elected by a wide majority.

A senior U.S. official insisted that the administration had never called for Mr. Aristide's immediate return and wasn't backing away from him. Instead, it has always preferred to have Haiti first build a functioning government. However, the official said the proposal could possibly lead to a situation in which Mr. Aristide doesn't return.

Michael Barnes, a former U.S. congressman who is Mr. Aristide's chief American adviser, said yesterday that "I wouldn't recommend that the government of Haiti enter into any new agreement that doesn't assure the rapid return of the president on a date certain." Mr. Barnes, whose comments reflect Mr. Aristide's views, complained that the U.S. hasn't followed through on its commitment to increase international sanctions against Haiti's military rulers by Jan. 15.

The senior U.S. official, displaying pique with Mr. Aristide, indicated that the Haitian president either lacks the flexibility or doesn't understand the steps that will be necessary to resolve the crisis in Haiti and prepare for his return. Speaking of the parliamentary plan, Mr. the U.S. official accused Mr. Aristide of being "not forthcoming in doing any of this."

According to people familiar with the situation, Lawrence Pezzullo, the State Department's special adviser on Haiti, has been pressing Mr. Aristide for about 10 days to accept the latest plan. Mr. Aristide wants the international community to move first with more sanctions through the United Nations Security Council.

The U.S., along with Canada, France and Venezuela, has formulated Haitian sanctions that would expand penalties already in force by nations in this hemisphere. The contemplated sanctions include asking U.N. members to freeze the overseas assets and restrict the travel of military leaders and their supporters, and to impose a trade embargo and ban on commercial air flights.

But the senior U.S. official indicated that there could still be a long consultation process ahead at the U.N. "We're not on a fast track today, but we're laying the groundwork," the official said. And the official, who briefed reporters here yesterday, indicated he wasn't enthusiastic about imposing new sanctions, because they could destroy Haiti completely.

The senior U.S. official insisted that the U.S. "is pursing as diligently as it may a program of restoring democracy and the president of the country." But the official added that Mr. Aristide needs to understand that he must work with a broad-based government, and that would mean ceding some of his presidential powers.

Mr. Aristide got into a spat with the Clinton administration earlier this month when he accused the U.S. of "erecting a floating Berlin wall" to stop Haitians from fleeing the island's military dictatorship. State Department spokesman Michael McCurry said Mr. Aristide's comment on the U.S. policy of interdiction and repatriation "amounts in effect to encouraging people to leave Haiti in a way that could result in deaths at sea."

The administration believes the current embargo, imposed by the Organization of American States, is squeezing Haiti's military rulers and beginning to cause divisions within their ranks.

Under the plan proposed by the Haitian members of Parliament, the legislature would approve an amnesty for those involved in the 1991 coup; the military leader, Raoul Cedras, would retire; and Michel Francois, the powerful head of the Port-au-Prince police, would be transferred to another post. The new prime minister would then be confirmed by Haiti's Parliament, prompting the end of international sanctions and leading to Mr. Aristide's return.

TUESDAY, FEBRUARY 15, 1994
Papandreou Must Beat the Odds, Again

Greece's Aging Leader Confronts Ailing Economy

By JUDITH VALENTE
Staff Reporter of The Wall Street Journal

ATHENS — Andreas Papandreou. Greece's septuagenarian prime minister, has a knack for beating the odds. He twice was imprisoned and exiled before serving two terms as Greece's only Socialist prime minister. Scandal, record inflation, and a massive budget deficit led to a humiliating defeat in 1989. Still, Mr. Papandreou named as his appointments secretary his second wife, Dimitra, 39, a former Olympic airline public affair before divorcing his wife of 36 flight attendant with whom he conducted a 16-year affair. 

The question now is: Can Mr. Papandreou manage his nation's troubles as handily as he triumphed over his own? Or, more bluntly, can one of Europe's oldest leaders nurse one of the European Union's weakest countries back to health?

But European and American leaders, and investors around the world are watching, and wondering. If Mr. Papandreou and his Panhellenic Socialist Movement, or Pasok, undo the pro-business, pro-privatization programs of the Conservative government ousted last October, it will thwart urgent economic reforms. But progress requires selling inefficient state-owned companies — from shipyards and casinos to the national airline and telephone company — and ridding them of thousands of workers, many of them Pasok supporters.

"We have a reality where there is very little room for error," acknowledges Theodoros Pangalos, Greece's minister for European affairs, a key Papandreou adviser. Moreover, Greece's constant bickering with neighboring Macedonia, Albania, and its long-time enemy, Turkey, threatens to widen the turmoil in the Balkan region.

Mr. Papandreou's biggest challenge isn't abroad, however, but at home. Mr. Papandreou, now 75, is far from vigorous. He is nothing like the fast- pounding speaker who in the early 1980s threatened to sell off the U.S. military bases and to withdraw Greece from NATO. The man who once gave two-hour extemporaneous speeches sounds now as though he is about to run out of breath any minute.

He made only three speeches during the 25-day campaign last fall, and since he took office, he has joined debates in Parliament only four times. The last time, after returning from a NATO summit in Brussels, he held his arms as if to support him when he entered the chamber.

A Youthful Addition

Half the ministers in Mr. Papandreou's government are over 60 years old. Most served in his previous administrations. Two have cancer. 

But not all his staff is old. In one of his first official acts, Mr. Papandreou named as his appointments secretary his second wife, Dimitra, 39, a former Olympic airline flight attendant with whom he conducted a public affair before divorcing his wife of 26 years and remarrying in 1989. The new Mrs. Papandreou has caused a stir in Greece's male-dominated society. With a staff of 200, she stays clear of policy making, aside insist — but she oversees her husband's schedule and can veto appointments to see him.

The prime minister and his wife declined to be interviewed. Mr. Papandreou's supporters say he is healthy. They point to his schedule at the two-day Brussels summit, where he gave a keynote speech, hosted a working dinner for foreign leaders and met twice with President Clinton, "I call him at 1 a.m. and he's still awake," says the prime minister's son, George Papandreou, a deputy foreign minister.

And even his adversaries don't count him out. "He is a very clever, sick man," says Nikolas Katrasos, opposition leader in Parliament.

Mr. Papandreou's aides insist that Pasok is far more moderate now, chastened by the economic problems that occurred during its reign in the 1980s. "Socialism With a New Face"

The man who, a decade ago, roamed Greece's countryside in shirtsleeves advocating profit ceilings, sounds downplaying Reaganite at times. He told the Greek Parliament after his election: "All the complex and time-consuming administrative procedures that make life difficult for the citizen must be simplified." The words "competitiveness" and "productivity" pepper his public statements.

"Being a socialist doesn't mean not facing reality," says Mr. Pangalos, the government minister. Adds culture minister Melina Mercouri. "This is socialism with a new face.

And, indeed, Greece is an intriguing market for foreign investors. Though the poorest of the 12 EU countries by some measures — its official average income is about 7,200 per year — it has a large underground economy estimated at 40% of gross domestic product. Some 70% of the population own their own homes. "You have a well-educated population and a strong private sector. The problem is, the man on the street shows more leadership than the men in the ministries," says Prof. Thanos Veremis, a Greek who teaches European affairs at Oxford University.

Many critics say Mr. Papandreou's actions haven't caught up with his free-market rhetoric. As a result, the initial economic progress made by the previous government is endangered, they say.

The stock market took off in 1999. Where there once were three wooden trading rings on the Athens Stock Exchange floor, more than 114 computerized terminals now handle the trading volume. 

But the government has put "under review" plans to sell off more than $3 billion in state-owned enterprises to reduce the deficit, and to build a state-of-the-art international airport outside Athens with $2.9 billion in private and EU funds. Already, investors are nervous.

Most worrisome to potential investors is the Iraq war's affect on the privatization of Hellenic Telecommunications Organization, the national phone company, known as OTE. Not only is it the biggest state-owned company, but it is a symbol of the overall privatization program. The previous government planned to sell a 35% stake in the OTE to a strategic investor. The most likely candidate was a foreign telecommunications company that would have helped to overhaul and manage the system. Now, Pasok plans to sell 15% and, perhaps eventually, up to 30% of the shares in a public offering.

As for plans to privatize Greece's power plants, "It's not in our policy," National Economy Minister Yiannis Papantoniou says flatly. Small businesses are waiting to see what Mr. Papandreou decides in the end. Harry G. David, who owns Pitta Pan, a fast-food souvlaki restaurant, wants to expand his business into a national chain. But he fears Pasok might increase taxes, or reintroduce price controls. "Each time a new government comes in, it discards everything the previous government has done," Mr. David adds.

If there are continuing doubts about Mr. Papandreou's economic agenda, he has largely defused worries about foreign policy. Pasok did cause a flap back in December when Mr. Pangalos called Germany's "a giant with berial force and a child's brain," and had to apologize. But diplomats now compliment Mr. Papandreou for his handling so far of the European Union's rotating six-month presidency.

Mr. Papandreou also has moved to repair relations with the U.S. His meeting with President Clinton in Brussels last month was a success: The president told Mr. Papandreou he had read the papers the prime minister wrote in the 1960s as an economics professor at the University of California at Berkeley. Says a senior U.S. diplomat here: "We used to have to call the prime minister's office 10, 15 times in the '80s before we got an answer. Now it's, 'What can we do for you?'"
By Daniel S. Ikeda

For years it has been fashionable to denounce American competitiveness. American businesses have been branded as inferior in many fields, from automobiles to computers, and American managers depicted as out of touch with reality.

The truth is that American businesses are in fact among the most competitive in the world. And the reason is not because they are better at producing goods and services, but because they are better at managing them.

Leading companies in many technologically intensive industries, such as electronics, computers, automobiles, and pharmaceuticals, are recognized worldwide as having the most advanced and efficient management practices.

This success results from a combination of factors: a strong emphasis on research and development, a commitment to quality, and a culture of continuous improvement.

The success of American businesses is not only in the short term, but also in the long term. They have been able to maintain their competitiveness over the years, even as technology has changed rapidly.

In conclusion, American businesses are indeed competitive, and this is thanks to the hard work and innovation of their managers and employees.
Some Thoughts From a Missouri Farm

BY BURLE HURST

The dream of owning a “home place” is one shared by all young farmers. My wife and I realized our dream in 1983 when we bought our 230 acres. We’ve raised a lot of corn and soybeans, three wonderful children, and started a small side business here. It’s been a great home, but as an investment, it’s been lousy.

In the early 1980s, I had a good investment for a generation. Here in northwest Missouri, land values quintupled in the 20 years from 1960 to 1980. Then Paul Volcker put an end to the fun. The high interest rate policies of the Fed in the early ‘80s were successful in the fight against inflation, the first casualty was the inflated land values of the late ‘70s. Farmland in many areas lost half its value, and the farm crisis of the early ‘80s was the result.

The land price inflation of the ‘70s had its roots inside and outside agriculture. Demand for farm products increased because of detente and crop fail­ures worldwide. We endured droughts and other production problems domesti­cally that increased commodity prices. Most important, real interest rates were negative, credit to farmers was subsidized, and inflation was seen as the perfect in­flation hedge.

After the bubble dropped out of the market and a whole generation of farmers and homesteaders was left in a state of depression, the farmers who stuck with it and have successfully turned the land to the wild. If the environ­ment sets back the farm and environmentalists who would re­turn the land to the wild. If the environ­ment sets back the farm and environmentalists who would re­

Mr. Hurst farms and runs a flower nursery in Weston, Mo.
A Test of Nerves

Suppose you're starting out to invest in the market for the first time. You want to be safe, but you'd also like to make a little money. You've always heard that bonds were the safe thing to buy, but you've also heard that stocks always—repeat, always—pay a better return than bonds.

So, how about stocks?

The Dow Jones Industrial Average, you've heard, is made up of high-grade stocks, the sort of securities that experienced investors call "blue chips." So what can you get on blue chips? Consulting The Wall Street Journal, you find that the average dividend yield on industrial average stocks is less than 3%.

That's pretty disappointing. The Journal has clued you in to the fact that bonds yield more than twice that. Even Treasury bonds, about the safest investment around, yield twice what DJIA stocks do.

Well, not to worry. The key word is return, not yield. If you buy a $1,000 Treasury bond, it will still be worth just $1,000 when you cash it in. If you invest $1,000 in blue-chip stocks, the stocks may be worth a good deal more when you sell them. If you bought an average DJIA stock a year ago, it would now be worth nearly 20% more than you paid for it. Your dividend yield may be piddling, but the total return on your investment has been a healthy 20% plus.

It's obvious that many people have been buying stocks in the past year, pushing the Industrial Average up to one new high after another. The rise was interrupted by reaction to the Federal Reserve's increase in the federal funds rate, but most analysts expect it to resume. Some of the stock-buyers surely have been hoping that the blue-chip companies soon will raise their dividends, making the dividend yield more attractive. Some investors aren't exactly comfortable with the idea that they will have to sell their stock at just the right time to get the best possible return.

This could spur a binge of profit-taking, which would send prices tumbling. This has been one of the longest bull markets since World War II, and some analysts think it may be about time for a "correction."

Declining stock prices at some point could spur a love for bonds. In a National Bureau of Economic Research working paper, two Cornell University economists, Shlomo Benartzi and Richard Thaler, note that since 1926 the average inflation-adjusted rate of return on stocks has been 7%, compared with less than 1% for Treasury bills, one of the least risky of assets. But the stock market has had lots of ups and downs in the past 68 years.

Part of the reason for the huge disparity between stocks and debt issues is that companies must persuade investors to take risks by offering the lure of a higher return. In the past year, the rapid rise of the market has eased this problem for corporations.

The Cornell economists comment, "Empirical estimates of loss aversion are typically in the neighborhood of 2, meaning the disutility of giving something up is twice as great as the utility of acquiring it."

But loss aversion isn't the only factor at work. According to the authors, a lot depends on how often the investor examines his portfolio. How nervous is he? Mentally, or with paper and pencil, does he examine his holdings every week? Every month? Every year? Every decade? The frequency of these examinations helps to determine how much risk the investor will accept. If he is strictly a buy-and-hold investor, he may look the purchase over pretty carefully before he makes it. But then he may put the certificate away and not even think of it for years. However, if he is the sort who flips to the market pages every morning and carefully checks how his stocks are doing, any unusual volatility is likely to trigger a call to his broker.

The authors conduct a variety of exercises to determine how often an investor must examine his portfolio if he is to be indifferent about whether to buy stocks or bonds. They conclude that the investor who examines his holdings about once a year wouldn't care whether he had stocks or bonds. Ideally, they suggest, he will hold about 50% of each.

The authors call the combination of loss aversion and a tendency to examine portfolios frequently "myopic loss aversion."

If dividend yields stay low and investors read the financial pages a little more frequently, there's likely to be a lot of that going around.
Arkansas Samurai

My personal trust and admiration for Prime Minister Hosokawa has only increased, and for the government, because Japan exercised leadership in the Uruguay Round, because of the initiatives on construction and rice, because of the fight for tax reform and stimulus, because of the devolution effort. I think that Japan is moving in the right direction.

-PRESIDENT CLINTON, LAST FRIDAY

It could be, but I think they [the Japanese] would have to think long and hard about it.

-MS. CLINTON YESTERDAY, REFUSING TO RULE OUT A U.S.-JAPAN TRADE WAR

Let's see: On the one hand, the Pentagon as statesman sensibly says he wants to support the first truly reformist government in recent Japanese history. On the other hand, the president as domestic politician has his thumb over "sanctions" and even a "trade war." We hope Mr. Clinton understands that the latter could undermine the goals of the former, with more risks to the U.S.-Japan relationship than appear on the surface.

We suppose it's always possible that there is some devious Machiavellian strategy at work here, though we have a hard time seeing it. For one thing, the administration's foremost Machiavelli has been preoccupied with health care. Moreover, if Mr. Clinton's goal was to force Japan's hand through outside pressure, it seems to have backfired. Prime Minister Hosokawa has seen his popularity soar for rejecting U.S. ultimatums.

More likely, Mr. Clinton and his aides have trapped themselves into a political and diplomatic box canyon. They marched into office vowing to "get tough" with Japan, a line that goes down well in Democratic Party and certain corporate circles. Last summer they hyped (at hype-meister David Gergen's urging) a "framework agreement" that was supposed to be a sea change in trade policy. In the meantime, Japan's entire world changed, but the oblivious Clintonites still march into the canyon wall.

The logic of the new Clinton policy was based on the premise of the so-called "revisionists" (such as James Fallows and White House chief economist Laura Tyson) that Japan never changes. But of course Japan has now undergone a dramatic, if far from complete, perestroika. As Peter Drucker observes, Japan Inc. is dead or at least dying. U.S. industries that were going to be wiped out by Japan (semiconductors) are now ascendant. And Japan's economy, supposedly invincible, has been mired in an extended slump.

More important, the political culture that was the basis for Japanese mercantilism has also been turned upside down. Mr. Hosokawa and his unsteady coalition of reformers have had to manage more "change" than Mr. Clinton has even contemplated. The prime minister has already broken the gerrymander that produced the "rotten boroughs" that supported Japan's corrupt nexus of politics and business.

Isn't this what the U.S. wants? Mr. Clinton's words show he understands some of this, but his actions suggest he'll knock Mr. Hosokawa around even as he praises him (Mr. Prime Minister, let us introduce you to Roy Vagelos). One bruit possibility is to further hammer the dollar against the yen, a primitive form of mercantilism that will only make it more difficult for Japan's export industries to recover. Then there's the old standby of imposing "sanctions" (read: border taxes) to punish American consumers because the Japanese punish theirs. This despite the fact that even the Japan-bashing American automakers are reporting record profits.

And all because the Japanese don't want to agree to "quantitative and qualitative indicators" for judging trade flows. Mr. Clinton's trade rep, Mickey Kantor, insists these aren't "numerical targets," whatever you call them they sure look like managed trade.

We'd also add, by the way, the more subtle slights of protocol that the Clinton Administration seems to be practicing against Japan. We noticed that Hillary Rodham Clinton didn't think it important enough to be in town to escort the wife of Japan's prime minister during last week's summit. She apparently couldn't delay her Olympic TV exposure by even a couple of days. The Japanese noticed, too.

Beyond any trade fight, the broader danger here is that the U.S.-Japan relationship will fray at a delicate time. With a nuclear North Korea lobbing test missiles at Tokyo, and with China on the rise, the last thing America needs is a Japan that decides it can't trust American friendship. Yet Mr. Clinton's policy is likely to encourage an anti-American nationalism that has emerged in Japanese politics in the past.

It's true (as we've been saying for years) that Japan's bureaucrats still have too much power. But that won't change because Bill Clinton demands it. Japan's political economy is changing because the Japanese people are forcing it to. Why get in the way?
Spotted Pols

Federal Judge William Dwyer is best known for banning the sale of Pacific Northwest timber to protect the spotted owl. Now he has become the judicial protector of another controversial endangered species: incumbent Members of Congress. He has declared that their chief habitat—Capitol Hill—can’t be disturbed by a majority of voters who want more thinning of the deadwood they see there.

Last week, Judge Dwyer issued a sweeping ruling that the term limit law passed by Washington state in 1992 violated not only the Constitution, but the First and 14th Amendments as well. An appeal will be filed, and is likely to reach the U.S. Supreme Court next year. House Speaker Tom Foley has been the prime mover behind the litigation to block term limits in his home state.

There are many arguments against term limits, but the one that holds they violate the First and 14th Amendments is, frankly, a stretch. Using that logic, term limit laws that have restricted more than half the nation’s governors for decades would have to be found unconstitutional.

Still, such arguments were used in 1991 when California Assembly Speaker Willie Brown claimed his state’s term limit law discriminated against incumbents and thereby violated their right to equal protection of the laws under the 14th Amendment. Speaker Brown further claimed that term limits violated the “associational rights” guaranteed by the First Amendment. California’s Supreme Court rejected all of Mr. Brown’s arguments.

In a 6-to-1 decision upholding term limits, it said that there was no reason why governors should have a limit imposed on them, while state legislators were allowed permanent tenure. It noted that current incumbent protections mean term limits may give voters a greater choice than they have now. It also found that term limits allow voters to freely associate with others to advance their beliefs or support a term-limited incumbent for another office.

Judge Dwyer’s decision completely contradicts the California court and will be hotly argued on appeal. He flatly declares that state term limits unconstitutionally add to the age, residency and citizenship qualifications in the Constitution. But Powell v. McCormack, the 1969 Supreme Court decision he relies on, held only that Congress couldn’t add to the qualifications. Since then, the Supreme Court has frequently upheld many state laws restricting who can run for office.

Griffin Bell, who was Jimmy Carter’s attorney general and was lead counsel for the term limits forces, isn’t surprised by Judge Dwyer’s ruling. “The same high court that’s allowed states in the past to control their own elections will act likewise when this case reaches them,” he says.

Meanwhile, there’s a chance that Speaker Foley may not even be representing his district when his 1998 term limit kicks in. In 1992, Mr. Foley won with only 55% of the vote—a new Fabrizio/McLaughlin poll of his district finds only 43% of respondents believe he deserves re-election. A stunning 74% believe Speaker Foley should drop his suit to overturn the voters’ preference for term limits.

Incumbents who view Judge Dwyer’s ruling as an all-clear signal should think again. Most career politicians aren’t cute like spotted owls, and most judges and voters aren’t bothered by the thought of endangering these pols. Few tears will be shed when they’re forced out from their sanctuary and returned to the wilds of real life.

Asides

Thanks for Asking

The metric system is fine by us if it’s fine by the American people. It’s not, of course, so the government is pursuing its hallowed tradition of passing a law to force-feed us its will. The FTC is about to require product labels to include both English units and metric equivalents. Industry says few people have complained about the extra costs. We’re glad they asked.
Salt runoff threat to water, fish

By Paul Hoversten
USA TODAY

Increased use of rock salt to cope with the icy winter is raising concerns about damage to plants, animals and waterways.

Rock salt is the preferred deicer because it's effective and cheap — $20 a ton vs. $700 for an alternative like calcium magnesium acetate.

But Snow Belt states and cities, which normally spread 10 million tons in a season, have already put down 13 million tons this winter.

"Cities are addicted to road salt, they aren't looking at the environmental consequences of its overuse," says Suzanne Wilkins of American Rivers.

She says larvae fish, aquatic insects and sea grasses will suffer the most from salt runoff.

Efforts to reduce its use have been mixed:
- Tulsa tried to ban salt in the late 1980s, but backed off when the state refused to. Officials found traffic was snarled as motorists left dry state highways.
- Madison, Wis., has restricted salt to main streets, buses routes and roads near schools and hospitals since 1972. Other streets get a sand-salt mix.
- "We do get some criticism, some people seem to think we should salt almost everywhere," says Toby Opheim, city street operations manager.

But when we explain the policy they seem to accept it.

In recent years, cities have begun spreading salt before the ice bonds to the pavement.

Such "anti-icing" requires less salt than trying to melt an already icy road.

"The culture within highway agencies has definitely turned" to trying to use fewer chemicals because of environmental and cost reasons, says Don Harriott of the Strategic Highway Research Program.

But Monday, he was on "a monsoon," poised to become the best in this race, "ster run," poised to become the top three in the Olympics.

Then he slipped on the ice and out of contention — again. "Maybe it wasn't meant to be for me," he says.

Nor, apparently, for luger Duncan Kennedy. He's a 6-foot-4-order hero, having battled a brain clot as a child and defended a black turtleneck from skinheads in Germany last year.

Monday, he was on "a monster run," poised to become the first U.S. luger to finish in the top three in the Olympics. Then he slipped on turn 13. "Oh no," he says he thought. "I knew it was over."

The Monday disappointments came after Sunday's surprise triumph: Tommy Moe's gold medal in men's downhill.

Yet both are looking forward to the next time. Jansen, who finished eighth Monday, gets another run at an Olympic medal Friday in the 1000-meter race.

And Kennedy? "Life goes on," he says. "I still want to go to Japan" for the '98 Games.

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U.S. fires volley at Japan trade

By Mark Memmott
USA TODAY

The White House today will escalate its war of words with Japan, saying it violated a 1989 agreement opening access to its cellular telephone industry.

That announcement will be the first step toward trade sanctions, which may include higher tariffs on Japan's shipments of telecommunications equipment to the USA.

Word on what goods will be hit is due within 30 days.

Today's announcement is the first U.S. action since Friday, when the White House embarked on a get-tough trade policy toward Japan.

U.S. negotiators had walked out of talks aimed at opening some key Japanese markets to foreign goods, claiming Japan broke an agreement on measuring progress.

Among other actions U.S. officials may take: Filing anti-trust suits in U.S. courts against U.S. subsidiaries of Japanese corporations. The subsidiaries could be charged with being part of a conspiracy to keep Japanese markets closed.

Today's announcement involves a pact that was supposed to give Motorola access to the cellular telephone market in Tokyo.

Today, there was tough talk from both sides:
- "The mercantilist policies of Japan," President Clinton said, have sparked "a battle that is raging."
- A former Japanese foreign minister called on his country to stand fast. "We have to go into this with a feeling that the Japan-U.S. war begins today," Michio Watanabe said.

Financial markets reacted to the politicians' talk:
- The dollar fell to 101.20 yen in New York, a six-month low. It also fell against most other major currencies.

Traders dumped dollars because they think U.S. officials will soon penalize Japan by "talking down" the dollar. A weaker dollar makes Japanese goods more expensive in the USA, and makes U.S. goods less expensive in Japan.

- In Tokyo, the Nikkei stock index continued falling early today due to fears the flap would hurt Japan's economy.

Views of trade experts: "The mercantilist policies of Japan," President Clinton said, have sparked "a battle that is raging."

TUESDAY, FEBRUARY 15, 1994 • USA TODAY
Cover Story
Trade fight may lead to long-term gain

The USA has had disputes with many trading partners and there’ve been no disasters.

By Mark Memmott
USA TODAY

How nasty could a US-Japan trade war get? “Things could get real ugly very fast,” says James Bovard, author of The Fair Trade Fraud and Cato Institute analyst. “The Japanese are not going to roll over on this one.”

But how damaging might such a battle be? “Realistically, the consequences aren’t going to be as severe as many people warn,” says James Fallows, Washington editor of The Atlantic Monthly and a Japan specialist. “If a country has an army do you automatically warn Armageddon is coming? Similarly, short-term trade sanctions and disputes can lead to more open markets, not disastrous trade wars.”

covered story
16 years of talking over
Continued from 1A

The USA and Japan are entering a new phase in their trade relations, and as those questions and answers show, the situation will likely get worse before it gets better.

The Clinton administration wants Japan to move more quickly to clear away barriers that keep US companies from gaining access to Japanese markets. Japan’s officials say they’ll open their markets at their own pace.

The trade gap narrowed briefly in the late 1980s and early ‘90s, largely because the dollar plunged against the yen. US products were cheaper in Japan and Japanese products cost more in the USA. But once the effects of a weaker dollar evaporated, the gap widened again, economists say.

A classic example of how the Japanese system works, US officials say, is what happened to Motorola. Motorola’s problems began in the mid-‘80s. It had a successful cellular telephone business in Japan outside the Tokyo-Nagoya region. As it tried to crack that densely populated market, the Japanese government said there wasn’t enough space left on the cellular spectrum for another competitor.

Motorola complained to the US trade representative’s office, and talks began. The result: In 1989, Japan agreed to allow Motorola the same access to the Tokyo-Nagoya market as it allowed its own company, Nippon Telephone and Telegraph. But the government also forced Motorola to enter a joint venture with IDO Inc., a Japanese consortium. The problem with that: IDO was also a partner with NTT in the Tokyo-Nagoya region. For two years, while NTT developed new cellular systems, IDO refused to accept Motorola equipment. And the IDO/NTT partnership is expected to serve 40% of the geographical area, while IDO/NTT serves 100%.

What happened to Motorola shows why the USA and Japan are at each others’ throats. But even the angry words and sanctions expected from both sides in coming months shouldn’t pitch the US economy back into recession or set off a full-scale, no-holds-barred global trade war, most experts say.

“Our trade relationship with Japan before now has been one of walk the gap eggshell,” Fallows says. “Now we’ve broken those shells. But we have these kinds of disputes with many of our trading partners and there have been no disasters.”

Butting heads with Japan
The Clinton administration wants Japan to move more quickly to clear away barriers that keep US companies from gaining access to Japanese markets. Japan’s officials say they’ll open their markets at their own pace.

Top U.S. exports to Japan (% of total)
- Food 10%
- Crude materials 13%
- Miscellaneous manufactured goods 11%
- Chemicals 11%
- Telecommunications 10%
- & recording equipment

Sources: Bureau of the Census, Economic Strategy Institute, Commerce Department, USA TODAY research

Top U.S. imports from Japan (% of total)
- Cars and trucks 33%
- Office machines 14%
- Electrical machinery 10%
- Appliance 10%
- Telecommunications 10%
- & recording equipment

Trade deficit with Japan
After peaking in 1987, the USA’s trade deficit with Japan shrank three straight years. Then, it started to grow again — to a record last year.

$10.1 (in billions)

By Gary Vigilas, USA TODAY

Please see COVER STORY next page.

By Gary Vangaitis, USA TODAY

Pat Butting heads with Japan

USA TODAY

Tuesday, February 15, 1994 • USA TODAY
Clinton to prod Congress on anti-crime legislation

By Adam Nagourney
USA TODAY

President Clinton — moving to prod Congress into acting on the long-stalled crime bill — today delivers what aides describe as a major speech laying out the key elements he wants in the final legislation.

Clinton, in a carefully planned event at a police training academy in London, Ohio, will say he wants the bill to include money to hire 100,000 more local police officers, construct up to $6 billion worth of jail cells and boot camps for young offenders, and ban most assault weapons.

Clinton also will say he wants the final bill to include increased penalties for crimes against women and money to pay for metal detectors in schools. All this will be funded by a $22 billion, five-year anti-trust crime fund paid for by cutting 250,000 federal jobs.

Clinton’s remarks today will mark the first major address he’s given solely on the topic of crime. It represents a repackaging of different initiatives that have already been laid out by Clinton and the Cabinet.

The speech is intended to offer a broad framework for what Clinton aides view as the hot-button issue of the day. It will do that by addressing not only the crime bill, but also Clinton’s recently unveiled anti-drug initiative and programs to revive battered inner-city neighborhoods.

Politically, though, the immediate thrust of the speech is winning quick approval of a crime bill. It is aimed at members of Congress who are now home in their districts, and presumably susceptible to the kind of constituent pressure the White House hopes to stir.

Aides said Clinton’s decision to turn up the heat on the crime issue did not reflect any concern the bill was in trouble.

But they noted anti-crime legislation has over the past five years repeatedly been stalled by partisan disputes. Aides say that, stacked up against the unusually complicated White House agenda — particularly, health care and welfare reform — crime is now appearing as a relatively easy issue to deal with. The hope is that it might be disposed of quickly — perhaps as soon as the Easter recess.

“We want this to happen quickly. We have a lot to do this year. And the finish line is in sight,”

— Bruce Reed, Clinton domestic policy adviser

Senior adviser George Stephanopoulos said Clinton “wants to keep the spotlight on crime.” But he said: “I’m of the mind that this is going to be easier than a lot of people are saying.”

The first step, though, is for the White House to succeed in convincing House Judiciary Committee Chairman Jack Brooks, D-Texas, that a broad anti-crime bill is needed.

Brooks wants to split the bill into segments, passing those that have support in the House — rather than letting a single contentious issue, like an assault weapon ban, hold it up.

The White House, by contrast, passed an omnibus bill in November. Many amendments were tacked on in a frenzy on the Senate floor with little or no debate.

As a result, House members are pushing for individual hearings on some of the more complicated issues, arguing that would be more constructive than simply following the Senate. Senate and House versions have to be reconciled before a final bill is passed.

The hearings will start next week, focusing on a provision being pushed by Clinton and others that would abolish parole for people convicted of three violent crimes.

Contributing: Leslie Phillips
Women say alternative health plan falls short

By Judi Hasson
USA TODAY

A group of 29 female lawmakers Monday said they won't support Rep. Jim Cooper's health reform proposal because it "shortchanges women's health."

In a letter to the Tennessee Democrat, sponsor of a plan rivaling President Clinton's health reform initiative, the group of congresswomen criticized his plan because it doesn't specifically provide coverage for women's health needs, including abortion - a likely battleground as Congress debates health reform.

Many of the same women have criticized the Clinton plan for proposing to cover mammograms and other tests less frequently than some medical authorities recommend. Cooper's proposal would have specific benefits defined by a commission to be set up after Congress passes a health reform bill. The critics said in their letter that would put "fundamental decisions in the hands of unaccountable and unelected officials."

"As women who have suffered from our health care system's historic failure to adequately fund, cover and teach women's health, we have little confidence that a national commission will provide for an equitable system," said the letter signed by 29 of the 47 women in the House.

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Cooper's plan, which has gained popularity recently, won the support of the influential Business Roundtable despite intense White House lobbying.

The administration has attacked the Cooper plan because it does not guarantee coverage for everyone.

Unlike Clinton, Cooper would not require employers to provide health insurance to workers. His plan would bar insurers from denying or canceling coverage and rely on competition to drive down prices.

Clinton's proposal would guarantee a benefits package as part of any bill approved by Congress. That package includes coverage of women's health care, preventive care like mammograms and Pap smears and reproductive care, including abortion.

Rep. Nita Lowey, D-N.Y., who said she hasn't decided which plan to support, said the female lawmakers "will not support a plan that remains silent on women's health benefits."

"Cooper has had a couple of good weeks," said Lowey, referring to growing interest in his plan. "We just wanted to make it clear that the women's health component must be addressed. I don't think it's addressed in his plan."

But Cooper said health care professionals, not Congress, are most qualified to decide what should be covered.

He said his bill would require that a benefits package include a full range of preventive services, such as Pap smears and mammograms.

"The bill does not address abortion or any other specific benefit," Cooper said. "Since the bill is neutral on the subject, our co-sponsors include both proponents and opponents of including abortion in the benefits package."

Also Monday, the National Gay and Lesbian Task Force called for changes in Clinton's health plan to ensure that gay people are not discriminated against as doctors or patients.

The group lauded Clinton's commitment to universal coverage but said his plan "discriminates financially against non-traditional families" by defining a family as a married couple or a single parent with children.

A gay couple with a child and big health bills could wind up paying $4,500 in deductibles, compared with $3,000 for a traditional family, the task force said.

Lorrie McHugh, a White House spokeswoman, said the definition of family "would follow state laws." She said under the Clinton plan, "You cannot discriminate against a patient or provider based on health status," making it illegal for insurers to refuse to cover gay people.
U.S., U.N. ‘completely aligned’

General vows ‘no hesitation’ on air strikes

By Lee Michael Katz
USA TODAY

The U.N. military commander in Sarajevo on Monday said he would have “no hesitation” to ask for NATO air strikes in Bosnia-Herzegovina to force Serbs to withdraw or turn over their artillery by Sunday.

Lt. Gen. Michael Rose’s assertion signaled an end to confusion and conflicting statements between U.S. and U.N. officials over the Sarajevo deadline.

“NATO and the United Nations are completely aligned as to what our plans are . . . ,” he said. “As far as I’m concerned I’m working from the same sheet of music as NATO.”

The NATO ultimatum came four days after a mortar attack on Sarajevo’s central market killed 68 and wounded 200. Bosnian Serbs are widely believed to be responsible for the attack.

Previous statements from Rose and subordinates had caused President Clinton to emphasize: “I expect that the terms of the NATO agreement will be followed . . . I don’t think there is a fundamental misunderstanding on that point.”

The confusion stems from the different roles played by the U.S.-led European NATO alliance and U.N. officials in the joint effort to halt the shelling of Sarajevo.

Further muddying the waters, U.N. Secretary-General Boutros Boutros-Ghali and his staff have the final say before NATO air strikes can begin. U.N. peacekeepers on the ground are charged with overseeing the handover or withdrawal of heavy weapons at least 12 miles from Sarajevo.

Recent reports of potential U.N. compromises on NATO timetable for Serb withdrawal reached a climax Monday.

Lt. Col. Bill Aikman, a U.N. military spokesman in Sarajevo, made a seemingly defiant comment: “The 10-day ultimatum is a NATO ultimatum. It is not our ultimatum.”

Those words brought Clinton’s pointed remarks and Rose’s clarification.

So far, only a few of the 500 Serbian heavy artillery pieces have been turned over to the United Nations. Bosnian Serbs have had a huge advantage in weapons in a civil war that has killed 200,000 people since Bosnia’s Muslim government declared independence from Serb-dominated Yugoslavia 22 months ago.

The Bosnia crisis is not the first time U.N. and U.S. policies have drifted apart.

“ ‘There’s a lot of role confusion,’ said Dick Thornburgh, former attorney general and U.N. undersecretary.

A rift developed in Somalia last year when the U.N.-authorized, but U.S.-led, operation changed its mission from humanitarian relief to a direct role in ending a civil war between rival warlords. U.S. troops died fighting militias loyal to Mohamed Farrah Aidid.

“I think there is an uneasiness about the relationship between American forces that are committed to a U.N. mission in terms of command and control and ultimate responsibility,” Thornburgh said.

Former assistant secretary of State John Bolton, saying the United States dominates both NATO and the United Nations, blamed a lack of leadership by Clinton for any problems.

“You’ve got to ask not what’s wrong with NATO and the U.N., but what’s wrong with the United States,” Bolton said. “The problem really lies in a fundamental confusion of American foreign policy.”
WASHINGTON

U.S. allot $481M in Kazakhstan aid

President Clinton pledged Monday to triple economic assistance to Kazakhstan to help the former Soviet republic move to a market economy.

Clinton promised $311 million in economic aid this year, from $91 million last year, after Kazakhstan President Nursultan Nazarbayev presented papers documenting Kazakhstan's decision to join the Nuclear Non-Proliferation Treaty.

Clinton said he was prepared to extend an additional $85 million this year and in 1995 to help Kazakhstan disarm a nuclear arsenal left on its territory after the collapse of the Soviet empire two years ago.

Kazakhstan, an oil- and mineral-rich, landlocked nation nearly four times the size of Texas, is among the Muslim-dominated former Central Asian Republics that Western nations are trying to keep away from the influence of Islamic fundamentalists.

Nazarbayev left a lasting reminder of his visit: a 3-by-5-foot rug bearing images of Clinton and first lady Hillary Rodham Clinton. The wool rug — in brown, black, red and white — was on the Oval Office floor, but press secretary Dee Dee Myers said, "It's not going to stay."

KELSO BLAST: Chief of Naval Operations Frank Kelso should resign and take responsibility for the Tailhook scandal, said an editorial in The Navy Times, an independent weekly paper. Kelso denies he saw and ignored sexual harassment at the 1991 convention of Navy and Marine aviators.

But a Navy judge last week threw out charges against three officers in the case, saying that Kelso had lied about what he witnessed. Regardless, the newspaper said, "the case is an issue of responsibility and accountability. And on that front, Adm. Kelso has no defense."

Former Defense Secretary Les Aspin declined to fire Kelso. But Navy Secretary John Dalton and Defense Secretary William Perry are looking at the case again, with a decision likely this week. Kelso is set to retire by July.

DIARIES APPEAL: Sen. Bob Packwood, R-Ore., asked a federal appeals court to keep his diaries from the Senate ethics committee, until the court rules on the legality of the panel's subpoena. The committee was to get the diaries Feb. 22 under orders from U.S. District Judge Thomas Penfield Jackson, who had upheld the committee's subpoena. Jackson also had rejected Packwood's bid to keep the diaries until the appeals court acts. The diaries are a key element in the committee's probe of allegations by more than 20 women that Packwood made unwanted sexual advances. The Justice Department also has subpoenaed the diaries in its probe of questionable practices recounted in the papers.

FITNESS CZAR: Sandra Perlmutter, who used to call the roll of the states at Democratic conventions, is the new executive director of the President's Council on Physical Fitness and Sports. Perlmutter, 41, was an assistant secretary for the Democratic National Committee until 1989. The council has a staff of 16 and a budget of $1.5 million. Olympic track star Florence Griffith Joyner and former congressman Tom McMillen, a former basketball standout, are the council's co-chairs.

ELSEWHERE IN THE WORLD

King wants independence for South Africa's Zulus

Zulu King Goodwill Zwelethini demanded Monday an independent nation for his 7 million followers, further complicating South Africa's shift to black-majority rule.

The demand runs counter to the thinking of the African National Congress, the Nelson Mandela-led black nationalist group expected to dominate the government after elections open to all races in April. The ANC says autonomous local governments, based on tribal and racial lines, would be another form of apartheid.

Zulus in Mangosuthu Buthelezi's Inkhata Freedom Party have vowed to boycott the elections. They have joined in an alliance with conservative whites to oppose the new constitution that ends white-minority rule.

U.S. WARNING: Concerned about threats by Muslim extremists against foreigners, the U.S. Embassy in Cairo held an unusual "town hall" meeting for U.S. citizens in Egypt to urge them to be careful. "This is a safe place to live, but it could be changing," U.S. Embassy security officer Robert Crittenden said. The meeting was called after Islamic extremists sent notes to Western news agencies warning tourists and foreign investors to leave Egypt or risk getting caught in violence.

Monday night, Egyptian police killed three wanted Muslim militants in a brief gun battle during a raid on a Cairo apartment, Reuters news agency reported.

THREAT STANDS: Iran said British writer Salman Rushdie, author of The Satanic Verses, still must die, five years after issuing the threat for publication of the book considered blasphemous to Islam by some Muslims. In making the threat, Iran shredded British Prime Minister John Major, who urged Iran to revoke the edict issued by Ayatollah Ruhollah Khomeini. "The sentence has to be carried out irrespective of whether the apostate repents or not," the Iranian news agency IRNA said.

HAITI PLAN: The Clinton administration threw its weight behind a new plan to end the crisis in Haiti despite the clear reservations of exiled President Jean Bertrand Aristide. The plan calls for the formation of a government that could lead to Aristide's return.

MYANMAR VISIT: A U.S. congressmen met with opposition leader Aung San Suu Kyi, 48, in the first non-family visit allowed the Nobel Peace Prize winner in her nearly five years of house arrest in Rangoon. The ruling military junta and Rep. Bill Richardson, D-N.M., wouldn't discuss the 31/2-hour visit. The junta, which renamed Burma in 1988, has been trying to improve its international image.

AND IN UKRAINE: A 37-year-old man seized a German shepherd dog that jumped at him in a park in the Ukrainian city of Dnepropetrovsk and bit it to death in front of its owner, Itar-Tass news agency reported. It said the man had been drinking.

TUESDAY, FEBRUARY 15, 1994 • USA TODAY
Home on the range, discouraging words

By Linda Kanamine
USA TODAY

DERBY MESA, Colo. — Here on the Albertson ranch, off a two-rut muddy road, 8,100 feet high and 1,500 miles from Washington, D.C., Interior Secretary Bruce Babbitt is an overwhelming presence.

Not that he’s ever been here.

“Where the emotion is forced to be focused everybody agrees all these creatures have value and importance,” Coursey says. “But the emotion is forced to be focused by the reality of limited resources.”

Skepticism stems largely from the roller-coaster ride Babbit’s scheme to hike fees and overhaul range rules has taken: “I still don’t trust him,” says Reeves Brown of the Colorado Association for the Advancement of Science.

He handed us $1.1 million change. We don’t need to destroy the ecosystem,” he says.

For Kurtis Scott, 6, Babbitt’s decision could have an effect on his future. “I love ranching. This is what I want to do,” he says, wearing his grandfather’s black cowboy hat.

BABBITT: “I’m always about mending fences.”

By Matt Mendelsohn, USA TODAY

HOME ON THE RANGE, Colorado

For Kurtis Scott, 6, Babbitt’s decision could have an effect on his future. “I love ranching. This is what I want to do,” he says, wearing his grandfather’s black cowboy hat.

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The Clinton administration told Congress Monday that it expects the economy to continue to grow moderately and inflation to stay relatively low through 1999.

Unemployment should average 6.3% this year and 5.9% next year, the report says. Also Monday, many of the nation’s top economic forecasters said they see the economy growing more slowly in 1995 than this year.

White House: Stable growth through 1999

From staff and wire reports

The Clinton administration told Congress Monday that it expects the economy to continue to grow moderately and inflation to stay relatively low through 1999.

In the annual Economic Report of the President, Clinton’s Council of Economic Advisers says it expects gross domestic product to grow 3% this year and 2.7% next year after adjusting for inflation. The report predicts consumer prices will rise 3% this year and 3.2% next year, vs. 2.7% last year.

Unemployment should average 6.3% this year and 5.9% next year, the report says. Also Monday, many of the nation’s top economic forecasters said they see the economy growing more slowly in 1995 than this year.

The consensus of 44 forecasters surveyed by the National Association of Business Economics calls for economic growth of 2.6% in 1995, down from 3.2% this year.

Unequal funds for endangered species

By Anita Manning
USA TODAY

Some endangered species get more respect—and more money—than others, says a new report from the University of Chicago.

Mammals and other animals at the top of the food chain get the lion's share of government money for their protection, while others, less recognizable creatures get nothing.

Some endangered species get more respect—and more money—than others, says a new report from the University of Chicago.

That's why people go to the West, Babbitt said. “We're after good streams to fish in. We care deeply about dear air, landscape, healthy wildlife, people who came to the land, minerals, water and public resources—to grass-"fice: To end "giveaways" of take away our rights, our livelihoods."
Pay gap will get worse

Continued from 1B

Automation continues to replace factory jobs, which are among the highest-paying jobs that don’t require more than a high school diploma. Today, 20% of the nation’s jobs are in factories, mines, or construction — good-producing jobs. Twenty years ago, one-third of the nation’s workers held those jobs.

Next 13 years, 26 million jobs will be created, the Labor Department estimates, and 25 million will be in service industries. Only 1 million will be in factory jobs or construction. Some of the new service industry jobs will require college or specialized training. Those jobs — computer engineers and physical therapists, for example — will pay above-average salaries. But 70% or more will be low-paying jobs with few opportunities for advancement and less security than a typical factory job.

Of the 10 occupations expected to add the most jobs in the next 20 years, only two require a college degree: registered nurses and computer analysts. The others: retail salesclerks, cashiers, general office clerks, truck drivers, waiters and waitresses, nursing aides and orderlies, janitors and cleaners, and food preparation workers.

Without a college degree, the average male worker earns about $1 million from age 20 to 60. A college-educated worker earns about $2 million, says economist Kevin Murphy of Princeton. That’s twice the average earnings of workers who didn’t graduate from college — 75% of those who dropped out of high school.

In 1970, the nation made great strides in education. From the end of World War II until the mid-1970s, the nation made great strides in education. In 1940, 3.9% of people age 25 through 29 had graduated from college. By 1977, 24% had a four-year degree. But the figure hasn’t moved much from that peak. In 1991, the latest year for which figures are available, 23% and works 25- to 29-year-olds had earned a four-year degree.

Pay gap will get worse

Workers who didn’t graduate from college — 75% of the labor force — have seen their earnings plunge 30% in the past 15 years, after accounting for inflation. For high school dropouts, the decline was even worse. Their earnings fell 38%. During the same period, the real earnings of college-educated workers rose 2%.

Median pay for a man without a college degree is about $28,300 a year, vs. $38,300 for a woman who has graduated from a four-year college. The gap is just as wide for women and more discouraging because women earn far less on average than men. Median pay for a woman with a high school diploma is about $17,500 a year, vs. $28,300 for a woman who has graduated from a four-year college.

And the continuing gap between college-educated and high school-educated workers is expected to keep widening.

Please see COVER STORY next page.
Trade experts talk Japan

Economic harm feared

As the United States considers whether to proceed with sanctions in its trade crisis with Japan (stories, 1A), experts offer support and criticism of the Clinton administration’s position. Three former government trade officials and two trade experts from national business groups talked with USA TODAY’s Beth Bellow Monday about the current crisis.

Robert Hormats, head of international capital markets banking at Goldman Sachs; assistant secretary of state for economic affairs in the Reagan administration:

“The worst possible outcome is a prolonged impasse. Political tensions would build. The financial markets would become much more nervous and volatile and we could get into a series of retaliations and counter-retaliations.

For now, there ought to be a two-week cooling-off period before sanctions are considered. Let’s see what happens in Japan as the government there reflects on this potential crisis.

If the U.S. does impose sanctions, they should be imposed in a way that enable the administration to remove them when the cause for the sanction is removed. We should resist embedding sanctions in U.S. law.

A trade war with our second-biggest trading partner would be very destructive for both sides and for producers of goods and consumers.

The best possible outcome would be that after a period of time, two things happen. The Japanese unilaterally make some changes (in opening their markets to U.S. companies) so that it doesn’t look as though they’re doing it under American pressure. What’s needed are some structural changes in Japan that benefit the U.S. Ultimately, a series of specific negotiations are needed over the next two to three months.”

J. Antonio Villamil, president of Washington Economics Group consultants in Miami; undersecretary of Commerce in the Bush administration:

“I understand the frustration of the negotiating team because we went through the same process in the Bush administration. But two wrongs don’t make a right. There’s no question that Japan’s market is more closed than the U.S. market, but progress is being made, although slowly.

It’s very wrong to center U.S. trade policy on trade balances only, because imports reflect the decisions of consumers and corporations. We should not be in the business of setting market-share arrangements and quantitative targets.

This is a very dangerous game that Washington is playing. The best possible outcome is that cooler heads will prevail and any qualitative indicators are measured from the point of view of deregulation of the Japanese economy.

The worst possible outcome is an escalation of the trade war with actions that would cause severe harm to the two largest economies of the world. I am concerned that if trade frictions between Japan and the U.S. escalate, it could lead to a higher level of inflation in the U.S. and could lead to a selling off of the vast financial assets that Japan holds in U.S. Treasury securities.”

Carla Hills, president of Hills and Co., international trade consultants; U.S. trade representative in the Bush administration:

“There has been much too much focus on numerical targets. The best way to get the barriers removed from the four sectors the president has identified — insurance, auto parts, medical equipment and autos — is to identify the barrier and persuade the Japanese to remove the barrier.

The best way to determine whether the Japanese are living up to the agreement is to meet on a very regular basis — monthly even. You don’t have to be a rocket scientist to see if you’re selling more insurance. If market penetration is going from 3% to 6% to 9%, the market is opening and if it’s going from 3% to 2%, it’s not, and you make an adjustment. We (in the Bush administration) entered into 13 sectoral agreements affecting $100 billion worth of trade ranging from paper to computers and some of those are working beautifully. So when the government says we’ve had 31 agreements (since World War II) and they don’t work, they’re not well-informed. They do work. But they don’t work unless they’re monitored. You get an agreement to remove a barrier and then it’s tough, tedious, hard work but you meet on a monthly basis to see where the agreement is going.”

John Endean, vice president for policy, American Business Conference, a coalition of CEOs of the 100 fastest-growing midsize companies:

“The only criticism we have is that they do too much negotiating in the media. No one needs any assurances about the testosterone level of the American government on this issue. This is a very good time for the president and (Japanese Prime Minister) Hosokawa to cool off. They should stop posturing and be very careful about setting numerical goals because those tend to end up being ceilings rather than floors.

A trade war would be disastrous. The reason is simple. When you have a trade war, your opponent penalizes the companies that are doing well in their country. Our companies do well in Japan so they would get penalized.”

Judge Morris, senior policy director for International Trade, National Association of Manufacturers:

“We have gone on for too long without any serious action on the part of Japan to redress a persistent, indeed, growing and intolerable (trade) deficit.

The relationship (between the U.S. and Japan) is extremely important to both parties, to our companies, as well as to Japan and the rest of the world. Sanctions should mean hardship, no matter who starts it and we hope it can be avoided.”
Waco tape: 'Got Coleman fuel?'

By Mark Potok
USA TODAY

SAN ANTONIO — Six hours before the Branch Davidian compound erupted in a firestorm last April, men could be heard planning the black, toxic smoke that would pour from the compound. Words were overheard from a listening device.

As the prosecution Monday near the end of its case against 11 Davidians charged with conspiracy, Judge Walter Smith allowed into evidence a transcript of one of 11 bugs in which a Davidian talked about the gas and its use.

"You want it poured?" asks an unidentified man at 6:05 a.m., April 19. A few moments later, someone asks: "Pablo, have you poured it yet?"

"In the hallway."

The fire broke out at about 12:07 p.m. April 19, after the FBI began a tear-gas assault on the compound near Waco. Members of the Branch Davidians had been between Koresh and his chief lieutenant, Steve Schneider.

They got two cans of Coleman fuel down there?" Koresh asks at about 9:20 a.m., April 19, as agents were using military tanks to inject tear gas into the compound.

"Empty," replies Schnieder. "In my way out and I say, I'm sorry," said Thomas, beginning to weep. "Her voice was very faint, and I couldn't see her."

Koresh died in the fire. Thomas bumbled to safety from a second-floor window. In the listening-device transcriptions, few speakers are identified. But one remarkable exchange was identified by an FBI agent who was among the first to place the bug. Thomas, crackers believed to have died.

Earlier Monday, a Davidian who was burned escaping the fire described her ordeal. Marjorie Thomas, who suffered third-degree burns over 60% of her body, testified in a three-hour videotape made in November and played Monday.

Thomas, a British woman who moved to the compound in 1992, said she was ordered to her room early April 19. She said she knew nothing of plans for a fire, but went to the second-floor women's dorm.

"All of a sudden, we all felt a warm glow," she testified. "The whole, entire building felt warm all at once, and after the warmth, thick black smoke came and the place became dark. I couldn't see anything." Thomas said she heard "people moving and screaming all around. After a while, I couldn't hear anybody screaming."

The gas mask she'd donned earlier was starting to melt and stick to her face, and her clothes had started to burn when she heard a friend, Sheri Martin, in the dark.

"I'm making my way out and I say, I'm sorry," said Thomas, beginning to weep. "Her voice was very faint, and I couldn't see her."

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Fewer infants die after education blitz

Instances of sudden infant death syndrome dropped 12% in six months after a 1992 national advisory that infants not be allowed to sleep face down, researchers said Monday.

And in King County, Wash., SIDS cases dropped 25% in the first eight months after the change was urged in a single 1991 Seattle newspaper article. The University of Washington, Seattle, report is in February's Archives of Pediatrics and Adolescent Medicine. Research from Great Britain and New Zealand shows substantial, sustained drops in sudden infant deaths after major education campaigns, says Carl Hunt of the Medical College of Ohio, Toledo.

The American Academy of Pediatrics recommends infants under 6 months sleep on their back, not on their tummies. Once the baby can turn over on his own, the danger is past, experts say. Other things that may help: Avoid overly soft mattresses, breast-feed, keep babies from getting too hot, and don't smoke around babies. About 6,000 U.S. infants die of SIDS each year.

—Kim Painter

By Jeff Widener, AP

JACKSON: Song 'comes like a gift'

'DANGEROUS' TESTIMONY: Michael Jackson, defending himself in a copyright lawsuit in a Denver courtroom, sang verses from Dangerous and Billie Jean to explain how a song "comes like a gift put right in your head." Denver songwriter Crystal Carter contends she wrote Dangerous in 1985 and copyrighted it in 1991. Jackson said he wrote it in 1990 with lyrics that came to him while listening to parts of his song Street Walker. Closing arguments are today.

DRUG RULING: Prosecutors are asking a federal judge in Norfolk, Va., to reconsider his ruling that dismissed drug charges against Nathaniel Williams because of an unlawful plea bargain offer. A state prosecutor had sent the case to federal court, where the penalty was at least 15 years with no parole, after Williams wouldn't plea or guilty, to lesser state charges and go undercover for police.

The ruling has drawn attention nationally because it is a setback in the trend by prosecutors to send drug cases to federal courts, where the penalty was at least 15 years with no parole, after Williams wouldn't plead guilty to lesser

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NEWBORN DIES: New York Mayor Rudolph Giuliani ordered an investigation into a newborn's death, in which a 20-minute dispute between the expectant mother and an ambulance crew may have played a part.

By Malcolm Clarke, AP

BOOT CAMP SUIT: A suit claiming sexual discrimination in public programs asks a federal judge to order Virginia to establish a military-style boot camp for female criminals.

Jennifer West, who spent nearly a year in prison for possessing two ounces of cocaine with intent to distribute, says a man similarly situated could have spent 90 days at a boot camp and given probation for one year. West must remain on probation until 1999. Virginia says its boot camps, begun in 1991, are only a five-year pilot program.

Also Monday...

STUNT FLIER CRASHES: Air Force Capt. Thomas Lewis, 32, of Atlanta, was critically hurt when his F-16 crashed near Indian Springs, Nev., during practice for the precision flying Thunderbirds. The team opens its 1994 season March 19 in Mesa, Ariz. Witnesses said the plane appeared to lose power during a vertical climb.

ABORTION SLAYING: Proster Michael Griffin, 31, can claim insanity at his murder trial in the shooting death of physician David Gunn, 47, outside a clinic March 10, a jury in Pensacola, Fla., ruled. Griffin will contend anti-abortion literature left him unable to tell right from wrong.

TRIPLE SLAYING ARREST: Ernest Lee Johnson, 33, of Columbia, Mo., was charged with murder in the beating deaths of three Casey's General Store workers found Sunday after a robbery police said was to finance his crack cocaine habit. Police originally said the victims were shot.

Love's in the air and everywhere

The Post Office gave the USA a Valentine, — two new stamps devoted to love — amid songs, speeches and a renewal of wedding vows in Niagara Falls, N.Y., which bills itself as the world's honeymoon capital. Elsewhere:

In New York, 31 couples were married atop the Empire State Building.

In Swanton, Ohio, the parents and three sisters of 11-year-old Lauren McCullough baked and delivered 1,600 heart-shaped cheesecakes to help pay $25,000 in medical bills for Lauren, who has a rare blood disease.

About 30 children in Albany, N.Y., brought construction-paper valentines to state legislators to support a proposed ban on smoking in and near schools.
Zeno proved it: We shouldn't so confusing, it can make you crazy. Which sue, which is competition. The competition is bad because it is going to be hard to get by the government! You can't decide because nobody keeps over whose plan is best. The problem is, you can't decide because nobody keeps score the same way.

Government can wreck services that work very well now, says former Miami mayor. Just ask his mother-in-law.

Like any good syllogism, I say only good things about my mother-in-law. In this case, my observations relate to the treatment she received after a recent fall when she broke her hip. (Something that happens often to old people enough to be on Medicare, I'm sure.)

Thirty years ago, I told a person who broke their hip would not survive more than a few months. My mother-in-law is lucky to have reached majority in the 1990s. And to have done it in the good old U.S. of A. For a while, it didn't only made it to another century but recovered almost totally in a few months, thanks to the great network of medical services provided in this country to those her age.

In any case, the care she received was too good, as I perceive it, which I've heard in retrospective care at Miami's Mercy Hospital — a private, not-for-profit institution of the highest caliber.

On a little blackboard next to her bed are the names for three kinds of therapy being administered to her by physical therapists, occupational therapists, and recreational therapists. Of the three, only the first made any sense for a 76-year-old, and even that one I'm not sure we can afford as a nation.

Which brings me to the main point. Any legislative reform of our health-care industry should focus only on that part of the system that doesn't work. Which, for a trillion-dollar private/public con- ruction, it is ludicrous to propose "wholesale reform" by a central government so inefficient that it has a hard time appointing and rendering a score of Cabinet officials. Therefore, it should be replaced by competition. The competition, as my mother-in-law can attest, is a magnificent one. It is somehow ineff- ances, by people who assume the role of the medical arena, is a fundamental right. As a citizen, I am willing to work extra hard so that my mother-in-law will not die from a hip fracture, but I am not willing to guarantee an aspirin to anyone who has a headache when I know that many, if not most, headaches are the result of self-imposed stress or excessive drinking or a bad diet or lack of exercise. And I can't propose universal norms for ex- pense diagnostic tools like X-rays or in diagnostic, say, like dialysis and coronary bypass.

Wallace: The Greeks had it figured out

Clinton and the Congress should concentrate on provid- ing the poor and the working lower-middle class the most basic medical care. Community health centers already provide primary care to the poor, and do it at a fraction of the cost of private medical plans. Eligibility should be expanded to include the working class, with the proviso that they assume responsibility for the cost of their care.

In other words, it is exactly like the government's role in our economy, both a system to a great- er number of consumers. More specifically, it seeks to provide health insurance to the 35 million Americans who are not currently insured. It's interesting that the Clinton folks do not talk about pro- viding doctors or medicines to people but instead talk about insuring them — as if health care and health insurance were synonymous. It's as if they live in a doctrinal bubble where no risk is allowed. The thought that someone could be healthy without medical insurance does not enter their conceptual world.

By Xavier Suarez, Miami Herald, reprinted by the author.

By Joe Urschel, USA TODAY columnist.

Washington: The Greeks had it figured out

Zeno proved it: We shouldn't expect to really know anything for sure.

Harry and Louise finally got to Bill. Fighting for their health-plan naysayers. Clinton lost out at the insurance industry last week, describing it as a large, bureaucratic, profit-seeking organization with too much power to decide who gets what. In other words, it is exactly like the govern- ment. Therefore, it should be replaced by the government.

Really, health-care debate getting so heated, you can't make a duck out of a duck. He is bad because it is going to be hard to get decent mental-health coverage in any of those plans in America.

And that brings us to the crux of the issue, which is age. True competition over whose plan is best. The problem is, you can't decide because nobody keeps score the same way.

Last Tuesday, the Congressional Budget Office delivered what many folks felt was a crippling blow to the Clinton plan. It re- ported that instead of reducing the deficit,
Balancing the federal budget by amending the Constitution is a copout. Let's face our problems, not duck.

Senior citizens fear it will cut $1,000 a year from their Social Security checks. Supply-side conservative Jack Kemp fears it will increase taxes hugely.

Gen. John M. Shalikashvili, chairman of the Joint Chiefs of Staff, fears it will ruin the nation's defenses.

Legal scholars from liberal Lawrence Tribe to conservative Robert Bork fear it will turn federal budgeting over to the courts.

They all may be right if "it," the balanced budget amendment, passes. Two Senate committees are reviewing it this week, and Congress is to vote on it soon.

Simply, the amendment would make it unconstitutional for the government not to balance its spending with its receipts except in a national emergency or with approval of three-fifths of each house in Congress.

Proponents tout the amendment as the cure for federal deficit fever, which has been running high for 14 years. Since 1980, deficits have added $3.5 trillion to the federal debt, $50,000 for each family.

And by 1999, the earliest the amendment would go into effect, anoth­er $1.5 trillion likely will be tacked on.

worse, it's so clumsy that it's dangerous. What happens if, come 1999, the deficit rises or cut benefits to make up the difference, a sure prescription for turning a lull into a recession or depression. That's crazy.
President Clinton expressed dismay yesterday at growing support in Congress for a balanced-budget constitutional amendment, which the White House says would cost every taxpayer $728 a year in new taxes, slash Social Security benefits and gut the Pentagon.

"We need to save the country from this disaster," said Robert Rubin, assistant to the president for economic issues.

"Yeah, yeah, yeah, and Western civilization is doomed, the black plague is coming back and, worst of all, pizza deliveries are a thing of the past if we pass the balanced-budget amendment," responded Sen. Phil Gramm, Texas Democrat, and Charles Stenholm, Texas Democrat—are operating the administration's state-by-state analysis detailing the new taxes and program cuts necessary to balance the budget by 2000.

The White House lobbying comes just one day before Senate hearings begin. The amendment passed the Senate two years ago but was defeated in the House.

"I think we're very concerned that this legislation would pass. It would be very harmful for the United States if it did," Mrs. Munnell said.

Senior administration officials said leaders of the effort—who include Sen. Paul Simon, Illinois Democrat, and Charles Stenholm, Texas Democrat—are operating the "ultimate sham."

Mr. Altman said: "There would have to be approximately $600 billion of cumulative deficit reduction by the year 2000 to meet the requirements of this amendment. . . ." Our point was to illustrate the impacts of that on a state-by-state basis, because there are only three ways to achieve deficit reduction: raise taxes; cut Social Security, Medicare and other entitlements; and cut other spending on the discretionary side, particularly defense."

The magnitude of the cuts, he said, would derail the current economic recovery.

Under the scenario outlined by the administration:

- Maryland taxpayers would be hit with another $840 in annual federal taxes. Social Security cuts would average $605 per recipient, and $1.5 billion would be eliminated from crime, highway and education programs.

- District taxpayers would have to pay an additional $851 in annual federal taxes. Medicare patients would lose $848 a year, and crime, highway and education funds would be cut by $1.4 billion.

- Virginia taxpayers would see federal taxes surge $759 a year. Social Security would drop $567 a year, Medicare patients would lose $848 a year, and crime, highway and education funds would be cut by $1.4 billion.

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The White House yesterday began a massive lobbying campaign against the popular balanced-budget amendment as Mr. Rubin, Assistant Treasury Secretary Alicia Munnell and Deputy Treasury Secretary Robert Altman released a state-by-state analysis detailing the new taxes and program cuts necessary to balance the budget by 2000.

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"What you don't want to do is have to step over a cliff, and that's what the balanced-budget amendment would do. It would force the administration and then Congress at the time to jump — to fall over a cliff in one particular year," Mr. Rubin said at a White House press briefing.

In his economic report to Congress, which details the destructive nature of deficits, Mr. Clinton said, "Deficit reduction by itself certainly does tend to contract the economy."

During the 1992 presidential campaign, Mr. Clinton noted that as Arkansas governor he balanced the budget, as required by state law, but never backed a constitutional amendment to balance the federal budget.

Polls show that the nation strongly favors such an amendment.

The administration believes the growth in the deficit under the Reagan and Bush administrations has fueled support for a balanced-budget amendment.

"What happened? There were two administrations previous to us who

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CLINTON

From page A1

quadrupled the national debt and left us with a very, very serious problem in terms of both the deficit and a lot of important needs that a lot of people care about," said Clinton policy adviser Gene Sperling.

Mr. Altman's state-by-state analysis showed the impact a balanced-budget amendment could have in three different ways: a combination of tax increases and program cuts; spending cuts only; and a third of defense spending protected.

"Yeah, yeah, yeah, and Western civilization is doomed, the black plague is coming back and, worst of all, pizza deliveries are a thing of the past if we pass the balanced-budget amendment," responded Sen. Phil Gramm, Texas Democrat, and Charles Stenholm, Texas Democrat—are operating the administration's state-by-state analysis detailing the new taxes and program cuts necessary to balance the budget by 2000.

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The Washington Times TUESDAY, FEBRUARY 15, 1994
A government lawyer considered a hard-liner against law-firm conflicts of interest relaxed stands on the role of the Rose Law Firm's Webster L. Hubbell in a $10 million lawsuit to recoup taxpayer losses from Madison Guaranty Savings and Loan Association.

Little Rock's Rose firm — whose partners included Mr. Hubbell, Hillary Rodham Clinton and the late Vincent F. Foster Jr. — handled the Madison-related case despite its earlier efforts to keep the Arkansas thrift afloat and Mr. Hubbell's family ties to Madison.

Rose took over the $10 million lawsuit against Madison's auditors, Frost and Co., from a Memphis law firm, moving the case out of state courts and into federal court. The Federal Deposit Insurance Corp. (FDIC) accused Frost of being responsible for heavy taxpayer losses in Madison.

April Breslaw, as an FDIC staff lawyer known for her toughness on conflicts of interest, intervened on behalf of Mr. Hubbell in 1989, according to FDIC records.

Mr. Hubbell, a close friend of President Clinton's, is now associate attorney general and the No. 3 official at the Justice Department.

FDIC investigators may shed some light when they report, perhaps today, on a probe of two possible conflicts of interest in the Rose firm's takeover of the FDIC suit.

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Against Frost, whose audit was used by the Rose firm to persuade regulators to allow the failing thrift to stay open.

While Mr. Hubbell, Rose's managing partner, and Miss Breslaw appear to know each other only through a prior case Rose billed for the FDIC, documents show that she:

- Brushed aside repeated internal challenges to Mr. Hubbell's loyalty to FDIC with personal assurances he would not disclose confidential information to family members with ties to Madison.
- Vouched in writing for the Rose firm's performance in the other FDIC case — Corning Bank & Mortgage Co. — moving the case out of state for heavy preference for the Rose firm.

Miss Breslaw, 33, whose duties were switched in 1992 from the FDIC to the Resolution Trust Corp. (RTC), which handles the S&L bailout, did not respond to requests to both agencies for interviews.

Through an RTC spokesman, she said yesterday she vouched for Mr. Hubbell because "she was assured to her satisfaction" that he had no conflicts of the type that led her to instigate a case against the firm in 1989.

"That is one of our biggest no-nos," a senior FDIC official said yesterday, speaking about the case on condition of anonymity.

Mr. Hubbell's father-in-law, Seth Ward, was an officer of a Madison real estate subsidiary, Madison Financial Corp., at the time Mr. Hubbell agreed to handle the FDIC case.

Mr. Ward's involvement with Madison Guaranty, sources say, was well known then.

Mr. Ward defaulted on more than $587,000 in Madison Guaranty loans and was considered by the government to be a prime offender in the abuse of Madison funds, according to RTC and Home Loan Bank Board records. He was in litigation with the failed thrift when the government took it over on March 2, 1989, at a cost to taxpayers of $50 million. He later settled the case.

"She [Miss Breslaw] said Mr. Hubbell stated in writing at some point that he would not and did not represent Seth Ward," the RTC spokesman said.

The general concern about Mr. Hubbell, originated by Madison's legal coordinator Sue Strayhorn, is that he might pass on confidential information from a bank strategy book to Mr. Ward, or his son Seth Ward II, who had a separate lawsuit pending.

In a June letter to David Paulson, managing agent of the Madison conservatorship, Miss Breslaw wrote the risk and said: "For one thing, Hubbell does not represent Ward and would not do so in the future.

Mr. Hubbell never made such a threat, and his letter promising not to represent Mr. Ward or his son in matters involving Madison was written five days after Miss Breslaw passed along the assurances she now says are based on that letter.

"I have no intention of representing Mr. Ward or his son in the future concerning any matter relating to Madison Guaranty," Mr. Hubbell wrote to Mr. Paulson.

FDIC investigators also are looking into whether Mr. Foster, the White House deputy counsel who committed suicide July 20, concealed the Rose firm's representation of Madison in order to take over the Frost case and its $400,000 fee.

Mr. Foster's nine-page letter on Feb. 28, 1989, soliciting the case said in part: "The firm does not represent any savings and loan association in state or federal regulatory matters and listed what he called prevent special ties that did not include representation by Hillary Rodham Clinton, then a Rose partner, before a state regulatory agency.

In that case, Rose lawyers relied heavily on Frost audits, which they later attacked as an FTC conflict.

The current investigation looked into Rose's claim the information was given orally, which FDIC lawyers don't recall. But the federal agency asserts it "would not be viewed as a disqualifying conflict" even if it were known.

When Miss Breslaw went to bat for Mr. Hubbell in 1989, she faced off challenges from within the FDIC questioning his loyalty to FDIC and Rose conflicts.

"Another thing to keep in mind is that our primary attorney in the Frost matter is Rick Donovan, not Webb Hubbell. . . . Some of his 'in-laws' think that we owe them money and that our primary attorney in the S&L cases that has obtained fine results for us on other matters," she wrote in a letter to an FDIC official who was concerned about Mr. Hubbell's firm taken off the case.

Despite Miss Breslaw's assertion that Mr. Donovan was the FDIC's lawyer, Rose bills showed Mr. Donovan's billings are likely a bit higher than those of Mr. Hubbell, who repeatedly charged the government for private business with Miss Breslaw.

Rose telephone logs from March 27 to June 27, submitted with bank strategy book, show no discussion on matters of conflict. Despite firm policy governing conflicts, however, Miss Breslaw approved Mr. Hubbell's billing for writing a letter doing exactly that.

Another billing for a consultation between Mr. Hubbell and David L. Hale, a former Little Rock judge who has since implicated Mr. Clinton in obtaining and channeling an improper Small Business Administration loan.

Other records obtained by The Washington Times show Miss Breslaw as the attorney of record in the Frost suit.

The conflict issue was raised anew on Aug. 10, 1989, by FDIC credit specialist Ken Schneck.

"I made this call with a wider scope of authority to review the situation and possibly eliminate this conflict." Mr. Schneck wrote, apparently to no avail.

An official familiar with government attempts to get the full FDIC conflict of motion during multiple savings and loan collapses in the late 1980s suggested the fault in handling the Madison case lay with that confusion and not with Miss Breslaw.

"It was chaos," the official said.
ROSE

From page A1

when Mrs. Clinton and the other Rose partners, including Mr. Hubbell, then Little Rock's mayor, signed a contract for a $2 million tax-free loan to refurbish their offices. In the heat of the Arkansas summer, no body paid attention to the sweet-heart deal, except John Harkey, an alert local judge, who was surprised that taxpayers' money was being used for private purposes from a fund authorized by Gov. Bill Clinton in 1986.

"Hell, they were, in effect, using public money to decorate Hillary's office," Judge Harkey said.

Once, such intimate details were written off as Southern ways; today they are being held up to a different standard.

Bill and Hillary Clinton face scrutiny in their back yard and on their front lawn. An investigation has been launched into the couple's links with Whitewater Development Corp., a real estate venture selling land for cabins and vacation homes in the Arkansas Ozarks.

In Washington, Mr. Foster, one of the musketeers and the Clintons' personal lawyer, was found shot in the Arkansas Ozarks.

It was no surprise to anyone in Little Rock. It was always the way business had been done in this one-time fur trapper post on the banks of the Arkansas River.

Take the time in June 1981—close to the Stephens Building, where the president has his Arkansas state attorney general and was soon to become governor.

THE SUNDAY TIMES

As his wife and as a woman twice voted one of the top 100 lawyers in America, Mrs. Clinton was a key asset.

Within two years, she had become the firm's first female partner, known as the Dragon Lady for her fierce temper as well as her empire-building.

Mrs. Clinton was the "rainmaker" who brought in the business deals but was rarely seen in court. For her husband, she was also the main family earner.

While the governor's income stayed flat at about $35,000 a year, Mrs. Clinton's soared from $50,000 in 1981 to nearly $180,000 a decade later. Most of it came from Rose, but she also raked in more than $5,000 from speaking fees and $65,000 for sitting on several boards; these included Wal-Mart, the giant retail group, and TCBY ("The Country's Best Yogurt"). Both of these Arkansas-based companies were Rose clients and substantial funders of her husband's political campaigns.

Critics are quick to suggest her success in Little Rock would not have been so rapid without her attorney general husband. "There was no way she would have been hired without that tie-in," sniped a Little Rock lawyer.

The second musketeer was Mr. Kennedy, now associate counsel in the White House, a powerful position that makes him No. 3 in line when the president needs legal advice. He was the hard man who had a reputation for his aggressive manner.

The third was Mr. Hubbell, now associate attorney general and widely regarded as the man who really runs the Justice Department. He was the mixer who knew how to milk political opportunities. A former college football player for the Arkansas Razorbacks, he concealed a quick brain behind a shambling, oafish demeanor.

The final musketeer was Mr. Foster, the deputy White House counsel and a man both personally and professionally close to the Clintons. He was the cleanup man, the brains behind Rose, the quiet executive in the same building are the offices of Commercial Bank, where Frank Wright, Lindsey and Jennings, the law firm where Mr. Clinton worked when he was briefly voted out as governor and where Bruce Lindsey, another White House aide, was a partner.

On nearby Fourth Street is First Commercial Bank, where Frank White (who whipped Mr. Clinton in the 1980 gubernatorial race) works—close to the Stephens Building, where the president has his Arkansas "White House" office.

"It was like brothers marrying sisters and made for back scratching at every level," said Roy P. Drew, an independent stock analyst who once advised the Rose partners about their investments. "They were a powerful clique, used to getting their own way."

Mr. Drew's campaign to root out cronynias has cost him dearly. Little Rock's leading firms and banks have tried to squeeze him out of business. "Nobody likes the apple cart to be rocked, especially when it is loaded with the truth," he says ruefully.
CRIMES

From page A1

Zvonimir Separovic, chairman of the criminology department at the University of Zagreb in Croatia.

"What might happen is that these countries will select only a few on the bottom, so-called 'simple monsters,' as scapegoats," he said. "That will be wrong, of course. But there's inevitably casual: "Acim, history teacher and high school principal," But the details read like a surreal nightmare: "Four soldiers including Milan, my neighbor, came to my door holding automatic Russian rifles."

Such evidence, including thousands of painfully detailed statements, is being stored in data bases to be used someday in court.

Those who are not handed over will become prisoners in their own lands, he said. "Their names will certainly be put on Interpol's list, and one day some of those criminals will make a mistake and leave."

The political restrictions have not curbed the zeal of those whose job it is to gather evidence. Investigators are everywhere in Bosnia and Croatia, from technicians studying the crater of the shell that hit Sarajevo's market on Feb. 5 to the human rights workers exhuming some of the 42 known mass graves.

In Sarajevo, soldiers are assigned the job of locating the launching spot of each mortar that comes into the city. "We know which commanders are stationed in which parts of Sarajevo and will get them after the war," a Muslim official said.

Ragib Hadzic, director of the Zenica War Crimes Commission, a branch of the state office in Sarajevo, said such documentation is necessary. "It's important that whoever does this gets his punishment after the war, no matter what nationality."

The Bosnian commission claims to have enough evidence to convict those responsible for the rape of 25,000 women, the slaughter of whole villages, the destruction of thousands of monuments and the torture of Bosniaks in more than 200 concentration camps.

If the Bosnian government can catch the more than 11,000 suspects already on their list, they intend to try them in Bosnian courts, where they will be subject to the death penalty. Five trials already have been held in Sarajevo, and one man who confessed to numerous rapes and murders, was sentenced to death.

His case is under appeal.

The commission has an all-volunteer staff that hunts down victims and takes handwritten statements. The statements are analyzed by "experts" and compiled into a computer data base. With no budget for basic supplies, they are writing

The Washington Times
TUESDAY, FEBRUARY 15, 1994

see CRIMES, page A15

Data base of war crimes lays groundwork for trials

By Catherine Touts

The Washington Times

ZENICA, Bosnia-Herzegovina — A half-dozen people sit hunched over computers in the Bosnian War Crimes Commission every day, tapping in details of the latest atrocities and the names of those responsible — often neighbors and friends of the victims.

"The lists are long and frighteningly casual: "Acim, history teacher and high school principal," But the details read like a surreal nightmare: "Four soldiers including Milan, my neighbor, came to my door holding automatic Russian rifles."

Such evidence, including thousands of painfully detailed statements, is being stored in data bases to be used someday in court.

Countless more outrages committed by Serbs, Croats and Muslims are being documented by U.N. peacekeepers and international groups such as Helsinki Watch and Amnesty International.

There is little chance that most of the suspected war criminals will ever be brought to justice, either by the fiercely motivated governments of the three factions or by the cash-strapped International War Tribunal, which is expected to start issuing indictments before the end of the year.

"It's impossible for many reasons, including the fact that there will be a reluctance for countries to extradite their own citizens, especially people who are regarded as heroes of their country," said
ECONOMY

By David R. Sands
The Washington Times

Given low interest rates and happy consumers, the U.S. economy has enough momentum to deliver "sustained economic expansion" for the rest of the century, President Clinton's top economic advisors predicted yesterday.

In the annual Economic Report of the President, prepared by the Council of Economic Advisers (CEA), the administration said it expects economic growth of about 3 percent this year, with job creation strong and inflation under control.

"The American economy is once again on the path to renewal, the path of rising output, increasing employment, and falling deficits," Mr. Clinton said yesterday.

CEA Chairman Laura D'Andrea Tyson said the administration's budget cutting measures had been a major factor in the sharp decline of interest rates, a decline that has helped underwrite the current expansion.

Separately, a survey of 44 private-sector forecasters came to a very similar conclusion about the economy's short-term prospects.

The National Association of Business Economists revealed that its forecaster poll produced a consensus that U.S. gross domestic product growth this year will be 3.2 percent, falling slightly to 2.8 percent.

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term prospects. The National Association of Business Economists revealed that its forecaster poll produced a consensus that U.S. gross domestic product growth this year will be 3.2 percent, falling slightly to 2.8 percent next year.

"The overall outlook is quite good," said William C. Dunkelworth, president of the economists group. "People will look back and say: Those were pretty good years."

The economy grew 2.9 percent last year, including a fourth-quarter surge at an annual rate of 5.9 percent. The NABE survey was completed before the Feb. 5 move by the Federal Reserve to raise a key interest rate, but Mr. Dunkelworth said most of the private economists had been expecting the Fed to tighten rates.

CEA economist Alan Blinder said yesterday that frigid winter weather was a "real rock" in the path of the economy for the January-March quarter. But any dampening of growth probably will be made up later in 1994, he said.

Although Ms. Tyson said administration economists are fairly confident about the solidity of their forecast, major variables include

- "The economic recovery is on track to create 8 million jobs in the four years of Mr. Clinton's term, adding that the "investment-driven expansion" has created more jobs in Mr. Clinton's first year in office than in the four previous years combined.

- She criticized congressional efforts to pass a balanced-budget amendment, saying it would place a major contractionary drag on the economy with the relative size of the budget deficit is already going down. The CEA calculates that already low long-term interest rates would have to fall another 3 percentage points to make up for the fiscal hit that would result if the federal budget were balanced by 1998.

While conceding that major corporate layoffs may still be in the offing, she said pressures for job cuts have eased in recent months as corporate restructuring programs abate. Major corporate layoffs that led to layoffs — heavy corporate debt levels, a sputtering economy and lack of international competitiveness — have weakened as American industry retools and the economy strengthens.

She said a major challenge for the economy now is translating those economic gains into bigger paychecks for American workers, which she said is the thrust of the administration's policies on worker training and trade.

While the two previous Republican administrations' economic programs were focused instead on the fact that wages have been stagnating or falling for low-skilled and poorly educated workers since the 1970s.

"This administration sees the combination of stagnating average incomes and rising inequality as a threat to the social fabric that has long bound Americans together and made ours a society with minimal class distinctions," the report said.

The Washington Times TUESDAY, FEBRUARY 15, 1994

American lawmakers, media urged to take Zhirinovsky threat seriously

By Martin Sieff
The Washington Times

American politicians and journalists have not yet faced up to the threat to democracy and world peace posed by extremist nationalist Vladimir Zhirinovsky, Russian affairs expert Alexander Yanov said yesterday.

"Mr. Zhirinovsky is riding triumpantly to the year 2000," said Mr. Yanov, who compared conditions in Russia today to the Weimar Republic when Hitler first appeared on German political scene.

Mr. Zhirinovsky ran third and won just 6 million votes in the 1991 presidential elections, said Mr. Yanov, who predicted the rise of a "Red-Brown" alliance of nationalists and former Communists in his books "The New Russian Right" and "The Russian Challenge."

The Russians thought of him as a "passing phenomenon" at that time, he told Heritage Foundation meeting. They were still in the stage of denial when the West remained in general ignorance."

All that changed for Russians after the Dec. 12 parliamentary elections in which Mr. Zhirinovsky's Liberal Democratic Party won nearly a quarter of the vote, more than any other single party.

But that "momentous defeat of democracy appears not to have fully registered with the American media," said Mr. Yanov, a professor at the City University of New York and a founder of Moscow's Trilateral Economic-Political Club.

Instead, he said, it has "reacted with a willful sense of denial," manifested by the view that Mr. Zhirinovsky is a buffoon or mad, that his appeal will not last and that his nuclear threats are just bluff.

But Mr. Zhirinovsky has already shown himself to be more skillful than his democratic rivals at wooing Russia's suffering masses, Mr. Yanov said.

"There is only one Russian politician who is on the rise and who, in the past two years, has managed to increase his base of support 2½ times," he said.

Many Western analysts and journalists believe Mr. Zhirinovsky's outlandish adventures in foreign countries — several of which barred or expelled him — must have destroyed his credibility at home. But these events only strengthened him with his supporters, Mr. Yanov said.

Mr. Yanov quoted Mr. Zhirinovsky as having once told him, "If foreign governments take me seriously by throwing me out, it strengthens me."

After his foreign adventures, "Zhirinovsky is not a laughingstock to the Russian masses, he is a hero to them," Mr. Yanov said.

And, he said, Mr. Zhirinovsky is entirely serious about his vision of a Russian war of military conquest to seize the Muslim lands of the Middle East in search of oil wealth and other resources. The goal is expressed in his book "The Final Thrust South."

"Like Hitler before him, he sees the salvation of the nation in war and conquest," Mr. Yanov said. "His quarrel is with the Muslim world, except for his friend and financier [Iraqi President] Saddam Hussein."
and how much unmarried partners
key issue is the definition of family
health plan will hurt families.

After analyzing various health pro
through the plan's health premiums.

Scrrips Howro News Service

The conservative Christian Coali­
the Gay and Lesbian Task Force, say President Clinton's

By Lee Bowman

The gay and lesbian group, a
best alternative, the Clinton plan met

Lee Bowman

The American Coalition in Defense of Gay and Lesbian
martial law, has scheduled a

fear of U.S.-Japanese trade brawl

The Christian Coalition, headed

The Gay and Lesbian Task Force, after analyzing various health pro­
possals, concluded that while the na­
tionalized health-financing option of
the "framework" talks included auto, auto
parts, insurance and Japanese govern­
ment purchases of foreign telecommu­
cations and medical devices.

Mr. Clinton yesterday said no decision has been made on the Mattero­
key issue is the definition of family
health plan will hurt families.

By David R. Sands

The Hosokawa government also of­
Mr. Kantor said.

Laura D'Andrea Tyson, chairman of the Council of Economic Advisers
cautioned that a decision on Japanese imports, administration
said.

One irony of the dispute is that both sides may wind up taking the
other to the global trade court run
under the Global Trade Agreement on
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ization, and many other long-developing
in trade relations. Page B12.

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tween adults," said former Foreign

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rial rivals.

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on trade sanctions and higher tariffs on Japanese imports, administration
officials said a far wider range of responses is being considered.

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"We're taking a very measured,
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Lawmakers fight White House cuts to favored projects

By David S. Cloud

Sen. Kent Conrad, North Dakota Democrat, wanted White House Budget Director Leon E. Panetta to understand just how cold it can get on the plains of North Dakota.

As Mr. Panetta began his budget sales pitch on Capitol Hill, Mr. Conrad greeted him with the front page of the Bismarck Tribune. Displayed in huge type were the recent wind chill readings. The lowest was a frigid 74 below zero. "Winter of '94: So Cold It Hurts," screamed the headline.

"Would you like to reconsider at this time the 50 percent cuts in low-income heating assistance, Mr. Budget Director?" Mr. Conrad inquired only half-jokingly.

Mr. Panetta stood fast. But the incident illustrates the conflicting priorities of Congress and the administration could jeopardize passage this year of President Clinton's ambitious domestic agenda. Many of the programs the administration proposes to cut because it considers them wasteful or poorly designed enjoy broad support among lawmakers.

If Congress cannot bring itself to accept Mr. Clinton's cuts or find others to replace them, it will be nearly impossible to squeeze enough money out of an already constricted budget for the $7.7 billion in new spending the administration wants in areas such as transportation, education, law enforcement, worker training and social services.

Administration officials insist that other cuts will not be easy to find. So Congress could save itself some trouble, they imply, by simply accepting the surgery already performed by the Office of Management and Budget.

That isn't likely to happen. The Clinton plan includes a number of program reductions that Congress rejected in the past and is virtually certain to reject again.

In his first budget in 1981, for example, President Reagan proposed elimination of loans provided to telephone companies by the Rural Electrification Administration (REA), a New Deal-era agency in the Agriculture Department that critics contend long since fulfilled its original mission to provide electric service to rural areas. But more than a decade later, REA telephone loans are still around and Mr. Clinton's attempt to cut them may well be no more fruitful.

In order to get beneath the $542.4 billion cap for domestic discretion-spending, Mr. Clinton is proposing cuts totaling $22.2 billion for fiscal 1995. He would wipe 115 federal programs off the books entirely and cut funding for another 106. By way of comparison, Mr. Reagan outlined plans to eliminate 141 programs in his first budget.

But Mr. Clinton's budget is far kinder and gentler to domestic programs than the first one submitted by Mr. Reagan, who made a concerted effort to slash federal bureaucracy and close down entire agencies. He succeeded in winning deep cuts in domestic spending, but most of the programs themselves survived. By contrast, more than half of the cuts in dollar terms proposed by Mr. Clinton would come from reductions in Pentagon spending.

Some of Mr. Clinton's proposed spending cuts have not been received well by fellow Democrats and the party's constituency, who endorsed them wasteful or poorly designed. "He has no credentials of any kind," says a source at the Hamar Amphitheatre in Lillehammer, Norway. "Nancy was very angry because we wouldn't let him in. She got very upset, because we let Chelsea Clinton in without accreditation."

The security detail finally relented and let Mr. Solomon in. Later, Miss Kerrigan met with the First Daughter.

Considering the nearly supernatural grace with which she handled the controversy surrounding rival Tonya Harding, we'll forgive this little tantrum of Miss Kerrigan's.

Running mates: President Clinton apparently wanted to have a "heart-to-heart" talk with some kids on Valentine's Day; the White House called Holy Trinity School yesterday morning and requested "30 fifth graders to go jogging." School development head Mary Cavanaugh rounded them up pronto for a run around George-town University's Yates Field House track.

The tie-in? The American Heart Association is doing outreach among young children, getting them prepared early for some nutritional guidance.

The prez must have been alone with his family far off in Norway. (Sidewell Friends students were wondering yesterday if Chelsea Clinton would make it back in time for class. She and mom were expected home last night.)

Nancy gets nasty: Skater Nancy Kerrigan's Olympic-sized smile disappeared the other day when her agent, Jerry Solomon, was denied admission to the skating rink where she practices, the New York Post reports.

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Two hard days' nights: The one-night-only performance of the Beatles tribute "1964" at the Warner Theatre was canceled Friday night because of the weather. The show has been rescheduled for April 8, but someone won't be the same. Friday, of course, was the 30th anniversary of the Fab Four's first American performance, at the Washington Coliseum.

To get to the show from New York 30 years ago, the Beatles had to take a train. They couldn't fly because, coincidentally, it was snowing. Even so, about 3,000 die-hard fans braved the storm to meet the Liverpool lads at Union Station.
Will Pentagon have
the horses under
Clinton's program?

By Pat Towell

The Clinton administration has
planned a five-year defense pro-
gram the way a savvy bettor plans a
race.

By spreading money across sev-
eral horses, a gambler ensures that
several possible outcomes will let
him come out ahead. But if none of
those outcomes occur, he can still
lose big.

President Clinton's $263 billion
budget request for fiscal 1995 is the
first installment of a five-year, $1.3
trillion defense program that rests
on a complex budgetary gamble.

It assumes that inflation will
boost future Pentagon expenses
more slowly than forecast, thus cut-
ing long-range budgetary require-
ments by at least $20 billion.

And it assumes that the Pentagon
will be able to trim its annual costs
by disposing of unneeded facilities. Those moves in some cases will require congres-
sional assent, which could prove dif-
cult to obtain.

To the extent that he is looking to
several possible sources of savings, Mr. Clinton has hedged his bet: A drop in inflation might compensate
for a refusal by Congress to approve
some particular change in the weapons procurement
budget.

Nonetheless, some combination of inflation and cost-cutting reforms must yield tens of billions of dollars in net savings for the Pen-
tagon over the next five years. Other-
wise, Mr. Clinton's projected budget
will be too small to cover an upturn in weapons procurement funding slated for fiscal 1998.

That resurgence in procurement
spending is a key element of Mr.
Clinton's plan to maintain a force of
1.4 million men and women, all combat ready and equipped with high-tech weapons.

For a few years, the administration
argues, procurement funding can be held down to keep the total defense budget within limits. Mean-
while, the services will have to live
off the large inventories of modern
weaponry amassed during the flush
years of the 1980s.

Reflecting that assumption, Mr.
Clinton's procurement request for fiscal 1995 is $43 billion. That is $1 billion less than the current procure-
ment budget and only one-third the
inflation-indexed size of the pro-
curement budget in fiscal 1985.

Because this would be the 10th consecutive year in which procure-
ment funding has declined, most of
the major programs in the Reagan
administration's weapons buildup al-
ready have been killed. The fiscal
1995 budget would terminate only a
handful of major programs, includ-
ing production of the Air Force's
F-16 fighter and several models of a
helicopter used by the Navy to hunt
submarines and rescue drowned pil-
ots.

But Defense Secretary William
Perry told the Senate Armed Ser-
vices Committee on Feb. 8, "There
will come a time when we have used
up that excess inventory, and then we
will have to start building at higher
costs than we now are building."

Testifying together, Mr. Perry and
Gen. John Shalikashvili, chairman of the Joint Chiefs of Staff, defended the budget as the minimum needed
to deliver on Clinton's defense strat-
egy.

But the president's plan faces
strong criticism from liberals, who
find his goal of a 1.4 million-person
force unduly ambitious. House
Armed Services Committee Chair-
man Ronald Dellums, California
Democrat, called it "an enormous
commitment of scarce economic re-
sources that may not be justified by
our national security needs."

At least initially, the more vocal
criticism of Mr. Clinton's plan is
coming from conservatives who ac-
cept Mr. Clinton's defense goals but
fault his budget as inadequate to
the purpose.

"Our forces are going hollow," warned Sen. John McCain, Arizona
Republican, at a hearing of the House
Armed Services Committee. "If we
are not ready, the men and women
who volunteer for our line of battle
will die for our negligence with their lives."

Ousted reformers
see big spending
leading to crisis

By Jonas Bernstein

MOSCOW — Russia's dethroned
reformers are keeping up their as-
ault against the new Cabinet, pre-
sentation of its February budget
showing that deficit spending wiU
lead the country into a major eco-

crisis within a matter of months.

During a press conference at Mos
cow's International Press Cen-
ter yesterday, Boris Yeltsin, who
last month stepped down from his
post as finance minister, predicted
the policies of Prime Minister Victor
Chernomyrdin's new government
will plunge the country into an eco-

crisis by April or May.

The Russian Central Bank had
$4 billion in hard currency re-


sources that may not be justified by

others that may not be justified by

the management committee of the

Fociety for the Development of

Agricultural Industries.

"When you have an excess in one
sector, it is going to cause a de-
cline in another sector," he said.

Mr. Yeltsin added that he had
promised to pay another $1.5 billion
in back debts to military indus-
try within two months.

Defense Minister Pavel Grachev
said last week that President Boris
Yeltsin will present a 1994 budget with a
big deficit.

Mr. Yeltsin, a former World
Bank board member, warned yester-
day that the general spending pat-
tern will deepen Russia's recession and render impossible the country's main task — the fight against infla-
tion.

"Inflation reaches even the level it
reached in 1993, it will be a huge
defeat for Russia," he said.

"We don't have savings, our people
can't accumulate money. There is
no investment, there is no fund for
short-term credit. And if there's no
fund for short-term credit and no in-
vestment, there will be no rise in
production."

Mr. Gaidar, who now heads the
Russian's Choice bloc in the State
Duma, weighed in last week with his
own critique. Writing in Thursday's
edition of the reformist daily Izves-
tia, Mr. Gaidar argued that the moti-
ing force behind Mr. Chernomyr-
din's "government of managers" is
simply corruption.

While excoriating the govern-
ment's "top leaders," Mr. Gaidar
wrote: "Today's statists have a basic
ideology — the ideology of cynical
bureaucratic decadence.
Lawmakers for balanced budget take case to computer network

By Andrew Mollison

Cox News Service

Sen. Larry Craig, Idaho Republican, and Rep. Charles Stenholm, Texas Democrat, crouched last week in front of computer screens on Capitol Hill. They were rehearsing how to field questions from users of the CompuServe network about their support for a proposal to add a balanced-budget amendment to the U.S. Constitution.

"They'll be reaching people in CompuServe's political affairs section - political junkies who are likely to write their members of Congress," said Mr. Stenholm's assistant, Ed Lorenzen. "Also, Rush Limbaugh and a lot of other talk-show hosts use computer networks for source material, so this should stir up a lot of radio interest."

When the Senate begins debating the amendment on Feb. 22, Mr. Craig and Mr. Stenholm hope to be armed with favorable comment from beyond the Beltway sent to them over the information superhighway.

It will mark another technological lurch forward in a debate over federal fiscal limits that has sputtered on and off since the era of quill pens.

"My reading of our history is that this is a debate that's taken place since the formation of the nation," said Connie Mack, Florida Republican.

In the summer of 1787, delegates to the Constitutional Convention were appalled by the postwar paralysis of the Continental Congress under the Articles of Confederation.

The makeshift articles that allowed the new nation to stagger through the Revolutionary War required that two-thirds of the state delegations approve any taxation or borrowing. Because it took only five of the 13 states to block any fiscal amendment that would overturn the "outdated" solution the Founding Fathers devised for gridlock back then.

The solution was to require only a simple majority of those voting in Congress to tax and spend, "pay the debts of [and] borrow money on the credit of the United States." The main safeguard is a president's veto.

In 1792, the federal government had its first unbalanced budget, borrowing $1.4 million - 28 percent of the $5 million spent. Combined with leftover war debts, that deficit pushed the national debt above $80 million - equal to roughly $50 per American, or one year's wages for a working man.

Since then, under such presidents as Thomas Jefferson and John Adams, Congress slashed outlays and used surplus receipts to make payments on the debt. Under such presidents as Franklin D. Roosevelt and Ronald Reagan, Congress borrowed billions and let spending soar.

The national debt fluctuated but never disappeared.

This year the federal government is borrowing another $235 billion - 16 percent of the $1.5 trillion that is spent. The gross national debt reached $4.3 trillion - approaching $17,000 per American - on Dec. 31, 1993.

The latest version of the balanced-budget amendment is sponsored by Mr. Stenholm in the House and Paul Simon, Illinois Democrat, in the Senate. It would require more than a simple majority to raise taxes or the debt ceiling or to approve outlays estimated to exceed receipts in the same year.

Since 1982, a similar proposal passed once in the Senate and missed another time by only a vote. In the House, it failed three times, though the margin narrowed in recent years.

Both sides say supporters are within four to six votes of passing in the Senate this year. Its fate in the House is still uncertain.

"It would promote political gridlock and would endanger our economic recovery," Mr. Clinton said.

Mr. Craig took the opposite point of view. "As government begins to reduce its overall size of spending in relation to the national economy, that will simply mean more money is left out there to create jobs and fund consumer spending," Mr. Craig said.

Targeted by both sides are such swing Democrats as Sens. John Glenn of Ohio and Sam Nunn of Georgia.

Mr. Glenn voted against similar proposals in 1982 and 1986. But he voted for an unsuccessful effort to cut off a filibuster against Mr. Simon's amendment in 1992, when Mr. Glenn was seeking re-election.

"I am taking a serious look at the proposal because of my extreme frustration with all this deficit spending," Mr. Glenn said.

House and Senate, especially on an issue as important as amending the Constitution.

The measure has attracted 55 sponsors in the Senate and 262 in the House, still short of what would be needed to send the proposal to the 50 states. But that could change in the weeks ahead.

Still, the odds are stacked against success. Unlike his predecessor, George Bush, President Clinton and much of the Senate Democratic leadership opposes the idea. In addition, the federal budget deficit is forecast to decline in the near term, thus removing some of the supporters' ammunition.

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The Washington Times TUESDAY, FEBRUARY 15, 1994
Workers rally against layoffs at USIA; ‘partnership’ tested

By Greg Pierce

A union at the U.S. Information Agency yesterday rallied against proposed layoffs there, and a shop steward said the White House needs to clarify the role of partnership councils if it wants to head off trouble at other agencies.

The union has accused management of ignoring recommendations from "partnership teams" that would save 225 jobs at the agency.

David Pitts, shop steward at the American Federation of Government Employees (AFGE) Local 1812, said: "The reason it's come to a crunch here is because we're facing imminent job cuts." Most federal agencies are giving only lip service to the concept of labor-management partnership, he added, but the others "have more time" before job cuts hit.

"Is it [partnership] just input, or something more?" Mr. Pitts said in an interview during yesterday's lunch-hour protest.

Behind him, about 50 protesters chanted: "Say it ain't so, Joe," referring to USIA Director Joseph Duffey.

"Partnership comes up across the government since President Clinton issued an executive order on Oct. 1, giving employees unions the right to bargain over issues where even management's hands are tied."

The agency must meet the demands of the White House and Congress, he said. "Within those limitations," the USIA wants to forge an effective partnership with its unions, he added.

Management did accept many of the partnership teams' recommendations, Mr. Kemble said, but their proposals on saving jobs were "unrealistic." "The entire concept [of partnership councils] ... is new to the federal government, and individual agencies are making it work," said Elaine Kamarck of the vice president's Office of the National Performance Review. "Some are going more smoothly than others."

Ms. Kamarck said that she was not familiar with the situation at the USIA but that a recent report of the National Partnership Council covered the issue of management rights.

That report says such rights include "mission, organization and number of employees." "They're [the USIA] talking the talk, but not walking the walk," said Stacey Rose-Blass, president of the union local. Ms. Rose-Blass was dressed in red, matching the union's Valentine's Day theme of "USIA, you're breaking our hearts."

The threatened layoffs have put employees under a lot of stress, Ms. Rose-Blass said.

Although USIA managers were invited to AFGE's partnership training program last week, no one came, she said. "There were a lot managers there" from other agencies, she added.

The Federal Mediation and Conciliation Service (FMCS) has stepped into the dispute at the request of the union, with management's consent — the first time such a procedure has been used, since partnership councils came into being.

Union and management officials met for 3 1/2 hours on Feb. 7, according to Mr. Pitts, and another session is scheduled for today.

The FMCS told them that it does not arbitrate disputes but acts more as "a marriage counselor," Mr. Pitts said.

"We're always interested in any kind of help we can get," in a difficult situation, Mr. Kemble said, but to make partnership work "we and the union need to find a way ourselves." AFGE represents 2,700 workers at the agency. Another union, the American Foreign Service Association (AFSA), represents 1,200 employees. The AFSA did not participate in yesterday's rally, although a spokesman said the union supported the protest.

Freshmen in House fill war chests

By Thomas Galvin

Although they have served only a year in Congress, House freshmen appear to have tapped into the campaign cash flow that has long justified their more seasoned colleagues.

A preliminary analysis of 1993 campaign finance reports, which were due Jan. 31 at the Federal Election Commission (FEC), shows that newcomers have raised an average of $77,001 apiece from political action committees (PACs). That is only about $7,000 less than veteran lawmakers.

Overall, total receipts for freshmen averaged $169,066, compared with an average of $188,203 raised by veterans.

As of last Friday, the reports for 127 House members — including 28 freshmen — were available at the FEC. Reports for all members seeking re-election will be available in the coming weeks.

The 99 veteran members who had filed by Friday had raised slightly less money so far than they had at a comparable point in the 1991-92 election cycle. By the end of 1991, those same members had raised an average of $193,427, of which $88,878 came from PACs.

Among 28 House freshmen reporting so far, one of the most successful fund-raisers was Rep. Peter I. Blute, Massachusetts Republican, who topped veteran Democrat Joseph D. Early in 1992 after the incumbent had been tarnished in the House bank scandal. Mr. Blute, who is trying to hold onto the seat in a predominantly Democratic district, raised $333,820 in 1993.

Rep. Mel Reynolds, Illinois Democrat, a freshman who landed a prized seat on the tax-writing Ways and Means Committee, also had a good year. He raised $250,338 in 1993, a little over half of which came from PACs.

Rep. David A. Levy, New York Republican, has assembled one of the smallest campaign chests, but he was also the most reliant on PAC contributions. Almost 85 percent of the $55,476 he raised last year came from PACs. Mr. Levy's relatively small take is likely to warm the hearts of Democrats, since he won a close election for the open seat in 1992.

Another New York freshman, Republican John M. McHugh, raised only $26,456 in 1993. But he can probably rest easy: Mr. McHugh won the open seat in 1992 with a comfortable 61 percent of the vote, and his district is heavily Republican.

While the freshmen have shown prowess raising money, many of them have been spending it almost as fast as they've raised it. As a consequence, they lack the fat cushion of cash on hand that senior members can rely on heading into this year's elections.
Military lure's for youth dims

Recruiters find few enlistıng

By Rowan Scarborough
THE WASHINGTON TIMES

A new Defense Department survey shows a sharp drop in the number of young people wanting to join the armed forces, a wake-up call for recruiters trying to attract high-quality applicants to a shrinking pool.

The study interviewed 10,000 persons nationwide between the ages of 16 and 24 — the pool from which the military draws most of its enlisted personnel. All four branches saw noticeable dips in the percentages of those who said they would definitely sign up.

"It is time to think hard about how the survey is one of our indications of future recruiting," said Col. Doug Hart, a Pentagon spokesman.

For the Army, the largest branch and the one with the most pressure to recruit, the percentage of young people likely to join dropped from 16 percent in 1990 to 10 percent in 1993, a 38 percent decline.

The Navy and Air Force had similar drops in popularity while the Marine Corps saw a 25 percent decrease.

"It is of great concern to us because it is a continuing pattern of an unabated decline for three years, particularly knowing that the recruiting marketplace is more difficult," said Lt. Col. Greg McGuckin, the Army's chief of marketing and advertising at the Pentagon. "Recruiters are having difficulty now."

The culprit, according to Col. McGuckin and other officials, is not hard to find: The armed forces are losing the attraction of a post-Cold War down-sizing that will see the active force shrink to 1.2 million by 1997 — 1.5 million by the end of the decade.

High school graduates are seeking better careers, and job security, elsewhere.

We have some evidence they question how viable their opportunities will be once they enter the service," Col. McGuckin said.

The survey is called the Youth At-titude Tracking Study, conducted yearly by a private contractor.

When the survey asks a youth person's "positive propensity to serve on active duty" in the enlisted ranks, the bulk was done in October, and the results were distributed to each military branch late last month.

"It seemed to validate the degree of difficulty recruiters are facing," said Col. John Myers, spokesman for the Army Recruitment Command at Fort Knox, Ky.

Col. Myers said that focus groups and survey responses show young people are unsure of the military's standing.

"The logic chain runs from a lack of trust to why do we need the military," he said.

The survey also showed an across-the-board decline in the percentages of women, blacks and Hispanics wanting to join.

The propensity of blacks to enlist dropped in the last four years, from 1.45 million in 1990 to 1.07 million in 1993, a 25 percent decrease.

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"Up a she's pretty much nowhere. There isn't a single place of legislation in which the department has had a say, and it's pretty embarrassing."

— A Democratic staffer.

Reno image sinks in Washington

By Karl Vick

ST. PETERSBURG TIMES

In the Clinton Cabinet, she stands literally head and shoulders above the rest: Janet Reno, the 6-foot-1 former prosecutor from Miami, now doing double duty as U.S. attorney general and demigod.

Few public servants in modern history enjoyed such a public adulation so quickly as Miss Reno did after bluntly taking blame for the botched climax of the Branch Davidian standoff. When she walked into a downtown Washington restaurant a few days later, diners pushed back their chairs at the sight of her and rose in a spontaneous standing ovation.

"That gave you goose bumps," said Florida Lt. Gov. Buddy MacKay, who was with his old friend that night. "And I'm a little past the goose-bump phase in politics."

So is Washington, it turns out.

The Time magazine cover that proclaimed Miss Reno "The Real Thing" is more than 6 months old now. And although the nation's first female attorney general remains an almost folkloric figure with the general public, the anniversary of her historic appointment comes in a capital that has turned from admiring to critical.

"I think she's terrific," President Clinton said last month to talk-show host Larry King during a line of questioning that signaled the changing tenor: Mr. King was sniffling out a resignation rumor.

"It's taken a few luck," Mr. Clinton allowed. "But she has an enormous feel for simple justice, which is what I think people want in the attorney general."

The criticisms so far are centered in Operational Washington, where public officials living on the gears of power and judge others by how deftly they work the same machine.

These people may not speak for publication, but they do talk. And what they are telling one another is that Miss Reno's emphasis on the social roots of crime puts her out of step both with a White House ruled by a pro-death-penalty Southern former governor and a department that will enforce it. As senators hurried to last year with no obvious involvement from the Justice Department that will enforce it. As senators hurried to last year with no obvious involvement from the Justice Department that will enforce it. As senators hurried to last year with no obvious involvement from the Justice Department that will enforce it.

"Is she smart? Yes, very," this staffer said. "Is she a public servant in the head office? No liberal Democrat wins four elections in Dade County unconfirmed."

Meanwhile, career attorneys report signs of Miss Reno "micromanaging," getting personally involved in cases that normally even a division head would leave to the assigned lawyer.

"She is willing to delegate," said Chesterfield Smith, a former American Bar Association president and longtime friend. "But when she sees problems she wants to be involved herself."

Thinness at the top

At the same time, even Miss Reno's critics acknowledge that the White House deserves blame for much of the thumping she has taken. After two abortive nominations that included Lani Guinier, Mr. Clinton only last week named a chief for the civil rights division. Nominees for nearly half of the department's 30 top jobs remain unconfirmed.

But Miss Reno herself recently dismissed her chief deputy, Philip B. Heymann, who cited bad "chemistry" and hiring Ron Klain, a former top Senate Judiciary aide, as counselor doubles as an admission of neglect.

"He will initially be working just on the crime bill," Miss Reno said.

Harder to solve may be what Miss Reno should do with her own time.

As in Miami, where she convened a grand jury to examine the plight of children in Florida's foster care system, she insists upon defining "justice" well beyond the strict bounds of a legal system. She spoke tough at her confirmation hearing — not once mentioning her opposition to capital punishment — but in office her standard speech dwells on preventing crime by attacking its root causes: weak families, violence in the home and hopelessness.

Mr. McNulty, who held senior posts under two Republican attorneys general, said it may be no accident that her press turned bad when crime jumped to the top of the nation's worries, and Mr. Clinton won re-election for beating Republicans in promoting a life sentence after a third felony conviction, popularly known as "three strikes and you're out."

But Mr. McNulty suggested Miss Reno's priorities were out of line in other ways as well. She should have mastered running her department before hitting the lectern, he said.

"The problem is the Department of Justice is not in the first place a policy-advocacy agency," Mr. McNulty said. "It's responsible for enforcing the law first of all."

Personal style

A Reno aide predicted the attorney general will accept fewer speaking engagements in the coming year.

"She's done a fine job. None of us is perfect, we all make mistakes. But, boy, she goes to work every day and really tries to do what's right for ordinary Americans."

— President Clinton

But Miss Reno herself talks passionately about the need to stay in touch with the people federal policies affect most directly. And all agree she's her own best advertisement.

"I like the old gal," said one Justice Department lawyer who won Miss Reno on a canoe trip organized by department employees. The attorney general ended up being rescued by her bodyguards after her boat capsized, but the outing — along with institutional improvements such as a suggestion line and a department newsletter, Justice for All — helped rebuild the morale that had languished in previous administrations.

Employees speak admiringly of passing her in the hallways late at night and early in the morning. Several said her specific reservations tend to be perfunctory, overwhelmed by their pleasure at finding a fellow career public servant in the head office.

"You see her down in the dining room," one said. "eating all the same disgusting slop the rest of us chow down at lunch."

"No liberal Democrat wins four elections in Dade County without personal political skills, and all of Washington concede Reno is a "great gal."

Her personal style matches her speech. She consciously uses, in her own description, "short, old words" to express simple virtues. She wears flat shoes and collared blue shirts, and lives amid rented furniture in an apartment within walking distance of her Constitution Avenue office. Outside it is a mural showing a man in black robes helping a short, shirtless laborer onto higher ground.
"Too many of us in this world become someone else because it’s popular," she told a recent audience, which produced yet another standing ovation. She had come to the B'nai B'rith building to dedicate an exhibit on Florida Jews and found herself among old friends. "I walked the streets of South Miami Beach," she said. "I walked the condos of the North Beach. I have been taken in. I have been petted. I have been patted. I was 'their Janet,' and they elected me again and again and again."

Traveling popularity

Miss Reno's popularity apparently travels with her. In Miami, a rap group recorded an admiring song. On a sitcom the other night, a bartender got a laugh saying his taxes should go toward "steel-toed boots for Janet Reno."

She ranks behind only Mother Teresa, Barbara Bush and Hillary Rodham Clinton among women most admired by readers of Good Housekeeping. In fact, during much of 1993, Miss Reno's favorability rating stood higher than the president's.

Some say that fact explains a persistent friction with the White House.

"I think she's done a fine job," the president told CNN on the anniversary of his inauguration. "None of us are perfect, we all make mistakes. But, boy, she goes to work every day and really tries to do what's right for ordinary Americans."

On occasion, however, Miss Reno has lost sight of what's good for her president. Aug. 10, for example, was shaping up as a tremendous day for Mr. Clinton. He signed the deficit-reduction bill he called a key to his presidency. Then his appointee was sworn in as the second woman to serve on the Supreme Court.

One or the other surely would have led the evening news if Miss Reno had not chosen the same day to release the angry note left behind by Deputy White House Counsel Vincent W. Foster Jr. Its mysterious allusions to White House scandal trumped the good news. "I can understand that happening to someone new in a job," said Mr. MacKay. "I wouldn't expect that to be repeated a second time."

Playing politics

But while discretion is one thing, an attorney general can injure an entire administration by appearing to play politics. As part of the routine housecleaning that follows every new administration, Miss Reno replaced Jay Stephens as the U.S. attorney who prosecutes crimes in the District of Columbia. Mr. Stephens, a Republican, complained the move was designed to interrupt his investigation of one of the president's strongest allies, House Ways and Means Committee Chairman Dan Rostenkowski, Illinois Democrat.

"That's bull," said Mr. Rostenkowski's attorney, Robert Bennett. "They're doing a thorough investigation. As far as I can see they're acting quite professionally, as opposed to Jay Stephens, who I thought acted grossly unduly."

More damaging was Miss Reno's last-minute decision on a matter that figured in a New York election. Her department's lawyers had found no basis to continue an investigation of the Crown Heights racial disturbance in New York City, where blacks fought with Jews. After Democratic politicians warned that the announcement stood to harm Democrat David Dinkins' re-election campaign, however, Miss Reno called it off and said the matter required further study.

Some also spied damage control in the aftermath of the tragedy that made her a household name. The official Justice Department review of the final raid on Waco appeared to be of two minds. Its summary frankly absolved Miss Reno of blame. But its narrative made clear that after she requested a full report on conditions in the Davidian compound, she left it largely unread.

Between the lines

Miss Reno's friends say she knows better than anyone where fault lay for Waco. Her admission of fault - at least 80 people died in the Branch Davidian compound April 19 - was in full view at the House Banking Committee hearing on the fiasco. Though her putdown of a Michigan congressman became the sound bite of the day, those already familiar with Miss Reno's flinty style found themselves listening between the lines. What they heard, with every request for information that would help avoid the same outcome in the future, was Miss Reno admitting to fatal error.

"I think she was saying that," said Talbot "Sandy" D'Alemberte, a longtime confidante and the new president of Florida State University. "I think she learned to be damned skeptical of people who call themselves professionals... people who involve themselves in paramilitary operations."

"She did not entirely understand the adulation at all," Mr. D'Alemberte said. "In the same way she doesn't entirely understand the new criticism that's coming on now."

* Distributed by Scripps Howard
Dinner at Victor's

After most reporters had gone home, Sen. Jesse Helms, ranking Republican on the Senate Foreign Relations Committee, grilled Strobe Talbott extensively last week on his past ties to Soviet KGB agent Victor Louis, a journalist well known for planting KGB disinformation.

It was the former Time magazine correspondent's nomination hearing to become secretary of state, and Mr. Talbott confirmed he knew Mr. Louis from 1969 until his death in 1992. "Everybody suspected that Victor Louis was with KGB," Mr. Talbott said, but he added that for him, "it didn't matter terribly." "You never felt that you were being used by this friend of yours then?" Mr. Helms asked.

"I never felt used or exploited or manipulated by Mr. Louis," Mr. Talbott replied. "I have been intrigued all my adult life by Victor Louis," Mr. Talbott said in response to another question. "He was a very, very intriguing character indeed." "He was very, very what?" Mr. Helms asked.

"Intriguing character," Mr. Talbott repeated. "Well, I don't care whether he's intriguing or not. I just want to know if he was using you," Mr. Helms said. "It does bother me that everybody is persuaded that the late gentleman was a KGB agent except you.""
President Clinton, fourth of the way through his term, has failed to get the unusual large number of high-level jobs, leaving vacant dozens of senior positions and more than 100 federal judicial slots.

The Boston Globe adds that even the post of White House personnel director has been vacant for the last two months. A past-time employee is overseeing the office and is expected to become a full-time official this month.

The Globe says White House officials acknowledge they have been slower with appointments than previous presidents. It says Bush attributes this to a variety of factors, including the search for diversity to keep the climate for Senate confirmation.

The Globe says that of the 903 appointed positions requiring Senate confirmation, 174 have not been made. There are 34 Senate-confirmed federal judges, 15 Senate-confirmed ambassadors, and 6 Senate-confirmed ambassadors as of April 3.

Wofford vulnerability
Sen. Harris Wofford, Pennsylva­nia Democrat, looks vulnerable in a multimillionaire freshman con­gressman plans to spend at least $15 million in his effort to oust Wofford. In the TV spot, Mr. Huffington discusses "The Book of Virtues" by William Bennett, calling it "a great reminder that solving problems in our country depends on strong individuals, and strong families, not on government."

"Opening his... campaign in highly unusual fashion," Mr. Huffington said in a TV ad "in which he does little more than give a glowing book review," said the San Diego Union-Tribune.

The man from Texas
Sen. Phil Gramm, Texas Repub­lican, stands on the cusp of a 1996 presidential bid, says USA Today. "He has wasted neither time nor effort to put himself there," the newspaper adds. "But he has trampled on enough egos and made enough enemies to threaten his continued ascent."

Former Rep. Marvin Leath, Texas Democrat, once a Gramm ally, says, "He's capable of doing anything that will get him where he wants to go," saying others hesitate to associate with him.

"He had the evidence. He had more than 100 witnesses. He didn't have a case," said one Democrat source.

Law Firm of Little Rock, Ark, de­clared lauds protecting the appearance of the Justice Department. "He sees this as an opportunity," says Senate Minority Leader Bob Dole.

Rep. Michael Huffington, Cali­fornia Republican, launched TV ads statewide introducing himself as a candidate who believes in "strong states, not government."

"It's no wonder that most mem­bers of Congress are hostile toward contemporary journalists," Mr. Orstein concluded in an essay la­mentedly commenting the growing abandonment of scrupulous fairness in favor of cheap-shot coverage of Congress.

Huffington campaign
Rep. Michael Huffington, Cali­fornia Republican, launched TV ads statewide introducing himself as a candidate who believes in "strong states, not government."

"They are all looking like me," Sen. Harris Wofford, Pennsylva­nia Democrat, once a Gramm ally said. "We've seen nothing," Mr. Huffington said in a TV ad "in which he does little more than give a glowing book review," said the San Diego Union-Tribune.

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U.S.-Albanian pact may create buffer

By Greg Lusitana
SPECIAL TO THE WASHINGTON TIMES

TIRANA, Albania — Washington’s agreement on military cooperation with Albania and the presence of U.S. troops in neighboring Macedonia should prevent a spillover of the Yugoslav crisis into the southern Balkans, according to diplomats and Albanian officials.

After a U.S. military delegation came here this month to firm up a memorandum of cooperation and understanding signed by both states in October, the Clinton administration has effectively drawn a line along Serbia’s southern borders with Albania and the former Yugoslav republic of Macedonia.

Crossing this line would bring Serbian nationalists in Belgrade into direct confrontation with the United States, according Madeleine Albright, the U.S. ambassador to the United Nations, who carried the message to Tirana this month.

Last year, it was widely thought that Serbian President Slobodan Milosevic would try to expel the 2 million ethnic Albanians who make up 90 percent of the population in Serbia’s southern province of Kosovo, which nationalists call “Southern Serbia” — and Bulgaria and Greece would enter the conflict to enforce territorial claims on Macedonia.

The worst-case scenario envisioned Serbs moving militarily against Albanians in Kosovo, a mountainous region bordering Albania and Macedonia.

The Albaniaplus, would imme-
diately come to the aid of the Al-
banians in Kosovo with whatever means available, while nearly half a million ethnic Albanians in Macedonia would revolt against the Slavic majority there.

Next, it was feared, Serbia would seize the opportunity to invade Macedonia in support of Serbs there — which nationalists call “Southern Serbia” — and Bulgaria and Greece would enter the conflict to enforce territorial claims on Macedonia.

The Clinton administration’s approach to the Balkan crisis appears to be a post-Cold War policy of containment.

“A clearly defined U.S. policy in this region aimed at deterring the spread of the war is far more valuable than a military intervention after the area explodes into ethnic warfare,” said Roland Bimo, recently recalled as Albania’s ambassador to Washington. The top official at the Macedonian Embassy in Tirana, Nikola Todorcevski, reported an immediate charge after the Americans pull out.

Albania currently maintains an army of about 4,000 soldiers, equipped mostly with antiquated World War II gear. “Their soldiers need new boots, let alone F-16s and M-1 tanks,” Col. Bucci said.

The deployment of 350 American troops in Macedonia last summer as a part of a United Nations protection force was viewed there as a key to containing the conflict within the borders Bosnia and Croatia.

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The agreement signed with Albania shows great foresight in the current administration’s policy toward preventing a further disintegra-
tion caused by the winds of the Yugoslav crisis,” Mr. Bimo said.

The military agreement with Albania is designed to reinforce the reform process in this fledgling democracy and will concentrate on restructuring the Albanian army to meet contemporary demands, said Army Lt. Col. Steven Bucci, military attaché at the U.S. Embassy here.

Albania currently maintains an army of about 4,000 soldiers, equipped mostly with antiquated World War II gear. “Their soldiers need new boots, let alone F-16s and M-1 tanks,” Col. Bucci said.

The deployment of 350 American

U.S. Sherman tanks had been sent to Macedonia and would be given to the Macedonian government free of charge after the Americans pull out.

Mr. Todorcevski confirmed that “sophisticated military vehicles” had arrived from the United States but he would not specify that they were tanks.

The opposition media in Macedonia reacted to these reports by saying that the U.N. mission was a pretext for a U.S. military presence.

Citing anonymous sources, the Macedonian opposition press has described a secret pact to permanently hand over to the Americans Yugoslavia’s former Krivolak army base.

The Albanian press published similar stories recently, claiming that the military agreement with Washington contains a secret clause granting the United States a naval port on the Adriatic Sea.

In a visit to Albania last March, NATO Secretary-General Manfred Woerner became the first foreign official to visit the once strategic island of Sazan in the Strait of Otranto since Soviet forces abandoned their base there in 1961 after parting ways with Albanian dictator Enver Hoxa.

Col. Bucci denied these reports, saying the United States is only interested in stability in the Balkans and not a military foothold. “We are closing down bases these days, not opening them,” he said.

Ambassador Bimo agreed that Washington’s interest in Albania is to open markets, not military bases. Referring to Albania’s improved relations with the North Atlantic Treaty Organization, he said: “If war does break out in this region, they do know that they can rely on Albanian ports.”
Pardoned political prisoners languish in camp, penniless

By David Begou
SPECIAL TO THE WASHINGTON TIMES

SHTYLLAS, Albania — To speak today of this dirty imperialist camp is to evoke the darkest horrors of Albania's 45-year bout with authoritarianism.

Since the early 1950s, political opponents of the late communist dictator Enver Hoxha were exiled to this swamp in a remote corner of southern Albania and forced to do hard labor. When the wave of communism's collapse in Eastern Europe finally swept over Albania's mountainous borders in early 1991, all political prisoners were pardoned.

Having nowhere to go once the camp was "liberated," however, the 220 families exiled to Shtyllas have remained here in subhuman conditions with no food or medicine.

One of the harshest regimes in the communist world, the Albanian government imprisoned or exiled more than 50,000 of its citizens between 1945 and 1990, according to Gene Pollo, spokesman for Albanian President Sali Berisha.

The roughly 20,000 survivors of political persecution who still live in Albania's standing reminders from the old government for decades of stolen time, but there is no help for this.

Penniless and homeless, most of the ex-prisoners still live in the labor camps where they suffered.

Demir Muca was 3 years old when he came here with his mother and brother after his father was executed for chairing an anti-communist organization. When he was old enough, Mr. Muca was put to forced labor — first herding sheep, then digging a drainage canal, then filling the swamps and later building a railroad. His brother was one of 15 prisoners executed at this camp.

Today Mr. Muca lives in the same makeshift, wooden hut — without running water or electricity — that he did when he first arrived in 1950. He points across a bridge to the work camp and the guard tower.

"They stood up with guns and counted us off twice a day. We were brought here from distant regions by force and now we want to return to our native towns," Mr. Muca said.

For over a year the government of Tirana has been promising to raze this miserable village and provide the ex-prisoners with homes and a minimum level of assistance.

An estimated 10,000 apartments are needed for those who were imprisoned or exiled in Albania, according to Kurt Kola, president of the National Association of Ex-Political Prisoners of Albania.

The government, strapped for funds, plans to build 500 apartments. Mr. Kola, who spent 47 years in prisons and labor camps, was 4 years old when he first arrived in 1950. He is still here, left to die.

For relatives of Sigurimi victims, Albania no help in search for dead

By Greg Lusitana
SPECIAL TO THE WASHINGTON TIMES

TIRANA, Albania — One cold, moonless night in the winter of 1947, Bedri Premeti was 25 years old when he came here with his mother to Shtyllas internment camp.

She stopped near a small walnut tree at one edge of the field. At a large mound of recently turned earth, Mrs. Premeti fell to her knees and began digging in the mud with her bare hands, crying uncontrollably.

"She wanted to see her husband's corpse near the small walnut tree. His naked, bloodied body gunshots wounds to the head and chest."

After that, Sigurimi agents would come bursting unannounced into Mrs. Premeti's home every night. "Where is your gold?" they would demand, pinning her against a wall with a revolver to her mouth to prevent her from screaming the children. The agents took what money and other valuables Mrs. Premeti had, but then every night they returned demanding more. This torture continued for six months.

To feed her family, Mrs. Premeti found work as a laborer. Among other things, she helped to build the Communist Party headquarters in downtown Tirana.

In the years that followed, Mrs. Premeti, often with her daughter Ifete, secretly returned to her husband's grave, always accompanied by guards. The government forbade the families from visiting their loved ones. The family was not allowed to bury the grave and mark the grave. The grave was dug and the grave was filled.

Unfortunately, says Mrs. Qendlo's husband, Viron, the current government, while sympathetic, has been no help. "Families with missing relatives are on their own" when looking for the dead, said Mrs. Qendlo.

The government might be able to help families locate the remains of their loved ones. The government has promised to use the state funds on personal luxuries. An estimated 10,000 apartments are needed for those who were imprisoned or exiled in Albania, according to Kurt Kola, president of the National Association of Ex-Political Prisoners of Albania.

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The growing power of term limits

By Dan Quayle

You hear politicians all the time urging their fellow citizens to get involved in the political process. But this is just good lip service. More often than not, people have to worry about the time it takes and the energy it consumes. Professional politicians are scared of death.

Since 1990, the citizens of 15 states have voted to limit the number of terms their representatives and senators can serve in Washington. Whether states can constitutionally limit the tenure of their congressmen is now being tested in federal court. The case was brought by Dan Foley, speaker of the House of Representatives, who is suing the home state of Washington over the term limits measure that the state's voters passed in a 1992 special initiative. The legislation would effectively bar him from standing for re-election in 1998.

Foley, for the record, was first elected in 1964. Both Foley and supporters have argued that term limits are not in the best interest of the citizens. Foley has said the problem with the system today is that the advantages incumbents have in terms of money, power and publicity are so great that in many cases races are not competitive.

As a result of the case being appealed to the Supreme Court, the current state term-limits laws passed by voters will probably lose the support of congressmen. The high court will probably lose its power to determine the length of service. More generally, opponents cite the 10th Amendment, which reserves for the states powers not specifically delegated to the federal government.

Though the advocates of state-imposed term limits may lose in court, this issue won't go away. There are other ways besides state laws to impose term limits. Congress, for example, could vote an amendment limiting term limits on itself. This may sound unlikely, but some polls indicate that 70 percent of the public supports term limits. Presidential terms are already limited. So are the terms for most governors, state lawmakers. Congress is essentially the only major political body left where members can serve for life.

The problem with the system today is that the advantages incumbents have in terms of money, power and publicity are so great that in many races races are not competitive. Foley has said the problem with the system today is that the advantages incumbents have in terms of money, power and publicity are so great that in many cases races are not competitive. The legislation would effectively bar him from standing for re-election in 1998.

The Washington Times is nationally syndicated. His column appears here Tuesday and Friday.
Douglas Bandow

Making matters worse for Haiti

The world has responded cruelly to the Clinton administration's attempt to redeem it. War continues to rage in Bosnia, with even Muslims fighting Muslims. After the latest killings in Sarajevo, the administration fulminated and threatened strikes — as it has a dozen or more times in the recent past.

Last summer's Rwandan dead in Somalia have been buried, and U.S. troops are within weeks of returning home. However, as Bandow observes, it can be called one, remains utterly unreconstructed, with warlord Mohamed Farrah Aidid as strong as before and opposing clan leaders ready to restart their power struggle. When American forces depart, alas, there is nothing President Clinton can even threaten in Mogadishu.

Then there is Haiti. It remains impoverished and under military rule. Indeed, democracy seems further away than ever. Mr. Aristide, the man who opposed Fidel Castro, Bertrand Aristide was first deposed as president, while the people are poorer than ever.

Despite this daunting string of disasters, Mr. Clinton won't give up. Serious doubts among U.S. officials about Mr. Aristide's personal stability and growing differences between him and some of his important Haitian supporters have done little to shake the administration's commitment to returning him to power. In fact, the United States now is joining Canada, France and Venezuela in asking for a return to power. Meanwhile, Mr. Clinton won't give up. Seriously, he is determined to get Mr. Aristide back to Port-au-Prince, while the people are poorer than ever.

How many American lives would have to be wasted, the administration asks, if we don't get Mr. Aristide back to power? A score of countries, the administration adds, are at stake that warrants getting ever closer to their destiny.

Consider Haiti, which lies closest to the United States. The Caribbean nation has no democracy, no private enterprise, nothing that cannot be established overnight from abroad. At best, sanctions might cause this military leadership to yield power to this deposed president at this moment. But what is to prevent another coup in a week, month, or year? It is not enough to get Mr. Aristide back to Port-au-Prince; only an occupying force can anticipate his continued survival and rule.

How many American lives would such a pacification campaign be worth? The point is not that Americans' lives are worth more than those of Haitians, but that the primary duty of the U.S. government is to protect Americans. And that obligation is not served by a new colonialism in Haiti or anywhere else.

Finally, tighter sanctions would do great damage even as they failed to bring democracy to Haiti. After all, the previous restrictions hurt not Gen. Raoul Cedras and his cronies, but the poorest of the poor. One wealthy Haitian told The Washington Times, "The embargo does not affect me at all." For similar reasons, economic sanctions didn't bring down Saddam Hussein. Gen. Manuel Noriega is still in power in Panama. And sanctions haven't forced Serbia's Slobodon Milosevic from power. They didn't even threaten in Mogadishu.

Does the United States now is joining Canada, France and Venezuela in asking for a return to power. In fact, the administration asks, if we don't get Mr. Aristide back to Port-au-Prince, while the people are poorer than ever.

Wherever the United States now is joining Canada, France and Venezuela in asking for a return to power. In fact, the administration asks, if we don't get Mr. Aristide back to Port-au-Prince, while the people are poorer than ever.

Doug Bandow is a senior fellow at the Cato Institute, a nationally syndicated columnist.

We don't need trade sanctions

Any support for the concept of "managed trade" should be just about gone now that President Clinton has so cleverly managed us right to the brink of a trade war with the Japanese. With talk of trade sanctions and retaliation echoing down diplomatic corridors following the collapse of trade talks between the two countries, it's time to cool off before Mr. Clinton does something really rash — like punish U.S. consumers.

He could do that by following through on anonymous administration threats to restrict Japanese imports into this country. Looking for a way to "get tough" with Japan in the wake of the failed talks, U.S. officials may decide that Japan has violated an agreement to open up its cellular telephone industry to competition from imports and use that as an excuse to impose duties on certain Japanese products. That would mean higher costs for U.S. consumers, which is a fuzzy way of punishing Japan.

Lots of other things about this debate are similarly "funny." The United States says Japan runs an annual $60 billion trade surplus with this country. But yesterday Laura D'Andrea Tyson, chairman of the Council of Economic Advisers, conceded that only $9 billion to $12 billion of that amount had anything to do with Japanese trade barriers.

Mr. Clinton says he wants a "list of objective criteria by which to measure progress" in reducing that $60 billion surplus, not specific numerical targets. The Japanese rightly respond that there is no dis­agreement between the two. What Mr. Clinton wants is something that cannot be established overnight from abroad. At best, sanctions might cause this military leadership to yield power to this deposed president at this moment. But what is to prevent another coup in a week, month, or year? It is not enough to get Mr. Aristide back to Port-au-Prince; only an occupying force can anticipate his continued survival and rule. How many American lives would such a pacification campaign be worth? The point is not that American
A singularly efficient Serb attack on the civilian population of Sarajevo holds promise of shaming the West into taking, at long last, military action in Bosnia. Unfortunately, at this writing it remains to be seen whether that action — if it occurs at all — will be so circumscribed by national and international authorities as to be of exceedingly limited value.

NATO's decision to establish an ultimatum that, if not met by the Bosnian Serbs by Feb. 20, will precipitate Western air strikes is a welcome one — as far as it goes. Assuming the Serbs will continue to play games with the international community and the threatened action has to be executed, however, NATO must be prepared to do far more: Only when Serbian proper is punished for aggression will there be any real prospect of lasting peace in Bosnia.

[News reports yesterday stated that the Serbs have moved 28 heavy weapons to UN observation points, a negligible portion of the 500 big guns they are thought to have surrounding Sarajevo.]

Absent such punishment, Serbia will remain fully capable of conducting its genocidal campaign in Bosnia. Worse yet, if the allied attacks amount to little more than "slaps on the wrist," they will serve simply to intensify the nationalist impulses (both those of the Serbs and those of others with ethnic, political or religious ties to Belgrade) that fuel the campaign.

The latter is particularly true if, thanks to the cynical employment of many of these artillery tubes within Bosnian Serb population centers, there are significant civilian casualties arising from Western air strikes on these artillery emplacements.

An emerging "Iron Triangle" between Russia, Greece and Serbia can be expected to respond with shrill denunciations, blocking actions in the United Nations and NATO aimed at preventing further Western attacks and intensified military support for the Bosnian Serbs and Belgrade from their friends in Moscow and Athens.

In fact, with each passing day the malevolent potential of this Iron Triangle has grown. Both Russia and Greece have recently held elections that brought to the fore hard-line nationalists — individuals like Vladimir Zhirinovsky and Andreas Papandreou — who have exploited popular sympathy for their brothers in Serbia to accrue power in their respective

nations.

Matters have been made worse by the unraveling of the internationally mandated economic sanctions against Serbia. To be sure, these sanctions have had a very deleterious impact on the Serbian economy, notably inducing hyperinflation. Still, Macedonia, Romania and Bulgaria have proven unwilling, or unable, to enforce these sanctions. Hungary appears poised to follow suit.

In short, each day that is allowed to pass without taking effective action against Serbia brings with it new disincentives to do so. As in the past — the West's pursuit of appeasement policies has prevented it from intervening when the costs of doing so would be low and the benefits high. Indeed, the collapse of the sanctions against Belgrade, renewed Russian military and the cumulative effects of years of ethnic cleansing and destruction are rapidly closing the window for doing anything useful in the Balkans at a reasonable cost.

Accordingly, the West must act swiftly to limit Serbia's capacity to aggress in Bosnia. The latter is particularly true if, thanks to the cynical employment of many of these artillery tubes within Bosnian Serb population centers, there are significant civilian casualties arising from Western air strikes on these artillery emplacements.

An intensification of the conflict as Serbia and Croatian regulars and Russian volunteers are increasingly brought to bear. And (2) an obvious Western decision to dictate surrender terms to the Bosnians. Under the circumstances, such a dictated "peace" will be tantamount to an unconditional surrender for the victims of Serbian aggression and a precursor to a wider conflict in the region and beyond.

Frank J. Gaffney Jr. is the director of the Center for Security Policy, the host of public television's "The World Today Week" and a columnist for The Washington Times.

Is NATO's ultimatum tough enough?

Now hear this! You have TEN DAYS TO STEP BEHIND THIS LINE!
The miracle is that policemen apprehend anyone with the dangers they face.

"v's"—as they made split-second decisions in the middle of a danger-soaked arrest environment—sufficient to satisfy a nit-picking judge in the security of his chambers, the criminal went free. Mr. Biden, backed by his trial attorney, argued that the police had no discretion to make that decision. If discretion is constantly and meticulously second-guessed, legal officials will not exercise it, not risk criticism from their superiors. As a result, policemen and prosecutors are being chased by public protectors to self-protecting bureaucrats.

The miracle is that policemen apprehend anyone with the dangers they face.

A law that eliminated habeas corpus would have the possibility of creating the most a decade; but the critical decision to avoid the real issues was made in 1992 when they refused to reform the so-called exclusionary rule. The exclusionary rule was imposed by the Warren Court to exclude evidence of criminal wrongdoing "improperly" by the police while apprehending a suspect. If they did not dot all of the procedural "i's" and cross all of the procedural "t's"—as they made split-second decisions in the middle of a danger-soaked arrest environment—sufficient to satisfy a nit-picking judge in the security of his chambers, the criminal went free. Mr. Biden, backed by his trial attorney, argued that the police had no discretion to make that decision. If discretion is constantly and meticulously second-guessed, legal officials will not exercise it, not risk criticism from their superiors. As a result, policemen and prosecutors are being chased by public protectors to self-protecting bureaucrats.

The miracle is that policemen apprehend anyone with the dangers they face.

By repeat offenders.

That did not sell, the president started talking tough. But the real belief in Washington remains the same as the '60s misadventure that caused the problem—the liberal idea that the government's job is to protect the rights of the accused, rather than to protect the innocent from violence. But, unlike in the past, the Republicans don't seem to know what to do.

The whole debate in Congress this year will be between a get-tough Senate bill imposing separate capital punishments for every imaginable aspect of the few national acts rating the death penalty and spending more money on social workers in police uniform. Yes, at least 40,000 of Bill Clinton's 100,000 "more policemen on the street" will be social workers; but he will talk tough and probably win the political war of words. The GOP can outlaw every federal act they want and will still miss the 90 percent of state-level violent crime the people must fear, the majority committed by repeat offenders.

Neither bill even considers the only national action that would help: limiting the liberal, court-created rights of the 1950s-70s that have tied the states' hands. For the national "rights" that the liberal, court-created rights of the 1950s-70s have had the effect of setting criminals free by restricting the ability of police and prosecutors to arrest, convict and jail them. Today, the United States has the most liberal, lowest criminal apprehension, conviction and retention rate of any nation, and among the highest violent crime rates. That correlation is no coincidence.

Sen. Joe Biden and House Chairman Jack Brooks devised what they called the exclusionary and habeas corpus "reform" that actually emasculated the Supreme Court's recent Fulminante and "Ibague decisions that somewhat limited the exclusionary rule. The exclusionary rule was imposed by the Warren Court to exclude evidence of criminal wrongdoing "improperly" by the police while apprehending a suspect. If they did not dot all of the procedural "i's" and cross all of the procedural "t's"—as they made split-second decisions in the middle of a danger-soaked arrest environment—sufficient to satisfy a nit-picking judge in the security of his chambers, the criminal went free. Mr. Biden, backed by his trial attorney, argued that the police had no discretion to make that decision. If discretion is constantly and meticulously second-guessed, legal officials will not exercise it, not risk criticism from their superiors. As a result, policemen and prosecutors are being chased by public protectors to self-protecting bureaucrats.

The miracle is that policemen apprehend anyone with the dangers they face.

Donald Devine, former director of the U.S. Office of Personnel Management, is a columnist, adjunct scholar at the Heritage Foundation, and a Washington political and management consultant.
Cause for objection to the nominee

Rosemary Barkett

persons whom the trial lawyers believed had demonstrated outstanding commitment to equal justice under law. For instance, AFTL might bestow the award on a practicing attorney or judge instrumental in fighting damage caps.

Judge Barkett declined to renounce AFTL's use of her personal prestige to glamorize the attorney or judge. Neither did she recuse herself from any private group, for instance, the Ku Klux Klan or doctors demanding damage liability caps.

Judge Barkett's participation in the Echarte case also failed when she conveyed or permitted others to convey the impression that she is in a special position to influence her. Judge Barkett's acquiescence in AFTL's Rosemary Barkett Award and her subsequent participation in Echarte were ethically indefensible.

The Senate Judiciary Committee should nix the nomination of Chief Justice Rosemary Barkett of the Florida Supreme Court to the U.S. 11th Circuit Court of Appeals.

During her confirmation hearing Feb. 3, 1994, Judge Barkett displayed both the moral obtuseness of corrupt British Lord Chancellor Sir Francis Bacon, and the woeful incompetence of defeated Supreme Court nominee G. Harold Carswell. Rewarding such flaws with prestigious federal judgeships would be as senseless as the British custom caricatured by Gilbert and Sullivan in H.M.S. Pinafore of promoting naval ingenues to be rulers of the Queen's Navy.

The hearing exposed three ethical attacks against Judge Barkett concerning the Academy of Florida Trial Lawyers, the National Association for the Advancement of Colored People, and quotas. In May 1993, Judge Barkett dissolved from the ruling of the Florida Supreme Court in University of Miami vs. Echarte that upheld the constitutional legality of a legislative damage ceiling in Hillsborough County, in which six modi­fied plans sought approval by the Florida Supreme Court. The two largest minorities affected were African-Americans and Hispanics. Judge Barkett wrote that of the six judges on the court, she conveyed or permitted others to convey the impression that they are in a special position to influence her.

Judge Barkett's acquiescence in AFTL's Rosemary Barkett Award, however, lent the prestige of her office to the advantage of Florida trial lawyers. Prominently associating Judge Barkett with AFTL at every opportunity, the ceremony generated good will for its members. Further, the award created at least the appearance that AFTL enjoyed some partiality in Echarte, a conclusion Judge Barkett publicly denied the quota of 50 percent women on all of Florida's decision-making boards, councils and commissions by 1988. Judge Barkett publicly denied the quota characterization, and persuasively insisted that the recommenda­tion was "simply an acknowledgement that women make up half the population of this State." At her confirmation hearing, Judge Barkett vigorously defended the commission's quota recommendations and any methods that achieve "minority group representation in policy-making bodies that are going to affect their lives." Challenges to gender or minority quotas, however, are a staple of contemporary litigation. Judge Barkett's gratuitous and extrajudicial laudation of quotas, however, has destroyed any appearance of impartiality in cases where quotas are contested.

Judge Barkett's judicial incompetence seemed more glaring than her ethical failings, but the question is not free from doubt. She confessed that her opinions repeatedly conflated the mandates of the U.S. Constitution binding throughout the nation and unalterable by states with state law requirements. When Republican Sens. Orrin Hatch of Utah and Charles Grassley of Iowa called to Judge Barkett's attention the gross legal blunder akin to a doctor mistaking a kidney for a heart, she shamelessly absolved the errors to trifling "carelessness" and the difficulty of simultaneously thinking about both the federal Constitution and state charters.

The latter, however, is a mainstay of American jurisprudence. A federal judicial nominee who finds the distinction too intellectually taxing is manifestly unfit. Judge Barkett should be denied confirmation.

Bruce Fein is a lawyer and freelance writer specializing in legal issues.
JOHN BECKETT

Freedom of or from religion?

While there is much in the proposed guidelines that clarifies EEOC policy, one aspect opens a Pandora's box of concern. These guidelines apply a broader and more liberal definition of what is a "hostile environment" to the religious context than to the sexual harassment context. The effect is that employers could be seriously curtailed in their constitutional right to speak freely about their faith in the workplace. To do so could invite an EEOC-type harassment challenge — not for an action as clearly offensive and well-defined as sexual harassment, but for producing an environment that is "offensive" simply because an employer states his or her religious belief. The EEOC is addressing religious harassment by effectively banning religion. It is akin to imposing comminglement to eliminate marital strife by eliminating marriage! Some of the troublesome aspects of the guidelines are these:

- The guidelines define harassment as "verbal or physical conduct that demeans or shows hostility or averision toward an individual because of religion and... has the purpose or effect of creating an intimidating, hostile or offensive working environment; has the purpose or effect of unreasonably interfering with an individual's work performance; or otherwise adversely affects an individual's employment opportunities" (emphasis added). This is a very subjective standard, in which the employer is responsible not just for intentional conduct, but also its effects on the employee.

- The effect on the employee constitutes harassment when a "reasonable person" finds the conduct intimidating, hostile, or abusive. The "reasonable person" test is generally considered an objective legal standard, but the EEOC makes clear that it is not meant to be objective: "The 'reasonable person' standard includes consideration of the perspective of persons of the alleged victim's... religion." In the introduction, the EEOC further explains that "recent case law on this issue emphasizes the importance of considering the perspective of the victim of the harassment rather than adopting notions of acceptable behavior that may prevail in a particular workplace." In other words, a Christian employer must ask, would a "reasonable atheist" or a "reasonable Muslim" or a "reasonable New Age practitioner" (all of whom fall within the legal definition of religion for purposes of discrimination) find it "intimidating" or "offensive" to be in a workplace where religious principles are espoused by management?

- The guidelines clarify that an employer may be responsible for acts of harassment by nonemployees "where the employer or its agents or supervisory employees knew or should have known of the conduct and failed to take immediate and appropriate corrective action, as feasible." If an outside speaker with a company function shares his or her personal faith, not as the primary purpose of meeting but simply to illustrate a point, must the employer immediately stand up and disclaim any knowledge that the speaker would make a religious remark and repudiate his personal religious comments?

For the past 30 years, I have run a manufacturing business, begun by my father in 1937. Our success has been traced to the practical application of biblical truths and values. Our reputation with customers, suppliers, employees and in our community is typically characterized by such time-honored principles as integrity, honesty, generosity, compassion and fairness. This free exercise of my religious beliefs has always been well-received by our employees, both believers and unbelievers. It also is a cherished and constitutionally protected right that I have as a U.S. citizen. I would guard it with the same vigilance if I were Jewish, Mormon, or of any religious persuasion. Such freedom has its roots in such time-honored principles as integrity, honesty, generosity, compassion and fairness. This free exercise of my religious beliefs has always been well-received by our employees, both believers and unbelievers.

-John D. Beckett is president of R.W. Beckett Corp., an oil burner manufacturing company in Elyria, Ohio.
Vladimir Zhirinovsky's Dream

By Vladimir Matlin

Among the many accusations leveled against President Clinton, we have never heard him accused of militant aggressiveness. It would be hard to compare a man who evaded the draft, who dared not use force in Haiti, who was defeated in Somalia by a gangster with, say, Napoleon Bonaparte or Adolf Hitler.

But Vladimir Zhirinovsky, Russian ultra-nationalist, has managed that feat in his book "The Final Leap to the South," which was published just before December's elections to promote his views among the Russian audience. "We say to Bill Clinton: don't repeat Napoleon's and Hitler's mistakes," he writes. What kind of mistakes? To Mr. Zhirinovsky, it is obvious. America under President Clinton is trying to establish world-supremacy the way Germany and France did before, and he seems to worry about it. He writes, "you Americans are, he proposes a kind of a deal to them."

The name of this "New New Deal" would be: "Division Into Spheres Of Influence Along the North—South Axis." United States and Russia would get "the right" to do whatever they want on the territories south of their borders and would not hinder each other in any way. According to this deal, the United States will get Latin America, and Russia all lands from the Middle East to the Himalayas, including the Indian sub-continent. Good Old Europe has not been forgotten; it will take back Africa.

To some this might resemble the Monroe Doctrine of 1823, but the parallel is superficial. The Monroe Doctrine sought to prevent the Europeans from interfering in the domestic affairs of countries in the Western Hemisphere. It did not grant anyone the right to capture other countries. Mr. Zhirinovsky leaves no doubt that he is talking about the occupation of these lands. This is "Zhirinovsky's dream," as he calls it.

Possibly not everyone would be happy with this idea. Turkey, for instance. "Nothing will happen to the world if the whole Turkish nation perishes," he writes, but magnanimously adds, "although I don't wish them to perish." "What kind of culture brought the Turks to the Middle East? The western tourists have been seeing in Turkey the remains of the Byzantine culture. There is no such thing as Turkish culture."

In fact, the author's attitude toward various countries depends on his own personal experiences of them. So, he hates Kazakhstan where he spent his childhood; he hates Georgia where he was stationed during his military service; but especially he hates Turkey where he was imprisoned for a while for Communist propaganda.

Actually, Mr. Zhirinovsky's trip to Turkey in 1969 makes an interesting story in its own right. He was 23 at the time, just out of college where he studied Turkish. He writes, "I sent myself to Turkey for eight months to get some practice [in the language]." Anyone who recalls how travel visas were granted at the time, would hardly believe this. Sent myself? For eight months? Where was the watchfulness with which had to authorize each trip? Where was the party which had to give its recommendation? Maybe the Turks did have a reason to suspect some kind of evil intent. Just maybe.

Besides Turkey, other nations might not like this "final leap to the South." Iraq and Afghanistan come to mind. "Friendly Iraq," however, is quite a different story. In that country, writes Mr. Zhirinovsky, "I am well known as perhaps the best friend of the Iraqi people." The high point of his life was when he met Saddam Hussein in November of 1992. "Many politicians and journalists tries to see him," he writes, "but he received only me. For four hours we conversed in his Baghdad palace."

An investigation of Mr. Zhirinovsky's financial sources is proceeding in Russia. Meanwhile, rumors persist that money for his election campaign — of which "The Final Leap to the South" was a part —
The Washington Times  TUESDAY, FEBRUARY 15, 1994

William Murchison, a columnist for the Dallas Morning News, is nationally syndicated.

Texas farce fallout

William Murchison, a columnist for the Dallas Morning News, is nationally syndicated.

The woman of the Japanese prime minister broke new ground for Japanese women with an international television interview in Washington, drawing the attention of John F. Kennedy to Hillary Rodham Clinton.

Kayoko Hosokawa was inter­

viewed in Tokyo and broadcast yester­

day. While she was in Washing­

ton, she also met with Health and

Human Services Secretary Donna Shalala to discuss the vaccination pro­

gram.

Mr. Hashimoto said Mrs.

Hosokawa is proof that "women

power is growing" in Japan.

"We are very lucky to have an ac­

tive, outgoing first lady," he added.

Mr. Hosokawa said, "Mrs.

Hosokawa "has something in com­

mon with Mrs. Clinton" because both are concerned about health care.

But he hastened to add, "Mrs.

Hosokawa is not involved in policy­

making."

Mrs. Hosokawa, 51, is following a pattern begun by Princess Masako Owari, who was official representa­

tive of various public issues, and Masako Kuriyama, wife of Takeshi, Japan's ambas­

sador to the United States.

Mr. Hashimoto added that

women hold three Cabinet posts. A woman is the speaker of the lower house of parliament, and another has been nominated to a Supreme Court judgeship.

Sudan's ambassador, Ahmed Suliman, has had one crisis after another since taking up his post in Washington in the summer.

Shortly after he arrived, the Clinton administration put Sudan on the State Department's list of nations that support terrorism.

Over the weekend, the State De­

partment summoned him to receive an official rebuke as President Bill Clinton canceled Khartoum with launching armed attacks on civil­

ian and rebel targets that "destruc­

ted a sizable Sudanese embassy for the lives of innocent Sudanese." 

Yesterday, a U.N. investigator ac­

cused Sudan's Islamic government of widespread human rights viola­

tions in its struggle against a "rear­

guard in the mainly Christian and

animist south of the country.

Mr. Suliman, in an interview, told us the constant criticism "is not fair" but he is hopeful of im­
proved relations between Khartoum and Washington.

When he was summoned to Fogy Town on Saturday, he re­

called, "I said to my friends on the Africa desk that I wish I would come to New York to warm relations."

Citing some members of Con­

gress and other critics, Mr. Suliman said, "Some concept of Americans is in aggrav­

ting relations with our coun­

tries."

But he said: "My government is
to seek good relations with America. . . . Nobody is interested in aggrav­

ging relations with our coun­

tries."

But over the weekend Mr. Clin­

ton instructed the U.S. ambassador to Sudan, Donald Peterson, to "pro­

test vigorously this military action to the government of Sudan."

The White House said Sudan launched an offensive that forced evacuation of nearly all foreign aid workers and cut off 200,000 Suda­

nese from outside help.

Aurelia Brazael, is also urging

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A prudent tale from the Vietnam woods

This is a true story from the war that Bill Clinton managed to miss. We could call it a parable for his own time.

One of the things the president missed, along with nearly all the other young squirts in his administration, was old war stories. Some war stories are better than others, but you don’t hear any of them, good or bad, at Renaissance Weekend, or at the salons and in the saloons where this administration hangs out.

War stories naturally unnerve anyone who doesn’t know any better than to imagine that a cruise missile is an unattached swinger in a leather bar, or that Air Force pilots practice surgery (as in “surgical strikes”). The president’s wise men and women have no experience by which to measure theory poured into their heads by someone as experienced as they. Since all he knows is what he reads in books, how will a commander in chief who flinches from the sight of a uniform and the sound of the guns know when somebody is blowing a little battle smoke past him?

The narrator is a man we can call Wysocki, since that was his name.

“It was late of a long, hot afternoon. Right at the end of the rainy season. We were on a routine recon, advancing along a dirt road at the base of a ridge, trying to stay out long enough to make it look good and get on home before we ran into anybody or anything. Charlie was trying to stay out of our way and we were trying to stay out of his.”

Charlie’s real name was Victor Charles. VC on the alphabet. VC, also as in “Viet Cong.”

“About the time we were thinking it was time to pack it in for the day, somebody who never got the word started taking pot shots at us from a line of trees up on the ridge. He didn’t hit nobody, but we had to lie there for a few minutes, with old Charlie kicking up the dust and pretty soon the flies and bugs start buzzing around, and the lieutenant, a scared kid from Arkansas, was a new one and he was getting a little hot. He got on the pipe to battal-

ion and started yelling for help.

“We measured off the coordinates and three or four minutes went by, and then here that stuff comes, whistling in over our heads and peeling off that ridge line like it was a grapefruit, dirt and rocks and tree flying up and down and sideways.”

“Pretty soon it dies down and the radio operator yells to the lieutenant, ‘The Navy’s got Phantoms in the area with unexpended ordnance if you want it.’ The lieutenant grins like a man who sees some nice stuff walking into the bar, unescorted, right at closing time.” (This is the way soldiers were actually allowed to talk in that unenlightened day.)

“It wasn’t but a minute or two, and here they come, right over the tops of what was left of the trees, not more than two, three hundred feet off the deck at four hundred miles an hour. They dropped the stuff and poof! they were gone. Just then it looked like God his own self decided to blow up the world right in front of us.

“We was lying there hugging old terra firma, and here come the Phantoms, right back at us. The big stuff was gone, but they worked over what was left of that ridge with their twenty-millimeters until it looked like a cornfield ready for the spring planting.

“After two or three more passes they peeled out and beat it for a hot shower, a cold beer and a warm lady, if you will excuse my saying so, in Da Nang or Bien Hoa or for all I know the Kitty Hawk somewhere out on the China Sea.”

Wysocki stopped to catch his breath, and his face took on a look of warm remembrance of the kind of experience that a man wouldn’t take a million dollars for, or do it again for two million.

“We lay there in the dirt and stink for a couple of minutes, and then the lieutenant gets up and dusts himself off and tells us to saddle up and move it on down the line. We hadn’t taken more than a dozen steps, and ping!’

“It was old Victor Charles, one and the same. But we were almost out of range, so the lieutenant said, ‘Ah, to hell with it.’ I guess old Charlie hopped on his Honda and beat it back to the car wash or wherever it was he come from.”

Saigon is a long way from Sarajevo, of course.
WASHINGTON With trade talks broken off, a White House official said Monday the Clinton administration intends to declare Japan in violation of a telecommunications agreement, a move that could pave the way for sanctions against the Japanese and escalate a trade dispute between the world's two largest economies.

With the declaration expected to be announced Tuesday, President Clinton warned Japan not to embark on a tit-for-tat trade war, saying, "I think they would have to think long and hard about it."

White House officials said the decision to cite Japan for interfering with an effort by Motorola Inc. to sell cellular telephone service in the Tokyo vicinity is not tied directly to the breakdown last Friday in U.S.-Japanese trade negotiations.

But the deadline for action Tuesday provided a convenient, if coincidental, opportunity to begin the sort of retaliatory and punitive measures that administration officials said last week were under consideration, and the souring state of Washington's trade relations with Tokyo give added weight to the Motorola decision.

Had the talks on Friday between Clinton and Japanese Prime Minister Morihiro Hosokawa gone well, there is little likelihood the administration would take such action Tuesday, regardless of the merits of Motorola's complaint.

"This is clearly a warning shot," said a congressional source familiar with the administration's plans. "It is a very low point from which to escalate."

With the declaration, specific punitive action against Japan can follow. Placing tariffs on Japanese communications products sold in this country is one measure that could be taken.

Meanwhile, the fallout of the trade dispute landed on the foreign currency markets Monday. The dollar fell in value by roughly 3 percent compared with the yen, making Japanese products more expensive in the United States and U.S. goods cheaper in Japan.

Officials said more dramatic steps than Tuesday's expected declaration are contemplated, perhaps as early as next week, in a campaign to put greater pressure on Japan. Senior officials are expected to meet on an almost daily basis to plot their strategy.

The administration is trying to persuade Tokyo to take specific steps in compliance with an agreement reached last July to devise objective criteria that could be used to measure progress in opening Japanese markets to foreign products. The agreement covers automobiles and auto parts, insurance, and government purchases of telecommunications and medical equipment.

The agreement is intended to begin reducing Japan's $132 billion global trade surplus, nearly $60 billion of it with the United States. In its annual economic report, the Clinton administration said, however, that removal of all of the barriers Japan erects to keep out foreign products would reduce the United States' trade deficit with Japan by $9 billion to $18 billion.

Hosokawa, whose call for continued talks was rejected by the United States on Friday, said after his meeting with Clinton that the two sides needed a cooling-off period. U.S. officials said they would remain open to new proposals from Japan, but that they must adhere to the July agreement and that, barring such progress, the United States felt free to take specific steps to put pressure on Japan.

(End optional trim)

Those measures include the likely reintroduction of a trade-code provision, known as Super 301, that could lead to the exclusion of certain...
Japanese products from the United States, imposing strict inspection standards on Japanese autos, scaling back on tax benefits given to Japanese automakers in the United States, and stepping up the use of U.S. laws prohibiting the "dumping" on U.S. markets of products sold at prices below their production costs to undercut U.S. manufacturers.

Clinton told reporters he would "make a decision within a few days."

(End optional trim)

Seeking to portray the dispute not as one between the United States and Japan but as one between those who seeking more open markets worldwide, the president said:

"For those of you who worry about a trade war and other things, this is a battle that is raging not just in the United States and in Europe and in all other parts of the world that have been exposed to the mercantilist policies of Japan, this is a battle that is raging in Japan."

(Optional add end)

Clinton and others said it was "purely coincidental" that the Motorola decision was being made at the same time as the United States was looking for ways to retaliate against Japan.

"We have been engaged in these talks on cellular telephones for a very long time," he said. "But it is a good illustration of the problem we face in entering the Japanese market."

The Motorola case, which Laura D'Andrea Tyson, the chairman of Clinton's Council of Economic Advisers described as a classic example of Japan's efforts to keep foreign companies from gaining a foothold in its lucrative market, involves an effort by the communications company to sell cellular telephones in a 155-mile swath from Tokyo southwest to Nagoya.

"The Japanese claim that U.S. firms don't try hard enough, and that the quality of the U.S. products isn't there," a senior administration official said. "Here is a case that shows the reality of the closed Japanese markets and the competitiveness of U.S. products."

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WASHINGTON President Clinton pledged nearly $400 million in aid to oil-rich Kazakhstan Monday, after the former Soviet republic agreed to adhere to the Non-Proliferation Treaty and destroy its nuclear weapons.

Clinton announced the economic assistance in a White House ceremony with Kazakhstani President Nursultan Nazarbayev, who presented Clinton with documents formally acceding to the non-proliferation pact.

The large increase in aid to Kazakhstan which last year received $91 million from the United States was conditioned on the country's willingness to dismantle the more than 1,000 nuclear warheads left over from the Soviet arsenal and adopt Western-style economic reforms. Nazarbayev has been courting Western investment and technical assistance, particularly in its energy and mining industries.

Clinton also said that Kazakhstan was taking the first steps toward affiliation with the North Atlantic Treaty Organization and that the United States and Kazakhstan might conduct joint military training as early as this year.

The moves represent progress toward the Clinton administration's goals of reducing the threat of nuclear proliferation and fostering free market economic reforms in the states of the former Soviet Union.

By ratifying the Non-Proliferation Treaty, Kazakhstan joins Belarus and Ukraine among former Soviet states agreeing to cede the nuclear weapons left on their territory after the breakup of the Soviet Union in 1991. Now only Russia will continue to maintain a nuclear arsenal, at a considerably reduced size from the days of the Soviet empire.

The United States has offered political and financial incentives to the three other nuclear states to disarm. In the case of Kazakhstan, Washington will provide $170 million over the next two years to ensure the safe and secure dismantlement of the weapons.

After the collapse of the Soviet Union, Kazakhstan was left with 104 SS-18 intercontinental ballistic missiles, each with 10 high-yield warheads capable of destroying U.S. long-range weapons in their silos. All of those and a handful of smaller nuclear weapons will be destroyed under terms of the agreements ratified by the Kazakhstani Parliament in December.

Clinton said that Nazarbayev's leadership in nuclear issues and in pushing the Central Asian republic toward democracy and open markets "will also allow Kazakhstan and the United States to develop a full and mutually beneficial partnership.

In addition to the $170 million in funds for nuclear dismantlement, the United States will provide $226 million in economic assistance to help Kazakhstan improve telecommunications, build a stronger banking industry, convert its defense plants to civilian uses and develop its abundant natural resources.

The United States is depending on its strengthened ties to Alma-Ata, the Kazakhstani capital, as a bulwark against Iranian encroachment in Central Asia. Tehran is bidding to improve its relations to Kazakhstan and the other Asian republics of the former Soviet Union to expand its political and ideological influence in the region.

"The United States looks forward to being Kazakhstan's friend and partner in the months and the years ahead," Clinton said. "We believe we have established the basis for a long-term partnership of immense strategic importance and economic potential for the United States."
WASHINGTON As the chief regulator and enforcer of the nation's environmental standards, the Environmental Protection Agency has silenced many opponents of its rulings with a powerful and sophisticated weapon known as the cost-benefit analysis.

The tool enables scientists and econometrists to tote up the risks to the population of a given social ill an unregulated pollutant, for instance and compare it to the costs economic and social of measures that would correct that ill.

Now, the agency's critics have taken up the same weapon. And they are getting some help from members of Congress.

Last week, the Clinton administration was forced to shelve, at least temporarily, a plan to elevate the EPA to Cabinet-level status when a majority of House lawmakers refused to vote on the question until the EPA agreed to conduct a cost-benefit analysis of each of its regulations and policies.

The decision in which 60 Democrats broke ranks and sided with 167 Republicans in a key procedural vote effectively derailed one of the administration's key environmental priorities and has put the White House on notice that all of its environmental initiatives could face similarly stiff opposition from a burgeoning coalition of critics.

Administration officials said that they already operate under an order to conduct cost-benefit assessments on any regulation with an economic impact of $100,000 or more.

But a requirement to do the analyses in all cases would paralyze the EPA with red tape and increase the costs of controlling pollution, they argued.

The EPA's number-crunchers estimated that the agency would have to spend $25 million to $30 million more a year and add 50 employees to carry out the policy as Congress envisioned it.

According to many lawmakers who back the idea, however, a cost-benefit analysis of new EPA regulations would show that lots of those directives exact tremendous economic tolls and deliver insignificant benefits to the public's health and welfare. The result, they hope, would be fewer new federal environmental regulations and greater circumspection on the part of the government's environmental agencies.

For most of the EPA's 24-year history, the cost-benefit analysis has been one of the EPA's most effective tools. Through the 1970s, analysts from the newly minted agency had little difficulty showing Congress that the benefits of controlling toxic pollutants greatly outweighed the costs of not doing so. Many U.S. rivers were so polluted they were catching fire, toxic chemical dumps littered the landscape and highly dangerous pesticides like DDT were in wide use in American communities.

But with more of the obvious problems now addressed, the EPA has turned increasingly to more subtle ones in which the science of risk assessment is inadequate and the trade-offs between the costs and benefits of a policy are less clear.

'"So what's happened is that people in industry and those inclined to want to deregulate have seized on these assessments as a way to trivialize or minimize the extent of a given problem," said Adam Finkel, a fellow at the Center for Risk Management of Resources for the Future, an environmental think-tank based in Washington that specializes in economic analysis.

In other cases, said Finkel, critics of a regulatory initiative use the analyses as a delaying tactic, since they frequently can be used to show that other environmental hazards should have higher regulatory priority.

But proponents of the cost-benefit proposal defend it as common sense.

'"It will force us to set some priorities about issues, particularly since we have limited money and because many of these programs fall on local governments to implement and they don't have the funds either,"' said Rep. Gary A. Condit, D-Calif. '"I don't think it stops us from having good environment law. It forces us to spend our money on the things that are highest risk. It's a business application, a common-sense approach.'"
WASHINGTON The hiring of temporary and part-time workers without health benefits has far outpaced the rate of growth in full-time employment during the nation's fledgling economic recovery, leading to a sharp decrease in job security in the United States, the Clinton administration said Monday.

The Economic Report of the President, released by the White House Monday, said part-time employment has grown 6.4 percent in the last three years, while full-time payrolls have increased by just 1.7 percent. At the same time, the percentage of the work force covered by health care benefits is declining after rising steadily for decades.

The administration also said that, contrary to popular belief, the recession of the early 1990s was not dominated by white-collar layoffs. Rather, blue-collar workers suffered much more harshly than professionals and other office workers.

Middle-class anxiety was a hot topic during the 1992 election, and the perception among voters that this recession was different and much worse than other post-World War II downturns helped propel President Clinton into the White House. For the first time, big corporations no longer seemed like safe havens for middle managers.

But the administration found that the white collar jobless rate was just 3.2 percent in 1992, far less than the 9.9 percent rate for factory workers during the same election year.

In fact, as in the past, the unemployment rate among white-collar workers has been significantly below that of blue-collar workers in the most recent recession and recovery, the report stated.

Furthermore, the report found, joblessness among blacks is worsening, leading to new concerns that the nation's unemployment rate will remain at relatively high levels indefinitely. There are increasing disparities between black and white rates of both employment and unemployment, which are linked to equally disturbing changes in the distribution of income and job security, the report said.

Long-term unemployment in America has been increasing, largely because of the growing rate of long-term joblessness among black men, the report said.

The average unemployment rate over the last 23 years has risen 3.5 percent for blacks but only 1.5 percent for whites.

But the 398-page report, the first issued by the Clinton administration, was generally upbeat about the economic outlook and was dominated by lengthy explanations of how the administration's economic policies sparked the current recovery. The report included the official White House forecast that the economy will grow at a rate of 3.1 percent in 1994 and 2.8 percent in 1995.

Those predictions are almost identical to most leading private estimates.

Republicans quickly complained that Clinton was trying to take credit for an upswing in the economy that was under way well before the Democrats took control of the White House.

"In considering President Clinton's gusher of praise for his economic record today, we should remember that no modern president's economic program has required less than 18 months to have an impact on the economy," said Sen. Phil Gramm, R-Texas, a potential contender for the Republican presidential nomination in 1996.

The report found that the growth of the temporary help industry, through companies like Manpower Inc., is a new sign of the increasing importance of part-time employment in the economy. Since the early 1970s, the temporary help industry which places part-time office workers and other day laborers has grown from less than one-third of 1 percent of total employment to 1.3 percent of the work force today. Now, nearly 3 percent of all American workers hold jobs on a 'contingent' day-to-day basis, the report found.

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HOUSTON When Congress canceled funding for the $11 billion superconducting super collider last October, lawmakers called for the "orderly" shutdown of what would have been the largest scientific instrument ever built. Having decided what to do, Congress didn't say how to do it.

As Dr. Tom Bush, associate director of the laboratory near rural Waxahachie, Texas, says: "It's 35 miles out in a cow pasture. What happens to everything that's there?"

Bush doesn't mean the desks and chairs and office supplies. He's talking about a $27 million cryogenics facility, where helium is cooled to just above absolute zero. A half-built linear accelerator about $9 million from completion which helps generate a beam of charged protons traveling at nearly the speed of light. A precisely mined tunnel, 14.5 miles long and up to 250 feet deep, part of a planned 54-mile underground ellipse. In all, assets valued at more than $100 million sit on the north Texas prairie outside of Dallas.

Bush wants to open the lab's superconducting facilities to private industry, which could develop new technologies without large additional capital investment.

The state of Texas has other ideas. For starters, it wants a refund from the U.S. Department of Energy for the $440 million the state sank into the project just before it was killed. Under the terms of a 1990 agreement, Texas was to get its money back if the collider were canceled.

The amount owed Texas is still under negotiation, says Jeff Sherwood, a spokesman for the Energy Department. Until talks conclude, the disposition of the research labs, the equipment in them and the thousands of acres of land acquired from private owners is at a standstill. Also unresolved is whether to convert the collider site and facilities for other uses or to simply dismantle everything.

"We can't do anything until it becomes clear who owns the property," says Greg Haas, the Energy Department's chief scientist in Dallas. "Frankly, we're waiting on the lawyers."

The basic mission of the super collider was to discover nothing less than the nature of matter. A counter-rotating stream of protons traveling near the speed of light would be slung around a 54-mile underground ellipse. As the protons collided, physicists hoped, particles that make up the smallest known subatomic particles would shake loose, giving a better understanding of the basic structure of matter.

With the project 20 percent complete, scientists are scrambling to salvage what was built or bought before its demise. Suggestions have ranged from leasing the cryogenics facility to researchers who need to super-chill materials to finishing the linear accelerator and three energy boosters to create a bargain-basement super collider.

Dr. Hans Mark, former chancellor of the University of Texas system, says that the state should finish digging the tunnel, at a cost of about $200 million. "The scientific reasons for building the SSC are as good as when we originally set the thing up," he says.

"Finishing the tunnel has to do with nailing down the Texas site. I've been around long enough to know that no decision is ever final, and I guarantee you that this thing is going to be revisited in a few years. If we do the right thing now, it will be built here as originally planned. Right now the prevailing opinion is 'pour concrete into the tunnel,' which is stupid."

The Energy Department is currently sifting through some 67 unsolicited proposals, ranging from one paragraph suggestions to thick, detailed treatises. Texas Gov. Ann Richards appointed a nine-member panel in December to consider collider alternatives.

(Original add end)

"Our first priority is to make Texas whole in the money already invested," said panel member Cathy Bonner, former state commerce director. "This was a contract that was broken with the state of Texas."

At a meeting earlier last month, the panel recommended that 100 scientists be retained for a year to evaluate the proposals. The Energy Department's Haas, who is not on the panel, thinks it will take at least that long to "put together the kind of substantive proposals that are needed and to develop funding sources."

Bush, the lab's associate director, wants to get the ball rolling now while some of the collider's staff remain on site. Half of the 2,200 workers are scheduled to be laid off by February.

"If we don't act soon, obviously the people will be gone, eventually the machinery will be taken out, put in warehouses or sold for scrap metal," he said.

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Sometimes Misstatements Are More Than Mere Gaffes

Schorr is senior news analyst for National Public Radio.

By Daniel Schorr= Special to the Los Angeles Times=

"The president misspoke." That phrase, said in a hushed tone as though committing some form of blasphemy, and immediately added that he should probably not be saying this, and that it was on very deep background.

He was trying to explain how it was that on Nov. 7, President Clinton had said, 'North Korea cannot be allowed to develop a nuclear bomb,' whereas now the administration was pursuing a compromise that might 'grandfather' any bomb that North Korea already had. What the president had meant to say, my source volunteered, was that North Korea would not be allowed to become 'a nuclear power.'

"The president misspoke" is a tricky way out of an apparent contradiction, because the credibility of government rests on the tacit assumption that the president can say no wrong.

Vice presidents can misspeak, and that can be amusing, as when Dan Quayle, trying to quote the motto of the United Negro College Fund, said, 'What a waste it is to lose one's mind.' Or when Al Gore, delivering a foreign-policy speech in Milwaukee, said that America's ethnic melting pot shows that America is 'E pluribus unum out of one many.' (It's the other way around, of course.)

But with the president, the acknowledgment of 'misspeaking' suggests that either he cannot talk straight or that he doesn't understand his administration's policies.

Once in 1953, President Eisenhower made a remark so egregiously out of line with his own policy that James 'Scotty' Reston of the New York Times, leaving the news conference with me, suggested that the only way out for Press Secretary James Hagerty was to say that 'President Eisenhower does not necessarily speak for this administration.'

Presidents sometimes do misspeak: The words that come out of their mouths are not the words they intended to utter. (Let's leave Freud out of this, shall we?) Presidents sometimes do misspeak: The words that come out of their mouths are not the words they intended to utter. (Let's leave Freud out of this, shall we?)

But, more often in the case of Reagan, 'misspeaking' appeared to be a matter of confusion about facts and policies. In August 1984, he said that submarine-launched missiles were 'less destabilizing' than land-based missiles because 'they could be called back.' (They can't be.) Earlier the same year, Reagan said, contrary to stated administration policy, that Lebanon involved American 'vital interests.' ('Less than precise,' explained an anonymous official.)

Ranking as a historic misstatement was the Reagan proposal to Mikhail S. Gorbachev at the Reykjavik summit in 1986 for total elimination of nuclear weapons. (Just an 'ultimate goal,' explained spokesman Larry Speakes, reluctant to say that the president not only misspoke, but also misperceived the nuclear stalemate.)

When ousted Philippine President Ferdinand Marcos complained of having been betrayed by being flown to Guam on an American plane after being promised he would be transported to a place elsewhere in the Philippines, Reagan blandly countered, 'I think maybe he was misinformed. It happens to every president.'

In the first year of the whiz-kid Clinton administration, there has been relatively little need to drag out the dread word 'misspoke.' More common is being 'misinterpreted' or 'misunderstood,' as when Strobe Talbott, after the Russian election in December, said there would be 'less shock and more therapy,' suggesting an easing of pressure on economic reform.

But something more was involved when Clinton introduced the Chairman of the Joint Chiefs of Staff, Gen. John M. Shalikashvili, as one whose 'family fled in a cattle car westward (from Poland) to Germany in front of the Soviet advance. In fact, the general's father had been a major in the Nazi Waffen SS, enjoying a privileged life in Warsaw. ('Irrelevant,' said Press Secretary Dee Dee Myers, declining to say the president misspoke from a misleading biography.)

So when we are told 'the president misspoke,' we are not sure if it was a twisted tongue, a twisted fact or a changed policy. But however it happens, it can sometimes put a serious misstatement in the president's wheels.
In Lewis Carroll’s classic “Through the Looking Glass,” Humpty Dumpty tells Alice that when he uses a word, "it means just what I choose it to mean neither more nor less."

Similarly, when President Clinton describes his health plan, his words take on a Dumptyesque meaning unrelated to the English language or the president’s plans. Consider, for example, these passages from his State of the Union address:

"Our approach builds on what works today in the private sector ... to guarantee insurance for every American." And: "If your employer is providing good benefits at reasonable prices, that should continue too." And again: "Our goal is ... freedom to choose a plan and the right to choose your doctor."

In all, at three different points in his speech and in the most explicit terms, the president promised the American people that his plan would protect their right to choose private health insurance.

But the president is not telling the truth. Unless you are one of the privileged few who work for the government or for a huge corporation employing more than 5,000 people, the Clinton plan will cancel your private health insurance and force you to pay for a government-controlled plan.

When I explain this feature of the Clinton plan to audiences around the country, their first reaction is often one of disbelief. “This is America,” people say. “In this country, government could never force us to surrender our health insurance and jam us into some government-run collective.”

My response is to pull out my copy of Clinton’s Health Security Act and read the following passages:

Pages 14-15: "In accordance with this act, each eligible individual (other than a Medicare-eligible individual) 1) must enroll ... and 2) must pay any premium required, consistent with this act, with respect to such enrollment."

Who’s an ‘eligible individual’?

Page 14: "In this act, the term ‘eligible individual’ means an individual who is residing in the United States and who is a citizen or national of the United States, an alien permanently residing in the United States under color of law or a long-term nonimmigrant."

Only one conclusion can be drawn from all this legalese: Unless you’re an illegal alien, you must enroll in the government-run “regional alliance.”

Never mind that you like your current insurance plan and don’t want to change it. The Clinton plan does not permit that option. Your private health insurance is canceled.

It gets worse. Suppose the National Health Board, which controls all the regional health-care cooperatives, decides that you don’t need treatments your doctor says you need? It can refuse to allow him to perform those treatments. Or suppose a drug that you desperately need is not, according to the board, "reasonably priced?" They won’t pay for it.

The government can tell your doctor that he can give you the service he thinks you need, but if the board thinks it’s too costly, the doctor’s income will automatically be cut. Even if you are willing to pay extra to the government cooperative to see your own doctor, you can still be denied that right.

And if you and your regular doctor think you need a specialist, the board can simply say no. But can you say no to this system and walk away? Sure, but every dime of your health-care money stays behind, and you have to keep paying into the system even if you flee from it.
But total confiscation and control of your health dollars is not enough for the Clinton plan. It also bans private health insurance that might compete with the government. On this issue, the language of the Clinton Health Security Act couldn't be clearer: "No health plan, insurer or any other person may offer to any eligible individual a supplemental health-benefit policy that duplicates any coverage provided in the comprehensive benefit package." (Pages 239-240.)

Moreover, "an entity that knowingly and willfully violates any provision of this section with respect to the offering of a supplemental health-benefit policy to any individual shall be subject to a civil monetary penalty (not to exceed $10,000) for each such violation." (Page 241.)

Of course, the president hotly denies that his plan is a massive assault on freedom of choice. He is keenly aware that the Achilles heel of his plan is the unacceptable limit it places on the freedom of Americans to select the kind of health care that best suits them and their families.

To help them see through the double-speak of an earlier era, Winston Churchill laid out a series of simple questions that people could ask to determine if they lived in a free country. Let me propose three questions to help determine if the Clinton plan is built on true consumer choice:

If I'm happy with the private health insurance I now have, can I keep it?

If I become unhappy with the health care provided through the government-controlled plan, could I take my money out of that plan and put it into a private insurance plan?

Even if the government keeps my health-care money, can I pay twice for coverage once for the government plan I don't want and a second time for the private health insurance I do want?

The answer to all three questions is No. Once the American people understand that, the Clinton plan is doomed.
Ending the Nuclear Threat: Buy Your Enemies' Bombs

Alperovitz, president of the National Center for Economic Alternatives and author of "Atomic Diplomacy: Hiroshima and Potsdam" (Simon & Shuster), is writing a book on the launching of the nuclear era.

By Gar Alperovitz = Special to the Los Angeles Times =

WASHINGTON As Russia moves toward a fascist or semi-fascist state, signaled by the popularity of ultra-nationalist Vladimir V. Zhirinovsky and the recent resignations of the country's top economic reformers, how can the United States immediately move to reduce the nuclear threat raised by this turn of events?

The starting point is to recognize what some of America's hardest-line defense intellectuals have begun to stress: In the post-Cold War era, U.S. security can only be achieved if there is a radical reduction of nuclear weapons.

Paul H. Nitze, one of the toughest Cold Warriors, recently contended in a newspaper article that, "We might reasonably contemplate making nuclear weapons largely obsolete for the most practical and fundamental strategic missions."

Former Secretary of Defense Robert S. McNamara has stressed a related point: "It can be confidently predicted that the combination of human fallibility and nuclear arms will inevitably lead to nuclear destruction. Therefore, insofar as it is achievable, we should seek a return to a non-nuclear world." To McNamara, a reasonable interim goal would leave "at most 100 to 200 warheads" in the hands of one nation or an international enforcement organization.

And recently departed Secretary of Defense Les Aspin put it this way in June 1992: "There is no longer any need for the United States to have nuclear weapons as an equalizer against other powers. A world without nuclear weapons would not be disadvantageous to the United States. In fact, a world without nuclear weapons would actually be better. Nuclear weapons are still the big equalizer but now the United States is not the equalizer but the equalizee."

The primary danger, many specialists note, is not nuclear attack by some small nation using intercontinental ballistic missiles. It may be something as simple and as hard to detect as shipping a nuclear "device" into New York Harbor on a freighter, a task not much more difficult than driving a load of bombs into the World Trade Center.

Nitze and McNamara are clearly not "peaceniks." They assert the cold logic of the situation: U.S. security would increase if we could move radically toward nuclear disarmament.

Toward this end, we should build on our current arms-control strategy. In our new agreement with Ukraine, we have promised the government more than $1 billion in aid in exchange for giving up 1,684 nuclear weapons. Suppose we expanded on this principle:

In 1991, the Congressional Budget Office estimated that the United States could save $261 billion over the next 15 years if the country reduced its long-range nuclear arsenal to 1,000 missiles, far more than is needed in the post-Cold War world. That translates to $17 billion a year that could not only be saved, but could also be used to form a kitty large enough to buy out the nuclear opposition.

This reduction in our nuclear arsenal combined with an expansion of current arms-control policy could provide enormous leverage: Far larger sums of money than are now being contemplated could be offered to Russia and Ukraine as incentives to radically reduce, or truly eliminate, their nuclear arsenals. Simultaneously, the prospect of a reduced U.S. threat would help ease Russia's fears.

If we are truly interested in our security, $17 billion is no magic
number. We are now paying $276 billion a year to maintain our defense. If it is true security we want, rather than knee-jerk funding of obsolete military programs, and if we could increase our security by buying out the nuclear opposition then we could up the ante and double the amount and still be well ahead of the game.

In a little-noticed comment during the press conference announcing his decision to withdraw his nomination as secretary of defense, Adm. Bobby Ray Inman suggested the possibility of a annual $50 billion cut in the Pentagon's budget even without using the savings to reduce nuclear weapons elsewhere.

Over a 10-year period, this would add up to $500 billion a hefty "wallet," as President Bush used to say, if we wanted to get serious about buying out the nuclear threat.

Brookings defense expert, William W. Kaufmann, has gone farther. He estimates that U.S. post-Cold War defense needs could be satisfied even if the current Pentagon budget were cut by roughly 50 percent. By 1997, Kaufmann calculates, a restructured U.S. military could be spending no more than $135 billion (1993 dollars) and still providing effective security (that is, able to counter attacks on allies in Europe, the Middle East, or on South Korea, with minimal American casualties). Under a more limited scenario, he estimates a savings of $152 billion in the next three years, or nearly $584 billion in the next eight years.

We do not know whether Russia's movement toward fascism can be halted. What counts is removing the beast's nuclear fangs. Nevertheless, paying significant sums of money to buy out Russia's nuclear capability might well be the way to give Russia the monetary support it needs to slow, even reverse, its move toward extremist politics.

Clearly, any serious attempt to achieve a major shift in the nuclear threat would require a global "build-down" process and would have to involve many other nations, the most important of which is China. It would require rehabilitation of the limping United Nations peacekeeping capacity. Powerful new inspection systems and other safeguards would be essential.

Any bold approach, of course, would also require major presidential leadership the kind Bush demonstrated, for other purposes, when he mobilized world opinion during the Persian Gulf war. One thing is clear: Of the many things that have traditionally stood in the way of truly significant arms control, peacekeeping, and inspection efforts, lack of money need not stand in President Clinton's way.

With the Cold War over and the Soviet Union no more, the rationale for nuclear arsenals is fast disappearing before our eyes, as men like Nitze, MacNamara and Kaufmann are beginning to suggest. The trouble is that we are so used to thinking in narrow terms about small policy steps that it is a jolt to imagine the use of significant national-security funds to buy real national security.
OK, So All Politicians Lie, But North Is Just Too Good at It

Garment, a contributing editor to Opinion, is a resident scholar at the American Enterprise Institute. She is the author of "Scandal: The Culture of Mistrust in American Politics" (Times Books).

By Suzanne Garment—Special to the Los Angeles Times=

WASHINGTON So Oliver L. North is running for Senate in Virginia, and his announcement has occasioned a fit of Washington apoplexy. Sen. John Warner, R-Va., says North is unfit for the job. TV journalists have essentially called North a liar to his face.

But so far, the critics have not managed to explain what bothers them so violently about North. Unless they do better, he will roll right over his opposition.

It is not hard to see the cause of the indignation. North, after all, not only said during the Iran-Contra hearings that he had lied to Congress, but he portrayed the legislative branch of the federal government as a body not worthy of being given the truth. Now he says he wants to sit there. His audience can be forgiven for smelling hypocritical opportunism.

Moreover, the lying looks like a habit. Even before North's announcement, the Reader's Digest, in a piece by Rachel Flick Wildavsky, presented the evidence. North claimed he was close to President Reagan and told how he and Reagan had watched, on television, the homecoming of U.S. students evacuated from Grenada. But Reagan spokesman Marlin Fitzwater says Reagan never saw North that day. North also said he was close to the late CIA director William J. Casey, visiting Casey's home and attending his wake at Mrs. Casey's behest. But she says she never saw North at the house and that he went to the wake on his own initiative, not hers.

The Digest is known as a conservative publication, and most of the specific 'lying' charges against North have been made by his ideological allies, including retired Gen. John K. Singlaub and former Attorney General Edwin Meese III. True, many of North's enemies are liberals who cannot stand his politics but something about him makes even a lot of conservative skins crawl.

Yet these accusations do not ring quite true. Political types who say they can't stand lying sound about as reasonable as a bunch of surgeons protesting they can't abide blood. Political people lie all the time, even or especially to Congress. Iran-Contra prosecutions in this area were difficult partly because the laws prohibiting such lies had almost never been applied to political testimony despite a history replete with omissions, misimpressions and falsehoods. More generally, no one has leveled with us about Travelgate or Whitewater. So why the sudden burst of sensitivity?

At first I hesitated to write about this question, conflict-of-interest fervor being what it now is, because my husband represented another defendant in the Iran-Contra affair.

Then I remembered that even before Iran-Contra, I had my own, independently verifiable experience with then-Col. North. At the time, Congress was already suspicious of North's pro-Contra activities. The White House put out the convenient word that North was being fired from his job on the National Security Council staff because of his overzealousness on the Contras' behalf. North made himself available to presumptively friendly journalists.

I bit.

On the phone, North named a time and place. He said if I had to call him back, I should use only my first name.

That was the first false note. This guy is calling from a place where people have stratospheric security clearances and access to all official phone logs. The minute I write a piece about him, everyone will know where it came from. And he wants to use the old first-names-only charade?

But we met on the appointed day in a dark cave of a restaurant down the
street from the White House. North introduced himself and began talking. He was fascinating. He told about the U.S. politics of Contra aid and the Contras' internal political and military situation. Some of the material, I knew, was secret. I took furious notes.

But after an hour of this, another funny feeling hit me: Why is this man talking to me so trustingly, confidingly, sincerely, intensely? Why is he telling me so much? How does he know I will protect him just because I'm a pal of an ally of his?

Later I called friends who knew North. I told them about the funny feeling and asked whether there wasn't something inappropriate too politically intimate in the way North had acted toward a near-stranger. They said it was all right; Ollie was straight.

I wrote a piece contorted like a pretzel by its ambivalence, but on balance favorable to North. Soon after, the Iran-Contra scandal told me what a bill of goods I'd been sold.

OK, it's true that Hell hath no fury like a journalist taken for a ride but there is another lesson in this. The problem is not that North lies; the problem is that he seems so good at it.

The symbolism of North's Iran-Contra history reinforces his current credibility: He clashed with a Congress perceived, often for good reason, as inconstant and pusillanimous. He, by contrast, stood for patriotism and keeping promises. They lost. He won.

He has also shored up his credibility by his post-Iran-Contra behavior. His critics say he has made lots of money, but he has also spent a lot of time practicing old-fashioned Virginia politics traveling to every corner of the state, making fund-raising appearances for other Republican candidates, eating bad food, building alliances. He has been paying conventional dues and honoring commitments, thus making it harder for his opponents to persuade others that he must be disbelieved.

Yet more important than history or current behavior is North's manner well developed before the first klieg light ever hit him. The cute smile, the husky and touchingly hesitant voice and the intense, sincere eyes never stop. When challenged, he does not falter. His response is never small-minded. Ugly charges do not distract him from his own rhetorical mission.

You can see that something is not quite right. Sometimes the intensity does not match the topic. Every so often, you can detect the manipulative inner machinery at work. But then it disappears from view, leaving you with the certainty that inside that head something disciplined and fleet-footed is going on, not just the normal messy thought process that governs us more ordinary types.

It is hard to describe this bothersome quality. That is what makes North so good. You end up saying, "He lied on such-and-such an occasion!" or "His appeal to traditional values sounds like snake oil." Yet many of your listeners will just scratch their heads and answer, "It's all right. Ollie's straight.

This skill of North's means he can go far in American politics. Seeing that fact makes us critics even more apoplectic. Some think they will fight his appeal by exposing his extreme policies, but they should not count on it: North will likely take respectable conservative positions and articulate the respectable conservative arguments for them.

- END-OF-AUTOBREAK(1) -
- AUTOBREAK(2) - FOLLOWS

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Albright: Diplomacy Alone Won't Bring Peace in Bosnia (Washn)

By Stanley Meisler and Norman Kempster (c) 1994, Los Angeles Times

WASHINGTON (AP) - The Clinton administration, U.S. Ambassador Madeleine K. Albright told the U.N. Security Council Monday that diplomacy will not stop the slaughter in Sarajevo and the war in Bosnia unless it is "backed by a willingness to use force."

In a speech to the council during an unusual public session, the U.S. ambassador also warned the Bosnian Serbs that they would face retribution if they attempted to retaliate against foreign relief workers for any North Atlantic Treaty Organization air raids.

"The United States will advocate strong action by this council if the Bosnian Serbs follow through on their threats to restrict the movement of international relief workers," she said.

As more than 40 ambassadors filled the council chamber with rhetoric railing against the savagery in Bosnia, both President Clinton and the United Nationsträdis court that the United Nations intended to ease NATO's demand that the Serbs under threat of air strikes withdraw all heavy weapons from the Sarajevo area or turn them over to the United Nations by Feb. 21.

The news reports had indicated that some U.N. peacekeeping officers would be satisfied if the Serbs only left their artillery batteries in place for distant U.N. monitoring by radar.

"I expect that the terms of the NATO agreement will be followed," Clinton told a news conference. "Keep in mind, the secretary-general of the United Nations asked us to take action. We agreed to take action. And we were assured all along the way that our allies in NATO and ... the secretary-general agreed. So, I don't believe there is a fundamental misunderstanding on that point."

Joe Sills, spokesman for Secretary-General Boutros Boutros-Ghali, said in a news briefing at U.N. headquarters that "there is no difference in the goals being pursued by the U.N. and NATO."

That seemed underscored in Bosnian capital of Sarajevo, when Lt. Gen. Michael Rose of Britain, commander of U.N. forces in Bosnia, said, "The total exclusion zone for heavy weapons around Sarajevo will be implemented" before the end of the week and "any heavy weapons there will be either under U.N. control or subject of an air attack." The Serbs, however, were a long way from turning over their weapons. Two artillery pieces were handed to peacekeepers Monday, bringing the total under U.N. control to 28. Some analysts estimated that the Serbs have more than 500 heavy weapons around Sarajevo.

U.S. officials said in Washington that the few pieces of artillery and other heavy weaponry that the Serbs turned in during the past 24 hours were "not significant." "Most of what they were turning in was old, not serviceable," one official said. "All we've really deprived them of is spare parts."

Meanwhile, Charles Redman, special U.S. envoy to the Bosnia peace talks in Geneva, met with Bosnian President Alija Izetbegovic in Sarajevo at the start of a two-day visit. It is assumed that Redman was trying to explore all facets of what is being called the Serbs' long-time political and cultural ally. But, in the face of NATO solidarity, the Russians abandoned the maneuver at the end of last week, and Vorontsov told the council that a Russian proposal for a U.N. administration in Sarajevo was a complement to the air strike threat, not a substitute.

"The Russian position drew praise from both Albright and French Ambassador Jean-Bernard Merimee. "We are happy to state that we share the same position," Merimee told Vorontsov.

The public debate in the Security Council was called at the request of Bosnia and several non-aligned governments to discuss the situation in the wake of the bloody massacre in the Sarajevo marketplace a week ago. Russian diplomats joined in the request, seeking to discuss their proposal for a U.N. administration in Sarajevo. The council agreed to allow any member of the United Nations to speak, but it ruled that no resolution would be taken up at the session.

The meeting began with Bosnian Ambassador Muhammed Sacirbey hailing the threat of air strikes. "For those who only understand the language of force and the logic of war," he said, "this step will be the first to counter their aggression and terrorism."

The Russian position drew praise from both Albright and French Ambassador Jean-Bernard Merimee. "We are happy to state that we share the same position," Merimee told Vorontsov.

(End)
Wake-up call for Generation X

Younger Americans begin to see the federal deficit as a threat.

Buried in President Clinton's big budget book is the startling statement that if the present trend of taxation and spending continues, some future generation will pay 82 percent of its income in federal, state and local taxes. The administration published that wild projection to be able to claim that if the Clinton health plan happens to pass unchanged, that figure would be "only" 66 percent. Shorter range, and probably more realistic, are projections that if present trends continue, today's toddlers will pay 50 percent of their income in taxes, and today's 40-year-olds, 53 percent.

All of this could happen. But, as Henry Aaron, economic studies director of the Brookings Institution, points out, the least little change early in the game would increasingly widen the gap between the projections and what really happens.

Frightening projections like these are not the only wake-up call that younger generations are hearing. They are aware that a growing national debt will only raise their taxes to pay for higher interest costs.

Former Senator Paul Tsongas was in Iowa last week to promote his Concord Coalition, whose goal is to build support for budget surgery. Tsongas once opposed a constitutional amendment requiring a balanced-budget but now favors the idea.

Opponents always argue that a constitutional balanced-budget mandate wouldn't be effective, that the essential loopholes would nullify it. Many states have such mandated limits, but state governments—including Iowa's—seem to find creative ways to break through the ceiling.

Most balanced-budget plans provide exemptions for wars and emergencies, and usually allow the limit to be overridden by a 60-percent vote of Congress. To pass an appropriation now requires one vote more than 50 percent. This often calls for trade-offs ("You vote for my thing and I'll vote for yours"); 60 percent would require more trade-offs, but it could be done.

One thing can be said for a balanced-budget amendment, though: It would force those who blame deficit spending on a lack of legal restraint to put up or shut up.

Tsongas sees a generational division in Congress as well as among the general public. The younger legislators are more likely to support balanced budgets—and a balanced-budget amendment—than the older members, who have built their political careers on deficit spending. The last time a balanced-budget amendment came up, it fell only nine votes short of the necessary two-thirds majority in the House.

If the anti-deficit trend continues, with or without the balanced-budget amendment, those wild tax projections won't happen, but millions of us will have to live without things we have taken for granted.

Some of those things might be subsidies for agriculture, transportation and the arts; retirement with Social Security at 65 (it might go up to 68); less public assistance for the needy; fewer miles of new highways—even higher taxes in the short run to prevent huge tax increases in the future.
WASHINGTON IN A MAJOR STEP TO CURB THE VIRTUALLY UNCHECKED GROWTH OF FIREARMS DEALERS IN THE UNITED STATES, THE CLINTON ADMINISTRATION HAS BEGUN REQUIRING NEW APPLICANTS AND THOSE RENEWING THEIR LICENSES TO SUBMIT PHOTOGRAPHS AND FINGERPRINTS AND IS ASKING THEM WHETHER THEY ARE COMPLYING WITH LOCAL AND STATE LAWS.

CURRENTLY, ONLY MACHINE GUN DEALERS A TINY FRACTION OF THE 266,000 LICENSED FIREARMS DEALERS ARE REQUIRED TO PRODUCE PHOTOIDS AND FINGERPRINTS.

THE FEDERAL BUREAU OF ALCOHOL, TOBACCO AND FIREARMS, WHICH REGULATES THE GUN INDUSTRY, BEGAN MAILING OUT THE NEW FOUR-PAGE APPLICATION FORM AND A THREE-PAGE QUESTIONNAIRE LAST WEEK TO NEW APPLICANTS AND THOSE WANTING TO RENEW THEIR LICENSES. THE TWO DOCUMENTS SUPPLANT THE PREVIOUS TWO-PAGE APPLICATION FORM THAT ASKED FEW QUESTIONS ABOUT THE PLANNED BUSINESS AND REQUIRED VIRTUALLY NO PROOF THAT THE APPLICANT WAS WHO HE SAID HE WAS.

THE FEDERAL GOVERNMENT CANNOT WITHHOLD LICENSES TO APPLICANTS WHO VIOLATE STATE AND LOCAL LAWS, MOST OF WHICH DEAL WITH ZONING AND LICENSE REQUIREMENTS. BUT LAST YEAR, THE ATF BEGAN PROVIDING LOCAL AND STATE AGENCIES WITH THE NAMES OF NEW FIREARMS LICENSEES. THE NEW FORMS AND THE PROSPECT OF 5 YEARS' IMPRISONMENT FOR LYING ON THE APPLICATION WILL HELP THE AGENCY SHARE MORE PRECISE INFORMATION WITH LOCAL OFFICIALS, ACCORDING TO ATF.

RICHARD GARDINER, THE NATIONAL RIFLE ASSOCIATION'S COUNSEL, SAID THE NEW REQUIREMENTS ARE ILLEGAL BECAUSE THEY GO FAR BEYOND THE SCOPE OF THE 1968 GUN CONTROL ACT, WHICH BROADLY DEFINED LICENSE REQUIREMENTS.

HE ACCUSED THE ATF OF ACTING ALMOST LIKE A BUNCH OF CRIMINALS. PLEASE QUOTE ME ON THAT.''

BUT BILL BRIDGWATER, EXECUTIVE DIRECTOR OF THE NATIONAL ALLIANCE OF STOCKING GUN DEALERS, WHICH REPRESENTS STOREFRONT DEALERS, WELCOMED THE NEW REGULATIONS BECAUSE THEY WOULD HELP WEED OUT GUN HOBBYISTS, BLACK-MARKET DEALERS AND THE KITCHEN-TABLE 'DEALERS WHO WORK OUT OF THEIR HOMES.

THERE'S NOT ONE THING IN THE NEW APPLICATION I FIND OFFENSIVE OR NOT NECESSARY, PARTICULARLY THE POSITIVE IDENTIFICATION REQUIREMENTS,'I SAID.

GUN-CONTROL ADVOCATES ALSO PRAISED THE NEW LICENSE APPLICATION. IT'S GREAT,' SAID JOSH SUGARMANN, EXECUTIVE
DIRECTOR OF THE VIOLENCE POLICY CENTER, WHICH HAS CRITICIZED THE
LICENSE STANDARDS IN PUBLISHED REPORTS.

CRITICS HAVE LONG CONTENDED THAT LICENSE APPLICATION
STANDARDS HAVE BEEN TOO LAX. IN 1990, THE ATF LICENSED TWO DOGS
AS FIREARMS DEALERS. THE DOGS HAD ACTED AS PROXIES FOR REPORTERS
to demonstrate that virtually anyone (or anything) can get a
LICENSE.

APPLICANTS ALSO WILL BE PAYING HIGHER FEES FOR THE NEW
LICENSES: UNDER THE NEWLY ENACTED BRADY LAW, THE THREE-YEAR
LICENSE FEE WAS INCREASED FROM 30 TO 200. BRIDGEWATER SAID THE
NEW IDENTIFICATION REQUIREMENTS AND DETAILED ANSWERS ON WHETHER
THE APPLICANT IS COMPLYING WITH EXISTING LAWS WILL HAVE A FAR
GREATER IMPACT IN REDUCING THE NUMBER OF LICENSEES THAN THE
HIGHER FEE.

ATF SPOKESMAN JACK KILLORIN SAID THE NEW APPLICATION FORMS
WERE DRAFTED TO COMPLY WITH AN EXECUTIVE ORDER FROM PRESIDENT
BILL CLINTON ON AUG. 11, DIRECTING TREASURY SECRETARY LLOYD
BENTSON TO BEGIN RESTRICTING WHO CAN GET LICENSES.

UNDER THE 1968 GUN ACT AND 1986 FIREARMS OWNERS' PROTECTION
ACT, VIRTUALLY ANYONE 21 OR OLDER CAN GET A FIREARMS LICENSE IF
HE OR SHE PLANS TO CONDUCT A FOR-PROFIT BUSINESS OF SELLING THE
GUNS.

BUT LAST JULY AN ATF SURVEY OF LICENSEES DISCLOSED THAT 80
PERCENT OF THEM HAD SOLD 10 OR FEWER GUNS IN THE PREVIOUS YEAR.
THE VAST MAJORITY 74 PERCENT CONDUCTED THEIR BUSINESSES' FROM THEIR HOMES.

THE NEW FORMS REQUIRE APPLICANTS TO INDICATE HOW MANY GUNS
THEY INTEND TO SELL EACH YEAR AND WHETHER THEY PLAN TO DERIVE A
PROFIT FROM THE BUSINESS. ATF OFFICIALS SAID THAT THE AGENCY DOES
NOT HAVE A FIXED QUOTA FOR THE NUMBER OF GUNS IT EXPECTS A DEALER TO SELL IN ORDER TO COMPLY WITH THE REQUIREMENT OF BEING ENGAGED IN A BUSINESS.

THE OFFICIALS SAID THAT THE ANSWERS PROVIDED IN THE NEW FORMS
MAY HELP DEVISE SUCH A STANDARD, WHICH WOULD HAVE TO BE ENACTED
BY CONGRESS.

ATF ALSO HAS BEEN AWARE THAT A LARGE PERCENTAGE OF LICENSEES
VIOLATE LOCAL AND STATE LAWS BY NOT COMPLYING WITH ZONING,
LICENSED AND OTHER BUSINESS REQUIREMENTS.

THE SENATE VERSION OF THE CRIME BILL WOULD REQUIRE THAT
DEALERS COMPLY WITH STATE AND LOCAL LAWS BEFORE ATF ISSUES A
FEDERAL LICENSE.

BY SUSAN PAGE
WASHINGTON BUREAU

WASHINGTON THE WHITE HOUSE WILL FIRE THE FIRST SHOT TODAY
IN WHAT COULD BECOME A TRADE WAR BETWEEN ECONOMIC SUPERPOWERS,
THAT THE UNITED STATES WILL SEEK SANCTIONS AGAINST JAPAN OVER MARKET BARRIERS TO AMERICAN-MADE CELLULAR PHONES.

OFFICIALS SAID THE ACTION, WHICH COULD RESULT IN HIGH TARIFFS ON JAPANESE-MADE PRODUCTS, WOULD BE FOLLOWED BY OTHER STEPS DESIGNED TO DEMONSTRATE U.S. RESOLVE AGAINST WHAT THEY CHARACTERIZE AS JAPAN'S REFUSAL TO OPEN ITS MARKETS TO FOREIGN COMPETITION.

THERE ARE A NUMBER OF OPTIONS OPEN TO US, INCLUDING SOME THAT HAVE NOT BEEN WIDELY DISCUSSED, THAT MAY OFFER A GREAT PROMISE HERE," PRESIDENT BILL CLINTON TOLD REPORTERS. HIS CHIEF ECONOMIC ADVISER, LAURA D'ANDREA TYSON, SAID THE UNITED STATES MIGHT TRY TO ENLIST OTHER TRADING PARTNERS TO JOIN IN PRESSING FOR MORE OPEN JAPANESE MARKETS.

ASKED IF SANCTIONS MIGHT SPARK A TRADE WAR, CLINTON REPLIED, IT COULD BE BUT I THINK THEY WOULD HAVE TO THINK LONG AND HARD ABOUT IT. 'HE CALLED JAPAN'S TRADE BARRIERS UNACCEPTABLE' AND SAID, IT'S JUST NOT ACCEPTABLE FOR THE UNITED STATES TO CONTINUE ON THE SAME PATH.' AFTER FRIDAY'S COLLAPSE OF U.S.-JAPAN TRADE FRAMEWORK TALKS.

CLINTON SAID TODAY'S ACTION, IF TAKEN, WOULD SIGNAL A TOUGHER STANCE TOWARD JAPAN BY THE UNITED STATES. FOR DECADES, U.S. ADMINISTRATIONS HAVE BACKED AWAY FROM IMPOSING TRADE SANCTIONS ON JAPAN IN DEFERENCE TO A KEY STRATEGIC ALLY IN ASIA. BUT WITH THE END TO THE COLD WAR, THE CLINTON ADMINISTRATION HAS BROUGHT A NEW FOCUS TO INTERNATIONAL ECONOMIC ISSUES.

CURRENCY TRADERS, NERVOUS ABOUT THE TOUGH TALK OUT OF WASHINGTON, DROVE THE DOLLAR TO A SIX-MONTH LOW AGAINST THE JAPANESE YEN.

LAST WEEK'S VISIT BY JAPANESE PRIME MINISTER MORIHITO HOSOKAWA ENDED IN THE UNPRECEDENTED COLLAPSE OF TRADE TALKS AND RECRIMINATIONS ON BOTH SIDES. THE CELLULAR PHONE CASE, FILED BY MOTOROLA INC., ISN'T CONNECTED TO THE FRAMEWORK TALKS BUT CONVENIENTLY FACES A DEADLINE TODAY FOR A U.S. REVIEW, AND CLINTON SAID IT PROVIDED A CLASSIC EXAMPLE' OF THE WAYS JAPAN LIMITS FOREIGN COMPETITION IN PRACTICE DESPITE AGREEING TO TRADE DEALS ON THE BOOKS.

FIVE YEARS AGO, JAPAN AGREED TO GIVE MOTOROLA ONE-THIRD TO ONE-HALF OF ITS CELLULAR PHONE BUSINESS IN THE TOKYO AREA. COMPANY OFFICIALS CHARGE THAT JAPAN HAS RENEGED ON THE BARGAIN, AND MOTOROLA NOW HOLDS LESS THAN 5 PERCENT OF THE MARKET. THE UNITED STATES REPORTEDLY WILL DECLARE THAT JAPAN HAS VIOLATED THE AGREEMENT, THE FIRST STEP THAT COULD LEAD TO HIGH TARIFFS.

WHITE HOUSE OFFICIALS MET FOR HOURS YESTERDAY ON WHAT OTHER ACTIONS COULD BE TAKEN, INCLUDING REVIVING THE SO-CALLED SUPER 301 TRADE LAW THAT GIVES THE PRESIDENT BROAD POWERS TO RETALIATE AGAINST ANY NATION FOUND TO ENGAGE IN UNFAIR TRADING PRACTICES. TYSON SAID THE UNITED STATES WAS CONSIDERING FILING A COMPLAINT AGAINST JAPAN IN GENEVA UNDER THE GENERAL AGREEMENT ON TARIFFS AND TRADE, WHICH REGULATES GLOBAL TRADE. THE ADMINISTRATION ALSO COULD ORDER A JUSTICE DEPARTMENT STUDY OF WHETHER JAPANESE AUTO MANUFACTURERS ENGAGE IN ANTICOMPETITIVE PRACTICES.

JAPAN HAD A 120-BILLION TRADE SURPLUS WITH THE REST OF THE WORLD LAST YEAR, ROUGHLY HALF OF IT WITH THE UNITED STATES. THE ANNUAL ECONOMIC REPORT OF THE PRESIDENT, ISSUED YESTERDAY, SAID THAT IF ALL JAPANESE TRADE BARRIERS WERE REMOVED, THE TRADE
DEFICIT WOULD BE REDUCED BY 9 BILLION TO 18 BILLION.

BY SUZANNE BILELLO
STAFF WRITER

PRESIDENT BILL CLINTON'S DECISION TO AUTHORIZE SANCTIONS ON JAPANESE-MADE CELLULAR PHONES SHOULDN'T POSE AN IMMEDIATE PROBLEM FOR U.S. CONSUMERS, TRADE EXPERTS SAID YESTERDAY.

IT'S MUCH TOO EARLY FOR CONSUMERS TO GET NERVOUS," SAID ROY SMITH, PROFESSOR OF FINANCE AND INTERNATIONAL BUSINESS AT NEW YORK UNIVERSITY'S STERN SCHOOL OF FINANCE. THIS IS THE PART OF THE TRADE NEGOTIATION DONE IN THE MEDIA, WITH FIRES INFLAMED FOR POLITICAL CONSUMPTION ON BOTH SIDES.

ALTHOUGH THE ADMINISTRATION'S DECISION COULD LEAD TO PROHIBITIVE TARIFFS ON JAPANESE CELLULAR PHONES, RETAILERS SAID IT WAS PREMATURE TO THINK THERE MIGHT BE A SHORTAGE OF PHONES, OR THAT THEY WOULD BE DRIVEN UP IN PRICE. SEARS, ROEBUCK AND CO., A MAJOR SELLER OF PHONES THROUGH ITS BRAND CENTRAL OUTLETS, WAS AMONG THOSE SAYING IT'S TOO EARLY TO PREDICT THE IMPACT.

MOTOROLA INC., THE ILLINOIS-BASED COMPANY WHOSE PROBLEMS IN CRACKING THE JAPANESE MARKET LED TO THE CELLULAR-PHONE SPAT, DOMINATES THE U.S. MARKET WITH ABOUT A 40-PERCENT SHARE.

ALTHOUGH SOME EXPERTS SAID THE UNITED STATES IS JUSTIFIED IN ITS ANGER OVER THE HUGE TRADE IMBALANCE WITH JAPAN THE U.S. DEFICIT WAS ABOUT 60 BILLION LAST YEAR FEW EXPECT A FULL-FLEDGED TRADE WAR. IT'S CONSIDERED MORE LIKELY THAT THE ADMINISTRATION WILL SIMPLY SEEK TO KEEP THE VALUE OF THE DOLLAR LOW AGAINST THE JAPANESE YEN. A WEAKER DOLLAR MAKES JAPANESE EXPORTS MORE EXPENSIVE AND LOWERS PRICES FOR U.S. PRODUCTS SOLD IN JAPAN.


IN AN UNUSUAL TWIST, ONE LONG ISLAND COMPANY COULD BE PENALIZED BY THE SANCTIONS. AUDIOVOX, A HAUPPAUGE-BASED MANUFACTURER OF CELLULAR PHONES, MAKES 65 PERCENT OF ITS PRODUCTS IN JAPAN.

OUR PHONES MADE IN JAPAN WOULD HAVE A DISADVANTAGE IF THERE WERE TRADE SANCTIONS," SAID PHILIP CHRISTOPHER, AUDIOVOX'S EXECUTIVE VICE PRESIDENT. AUDIOVOX IS AN AMERICAN COMPANY, NOT A JAPANESE COMPANY. THERE SHOULD BE A DISTINCTION.

THE SANCTIONS MIGHT HAVE LITTLE PRACTICAL EFFECT BECAUSE SEVERAL JAPANESE PHONE MANUFACTURERS, INCLUDING NEC CORP. AND PANASONIC CO., OPENED U.S. PLANTS DURING THE 1980S. HOWEVER, SOME OF THE COMPONENTS FOR PHONES MADE IN THE UNITED STATES COME FROM JAPAN AND COULD BE COVERED BY HIGHER TARIFFS.

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Budget balancing act called ‘terrible’
Amendment costly, economists say

By Kathy Lewis
Washington Bureau of The Dallas Morning News

WASHINGTON — President Clinton’s economic advisers on Monday called a proposed balanced-budget amendment “a disgrace” that could cost Texas between $13.5 billion and $12.3 billion annually.

At a White House briefing, administration officials made dire predictions about what a balanced-budget amendment to the U.S. Constitution would mean, and they released state-by-state projections of its potential impact.

Amendment proponents, however, challenged the figures and said the move showed that the White House is concerned that an amendment will pass.

The Senate is expected to begin debate on the issue next week.

Robert Rubin, chairman of the National Economic Council, said a balanced-budget amendment was the “thing that most comes to my mind” when he worries about what could derail the improving economy.

“This is one thing we (administration advisers) had no disagreement about,” he said. “It is major league.”

Mr. Altman added, “We want the American people to understand the programs like Social Security and Medicare, that it would require large spending cuts or large increases and that we would produce an $11.2 billion reduction in benefits and services. An across-the-board spending cut, excluding Social Security, would produce a $12 billion-a-year reduction in benefits and services. And an across-the-board spending cut, excluding defense and Social Security, could produce an $11.2 billion reduction in benefits and services.

Rep. Joe Barton, R-Texas, who is sponsoring a balanced-budget amendment in the House, said the analysis was flawed.

For every dollar it sends to Washington in taxes, Texas gets only 80 cents back, he said, adding: “The only way to get dollar for dollar is to get a balanced-budget amendment and one with a tax limitation provision.”

An aide to Rep. Charles Stenholm, D-Standford, a co-sponsor, said it was hard to assess the White House figures.

“Let clearly they ignore any positive impact from reducing the deficit and bringing the budget in balance,” Ed Lorenzen said.

Mr. Barton . . . says the analysis of a balanced-budget amendment is flawed.

“The sting of your words goes beyond an impersonal reference to VA and attacks the professional integrity of thousands of dedicated people,” Mr. Brown said. "I have no concern to your statement undermines the trust and confidence of those we serve and the public upon whom we rely for support."

Asked for a response Monday, Sharon Holman, a spokeswoman for United We Stand America, said she was unaware of the letter and declined to comment.

The secretary’s reply was unusual in that Clinton administration officials have generally ignored Mr. Perot’s barbs.

Mr. Brown had planned to offer his rebuttal last Thursday when he testified on his agency’s proposed budget before the House Veterans Affairs Committee. A spokesman for Mr. Brown said later that the reply changed his mind because he believed it was not the “right venue.”

Mr. Barton, overlooking recent criticism of the VA from other quarters, cited a host of accomplishments.

The VA has trained “half of all physicians in private practice in America today,” he said, and is an authority on spinal cord disorders, prosthetics and treatment of post-traumatic stress disorder. Accreditation reviews rank some VA facilities higher than private hospitals, he added.

Mr. Brown, writing on stationery bearing the agency motto “Putting the nation’s health care workers, its patients and the public first,” said: “The sting of your words goes beyond an impersonal reference to VA and attacks the professional integrity of thousands of dedicated people,” Mr. Brown said. "I have no concern to your statement undermines the trust and confidence of those we serve and the public upon whom we rely for support."

VA secretary answers Perot’s criticism

By Susan Feeney
Washington Bureau of The Dallas Morning News

WASHINGTON — Veterans Affairs Secretary Jesse Brown rebuked Ross Perot on Monday for what the secretary characterized as Mr. Perot’s “rather extreme” criticism of the VA medical system.

At a Dallas meeting with United We Stand America organizers from 50 states earlier this month, Mr. Perot called the agency’s 171 medical centers “a disgrace.”

“So far, I haven’t seen any indication the federal government really knows how to run health care,” the former independent presidential candidate said.

In a two-page letter to Mr. Perot dated Monday, Mr. Brown responded: “While I regret that you have that perception, I must assert that by almost all objective criteria, your perception is wrong.”

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In response, Benten spokesman Christopher Peacock said: “In Republican administrations when there was rhetoric but no reality, they thought a balanced budget amendment was necessary. But now that we are reducing the deficit and doing it in a judicious manner, he doesn’t feel that we need that blunt instrument.”

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EDITORIALS

Patrolling the highway

People who can't program a VCR probably cringe at talk of an information superhighway combining television, motion picture, cable, telephone, publishing, consumer electronics and computer technologies into a single system capable of delivering mega-quantities of entertainment and data right to the family room. Get used to it. It's an idea whose time is coming with the speed and blunt force of a Delta rocket.

The Clinton administration, in a move defining its generational distance from preceding regimes, put development of the information superhighway high on its To-Do-This-Term list. The White House took the position that because no public funds are available for research, development or construction of the superhighway, laws restricting competition must change to generate private-sector financing.

Both Congress and industry responded warmly, and official Washington began debating ways to break down longstanding competitive taboos, including the prohibition against the Baby Bells' entry into long-distance service or the video business, against a television broadcast network's ownership of a cable delivery system and against cable involvement in phone service.

No sooner had the news spread than deals formed, including the proposed multi-billion-dollar mergers of AT&T with McCaw Cellular and Bell Atlantic with Tele-Communications Inc. (TCI). But troubling questions formed, too, on issues of universal access, privacy, fairness and the basic concept of competition.

Vice President Al Gore is fond of equating the superhighway to a dial tone: Anybody will be able to get it. But the reality isn't likely to be that simple. What about school systems without the means to provide computers to all classrooms, or families who can't afford the equipment? If access is to be truly universal, it probably will require public subsidy.

The superhighway will provide a road map to our viewing habits, our consumer spending tendencies, our telephone calling patterns, valuable information that will be eagerly sought by marketers who want to target prospective customers. Is this information that should be available to anyone with the means and desire to retrieve it?

Is it fair to allow the owner of the single communications line into a private home or school to be the sole arbiter of what is available over that line? If the owner is a broadcast network or a studio, will competitors' products have equal access even if they aren't as profitable as material produced in-house?

And what of antitrust implications? Bell Telephone was broken up to give other companies equal access to local telephone service markets. Might we be taking a step in the opposite direction by giving one company an opportunity to monopolize all information delivery services in a given region?

The answer to those questions must be continued intervention by the federal government by means of a regulatory apparatus made up of either a combination of existing agencies or something wholly new. The degree to which intervention will be necessary is yet to be determined.

What's certain is there's no backing out. We're hurtling toward an information millennium likened by Rep. Edward J. Markey, D-Mass., chairman of the House Telecommunications subcommittee, to a ride in the front car of a roller coaster. "It may look like you're steering the cars," Markey said, "but in fact you're just holding on."
Balanced-budget battle heats up

Backers, foes set
dueling hearings

By Andrew Mollison
WASHINGTON BUREAU

WASHINGTON — Sen. Larry Craig (R-Idaho) and Rep. Charles Stenholm (D-Texas) crouched last week in front of computer screens on Capitol Hill.

They were rehearsing how to field questions from users of the CompuServe computer network asking about their support for a proposal to add a balanced-budget amendment to the Constitution.

It will mark another technological lurch forward in a debate over federal fiscal limits that has sputtered on and off since the era of quill pens.

Meanwhile, the balanced-budget amendment is back — of a political tradeoff involving modification of: that hasn't happened since 1948.

But critics say Clinton's economic plans don't cut enough spending, and supporters of the balanced-budget amendment say they have the votes needed to pass the measure when it comes to a Senate vote.

The latest version of the balanced-budget amendment, sponsored by Simon in the Senate and Stenholm in the House, would require the federal government to balance the budget by 1999 — except in case of war or imminent war or unless three-fifths of the lawmakers in each chamber voted to resume deficit spending.

Since 1982, a similar proposal has passed once in the Senate and missed another time by only one vote. In the House, it has failed three times, though the margin has narrowed in recent years.

Heard Newspapers contributed to this article.
Give Hosokawa a chance

U.S. and Japanese officials disappointed over the failure of talks between President Clinton and Prime Minister Hosokawa may find this small consolation: Unlike past practice, the two sides did talk candidly and publicly about their differences and in the end refused to paper them over.

That is tepid comfort considering the chill that blew through Washington and Tokyo on Friday—and that does not refer to the snow and ice storms that paralyzed both capitals.

Serious players on both sides realize that the confrontation, unless handled with finesse, could degenerate into a trade war. And such conflicts produce no winners, only casualties.

Already the Japanese have taken a hit, with the yen rising markedly against the dollar. Unchecked, that will punk them in two ways: making their exports more expensive in the land of their best customers and reducing the value of their American investments.

That's no reason for Americans to gloat. Ultimately, U.S. consumers would pay higher prices for Japanese products they have come to covet. And devaluation could spark a sell-off of U.S. Treasury bills, in which the Japanese have a huge stake. That in turn almost certainly would lead to higher interest rates and an economic slowdown here.

With all that at risk, the two sides still decided to break off negotiations. Why?

U.S. companies are still denied access to Japanese markets. The Clinton team calculated that now was the time to extract import results from Hosokawa, a new-breed reformer bent on improving the lot of Japan's long-suffering consumers.

However, Clinton probably overestimated Hosokawa's capacity to yield and sell concessions back in Tokyo. In fact, he arrived in Washington still smarting from a recent humiliating defeat on tax legislation.

All is not lost. Ironically, Hosokawa's unprecedented rejection of U.S. terms has significantly bolstered his domestic standing. He continues to argue on his home turf that Japan must act unilaterally (read that: without outside pressure) to open its markets and reduce its trade surpluses. And he left the door wide open for fresh talks with Washington after a few months of cooling off.

This is no time to turn up the pressure heedlessly. Narrowly focussed trade penalties, like the one expected to be announced today on cellular phones, are no doubt warranted and unlikely to set off a round of reprisals. But Clinton should avoid more drastic steps, like reviving a Bush-era unfair-trade retaliatory provision or supporting hawkish new trade bills.

U.S. presidents have met for years with indifferent Japanese prime ministers going through the motions of whittling down trade differences to little avail. Clinton ought to listen to the advice of his ambassador to Japan, Walter Mondale, and give Hosokawa, a unique political figure in Japan, an opportunity to make a difference.
Second 'Sagebrush Rebellion'?

Congressmen, public-land users urge another try at gaining control of property from federal government

By Deborah Frazier
Rocky Mountain News Staff Writer

Miners, loggers, ranchers and conservative congressmen shouted a battle cry Monday against President Clinton's so-called war on the West and endorsed giving federal lands to the states.

"Some of you remember the Sagebrush Rebellion," said Joel Hefley, R-Colo., referring to an unsuccessful uprising over public-lands use in the early 1970s. "We're about ready to rebel again."


"There is an attack on the West," said Rep. Dan Schaefer, R-Colo., co-sponsor of a bill to return all Bureau of Land Management lands to the states. "It's time to get the federal government out of regulating things like timber, mining and grazing."

Monday's audience of about 250 included a dozen people from Nevada, where 16 of the 17 counties claimed control of all Forest Service, National Park Service and Bureau of Land Management land in December. Nevada, which is 88% public land, notified the federal government of the action in January. The government objected and is mapping a strategy for handling the claims.

"We can't afford the federal government," said Ed Presley of the County Alliance to Restore the Economy and Environment, which is assisting the counties.

Dick Carver, the Nye County commissioner who organized the other counties, said that federal officials who act outside their scope of duties may be sued and that any official who threatens retaliation risks a civil suit and county criminal charges.

Members of the audience, many with copies of the U.S. Constitution in their shirt pockets, cheered.

"The miners and the logger and the ranchers are the producers of stuff, and stuff is what makes the world go around," said Gnmnell of the Public Based People for the West.

Babbitt announces 'balanced' plan for rangelands

By Dick Foster
Rocky Mountain News Staff Writer

COLORADO SPRINGS — Interior Secretary Bruce Babbitt unveiled a plan Monday to increase local authority over use of public rangelands.

Babbitt outlined the plan at a convention of users, as the annual meeting of the Society of Range Management opened at the Broadmoor Hotel. More than 1,500 delegates from the United States and Canada gathered.

The organization includes ranchers, agricultural industries, government officials, educators and environmentalists.

Babbitt's initial proposal, unveiled in August, called for cooperative use of rangelands, and Monday he said such cooperation could be enhanced if policy were moved closer to the local level, involving discussion and consensus by all of the interest groups involved in rangeland use.

In the past, Babbitt said, advisory groups that recommended rangeland management policy were weighted in favor of ranchers and commodity producers.

He said regulations due next month will "assure balanced representation of all the diverse groups and interests that have a legitimate stake in the administration of public lands."

One-third of the members of the new Resource Advisor Council will be representative of commodity producing industries, including grazing, mining, and timber. One-third will be from bona fide environmental, conservation and sportsmen's groups. And the other third will be selected from public-land users, state and local officials and the public at large.