SCHEDULE OF THE PRESIDENT

FOR

TUESDAY, AUGUST 3, 1993

FINAL

SCHEDULER: ANNE WALLEY
HOME: 202-588-0606
OFFICE: 202-456-7560
WHCA PAGER: 4039
CELLULAR: 202-494-7807

PRESS DESK: ANNE EDWARDS
HOME: 301-565-3101
OFFICE: 202-456-7560
WHCA PAGER: 4208

PRINCIPAL EVENTS:
* Bill Signing - Roosevelt Room
* Satellite Press Conference - OEOB 459
* Live Television Address - Oval Office
* Drop By Dinner Honoring Rep. Brooks - Hyatt Regency Capitol Hill Hotel

WEATHER: Washington
Partly cloudy with a slight chance of an afternoon thunderstorm; maximum temperature 90 to 95; wind south to southwest at 5 to 10 knots
SCHEDULE OF THE PRESIDENT
FOR
TUESDAY, AUGUST 3, 1993
FINAL

7:00 am  JOG with DNC "Break the Gridlock" Student Volunteers
Staff Contact: Anne Walley

8:45 am- BRIEFING
9:00 am  OVAL OFFICE
Staff Contact: Tony Lake

9:00 am- BRIEFING
9:15 am  OVAL OFFICE
Staff Contact: Tony Lake

9:30 am- BILL SIGNING for S.20 "Government Performance and Results Act
of 1993"
9:50 am  ROOSEVELT ROOM
Staff Contact: Howard Paster
POOL PRESS

--  Vice President Gore makes opening remarks and introduces
the President.

--  The President makes brief remarks.

--  The President signs bill.

--  The President departs; event ends.

10:15 am- MEETING
10:30 am  OVAL OFFICE
Staff Contact: Marcia Hale

10:30 am- MEETING
10:45 am  OVAL OFFICE
Staff Contact: Carol Rasco

10:45 am- MEETING
11:00 am  OVAL OFFICE
Staff Contact: Bob Rubin

11:00 am- PHONE AND OFFICE TIME
12:00 pm  OVAL OFFICE
12:00 pm - LUNCH
1:00 pm

OVAL OFFICE

1:00 pm - PHONE AND OFFICE TIME
3:00 pm

OVAL OFFICE

NOTE: Set up for live television address will begin in the Oval Office at 3:00 pm.

3:00 pm - PHONE AND OFFICE TIME
4:00 pm

OVAL OFFICE STUDY or RESIDENCE

4:10 pm - MEETING with Oklahoma opinion leaders
4:30 pm

DIPLOMATIC RECEPTION ROOM
Staff Contact: Alexis Herman
CLOSED PRESS

4:30 pm

THE PRESIDENT proceeds to OEOB 459

4:40 pm - BRIEFING for satellite press conference
4:55 pm

OEOB 459
Staff Contact: Jeff Eller

5:00 pm - LIVE SATELLITE PRESS CONFERENCE with Nevada press
5:30 pm

OEOB 459
Staff Contact: Jeff Eller
CLOSED PRESS

5:30 pm

THE PRESIDENT proceeds to White House

5:30 pm - PHONE AND OFFICE TIME
7:45 pm

OVAL OFFICE STUDY or RESIDENCE

7:45 pm - BRIEFING
7:55 pm

OVAL OFFICE DINING ROOM
Staff Contact: Dave Anderson

8:00 pm - LIVE TELEVISION ADDRESS
8:20 pm

OVAL OFFICE
Staff Contact: Mark Gearan

9:15 pm

THE PRESIDENT departs White House via motorcade en route
Hyatt Regency Capitol Hill Hotel
[drive time: 10 minutes]

9:25 pm

THE PRESIDENT arrives Hyatt Regency Capitol Hill Hotel
400 New Jersey Avenue, NW
(202) 737-1234

as of 08/02/93 7:26pm
9:30 pm- DROP BY dinner honoring Rep. Jack Brooks
10:00 pm HYATT REGENCY CAPITOL HILL HOTEL
Talking Points: Howard Paster
Staff Contact: Howard Paster
CLOSED PRESS

-- **The President** is introduced off-stage by Tony Coelho.


-- **Tony Coelho** makes closing remarks.

-- **The President** and Rep. Brooks proceeds to ropeline; meet and greet upon exit.

10:05 pm THE PRESIDENT departs Hyatt Regency Capitol Hill Hotel via motorcade en route White House
[drive time: 10 minutes]

10:15 pm THE PRESIDENT arrives White House

**BC AND HRC RON** WHITE HOUSE
7:30 a.m. The Attorney General, Secretary Ron Brown and others speak at National Urban League Conference. Washington Convention Center.

8:30 a.m. The Commerce Department releases the index of leading economic indicators for June.

9:30 a.m. The President signs the 1993 Government Performance and Results Act. White House.

9:30 a.m. Senate Judiciary Committee business meeting on the confirmation of Judge Freeh to be FBI Director. 226 DSICOB.

10:00 a.m. David A. Keene, chairman of the American Conservative Union, holds news conference to brief the media on a major advertising campaign in Wisconsin to urge citizens to lobby Sen. Kohl to vote against the President's budget. National Press Club.

10:45 a.m. Secretary Bentsen gives speech on NAFTA. 450 OEOB.

11:30 a.m. Secretary Reich holds a news conference to announce a record-breaking wage and hour settlement with a private employer. Room C2311, Labor Department.

12:00 p.m. Hillary Rodham Clinton and the Attorney General receive a new American Bar Association report on American children. White House.

1:00 p.m. The Vice President holds a town hall meeting with Commerce Department and SBA employees. Commerce Department.

1:00 p.m. Telephone news briefing to discuss a meeting of CEOs of the nation's largest retailers with Secretary Bentsen and Trade Representative Kantor on NAFTA.

4:00 p.m. Members of Congress and several Mississippi River district officials meet with officials of the Army Corps of Engineers to discuss more cost-sharing in levee upkeep. Dirksen Auditorium, SDG 50.

4:30 p.m. Media availability with Oklahoma officials who participated in White House briefing on the President's deficit reduction package. Outside the West Wing.

5:00 p.m. The President speaks via satellite with Nevada journalists. White House.

TV NEWS ANALYSIS .............................................. ii

WIRE REPORTS .................................................. iv

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New Orleans Times-Picayune. .. 165
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<th>Source</th>
<th>Time</th>
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<tr>
<td>1</td>
<td>Text of Informant’s Conversations with Suspects of NY Bombings</td>
<td>Jin Hickey</td>
<td>2:50</td>
</tr>
<tr>
<td>2</td>
<td>Negotiators Cut Deals and Make Agreement on Budget Package</td>
<td>Jackie Judd</td>
<td>2:20</td>
</tr>
<tr>
<td>3</td>
<td>Perot Criticized for Lack of Specifics on His Own Plans</td>
<td>Morton Dean</td>
<td>2:00</td>
</tr>
<tr>
<td>4</td>
<td>Flood Wall Holds Water in St. Louis; Water Appears to Be Receding</td>
<td>Erin Hayes</td>
<td>2:10</td>
</tr>
<tr>
<td>5</td>
<td>Baby Jessica Returned to Biological Parents; Angering Many</td>
<td>Karen Burns</td>
<td>2:10</td>
</tr>
<tr>
<td>6</td>
<td>Clinton Says US will Continue to Work with Allies in Bosnia</td>
<td>Peter Jennings</td>
<td>0:35</td>
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<tr>
<td>7</td>
<td>Christopher Calls Bosnia Situation Dire</td>
<td>Peter Jennings</td>
<td>0:20</td>
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<tr>
<td>8</td>
<td>Conditions Deteriorating for Muslims: Have Lost Faith in UN, US</td>
<td>Hillary Brown</td>
<td>2:05</td>
</tr>
<tr>
<td>9</td>
<td>Tutu Calls for Global Peacekeeping Troops to Help South Africa</td>
<td>Peter Jennings</td>
<td>0:20</td>
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<td>10</td>
<td>Eight Mountain Climbers Killed in Avalanche in Europe</td>
<td>Peter Jennings</td>
<td>0:10</td>
</tr>
<tr>
<td>11</td>
<td>Airforce Missile Blows Up; Believed to be Spy Satellite</td>
<td>Peter Jennings</td>
<td>0:10</td>
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<tr>
<td>12</td>
<td>Communications Satellite to Cost Taxpayers $600 Million</td>
<td>John Martin</td>
<td>2:40</td>
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<tr>
<td>13</td>
<td>Govt Approves New Drug for Epileptic Patients</td>
<td>Peter Jennings</td>
<td>0:15</td>
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<tr>
<td>14</td>
<td>LA Approves Law Making it Illegal to Smoke in Restaurants</td>
<td>Peter Jennings</td>
<td>0:10</td>
</tr>
<tr>
<td>15</td>
<td>Baltimore Orioles Auctioned Off For $134 Million</td>
<td>Armen Kantian</td>
<td>2:00</td>
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</tbody>
</table>
CBS Evening News

16 US Jets Fly Low Over Sarajevo; Use of NATO Air Strikes Possible
Dan Rather
Sarajevo
0:50

17 Prosperous Town Now in Ruins; Muslims' Dreams are Shattered
Dan Rather
Dobrinja
2:30

18 Muslims Hope US Bombs the Serbs but Believe they Will Be Let Down
Dan Rather
Dobrinja
1:00

19 Confusion Over US Policy in Bosnia; Host of Unanswered Questions
Susan Spencer
Washington
2:00

20 Baby Jessica Taken From Parents and Returned to Biological Parents
Gisselle Fernandez
Ann Arbor
1:40

21 14-Year Old Kimberly Mays in Court to Divorce Biological Parents
Diana Gonzalez
Sarasota, Fla.
1:35

22 Britain Ratifies Maastricht Treaty
Connie Chung
New York
0:10

23 Christopher in Cairo To Revive Mid East Peace Talks
Connie Chung
New York
0:15

24 Saddam Hussein Marks 3rd Anniversary of Kuwait Invasion
Connie Chung
New York
0:15

25 Basketball Star Reggie Lewis Buried in Boston
Connie Chung
New York
0:15

26 Law Banning Smoking in LA Restaurants to Go Into Effect Immediately
Connie Chung
New York
0:15

27 Negotiators Agree on Deficit Reduction Plan; House, Senate to Vote
Bob Schieffer
Washington
1:55

28 Senate Confirmation Vote for Surgeon General Nominee Elders Postponed
Connie Chung
Washington
0:30

29 Miss. River Receding in St. Louis; Flood Worries Far From Over
Vicki Mabrey
Valmeyer, Ill.
1:55

30 No Decision on NATO Airstrikes in Bosnia
Connie Chung
Sarajevo
0:10

31 Bosnians See War as Serbian Fascism
Dan Rather
Sarajevo
4:00

NBC Nightly News

32 Baby Jessica Goes Home with Natural Parents
Dawn Fratangelo
Ann Arbor, Mich.
2:15

33 Kimberly Mays Appears in Court to Divorce Natural Parents
Fred Briggs
Sarasota, Fla.
1:45

34 St. Louis Deals with Flooding as Mississippi Crests
Kenley Jones
St. Genevieve, Mo.
2:00

35 Heat in West Causes Fires in Phoenix
Stone Phillips
New York
0:15

36 Congressional Leaders Compromise on Deficit Reduction Program
Lisa Myers
Washington
2:10

37 Television Industry Warned to Clean Up Act on Violence
George Lewis
Los Angeles
2:10

38 NATO Meets in Brussels to Help End Sarajevo Siege
Ed Rabel
Washington
1:45

39 Hussein Says Persian Gulf War Left Iraqis with Good Memories
Stone Phillips
New York
0:15

40 Fiftieth Anniversary of Sinking of PT109 Celebrated in Mass.
Stone Phillips
New York
0:15

41 NIH Nowhere Near Finding Cure for AIDS
Robert Bazell
New York
3:30

42 FDA Approves New Drug to Treat Epilepsy
Stone Phillips
New York
0:15

43 Los Angeles Restaurant Smoking Ban Goes Into Effect Today
Stone Phillips
New York
0:15

44 Boston Mourns Celtic Reggie Lewis’ Death at Funeral
Brian Williams
Boston
2:10

**Summaries of stories are available within 30 days of broadcast**
Call U.S. Newswire at 202-347-2770 for information
Protecting Prairie Du Rocher...Christopher In Mideast

(Prairie Du Rocher, Illinois) — The U-S Army Corps of Engineers is taking a gamble to keep the raging Mississippi River from flooding Prairie Du Rocher (deh-ROHCH'-ehr), Illinois. Officials are gouging the top of a levee outside town in hopes that spilling the floodwater onto farmland will leave the town dry.

(Washington) -- Democratic leaders say the way is clear for passing President Clinton's 496 (B) billion-dollar deficit-reduction plan this week -- though no Republican is expected to side with it. The president will speak on television tonight trying to solidify public support.

(Jerusalem) -- Secretary of State Warren Christopher is in Israel on his mission to revive stalled Mideast peace talks. Christopher says he isn't expecting a breakthrough, particularly since his trip comes -- in his words -- at "a difficult period of time marked by violence."

(Jerusalem) -- Secretary of State Christopher says the United States is pleased by NATO's decision to prepare for air strikes against Bosnian Serbs. Christopher, speaking in Jerusalem, said the Serbs can't be allowed to continue to strangle Bosnia's capital, Sarajevo (sehr-uh-YAY'-voh).

(Washington) -- The Senate is scheduled to vote this morning on the nomination of Ruth Bader Ginsburg to the Supreme Court. Ginsburg is certain to be confirmed -- becoming the second woman to serve on the high court.

APNP-08-03-93 0556EDT
Democrats on the Fence

Democrats face a battle getting the budget through Congress, especially in the Senate. They must enlist at least one of six Senate Democrats who defected in the initial June vote. Article, page A15.

Facing re-election in 1994

FRANK LAUTENBERG
New Jersey

Facing re-election in 1994

DENNIS DECONCINI
Arizona

Not facing re-election

RICHARD C. SHELBY
Alabama

Not facing re-election

SAM NUNN
Georgia

Not facing re-election

J. BENNETT JOHNSTON
Louisiana

Not facing re-election

RICHARD H. BRYAN
Nevada

The New York Times

BACKING BY CLINTON

Party Makes Last-Minute Compromises to Sway Waivering Members

By DAVID E. ROSENBAUM
Special to The New York Times

WASHINGTON, Aug. 3 — After days of tedious haggling, Congressional negotiators struck a basic compromise today on a five-year budget plan, and the White House and party leaders began the arduous task of rounding up enough votes to pass the measure by the end of this week.

"For all practical purposes, this conference is over," said the House Speaker, Thomas S. Foley of Washington.

Mr. Foley and Senator George J. Mitchell of Maine, the Democratic leader, said they were sure the bill would be passed, but neither would say where they would find the extra votes they need.

Close, Important Vote

As matters stand now, a majority of senators have said publicly that they oppose the legislation. This is the most important measure President Clinton has put before Congress this year, and, in the view of many politicians, the outcome could make or break his Presidency.

"We have the votes; we will have the votes; this bill will pass the Senate later this week," Mr. Mitchell said.

Mr. Foley spoke in the same vein.

"We're very confident it will command a majority in the House of Representatives," he said.

Final votes are scheduled in the House on Thursday and in the Senate Friday.

Although the compromise version differs from what President Clinton proposed in many respects, the central elements of higher taxes on the wealthy and deep cuts in military spending were retained.

"A Good Deal"

At the White House, Dee Dee Myers, the President's press secretary, said that Mr. Clinton was pleased with the result of the House-Senate conference and that the final package reflected his principles.

"We think it's going to be a good deal that will be able to pass both the House and Senate," she said.

The Congressional leaders withheld the final details of the package until Tuesday. They said that small, uncontroversial details involving neither taxes nor benefits were still to be resolved overnight.

But most of the latest compromises between the versions passed by the House and the Senate are known. They include these:

Single retirees whose incomes, including half of their Social Security benefits, exceed $34,000 and couples with incomes above $44,000 would be taxed on up to 85 percent of the Social Security money they receive.

Small businesses would be permitted to take a tax deduction of up to
World News Summary At 5:55 a.m.

(Aug. 3) UPI - President Clinton is likely to make a last-ditch appeal for support of his budget package tonight in a nationally televised address. House and Senate budget negotiators finally reached an agreement on the budget yesterday. It aims to cut 496-BILLION-dollars from the deficit. The House is expected to vote on the final bill Thursday and the Senate will take it up on Friday.

The White House says it welcomes a decision by NATO to "prepare for air strikes" against Bosnian Serbs if they continue to shelling Bosnia-Herzegovina's capital of Sarajevo. NATO representatives say if the "'strangulation of Sarajevo and other areas continue' air strikes will be launched against those responsible.

Secretary of State Warren Christopher praised the decision this morning upon arrival in Israel. Christopher, in the Mideast to continue peace talks, is scheduled to meet with Israeli and Palestinian leaders today.

The national Weather Service says there will be some minor fluctuations in the Mississippi River level in the St. Louis area early today and then a slow fall will begin... the best news people in the region have heard in weeks. The third record-breaking Mississippi River crest in two weeks is expected to reach Chester some time today or tomorrow. The lower Illinois River is still rising. At Hardin, the river crested last night.

Forecasters are discussing minor fluctuations in the Mississippi because of the continuing levee breaks on both sides of the river. The latest breaks in Illinois added 55-thousand acres of cropland to the state total, which climbed above 900-thousand. The levee break south of St. Louis near Valmeyer, sent floodwater pouring over farmland and across the town of 900. The levee had been expected to break for a week, however, and the residents had already vacated.

Two-and-a-half-year-old Jessica DeBoer is with her biological parents in Iowa today. Jessica was flown out of Michigan yesterday after being turned over to police by her custodial parents... Jan and Roberta DeBoer of Ann Arbor, Michigan. Both the Iowa and Michigan Supreme Courts ruled the child should be returned to Dan and Cara Schmidt of Blairstown, Iowa, her biological parents. Keeping friends and relatives lined the street as Jessica... frightened and crying... was taken one last time from the only home she has ever known.

Testimony at the Kimberly Mays divorce and visitation trial at Sarasota, Florida goes into its second day today. Attorney John Blakely spent much of yesterday demonstrating that Kimberly's biological mother... Regina Twigg... is a good mother and a loving, caring person. Kimberly has asked Judge Stephen akan for a "divorce" that would sever the Twiggs' parental rights. The wiggs want to be able to visit her on a regular basis. Kimberly and a child belonging to Bob Mays were switched at birth and the mistake wasn't discovered until 1988.

An attempt to block the smoking ban on thousands of Los Angeles restaurants as failed. The measure took effect today after city officials determined that proponents failed to gather enough valid signatures to place the measure on the November ballot for voter approval. The proposal prohibits smoking in nearly -thousand indoor eateries within city limits. Critics contend the plan will drive business out of Los Angeles to cities who do NOT have similar NO smoking policies.

Massachusetts Congressman Joseph Kennedy is hailing House passage of a bill to give top priority to the treatment of Persian Gulf war veterans suffering from war-related illnesses. The measure requires the Veterans Administration to provide immediate care to former troops exposed to toxic substances or other environmental hazards while serving in the region.

Kennedy, who introduced the bill, said it would "give the benefit of the 'punt' to thousands of vets who have suffered a wide range of rare, disabling illnesses since returning from the Gulf war in 1991."
The Agreement

Negotiators Report Accord
On Five-Year Budget Plan

Continued From Page A1

Mr. Clinton, who will make a television address Tuesday night on the legislation, spent the day promoting it. He said for the first time that new proposed spending cuts would be forthcoming next week when Vice President Al Gore presents a report on reorganizing the Government.

In a conference call with the editorial boards of newspapers in several states, he said the budget negotiations were consuming all his Administration's time and energy. "We are literally paralyzed," he said. "We can't get anything done."}

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Clinton Wins a Crucial Fight on the Deficit, But Some of the Sense of Mission Is Lost

By DAVID E. ROSENBAUM
Special to The New York Times

WASHINGTON, Aug. 2 - President Clinton took office with three goals for the economy. He wanted to reduce the annual budget deficit, stimulate the economy to create jobs and redirect the priorities of the Government.

The deficit reduction was the easy part. The stimulus package, praised or derided as a giveaway to the wealthy, was never a major political priority. And the shift in priorities — away from welfare, immigration and the environment — was not a surprise in the context of a new President who was determined to change the agenda.

But the President's two other goals — stimulating the economy and changing the atmosphere of Washington — have failed to emerge. They are not dead, but they are certainly not on the legislative agenda in the same way that they were last year. And the talk of changing the political atmosphere, of making government work for the public, has been drowned out by the debate over the deficit.

The President's $30 billion, two-year spending plan died in Congress last spring. It was killed by a Republican filibuster. The plan has failed to overcome the inertia of the past 12 years, when Congress has been spending billions on for programs that have outlived their purpose and continue to exist only because a small number of people and communities depend on them; eliminating duplication and overlap in Government agencies; scrapping tax breaks for business entertainment and vacation homes.

But each of those measures would be fought to the death by lobbyists and by lawmakers whose constituencies might suffer. Republicans and Democrats in Congress oppose them with equal vigor.

Lots of Constituencies

The problem, said Mr. Sperring, the White House economic policy assistant and a key figure in the program that "any program that exists has a constituency.

But no one lobbies for raising taxes or cutting programs. There is no constituency for that.

This is why Mr. Clinton's supporters say he deserves so much credit. He stepped up with real deficit-cutting proposals based on real numbers — not the gimmicks and black boxes of the Republican years. He did not have to be dragged to the table the way George Bush was.

The President's plan was bound to be unpopular. While he failed in some aspects, he got much of what he wanted. And perhaps next year he can get more. And next year even more.

If Congress approves this package, the new President will have won a partial victory. By any measure, that is better than a defeat on the most bedeviling issue in American politics today.
ST. LOUIS DEFENSES CONTAIN THE FLOOD AS TORRENTS PASS

CREST LOWER THAN FEARED

Wary Forecasters Now Predict Gradual Easing of the Crisis if No Downpours Come

By SAM HOWE VERHOEVE

Special to The New York Times

ST. LOUIS, Aug. 2 — The Mississippi River all but consumed villages and farmland to the north and south of here today, but St. Louis's 11-mile concrete flood wall stood firm against a rushing onslaught of muddy water that officials described as the death throes of the great flood of 1993.

The havoc suffered in the smaller towns along the Mississippi and Missouri Rivers proved to be this city's gain, because unexpected breaks in levees outside the city helped reduce the pressure of the Mississippi and bring down its crest, ran below the most dire predictions made over the weekend as it passed the landmark Gateway Arch here.

Although forecasters said Sunday that the river would crest in St. Louis today, it now appears that the crest came even as they were speaking. The river reached 49.4 feet here Sunday, about 2.5 feet below the top of the flood wall, and it got up only as high as 48.6 feet today, according to the National Weather Service.

"It looks like it's finally going to ease up," said Ken Kruchowski, a spokesman for the U.S. Army Corps of Engineers. "As long as we don't get any steady rainfall in the Mississippi basin in the next day or two, that's not forecast, we should be on a steady downward trend here."

Leaving Their Mark

Nonetheless, both the Mississippi and Missouri, the two longest rivers in the country, are leaving behind a numbing swath of destruction as they recede. The scars were evident throughout a two-hour aerial tour of the St. Louis region this afternoon.

In Chesterfield, west of this city, a Coca-Cola truck could be seen bobbing through the water, and private jets at the suburban Spirit of St. Louis airport were pushed around like toys in a bathtub until they were wedged against a wall.

South of St. Louis, a levee broke early this morning in Monroe County, Ill., and flood water virtually covered the small town of Valmeyer and dozens of farms in a 20-square-mile area around it. The area had previously been evacuated; no injuries were reported. There and up the river, near Alton, Ill., farm land was under water; often, the glistening tops of silos were the only evidence that structures used to be there. The width of the river could be measured in miles.

Even as most of the city of St. Louis was breathing a collective sigh of relief, there was still considerable danger here this evening in the southernmost section of the city, where 51,300-gallon propane tanks remained off their moorings at a Phillips Pipeline Company storage area.

More than 8,600 people who lived near the tank storage area have been evacuated because officials fear that leaks in any of the tanks — five have been detected so far — could set off an explosive fireball. Divers struggled to keep the tanks manually anchored, and fire crews kept the rows of tanks constantly sprayed with water.


While downtown St. Louis remained dry, evidence of the river's power was visible to the thousands of onlookers who came to peak over the flood wall.

For one thing, a floating Burger King restaurant, usually moored in front of the Arch, was torn loose by the river Sunday night and sent crashing into the Poplar Street Bridge, which sheared off the top third of the restaurant.

The Burger King unit was towed a few hundred yards downstream and wedged up against the flood wall to avoid further damage. Nearby, a similarly designed but undamaged McDonal'd's was still afloat and holding fast against the Mississippi.

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Nonetheless, both the Mississippi and Missouri, the two longest rivers in the country, are leaving behind a numbing swath of destruction as they recede. The scars were evident throughout a two-hour aerial tour of the St. Louis region this afternoon.

In Chesterfield, west of this city, a Coca-Cola truck could be seen bobbing through the water, and private jets at the suburban Spirit of St. Louis airport were pushed around like toys in a bathtub until they were wedged against a wall.

South of St. Louis, a levee broke early this morning in Monroe County, Ill., and flood water virtually covered the small town of Valmeyer and dozens of farms in a 20-square-mile area around it. The area had previously been evacuated; no injuries were reported. There and up the river, near Alton, Ill., farm land was under water; often, the glistening tops of silos were the only evidence that structures used to be there. The width of the river could be measured in miles.

Even as most of the city of St. Louis was breathing a collective sigh of relief, there was still considerable danger here this evening in the southernmost section of the city, where 51,300-gallon propane tanks remained off their moorings at a Phillips Pipeline Company storage area.

More than 8,600 people who lived near the tank storage area have been evacuated because officials fear that leaks in any of the tanks — five have been detected so far — could set off an explosive fireball. Divers struggled to keep the tanks manually anchored, and fire crews kept the rows of tanks constantly sprayed with water.


While downtown St. Louis remained dry, evidence of the river's power was visible to the thousands of onlookers who came to peak over the flood wall.

For one thing, a floating Burger King restaurant, usually moored in front of the Arch, was torn loose by the river Sunday night and sent crashing into the Poplar Street Bridge, which sheared off the top third of the restaurant.

The Burger King unit was towed a few hundred yards downstream and wedged up against the flood wall to avoid further damage. Nearby, a similarly designed but undamaged McDonal'd's was still afloat and holding fast against the Mississippi.

One thing abundantly evident in the aerial views was that the massive concrete flood wall in St. Louis, a yard thick in places, was proving far more successful in holding the water at bay than the earthen levees in smaller rural communities further up or down the river. But the force of the river was still severe, and it was clear that any break in the St. Louis wall could inflict chaos in urban neighborhoods.

St. Louis experienced some unusual traffic jams today, and at least one motorist lost a car this afternoon by ignoring blockades and driving too long into a flooded section of an interstate highway.

But water service remained normal here, in contrast to Des Moines, whose water-treatment plant was knocked out for days last month when the river crested there. Still, a water-treatment plant in Alton, northeast of here, remained knocked out tonight; it serves about 75,000 people in the area.

The river is expected to continue inflicting some damage as it heads south in the next few days. But its rampage will gradually diminish as it broadens out near Cairo, in southern Illinois, Mr. Kruchowski said.

And the river is 2,600 feet wide; in St. Louis, the maximum width is well under 2,000 feet.

Officials see the death throes of the great flood of 1993.

In St. Louis, officials were predicting by the end of the day that now that the Mississippi has crested through St. Louis, the river has finished unleashing its worst damage for this summer. The Mississippi flows more widely and more gently south of here and then takes much of its water from the Ohio River, which is hardly raging this year.

"The bulk of the water we get comes from the Ohio River Valley," said Bob Brown, a spokesman for the Corps of Engineers in New Orleans. "That's why we're not so concerned, because the Ohio is low this year."

The average July flow of the Ohio in Paducah, Ky., at this time of year is about 150,000 cubic feet per second. It was only at 100,000 feet in July, Mr. Brown said.

And the Mississippi River is much wider to the south than it is here. For instance, at Canal Street in New Orleans, the river is 2,600 feet wide; in St. Louis, the maximum width is well under 2,000 feet.

In Prairie du Rocher, Ill., 60 miles south of here, the Army Corps of Engineers undertook the unusual strategic mission of purposely breaching a levee outside of town in the hope of slowing the river's flow.

In essence, the corps decided to hasten the sacrifice of farmland that was all but certain to be flooded anyway to try saving the historic river town. The corps did not expect to finish destroying the levee until late tonight, and the success of the project will not be known until Tuesday morning.

The persistent rains of the early summer have given way to the more normal weather pattern of dry summer weather, so dry that drought may become a problem elsewhere in the Midwest.

Continued on Page A12, Column 3
Haiti’s Man of Destiny Awaiting His Hour

By ELAINE SCIOLINO

WASHINGTON, Aug. 1 - For most of the 22 months since he was ousted from Haiti’s presidency in a military coup, the Rev. Jean-Bertrand Aristide has been something of a celebrity in Washington, running his government-in-exile from rented Georgetown apartments and lecturing audiences about the urgent need to free his troubled country.

Now, after arduous negotiations with the same military leaders who toppled him, the frail, soft-spoken Catholic priest is poised to go home. And the nagging question for the Clinton Administration as Father Aristide prepares his return 13 weeks from now is whether he will be able to make the transition from martyr to statesman.

It is one thing to show up at parties in Hollywood and to be feted as a champion of democracy on Capitol Hill, and quite another to rebuild a country devastated by brutal military rule and economic sanctions. Such a transition would be difficult for any politician.

But Father Aristide is not an ordinary politician. He was expelled by his religious order for, among other things, “a glorifying of class struggle.” He is an iconoclast who sees himself a missionary of God and views the world through the lens of liberation theology.

“I feel confident, very confident,” he said Friday in an interview in his one-bedroom apartment in Georgetown, describing his pending return to Haiti as an act of love, not one of sacrifice.

“It’s not a question of being willing to become a martyr, nothing like that. It’s a question of sharing love, giving your life for love the way Jesus did.”

The 40-year-old Father Aristide tends to arouse passionate support and passionate opposition.

Among Haitians who elected him President with an overwhelming majority in December 1990, he is a beatific visionary, a brave leader who knows eight languages, writes poetry and composes hymns on his guitar and is willing to risk his life for his people.

For his political opponents, mostly in the military and the upper classes, he is a demagogue with messianic visions and some of the same thuggish tendencies of the military junta that overthrew him.

The Clinton Administration, which has spearheaded the campaign to reinstate Father Aristide, appears to regard him as a volatile chemical that needs to be handled with care.

When President Clinton summoned Father Aristide to the White House last month, the meeting was half lecture, half pep talk. Two weeks before, Father Aristide had signed a compromise agreement in New York with the military commanders who had ousted him, and Mr. Clinton wanted to impress upon him the importance of becoming presidential.

“The President emphasized that Aristide had to be a figure who spoke about reconciliation and healing and rebuilding,” a senior Administration official said. “He told him how important it was to make the transition from president-in-exile to President.”

Mr. Clinton was said to have been heartened when Father Aristide, who once called capitalism a mortal sin, preached forgiveness rather than vengeance later that day at a meeting in Miami.

“Aristide is acting very responsibly and very constructively,” said Samuel R. Berger, Mr. Clinton’s deputy national security adviser. Michael Barnes, a former Democratic Congressman from Maryland who is Father Aristide’s lawyer, said Mr. Clinton had told him at a dinner on Wednesday night that Father Aristide “is a good man who’s trying to help his people.”

Learning Experience For Clinton’s Team

That sort of praise is a far cry from the Clinton Administration’s introduction to Father Aristide.

A classified Central Intelligence Agency psychological profile prepared after his ouster in September 1991 portrayed a man prone to severe mood swings. The report suggested that he suffered from depression and may have had nervous breakdowns, and it concluded that he was capable of saying one thing one day and the reverse the next without being aware of any inconsistency, said senior officials familiar with its contents.
The conclusions of this assessment were presented to the Clinton team during the transition. But while Mr. Clinton's top aides say they at first found the C.I.A. analysis troubling, they quickly decided that the fact that Father Aristide was Haiti's first democratically elected President was more important than a psychological profile that was dated and based largely on secondhand reporting.

"It is a caricature of Aristide," a senior Administration official said. "Even people who have doubts about him acknowledge that his experience of the last few years has been sobering, and that he's grown."

In the interview, Father Aristide vehemently denied that he had had a nervous breakdown, had suffered from depression or was taking medication, although he added that the C.I.A. assessment of his mental state did not come as a surprise.

"When you don't like someone, it's natural to say bad things about him," he said. "I'm like a man following Jesus, and Jesus was a God, and they said he was crazy and they even killed him because they couldn't understand how he said he was a God. If they could say that about him, who am I?"

 Asked about the introduction to his autobiography, which says he "sometimes succumbs briefly to depression," Father Aristide dismissed the statement. And although a flattering profile in a book on Haiti by Amy Wilentz, a journalist and personal friend, refers to a series of "nervous prostrations," he said: "No, no, she didn't mean that. She was just trying to explain how someone can be open to the audience and be in communion with their suffering.

One senior Administration official who has come to know him well said the C.I.A. was biased against him because of his leftist views.

"There's ideological overlay on some of the official analysis," he said. "In any case, it was decided that it was not our responsibility to pass judgment on his mental health and there was nothing so disturbing as to override our very strong conviction that he had to return to Haiti as soon as possible."

A Frustrating Time
For Highest Officials

The process of restoring Father Aristide to power has been fraught with frustration for the American and Haitian officials who deal with him. Father Aristide's predilection for consulting with each member of his family for hours on end, and a tendency often described as indecision, has been a recurrent source of exasperation.

On July 2, the fifth day of torturous negotiations on Governors Island in New York Harbor on a compromise accord to restore Father Aristide to power, Secretary General Boutros-Boutros-Ghali of the United Nations told him he was going as a good deal, officials familiar with the conversation say. Father Aristide replied that yes, he was going, but asked the accord very carefully. "Don't examine it, just sign it," Mr. Boutros-Ghali is reported to have replied.

Shortly after midnight that night, Lawrence E. Pezzullo, the American special envoy to Haiti, was so distressed by Father Aristide's indecision that he called Mr. Clinton's national security adviser, Anthony Lake, and asked him to intervene, "directly."

But Father Aristide was asleep, and his aides would not wake him. The normally fast-acting Mr. Lake spent the next three hours trying to convince Mr. Barnes that the moment must be seized and the document signed.

"Tony stressed we are working together to restore democracy and bring him back to Haiti, and if we lose this moment we may fail," a senior Administration official said. "The message was fairly firmly put."

For another nail-biting day, Father Aristide did not budge. Mr. Lake had the unfortunate task of telling an impatient Mr. Clinton at an early Saturday morning meeting that Father Aristide had not signed, even though the military leadership who had ousted him was poised to do so.

Mr. Clinton was eager for good news that he twice interrupted his golf game for a status report on the negotiations, so frustrated did he stay awake that night until he received word that Father Aristide had finally signed.

Some Annoyance
At Accord's Terms

Father Aristide and his supporters said they felt that at the eleventh hour they were being pushed into unacceptable concessions to the military rulers. Particularly galling to them was that Father Aristide, the target of two assassination attempts in Haiti, had to agree to allow members of the ruling high command to stay in the army, as long as they remained outside Haiti. Only Lieut. Gen. Raoul Cédras, who was appointed by Father Aristide as commander in chief but then overthrew him, must retire under the accord.

"We were astounded to learn early Saturday morning that this is what they meant by the resignation and departure of the high command," Mr. Lawrence said. "We have never understood that they could remain in the army."

In the interview, Father Aristide acknowledged his frustration with the accord but said, "I signed it, and I will keep my word."

Father Aristide appears to have shed much of his suspicion of the United States since the days when cables from the United States Embassy in Port-au-Prince labeled him a "radical firebrand." The suspicion was inflamed by the Bush Administration's tacit support for Mr. Cédras, a well-heeled former World Bank official, in the 1990 election.

"Love" for Clinton
Partly Reciprocated

The Haitian leader said in the interview that he "loves" Mr. Clinton, remembering during that same phone conversation one day with the President he realized that "there was a kind of domestic vibration" in him "that I felt that really understood the reality."

--Father Aristide said.

He referred to Mr. Clinton, Mr. Lake and Mr. Christopher as "my friends," and has invited Mr. Clinton to visit Haiti after democracy is restored. That is supposed to happen on Oct. 30, after a new Prime Minister takes office. The United Nations oil and arms embargo is to be suspended, and the Government's financial assets unfrozen. American troops will be deployed to professionalize the army and build democratic institutions, and French and Canadian police trainers are to create an independent police force.

Father Aristide once said in a 1990 interview, "Above all, we must not accept money from abroad," but he now lauds the promise by the United Nations of a program of more than $1 billion in aid over the next five years.

The Clinton Administration regards Father Aristide's view that he "loves" Mr. Clinton, as "an opinion," and are said to take it "in the spirit in which it has been presented." A senior Administration official said. "In any case, it was decided that that was not our responsibility to pass judgment on his mental state."

Clinton Administration officials quietly express concern that if for some military leaders, the accord does not begin their work soon, the military may try to sabotage Father Aristide's return.

When he is asked about how he plans to govern, Father Aristide's answers are long on data and short on detail. Although he is making his way through a stack of books on Haiti's economy, in the interview he offered no concrete proposals on how he intended to rebuild the country after his return.

His supporters say that he lacks hands-on experience and makes up in the strength of his character. "There is no other leader who has impressed me as much as Aristide," said Representative Major Owens, a Brooklyn Democrat who serves as an unofficial adviser to the Haitian leader. "He has compassion and unquesting integrity, and I think he will have the wisdom to seek experienced people to rebuild his country."

Even if he does return by the end of October and gradually reasserts his authoritarian manner, the accord signed in the Governors Island agreement, Father Aristide will not have very long to prove himself, for his term expires 27 months later, and he cannot run again until five years after that.
By MICHAEL R. GORDON

WASHINGTON, Aug. 2 — In the last week, the Clinton Administration changed more than its policy on the use of force in Bosnia and Herzegovina. It changed its strategy for dealing with the European allies.

News worried about the deteriorating position of the Bosnian Muslims and sung by criticism that it is indecisive, the Administration is now seeking to reassure America's primacy in the NATO alliance.

For months, Washington said it would take military action in Bosnia only with the approval of its allies. Now it is using public statements, press leaks and veiled threats of direct action to prod NATO nations to prepare for air strikes not just to protect United Nations peacekeeping troops but to prevent the stranglehold of Sarajevo.

Or as one Administration official characterized the new approach: "Don't ask, tell." But it was unclear tonight whether the Clinton Administration's more forceful approach would be successful in bringing the alliance along. That was not the way the Administration approached the Bosnia question in May when it dispatched Secretary of State Warren Christopher to discuss American ideas about how to prevent the Serbs from winning the war in Bosnia.

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Role by presenting a plan that was sure to draw allied objections and then not fighting for it.

This time, however, the Clinton Administration appears to have learned a fundamental lesson about how to deal with its allies: to have any hope of getting something done, Washington needs to telegraph the outcome.

Clinton Administration officials say that the new approach reflects a new sense of urgency. For one thing, Administration officials say the Serbs have continued to tighten their hold on Sarajevo. The closer the Serbs' positions to the more devastating their artillery barrages will be. Instead of lobbing shells at the city from a great distance, they will be able to fire directly at the buildings there with great effect.

The Leverage of Force

And with negotiations under way in Geneva, Administration officials believe that the threat of military force is needed to press the Serbs to go along with an accord before the onset of winter, when efforts to get aid through to the battered Muslim enclaves will become more difficult.

David Owen, the European Community negotiator on the Balkans, has warned that military action could imperil the peace negotiations. But Lord Owen has sought to dissuade the West from using military force for months by arguing that peace was just around the corner, only to see the Serbs continue their attacks.

Asked if threats of military action could delay peace efforts, Mr. Clinton replied, "I think peace efforts and the confrontation have gotten to the point where they are at each other's necks, so they are not going to be able to get away from the position, the situation has, until very recently, gotten much worse.

Another factor is that the Administration is more confident than before that it can achieve its military objectives through air power alone, since these goals are limited to preventing the stranglehold of Sarajevo and do not extend to rolling back the Serbs' gains.

Attacks on French Troops

The recent Serbian attacks against the French peacekeeping troops have also strengthened the argument for action. United Nations peacekeeping troops have been concerned that allied air strikes would make their forces vulnerable to retaliation. But the shelling of the French troops, which prompted Paris to ask for air cover, shows that the peacekeeping troops are already in danger.

The politics of the issue is also an important consideration for Washington. It was one thing for the Clinton Administration to abandon its campaign promise to even the odds that had favored the Serbs, and quite another for Washington to sit on the sidelines and watch the fall of Sarajevo. That could be a devastating setback to American foreign policy, conjuring up images of American weakness. The Clinton Administration is still smarting from the failed May trip by Mr. Christopher and Administration officials have been eager to associate Mr. Christopher with new and more determined action.

To press its new approach, the Administration is putting its prestige on the line. On Friday, Mr. Clinton sent a letter to heads of state stressing the importance of safeguarding Sarajevo. On Saturday, Mr. Christopher demanded a series of letters affirming American determination to act but not making any threats of unilateral action.

Threat to Act Alone

In an apparent effort to ratchet up the pressure and the pressure of an emergeny NATO meeting on Bosnia, Mr. Christopher's spokesman signaled on Sunday that Washington was prepared to act alone if the Europeans would not support air strikes to protect the Muslims.

The Administration is still being criticized on matters of tactics, as some officials have faulted Mr. Christopher for leaving the American presentation to NATO in the hands of lower-ranking aides.

Today, President Clinton insisted that the United States still wanted to work in concert with its allies. "We are not act alone to support the Muslims.

The Administration is still being criticized on matters of tactics, as some officials have faulted Mr. Christopher for leaving the American presentation to NATO in the hands of lower-ranking aides.

Today, President Clinton insisted that the United States still wanted to work in concert with its allies. "We are not doing this in a vacuum, " Mr. Clinton said. "It is a more forceful form of consultation than the one that went on in May," a State Department official. "There is no question about that."

Europe Is Picking Up the Pieces Of a Hobbled Monetary System

Franc Is Off 2% and Other Currencies Fall, Too

By ALAN RIDING SPECIAL TO THE NEW YORK TIMES

PARIS, Aug. 2 - The French franc sank a little more than 2 percent in world currency trading today, and European governments were left wondering what, if anything, remained of their monetary system and the European Community's vaunted plan to create a single currency before the turn of the century.

In an official view of the situation taken by the French currency, the Danish, Belgian, Spanish and Portuguese money all lost value against the German mark and the Dutch guilder, the community's two strong currencies.

Markets seemed relatively calm in comparison with the chaotic speculation last week against the franc and other weaker currencies. But there was no hiding that the European Monetary System had suffered its most serious setback since its creation in 1979.

A Basis for Closer Links

Over the last 18 months, the system had come to be viewed as a crucial instrument in preparing the community for the adoption of a single currency. The finance ministers and central bankers, meeting in Brussels through the weekend and into the early morning today, did their best to disguise the system's collapse.

Rather than authorize a full free market in the trading of all their currencies, they widened the margins by which seven of these, including the franc, will be allowed to fluctuate by 15 percent above or below their nominal exchange values. Their action allows an effective devaluation to be described as "flotation."

The Europeans also insisted that the move was temporary and that they remained committed to creation of a single currency as early as 1997 and no later than 1999, a main objective of the Maastricht treaty on European union. Several of the governments were thus able to assert today that the monetary system and its Exchange Rate Mechanism still exist. But the question is when and how can the European Monetary System can be made to function again.

Most experts believe that the community's governments will again set off down the path toward a single currency once the current recession has lifted. What they have perhaps most learned from this weekend's events, however, is that tightly linked exchange rates can only assure stability when the European economies are really well off and are working in harmony with each other.

Some officials made no effort to paper over the damage done to the region's monetary system. "It's a huge step backward from what we wanted in the Maastricht treaty," Finance Minister Wim Kok of the Netherlands said. "The worst would have been collapse of the system. What we have now is near floating. This is not a disaster, but it is a black day."

The direct spur for the crisis was the continued insistence by the German central bank on maintaining high interest rates to fight domestic inflation. Germany is engaged in a public spat with France on a large scale to pay the costs of reunification with the former Communist east.

Other European central banks, to make their currencies and bonds competitive, were forced to match these high interest rates at a time their economies were deep in recession. Their currencies remained vulnerable to the strength of the mark.

French Soften Their Displeasure

France's Prime Minister, Edouard Balladur, noting that Germany's policy was "not necessarily compatible" with the interests of its European partners, said that instead of the arrangement announced early today, he would have preferred that the mark be temporarily withdrawn from the community's Exchange Rate Mechanism.

Yet while the French, long proud of the linkage between the franc and the mark, were the main losers in the currency crisis, Mr. Balladur pointedly declined today to directly criticize the German Government or its central bank.

He seemed to be aware that repair of the European Monetary System would largely depend on close cooperation between Paris and Bonn. Top German officials are expected to hold meetings in Paris today to discuss the effects of the weekend decision.

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The French daily Le Monde was less diplomatic, though, reflecting a widely held view in France. It accused Germany of imposing a monetary “dictator” on Europe. “The whole of Europe is paying today for the mistakes made by the Bonn Government in the German unification process,” the newspaper said.

Socialist opponents of Mr. Balladur’s conservative Cabinet blamed the Prime Minister for weakening the franc by a heavy reduction of certain interest rates. “It has taken just four months for the Balladur Government to reap the first fruits of its economic errors,” Jean Glavany, a Socialist spokesman, said.

The View in Bonn

German officials minimized the implications of the currency shakeup, arguing that it was a passing phenomenon. Finance Minister Theo Waigel said the new arrangement “pulls the floor out from under the speculation” and would give the German central bank greater flexibility in defining its monetary policy.
A Surprising Turn

Milk Cows? Udder Disease?
Budget Talks Take a Detour

By JOEL BRINKLEY
Special to The New York Times
WASHINGTON, Aug. 2 - As the budget conferences' long struggle to reach an agreement neared an end today, some found themselves deadlocked over an issue that seemed a curious subject for a budget debate: whether the use of bovine growth hormone should be banned for a year.

Lobbyists on both sides of the question jousted outside the Congressional conference room to press their views. Some told the committees that banning the use of the cow hormone for a year would preserve family farms and reduce the threat of bovine udder disease. Others said a ban would knock the nation's young biotechnology industry off its feet.

Those may be important questions, but more than one budget conference asked why the lawmakers had to consider them now. After all, the budget talks are supposed to be about money. Senator Russell D. Feingold, a freshman Democrat from Wisconsin who wrote the provision in question, had found a financial peg of sorts: a fuzzy Congressional Budget Office projection suggesting that the cost of the cow hormone would cost the Federal Government about 15 million a year by increasing "milk production, which could force the Government to buy up the surplus."

Fifteen million is a flyspeck in the multitrillion-dollar budget debate, but many of the big cooperatives intended to use BST after its approval. At day's end, the budget conferees announced that the BST issue had been settled, but they will not disclose the decision until the formal presentation of the full budget package on Tuesday.

By GWENIFILL
Special to The New York Times

The Administration's health care plan, now scheduled for completion next month, is expected to propose that the states create health care networks that would provide umbrella coverage for all residents. The goal is to create competition among these networks and thus ultimately lower costs.

Medicare is a Federal program that does not now involve the states. But the provision discussed by Mr. Magaziner, who spoke of it here today at a forum on health care, would allow the states to switch Medicare recipients into the new local programs.

Many Medicare recipients are nervous about being shifted into an untested system that, they fear, might provide a lower level of coverage. "What we don't want to do," Mr. Magaziner said, "is have the Medicare people who have to in some blackmail way be transferred into another system that may not be ready for them or may not be working."

Mr. Magaziner also said the health plan would probably provide the same coverage for abortion-related services as is now provided by private insurance.

Allowing hospitals and doctors to participate in the plan while declining to provide abortion services. President Clinton has said he supports including abortion in the national plan. He and his aides have tried to make opposition to that provision by stressing that it would merely consume coverage that is now widely provided by private insurance.

Mr. Magaziner said today that the plan would be crafted in a way that would permit states like Pennsylvania to continue enforcing their limits on abortion, like waiting periods and parental notification.

By W. J. WORCUTT
TUESDAY, AUGUST 3, 1993

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Clinton Seeks 1 ‘Yes’ Vote From 6 Unhappy Democrats

WASHINGTON, Aug. 2 — With Senator David Boren of Oklahoma insisting he will change his vote and oppose the budget bill, President Clinton has to get at least one other unhappy Democrat to change his mind and support it.

Six Democrats voted against the Senate version of the bill in June, and with all of the chamber’s 44 Republicans also in opposition, the measure passed only after Vice President Al Gore cast the tie-breaking vote. The Republicans are still solid in their opposition, so the White House is looking to those six Democrats for the one vote it needs to counter Senator Boren’s defection.

Most of the six have argued that no budget proposal emerging from the House-Senate conference would be likely to cut spending enough to win them over. And most argue that it would raise taxes too much.

Clinton Lobbies 4 Senators

President Clinton today sought to lobby four of the Democratic senators indirectly, by giving interviews to editorial writers in their home states. But he left out representatives from the states of Senators Frank R. Lautenberg of New Jersey and Richard C. Shelby of Alabama, apparently regarding those two Senators as beyond redemption.

The bill’s pain cuts most deeply for three of the six senators who could be facing very difficult re-election campaigns next year: Mr. Lautenberg and Richard H. Bryan of Nevada and Dennis DeConcini of Arizona.

Mr. Shelby and the two other Senators do not face as early a test. But the two, Senators Bennett J. Johnston of Louisiana and Sam Nunn of Georgia, appear almost immovable as Mr. Shelby’s counterpart.

Senator DeConcini, who comes from one of the nation’s most conservative states, has objected to the absence of a specific provision guaranteeing that additional taxes will go to deficit reduction, not additional spending. Congress and the Administration have been discussing whether such a guarantee could be made by executive order, since Senate rules will apparently keep it out of the bill.

Worried by Cuts in Medicare

Senator Bryan has told the President he would offer no opinions until he can study the final compromise bill, a spokesman said. But he has felt that the original bill did not have enough spending cuts, and he was unhappy at the shift from a broad-based energy tax to a higher gasoline tax. Mr. Bryan also fears that further cuts in Medicare will hurt his constituents, who have complained of earlier cuts, the spokesman said.

Senator Lautenberg, who held a news conference to announce that he would vote against the earlier bill, said recently it was “hard to imagine” that the bill would be sufficiently improved in conference to win his vote.

He said: “Both the House and Senate versions were far too hard on middle-class New Jerseyans without creating the kind of economic growth and job expansion that we need.”

Coming from a state where a political revolt against taxes swept Republicans to control of the Legislature in 1992, Mr. Lautenberg said: “New Jersey is really hurting. More taxes won’t put people back to work or lift us out of the recession.”

Mr. Lautenberg has not been particularly popular in his state and could suffer in next year’s elections from the anti-Democratic sentiment prompted by Gov. Jim Florio’s pushing through higher taxes in 1990.

Seeking More Cuts

Senator Nunn has said he is leaning against the conference report but will study it before he decides. But he wanted a bill covering five years, not 10. And another complaint, that it was too light on spending cuts, seems unlikely to be much changed by the House-Senate conference.

Senator Johnston has told the President not to bother lobbying him until he has had a chance to study the result. He had originally opposed the bill because of its broad-based energy tax, but stayed opposed even when it was greatly reduced in the Senate. He said too much of the bill’s deficit reduction came from tax increases, not enough from spending cuts.

Mr. Shelby, who has voted with Republicans all year long on economic issues, is also unhappy with the ratio of spending cuts to tax increases, a spokesman said, and concerned that most of the spending cuts come after 1996.

Of course, the Administration also has to worry that no other Democrats who once voted yes will join Mr. Boren, a model of vacillation on this issue all year, and desert the bill. For example, several senators have joined Senator Bob Kerrey, Democrat of Nebraska, in calling on the President to summon Congress to a 10-day special session to find more spending cuts.

The budget bill rests with 6 facing anti-tax pressure at home.

Clinton’s address to the nation and the Republicans’ response will be covered live tonight by ABC, NBC, CBS, CNN and C-Span, beginning at 8 P.M. Eastern time.

The President On Television

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By JOEL BRINKLEY
Special to The New York Times

WASHINGTON, Aug. 2—Though some members of Congress are wringing their hands over whether to vote for a budget bill that includes higher energy taxes and other contentious items, very few are using their muscle to deliver mail and phone calls from others to their constituents.

With a few significant exceptions, Washington’s major lobbying organizations are mounting only limited campaigns against the proposal — or at all.

Representative Mike Synar of Oklahoma is a strong supporter of the Clinton budget, but he is resistant to the tax endorsed by the Senate. The congressman, who is up for re-election in November, said he would not vote for the budget bill. But he is troubled by the increased tax and the job losses it could create.

As for faxes, mail and phone calls coming into his office late last week in this way: “There’s still a lot of interest, and it’s mostly negative, but it has slowed down. People wrote once, and now they feel, ‘O.K., I’ve done my deal.’”

Another Louisiana legislator, Representative W.J. (Billy) Tauzin, a Democrat, caused a bit of a stir last week when he made it clear he could not vote for an energy tax. But he said, “We’re not hearing a whole lot on the gas tax from constituents, or from lobbyists.” Still, he added, “I don’t have to hear from constituents on a gasoline tax to know that it would be awful for Louisiana.”

On Friday, Beth Gonzales, press secretary for Senator Bob Kerrey, a Nebraska Democrat who is among the targets of the Citizens for a Sound Economy’s campaign, said: “There are little blurbs of people calling in when they see the ad from C.S.E. But it’s too key. Interest has really died off since May.”

Senator Herb Kohl, Democrat of Wisconsin, helped shape the debate on the budget when he made it clear that he would not support an increase in the gasoline tax of more than 4.3 cents a gallon.

An aide to Mr. Kohl, Lyn Becker, said that a report from a Wisconsin newspaper wanted to follow the Senator around for a day back in the state last month, to see what Mr. Kohl was saying. Mr. Kohl, she said, had not really heard enough to write any newsletters.

Interest Abate

Senator David L. Boren, another Oklahoma Democrat, complained last week that he was getting 16,000 letters a week by phone and mail. He said as one of several members of Congress, he was receiving reports recently that estimates from lobbyists and unusual levels of concern from voters were forcing them to reconsider whether to vote for President Clinton’s budget. He announced Sunday he would not vote for the budget.

But Dan Webber, an aide to Senator Boren, said the volume of mail and calls coming into the office “has dropped off in the last two weeks.” As for the Senator’s comment, Mr. Webber said, “That was true, up to two weeks ago.”

Indeed, many Senators and Representatives and their staffs said they had been surprised about how little pressure they seemed to be getting from anyone to vote one way or another on the budget bill.

There are big exceptions. In California and a few other states, a battle over the budget bill has developed among Democrats, Republicans and followers of Ross Perot. And some Texans say their constituents are quite concerned about the proposed increase in the gasoline tax, both because Texas is an oil producer and because many of its residents drive long distances.

Two months ago, when the budget bill was being considered in the Senate and the House, most members reported extraordinary interest, both from lobbyists and the public. The experience of Senator John B. Breaux, the Louisiana Democrat, was typical.

“We were getting just an enormous volume of phone calls and mail,” said his aide, Pete Phalen. “We were bringing lobbyists and interns into our district office to handle the phone calls.”

Much of that mail was generated by the American Energy Alliance, a coalition of more than 1,000 businesses and associations opposed to new energy taxes. The lead member of the coalition, “We don’t anticipate being actively engaged” in the remaining budget debate.

Some other lobbyists, however, are still engaged. As an example, the American Trucking Association is lobbying against the gasoline tax. Ken Simonson, a senior economist for the association, said 50 staff members were on the job to take their normal jobs so they could run a phone bank. “They’re calling all our member carriers, saying, ‘Look, if you care about a gas tax, call today,’” he said.

Mr. Simonson said he found five or six associates or trade groups willing to lobby against the proposed tax increase, and they are making calls to their members. But by recent standards, this campaign is relatively modest. The truckers have not set up toll-free phone numbers or bought advertising. Nor do any of the associations appear to be trying to broaden the campaign beyond their own constituents.

At the same time, the American Association of Retired People is continuing to rally its members against new limits on Medicare and Social Security benefits proposed in the budget.

“By the time this week is over, we expect to have died out,” said John Rother, a senior lobbyist. “We’re trying to achieve a steady stream” of calls and letters to members of Congress. But the association is not buying radio, television or newspaper advertisements.

A few other groups, including the Christian Coalition, are trying to make their displeasure known. But the biggest lobbyist of all running a campaign for a Sound Economy, said: “We have a campaign that includes almost 300,000 members nationwide. It is opposed to tax increases of any kind and has bought buying advertising intended to influence what it considers wavering senators from six states: Wisconsin, Nebraska, Arizona, Nevada, Georgia and Louisiana.

“It’s a major push,” said Jeff Nuski, spokesman for the organization. But so far, it does not appear to be having much effect.

In Louisiana, for example, Senator Breaux described the mail and phone calls coming into his office last week in this way: “There’s still a lot of interest, and it’s mostly negative, but it has slowed down. People wrote once, and now they feel, ‘O.K., I’ve done my deal’.”

More national news appears on page A18.
## Highlights of the Budget Bill

Democratic leaders in Congress yesterday announced an agreement on most elements of a five-year budget compromise being considered by a conference committee of both houses.

<table>
<thead>
<tr>
<th>REVENUES AND TAX PROVISIONS</th>
<th>House version</th>
<th>Senate version</th>
<th>Conference version</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>TAX RATES</strong></td>
<td>Same as Clinton version</td>
<td>Same as Clinton version</td>
<td>After negotiating to make the tax base affect March 1, reverted to the House position, with its Jan. 1 effective date.</td>
</tr>
<tr>
<td>Effective date of Jan. 1, 1993, only applied the higher rates to about half of the people's income by using an effective 5 percent surcharge on those earning more than $85,000.</td>
<td>Same.</td>
<td>Same.</td>
<td>Same.</td>
</tr>
<tr>
<td>Top rate increased to 50 percent. Raises $114.5 billion.</td>
<td>Same.</td>
<td>Same.</td>
<td>Same.</td>
</tr>
<tr>
<td><strong>CAPITAL GAINS TAX</strong></td>
<td>Same as Clinton proposal. Raises the 10 percent rate on capital gains for upper income taxpayers.</td>
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<td>Same as Clinton proposal. Raises the 10 percent rate on capital gains for upper income taxpayers.</td>
</tr>
<tr>
<td>Top rate increased to 28 percent.</td>
<td>Same.</td>
<td>Same.</td>
<td>Same.</td>
</tr>
<tr>
<td><strong>INCOME TAXES</strong></td>
<td>Same as Clinton proposal. Keeps the 10 percent rate on capital gains for upper income taxpayers.</td>
<td>Same as Clinton proposal. Keeps the 10 percent rate on capital gains for upper income taxpayers.</td>
<td>Same as Clinton proposal. Keeps the 10 percent rate on capital gains for upper income taxpayers.</td>
</tr>
<tr>
<td>Top rate increased to 36 percent.</td>
<td>Same.</td>
<td>Same.</td>
<td>Same.</td>
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<tr>
<td><strong>EXPENSES</strong></td>
<td>Also adds a $10,000 cap on interest deduction for taxpayers who do not itemize.</td>
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</tr>
<tr>
<td><strong>ENERGY TAXES</strong></td>
<td>Replaces a broad tax on energy use with a tax on U.S. companies that produce or import energy-intensive products.</td>
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</tr>
<tr>
<td>Top rate increased to 36 percent.</td>
<td>Same.</td>
<td>Same.</td>
<td>Same.</td>
</tr>
<tr>
<td><strong>INVESTMENT TAX CREDITS</strong></td>
<td>Same as House.</td>
<td>Same as House.</td>
<td>Same as House.</td>
</tr>
<tr>
<td><strong>CORPORATE TAX RATE</strong></td>
<td>Same as House.</td>
<td>Same as House.</td>
<td>Same as House.</td>
</tr>
<tr>
<td><strong>Insurance</strong></td>
<td>Same.</td>
<td>Same.</td>
<td>Same.</td>
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<tr>
<td><strong>Social Security</strong></td>
<td>Same.</td>
<td>Same.</td>
<td>Same.</td>
</tr>
<tr>
<td><strong>Medicare</strong></td>
<td>Same as Clinton proposal. Keeps the 10 percent rate on capital gains for upper income taxpayers.</td>
<td>Same as Clinton proposal. Keeps the 10 percent rate on capital gains for upper income taxpayers.</td>
<td>Same as Clinton proposal. Keeps the 10 percent rate on capital gains for upper income taxpayers.</td>
</tr>
<tr>
<td>Top rate increased to 36 percent.</td>
<td>Same.</td>
<td>Same.</td>
<td>Same.</td>
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</table>
### BUSINESS

<table>
<thead>
<tr>
<th>Item</th>
<th>Clinton</th>
<th>Bush</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Excludes from taxation 50 percent of the capital gain earned by stockholders in certain new small businesses. Cost: $952 million.</td>
<td>Same</td>
<td>No provision</td>
<td>Not announced</td>
</tr>
<tr>
<td>Denies deductions for club dues, lobbying and compensation for some highly paid executives.</td>
<td>Same</td>
<td>Same, but with tighter restrictions on lobbying.</td>
<td>Not announced</td>
</tr>
<tr>
<td>Reduces the percentage of business meals and entertainment that could be written off to 50 percent from 65 percent, raising $15 billion.</td>
<td>Same</td>
<td>Same, with change in requirements for receipts.</td>
<td>Favors Clinton proposal</td>
</tr>
<tr>
<td>Intangibles</td>
<td>No proposal</td>
<td>Requires businesses to amortize intangible assets, like customer lists, over a 14-year period: Raises $2 billion.</td>
<td>Not announced</td>
</tr>
<tr>
<td>Passive losses</td>
<td>Allows certain real estate professionals to deduct some of their rental losses from other income. Cost: $2.3 billion.</td>
<td>Expends relief for real estate professionals. Cost: $2.7 billion.</td>
<td>Not announced</td>
</tr>
<tr>
<td>U.S. Urban Aid</td>
<td>Creates zones where businesses would get special employment and investment tax incentives. Increases the value of incentives to $5.3 billion.</td>
<td>No provision. Provides $2.5 billion in tax incentives and $1 billion in direct grants.</td>
<td></td>
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</tbody>
</table>

### SPENDING

<table>
<thead>
<tr>
<th>Item</th>
<th>Clinton</th>
<th>Bush</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medical</td>
<td>Increases spending for childhood immunization; major changes in national medical insurance still under development. Cuts payments to doctors, hospitals and other providers under Medicare and Medicaid, but increases child immunization spending.</td>
<td>Cuts payments to doctors, hospitals and other providers under Medicare and Medicaid, but increases child immunization spending. Overall savings in Medicare spending of $50 billion.</td>
<td>Medicare spending cuts of $5 billion.</td>
</tr>
<tr>
<td>Food stamps</td>
<td>Supports a bill to ease eligibility for food stamps and raise the basic benefit level, costing $7 billion.</td>
<td>Basically the same as Clinton proposal.</td>
<td>Agrees to $2.7 billion in new benefits.</td>
</tr>
<tr>
<td>Preservation</td>
<td>A new entitlement program would give aid to states for assisting families at risk of having children removed. Includes a version of the same program, costing $1.5 billion.</td>
<td>No program.</td>
<td>Not announced.</td>
</tr>
<tr>
<td>Student</td>
<td>Proposes converting the current system of obtaining student loans through banks to one in which money would be borrowed directly from the government. 100 percent direct lending. Shifts only half the student aid to direct loans by the government.</td>
<td>Shifts at least 70 percent of the student aid to direct loans by the government, and imposes fees on banks and other financial institutions.</td>
<td></td>
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Miami Meals Tax to Aid Homeless

By LARRY ROHTER
Special to The New York Times

MIAMI, Aug. 2 — Metropolitan Miami will soon begin imposing a 1 percent restaurant tax to finance programs for the homeless, an action that experts on homelessness say breaks new ground but that the tourist industry opposes.

The move is a response to a Federal court order for Miami to provide help for its homeless.

The tax, which was unanimously approved last week by the Dade County Commission and goes into effect on Oct. 1, is intended to underwrite medical treatment and job training programs for homeless people and to build low-cost housing and temporary shelters. The new effort will be run largely by a nonprofit corporation made up of representatives of the private sector and religious and advocacy groups, as well as the homeless themselves.

"This is an impressive, innovative, first-of-a-kind program," said Mayor James Scheibel of St. Paul, the head of the United States Conference of Mayors task force on hunger and homelessness. "Miami is addressing the causes of homelessness instead of passing anti-homeless legislation. We need services and affordable housing for the homeless, and when you look at the Federal budget, the money is obviously not all going to come from Washington."

Dade County's decision to levy the tax is a turnaround in attitudes toward the homeless, stemming from last November, when a Federal judge ordered the City of Miami to create "safe zones" where the homeless could eat, sleep, bathe and cook without fear of arrest. He said Miami's "custom and practice of driving the homeless from public places" was unconstitutional.

In his ruling, District Judge C. Clyde Atkins strongly criticized Miami's policy of "arresting the homeless for harmless, involuntary, life-sustaining acts" in the city's streets and parks. The order has been stayed pending appeal, but it has prompted county and city authorities to adopt its alternatives to establishing arrest-free zones for the homeless.

"This is a much more humane and reasonable choice," said Paul Johnson, director of Camillus House, the city's best-known shelter. "I think our lead-

ers have finally gotten the message that government must step up and ac-

cept its responsibility."

Under the county ordinance, all re-

staurants that serve alcoholic bever-

ages of "arrestable annual sales of $400,000 a year or more will be required to 

collect the tax from their customers. The county commission estimates that the new tax will generate about $7.5 million a year or more, or $7.5 million annually.

County Spends $7 Million

In contrast, Dade County, with about 6,000 to 10,000 homeless people, spends about $7 million a year on the homeless, including about $5 million in grants from the Department of Housing and Urban Development, and Miami $400,000, officials say. The budget of Camillus House is about $4 million a year, Brother Johnson said. New York City, with an homeless population estimated at 90,000 by advocacy groups, spends an estimated $500 million a year.

The restaurant tax has been criti-
cized by some civic tax abatement groups, as well as by community organiza-
tions concerned that the three new 500-bed shelters in the plan will be built in their neighborhoods. But the loudest complaints have come from restaurant owners, who say their business, squeezed by a flat economy, will suffer unduly.

"We oppose this all the way, not because we're not empathetic to the needs of the homeless but because it is totally discriminatory and irrational to have only restaurant patrons pay for this," said Manny Mighdoll, executive vice president of the Florida Restau-

rant Association. "One percent sound like a lot, but this is going to have a negative impact not just on fine din-

ners but on the bulk of family and neighborhood places."

As of the end of 1992, there were slightly more than 6,700 licensed re-

staurants in Dade County, about half of which are authorized to serve alcohol. Mr. Mighdoll estimated. Only "a few sandwich places" are likely to be exempted from the tax, he said, adding that retirees and other "people on fixed incomes who eat in restaurants out of necessity" will also be affected.

Other residents who opposed the tax when the county commission held hear-

ings last month say they also fear an expansion of government programs will swell the population of the home-

less here. If the new programs succeed, they contend, the homeless will flock here and overwhelm the effort, doom-

ing it to failure.

When asked how the police would deal with homeless people who do not wish to participate in the program but who also refuse to leave, Alex Penelas, who chairs the task force on housing and homeless-ness, admitted bafflement. "What sound like a lot, but this is going to have a negative impact not just on fine din-

ners but on the bulk of family and neighborhood places."

As envisioned by the task force that drafted the new policy, the initial phase of the plan would place the homeless in shelters for up to 30 days, where they would receive free lodging, food and medical care. They would then go into a week-long job training and training programs that would include job train-

ing, addiction treatment and mental health counseling.

That second phase would last six to nine months, or longer if necessary. In the final phase of the program, expect-
ed to be in place within three years, homeless people would be placed in low-cost housing provided by nonprofit corporations and eventually would be able to fend for themselves.

3 Missing in Fire at Refinery

BATON ROUGE, La., Aug. 2 (AP) — An explosion and smoky fire hit a sec-

tion of the nation's second-largest pe-

troleum refinery today, and three peo-

ple were reported missing. The fire

spewed thick black smoke over north-

ern Baton Rouge, but tests showed it

contained no toxic materials, the police

said. The fire was under control within

three hours.

THE NEW YORK TIMES/TUESDAY, AUGUST 3, 1993
Levee Breached to Save An 18th-Century Village

BY RONALD SMOTHERS
Special to The New York Times

PRAIRIE du ROCHER, III., Aug. 2 — In a dramatic bit of flood triage, local officials and the Army Corps of Engineers decided early today to break a south-of-St. Louis levee and let the Mississippi River flood water onto the bottom land this afternoon.

Army engineers, in conjunction with local officials, said they hoped that the deliberate breaching of the levee, which will flood about 44,000 acres of agricultural bottom land, would create a watery buffer to the swiftly racing water cascading south from levee breaks just upstream. Water from the advancing flood has already leaped over and collapsed levees to the north, officials said.

Outlet for Coming Flood

Mathew Hune, an official of the Army Corps of Engineers, said the deliberate break along the Harrison-Crawford County line was of what they were doing as a "controlled break." He echoed the area last week as members of the Illinois National Guard, the Coast Guard and the Army Corps of Engineers, said the deliberate flooding of the bottom land this afternoon as Coast Guard divers opened three floodgates on a levee here.

The deliberate flooding of the bottom land began this afternoon as Coast Guard divers opened three floodgates on the Harrison—Crawford County line. The Mary McManus, a World War II vessel, was knocked out by a breached levee that sent a torrent of water across farms in the bottom land.

The water, like a blast from a fire hose, made Straits for Virgil Gummersheimer's place. In dramatic television footage, shot from a low-flying helicopter on Sunday night, Mr. Gummershemeier's farm house was torn from its foundations, disintegrating as it hit the ground, what looked like matchsticks and swept downstream.

Officials in Columbia were quick to call their counterparts 11 miles downriver in Vaimeyer, where the water was headed. Residents there had worked for three weeks to reinforce a secondary levee along Fountain Creek, fighting off the inundated farms and the man-made levees that were turned into outlets for the flood water coming.

But the water overtopped the sodden bank and breached the embankment at about 2 A.M. today. The first water hit the village of 900 people, most of whom commute to St. Louis, before dawn.

Downtown Businesses Flooded

By midday Mayor Dennis Knobloch reported 48 inches of water in the front yard ol his home on East Main Street. The school was under eight feet of water, and so were the few remaining businesses. The members of the 140-year-old Downers Grove business association said the water was headed.

Local families edged as close to the flooded area as they were allowed to do so that they could peer toward their ruined houses. Few had experienced a flood in their lifetimes — the last in Vaimeyer was in 1947, Mayor Knobloch said, before the levee was built — and their faces were aghast.

Carol Nash, her husband, Daniel, and their 12-year-old daughter, Tina, were among the displaced. Mrs. Nash's father also lives in Vaimeyer. So does her brother, who owns the supermarket; and a convenience store and a gas station.

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The work force at that hub.

On June 14, people came to work and, by the end of their shift, the company was closed," said Frank A. Braman, a senior software specialist with 24 years' experience at St. Johnsbury, who has been kept on to work through the governor's order. "The employees received virtually no notice, no severance pay, no vacation or sick pay. Management said, 'The company's closed, you're done, goodbye.'"

Executives at St. Johnsbury said the company was exempt under a provision that permits a faltering company to avoid giving notice if it underwrites its ability to raise funds or find a buyer.

And there is the case of the Acuson Corporation, a manufacturer of diagnostic ultrasound equipment, which is based in Mountain View, Calif. As sales for medical equipment weakened at home and abroad, the company laid off 250 employees, mostly production workers. "We gave no notice," said David Bleng, the director of corporate communications. But, in contrast to St. Johnsbury, the company said it gave workers three months' severance pay and extended their health insurance for five months.

A Scaled-Down Bill

The original legislation, sponsored by Senator Howard M. Metzenbaum, Democrat of Ohio, and Representative William D. Ford, Democrat of Michigan, was much more far-reaching than the version that passed. It called for six months' notice and applied to layoffs of 25 workers or more and to any company, regardless of size.

"The law was that passed included so many exceptions that it covers only a small portion of layoffs, perhaps 10 percent," said Jim Bext, the executive director of the Federation for Industrial Retention and Re-employment, a Chicago-based network of community groups that opposes plants that could only make them more flexible." The General Accounting Office found that half the mass layoffs involving more than 50 employees nationwide had been excluded from the WARN because the company had reduced the worker level under 50 at most terminals.

"Roughly six months after we were released," he added, "150 workers at the Dayton hub were terminated. They couldn't fire a WARN suit because they did not represent one person.

Comparing the law with the 1988 law, which required many companies that closed or laid off more than 20 workers to give their workers 60 days' notice, the law seems to have had a severely impact. Few companies have opposed the law, while many have called for its expansion to cover more workers. Still, its critics say the law applies to those that are trying to find buyers or fresh financing who represent a major victory for America's workers — even more so than Secretary of Labor Robert Reich's announcement that the company had raised its severance pay and extended it.

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END TO TROOP CUTS

U.S. General Asserts Eastern Europeans Share Concern

By CRAIG R. WHITNEY
Special to The New York Times

HEIDELBERG, Germany, July 28 —
The general in charge of reducing the number of American soldiers in Germany to 65,000 by 1995 says he thinks the number should dip no lower than that.

With the Army at 65,000, the total United States military presence in Europe, including Air Force and Navy forces, would be 100,000, Gen. David M. Maddox, commander of the Army in Europe, said in an interview in his headquarters here. "I think there is considerable concern that we stop there," he said.

This concern, he said, was shared not only by the American military and the NATO allies, but also by former Communist nations that now hope for association with NATO to guarantee their own security. "You hear from key eastern Europeans that they want a U.S. presence here, and presence does not mean a couple Americans to them," General Maddox said.

"I think that enough has happened in the world that we have rationalized the 100,000," he continued. "People agreed to it, but clearly were extremely sensitive about what kind of structure there would be below 100,000, and would it be meaningful, credible or large enough to have the United States in a position of leadership in the alliance." The original number was 213,000 Army troops.

NATO Post at Issue

Western European officials in Paris and in Bonn have also asked whether the United States should continue to fill the post of NATO's military commander, now Gen. John M. Shalikashvili, if the number of American troops in Europe fell below 100,000.

The reductions here are changing the face of the Army in Europe. The 1st Armored Cavalry Regiment, which guarded the Fulda Gap at the old East-West German border against Soviet attack during the cold war, will go home in September.

Reducing the number of soldiers and military installations in Germany is also costing money, General Maddox said: $340 million in the fiscal year that ends in September, and $200 million in the coming year.

"What we did not understand early on was a lot of the other costs of totally closing up an installation, cleaning it up, and turning it back to the German Government," he said. "We take responsibility for leaving our installations clean."

In 1990, 380,000 Soviet soldiers were stationed in East Germany. By the end of 1994, none will remain in the east. The withdrawing Russian troops had employed few if any German civilians and left desolation and pollution behind them in many places.

Jobs for 50,000 Civilians

The United States Army provided jobs for more than 50,000 civilians, most of them Germans, and will have laid off or relocated nearly 28,000 of them by the end of 1995. Severance payments for the German civilian employees had been fully covered in the budget, but the cost of selling, destroying, returning to the United States or turning over to the allies surplus ammunition, tanks, and other equipment that was no longer needed exceeded the Army's expectations.

In the city of Mainz alone, the Army had to pay $1.7 million to German landlords to get out of leases on apartments built to house soldiers and their dependents. Simply to get out of long-term contracts with German utility companies for heating has cost $52 million so far, he said.

"We've moved 31,000 pets out of Germany and 38,000 cars," General Maddox said with a laugh.
By MARY B. W. TABOR
Special to The New York Times

WHITE PLAINS, Aug. 2 — The lawyer for Sheik Omar Abdel Rahman, the Egyptian cleric whose followers are charged in two bombing plots, argued yesterday that the Government's efforts to deport him are illegal because he had not been given the proper hearings.

During oral arguments in Federal District Court here, the lawyer, Barbara Nelson, said that immigration officials had improperly taken Mr. Abdel Rahman's green card in March 1992 without bringing the matter before a judge.

No longer a legal resident, Mr. Abdel Rahman was detained last month and is being held at the Federal prison in Otisville, N.Y., on a so-called exclusion order while he awaits a decision on his appeal.

In arguments over the arcana of immigration law, prosecutors countered that Mr. Abdel Rahman's lawyers had failed to respond to a notice that the card, which gave the 55-year-old Muslim cleric permanent resident status, was being revoked.

The prosecutors said that they sought to revoke the card because Mr. Abdel Rahman had lied on his residency application about past arrests and about being a polygamist — both grounds for exclusion or deportation. They also said that when Mr. Abdel Rahman had first applied for the card in 1991, immigration officials did not realize that he was on the Government's list of undesirables because he had used the last name "Ali" on his application.

"The Government did not know who this individual was," said Gabrielle W. Gorenstein, an assistant United States attorney from Manhattan, during the morning session before Judge Charles L. Brieant.

If Judge Brieant rules that the Government may deport Mr. Abdel Rahman, Ms. Nelson said, she would seek a stay of the order while taking the case to the United States Court of Appeals for the Second Circuit. If the judge rules for Mr. Abdel Rahman, he could order him released.

Judge Brieant deferred a decision on the case yesterday, but a ruling could come as early as this week.

In July, however, after more followers were arrested in what the authorities described as a second bombing plot, Justice Department officials moved to detain Mr. Abdel Rahman, a step that has ignited outrage among his followers in the United States and abroad.

Members of the militant Islamic Group, for example, have vowed to start a concerted terrorist campaign against American targets in Egypt and the United States in retaliation for the arrest of Mr. Abdel Rahman, their spiritual leader.

Egypt has begun proceedings to have Mr. Abdel Rahman extradited to his homeland to face a new trial on charges of inciting violence against the Government of President Anwar el-Sadat. Mr. Abdel Rahman was acquitted of earlier charges that he had ordered the 1981 assassination of Mr. Sadat.

Outside the court, supporters of Mr. Abdel Rahman carried signs in English and Arabic reading, "Justice for Sheikh Omar" and "Our Sheikh will stay."

The prosecutors took a back exit, avoiding reporters. But Ms. Nelson gave an impromptu news conference and said that the Government is "bending the regulations" in dealing with Mr. Abdel Rahman.

Ms. Nelson and M. T. Mehdi, an adviser to Mr. Abdel Rahman outside the Federal courthouse in White Plains.

Dr. M. T. Mehdi, center, an adviser to Sheik Omar Abdel Rahman, confirmed reports that Mr. Abdel Rahman had been offered refuge by officials in Afghanistan and the Sudan. Dr. Mehdi spoke yesterday with supporters of Mr. Abdel Rahman outside the Federal courthouse in White Plains.

Susan Harris for The New York Times.
NATO Declines to Support a U.S. Plan to Bomb Serbs

By CRAIG R. WHITNEY
Special to The New York Times

BRUSSELS, Tuesday, Aug. 3 — In marathon negotiations, United States officials tried all day Monday and early today to win agreement from their NATO allies on a plan to wage air strikes against Serbian forces in Bosnia and Herzegovina.

Diplomats said that objections from Canada and a range of unresolved military details stood in the way of the plan, but that Washington might press for agreement later this week.

The United States hopes to get the Serbs to halt their attacks on Muslims in Bosnia and make a serious effort to negotiate a peace at talks being conducted in Geneva by international mediators.

The new United States concern, presented to the allies on Monday in a 45-minute briefing by Gen. Barry McCaffrey of the Joint Chiefs of Staff, is that with the war in Bosnia at all but a standstill, the United States should act now to prevent a debilitating Serbian siege of Sarajevo before winter sets in and imperils tens of thousands of civilians.

Diplomats here did not confirm that Washington had threatened to go ahead with bombing on its own if the alliance did not back the plan.

The allies generally shared the United States assessment, differing mainly on details, diplomats said. The details involved such things as how American pilots would coordinate strikes with British, French and other troops on the ground under United Nations control, and whether air strikes were an effective way to prevent more civilian casualties.

Canada balks at Washington’s plan to help Sarajevo.

Canada apparently alone, objected strongly to the United States proposal, diplomats said. Canada would permit only unspecified “military measures” against the Serbs, a threat that both NATO and the United Nations have made before, to little effect.

A German diplomat said the United States plan would authorize military action against Serbs who threatened United Nations troops or threatened security zones or refugees taking shelter in them.

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In mid-July scores of aircraft, including such heavy firepower as United States AC-130 gunships and A-10 attack planes, which were used against Iraqi tanks in the gulf war two years ago, were deployed to NATO bases in Italy. These planes and others on American aircraft carriers offshore, have been ready to go into action ever since, but Mr. Boutros-Ghali has not yet authorized strikes.

RECIPEs FOR SUCCESS

Every 60-Minute Gourmet

By M. SCOTT BEAK

The New York Times

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New Clashes Stall Bosnia Talks; Mediators Criticize Clinton Plan

GENEVA, Aug. 2 — Peace talks aimed at ending the civil war in Bosnia ground to a standstill here today as fighting flared again and the United Nations criticized President Clinton's stand on air strikes there.

Three days after the three sides in the fighting agreed on constitutional principles that would govern a Bosnia divided into three ethnic enclaves, President Alija Izetbegovic, the Muslim leader, said his forces were ready to hand over the summit to United Nations peacekeeping troops. But it remained unclear this evening whether the Serbs would be off the mountain by Tuesday morning, when Lord Owen and Thorvald Stoltenberg, leaders of the international mediation team for the Balkans, hope to restart the negotiations.

But Mr. Izetbegovic also expressed new reservations about the constitutional agreement he accepted last Friday in Geneva, President Clinton said he knew nothing about reports that his troops had captured the town of Gornji Vakuf and were involved in a massacre of Croats at a village called Donja. He suggested an international commission to determine the facts of each report.

The Bosnian President gave a gloomy account of the talks so far, saying no progress had been made on defining the frontiers of the new ethnic republics.

At the same time, the United Nations Secretary General, Boutros Boutros-Ghali, and the two mediators took issue with the Clinton Administration's warning that it might launch air strikes against the Serbs on its own authority.

They all stressed that under existing Security Council resolutions only the Secretary General had this power. They also said air strikes could destroy whatever hopes remained for the present round of talks as well as imperiling United Nations relief operations.

Clinton Administration officials say they already have sufficient authority to conduct air strikes to help protect the Muslims under Security Council Resolution 770, which says the international community should use all means necessary to insure the delivery of relief supplies.

While Lord Owen has complained that the American threats of military action could harm the negotiations in Geneva, President Clinton said that the opposite was the case.

"I think peace has been delayed by the reverse perception, that because the allies have not done anything to try to stabilize the position, the situation has, until very recently, gotten much worse," Mr. Clinton said today.

Diplomats and officials here asserted that it was the Clinton Administration's renewed talk of air strikes that emboldened Mr. Izetbegovic to withdraw from the talks.

By PAUL LEWIS
Special to The New York Times

Tonight Lord Owen pleaded with the American leaders to get the talks back on track again on Tuesday. But officials involved in the talks admitted that they had hit the worst patch so far this session, with a surge of fighting souring the atmosphere and hardening positions.

At his first news conference since the talks opened last Tuesday, Mr. Izetbegovic said he knew nothing about reports of a major Government offensive in central Bosnia, or of reports that his troops had captured the town of Gornji Vakuf and were involved in a massacre of Croats at a village called Donja. He suggested an international commission to determine the facts of each report.

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Diplomats and officials here asserted that it was the Clinton Administration's renewed talk of air strikes that emboldened Mr. Izetbegovic to withdraw from the talks.

"It is our firm stand that Sarajevo cannot be divided," Mr. Izetbegovic said. "It must remain an entity and have open access to the south and the north."
Hardly a tree has not been scarred or chards are ripening with apples, village above Sarajevo, and the ski trails like ribbons cut into the thickly wooded slopes. On a balmy summer day, Jezera hardly seems like a place to die. But only a few hundred yards from the village, a slope to a grassy knoll called Golj Brdo, or Naked Hill, a ferocious battle is being waged that may seal the fate of Sarajevo.

In the past 15 days, the battle has cost the lives of hundreds of young men, mostly Bosnian Government troops, and their bodies lie mouldering where they fell.

The Price to the Defenders

Jezera lies in a fold of Zuc, the hilly region to the northwest of Sarajevo that is the strategic gateway to the city. The Serbian nationalist have massed tanks, howitzers, mortars and infantry near Golj Brdo, pounding away day and night at the Bosnian Army troops above.

Somewhat, with little but machine-guns and pistols and anti-tank grenades against the Serbian armor, the Bosnians have fought where they are, they are paying a terrible price for permanence.

Paul Fakarek knows how terrible, and when he tries to forget, he is wracked with guilt. But the bodies lying just yards from the trench where he lies strangling time are the very same ones that he has used as a tractor in the 2nd Mountain Brigade. The bodies could not be recovered without intense risk.

"I try to sleep at night, but I can't," Mr. Fakarek, 19, said as he ascended the dusty pathway toward Golj Brdo today. "There is a warm breeze on the hill at night, and it blows the stench from the bodies directly into the trench."

The relentless Serbian bombardment has left traces all across Zuc. Soldiers reaching the front lines from Sarajevo have to trek a mile from the trench where he serves as an infantryman in the 2d Mountain Brigade.

"Try to sleep at night, but I can't," he said. "There is a warm breeze on the hill at night, and it blows the bodies directly into the trench."

First Zuc, Then Sarajevo

What is happening here, barely four miles from the center of Sarajevo, could be the last major stand of the Bosnian Muslims who hope to save the city. If the Serbs break through here, there is almost nothing to stop them from advancing across the shell-cratered hills and clamping an iron fist on the city. With the capital already under siege from the south and the west, a breakthrough on Zuc, to the north, would almost certainly mean the death of Sarajevo.

An agreement Friday at peace talks in Geneva on the outlines of a new Bosnian state divided into three ethnic republics could prove to be the bell that tolls the end of the war. Developments in the next 72 hours will tell the pact was announced. But the agreement may have accelerated.

"On Friday evening, hours after the accord was reached, the Serbian mili­tary commander, Gen. Ratko Mladic, signed a cease-fire that was to remain in effect until the completion of the Geneva talks.

But United Nations commanders have lost count of the times that General Mladic has signed cease-fires only to ignore them, and this was no exception. Throughout the weekend and into today, Serb forces maintained their artillery barrage against the Bosnian defenders on Zuc.

"Tell Clinton, if he has any courage, if he isn't a chicken, to strike the Serbian guns."
Cuban Dissident, in the U.S.,
Says Embargo Is a Mistake

BY HOWARD W. FRENCH

MIAMI, July 29 — In ardently spoken five-minute bursts, Cuba's most prominent political dissident often finds himself railing these days against the disaster he says is looming over his country.

Rather than attacking the Government of Fidel Castro, a target of his criticism for more than two decades, the dissident, Elisardo Sánchez Santa-Cruz, has spent much of his time during a rare visit to the United States reproaching Washington for what he sees as its immutable determination to isolate his country through a 30-year-old economic embargo.

With Cuba facing its worst economic and political crisis since President Castro's revolution in 1959, Mr. Sánchez says, it is time for Washington to expand its long-frozen ties with Cuba to better influence events there.

"Cuba is like a volcano waiting to explode," said Mr. Sánchez, who repeatedly used similarly dark images in an interview in the Miami offices of an exiled friend and colleague in the country's human rights movement.

"If the United States policy is not less simplistic and more farsighted, when the explosion comes you can multiply the turmoil that you have seen in Haiti by 100 to get an idea of what things will be like there."

Touring the United States, Europe and Caribbean countries, Mr. Sánchez has sought to convince all who will listen that a violent tragedy could unfold in Cuba if the economy is encouraged to unravel while Mr. Castro, 66, clings to power.

"We are only 90 miles away from you, and whatever happens in Cuba will have serious national security consequences for the United States," he said. "It is time to realize that by maintaining open hostility, the United States is helping Castro. The external enemy is the best friend of the totalitarian dictator."

Mr. Sánchez said the United States should encourage change in Cuba just as it does in China, through commercial ties and expanded contacts between citizens, while continuing to apply diplomatic pressure for observing human rights and for political changes.

In Miami, where opposition to Mr. Castro among Cuban-American exiles often edges toward hatred, many have received Mr. Sánchez's message with suspicion. Some ask why it is that the 49-year-old dissident is only now receiving an exit visa from his Government five years after applying for one.

Having spent nearly 9 of the last 12 years in Cuban jails and suffered a severe beating in December by police agents who raided his home in Havana because of his outspokenness, Mr. Sánchez treats such suspicion with calm disdain.

Currency Plan Criticized

"The Government has its agenda and I have my own, which consists of seeking greater international support for human rights in my country and helping contribute to a peaceful transition," he said. "It is important for people in both countries to understand that whatever actions I take are independent of any Government."

As if to prove his independence, Mr. Sánchez harshly criticized plans announced by Cuba recently to legalize the possession of dollars for ordinary citizens and encourage visits to the island by Cuban-Americans.

"Anything that reduces the totalitarianism of the state is for the good," he said. "But the Government is not doing any of this out of a desire to change the system. Rather it is looking desperately for funds to finance its system of repression."

When asked why, given his suspicion of Havana's motives, he opposed American sanctions against his country, Mr. Sánchez said: "The embargo against Cuba is not the cause of the country's problems. They result from three decades of neo-Stalinist policies, and this is what will cause Castro's downfall."

"The boxer who fights in a rigid style is more easily beaten," he said. "Change is coming to Cuba, and if Washington could learn to be more flexible, its opponent would fail of its own accord."
The Dinghy Of State

Composed after deep immersion in news accounts of the clownish budget dispute in Washington:

Chairman Rostenkowski is from Chicago, which may explain why he may be indicted before it's all over, although of course he may not be. If he is it would be catastrophic for President Clinton's health-care program, or maybe it wouldn't, depending on what happened next.

In any event, President Clinton doesn't actually have a health-care program yet and may never have one. That's because Senator David Boren is sworn to veto anything the President proposes, though both he and the President are Democrats, as is Vice President Albert Gore, who cast the tie-breaking vote that overruled Senator Boren's last veto.

And what about Senator Daniel Patrick Moynihan of New York, Democrat chairman of the powerful Senate Something-or-Other Committee? As Bismarck said of Talleyrand, so we too may say when pondering the Moynihan question, "What indeed about this great statesman?"

Meanwhile the Republicans are pledged to vote unanimously against absolutely everything. Though not necessarily everything down to the crossing of the last "t" and the dotting of the final "i."

After all, when Senator Robert Dole, the brilliant Republican Friend of the Taxpayer, was asked if the Republicans would even vote unanimously against Senator Boren, did Senator Dole not reply, "I refer you to what the Oracle of Delphi told Mithridates?"

Senator Dole's tendency to give these oblique replies to blunt questions irritates young Clinton staffers whose musical tastes run to groups like Fleetwood Mac. They assume Senator Dole is taunting them about their youth when he refers to old-timers like Mithridates and Oracle.

The real question, however, was the B.T.U. tax. Real or not, alas, the question was vetoed by Senator David Boren who threatened to veto the tax as well, no matter what the House of Representatives did.

The Black Caucus met. Ross Perot charged. At week's end another week had ended. Indecision ran rampant but also sat leadenly on both sides of the Capitol. President Clinton stumped.

Several more gigantic corporations "downsized," adding tens of thousands of loyal company men as well as loyal company women to the rolls of the loyal unemployed and once again making a mockery of President Clinton's campaign pledge to "grow the economy" and create more jobs.

Henry Salomon of Kaufman & Brothers saw little to cheer in the G.D.P., but Henry Brothers of Salo-

Washington's budget dispute explained.

mon and Kaufman was immensely cheered by the latest figures, while Salomon Kaufman of Henry, Brothers & Co. said he hadn't taken the G.D.P. seriously since people quit calling it the G.N.P.

It was unclear why the old-fashioned G.N.P. had been renamed the G.D.P. or what the renaming might mean for housing starts. With hundreds of thousands becoming unemployed every week because of the "downsizing," it was not clear either where the tycoons in charge of the "downsizing" expected to find well-paid employees to buy the products pouring out of their "downsized" plants.

Behind this nagging uncertainty was the heroic struggle of Senator Breaux Bummel, the Gasoline Pur-chaser's Friend, to hold any new gas tax to a maximum of 4.3 cents per car.

The entire Senate, Republicans excepted of course, closed ranks behind Senator Bummel's gas-tax cap, with several members pointing to a study of restaurant prices showing Americans are now paying $19 a plate for pasta as evidence that it would be cruel to make them pay any tax at all on gasoline.

Meanwhile, President Clinton stumped again, which was one stump-ing too many for Rush Limbaugh. On his radio call-in show, Limbaugh suggested the President might be using a Japanese stump and urged the economically hard-hit American stump industry to investigate.

Senator David Boren has taken the first step toward vetoing the President's stump. This has put the Republicans in a quandary. Since they are pledged to vote unanimously against absolutely everything, they would have to vote against Senator Boren's stump veto, which of course would amount to a vote for the President's "stump."

Such are the agonizing dilemmas that engage our statesmen. Pathetic, is it not?
Just Say No to Clinton's Package

By Ronald Reagan

LOS ANGELES

Have you heard about the new White House "diet plan? Maybe you've seen the Clinton Administration's television "infomercial" about this miraculous discovery. The diet is quite simple. You can eat anything you want, any time you want, as much as you want. It costs as much as you want. It will wreck hopes for recovery.

The White House is flooding the airwaves in Washington, D.C., and several states with a slick television infomercial. Through this propagandistic masterpiece, it is trying to persuade us to "feel good" and be "proud" about jackin' up our taxes and feeding the insatiable Washington spending machine. It's time for the public to send a strong signal to the manipulators at the White House: "We won't be fooled!"

The President's "wonder plan" could be cited for deceptive advertising by the Food and Drug Administration. Job-killing taxes come right away, and lazy spending cuts are on the distant horizon. The five-year plan will likely impede economic growth and not come near its claim of $500 billion in deficit reduction. And it will fail far short of its spending cut goal of $250 billion.

Every person in this country realizes the serious need to reduce the Federal deficit. There is no disagreement on this issue. But the tax-and-spend plan that showed through Congress does not accomplish that goal. It is a deficit reduction plan. It will only cause the deficit to increase and quite likely wreck any hopes for an economic recovery in the process. But the White House feels that this is a "deficit reduction plan" and talks as if it will reduce the deficit, somehow Congress will vote for it. And if the Clinton team beats the drum enough about what "political courage" it takes to vote for this "bold plan," they feel they can make Congress feel good about it.

It has been more than five months since President Clinton's plan was presented to the public. And, as we have learned more about what's in it, public support for it has dropped like a rock. Virtually every economic indicator released since the public has had a chance to react to the plan has been negative. Consumer confidence is down. Despite lower interest rates in place from the last Administration, people are afraid to commit to purchasing homes. And, in poll after poll, Americans say more than ever before that our country is heading down the "wrong economic track."

When candidate Clinton promised to get this country moving, most Americans thought he meant forward. Instead, his Administration has gone backward on the economy, backward on reducing Government and backward on its promises.

All except one, perhaps. Candidate Clinton promised to "raise taxes on the people who did well in the 1980's." Some practically every American benefited from that era of low inflation and strong growth and since President Clinton wants to raise the taxes of nearly every citizen, I guess in a roundabout way this is a promise he's actually trying to keep.

He knows Americans have always been kind and generous. In war and peace, they have been willing to make great sacrifices to serve a greater good. Today, the White House is trying to appeal to this great quality by getting us to go along with the largest tax increase in the history of our country. But we shouldn't.

The fact is, there is no "greater good" in this plan. Despite the slick presentation, talented spin doctors and White House talking heads all over TV, the simple truth is that this plan is bad for America.

Recognising their predicament, the bill's supporters have resorted to desperate arguments. I have heard from Democratic friends of the heavy tax-and-spend plan, "I'll vote for this bill because "the President has so much political capital invested in it!" and a defect would have "serious political consequences" for him. Since when does the political standing of any elected official count more than the well-being of our nation? Our economy is in a roundabout way this is a promise he's actually trying to keep. Our economy is our country is heading down the "wrong economic track."

The Democrats should be reminded that sharp reductions in tax rates created growth and prosperity in "our" 1980's and "their" 1980's. Under the Clinton plan, people will be tapped with new taxes that take the incentive out of saving and investments (assuming they're left with any money to do so). Furthermore, the spending increases are a travesty. They just aren't needed and they are sure to dig us deeper in the deficit hole. Of course, there will always be new needs for Government spending, like Midwestern flood relief, but there are billions of dollars in various other Federal programs that can be redirected.

Over the years, I have been known as an optimist — always believing that better days will lie ahead. But, right now, I have serious concerns about the future of America if this tax-and-spend plan becomes law. I fear for the loss of opportunities that Americans have always had to make better lives for themselves and their families. And I worry about America's place in the world if our economy falls into the deep doleumns that this program will certainly bring.

I urge each member of Congress to reject the White House pressure tactics and refuse the special concessions the White House offers to his or her constituents and stand firm in the face that special-interest lobbying. They should vote their conscience. Sometimes saying no can be a great act of statesmanship, not to mention a good way to start a sensible diet.
You can read it on the front page. Administration officials, speaking on condition of anonymity, said the United States would use air strikes to defend Sarajevo whether or not NATO allies agreed. Then President Clinton said it wasn’t exactly like that. Then one of those handy nameless officials said, oh, yes, it was.

O.K., so it wasn’t pretty to watch. These days, you take signs of White House resolve—of any kind, on any issue—where you can find them. And on this issue, the Clinton Administration is picking the right time to try to threaten convincingly.

Having learned, at some cost, the distinction between passive consultation and alliance leadership, the Administration now offers its NATO partners a serious plan for using air power to prevent the destruction of Sarajevo and put constructive pressure on the Geneva peace talks.

Washington’s purpose was not to refight a lost war, but to stabilize the end game, saving innocent lives and deterring aggression from once again mocking their own pledges of compromise peace. That’s why the Administration is acting now, with peace negotiations in a delicate phase and Sarajevo under its heaviest attack of the war.

Months ago the U.N. Security Council autho­rized a new mission to assure the delivery of humanitarian supplies and to protect U.N. peacekeepers deployed in Bosnia’s besieged cities. Mr. Clinton would now extend the mission to prevent the fall of the most symbolically important of those cities, Sarajevo.

Should the threat of air strikes not prove sufficient, F/A-18 attack fighters and A-6 bombers based on aircraft carriers in the Adriatic could silence the Serbs’ unks with high-tech infrared-beam-guided missiles, the same combination used against Iraqi armor during the Persian Gulf war.

Mr. Clinton has clumsily, but more forcefully, told NATO what it must do. Can it decently refuse?

With laser-guided bombs in a few days of concen­trated attacks, if necessary, low-flying A-10 “Warthog” planes now based in Italy could hit Bosnian Serbs’ tanks with high-tech infrared-guided bombs. Most of the heavy Serb weapons around Sarajevo would be enough to assure genuine peace negotiations and deter further assaults on Sarajevo. But perhaps not. In any event, Washington needs to be absolutely clear about the limits of military involvement, both strategically and tactically. It should not act unilaterally. It should not directly enter the war, even on the side of the legitimate government, but should confine itself to protecting civilians and encouraging a political settlement. And it should avoid ground combat involvement for any purpose.

Even with these cautions, the Clinton Administration’s proposal marks a clear advance over the stumbling effort to organize the allies a few months ago, when Secretary of State Warren Christopher’s mild suggestions were brushed off by Britain and France. Now the Clinton Administration is picking the right moment to point out its NATO partners just how much they have to lose and give them a pretty good idea of how much they can lose.

Should it survive, it will have withstood the sort of rough-and-tumble politics that Ross Perot persists in standing above but actually fears, having shrunk from political combat at nearly every turn. Mr. Perot has been suffering memory lapses and bristling at people who pester him for inconvenient specifics ever since he surfaced on the political scene early last year. So this latest exchange would hardly be noteworthy were it not for two stubborn and irritating facts.

The first is that he remains a figure to be reckoned with. After betraying his followers by abandoning the 1992 race in midstream, he came back and won 18 percent of the vote, partly because he had some bold ideas but largely because he served as a magnet for voters discontented with both major parties. Democratic polls suggest that his following is bigger than ever.

Which leads to a more disturbing fact: Mr. Perot is shamelessly and astutely exploiting his popularity not to advance his professed cause of deficit reduction, but to sandbag the one plausible deficit-reduction plan on the table. Mr. Clinton’s program is hardly perfect, but at least it has a rough coherence and at least it’s out in the open.

Should it survive, it will have withstood the sort of rough-and-tumble politics that Ross Perot persists to stand above but actually fears, having shrunk from political combat at nearly every turn. Mr. Perot’s plan, meanwhile, remains unusual. It’s still on the charts, if anyone can find them.
Congressional budget negotiators completed work yesterday on a five-year, $496 billion deficit-reduction package that includes large tax increases on wealthier Americans and corporations and $56 billion in cuts in Medicare payments to doctors and hospitals caring for the elderly.

The compromise came together after a last-minute flurry of deal-making—including an agreement to trim a proposed tax increase on Social Security recipients—to ensure enough Democratic votes to pass the bill against a united Republican opposition.

House and Senate Democrats said the final agreement would include slightly more in spending cuts than tax increases—about $254 billion of cuts to $242 billion in new levies—in a bid to blunt GOP criticism that the bill is rife with huge taxes and spending programs.

President Clinton, warning of "paralysis" of the government and the financial markets if the package goes down to defeat, planned to take his case to the public in a nationally televised speech tonight as a prelude to final votes in the House on Thursday and in the Senate late Thursday or Friday.

The compromise agreement represents a sea change in tax policy after 12 years of Republican rule under Ronald Reagan and George Bush. It shifts a greater tax burden to the wealthiest 1.2 percent of all Americans while providing new and expanded tax incentives for struggling businesses. The package also would partially reverse the landmark Tax Reform Act of 1986, which closed many tax loopholes and sought to simplify the tax system.

Republicans remained defiant. Senate Minority Leader Robert J. Dole (R-Kan.) said, "No last minute, cosmetic changes can hide the fact that the centerpiece of the Clinton economic plan is the largest tax increase in history. This is a tax-now, cut-spend later plan that will slow down the economy and destroy thousands and thousands of jobs."

House Speaker Thomas S. Foley (D-Wash.) and Senate Majority Leader George J. Mitchell (D-Maine), who announced the agreement, confidently predicted passage of the bill, although proponents anticipate an extremely close vote in both chambers. The House passed the bill May 27 on a 219-212 vote, and the Senate followed June 25 by approving it 50 to 49, with Vice President Gore casting a tie-breaking vote.

"We have the votes, we will have the votes, this bill will pass," Mitchell told reporters.

But to do that, the leadership must persuade at least one of six Senate Democrats who opposed the package previously to switch his vote to offset the weekend defection of Sen. David L. Boren (D-Okla.), who was instrumental in defeating Clinton's broad-based "But" energy tax plan.

A senior administration official said there were not yet sufficient votes for the budget package but expressed a "high degree of confidence" that they would be there by week's end.

The White House and Democratic leaders have focused their energies on winning over Sen. Dennis DeConcini (D-Ariz.), who has hinted he might support the final bill if a package that includes tax breaks on wealthier Social Security recipients were scaled back and if he received assurances that the new tax revenue would be earmarked for a deficit-reduction fund.
NA'TO Envoy Agrees to Back US. Air Strike Plan in Bosnia

By Ruth Marcus
and Rick Atkinson
Washington Post Staff Writers

NATO ambassadors meeting in Brussels agreed early today to a U.S. proposal to use air strikes against Serb militia forces in Bosnia if they continue their "strangulation" of Sarajevo or persist in blocking humanitarian aid from reaching isolated civilians elsewhere in the war-torn republic.

In a resolution adopted at an unprecedented 12-hour session, the 16 NATO nations agreed to make "immediate preparations" to take "stronger measures" against the Serbs if the 16-month-old Serb siege of Sarajevo is not relaxed, or if any of the three warring factions engages in "widespread interference with humanitarian assistance.

The sole "stronger" step mentioned in the resolution was "air strikes against the Bosnian Serbs and others responsible" for such actions, but it was clear the threat was aimed primarily at the Serbs, widely regarded by most Western governments as the prime aggressor in the conflict.

U.S. officials last night portrayed the agreement as a victory for a Bosnia policy that had come in for sharp criticism earlier this year after the Clinton administration proposed more assertive Western actions to resolve the conflict, then found itself unable to win allied backing. Last night, a senior administration official declared, "we have a consensus" and said the United States had achieved what it wanted from the NATO meeting.

Many details were yet to be worked out, however, but another U.S. official said "it's clear" nevertheless that the agreement represents "a firm commitment on the part of the NATO allies to act in support of humanitarian concerns and to promote a peaceful settlement" in Bosnia.

NATO officials ordered, they would be carried out by NATO warplanes operating under the aegis of current U.N. Security Council resolutions and in coordination with U.N. humanitarian aid forces on the ground in Bosnia, but the touchy issue of where the line of authority between NATO and the United Nations would be drawn was left to be resolved later. The NATO declara-

BOSNIA, From A1

tion said alliance planners would begin at once to "draw up operational options for air strikes, including appropriate control and command arrangements" and that the ambassadors would meet again as soon as such plans are prepared to decide if the attacks should take place.

In making this determination, the resolution said, the ambassadors would consider both the "situation in Bosnia" and the "progress of peace negotiations now underway in Geneva among Bosnia's warring Serbs, Croats and Slavic Muslims. At the same time, however, the ambassadors stressed that any "stronger" action they might take would have "limited humanitarian purposes," an apparent reiteration of longstanding Western protestations that such action not envision full-scale military involvement.

Throughout much of the NATO meeting, the prospects of a formal agreement to the U.S. air strike proposal had appeared dim. During a recess late in the marathon session, diplomats told reporters that NATO had not endorsed the U.S. position and had agreed only that Sarajevo—seat of Bosnia's Muslim-led government—"should be" run by the besieging Serbs, that the peace talks in Geneva must succeed and that U.N. troops in Bosnia must be "stretched.

The issue of whether to enforce these aspirations with military muscle had been complicated by suggestions from State Department Undersecretary Mike McCurry Sunday that the United States was prepared to launch air strikes in Bosnia with or without NATO allies. President Clinton acted swiftly to play down McCurry's remarks, however, telling reporters yesterday that they "perhaps exaggerate our position" on Bosnia. "Our position is we are working with the allies," Clinton said.

"We're going to try to work through to a common position.... And I don't think that serves much of a purpose to speculate what might otherwise happen.

At the Pentagon, where a number of officials expressed surprise over McCurry's comments, the response was much more acute. "I choked on my cereal when I heard that this morning," said one official. "We're all scratching our heads.

En route to Cairo, Secretary of State Warren Christopher reacted to McCurry's comments and the NATO meeting, then still in progress, by saying: "We will not stand by and watch while Sarajevo is brought to its knees...[but] we've made it clear from the outset that President Clinton and I want to approach this multilaterally.

Both McCurry's comments and the U.S. proposals to NATO drew loud complaints from some U.N. officials and mediators involved in the Geneva negotiations, which they said could only disrupt the talks by holding out false hopes to Bosnia's beleaguered Muslims that the United States was finally moving to rescue them from the heavily armed Serb and Croat forces, which now control most of Bosnia between them.

But a senior U.S. official dismissed this, insisting that "part of the rea-

son" for recent progress in the talks "is precisely because the Serbs are concerned that the allies are prepared to use force. "We began working on this initiative before the last few days of the talks, and you certainly don't want to pull back and reduce the pressure on the Serbs to settle," the official said. "In fact, the speculation about this initiative over the last few days may have encouraged Serb flexibility.

In Geneva, however, mediators said the talks came to a virtual standstill yesterday when Bosnian President Alija Izetbegovic, leader of the Muslim faction, declared that he was "freezing" his participation in the negotiations until Serb nationalist forces withdrew from the high ground overlooking Sarajevo, while Bosnian Serb leader Radovan Karadzic said he would go home if there is a "real serious threat" of U.S. air strikes against his forces.

Izetbegovic denied suggestions that the possibility of Western air strikes might have encouraged his decision to absent himself from the talks. Nevertheless, it was clear that the news raised the flagging spirits of the government delegation, which has already given in to heavy pressure from the mediators to accept partition of the republic into separate Serb, Croat and Muslim states, with the Muslims apparently getting the least of the bargain.

Bosnian Foreign Minister Haris Silajdzic declared that Western air strikes would help bring a "balance" to the talks, which he said had become a "vehicle for Serb demands. "I do hope we are going to have meaningful talks now," Silajdzic said.

Most NATO nations say they support air strikes if necessary to protect the 9,000 U.N. humanitarian aid troops now in Bosnia, some of whom have come under fire in recent days.

But the much more ambitious U.S. proposal to attack Serb positions around Sarajevo and open up relief corridors for embattled civilians had been received initially with cool reaction by alliance members.

Britain and France—both of which have troops serving with the U.N. mission in Bosnia—had been particularly hesitant, and officials of the two countries have expressed concern that those troops could be subject to bloody retaliation as a result of air attacks against the Serbs or any of the other factions.

--Marcus reported from Washington, Alkman from Berlin. Staff writers Barton Gellman in Washington; John M. Goshko in Cairo; correspondent David B. Ottaway in Geneva; and special correspondent Trevor Fetter in Washington contributed to this report.

TUESDAY, AUGUST 3, 1993. THE WASHINGTON POST
Almost 370 employees of the Internal Revenue Service have been investigated for using government computers to create fraudulent tax refunds or browse through tax records of friends, relatives, neighbors and celebrities, according to an IRS report.

The internal report, which was prepared in the fall and released yesterday by Sen. John Glenn (D-Ohio), focused on the IRS's Southeast Region, headquartered in Atlanta. But it said "integrity reviews" conducted by the IRS in its North Atlantic and Western regions also found that "employees are browsing taxpayer accounts for no clear business purpose."

Glenn, chairman of the Senate Governmental Affairs Committee, said at least one employee had "accessed some 200 accounts and got "kickbacks" from bogus refund checks that were issued.

The incidents, an IRS spokesman said, are "a serious concern to this agency." She said IRS had determined that a "nationwide fix" was needed to improve computer security and that efforts were underway to quickly address the problem.

IRS workers are regularly reminded to protect the confidentiality of tax returns, and safeguards to ensure taxpayer privacy are written into law and Treasury Department directives. Specialists in tax law said yesterday they were surprised that so many workers had been accused of abusing their positions.

The disclosure of a computer security breakdown comes at a sensitive time for the agency. IRS has undertaken a decade-long project to redesign and upgrade its automated systems. The project, called Tax Systems Modernization, is expected to cost about $23 billion through the year 2008 and has been described as the largest civilian computer modernization in history.

One goal of the modernization is to give every IRS employee who needs it the capability for on-line computer access to taxpayer information as a way of improving customer service and agency efficiency. But as Donald Alexander, who served as IRS commissioner from 1973 to 1977, pointed out, "The idea of having one-stop service—I can take care of your entire account—is incompatible with the idea that you have complete privacy and that no one is going to know about you and your tax returns."

The IRS probe into the Southeast Region investigated 369 employees suspected of misusing the agency's Integrated Data Retrieval System (IDRS). The employees were described as rank-and-file workers who handle IRS mail and answer the telephone when taxpayers call. About 56,000 of IRS's 115,000 employees have access to IDRS, which is used to locate and adjust taxpayer accounts. IDRS provides agency workers with taxpayer data such as name, address, Social Security number, dependents claimed, adjusted gross income, taxable income and tax liability.

The IRS found that 10 to 15 percent of the data available in IRS's "master file" maintained at the Martin (Ga.) Computing Center, but it can instruct the master file computer to send out bills, stop notices or issue refunds.

The IRS inquiry referred 80 employees for criminal investigation, with six of the employees facing potential prosecution by U.S. attorneys for allegedly preparing fraudulent returns and taking kickbacks from bogus refund checks.

Of the 369 cases, 345 were referred for management review, and 154 were disciplined. Of the 154, three were forced to resign, three were fired and the rest were either reprimanded, suspended or underwent counseling.

IRS officials, citing privacy laws, declined to identify the celebrities whose accounts may have been called up by workers for "non-work" purposes.

Glenn learned of the IRS investigation last month, after the General Accounting Office had reviewed IRS's most recent financial statements. GAO reported that "IRS did not adequately control access authority given to computer support personnel or adequately monitor employee accesses to taxpayer data."

The IRS probe has been underway for three years, and the investigators issued their "Review of Controls Over IRS Security" last October. The report does not provide examples of how IRS employees manipulated the system for fraudulent or other purposes. It notes, for example, that 48 employees accessed their own or spouse's account during the 12 months ending November 1991, but does not say why.

Tax specialists said they could not recall similar incidents at the IRS. In 1985, investigators found unprocessed returns and refunds in wastebaskets and trash barrels at a Philadelphia IRS office.

"I'm really surprised that such a large number of employees have been mentioned in any type of impropriety like that. At most, I think it would have been an isolated case, a rogue employee," said Walter Goldberg of the accounting firm Price Waterhouse.
Small Southerly Neighbors Pay For St. Louis’s Lucky Break

By Ian Katz
Washington Post Staff Writer

ST. LOUIS, Aug. 2—With ingenuity, sweat and not a little luck, this city appeared today to have survived the worst that the great midwestern rivers could conjure. But downstream, the bloated Mississippi swallowed hundreds of houses and thousands more acres of farmland that had withstood the Great Flood of ’93 for almost a month.

In early morning, the river finally squashed the resistance of a 200-foot stretch of the levee between Harrisonville, Ill., and Fort de Chartres, Ill., about 40 miles south of St. Louis, fanning out and marching south like a moving sea. Within an hour, the small town of Valmeyer, Ill., was under nine feet of water.

About 1,000 people had been evacuated from the town and surrounding area, but dozens of hogs were seen struggling to stay afloat in flood waters or beached on roofs of farm buildings. George Rabeling, manager of the Monroe County Emergency Agency, said about one-third of the county was under water.

"Homes have been broke up like kindling wood," he said. "There’s a lot of us are pretty broke up, including myself. We have no place to go, and this is going to be a long deal."

As flood waters surged southward, residents of Prairie du Rocher 21 miles downstream from Valmeyer, were wondering whether their beleaguered defenses could withstand the approaching onslaught.

"We’ve been told there’s been a crest coming every day for two weeks," Randolph County Sheriff Ben Picou said. "It just depends on how saturated the levees are."

Residents of St. Louis know all too well that the misfortune of people to the south proved to be their salvation. Army Corps of Engineers officials said this afternoon that the Mississippi had dropped by more than a foot from its high of 49.4 feet Sunday because of levee breaches downstream.

"We’re starting to switch gears very, very slowly to making the back garden of his home in Prairie Homes, Mo., Sunday. "Everybody was getting quite nervous and cracking up last night, but now it’s getting to be fun."

"We’ve lived here 35 years and didn’t know the misfortune of people to the south proved to be their salvation. Army Corps of Engineers officials said this afternoon that the Mississippi had dropped by more than a foot from its high of 49.4 feet Sunday because of levee breaches downstream.

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See FLOOD, A4, Col. 1

FLOOD, From A1

"Neither the Mississippi nor the Missouri, which crested at 39.5 feet in St. Charles, Mo., Sunday, was expected to rise further.

In St. Louis today, the main threat came from 51 propane tanks that had broken loose from their moorings in the flooded area around the mouth of the River des Peres drainage channel.

With firefighters fearing an explosion "like an atom bomb," according to Deputy Fire Chief Stanley Newsome, thousands were evacuated within a one-mile radius of the Phillips Pipeline Co. plant. Electricity and gas service to the area were cut.

Divers worked frantically to loosen the heavy piping placing five of the tanks under strain while firefighters kept the plant under a constant spray to prevent the gas from igniting. "We have not yet got the threat from the tanks under control as far as I’m concerned," Newsome said. "The threat to life and property is still there."

Evacuees and those living near the danger area criticized the gas company and city authorities for failing to protect the plant before the flood.

"I don’t think any of them really knows what they’re doing," said Mike Christian, 35, a laborer whose home is at the edge of the exclusion zone. "If they did, they would have moved the tanks two to three weeks ago. Now they’re jeopardizing people’s lives."

William Washington, 45, a die-setter who lives on the same road, concurred, saying, "I feel like I’ve been hit by a double whammy because the company I work for has already been flooded."

Around the River des Peres, where water had come within inches of topping hastily constructed 50-foot levees Sunday, the danger appeared to be receding.

"They have hope there now," said Ken Kruchowski, a Corps spokesman.

News was more encouraging too in St. Charles County, Mo., where a feverish all-night sandbagging effort involving more than 2,000 people appeared to have held the rivers largely at bay.

"We’re starting to switch gears very, very slowly to thinking about what we’ve got to do about recovery," said Petra Haws, spokeswoman for the county’s Emergency Center.

A new survey put the portion of the county under water at one-third, far below the 45 percent estimated over the weekend.

"We’re going to make it," said Ron Sperano, 55, a marine loss adjuster who had watched the water climbing the back garden of his home in Prairie Homes, Mo., Sunday. "Everybody was getting quite nervous and cracking up last night, but now it’s getting to be fun."

"We’ve lived here 35 years and didn’t know the neighbors. Now we know everyone."

There were scary moments in downtown St. Louis Sunday night as an elderly minesweeper, a floating Berger King restaurant and a helped were torn from their moorings and sent crashing into a city bridge. Coast Guard tugs eventually managed to corral the runaway vessels.

Just north of the city, 72,000 residents of the Alton, Ill., area began their second day without water after the Mississippi engulfed the town’s water-treatment plant Sunday.

Over the next few days, the cresting flood will work its destructive way south, arriving in Cape Girardeau, Mo., Wednesday and at Cairo, Ill., later in the week. Corps officials said.
NEW YORK, Aug. 2—Wall Street analysts today shrugged off Clinton administration predictions that financial markets will swoon if the president’s budget is defeated. They said the package was too riddled with taxes and compromises for investors to care much if it lives or dies.

A defeat of the measure would be unexpected, Wall Street executives said, and would send the bond market down and might sour stocks temporarily. But they said the impact would be relatively mild and probably lead to expectations of a better budget bill later in the summer.

“There would be some effect, but I’m not sure that it would be major or lasting,” said Marshall Acuff, the portfolio strategist at Smith Barney Shearson.

Some Washington officials have warned that if Congress back away from the plan, which is supposed to cut the federal deficit by $500 billion over five years, the financial markets will be shaken. Treasury Secretary Lloyd Bentsen, for example, said Federal Reserve Chairman Alan Greenspan was “right on target” in predicting a negative market reaction in such a case.

“I think you’d see an immediate up-spike in interest rates and with that you normally correlate a drop in the stock market,” Bentsen said.

But Grace Messner, vice president and head of equity management at the Wilmington Trust Co., said most analysts have decided the Clinton plan—diluted by deals with reluctant legislators—“will not be huge in terms of affecting the economy” and thus its defeat is unlikely to be a “lasting negative” on Wall Street.

The bond market, which has been looking forward to continued low interest rates through the Clinton plan’s reduction in federal borrowing, would be disheartened by a setback but other economic factors are expected to keep rates low, the analysts said. They said some stock buyers would be pleased by a defeat that would lessen some of the budget bill’s restraints on economic growth and restrain, at least for the moment, new taxes designed to attack wealthy investors’ incomes.

Potentially the most damaging blow to the markets could come, some executives said, if a budget bill defeat crested panic over the Clinton administration’s ability to keep its promises. A loss in Congress would be “a crisis of confidence in the presidency,” said Byron Wein, chief market strategist at Morgan Stanley.

“If a Democratic president can’t get a severely compromised economic plan through a Democratic Congress, then his leadership abilities are in question, and that is a negative for the financial markets,” Wein said.

Several analysts predicted Clinton would forestall such concern with a new appeal to voters that used any market drop as an example of the harm that can come from such congressional mischief. “We could imagine a situation in which the bill does not pass, the Congress recesses, the markets behave badly, the president takes his case to the country and the bill passes later,” said William Dudley, senior economist at Goldman, Sachs & Co.

Some analysts noted an unpleasant surprise for many investors in the latest budget bill version—an increased tax on the top 1.2 percent of taxpayers retroactive to Jan. 1, rather than to March or June as earlier proposed.

Richard Hoey, chief economist and portfolio manager at The Dreyfus Corp., said “this is likely to cause some short-term shock to the economy” as wealthy individuals drain cash from the marketplace by increasing their tax withholding to avoid disaster when taxes are due next April 15.

This raises the possibility of what Hoey calls a “Christmas shock”—a chilling of consumer buying later in the year—that might be avoided or delayed if the current version of the budget bill did not pass.

Richard Wein, senior economist at West Washington Analysis, said the Clinton proposal “is an awful, ugly-looking plan” but it does allow modest growth and some deficit reduction. Its defeat, he said, would mean faster growth and the threat of more inflation.

“Normally that should hurt the stock market but there are a bunch of my clients out there that just hate this bill” and would be so happy at its death that they might buy more stock, he said. They are businessmen who dislike tax increases “and emotionally they can’t get from there to the bigger picture,” Alperstein said.

Investor feelings about the bill are ambiguous enough, and the sense that it will pass strong enough, that if it does pass, “I think stocks will go down anyway,” said David Shulman, chief equity strategist at Solomon Brothers. Wall Street, he said, has placed its bets assuming the bill will pass, so its legislative success will have little impact on those who like the Clinton package and might stimulate selling by its enemies.

Dudley of Goldman, Sachs & Co. said “our opinion is that the market is too complacent about the likelihood of passage. We expect it to pass, but we do think there is a risk it won’t in the Senate.”

By passing the bill, he says, Washington will help keep spending under enough control in 1994 to allow the Federal Reserve to maintain low interest rates. And easy money from the Fed “is good for bond and stock markets,” Dudley said.

TUESDAY, AUGUST 3, 1993 THE WASHINGTON POST
Republicans Seek to Stall
Confirmation of Elders
Foes Hope to Add to Opposition During Recess

By Helen Dewar
Washington Post Staff Writer

Republican opponents of Joycelyn Elders's nomination as surgeon general said yesterday they will attempt to stall her confirmation by the Senate this week in hopes of generating more opposition to Elders during Congress's month-long summer recess.

"I don't see it [a Senate vote] happening this week," said Sen. Don Nickles (R-Okla.), who has led the fight against Elders, calling her a "radical" because of her advocacy of abortion rights, sex education and condom distribution and questions about her personal finances.

The confirmation debate on the Senate floor would "take some time" because of the controversial nature of Elders's views, he added.

Sen. Edward M. Kennedy (D-Mass.) said last week he was determined to bring her nomination to a vote this week after talking with Kennedy and Minority Leader Robert J. Dole (R-Kan.). Nickles said he is reviewing answers that Elders gave to about 200 written questions submitted by senators after her four-hour confirmation hearing last month. Nickles said some of the answers are incomplete and he wants to submit more questions.

Sen. Trent Lott (R-Miss.), who joined Nickles at a news conference yesterday, said he believed opposition to Elders would build over the recess: "Who knows what will happen over the August recess as more information gets out about this nominee's background?"

AROUND THE NATION

Spy Satellite Launcher Explodes Over the Pacific

LOS ANGELES—A Titan IV rocket carrying a secret payload exploded after launch from Vandenberg Air Force Base yesterday in a serious setback for the nation's spy satellite program.

Lt. Col. Phil Johnson said the rocket exploded over the Pacific Ocean two minutes after launch. "We did not blow it up," he said. Debris fell harmlessly into the water, he said.

Air Force officials refused to identify the payload. But it probably was a Lacrosse imaging radar spy satellite, said John Pike, space policy analyst for the Federation of American Scientists in Washington.

The explosion is "a major setback for the Air Force and the Titan program," Pike said. "It's our single most important military launch vehicle, and it's a program that has had a multitude of difficulties in the past several years."

Since June 1989, the Air Force has successfully launched only six Titan IVs with secret payloads, including three from Vandenberg and three from Cape Canaveral, officials said.

Detroit Officer 'Didn't See' Beating

Detroit Officer 'Didn't See' Beating

DETROIT—Former police officer Walter Budzyn testified that he was no more than two feet away when Malice Green, a black motorist, was beaten to death but that he never saw blows strike him.

Extending a tape measure to two feet, Wayne County Assistant Prosecutor Kym Wor thy asked Budzyn how he could not have seen the blows landing on Green's head. "You couldn't smell the blood?" she asked.

"I don't have eyes in the back of my head," said Budzyn, testifying for the second time in the 10-week trial. "There was no way I could turn around without falling off balance. I didn't see it."

Budzyn said he was off balance because Green had pulled him into his car during a struggle.

Budzyn, 47, and his former partner, Larry Nevers, 52, are charged with second-degree murder in Green's death Nov. 5. Both were fired from the police force. Officer Robert Las snau, 33, is charged with assault with intent to do great bodily harm.

E. Coli Cases Prompt Warning

E. Coli Cases Prompt Warning

LANSING, Mich.—The death of a boy, 3, apparently infected with deadly bacteria from food prepared at home, prompted health officials to warn campers and picnickers to cook meat thoroughly.

Two Florida children remained hospitalized in Chicago after becoming infected with a strain of E. coli near Ludington, the same Lake Michigan resort area where the boy was poisoned.

Last week, a Chicago boy, 6, and a 7-month-old boy from Merrillville, Ind., died from E. coli infections apparently contracted near their homes.

From news services

TUESDAY, AUGUST 3, 1993 THE WASHINGTON POST
From Gore, Clues About New Directions

'Reinventing Government' Review Looks Toward a Transformation

By Stephen Barr
Washington Post Staff Writer

The vice president was on his knees, talking to 16-year-old Brent Saunders in a small office at the General Services Administration. Gore's retinue receded, as if trying to provide a private moment in a public place.

Saunders has cerebral palsy—the wheels on his "power chair" give him mobility and his "light talker" computer allows him to communicate. The Arlington County youth showed Gore how, through head movements, he uses a switch to scan symbols on his computer screen, focus a light on an appropriate response, and instruct the device to transmit an audible message.

Gore, who had come to GSA last week for a "town hall" meeting on the administration's "reinventing government" initiative, met with Saunders when he stopped by the GSA's Clearinghouse on Computer Accommodation.

The office's director, Susan A. Brummel, began a friendship with Saunders a decade ago, when he was a student at McKinley Elementary School and Brummel was a speech pathologist at the Arlington school. With an engineer, she assembled a $300 computer that gave Saunders, then 7, a way to change his life.

Saunders, in turn, "inspired" Brummel to make a career in the civil service, where she explores ways that government and technology, especially computer hardware and software, can help the disabled.

The two, in their way, symbolize what Gore wants the bureaucracy to become: a high-performing organization that provides quality, efficient service to a customer.

It is a goal, Gore concedes, that may take years, but one he preached as he rolled through meetings with federal workers at the departments of Education, Energy, Health and Human Services and Justice in recent weeks.

Progress in Private Sector

At the meetings, Gore uses his office as a "bully pulpit" to push his "reinventing government" goals, the backbone of the administration's National Performance Review, a six-month study of federal agencies and systems that will report in September on how the government can work better and cost less.

Gore told Energy Department employees, for example, that over the last two decades the private sector has gone through a "real revolution in management theory" that has made corporations more responsive to their customers.

"Some people think, well, the federal government can't go through that experience, can't go through that transformation. I disagree. I think the federal government can and must—and I would invite those who are cynical about the possibility of this change to ask themselves this question: What would your reaction have been 10 years ago if someone had said, 'In the summer of 1993, the American automobile companies will be making the highest quality, competitively priced cars in the world?'

"I know my reaction 10 years ago would have been, 'No way, I'm sorry, but I've bought too many clunkers, they can't do it, the momentum toward mediocrity is just too powerful, they'll never change.'"

But the industry did change, Gore argues, and now makes cars that auto workers take pride in. "Kan industry that provides airplane tickets that cost as much as twice what other fliers are paying and put them on carriers that cause them to lose time through inefficient routing.

"We need fewer middle-level managers," Gore told Energy employees, "so that the government needs to cut middle management. At Energy, he said current personnel rules "get way too few people where the rubber meets the road actually doing the work and way too many people bunched up in the middle, partly because it's the only way they can be rewarded [with increased pay] for what they do. Am I right? Do we have too... too many middle managers. Is that accurate?" The crowd at Energy, like audiences at other departments, responded with applause.

Later in the meeting, Gore made his point directly: "We need fewer middle-level managers."

Budgets. The vice president almost always elicits laughter when he asks federal employees what they do with money at the end of a fiscal year. Although some workers have told Gore that many programs no longer operate under the "spend it or lose it" philosophy, Gore argued that agencies need the flexibility to shift money to meet new demands or changing priorities.

At the Education Department, Gore told an outdoor crowd of about 400, "The current budgeting system doesn't work very well. What would you think about going to, as just one tiny part of the solution, going to two-year budgeting?" He got more applause.

Procurement. Gore regularly picks up "horror stories" at his town meetings. Workers complain about travel rules or contracts that provide airplane tickets that cost as much as twice what other fliers are paying and put them on carriers that cause them to lose time through inefficient routing.

Others tell Gore that they wait weeks or months for office equipment. An Energy Department petroleum engineer, for example, said she had ordered a calculator and, after a three-month wait, received an old-fashioned adding machine. She sent it back and, after six months, was given a hand-held calculator. It did not meet her job demands, however, and she ended up using her own money to buy an office calculator.

Almost no federal worker whom Gore meets, it seems, thinks the government can buy a computer on a timely basis.

"There are governmentwide restrictions on the way computers are purchased, and these are serious problems," Gore told Education employees. "One of the
things we found is that the procurement cycle for com-
puters in the federal government is three times longer
than the procurement cycle in the private sector."
That, he said, is depriving the government "of the new
productivity gains" being made in the private sector.

Centralized management. Gore hears complaints
about the Office of Management and Budget, the Office
of Personnel Management, the Government Printing
Office and the GSA. It seems a sure bet that these
agencies will be asked to restructure their operations.

"The old, centralized, bureaucratic approach used to
have some perceived advantages," Gore told Education
workers. "But nowadays, high-performing organizations
often find that it's a lot better to delegate a lot of that
authority and let the people who are dealing with the
individual situation at hand have more flexibility."

Seeking Allies in Cabinet, Work Force

The specifics of creating a "low cost, high quality"
government remain to be seen, of course. The Gore
group offers no estimate of how many taxpayer dollars
will be saved through their streamlining.

Gore aides indicate, however, that some agencies will
be merged and others will have their missions redi-
rected, and Gore has said he expects the federal work
force to shrink as agencies "reinvent" themselves.

Drafts of the Gore teams' recommendations are be-
ing sent to Cabinet members, and Gore expects to meet
with each Cabinet member by mid-August to discuss
the task force's findings.

Gore wants Cabinet members to keep the "reinven-
tion" spirit alive in the months after September. By
most accounts, Housing and Urban Development Sec-
retary Henry Cisneros is ahead of other Cabinet mem-
bers, having kicked off a "Reinventing HUD" project
about three weeks before President Clinton announced
the governmentwide initiative.

"Reinventing government" also has its skeptics, es-
pecially in political science circles and on Capitol Hill. A
number argue that the performance review will be mar-
ginally effective, because Washington's real problems
are shaped by larger political, policy and economic con-
siderations.

But Gore, who has long been attracted to the high-
tech world and its innovative, creative, non-bureaucrat-
ic ways, thinks that, at the very least, the rank-and-file
federal worker will be on his side.

"They've been waiting for a situation where somebody
will take their ideas seriously, where they don't feel like if
they stick their necks out with a creative suggestion,
they're going to get their heads chopped off," he said.
"And now is the time for that change to take place."

TEAMS' WORK

The National Performance Review, staffed by about
200 federal workers, will make recommendations on
how to cut waste, reduce costs and change the way
government works.

Elaine C. Kamarck serves as Vice President Gore's
policy adviser for the review and Bob Stone, a long-
time Defense Department official, serves as project
director.

Deputy directors are Billy Hamilton, who helped
direct the Texas performance review; John Kamansky,
a former General Accounting Office specialist; Bob
Kinsley, a government veteran now at the Transpor-
tation Department; and Carolyn Lukensmeyer, who
oversaw state government management improve-
ments in Ohio as chief of staff to then-Gov. Richard
F. Celeste (D).

Serving as senior adviser is David Osborne, co-
author of "Reinventing Government," the book that
helped shape the objectives of the performance re-
view.

Here is a partial list of the performance review's
teams:

SYSTEMS REINVENTION TEAMS
• Improving customer service
• Improving financial management
• Improving regulatory systems
• Inspector general
• Mission-driven, results-oriented budgeting
• Redesigning leadership and management
• Re-engineering through information technology
• Reinventing personnel management
• Reinventing support functions
• Reinventing the government's impact on the en-
vironment
• Rethinking program design
• State and local government
• Transforming organizational structures
• Workforce development/one-stop shopping

AGENCY TEAMS
• Agency for International Development/State
• Commerce/Transportation/Small Business Admin-
istration
• Education and Labor
• Executive Office of the President
• Health and Human Services/Housing and Urban
Development
• Intelligence community
• Justice/Treasury/Resolution Trust Corp.
• National Defense/Veterans Affairs
• Natural resources, Agriculture and the environment
• Science and technology

TUESDAY, AUGUST 3, 1993 THE WASHINGTON POST
Floods May Turn Tide on Insurance Reform

Midwest Congressmen See Pressure to Change Federal Programs Swamped by Loss Claims

By Ross Kerber
Washington Post Staff Writer

With this summer’s massive Midwestern flooding expected to cost millions of dollars in losses for federal crop and flood insurance programs—plus billions in disaster relief—several members of Congress hope the rising red ink will create pressure to overhaul the insurance plans.

The two federal plans—the Federal Crop Insurance Corp. and the National Flood Insurance Program—are designed to cover flood losses, an area most private insurance companies find too costly. Losses, an area most private insurance companies find too costly. Losses, an area most private insurance companies find too costly.

Both Democrats and Republicans lay the programs have two basic and often conflicting goals—to serve the greatest number of people possible while at the same time reducing the amount of federal subsidies the programs have devoured over the years.

Rep. Fred Grandy (R-Iowa) said a basic problem with the crop insurance program, which sells insurance directly to farmers and to local insurance agents, is that in the rush to aid disaster victims, Congress spends relief money to aid those farmers who do not buy insurance—and do not pay premiums into the program. That creates an incentive for farmers not to participate.

“We have a symphony of mixed messages,” Grandy said. “We plead with them [farmers] to sign up, we sometimes mandate they sign up, but by then spending disaster relief money to aid farmers not in the program, what we’re saying is, ‘We’ll bail you out anyway.’”

Many large farmers find crop insurance premiums an item easily cut from tight budgets, said William Edwards, an Iowa State University economist. “It’s more profitable to be self-insured,” he said.

That, of course, drives up the cost of disaster relief, such as the $4.7 billion package the Senate Appropriations Committee approved last week, including $1.35 billion for crop losses.

“Each time we’d have a large-scale disaster that made the news, you’d then have Congress yielding to the pressure for assistance . . . because you didn’t have enough farmers participating in the [insurance] programs to begin with,” said Rep. Glenn English (D-Okla.), chairman of the House Agriculture subcommittee on environment, credit and rural development. “You simply can’t go to a whole region and say, ‘Golly, you guys should’ve bought crop insurance,'” he said.

After several commercial companies went into bankruptcy proceedings because of crop insurance losses, the federal government took up the mission in 1980 and has spent about $1.4 billion every year since on the programs, English said.

Mike Jones, a spokesman for the Federal Crop Insurance Corp., said the agency estimates that total spending will climb to about $2 billion this year. That includes about $680 million for floods losses in nine Midwestern states, of which only about $280 million will be covered by premiums paid by farmers in those states.

Together, taxpayers have funded about 40 percent of the firm’s payouts in recent years, Jones said. The agency also expects to pay $367 million this year to cover drought-related peanut and tobacco crop losses in North Carolina, where farmers have paid about $233 million in premiums, Jones said.

The National Flood Insurance Program, run by the Federal Emergency Management Agency, also faces problems of low participation. But changes made during the Reagan administration mean that flood insurance premiums are high enough that the program pays for itself, said Marc H. Rosenberg, a spokesman for the Insurance Information Institute, an industry trade association.

While federal mortgage rules intended for homeowners in flood-prone areas to carry flood insurance, only about 20 percent of those properties have it.

“Not everybody has mortgages, and [of] those who do, the drop-off rates are huge” after it is purchased, Rosenberg said. The average annual fee for a homeowner is about $320.

“The problem we have is the perception of the risk of getting flooded out is low,” said James Taylor, an assistant administrator for the Federal Insurance Administration, the FEMA office that runs the flood insurance program.

So far, about 4,200 claims related to Midwestern flooding have been filed, Taylor said, but the agency expects many more. Altogether it supports about 41,000 policies, which it underwrites through insurance companies and independent agents.

Nationwide, about 42 percent of the insured structures were built before stricter modern building codes applied, he said. Much of the flood claims will come from owners of those structures, he said.

Jodee Silverman, a spokesman for Sen. Tom Harkin (D-Iowa), cited Davenport, Iowa, as an instance where tighter federal rules about who has to carry flood insurance might have trimmed the cost of the emergency aid package. The city chose not to build expensive flood-control levees and as a result has suffered millions of dollars of damage to its downtown shopping area this summer—which the federal government is likely to help pay for.

“Have many times do you let Davenport get away with that?” said Silverman. “They’ll get assistance . . . but it shows that all of our programs probably need a good, hard raking over.”
An Illinois Community Plays the Blame Game

By Edward Walsh
Washington Post Staff Writer

VALMEY, Ill., Aug. 2—Sometime early this morning, this town was blindsided from the north. A levee ruptured along Fountain Creek six miles away, and within hours the muddy brown water of the Mississippi River was gushing at depths of 10 feet or more through town, destroying everything in its path.

Later today, on a deceptively bright, sunny summer morning, the dazed residents of Valmeyer wandered along Illinois Route 156, peering at the swift current running through their ruined community and voicing bitterness toward the Army Corps of Engineers for what they said was not done to save the town.

"I think we can attribute that to, well, it's thanks to the Army Corps of Engineers," Mayor Dennis Knobloch said as water continued to creep up the rising incline of the highway after making Valmeyer the latest victim of the rampaging Great Flood of '93.

What the Corps of Engineers should have done, Knobloch and others said, was to create an artificial "control breach" in the Mississippi River levee system to relieve pressure on Fountain Creek, just as the Corps was planning to do Tuesday in a desperate attempt to save the town of Prairie du Rocher, 21 miles south of here.

"We don't think the Corps should have been caught off guard that much," said Floyd Floarke Jr., assistant fire chief here. "They told us all day not to worry about it. They were wrong."

In a telephone interview, Gary Dyhouse, chief of the Corps of Engineers hydrology section in St. Louis, said it is doubtful that a control breach would have saved Valmeyer from its muddy fate, adding that "if it was considered, it was too late to do it" because of the speed and volume of the cascading waters.

"Sure they are," Dyhouse replied when told of the bitterness of Knobloch and others in Valmeyer. "It's only natural to look to someone to blame."

It may be weeks before the full story of what happened in Valmeyer is known. Today, residents could only watch the spreading destruction from the highway and wonder about the future of this community of 900. "It will be to the last house in town before it's done," Knobloch said.

Making the small-town disaster all the more painful was that, after a month of worry and more than two weeks of frantic work to strengthen the levee system, when the flood waters were already spilling over the small town from the north along Fountain Creek, officials were looking to the south and west on the Mississippi.

Their main concern for two weeks had been severely weakened sections of the Mississippi levee system near Fort de Chartres, which Corps of Engineers officials warned could collapse at any time.

In retrospect, that would have been a blessing for Valmeyer. Water backing up from the south would have filled the town with three to four feet of water instead of six, that Knobloch estimated would inundate Valmeyer at its lowest points before water begins to recede.

"The worst thing that probably could have happened to us happened," Floarke said.

The catastrophe for Valmeyer began early Sunday when a levee on the Mississippi west of Columbia, Ill., ruptured and water began to rush south toward Valmeyer. By Sunday afternoon, officials said the flood waters were more than 10 miles north of Prairie du Rocher, heading for the doomed, evacuated hamlet of Fults.

"This is our only chance to stop the river," Reitz said. "We have the time to do it. It's our last resort."

For Valmeyer, time has run out. Some people here, such as Dick Valentine, 44, an auto body parts worker, were fatalistic about what happened here. "Nobody realized it," he said. "It ain't nobody's fault. Hindsight is always nice, ain't it? I think everybody did the best they could.

But others did not attempt to conceal their anger, particularly toward the Corps of Engineers for failing to create a control breach north of Valmeyer. The hope was that the water would equalize as it would meet the onrushing water from Valmeyer like a firebreak.

"We fought it to the last," Dennis, a woman said.

"Tried," Knobloch said. "Behind his dark sunglasses, his eyes filled with tears."

The mayor was resting in the shade, leaning against a highway guardrail. Near him, townspeople walked toward the rising water's edge.

"We fought it to the last," Dennis, a woman said. "Like a firebreak."
United Express personnel followed federal regulations in declining to help a disabled man board a plane Saturday at Dulles International Airport, airline and U.S. Department of Transportation officials said yesterday.

But Rick Douglas, executive director of the President's Committee on Employment of People With Disabilities, said that the airline and federal officials do not understand the regulations and that he will press Stephen Wolf, United Airlines chairman, on the issue at a meeting today in Chicago. Wolf sent Douglas an apology yesterday.

Douglas, who uses a wheelchair because of multiple sclerosis, was trying to fly to Allen-town, Pa., on Saturday to give a speech there about the third anniversary of the Americans With Disabilities Act. Told by United Express personnel that he would have to be able to board by himself, Douglas dragged himself up a set of steps onto the plane, a 13-seat Jetstream 31. After he had ascended the steps by hand, Douglas said, a United Express employee "broke ranks" to help him lift his legs.

After reading an account of the incident in yesterday's Washington Post, U.S. Transportation Secretary Federico Peña was described by a spokesman as being "very troubled" by it and ordered a review.

Peña's spokesman, Richard Mintz, said some airline with fewer than 30 seats, such as the Jetstream 31, are too small to allow lifts, chairs and other devices to assist a disabled passenger onto the aircraft by hand. "Furtherabled person in boarding the plane.

After making the reservation, Douglas said, the airline personnel followed federal regulations saying airline personnel are "not required" to carry disabled passengers, which means that airline personnel may assist at their own discretion. "They do it all the time," he said.

On Sunday, Beneski said airline personnel were justified in not aiding Douglas because the plane had no flight attendant, saying it was a safety issue. Yesterday, Beneski said the lack of a flight attendant was not an issue.

Staff writer Richard Weintraub contributed to this report.

— By Stephen C. Fehr and Sandra Evans Washington Post Staff Writers

U.S. to Review Federal Rules On Aiding Disabled Onto Aircraft

TODAY IN CONGRESS

SENATE

Meets at 9:45 a.m.

Committees:

Commerce, Science, & Transportation—9:45 a.m. Mark up Federal Trade Commission reauthorization, and other pending legislation & nominations. S-146 ROB.

Foreign Relations—9:45 a.m. International economic policy, trade, oceans & the environment subc. Mark up FY94 foreign assistance authorization. 149 ROB.

Governmental Affairs—10 a.m. Nomination of Russell Canan to be an associate judge of the D.C. Supener Court. 342 ROB.

Judiciary—9:30 a.m. Vote on key nominations of Louis Free to be director of FBI & Bruce Lehman to be commissioner of patents & trademarks, & to examine administration of bankruptcy system. 225 ROB.

Judiciary—10 a.m. Assault weapons. 226 ROB.

Labor & Human Resources—11 a.m. Children, family, drugs & alcoholism subc. Child support. 385 ROB.

Labor & Human Resources—10 a.m. Education, arts & humanities subc. Equity in education. 430 ROB.

Veterans' Affairs—10 a.m. Mental health programs for veterans. 418 ROB.

Government Operations—9 a.m. Information, Justice, Transportation & Agriculture subc. Feasibility of charging a border crossing fee. 2247 ROB.

Judiciary—10 a.m. Mark up Freedom of Access to Clinic Entrance Act. 11:30 a.m. To allow formula grants to be used to prosecute person driving while intoxicated. 2141 RHOB.

Merchant Marine & Fisheries—1:30 p.m. Fisheries management subc. to establish a Council on Intertemporal River Fisheries. 1334 LHOB.

Natural Resources—10 a.m. Insular & international affairs subc. Self-determination for Puerto Rico & other island territories. 1324 LHOB.

Post Office & Civil Service—10 a.m. Civil service & Health, Education Systems Protection Board. 311 Cannon House Office Bldg.

Science, Space & Technology—3:30 p.m. Technology, environment & innovation subc. Infrastructure & surface transportation research & development. 2325 RHOB.

Small Business—10 a.m. Minority enterprise, finance & urban development subc. Federal programs to promote minority business development. 2359 RHOB.

HOUSE

Meets at 1 p.m.

Committees:


Armed Services—10 a.m. Morale, welfare & recreation panel. Military exchange operations & activities. 2212 Rayburn House Office Bldg.

Banking, Finance & Urban Affairs—1 p.m. International development, finance, trade & monetary policy subc. Proposed operations & structure of a permanent global environment facility. 2128 RHOB.


Examples of four house committees. TUESDAY, AUGUST 3, 1993 THE WASHINGTON POST

LHOB

RHOB
To Get Congress's Ear, Write Don't Call

By Guy Gugliotta
Washington Post Staff Writer

So you think the politician you sent to Congress is a glad-handing, free-spending, backslapping, I'm-all-right-Jack yo-yo who never listens to anything you say. Let's throw the bum out.

Hold on a minute. Contrary to what many Americans may believe, members of Congress care desperately about their constituents. In fact, they hear hundreds of people to read mail, answer phones and write letters to home folks who are angry or concerned about something.

The trick is to get their attention. Options: call them on the phone; send them a letter; chain yourself to the hood of his or her car; throw a tantrum in the phone; send them a letter; talk show hosts.

In May, Western Union surveyed 79 congressional staffers to find out what really works. Eighty percent said they preferred the written word, and 80 percent gave personal letters "great importance." Letters, they said, bespoke serious effort and thought unmarred by other, simpler (and sometimes mindless) forms of communication.

Furthermore, 84 percent of the aides also agreed that a personalized (not a mass mailing) telegram would be treated the same as a personal letter. This should come as no surprise. Telegrams are what Western Union does, and the survey was designed, in part, to goad people to home folks who are angry or concerned about something.

Dirty words are out, said Elaine Bolle, senior vice president of Western Union Financial Services, but calling them "jerks" or "pond scum" is okay, if you think they deserve it: "We're not trying to control speech," Bolle explained.

But think before you vituperate. One of the things the survey suggested was "don't threaten." Those who send fish, throw tantrums or call names are not likely to win a member's ear or vote: "The constituent should not approach the member or office as a hostile witness," said one surveyed staffer. "Be reasonable."

Phone calls are not loved for a variety of reasons—too many (how would you like to begin work by listening to 45 minutes worth of taped insults?), too abrupt (no food for thought), too easy to make (hence not serious).

Lawmakers have also caught on to "constituent call-in campaigns" ginned up by lobbyists and radio talk show hosts.

Thus, when 2,500 "irate" voters telephone in a single day to demand that their member of Congress vote "no" on foghorns for trolley cars, chances are the whoppee-siren industry is paying for the calls. By contrast, "if people write," said one surveyed staffer, "it means they haven't been incited."

The survey also found it was important to "be brief" and "be timely" (great for Opiniongrams). Get your letter (or Opiniongram) in before the vote, advised one staffer, "or the communication will be a non-issue."

Beyond this constraint, however, the survey tends to stretch reality. One aide, for instance, contended absurdly that timeliness was important because "things happen very quickly on the Hill."

In fact, things happen on Capitol Hill about as fast as grass grows. Voters usually have plenty of warning (often months) before a big vote is taken. It's hard to miss a deadline.

Thus, you should have no trouble getting your views heard on the budget, which actually may come to a vote this week.

What the aide really meant was that the average member of Congress has the attention span of a tree frog. Dangle that letter in front of them when your issue enters their frontal lobe and they'll go after it like a fruit fly. Miss the moment and they'll forget the letter was ever there.

This is also one of the reasons the aides urged constituents to "know the facts" and "stick to one issue." Members of Congress are not good with blather, unless it is in their own.

Bolle said Opiniongram traffic putters along at a "small, constant level" until "certain events" take place. In Iran-contra witness Oliver North and then Supreme Court nominee Clarence Thomas caused major upticks in the past, she said, and upticks are coming hotter and heavier since President Clinton was elected.

The No. 1 constituent concern this year, according to the survey, is gays in the armed forces, mentioned by 51 percent of the staffers. Next is the Clinton economic plan (23 percent), followed by the budget deficit (18 percent) and the nomination of Zoe E. Baird as attorney general (11 percent).

The most frequent communicators by far, the survey said, are senior citizens (mentioned by 48 percent of the sample), followed by antiabortion advocates and the religious right (15 percent), special interest groups "in general" (14 percent) and environmentalists (11 percent).

No matter what the subject is and who the constituents are, however, the survey's most emphatic message was always "write." Unfortunately, a lot of the surveyed aides could have used a little more practice.

"A personal letter is a letter from a real person..." one enlightened aide wrote. "A dozen thoughtfully crafted personal letters have more impact than 200 postcards," said another.

And a picture are worth 1,000 words.
High Quality Work ✓ Can Mask Depression
Spotting Signs Could Save a Colleague's Life

By Boyce Rensberger
Washington Post Staff Writer

One of the hardest places to spot and help a suicidally depressed person is at work, especially if he or she is normally one of the organization's most effective and reliable performers.

That, said Frederick K. Goodwin, director of the National Institute of Mental Health, is a fact that workers and managers should begin to appreciate as they contemplate the deaths of Vincent Foster Jr., the White House lawyer who apparently killed himself on July 20, and John A. Wilson, the D.C. Council chairman who is believed to have taken his life in May.

"These cases raise a number of interesting issues," said Goodwin, a specialist on depressive illnesses who also maintains a small psychiatric practice. "People who are extremely high-functioning, who are seen as a source of strength, always reliable--these are the cases where a depression is bad enough to lead to suicide can be most easily missed."

There are two reasons, Goodwin said. One is that workers like Foster and Wilson by all accounts normally function at such a high level of performance that even after a significant decline, they still perform at least as well as ordinary workers. The second is that colleagues' high expectation and admiration of such individuals often makes it hard for them to see the changes that can be a tip-off.

In Wilson's case, several friends and colleagues have said they knew he suffered from depression and had sought treatment. In Foster's case, by contrast, no one around him has said they were aware of any serious problem.

Whatever the situation, Goodwin said, if co-workers and friends can learn to spot the signs and to respond appropriately, they can help and sometimes save lives.

Studies estimate that 70 percent to 80 percent of all people who commit suicide were suffering primarily from severe depression.

"There definitely are things co-workers can do," said Brian Doyle, a psychiatrist at Georgetown University. "You really can save lives. There's no question about it."

The following is a practical guide to identifying seriously depressed people on the job and helping them before they hurt themselves.

- **What depression is.** Psychiatrists now know that depression--the most common form of serious mental illness--is predominantly the result of a biochemical imbalance in the brain that in most cases can be corrected with drugs. Drug treatment is usually so effective that nearly 80 percent of patients recover within a few weeks.

While everyone usually feels depressed as the result of depressing experiences, it is abnormal to fail to return to normal feelings after a time. Pathologically depressed people commonly feel "dysphoric"--excessively "blue" for no apparent reason. They may be anxious and irritable or, paradoxically, they may force a cheerful smile and complain of some physical ailment instead.

Severely depressed people are often unable to express normal emotions such as pleasure or grief, or even to cry when appropriate. They have low self-esteem and frequently reproach themselves for imagined failings or moral worthlessness. Poor concentration, indecisiveness and helplessness also are common.

Physical symptoms include fatigue, significant weight changes, insomnia or excessive sleeping and loss of sexual desire.

- **Men and women differ.**

Numerous research studies indicate that women are about twice as likely as men to become depressed but that men are three to four times as likely to kill themselves as a result.

The reason women are more prone to depression is unclear, but psychiatrists attribute their relatively low suicide risk to women's tendency to have more friends and be more willing to discuss their feelings and to go to a doctor. "Men tend to get caught up in the stiff-upper-lip syndrome," Goodwin said. "They don't often give others a chance to offer help."

On the job is often the last place a man will show signs of depression, Goodwin said.

- **How to spot warning signs.**

While unrelenting sadness is often a danger sign in most people, Doyle said such a symptom is hard to spot in "high-powered professionals, like we have so many of in this town. What you notice with them is a drop in efficiency or a sudden irritability and snappiness."

"The big thing to watch for is change," Goodwin said. If a worker was normally highly competent, a tip-off could be that she or he now takes longer to think things through, has trouble concentrating on tasks, misses deadlines and says things that, for that person, sound pessimistic.

"If something goes wrong, and the person takes personal responsibility for the whole thing, even though it wasn't their fault or was only partly their fault, that's a sign. If you find yourself having to reassure somebody that it wasn't really their fault, think about it," he said.

A more worrisome warning sign may show up after a period of evident depression. People who have finally made a decision to kill themselves may suddenly seem to be fine. "Some people get fooled," Goodwin said. "They think everything's okay now."

- **What to do.**

The main thing, both psychiatrists said, is to talk to the person and ask about their feelings. "Gee, Jim," Doyle suggested saying, "you seem really depressed." He and Goodwin said many people are afraid to bring up the matter for fear of putting ideas in the person's head. They agreed that it can't happen.

"You can even say to a person, 'Are you so down that you're thinking of doing away with yourself?' " Goodwin said. "If the idea wasn't in their head, nothing you say can put it there. If it was, you've opened the door to helping them."

Doyle said most suicidal people are in great emotional pain because they believe nobody else can understand how they feel. "It comes as a relief to them that somebody understands," Doyle said.

When a person acknowledges depression, the response should be to express understanding and sympathy for how awful it must feel and to say that it is possible to get help.

"What you don't say," Goodwin warned, "is 'Get over it' or 'Look at all the good things in your life.' When you do that you're trivializing their feelings, and that makes it worse. People are not rational when they're depressed, and you can't talk away the distorting brain chemistry."

Instead, the psychiatrists suggested, one should offer to help them find professional help and to bring the matter to the attention of a spouse or other partner who can take over.
A Call to Disarm

Senator Warns TV Industry to Clean Up Act—or Else

By Martin Booe
Special to The Washington Post

BEVERLY HILLS, Calif., Aug. 2—Addressing an entertainment industry conference on television violence, Sen. Paul Simon (D-Ill.) warned today that congressional support for censorship was growing and called on the industry to create an advisory office to police its own programming.

"The industry needs encouragement to a higher sense of responsibility and good taste," Simon said in proposing an industry-funded office that would measure instances of "glamorized violence" on television shows.

"Without some type of monitoring, the lure of profits will entice those less responsible to abuse their privilege."

"Either you will initiate the effort for such a monitoring office, or those outside the industry will do it," the senator told some 650 television producers, writers and executives here. "I started in this effort as a somewhat lonely voice in Congress, but I now find many of my colleagues want to go much further than is healthy for a free society. My request is not an assault on the First Amendment, but if within the industry you do not exercise self-restraint, neither will many of those who are concerned. The surest solution is governmental intervention, but it is also the most dangerous."

VIOLENCE, From El

After congressional hearings earlier this summer, the major networks agreed they would broadcast parental advisories before airing violent programs. Simon has been a key activist in pushing the industry to reduce mayhem on the airwaves.

Today's conference was organized by the National Council for Families and Television, a nonprofit educational organization whose annual conclaves are normally attended by 100 or so people. This year, however, because of the theme, the conference was besieged with TV insiders as well as media.

Simon also called for the industry to "deglamorize" violence—to show the pain and suffering of its victims as opposed to using violence as an easy solution to problems. And he urged producers to eliminate or reduce violent promotional ads and to scale back international sales of violent programs.

Panel discussions, involving academics and industry executives, dealt with the on-going debate of whether television actually causes violent behavior or is a fair reflection of society. While most of the experts acknowledged that TV may contribute incrementally to social violence—10 percent of crime may stem from TV programs, according to one study quoted here—they said the root of the problem lies in a deteriorating society.

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"It's very clear that media violence is not the cause of violence, but that it does contribute," said social psychologist Edward Donnerstein, a professor at the University of California at Santa Barbara. "The effect is not always in violent or criminal behavior, but people are desensitized."

Also on hand were Stephen Cannell, producer of "The A-Team" and "The Rockford F", Christine Hikawa, vice president, standards practices for ABC Television; and Geraldine Laybourne, president of Nickelodeon/Nick at Nite.

"We had the congressional hearings and we listened to them," Ted Harbert, president of ABC Entertainment, said prior to the conference. "Now it's time to say, 'We get the message and we're going to show you we're responsible broadcasters.'"

The point of the conference was to provide "an exchange of ideas, not to carve out agreement," said Marian Rees, chairman of the National Council for Families and Television.

TUESDAY, AUGUST 3, 1993 THE WASHINGTON POST
**North Spending, Robb Building War Chest for Va. Senate Race**

By Kent Jenkins Jr.,
Washington Post Staff Writer

Oliver L. North, the Iran-contra figure and likely Republican Senate candidate in Virginia, spent $500,000 on political activities in the first half of this year, building a sophisticated campaign-style organization more than a year before the U.S. Senate election.

Documents filed with the Federal Election Commission show that V-PAC, a political action committee controlled by North, spent about $499,700 from January through June. V-PAC conducted extensive direct-mail fund-raising, paid for North's travel and retained well-known GOP political consultants as advisors.

North's spending dwarfed that of other likely Senate candidates, including incumbent Charles S. Robb and Gov. L. Douglas Wilder, both Democrats. Three potential candidates—Wilder, former federal prosecutor Jay B. Stephens and former federal budget director James C. Miller, both Republicans—did not disclose any fund-raising activities.

Robb did begin filling an empty campaign war chest, raising more than $600,000 in the six-month period. Aides say his campaign has about $500,000; North's PAC was about $129,000 in debt as of June 30.

Political analysts say that North's spending and Robb's fund-raising demonstrate how hard-fought Virginia's Senate race is likely to be. According to North's records and Robb's aides, most fund-raising has been done outside Virginia. Analysts say that because the field of candidates is so well-known, the race almost certainly will be watched around the country.

"These are nationally known figures, and they bring a national constituency," said Mark J. Rozell, a political scientist at Mary Washington College in Fredericksburg, Va. "I think we're going to break all kinds of state fund-raising records in this race."

North "is spending an extraordinary amount of money 18 months before an election," Rozell added. "And Sen. Robb has to be very encouraged that he could raise this much money after all the negative publicity he has suffered. It's going to be quite a race."

Mark Merritt, North's chief of staff, characterized North's political spending so far as the tip of an iceberg. "You ain't seen nothin' yet," he quipped.

Money Already Flowing for Senate Campaigns in Va.

Since North rose to national prominence as a key figure in the Iran-contra affair six years ago, he has built one of the most formidable political money machines in America. In addition to V-PAC, he has founded two private non-profit corporations, one that paid his personal legal bills and another that espouses conservative causes. They have raised at least $20 million.

North's PAC, which began raising money last spring, has taken in more than $900,000. Several months ago, North also started an "exploratory committee" to determine whether he should run for the Senate. The results of that group's fund-raising have not been made public yet.

Almost all of North's fund-raising is done by direct mail. North has compiled a list of everyone who has contributed to his causes, and he plans to tap it during his campaign. Merritt said that even though V-PAC has taken in almost $1 million, "we have not attempted to tap into any major part of the file so far."

Given North's track record, V-PAC's $128,000 debt does not seem significant, Rozell said. "It might be an issue for other politicians, but [North's] spending so far seems to be a measure of his personal confidence in what he can do," he said.

Robb's fund-raising efforts follow a self-imposed two-year moratorium on seeking contributions. During that time, Robb served as chairman of the Democratic Senatorial Campaign Committee. He also was battered politically during that period by a federal investigation into his office's handling of a surreptitious tape recording of Wilder. Three of his aides resigned and pleaded guilty to minor charges.

Susan Piatt, Robb's campaign director, said that his fund-raising effort is off to a strong start.

This spring, Robb swept through cities outside Virginia, calling on groups and major Democratic donors. Platt said that Robb "will continue to concentrate most of his fund-raising efforts outside of Virginia" until the state's gubernatorial election in November.

Federal Election Commission records also show that Sen. Paul S. Sarbanes (D-Md.) has begun raising money for his reelection effort.

Sarbanes took in more than $284,000 the first six months of this year. His only potential opponent to disclose fund-raising is Del. C. Ronald Franks (R-Queen Anne's County), with almost $10,000.
Labor Faults Airline Study Findings

Panel Said to Ignore Workers in Calling for More Oversight, Tax Relief

By Richard M. Weinstraub
Washington Post Staff Writer

Representatives of organized labor attacked the national airline commission's final report yesterday for not recommending specific steps to protect U.S. workers' jobs and interests.

"It looks like a lot of this report was written to justify deregulation," said International Association of Machinists Vice President John Peterpaul, the lone dissenter at yesterday's vote on the report. Peterpaul will submit a dissent to accompany the report, which is to be presented to President Clinton by Aug. 19.

Randy Babbit, head of the Air Line Pilots Association, voted for the final draft even though it "left a lot on the cutting-room floor."

The panel's 15 members were named jointly by Congress and the White House to seek the causes of and recommend cures for the poor financial health of the nation's airlines. While most major carriers crept into the black during the second quarter of this year, their earnings will do little to offset the $10 billion in losses of the past three years. In addition to the two union representatives, the panel included financial and management experts, aircraft manufacturers, lawyers, consultants, and representatives of two airlines—a freight carrier and a passenger carrier.

The 52-page final draft recommends measures including closer financial oversight of airlines by the Department of Transportation, relief for airlines from both taxes and some regulations, relief and major changes in the Federal Aviation Administration.

After the study is formally presented, it will be up to the administration and Congress to decide whether to follow through on any of the recommendations. Some, such as the closer financial oversight, require no congressional action. Others, such as semi-privatization of the FAA and allowing 49 percent foreign ownership of a U.S. airline, require changes in laws.

Former Virginia governor Gerald L. Baliles, the commission chairman, cited a dozen pages in the report that mention labor's interests, but Peterpaul said the report glossed over major problems in the industry and the end product was "an insult to 750,000 workers in the airlines and aerospace industries. . . . I think we turned our backs on the workers of America."

Baliles, who is known for his ability to win compromises in tough situations, said "commissions will frequently have a minority viewpoint" and that he was "not surprised" at Peterpaul's dissent. He noted that the commission had rejected three proposals by the labor leader at its crucial July 19 meeting on the first draft of the report.

**RTC Attorney Reprimanded for Trip**

By Richard Keil
Associated Press

The Resolution Trust Corp.'s top lawyer was reprimanded for arranging a taxpayer-financed business trip to Atlanta last fall that allowed him to take in a World Series game, an investigatory report says.

The RTC inspector general's report, obtained by the Associated Press through the Freedom of Information Act, said Richard T. Aboussie, the acting general counsel for the government's savings and loan agency, flew to Atlanta on the government's business reason could be determined.

The inquiry was prompted by an anonymous caller to the agency's hotline who alleged Aboussie's "meetings in Atlanta had hastily been put together," the report said.

The report said the RTC employee who handled Aboussie's travel arrangements "recalled that Aboussie asked . . . to determine the price of an airline ticket for the Washington, D.C., to Atlanta, Ga., portion because he might have to pay for that portion of the trip himself unless a business reason could be determined."

The report said the unnamed employee "was later instructed to order tickets that would be totally charged to the government . . . because he was planning to have meetings with the Atlanta legal staff on Oct. 19, 1992."

Former and current RTC officials said the meetings were set up in Atlanta after Aboussie had decided to go to the World Series.

"Once he found out what the trip would cost, he set up those meetings," said one source familiar with the situation. "The trip came first, then the idea of the meetings."

Aboussie declined to be interviewed.

The entire cost to taxpayers for the flights and hotel was $779, the report said.

In a six-page statement to investigators, Aboussie said he "came to the conclusion that there was a strong business purpose for making the trip."

But when asked whether he would have gone to Atlanta if he had not been invited to the game, Aboussie wrote: "I cannot say with certainty that I would have made the exact trip described above."

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Amid Rotting Corpses, Bosnians Fight On

By John Pomfret
Washington Post Foreign Service

ZUC, Bosnia, Aug. 2—High on this strategic bluff overlooking Sarajevo, the terrain mixes Eden and Hades. It is a place where Paulm and crabapple trees hide with fruit about gapping craters hewn from the earth by Serb howitzers, mortars, rockets and tanks.

Here, the fighters in the Bosnian army, toting automatic weapons and, if they are lucky, a grenade or two, have faced off against heavily armed Serb combatants in a key battle for Sarajevo.

A journey to this hazardous ridge sprinkled with gutted houses and the decomposing dead of trees laden with fruit abut gaping craters hewn from the earth by Serb howitzers, mortars, rockets and tanks.

One of the places the Serbs are trying to hold, near Mount Igman.

This one, near Mount Igman. Today, Bosnian Vice President Ejup Ganic said that high point, Bjesanska Mountain, had fallen and marauding Serbs had taken Sarajevo's main TV tower at the cost of 20 Bosnian lives. Ganic claimed that in violation of the U.N.-imposed "no-fly" zone Serbs used helicopters to ferry troops in for the attack. U.N. spokesman Chris Barry Freer said the Serbs shielded Muslim forces for four hours Sunday but he said U.N. forces knew no more because Serbs, defying any other agreement, had barred military observers from the area.

From Zuc, the smoke of that continuing battle was easily visible today as it wafted over the mile-long valley dividing the two peaks.

Jolko Tufulovonic, 22, a Serb from Sarajevo who is fighting alongside the mostly Muslim army, pointed down to plumes of smoke kicked up by Serb artillery. "You only have to stand on this spot," he said, "to realize Geneva is a joke." On Zuc, Serb shells peppered the area and shook the earth. It was not as bad as last week, when over three days, about 5,000 shells—more than one a minute—deluged the area. Gutted houses testified to the severity of the attack.

At one bend in the road, a white wall stood alone like a piece of avant-garde sculpture. On its side was an address to nowhere: Avenue Slobodan Vukovic no. 85.

On its side was an address to nowhere: Avenue Slobodan Vukovic no. 85. Muslim fighters rested in their bunkers, waiting for dark so they could resume digging trenches. Everyone feared the Serbs might be closing in because they understand that if the ridge falls, Serb gunners will have the whole city in their sights.

"From here everything is downhill," said Ibrahim Dervesovic, 33, a former officer in the Yugoslav National Army who heads a command post near the front. "We lose it and we only have our families to back us up."

While many of the soldiers were aware of recent statements from Washington threatening unilateral action to break the Serb siege, few were hopeful the United States would help them.

"It's time for the United States to do something," said Hadjadi Tahir, 37, a former major in the Yugoslav army who is the chief of staff of the First Corps, defending Sarajevo. "But we've heard lots of promises and threats since the war began."

On Zuc, as in most front-line positions of the

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Bosnian army, the conditions are miserable. The soldiers eat twice a day—American-made Meals Ready-to-Eat. The only fruit they get grows on local trees but many of the groves have been mined by Serbs who were driven from the area in December. Ammunition is scarce. The troops are limited to 60 rounds per man per day—American-made Meals Ready-to-Eat.

At the front they sleep in covered trenches and fight in shallow pits that do not protect them well enough. Last night, Serb forces defied the agreement signed by their leader, Radovan Karadzic, in Geneva and launched an artillery attack on another high point south of this one, near Mount Igman.

"We could hear them shelling from 15 gun sites. Then, like a giant scythe, the onslaught sweeps toward the high—along the ridge that leads to that high point, Bjesanska Mountain, which is the chief of staff of the Yugoslav army who is the chief of staff of the First Corps, defending Sarajevo. "But we've heard lots of promises and threats since the war began."

"I'm ready to kill Serbs because I want to go home. I've lost a lot of relatives. I must return to tend their graves."

—Nusret Ziga, Bosnian fighter against a cement block. With a ball cap on backwards, a tuft of golden hair sprouting out from under the plastic strap, sweat glistening on his forehead, his muscled forearms a heart-shaped tattoo peeking out under his blue and white striped shirt, he looked more like a GQ model than a fighter. Except for a notch in his eyes. "I've lost too many friends," said a young man, armed only with a Kalashnikov and two grenades. "I don't believe in anything. I'm waiting." His mates later left with four other young men—a rag-tag platoon, two with helmets, two without. Around the lip of the hill a mortar shell landed, shaking the earth kicking up another cloud of dust.

"I'm ready to kill Serbs because I want to go home.... I've lost a lot of relatives. I must return to tend their graves."

-Nusret Ziga, 33, a refugee, one of thousands who have taken up arms for revenge and to defend Bosnia's fast-eroding ideal of a multi-cultural state.

"I'm ready to kill Serbs because I want to go home and they've taken over my village," said the factory worker. "I've got to go home. I've lost a lot of relatives. I must return to tend their graves."

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Ziga said he opposed any deal to carve Bosnia into three countries, such as the one being discussed in peace talks in Geneva. His opposition illustrates a factor that could complicate the situation here. The Bosnian army, founded on prin-
ERMAN-British currency markets were up in early trading today, mainly on hopes that the turmoil will result in binding Europe. 

Hours after European Community finance ministers essentially cut currencies loose to find their own level on world markets, speculators battered the EC’s weaker currencies in relation to the German mark, slicing 2 percent from the value of the franc and 3 percent from Denmark’s kron. The Belgian franc hit a record low, while the Spanish peseta and Portuguese escudo also fell. 

By loosening ties to Germany’s strong currency and high interest rates, the Bundesbank’s effort to curb German inflation—France and other EC countries can now lower their own interest rates and pursue economic policies intended to spark growth. By devaluing its currency, a country makes its goods cheaper to buy abroad, thus promoting exports and creating jobs.

The financial turmoil—tantamount to devaluations for the franc and kron, according to many economists—triggered bitter political finger-pointing. French Prime Minister Edouard Balladur, in an unusually blunt statement, blamed “the persistence of high interest rates in Germany” for the franc’s troubles.

The French newspaper Le Monde accused Germany of imposing a “dictat” that had caused the virtual collapse of the European Monetary System. The newspaper’s use of the word “dictat” was symptomatic of new strains in Franco-German relations—the centerpiece of European unity—because the same word was used by Hitler to deride the peace system referred to in the Paris accord of 1919.

In joining the dour chorus, Denmark’s central bank governor flatly acknowledged that “Denmark is not a supporter of the new system,” and Danish Prime Minister Pouly Nyrrup Rasmussen lamented that “speculators succeeded in driving a wedge between France and Germany.”

As the upheaval in European currency markets sent investors seeking safe havens, the price of gold rose to its highest level in nearly three years today in trading on New York’s Commodity Exchange. And hopes that the turmoil will result in lower interest rates for recession-bound Europe drove U.S. stock prices higher today, as the Dow Jones industrial average rose 21.52 points to close at 3,560.99.

The German Bundesbank’s refusal to lower a key interest rate last Thursday triggered frenzied selling of the franc and several other currencies. Following 20 hours of acri monous meetings in Brussels over the weekend, EC finance ministers and central bank governors early this morning decided to allow most European currencies to fluctuate up to 15 percent of a central rate, nearly a seven-fold increase over the previous 2.25 percent margin.

That action permitted politicians—particularly in Bonn and Paris—to claim today that the monetary system “eclipsed in working order,” as Balladur put it, and to avoid any statement knowing the politically distaste ful reality of devaluation. Nevertheless, other public figures were blunt in their assessments.

Dutch Finance Minister Wim Kok called today a “black day” and admitted that “this was a face-saving solution in order to prevent the whole system from collapsing.”

German Finance Minister Jean-Pierre Chevennon, noting that “monetary and economic union” lay at the heart of the proposed Maastricht Treaty on European unity, said that recent developments had stripped the accord of “90 percent of its content.”

And such gloom assessments could be heard occasional bursts of good cheer from optimists hopeful that Europe can now lift itself from its economic doldrums, a prospect that likely would benefit American business.

“It’s a healthy dose of realism, and in the long run that usually turns out to be advantageous,” Kermit L. Schoenholtz, an analyst for Salomon Brother, International, said in a telephone interview from London.

For Americans, healthy European economies would demand for U.S. goods, and a stronger dollar in comparison with weaker European currencies means visitors to Paris or Copenhagen will get more for their money. On the other hand, U.S. exports would be more expensive, a counter-influence to that increased demand.
Christopher, Mubarak Discuss Peace Process

The current search for Middle East peace agreements has gone on for 21 months with almost no results, and Christopher, talking with reporters after his meeting with Mubarak at this Mediterranean resort, said: "I don't expect any breakthrough on this trip."

He cited the conflict in southern Lebanon as a warning of what can happen if Arab states and Israel fail to make progress toward peace. "I think the situation in Lebanon perhaps paradoxically has in itself given a new burst of energy to the negotiations," Christopher said. "My aim is to capitalize on the tragic situation in Lebanon to remind the parties of the dangers in not making progress." He reiterated that the Clinton administration wants to see results by the end of the year, and he warned: "The parties must not only make progress, they must be prepared to make decisions. Decision time is rapidly approaching."

Mubarak dodged but did not deny persistent media reports that he believes Sheikh Omar Abdel Rahman, the Muslim cleric from Egypt who has been detained in the United States in connection with terrorist activities, had been an agent of American intelligence agencies.

The decision by European Community finance ministers to significantly alter the way most major EC currencies relate to each other involved a complex but politically and economically important system that was intended to increase cooperation among the European nations.

A brief explanation of the system, what happened and its impact:

- What does this mean for the United States?

For the rest of the summer travel season, American tourists will get a break if they travel to France and other countries whose currencies are dropping in value.

In the longer run, a drop in currency values in France and other countries would help their economies get out of recession and their citizens begin buying more U.S. products and services, although they will be more expensive in local currencies.

U.S. exports to Europe are projected to drop by about $4 billion this year from last year, when $1 billion in exports to Europe jumped about 20,000 U.S. workers, a faster European recovery is a modest but clear step toward the day when Europe will be a single commercial market with a single currency replacing the marks, francs and pounds of the members. The currencies were allowed to move up or down against each other by only a few percentage points. If a country could not keep its currency within the 15 percent limits, it would be forced out of the system.

- What is the political impact of what has happened?

Experts believe the French franc and other "weaker" currencies will drop in value compared with other currencies, including the dollar, over the days ahead. The stronger currencies are the German mark, the Dutch guilder and the Irish pound.

- Why would the currencies lose value?

Because the central banks of France and the other weaker currency countries are expected to cut interest rates to get their economies growing again. The currency crisis is the result of a deeper economic shock that has pushed unemployment into double digits and brought on recession across Europe.

- Why haven't interest rates come down on their own?

One country alone could not make a big cut in rates unless they all did, because their currencies and economic policies are linked. A drop in interest rates tends to make a currency less valuable to investors.

- What's the link?

The countries are members of the European Monetary System, established a decade ago to keep its members' currencies closely aligned with each other. It was meant to be a key step toward the day when Europe would be a single commercial market with a single currency replacing the marks, francs and pounds of the members. The currencies were allowed to move up or down against each other by only a few percentage points.

- Why have the European central banks cut rates?

With so much more money in circulation and such a tremendous boost in buying power, Germany suddenly was faced with the threat of inflation. To prevent inflation from getting out of hand, Germany's central bank has pushed interest rates up—the standard prescription for cooling off an economy that was beginning to run too fast.

France and the other EMS countries had tied their currencies and their economic policies to those of Germany, which historically have been stable. Once the link was made, though, the other countries were stuck with the bad consequences as well as the benefits.

So when Germany's central bank raised interest rates and kept them up, France and other countries had to go along.

While Germany was willing to suffer a recession as the price of reunification, the others did not want to swallow too much medicine. But they had to, or drop out of the system.
The new generation of militant Islamic groups involved in bombings and attacks on governments from the Middle East to New York depends on an informal network of support centers scattered from the Persian Gulf to the Middle East to New York attacks on governments from the United States, according to government officials and Islamic activists. Sudan, Iran, Saudi Arabia, the smaller Persian Gulf kingdoms, Pakistan, Afghanistan, the former Yugoslav republics, Europe and the United States all today contain such informal support centers where Islamic radicals can find money, safe havens for activists and inspiration—despite efforts by some local governments during the last few months to clamp down.

Connections run between these scattered centers in the form of international charitable organizations, or evangelical institutions, charismatic personalities and informal financial transfers. The most common source of financial support is private donations or charitable contributions by wealthy Saudis or other rich Muslims, estimated by participants in the movements to amount to tens of millions of dollars each year.

"Islamic movement finances come through genuine people," said an activist in the London office of a pro-Iranian Islamic group. "That sort of money, even if it is from someone corrupted, he is giving the money for Allah—it is not for show." In any event, the activist concluded confidently, "When you're talking about the Islamic movement's popular base, that sort of money, even if it is from someone corrupted, he is giving the money for Allah—it is not for show." In any event, the activist concluded confidently, "When you're talking about the Islamic movement's popular base, that sort of money, even if it is from someone corrupted, he is giving the money for Allah—it is not for show." In any event, the activist concluded confidently, "When you're talking about the Islamic movement's popular base, that sort of money, even if it is from someone corrupted, he is giving the money for Allah—it is not for show." In any event, the activist concluded confidently, "When you're talking about the Islamic movement's popular base, that sort of money, even if it is from someone corrupted, he is giving the money for Allah—it is not for show." In any event, the activist concluded confidently, "When you're talking about the Islamic movement's popular base, that sort of money, even if it is from someone corrupted, he is giving the money for Allah—it is not for show."
The I of It

Among all 10 centers of external support for Islamic radicalism today, one is distinctly from the rest: Iran, where the Islamic government is openly committed to the export of its radical ideas around the Middle East. Yet rather than quarreling of pan-Islamic legitimacy, Iran is better understood as an active but in some respects handicapped competitor for influence in the resurgent Islamic revival.

That Tehran has both clients and ambitions in the ongoing Islamic revival is widely acknowledged, including by Tehran. Across from the Foreign Ministry in north Tehran is an old government building housing protocol offices for foreign diplomats and branch offices for two radical Islamic movements—Hizballah, from Lebanon, and Hamas, from the Israeli-occupied West Bank and Gaza Strip. As they enter, ambassadors from Western countries and moderate Arab regimes doing business with the protocol officers step to the right, while representatives of the Islamic movements step to the left.

The exact amounts of Tehran's financial transfers to these and other Islamic groups overseas are unknown. Iran's parliament has earmarked $20 million in aid for the Palestinian cause, according to Arab sources in Iran. But Israeli estimates suggest no more than several million dollars has been reaching Hamas annually from Iran, channeled through Tehran's overseas Islamic-organization propagandists. Considerably larger sums, as well as training and logistical support, are thought to reach Hizballah and its terrorist affiliate, Islamic Jihad, in Lebanon.

Broadly, Iran's strengths as a player in the pan-Islamic revival are seen to be the inspirational power of its original revolution, its track record in funding and supporting strikes against Western and Israeli interests, and its open rhetorical embrace of radical Islam in all its variations.

"We do not have any centrally organized support structure for the revival of Islamic sentiment in the world," said Ahmed Javad Larijani, a member of the Iranian parliament and vice chairman of its foreign relations committee. "But we are putting a lot of effort to revive an idea, which we believe will be a stimulus." Yet Iran's revival remains infused with two elements that are anathema to many radical Islamic Arabs: Iran's Shiite Islamic faith, predominant in Iran but in the West seen as belonging to the remote holy war, and the Shah whom the collapsed in 1979. The Islamic regime in power now has the legitimacy to rely on the flows and the help of the anti-Western groups.

"No one can control the flow of money from Saudi Arabia," said one Saudi, "it is not one person—it is a thousand. We are here. Money comes to us from inside Saudi Arabia. We have private talks with businessmen. Sometimes, directly, sometimes indirectly. It all comes down to money."
A New Strain of Terrorism

Groups Are Fast, Loose, Hard to Find

By Pierre Thomas
Washington Post Staff Writer

Last September, a man carrying an Iraqi passport giving his name as Azan Muhammad arrived at New York’s Kennedy International Airport from Pakistan. He had no valid U.S. visa, and he told federal officials he was seeking political asylum in this country. Ideally, such illegal entrants are sent to the near-by immigration detention center until their asylum claims can be heard. But on this September day, as on many other days, theFBI’s 10:10 wanted list, and the bureau has offered a $2 million reward for his capture.

Of all the suspects in the bombing, six of whom now are in custody, Yousef, 26, perhaps best illustrates the frustration of law enforcement agencies investigating what they say is an unwieldy new brand of terrorism that has surfaced here and elsewhere.

Authorities believe Yousef came to New York solely to enlist participants in a terrorist conspiracy and to commit a terrorist act. His ability to enter and exit the country, and his quick alliance with a small group of militant Muslim fundamentalists living in the New York area, they say, are hallmarks of the new threat.

What is new, said Yousef’s lawyer, is that these groups can spawn quickly...that you can get amateurs, locals, involved with one or two people who may coordinate.

Their plots do not necessarily rely on expensive, high-technology devices that have to be carried across international borders. The materials used in the Trade Center bomb, and planned for use in a separate alleged bombing in New York last month, were easily and openly purchased here, and probably cost no more than a few thousand dollars, authorities said.

Unlike known terrorist operations with headquarters and recognized leaders—such as the group known as Abu Nidal that gained prominence in the 1970s and 1980s—these new groups have little organizational structure, and in some ways are not really groups at all. Rather, they are loose collections of radicals who seek support—sometimes financial and sometimes active—from like-minded individuals, groups, and even governments.

Law enforcement has “concerns about the ad hoc nature of some of these groups,” said Wayne Gilbert, FBI assistant director of counter-intelligence and terrorism. “This is a physical, technical methodology based on religion, not necessarily for political cause or country.”

“The whole thing is kind of amorphous,” said New York Police Commissioner Raymond W. Kelly of the difficulty of investigating such movements. Law enforcement authorities believe there may have been others, still unnamed individuals involved in organizing and carrying out the bombing who, like Yousef, simply appeared one day from outside the country and later departed again without notice.

The details of Yousef’s arrival in this country and his activities over the subsequent six months began to be pieced together by law enforcement authorities only after he had fled. They say they now know other things about him—that he is an Iraqi national; that he also has claimed to live in the United Arab Emirates; that Azan Muhammad was one of at least 10 aliases he has used at various times; that neither the name Muhammad, nor his real name appeared on any U.S. “watch list” for terrorists.

According to Pakistan International Airlines (PIA), Yousef—carrying the Muhammad passport—had proper U.S. entry documents when he boarded a Pakistan-New York flight in September. U.S. law holds international air carriers responsible for allowing illegal immigrants to board flights to the United States. According to the Immigration and Naturalization Service, PIA was cited for 94 violations in 1992, and fined a total of $28,000.

“This is our biggest headache the last four or five years,” said Syed Ali, U.S. marketing manager for PIA. “Passengers board with the proper documentation and then tear it up and flush it down the toilet.”

Also on the PIA flight was Ahmad Mohammad Aja. He was arrested on arrival at Kennedy for carrying a fake Swedish passport, and officers confiscated manuals he was carrying with instructions on the construction and use of explosive materials. After serving six months in jail for the passport violation, he was released in March. It remains unclear why he was not detained for deportation at that time, but he was rearrested within a few days and charged with participation in the alleged World Trade Center conspiracy.

Once in the New York-New Jersey area, authorities said, Yousef headed to a Jersey City mosque where Egyptian cleric Sheikh Omar Abdel Rahman preached a militant Muslim fundamentalism. Abdel Rahman was at the center of a fundamentalist move-
New Strain of Terrorism Proves To Be Fast, Loose, Hard to Follow

chemicals to be used in the device
for delivery to the shed.

On Feb. 23. Salameh rented a van
in Jersey City. It later was deter­
mined to have carried the bomb that
exploded on Feb. 26 in the parking
garage located beneath the Trade
Center. Six people were killed and
more than 1,000 were injured.

Six suspects have been arrested
in the case, including Salameh,
Alkaisi, Ajaj and Abouhalima. Oth­
ers with ties to Yousef, including Elgabrowny, have been charged in
the other alleged bombing conspir­
cy. All have pleaded not guilty.

Authorities were led to Yousef in
several ways. His fingerprints were
found on two of the bomb-making
manuals seized from Ajaj at Kennedy
Airport in September; he was iden­
tified as having shared a Jersey City
apartment with Salameh and had
showed up with Salameh at a New
Jersey hospital in January after an
unrelated automobile accident. He
was identified as having been seen in
the van with Salameh on the morning
of the bombing, and his fingerprints
were found on containers of some of
the bomb-making chemicals.

But while Yousef's "finger­
prints"—literally and figuratively—
have been found all over the bombing
conspiracy, Yousef himself has van­
ish ed.

Law enforcement sources said
they believe he fled initially to Pak­
istan and the FBI—with assistance
from the CIA, foreign intelligence
officials and other sources—is con­
tinuing the search for him.

Asked about Yousef's role, one
senior law enforcement official said:
"He came in, and got out; that's
what a mastermind would do."

Staff researcher Barbara J. Saffir contributed.

Effort to Deport Sheik Is Assailed

By a Washington Post Staff Writer

WHITE PLAINS, N.Y., Aug.
2—U.S. efforts to deport Sheikh
Omar Abdel Rahman are uncon­
stitutional, a lawyer for the
Egyptian cleric told a federal
judge at a hearing today.

Lawyer Barbara Nelson con­
tended that the Immigration and
Naturalization Service violated
its regulations and the sheik's
right to due process when it
rescinded his permanent-resi­
dence status in January 1992

"The government seems to
take the position that a perma­
nent resident alien can be
stripped of his residency status
without a hearing or due pro­
cess," Nelson told U.S. District
Judge Charles L. Brieant. It was
not clear when Brieant might
rule.

Assistant U.S. attorneys
charged that the sheik never re­
ported to an INS notice that
would have allowed a hearing. He
probably never should have been
allowed to enter the country, the
government lawyers said.

State Department officials
had categorized Abdel Rahman
as a suspected terrorist at least
six years ago because of his al­
leged connections to a Muslim
extremist group tied to hun­
dreds of attacks, including the
1981 assassination of Egyptian
President Anwar Sadat. After a
series of miscues by the State
Department and INS, Abdel
Rahman entered and departed
the country several times in the
late 1980s.

Abdel Rahman is being held
at federal prison in Otisville,
N.Y. On July 9, the Board of
Immigration Appeals denied his
bid for asylum.

BASES OF SUPPORT

Compiled by Jeannette Bello/Icon. Map by Larry Fogle—The Washington Post
The White House Is Banking on HMOs as a Way to Reform Health Care—

But Many HMOs Today Skimp on Mental Health Benefits

By Sandra G. Boodman

Several months ago, a 39-year-old magazine editor in Northern Virginia decided she needed mental health counseling. Her marriage was foundering; she was having problems at work, and she couldn't shake the depression that had descended six months earlier after a miscarriage. Summoning her courage, she sought health maintenance organization, the George Washington University Health Plan, for help.

First, she was told she needed a referral from her primary care doctor. After waiting a week to get in to see him, she was referred to the Metropolitan Psychiatric Group and given an appointment with a "liaison" nurse.

"I thought, well, I'd see her and she'd assign me to a therapist and I'd start my 20 sessions," she said, referring to the 20 psychotherapy visits covered by her HMO plan.

"One of the first things she said was that she'd never heard of anyone getting 20 visits," said the editor, who requested anonymity. "She said five was the most she'd heard of." Then, the editor continued, the nurse began her evaluation by reading aloud from a checklist. "The questions were things like, 'Do the patient's shoes match?' Does she know where she is?" the editor recalled.

"I told her what my problems were, and she just dismissed them. She told me that I should be thankful that I had one child and that if I was having trouble communicating with my husband I should read [a certain book]. When I told her I was having problems at my job, she suggested that 'women like me' should consider volunteer work. The whole experience was just devastating. I never went back."

Mental health has long been relegated to second-class status in medicine. Treatments for psychiatric disorders and psychological problems have been viewed with skepticism and, often, outright suspicion, even by doctors. As a result, virtually all health maintenance plans tend to limit their coverage of psychiatric services while providing virtually unlimited treatment for medical illnesses such as diabetes or heart disease.

The form of insurance that has typically provided the fewest mental health benefits is the health maintenance organization—one of the fastest growing types of health plans in the United States and the one most likely to be encouraged under national health care reform.

Mental health advocates say that many HMOs employ a variety of strategies that shortchange subscribers and are designed to keep the use of psychiatric benefits, particularly psychotherapy, to an absolute minimum. In most HMOs, the maximum coverage is for 20 psychotherapy sessions and 30 days in the hospital per year.

Most HMOs don't even set the number of outpatient visits. Many require a physician's approval to see a therapist. Some exert steady internal pressure on therapists by frequently questioning whether treatment is necessary and—should be reimbursed; others require therapists to get additional approval after two visits.

Although HMOs say they provide comprehensive medical care for a flat monthly fee, an increasing number require copayments for each mental health session. Others exempt treatment of certain specific conditions like eating disorders or chronic illnesses such as schizophrenia that require lifelong treatment.

"HMOs have set the standard for severely limited mental health benefits," said Washington psychiatrist Lawrence Sack.

"They made it legitimate not to offer treatment."

"A lot of people with HMOs don't know how little is provided in terms of mental health benefits until they try to use them," said Alvin Golub, executive director of the Washington Psychiatric Society, which represents 1,300 area psychiatrists.

Medical Inequality

HMO executives say they offer high-quality, cost-effective, short-term treatment to their subscribers. "It is important for people to understand the limitations of the policy they're buying," said John Ott, chief executive officer of the GW HMO.

"The vast majority of our mental health patients are well taken care of."

The debate over the quality of care in HMOs has assumed new urgency because of the health reform plan being formulated by the Clinton administration. That plan is likely to force many Americans into HMOs and other large plans that are tightly managed to control costs. Last year, more than 41 million Americans were enrolled in HMOs, according to the Group Health Association of America, the industry's Washington-based trade association. In 1985, 19 million Americans belonged to an HMO.

The neediest of mental health advocates have been fueled by recent statements from First Lady Hillary Rodham Clinton. Last winter, Tipper Gore, wife of the vice president and chairwoman of the White House mental health task force, said that a cornerstone of health reform would be parity for psychiatric problems, a cherished and elusive goal of mental health advocates, who say the present system discriminates against those with psychiatric problems.

In June, Hillary Clinton said that equal coverage for mental health might not be "politically and financially" feasible.

Some HMO executives say that the lack of parity—which is written into the 1973 legislation establishing HMOs—is the underlying reason for many of the complaints about poor quality mental health care in HMO plans.

They're right," said Boston psychiatrist John Ludden of the complaints that these prepaid group plans provide the minimum treatment allowed by law. "In many plans, mental health is still regarded as voodoo."

Imposing an arbitrary limit, such as 20 outpatient visits or 30 days in the hospital per year, "sets up patients and providers to be frustrated and disappointed," said Ludden, an industry spokesman who is medical director of the Harvard Community Health Plan, one of the nation's most respected HMOs.

In general, patients affected by such limits have rarely complained because they are too sick or because of the stigma that surrounds mental illness.

The reasons limited mental health services have been tolerated, said Steven S. Sharfstein, chief executive officer of Sheppard and Enoch Pratt Hospital in Baltimore, are rooted in ignorance as well as economics. Many people, health industry executives among them, believe that psychiatric treatment simply doesn't work.

"Ten years ago at a meeting with HMO executives, one very prominent executive of a very large HMO told me that anyone who needed more than 20 outpatient visits belonged in a state hospital," said Sharfstein, an officer of the American Psychiatric Association.
Employers want decent plans at a reason-
able cost," said Wiener. "It's the employers,
not the HMOs, who have been respon-
sible for the better substance-abuse pro-
grams of the late 1980s because they de-
manded them. A lot of times, employers rely
on the HMOs, who say, 'This is a good
package.' Too often, it's been the HMOs
who've whipped up anxiety about rising
costs or the specter of 'overutilization'
of mental health care."

Washington clinical social worker Eliza-
abeth M. Buchanek says she resents what
she regards as the implicit assumption by HMOs
that patients are 'over-treated' by therapists seeking to wring ev-
ery penny possible out of an insurer.

"There are millers in every profession," Buchanek said. "It is a mis-
understanding that the provider doesn't monitor the de-
livery of services. Many of us do."

HMOs typically provide only short-term mental health treatments. Well over 95 percen-
t of conditions are not only covered but can be treated well within the benefit struc-
ture," said Kay Marshall, administrator for mental health services for the Mid-Atlantic
region of Kaiser Permanente. These condi-
tions include borderline personality dis-
order, schizophrenia and depression. "We of-
ffer a combination of psychotherapy, not intensive, deep, long-term-personality-
changing treatment."

Yet there is evidence that for some con-
ditions, more psychotherapy than four or six sessions may be needed. Northwestern
University research psychologists have charted a "dose response" rela-
tionship, similar to that used to measure the effectiveness of a particular drug.

In a study of 2,400 patients with various diagnoses, they found that after eight ses-
tions, 50 percent showed measurable im-
provement. After six months of weekly
therapy, 75 percent of patients got better.

Patients whose primary problem was an-
xiety or depression took 20 sessions to respond.

For those with severe emotional disor-
ders, such as borderline personality disor-
der, it took a year or more for there was any
measurable improvement.

And a study by Rand researchers of 617
depressed patients published last month in
the Archives of General Psychiatry found
that those suffering from serious depression for longer than one year when treated by psychiatrists who were paid through fee-for-service
arrangement rather than a prepaid plan. One
author of the study said the better outcome might reflect superior follow-up care under the fee-for-service arrangement.

"Certainly, there are people who are going
to benefit from long-term psychother-

Some will choose to go outside the plan.

Going Outside the Plan

Psychiatrists, clinical psychologists and social workers, not traditionally trained to provide open-ended psychother-
apy, balk at the uniform limitations most
HMOs impose.

"Seventy-five percent of patients won't
require more than 12 visits," said Bethesda
psychiatrist Susan G. Lazar, who served as
a consultant to the White House task force
on health care reform. "But there are some
who need more" than brief psychotherapy.

Failing to provide that, she said, "is like
giving a little bit of chemotherapy to a pe-
son with a curable Stage I Hodgkin's disease.
It's cruel. And with some people, you make
them worse."

Lazar and others say that imposing an ar-
binary limit on the number of visits or days
in the hospital is medically indefensible.

"How much insulin does a diabetic need?
" she asked. "These decisions should be driv-
en by the needs of the patient."

Buchanek, the social worker, agreed. "Of-
ten long-term treatment is not only bene-
ficial, it is absolutely necessary."

Buchanek says she has treated about half
a dozen HMO members privately, some for
free or at reduced cost, after their plans re-
fused to authorize treatment. "When the need is to reduce fees," she said, "it comes
out of my hide, not the HMO's."

For some people, denial of coverage by an
HMO means doing without care. Many are
forced to default to emergency room or med-
cal services or precipitates a crisis that re-
sults in psychiatric hospitalization. A patient
with untreated depression, for example,
may show up repeatedly in a doctor's office or
emergency room complaining of spec-
cific chest pains, difficulty sleeping or over-
whelming fatigue.

Those who are more affluent or more
desperate may seek care from private ther-
pists, whose desire to keep themselves.

The extent of so-called "out of plan" care
is hard to measure, according to Robert A.
Durant, an expert in HMO psychology and an
associate professor at Harvard's John F.
Kennedy School of Government.

"There's a lot of it," he said, "but there's
very little data to indicate how many people pay for psychotherapy out of pocket. In
dotally, the rap on HMOs is that very sick patients end up in state mental hospitals or
are dumped on underfunded community mental health centers."

Are mental health officials say their ros-
ters have recently swelled. "The sheer number of people needing our help" has sky-
rocketed in the past two years, said Judith
Krasnow, Alexandria's director of mental
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health services.
In many plans, mental health is still regarded as voodoo." John Ludden
Boston psychiatrist

Overly treatment is a concern to therapists who GW patients. "People come in in a crisis, and they've looked in their little pamphlet and they see that they're entitled to 20 visits," said one therapist who works for Metropolitan Psychiatric Group, which provides psychiatric services for GW's suburban patients. "And we're the ones who have to tell them that no one gets that, that the average is five or six visits and that if they want to continue to see us after that they can pay the rate, which ranges from $70 to $90 per session.

"They feel like it's bait and switch," the therapist continued. "We spend half of our time in therapy dealing with that."

A key issue for many therapists is that a patient may come in with one problem, such as anxiety, but in the course of therapy, a more serious issue, such as sexual abuse might be unearthed.

David Fram, a psychiatrist who is utilization review medical director for Metropolitan Psychiatric Group, said that some of the confusion in patients' minds may arise from the mistaken notion that being entitled to a maximum of 20 visits isn't the same as being guaranteed 20 visits.

"Twenty visits would be an outlying number," said Fram, who said that the average number of visits is about six.

Fram said he would like to provide more than short-term crisis intervention, but the GW plan does not permit it. "I feel there's a hole area of treatment) that's left out. It's very frustrating to be in a situation where the benefit package is only limited to short-term."

GW's plan for suburban residents, he says, covers "short-term treatment for problems that would respond to short-term treatment," as determined by Metropolitan. That would include an immediate crisis following a death, divorce or job loss, Fram said.

Long-term or chronic conditions that probably would not be covered are eating disorders, borderline personality disorder or obsessive compulsive disorder.

Health maintenance organizations (HMOs) are prepaid group health plans that provide coverage of various medical services for a fixed premium.

There are more than 540 HMOs in operation nationally with nearly 41.4 million subscribers; one in four Americans with private health insurance are HMO members.

Some plans require consumers to see doctors who are salaried employees of the HMO. Other HMOs contract with physicians in a group practice or with individual doctors who agree to accept a pre-arranged rate in exchange for providing services.

Most large HMOs offer a variety of benefit plans to employers, who in turn buy them for their workers. In the Washington area, for example, Kaiser markets 16 separate mental health plans. Some provide more mental health coverage, others less.

10 LARGEST WASHINGTON AREA HMOs BY ENROLLMENT
(as of Dec 31, 1992)

- M.D.-IPA 325,000
- Kaiser Foundation Health Plan of the Mid-Atlantic States 300,000
- Health Plus 215,000
- Group Health Association, Inc. 139,000
- Optimum Choice 127,000
- Free State Health Plan 86,000
- Columbia Medical Plan 70,000
- George Washington University Health Plan 55,000
- Aetna Health Plans of Mid-Atlantic, Inc. 51,000
- Prudential Health Care Plan 32,000

SOURCE: Group Health Association of America

The Northern Virginia editor, whose problems seemed to fall into the covered category, said that although she was offered another session with the nurse, she never went back. She said she is still struggling with periodic depression. "I'm able to function," she said, "but if I had the money, I would go to a private therapist. I just can't afford it."

Fram has a different perspective on the case. "The [nurse] therapist is very experienced," he said. "Sometimes, there are mismatches and a certain number of cases just don't go well."
In One Plan, Two Approaches to Providing Care

Mental health benefits for the 60,000 subscribers to the George Washington University Health Plan are administered under an unusual system.

Half of the plan's members, who live in the suburbs, receive mental health treatment from a contractor, Metropolitan Psychiatric Group. District patients are treated by the staff of GW's psychiatry department.

Although the benefits are the same—an annual maximum of 20 outpatient visits and 30 days of hospitalization—they are administered differently.

Suburban patients must get a referral from their primary doctor before they can schedule a mental health appointment. Treatment is limited to "short-term psychiatric disorders that are responsive to short-term treatment."

Although subscribers are entitled to up to 20 visits per year, therapists must get additional approval after two visits—and few patients receive more than six sessions. Certain problems, such as eating disorders, are exempt from treatment under the plan.

The benefits for District subscribers are administered in a different manner. When GW's psychiatry department, headed by psychiatrist Jerry M. Wiener, took over the contract last year, he abolished the referral requirement. Subscribers can make mental health appointments on their own.

In addition, all patients are either seen by, or have their cases presented to, a psychiatrist who is responsible for overseeing their treatment. No disorders are automatically excluded. And there is no attempt to limit outpatient visits to six.

These changes, Wiener said, have resulted in a marked increase in the use of outpatient benefits and a corresponding decrease in hospitalization.

"We don't worry so much about outpatient utilization as we do about more expensive inpatient care," said Wiener.

— Sandra G. Boodman

Jerry M. Wiener, president-elect of the American Psychiatric Association and chief psychiatrist at George Washington University Medical Center, says the perception that HMOs skimp on mental health care is accurate.

An Alternative to National Health Insurance

It was the initial rumblings for national health care reform that spurred the rise of HMOs. Although a handful of prepaid health plans have been around since the 1930s—among them Group Health Association of Washington and California-based Kaiser Permanente—the growth of HMOs began in earnest in the 1970s, when the concept was endorsed by President Richard M. Nixon as an alternative to Democratic calls for national health insurance.

In 1973, Nixon signed the Health Maintenance Organization Act, which enumerated minimum standards for mental health treatment. That law stipulated that HMOs must provide 20 outpatient visits per person per year for short-term or emergency treatment. A requirement that HMOs pay for 30 days of psychiatric hospitalization was added later. The federal minimum quickly became the maximum provided by many HMOs.

By comparison, most traditional insurance plans have imposed fewer restrictions on the number of outpatient psychiatric visits. However, these plans usually place lifetime limits on the amount that can be spent on psychiatric care. Typically these lifetime caps range from $25,000 to $75,000.

Unlike indemnity plans, HMOs do not usually impose lifetime limits on treatment. But with their annual limits on outpatient visits and in-patient costs and tight controls on who gets care, HMOs are able to limit access to psychiatric services up front.

Increasingly, indemnity plans have begun to copy HMO limits as a way to reduce expenditures on mental health, said Washington psychiatrist Lawrence Sack.

In the 1980s, as states passed laws establishing "mandates"—treatments that an insurer must provide in order to operate—some adopted the HMO standard—20 outpatient visits, 30 inpatient days. Ironically, the mandates often exempted HMOs.

As a result HMOs have been able to limit mental health benefits in a way that would have been impossible for equally expensive physical ailments.

"Suppose you decided you weren't going to pay for cancer," said Steven S. Sharfstein, secretary of the American Psychiatric Association who has written extensively about HMOs. "People simply wouldn't accept that."

— Sandra G. Boodman
Locality Raises Rolling

By Mike Causey
Washington Post Staff Writer

White-collar federal workers are almost certain to get locality pay raises Jan. 1 despite Clinton administration efforts to delay the increases.

Although the size of the city-by-city adjustments is yet to be determined, preliminary data point to a raise of not quite 4 percent for workers in the giant Washington-Baltimore region, which stretches from the West Virginia border to the Chesapeake Bay.

Senate-House budget conferees tentatively have agreed to go against the president and start the locality raises on time next year. But they are likely to delay the 2.2 percent general pay increase, also due in January, because the $3.1 billion combined cost of the two raises could force agencies to furlough or fire employees.

The locality raises would cost about $1.8 billion, and the general pay increase has a price tag of about $1.3 billion; neither was budgeted by the Clinton administration.

The fate of the two raises, plus other proposed changes in retiree raises, bonuses and annual leave payments for executives, won't be official until the Senate and House approve the omnibus reconciliation package and the president signs it. The House is due to vote Thursday, and the Senate is scheduled to vote Friday. Congress tentatively plans to recess Friday and not return until after Labor Day.

As of late yesterday, the conferees had reached tentative agreement on several issues:

■ The locality raises, which would vary among the nearly 30 designated geographic pay regions, would take effect this January. The raises are designed to gradually close the hometown pay gap between government and industry. Locality pay would be considered part of base pay, and that would mean bigger pensions and higher values for salary-related benefits such as life insurance.

■ The 2.2 percent general pay raise, designed to help close the national average pay gap between government and industry, may be delayed until mid-1994 or early 1995. Conferees believe it is more important to get locality raises off and running. The Clinton administration wanted to delay both increases—which under current law are due Jan. 1—arguing that the pay gap between government and industry may be exaggerated.

■ Military personnel would get a 2.2 percent pay raise in January but would not get locality pay adjustments.

■ The proposed 240-hour limit on the amount of annual leave that members of the Senior Executive Service can cash in at retirement would be doubled, to 480. Unlike rank-and-file employees, executives may now accumulate unlimited annual leave and be paid for it when they leave government.

■ Bonuses and cash awards, which originally had been frozen for several years, would be authorized on a limited basis.

■ Cost-of-living adjustments for federal retirees would be delayed from January until April in 1994, 1995 and 1996. COLAs for military retirees could be delayed under a different formula.

Board's Birthday

The Board of Veterans' Appeals celebrated its 60th birthday July 28. President Franklin Delano Roosevelt created the 15-member board as a temporary agency to handle claims of veterans of the Civil War, Spanish-American War and World War I. It now has 250 lawyers, eight doctors and a support staff of 200.

VOA Legend Honored

Broadcasting Willis Conover, dubbed "the world's favorite American" by Readers Digest, will be honored tomorrow at a special reception at the Voice of America's reception center, 330 Independence Ave. SW. His "Music USA" program has been broadcast around the world for 38 years.
Who Cares About the Deficit?

A few years ago, supply-side economist Paul Craig Roberts was poking fun at the passionate advocates of deficit reduction, something he's still in the habit of doing. Roberts argued that the only people who really cared about the deficit were journalists, espousing editorial writers, and the heads of Fortune 500 companies.

Therefore, Roberts suggested helpfully, any taxes raised to close the deficit should be levied only upon members of these two groups. If they care about the deficit as much as they claim to, surely they wouldn't mind.

I don't share Roberts's supply-side ideas—higher taxes on the wealthy don't bother me—but I've always thought there was a point to his little dig: Deficit reduction has mostly been a concern of the elites. Rank-and-file voters think the deficit is bad, but worry more about immediate problems: jobs, schools, crime and health care, for starters.

The battle over President Clinton's deficit reduction plan, now mercifully close to a conclusion, has served to underscore that for all the talk in Washington about the deficit, it tends to be "deficit hawks." Instead, he's had a wonderful time as an alternative to the Clinton plan. As a result, two men once regarded as arch-deficit hawks, Sens. Bob Dole and Pete Domenici, are now proposing. If these people, who attacked George Bush's 1981 tax increase, the product of the "deficit obsession," are now pushing for a "budget summit," it's easy to criticize Clinton for "courage." For example, I've taken him to task for abandoning his promised middle-class tax cut without considering what damage this would do to his credibility and among the average wage-earners who elected him.

One can also argue that Clinton should have known that he'd be slammed even for moderate deficit-reduction and modest taxes on the middle class. If he was going to lose popularity anyway, shouldn't he have gone for something bigger and won some credit for "courage?"

This deficit fight suggests that in fact, a pol gets little credit for "courage" once specifics are put on the table. The members of Congress now grappling with Clinton's program know better than anyone that voters judge politicians by the big things (how's the economy doing?) or by specific things (Did you cut my Medicare, raise my taxes, reduce my farm subsidy, close my tax loophole?)

That means that if the Clinton plan goes down, the alternative is not a big, bipartisan budget deal, but nothing at all. Some of the very Republicans who are now pushing for a "budget summit" if the Clinton plan loses, the lesson will be absolutely clear: Any Democrat who makes this plan lose, the lesson will be absolutely clear: Any Democrat who makes deficit reduction a central goal is a fool.

Perot has, in theory, endorsed larger tax increases—and stiffer levies on "later" never seems to come.

Perot is maddening, but he's not stupid. He knows, for example, that what drew voters to him was not anything specific about his deficit reduction plan, but his ability to use the deficit as a symbol for all that's wrong in Washington. He also knows that while voters admired him for being willing to go to his "raise taxes"—that made him "honest" and "courageous"—the taxes themselves were never popular. If new anti-deficit taxes were what the people really wanted, Congress would have embraced Clinton's $72 billion energy tax, instead of nipping it down to a $23 billion gas tax.

The performance of Sens. Bob Dole and Pete Domenici is also revealing. In the mid-1980s, Dole and Domenici showed great courage on the deficit issue by pushing through the Senate what amounted to a real cut in future Social Security benefits. Two things then happened: Ronald Reagan sawed off the limb onto which they had climbed, arguing that Social Security cuts would never fly with the voters. And Republicans lost control of the Senate in the 1986 elections.

Boy, have Dole and Domenici learned their lesson. They are still willing to say sometimes that serious deficit reduction would require some new taxes. But that hasn't stopped them from striking a relatively anti-tax, anti-Clinton pose on the deficit plan. As a result, two men once regarded by the Republican right for their "green-eyeshade" deficit worries are, for now, the toast of conservatism.

Even the business elites whom Roberts skewered for being so deficit-obsessed have shown that other things (like their bottom lines) matter a lot more to them than the deficit. Thus has the National Association of Manufacturers fought Clinton on almost any taxes that might affect its members.

By taking on the deficit issue, Clinton hoped that he'd at least get a nod from those we call "opinion leaders" who are supposed to "understand" the importance of the deficit.

Fat chance. The dominant reaction among traditional deficit foes has been to criticize Clinton for doing "too little." While Clinton is out there getting smashed up, the deficit jocks sniff that he's "failed to take on enti-

ments" and "doesn't ask enough from the middle class" and on and on. But with friends like these, why not just run the deficit up another several trillion dollars more and at least get credit for passing new programs?

Given the way things have turned out, it's easy to criticize Clinton for the way he's handled this whole thing. For example, I've taken him to task for abandoning his promised middle-class tax cut without considering what damage this would do to his credibility and among the average wage-earners who elected him.
Added Proof That It Didn’t Take a Hero

COMES now a new laurel for America’s beloved war hero, H. Norman Schwarzkopf: supreme self-promoter.

Last year the general placed a literary medal on his heaving chest with “It Doesn’t Take a Hero,” an autobiography that depicts a take-charge military genius fully deserving the victory parades as well as getting immortalized on bubble-gum cards. With his royalty-rich book, along with speeches worth a few dollars a syllable for patriotic mush, Schwarzkopf convinced America that it had one now.

The commander of the allied forces in the Persian Gulf War—and the son of a general—presented himself as a model of public service: “My father’s saber was a sacred thing in our family. We called it his West Point sword, because he’d gotten it the year he graduated, in 1917. ‘Duty, honor, country,’ the West Point motto, was his creed, and it became mine.”

Atkinson discusses dumb bombs. These were 93 percent of the drops. They hit their targets only 25 percent of the time. Homes and apartment buildings were leveled. “By exercising reasonable care,” Atkinson reports, “the allied leadership avoided wanton killing, but thousands died nonetheless, directly or indirectly—perhaps tens of thousands. The sanitary conflict depicted by Bush and his commanders ... was a lie. It further dehumanized the suffering of innocents and planted in the American psyche the unfortunate notion that war could be waged without blood, gore, screaming children and sobbing mothers.”

The winner’s version of war produces grandiose autobiographies like Schwarzkopf’s. Then follow the full-story accounts like Atkinson’s. What’s horrific is that Schwarzkopf’s warrior successors persist in claiming that their killing—in Somalia, in Iraq still—is leading to peace. As we now know of Schwarzkopf’s role, that self-ionization is unsupported by fact.
Why Israel Attacked

Israeli forces and Israeli settlers in the northern territories have been subject to attacks from the Iran-backed Shiite Muslim group Hezbollah in southern Lebanon, for a long time. Why, then, did Israel launch a major military operation to destroy Hezbollah and to displace the entire population of southern Lebanon now, when U.S. officials have begun to see hope for real gains in the peace process?

The answer to this question may be that the Israelis are reacting to a U.S. foreign policy initiative in the Middle East described as “dual containment.” This policy seeks to reverse a traditional approach of U.S. foreign policymakers in which they seek to balance traditional enemies Iran and Iraq, one against the other, by supporting whichever power is vulnerable at a given time. The new policy seeks to isolate both powers at the same time, and it seems to be related to a campaign to oppose radical Islamic forces in the Middle East and elsewhere. The Israelis may have calculated that under the dual containment initiative, an attack on Iran-directed Hezbollah would result in U.S. support.

The initial U.S. reaction to the Israeli campaign demonstrated that the Israelis were right to expect U.S. support. The Clinton administration: (1) blamed Syria for not responding to what could escalate the tension; (2) commended the Clinton administration: (1) blamed Syria for not responding to what could escalate the tension; (2) commended the Clinton administration for its campaign against political Islam, the United States is seeking to isolate Iran because it had during most of the Cold War. Dual containment is a legitimate foreign policy initiative if the United States is seeking to isolate Iran because it is attempting to build weapons of mass destruction and because Iran supports international terrorism. But if dual containment represents a larger campaign against political Islam, the United States is in danger of moving away from an objective, interest-based foreign policy toward a cultural campaign. Such a campaign would allow “strategic partners” allied against Islamic forces to manipulate the United States, as clients opposing Marxism did during the Cold War. It would also undermine the credibility of the United States as a benevolent leader of the new order.

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Hans Koning

A Different Idea Of National Sharing

The taxing vs. spending debate in Washington and the country is missing the point. The questions it raises cannot be answered properly because a specific frame of reference is lacking. Such a frame would be: What quality of life do we demand, not individually and separately, but as a people? Quality of life is a relative concept, and it can only be rated through comparisons. For the United States, Western Europe is the natural touchstone. Economic statistics are insufficient. Personal subjective observations are unavoidable. I am not a foreign observer in Europe: I was born Dutch and went to school in France and Switzerland. I believe I can pretty well look at things from the inside out.

During the past few years I have become aware of the ever-increasing gap between them and the United States, not a gap in overall prosperity but precisely in that elusive "quality of life." In Western Europe the state support of daily life—both in its machine-made aspects (housing, transportation) and its legal-financial aspects—has vastly increased that quality as compared with us. The recession on both sides of the ocean has widened the gap further, for our economizing cuts much closer to the bone. Obviously there is no different level in technical know-how between them and us, and the gap in national per capita income is not the issue either. The quality gap is caused by different concepts of taxing and spending, that is by different priorities and a different idea of national solidarity and caring.

Our politicians talk much about "We, Americans," but the solidarity—the "we feeling"—is stronger in the West European nations than here. I think become almost unconscious and has little to do with flag waving or patriotism. Its acceptance is beyond the traditional platforms of conservatism, liberalism or socialism. There is no need to attribute it to a finer morality. Enlightened self-interest will explain it. But it needed the two world wars and the suffering of war and enemy occupation to crystallize it. When a national health system in a country eliminates the money aspect of illness, it changes the emotional climate of the entire nation. To an increasing degree, it eliminates the sharpness of the struggle for existence. For instance, while living in Holland, I realized how much the financial worries we have in the United States about the cost of sickness for our lives and our families adds to our insecurity and thus instills bitterness into our economic practices. Whenever friends in Holland had to tell about serious illnesses, I was struck by the absence of the fear we would feel about lengthy hospital stays or about losing our job.

The same is true about fear and concern for old age. There, money enters into it. Here, Social Security has long stopped being a viable insurance for an independent old age (apart from the fact that millions don’t have it). Here, housing may consume up to half our income as we become sharecroppers to our landlords. The savings needed to grow old nicely and gracefully become unobtainable to a majority. Old age too becomes a threat, souring our lives.

When the state, that is to say the commonwealth of all, undertakes responsibilities, when pregnant women get half a year's paid leave, when decent housing is a right, when sickness and even life-long disability do not cause financial concern and when unemployment payments are close to normal income levels and without deadlines, life achieves a more gentle quality, which improves the social fabric. That is what the rich in Western Europe pay their taxes for and are by and large willing to pay them for. They realize that the modern alternative is not having a "lower class" willing "to keep iU place," but the dog-eat-dog jungle in which we have as much to lose as anyone. A simple and trivial illustration of what I mean with a more gentle life? Along American highways, we have fear-inspired signs saying: "Do not stop. Hitch-hiking is illegal." Signs along Dutch highways designate "Hitch-hiking areas."

Of course there is a negative side to the European way. There always is a price to pay. The European process was part of a long historical development in which money gradually lost its all-overriding absoluteness. Once, counterfeiters were burned alive. Once, it wasn’t questioned that money held the power to decide who survived during scarcity and who starved to death. With this money absoluteness gone, the excitement and stimulation that in our country spur people on (those lucky enough to be able to respond positively to the challenges) are weakened. There are fewer truly exciting careers, and there is less crime and less "public" sorrow and suffering.

What our money debate must decide on is to just what degree do we in this country want to participate in the process of scaling down the absoluteness of money. Or do we want to stick to a system that actually works as an international brake on it? That is our choice.

Hans Koning is a novelist and biographer.
Jim Hoagland

**Bombs Over Bosnia**

Now? You want to bomb the Serbs now, as they consolidate their victory on the battlefield?

I put that question to a senior government official to express my confusion over the Clinton administration's tardy decision to get serious about military intervention in Bosnia after months of agonizing and reversals. The once feasible option of limited air strikes against the Serbs seemed to have evaporated weeks ago. Doing it now risks doing the right thing for the wrong reasons, at the wrong time.

But the Clintonites never cease to surprise when it comes to Bosnia. Here is an approximation of the conversation that followed my question:

**Me:** Why now? When the Serbs have defeated the Muslim-led Bosnian government and after the administration pushed the Muslims into formally accepting partition and defeat at Geneva?

**Senior Government Official:** We have to make sure that Sarajevo stands. Without Sarajevo, there cannot be even a rump Bosnian state. And the Serbs have to get the message that they cannot move on to Kosovo or Macedonia. There may be only one way to accomplish these goals.

**Me:** But bombing the Serbs now to keep them out of Sarajevo will not change the strategic situation or alter the Serb conquests the partition plan legitimizes. It is as if the crisis has shrunk to a size that fits the limited military resources the administration could devote to it.

**Me:** Behind the smoke hanging over this capital for months there is suddenly some fire. The military tasks that Clinton and Defense Secretary Les Aspin have proposed to Gen. Colin Powell and the Joint Chiefs of Staff are limited enough that Powell will at last seriously consider them.

**Me:** The slippery slope that Powell and his commanders feared five months ago looks more like a muddy ditch that can be forested without great risk to American soldiers. There is no talk now of restoring Bosnia as a whole state.

**Senior Government Official:** But Bosnia is beaten and Slobodan Milosevic's Serbia emerges as an important new regional power in the Balkans. Clinton's earlier plan to combine air strikes and a lifting of the arms embargo against Bosnia horrified European allies. They feared these steps would be insufficient to prevent Serbian victory but damaging enough to leave Europe dealing with an angry and vengeful Serbia far into the future.

**Me:** America has committed itself to minimize the consequences of the defeat it has encouraged the Bosnian Muslims to accept. As paradoxical as the timing of a serious intervention threat seems, Clinton would have no honorable alternative to carrying out, at long last, his threat if the Serbs defy him in Sarajevo.

**Senior Government Official:** The partition accord itself is also fragile, with consequences of the defeat it has encouraged the Bosnian Muslims to accept. As paradoxical as the timing of a serious intervention threat seems, Clinton would have no honorable alternative to carrying out, at long last, his threat if the Serbs defy him in Sarajevo.

**Me:** Intervention still must be rooted in clear tactical analysis of what it can achieve in saving Sarajevo. It would be folly at this point to use military action for purposes such as obscuring the devastating political failure the Bosnian defeat represents for the international community or to ease guilty consciences.

There is no reason to suspect such motives are at play in the decision to prepare air strikes now. Washington and its allies must ensure that this remains the case as they pursue this belated intervention.
One-Man Senate

How, one may ask, does it happen that a man who is unknown to most Americans, one of 100 senators and a freshman at that, can dictate energy policy and much of fiscal policy as well to the entire nation?

The short answer is that President Clinton, desperate for votes for his budget, cannot afford to lose any more of the 49 Democrats who supported it in the earlier round of voting, when Vice President Gore cast the tie-breaking vote to keep it alive. So when Sen. Herb Kohl of Wisconsin, one of the 49, announced that he would accept no gas tax hike higher than 4.3 cents a gallon, it didn’t matter what Clinton or the rest of Congress thought. That was it.

Thus, an ambitious plan to reduce dependence on foreign oil, improve the efficiency of energy use and help clean up the environment went down the drain—and a $49 billion hole was ripped in Clinton’s budget, forcing higher taxes on a few and deeper program cuts for many.

Kohl was far from alone in using the leverage the situation offered him to impose his personal policy and political agenda on the nation. Other senators also set a policy price for their votes. Kohl’s press secretary says the senator just wanted to “draw the line” on middle-class taxes and his stand is popular with voters in Wisconsin, where he faces reelection next year. But it is a striking example of how the legacy of Roger Sherman has come, in our time, to make the United States Senate a body that defies contemporary understanding of democracy.

Sherman was the delegate to the Constitutional Convention who in 1787 devised the “Connecticut Compromise.” It made membership in the House of Representatives proportional to population but decreed that each state, regardless of size, would have two senators. It was a brilliant piece of statecraft, which ended a bitter big state, small state battle and sent the Constitution on to ratification.

Through more than two centuries, the principle of federalism embodied in Sherman’s plan, in Article IV and in the Tenth Amendment, has served this country superbly well, enabling us to achieve flexibility in our system without duplicity. But like everything in politics, it comes with a price—and Kohl’s power play last week dramatizes that price.

With little notice, the Senate has become increasingly unrepresentative of the United States. As population has concentrated in 100 or so major metropolitan areas and a dozen megastates, the disparity between the House and the Senate has grown.

In this Congress, a majority of senators—actually 54 of 100—come from states that collectively elect only 87 representatives, one-fifth of the members of the House. That is the major reason why measures like the energy tax can command majorities in the House but be killed in the Senate.

While large- and medium-sized states like Texas, Illinois, Michigan, Washington, Missouri and Georgia provide the leaders of the two parties in the House, their counterparts in the Senate come from smaller states like Maine, Kansas, Kentucky, Wyoming, West Virginia and Mississippi.

All this may simply reflect the modern application of Sherman’s famous compromise. But there are other changes inside the Senate that were not contemplated by the Founders—changes which make it even less representative than it might otherwise be.

For one thing, it has become a haven for the wealthy. No fewer than 27 of the 100 senators, including Kohl, are millionaires, according to a compilation of their financial disclosure forms by the Capitol Hill newspaper, Roll Call. Only seven of the hundred are women. Only one is an African American. Senators are totally absent. Economically and sociologically, this is an elite group—whose members can easily afford to defy presidents, parties or even public opinion.

Just as important is the political independence of today’s senators. Originally, senators were elected by state legislatures, which meant their tenure depended on staying on good terms with their counterparts back home. When the popular election of senators began 80 years ago, political parties were still strong enough to exert some real influence on the selection of Senate nominees.

But nowadays, senators mount their own campaigns and essentially operate as individual political entrepreneurs, not to say prima donnas. One indication of this trend can be found in the fact that one-fifth of today’s senators held no elective office of any kind before coming to the Senate.

Like Herb Kohl, they simply saw the Senate as a place where they could make a mark—and they went for it. Kohl financed his election in 1988 with $7.5 million of his own money, wiping out his primary- and general-election opponents with the most expensive campaign Wisconsin had ever seen. Still, his Senate seat cost him substantially less than the $18.5 million he spent on his basketball team, the Milwaukee Bucks.

This is not a plea for abolishing the Senate—or neutering it, like the House of Lords. It remains a great theater for politics, comedy and occasional drama. But when a single senator, operating solely by his personal compass, can set policy for the whole country, the great design of the Constitution has gone awry.
Another Brand of Vote Rustling

The secret is out: As a lobbyist, Bill Clinton is no Lyndon Johnson. The president has lobbied so strenuously on his so-called budget reconciliation bill, called so many members of Congress nonstop that the other morning, the two conference leaders, Senate Finance Chairman Daniel Patrick Moynihan (D-N.Y.) and House Ways and Means Chairman Dan Rostenkowski (D-Ill.) had to wait 25 minutes to get a White House line. They wanted to inform him that they thought they had an agreement. They did, although not for long.

Still, with the members who come to the Oval Office or the family quarters by night and by day, for morning coffee or lunch or dinner, the president is casual, depicting the fix they will all be in if his bill fails to pass in colloquial terms that have no threat at all in them. As the Los Angeles Times pointed out, he does not ask for votes. "He is not coercive," says Rep. Tim Johnson (D-S.D.).

Washington, accustomed to more importunate chief executives, is shocked at Clinton's willingness to lay out the case and hope for the best. They see it as yet another difference between '*'tanas and the District of Columbia. Frequent meetings at the White House have been more seminars than pressure sessions, with the president explaining to one faction why another faction objects to certain provisions under consideration.

The famous LBJ treatment remains the standard. Johnson had perfected a knee-on-the-chest rhetoric that winded his victims. He accompanied it with body language that was just as forceful. One photograph showed then-Sen. John Pastore literally bent over backwards on a table while his president loomed over him with narrowed eyes and open mouth.

Once at a White House dinner, Johnson began haranguing then-Sen. Frank Church of Idaho about the Vietnam War, which the senator politely but vehemently opposed. Church would not budge. Finally, a furious Johnson let him go, with this malediction: "Next time, ask Walter Lippmann for a dam in Idaho."

But from the day in March that President Clinton backed down on raising grazing rights fees, lobbyists and members have concluded that they can negotiate anything with him.

Besides, Rep. Johnson says, neither the president nor House Speaker Thomas S. Foley has any really credible threats to use. "They had a flurry about denying committee chairmanships, but that passed," he said. "Elected officials don't get much from the party, we are all entrepreneurs. The Democratic Party is more likely to ask me for money than to give me any."

And what happens to members who defy the president and haver and waver in public for weeks on end? Sen. David L. Boren (D-Okla.), for whose benefit the president removed the Btu energy tax that was originally in his bill and substituted a minuscule gas tax, has finally decided that he cannot vote for the conference report. Boren's "punishment" has been to be snatched from merited obscurity to star in headlines and on talk shows and to be showered with White House invitations.

In a summer in which Clinton has been attacked by wasps, who buzz around his head and sting him sharply, Boren may have been the most obnoxious. After much televised agony, he voted for the bill when it came before the Senate, tailored to his needs.

Sen. Bob Kerrey (D-Neb.) is another holdout. "He's down at the White House so much," said a colleague, "that we say they're renaming the Lincoln Room after him."

Clinton talks to Kerrey endlessly without the slightest show of impatience. Washington is baffled by this "non-imperial president," a distinct change from the Reagan-Bush trumpets-and-outrider regimes. They can't decide if it's a want of principle or an unheard of lack of ego that makes him so amenable to bargaining away some positions and so willing to be elaborately nice to a Sen. Sam Nunn (D-Ga.), who wouldn't give him yesterday's newspaper much less a vote on an issue supposedly vital to his presidency.

Says Rep. Paul E. Kanjorski (D-Pa.), "The press makes heroes out of people who don't want to carry the water for the president and the party."
The objectives of the economic plan the administration sent to Congress were to drive down future budget deficits, spread the burden according to ability to pay and leave some room for attacking an accumulating social deficit as well. The House-Senate conference agreement, for all the compromises it entailed, would comfortably accomplish all three goals. The so-called reconciliation bill is a shift toward responsible fiscal and social policy alike. Republican and other critics who helped to create the problems it seeks to solve now say the bill is too weak, but weakness is not the reason they are voting no. This is solid legislation that the Democrats can easily defend and should be proud to pass.

The House and Senate bills both already contained the elements of the president’s program. The conference was mainly around the margins. Because they were five-year figures, the amounts often sounded larger than they were. There’s not all the deficit reduction there should have been, and some of the programmatic choices could have been made differently. But overall, this is good legislation. Democrats are facing up to structural problems too long ignored.

The present said he wanted a half-trillion dollars in deficit reduction over five years; he’d get $496 billion, the conferees say. The $4 billion difference is more symbolic than substantive. Less than a billion dollars a year in a $1.5 trillion budget and a $6 trillion economy is insignificant. About half the reduction would be achieved through higher taxes, mostly in higher top rates on the rich. The biggest winners in the 1980s would give some of it back; the progressive edge of the income tax would be restored. The middle class would pay little. Perhaps the most demeaning aspect of the entire conference was the effort to minimize the burden of an energy tax on the middle class. It was negligible to begin with.

The Democrats broke with the tradition of exempting Social Security, which is a fifth of all spending. A larger share of Social Security benefits would be subject to the income tax—the fairest way to reduce the grant program’s net cost. Meanwhile, the appropriations caps in the bill for the next five years are tighter than they have generally been recognized. A lot of the very members complaining today that the bill would cut spending too little will be complaining a year from now that it cut spending too much.

The working poor would be deserving winners as a result of a major increase in the earned income tax credit that supplements their wages. That and a food stamp increase in the bill represent a first step toward the president’s image of welfare reform. The program would push retraining of college student aid he has proposed as well, and take such lesser steps as expanding child immunization and funding a “family preservation” program meant to reduce the need for foster care.

The estimated deficit five years out would be reduced by more than a third. Health care costs would then begin to take it up again, as the administration has warned. That is partly what health care reform will be about. Two. What the Democrats have to do first—the Republicans having taken their usual walk—is pass this Step One.

Europe’s Money Troubles

Europe’s currency system has now exploded, and the results will reach far beyond the arcane technicalities of finance. The dozen countries of the European Community were working toward a single currency that was to be the great symbol of a Europe united not only in economics but in security and foreign policy as well. Only 15 months ago the Europeans seemed to be moving serenely toward that goal. Now this whole grand enterprise has been damaged severely, perhaps fatally, by the upheavals in the currency markets. What went wrong?

The immediate cause has been a series of mistakes by the Germans. Their reunification is costing vastly more than they expected, but Chancellor Kohl, for Bush-like reasons, won’t close the gap with taxes. The result is a substantial budget deficit, and Mr. Kohl has to rely on high interest rates to control inflation.

But the Europeans had linked their exchange rates tightly together as a preliminary step toward a unified currency. To keep them tight together, they all had to raise their interest rates to match the Germans. Last September the British and Italians dropped out of the system, finding the price too high. But as in everything concerning the European community, the crucial relationship is the one between France and Germany. The French hung on grimly, although both economies were sliding into a deep recession. The unemployment rate in France is now approaching 12 percent and still rising. The remedy is to cut interest rates—but German voters are much less tolerant of inflation than, say, Americans. The decision was up to the German central bank. It made a tentative move last week hinting at a substantial rate cut, but then apparently changed its mind and held fast to present policy. With that, speculators began selling French francs faster than any government could buy them. It forced the European finance ministers’ emergency Sunday meeting that, at nearly 2 a.m. Monday morning, warmly agreed to relax the links among their currencies. That lets the franc fall and the mark rise. And that, in turn, will make the recession less severe in France although worse in Germany. But the political consequences of these choices will leave a deeper imprint than any economic effect. These events will add to the fears of the other Europeans that, while Germany’s power has grown. It will be guided in a crisis by parochial reasons of internal politics regardless of its neighbors’ needs and interests.

All of this happened, ironically, as the Maastricht Treaty was ratified at last by Britain. It’s the treaty that would establish a European union with a single European currency. Whether any of it will take effect is now an open question.

From the Kitty

A little emergency kitty sits in the part of the foreign aid bill devoted to refugees and migrants. For the next fiscal year the Clinton administration had asked for $49 million—a small sum in light of the sudden cruel surges of disaster that are now a familiar part of the international landscape. Unfortunately, the House appropriated $10 million—more than half—to keep the Israelis-migrant account level at $80 million; the administration had sought only $55 million. That struck terrorists from the former Soviet Union to Israel fell from 145,000 in 1991 to 64,000 in 1992, and has started down. The House knew that Israel has available, though it has chosen not to use, $1 billion in U.S.-guaranteed housing credits for similar resettlement purposes.

The case is not simple. Groups friendly to Israel are on both sides of it: among those who engineered the transfer and also among the refugees. Advocacy and service groups also are distressed by it. In fact, the transfer is indefensible. The people typically served by emergency programs are desperate and otherwise unprepared for a terrible new adversary. Many are arriving in Israel face substantial difficulties but of a very different order. Most emergency-fund beneficiaries are being ejected into a void. Arrivals in Israel are putting a nation with a million—and with or without the extra $25 million—with considerable resources to take them in. The issue is now in Senate Appropriations, where Patrick Leahy’s foreign operations subcommittee hopes to make the emergency fund whole without reducing the appropriation for resettlement in Israel—and it has already explained why resettlement funds go up and stay up while migration goes down and stays down. This is an insider’s issue being worked out behind a curtain of political discretion. It is a wearisome issue that will tell, in a period of tight budgets and global turbulence, what sort of mix there will be in the conduct of policy between constituency politics and an ample sense of the national interest.
W: An I 4 $  

Some gals get all the breaks. In its new, redesigned first issue, out this week, W magazine reports on the booby divorce settlements worked out by the very rich and famous. While W concludes that few will ever wring out of their husbands the kind of dough Frances Lear got from husband Norman ($112 million) or what Sid Bass paid Frances Fishers ($200 million) when he left her for Mercedes Kellogg, there are still ample funds to go around. Claudia Cohen will divide the $5 million spread in Southampton. The story also explains that new pre-nuppen arrangements are agreed on a sliding scale. "If a marriage lasts three years, the wife will get, say, $5 million..." (Read incentive there.)

Anita Woods continued that "some gals get the ranch. Weight-loss program, which she says helped her shed 60 pounds. Meanwhile, Delta Burke has apparently had some cold feet about signing the show—but sources say it could still happen."

By Lois Romano

Clint's Secret Is Out  

In Hollywood, the rabbit's not dead until the blood is good and ready to kill it. Back in March, amid the pre-Oscar hoopla for Class Eastwood, the Star tabloid reported the actor and his "Hamburgers" center lad, accidentally, Sandra Locke (look-alike) Frances Fisher were going to be parents. Queried about the story, reps for both dismissed the report. Frances laughed, and says she doesn't know where they get those things, "said her publicist. Eastwood's claimed to know nothing about Clint's personal life and scoffs that anyone would even ask about a tabloid report. Flash forward: Fisher recently blasted all to Variety about the baby girl due in September. That would have made her plenty pregnant in March. So, why didn't Fisher's publicist begrudgingly called her client, who said she'd have to comment. As for the possibility of marriage, Fisher told columnist Army Archer the couple haven't had time to even talk about it.

We'll take her word for it.

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Congressional leaders and the Clinton administration closed in on a deficit-reduction compromise, but it isn't clear they have the votes to pass it. Even as some concessions were made to win the votes of waver­ ing lawmakers, other lawmakers threatened to bolt over some issues. The major tax and Medicare spending portions of the package have been de­ cided and are not expected to remain.

Clinton's scaled-back version of the administration's investment plan leans toward traditional Democratic social programs at the expense of more pro-business initiatives.

European currencies fell less than expected, as major central banks failed to lower interest rates, despite a newly loosened monetary system. Sev­ eral European stock and bond markets rose, however, strongly supported on speculation that rates will soon fall, spurring an economic recovery in Europe.

Some U.S. companies expect to be insulated from Europe's turmoil by cur­ rency hedging and other strategies, but others are taking additional steps to protect their businesses.

Food Lion agreed to pay $16 million in the largest settlement ever reached by a private employer over wage and hour violations, the Labor Department is expected to announce today.

The manufacturing sector contracted for the second consecutive month in July, according to a survey of purchasing executives, suggesting a slow economic recovery lies ahead.

OPEC members are producing more oil despite an oversupplied mar­ ket. Although prices are expected to remain weak, at least until the fourth quarter when a seasonal increase in oil prices are expected to take place.

Precious metals prices fluctuated wildly in reaction to turmoil in world currency markets. Gold futures were sharply lower after falling to settle at $410.20 an ounce, down $1.10.

Kahl Pharmae agreed to change its sales, promotion and ads targeted to doctors, in a case the FDA said dem­ onstrates drug firms' use of misleading claims that help inflate health-care costs and possibly harm patients.

Intel and IBM are lining up in the race to develop a form of high-per­ formance computing power known as parallel processing for the commercial market, industry officials said.

NATO threatened to launch air at­ tacks against Bosnia's Serbs.

The U.S. and its NATO allies agreed in principle to an American proposal to use air power to break the siege of Sarajevo. A statement issued in Brussels warned the Serbs that "in the event that the strangle­ ment of Sarajevo and other areas continues, stronger measures including air strikes" would be taken. But many issues remain unresolved, including what targets would be, and whether the U.S. or NATO would direct the operation. The statement directs NATO planners to "urgently" draw up "open options for air strikes."

Police evacuated about 8,000 residents in south St. Louis, where the River Des Peres empties into the Mississippi, because of warnings that topsoil tanks, floating in flood waters, could explode. Five of the bubbling tanks, each holding 30,000 gallons of the volatile liquid, were said to be leaking.

Christopher held out hope that the latest fighting in southern Lebanon could be used to generate "a new burst of energy" for the Mideast peace process. The secretary of state talked with Egypt's President Mu­ barak in Alexandria.

John Demjanjuk can't return to the U.S. while he makes his extradition to Israel, the Justice Department said, adding that the retired Ohio auto worker's extradi­ tion, denaturalization and deportation re­ quest were valid. Israel's Supreme Court last week ruled there was inconclusive evidence he was Nazi camp guard "Ivan the Terrible."

A Michigan couple ended their custody battle for a two-year-old girl they had raised since she was switched in the hospital with another baby who later died. The girl, Kimberly Mays, 14, is to stay with Bob Mays, who has sought to sever all ties to Ernest and Regina "Reg" DaDas Naval Air Station is currently in use by the military. The station was renamed in 1991 to honor the late John F. Kennedy.

The Dallas Naval Air Station is consid­ ered for use as a training base for horse racetracks in the future. Orlando eagerly eyes the Naval Training Center there, which would be a hospita­ l, lakes and a golf course. Chicago pushed to close the Air Force Reserve station at O'Hare International Airport so it could develop the 356 acres commercially.

The Labor Department's Monthly Labor Review, notes that men work disproportionately in cyclical industries that tend to recover more slowly, while more women work in stable service industries and government. And while even services suffered in the last recession, fast­ growing health and social-services firms employ unusually high numbers of women.

Military-base closings can mean more, not fewer, jobs.

Some 158,100 jobs have been created at military facilities closed between 1961 and 1990, more than replacing the 3,400 lost defense jobs, according to Standard & Poor's. Fort Bliss, Texas, won 160,000 students, 75 Industrial and office parks, and 42 airports. New Jersey's Barri­ can Arsenal, now an industrial park, em­ ployed 13,100 people at least 15 years ago, the report notes.
Sunbeam-Oster named Roger Schipke chief executive officer of the consumer-products company. The former head of GE's appliance division faces decimated management ranks, tough competitors, and reserves recently depleted by a legal dispute. (Article on Page B4)

The White House is holding meetings with union leaders in an effort to soften opposition to the North American Free Trade Agreement. But the talks appear to have had little effect on unions' strong dislike for the pact. (Article on Page A2)

Markets—

**Stocks:** Volume 228,890,660 shares. Dow Jones industrials 3560.99, up 21.52; transportation 1614.24, up 0.43; utilities 251.45, up 1.45.

**Bonds:** Lehman Brothers Treasury index 5372.06, up 3.22.

**Commodities:** Oil $17.97 a barrel, up nine cents. Dow Jones futures index 131.92, up 0.79; spot index 126.46, up 1.58.

**Dollar:** 104.41 yen, off 0.39; 1.7093 marks, off 0.0332.

Jesse Helms became the first senator to say he would vote against Ruth Bader Ginsburg's confirmation as a Supreme Court justice, ending her chances of winning unanimous approval when the Senate votes today. The North Carolina Republican said he opposed Ginsburg because of her support for abortion and gay rights.

Archbishop Tutu called for international peacekeepers to intervene in South Africa to stop township clashes following a weekend of violence that left more than 90 blacks dead. Tutu said the killings "demonstrated beyond doubt that we are incapable of restoring law and order ourselves."

A Titan IV rocket blew up after launch in California, posing a setback for an Air Force program to launch spy satellites with the powerful unmanned rocket. The cause of the failure is under investigation.

U.N. peacekeepers in Cambodia began a scheduled pullout, with about 850 Tunisian soldiers leaving for home. The rest of the 20,000-member force is to depart this fall. Meanwhile, the U.N. accused Thai troops of standing by Sunday as Cambodian Khmer Rouge rebels detained 21 U.N. soldiers.

North Ossetia's security chief blamed Ingush separatists for Sunday's slayings of the military governor and military commander of the disputed southern Russian region, where Russian troops are deployed.

The Public Health Service reports that 22% of the working population complains of hand discomfort; two-thirds of them say the problem has persisted for two years or more. Back pain afflicts 19% of workers, and 7% experienced on-the-job injuries during 1988, the survey year; about one in 10 workers aged 18 to 29 suffered injuries, half the rate for workers aged 65 to 64.

Pully the courses will feature team officials; an offensive coordinator may discuss crisis management, for instance. The New York Jets and New England Patriots kick off the program this fall.

Teaching Brotherly Love: Philadelphia offers taxi drivers training on civic pride and customer service. Last week, it started briefing graduates on coming conventions—just in time for the arrival of 7,000 Mennonites for their church convenion. The Pennsylvania Public Utility Commission considers requiring the training of all cabbies.

Work is a Pain for many Americans, a new government survey finds. The portion of blue-collar workers who smoke dropped to 38.4% a decade earlier. Among white-collar workers, only 21.7% now smoke, down from 32.8%.

The Checkoff: The Trends Research Institute in Rhinebeck, N.Y., dubs excessive corporate-staff reductions "dumbasing". Too much to swallow: Towers Perrin sees growing interest in "group universal life (insurance) plans," or GULPs.

Charles Conte
Changing the Rules

Europe's Money Move May Pave Way to Rise In the Global Economy
It Allows Lower Interest Rates But Also Saddles Business With New Uncertainties
Doubts Over Single Currency

BY LAWRENCE INGRASSIA
And PETER GUMBEL
Staff Reporters

Out of crisis, recovery?
Europe's near-abandonment of its system of fixed currencies is a humiliating defeat for its political leaders and throws into doubt visions of greater unity. But it just may be the tonic the world economy needs.

By deciding, under duress, to expand the range in which their currencies can fluctuate against each other, the European Community may have finally loosened the recessionary straitjacket that has caused painfully high unemployment.

Despite straining the German-French political alliance, decoupling their economies from Germany will enable France and its neighbors to lower interest rates. Weaker currencies will fall, making those countries' exports cheaper. Consumer confidence should improve. And the prospect of improved sales and earnings should prompt companies to hire more workers.

That, in fact, is what happened after Britain pulled out of the European Monetary System's Exchange Rate Mechanism last September and let the pound fall against other European currencies. While continental Europe remained mired in recession - forced to keep interest rates high to keep currencies from falling against the mark - Britain's economy began growing.

"The U.K. has found a path to noninflationary growth," says Kermit L. Schoenholtz, chief economist for Salomon Brokers International Ltd. in London. "That is going to become the accepted model of increasing competitiveness without passing through inflation into wages and prices."

"It's a wonderful thing. Europe has been liberated," adds Rudiger Dombusch, an economist at the Massachusetts Institute of Technology. "It means that Europe is freer for interest-rate cuts, which will turn '94 into recovery rather than deeper recession. It won't make us rich, but it'll help."

Stocks Rise

The markets certainly seem to think so, with stocks rising throughout Europe yesterday as most currencies fell against the mark in anticipation of rate cuts.

Still, on most of the Continent there was none of the euphoria that poured out in Britain nearly a year ago. European economists believe France and its neighbors will be reluctant to cut rates as aggressively as Britain did, for fear of reducing the value of their currencies too swiftly and destroying the system once and for all.

Europe's exchange-rate mechanism may be a technical financial device, but it still carries dreams of a bright future, particularly in France and Germany.

The main issue is whether (others) follow the U.K. example and drop rates immediately or follow the Swedish example and sever links with the system "but not drop rates sharply," says Brian Mulaney, an economist at Morgan Stanley International in London.

Indeed, there was no rush to lower rates yesterday, puzzling many economists. Even though their currencies have been under attack, the French, Belgians, Spanish and Danes didn't seize the opportunity to cut rates immediately. Only Portugal did, with its central bank reducing its overnight lending rate to a still-hefty 13% from 14.50%.

In Spain, which is struggling with an unemployment rate of more than 21%, Emilio Ontiveros, executive director of Madrid consultants Analistas Financieros Internacionales, predicts interest rates will fall, but "not as fast as nonresidents seem to expect."

Yields on long-term bonds fell in France yesterday as most currencies fell against the mark. Please turn to Page A10, Column 5.
Changing the Rules: Money Move By Europe May Boost Economies

Continued From First Page

...and Spain, indicating that traders believe short-term rates will fall lower. Whatever happens to rates, the mass-

ive speculative pressure from foreign-

exchange markets forced a change in the system renders it almost meaningless.

To resolve the crisis, governments rad-

ically widened the trading band for curren-

cies, setting most of them to fall as much as 15% above or below their “central

rates,” instead of the narrow 2.25% devia-

tion for most currencies previously. This

permits politicians on the Continent to

save face by saying the system is intact.

In Washington, the European move was

seen as a major plus for the global econ-

omy and for U.S. exports. Western Europe

accounted for about 26% of U.S. exports

last year, and lower interest rates should

aid economic improvement and give U.S.

exports more strength. “The decision

should contribute to accelerated growth

and the creation of jobs in Europe,” a

U.S. Treasury official says. The possible

downsides is that lower rates in Europe

predictable. They had grown used to the

business in Europe far less easy and

untabarities. The first is that corporations, both

although Edouard Balladur, France’s

prime minister, insisted that “the franc

franc’s value against the mark yesterday,

trading band led to a 2% drop in the

West German Chancellor Helmut

Schmidt, assailed the decision as “a de

facto suspension” of the monetary system

this year and a 1% increase in 1994. While

men...
White House and Congress Close In on Deficit Package

Chances of Passage Unclear
As Onetime Supporters Express Reservations

BY JACKIE CALMES
Staff Reporter of THE WALL STREET JOURNAL
WASHINGTON—Democratic leaders in Congress and the Clinton administration closed in on a deficit-reduction compromise, but it’s not clear they have the votes to pass it.

Even as they made concessions to win wavering votes, once-supportive lawmakers threatened to bolt over other issues. The lead negotiators, Senate Finance Committee Chairman Daniel Moynihan and Chairman Dan Rostenkowski of the House Ways and Means Committee, said the major tax and Medicare spending portions of the package have been decided, and only "some minor irritations" remain, as Rep. Rostenkowski put it.

Congressional leaders said the package would cut the projected deficit by $496 billion over five years—just under President Clinton’s goal of $500 billion. They said that consists of a net tax increase of $241 billion and spending reductions of $255 billion, for the roughly 1-to-1 ratio of spending cuts to tax increases that conservative Democrats have demanded. But the total for spending cuts includes savings from past legislation and lower interest payments instead of 80%-a provision that could hurt the convention industry in Las Vegas.

Mr. Clinton, who plans a televised address tonight, likewise seemed impatient with the wrangling. "Do we want to hang around here in Washington for 60 or 90 more days and debate this . . . when we could be dealing with health care, with welfare reform, with a crime bill, with things that will grow this economy?" he asked in an interview with newspaper editorial writers. "The time has come to pass this budget and get on with it."

The effect of Ross Perot’s attacks on the emerging plan remained one of the great uncertainties. White House officials grew confident yesterday that Mr. Perot wasn’t swaying many lawmakers with his charges that the plan is inadequate, largely because of a round of negative television and newspaper reports in recent days and polls indicating more public cynicism about the Texas billionaire.

Mr. Perot continues to duck inquiries about how his own economic plan would achieve $141 billion in savings through unspecified “cost containment” in the federal Medicare and Medicaid programs; the figure represents more than half the $268 billion in “entitlements reform” savings touted in his book “Not For Sale At Any Price.”

When asked Sunday on NBC’s “Meet the Press” to outline the Medicare and Medicaid savings, Mr. Perot said he didn’t have the information with him, adding, “If you would like it later, I will give it to you later . . . I have it all written down.” But when Mr. Perot’s spokeswoman was contacted yesterday, she said Mr. Perot had no plans to release those data.

Converting Hold-Outs

The focus at the White House and on Capitol Hill was on converting two of the six Democratic senators who oppose the Senate version in June—Dennis DeConcini of Arizona and Richard Bryan of Nevada. Sen. Moynihan said he was counting on Sen. DeConcini’s vote after the negotiators agreed to limit the number of upper-income individuals who would pay taxes on their employees’ tip income.

To court Sen. Bryan, the negotiators included a tax credit for the restaurant industry. They had considered easing Mr. Clinton’s proposal to limit business deductions for meals and entertainment to 50% of costs instead of 80%-a provision that could hurt the convention industry in Las Vegas. But that would have been too costly, so the negotiators added a credit for restaurant owners based on the payroll taxes they pay on their employees’ tip income.

Negotiators also extended a tax credit for businesses’ research costs by six months, through mid-1995, to hold the support of Sen. Dianne Feinstein of California. They previously included other business tax breaks to satisfy her and Sen. Joseph Lieberman of Connecticut, including one cutting capital-gains taxes for investors in certain new, smaller businesses. The two senators, along with Sens. Bryan and DeConcini, face re-election races next year.

It’s critical for the Democrats to pick up the vote of a past opponent, since Sen. David Boren of Oklahoma, who votes for the original bill, said he would oppose the final compromise. Both houses narrowly passed their bills, but the Senate needed
Deficit-Cutting Bill Takes Shape But Votes to Pass Are in Doubt

Continued From Page A3

Vice President Al Gore's tie-breaking vote. That, in effect, has given every Demo­cratic senator a veto, and the bargainers have struggled to address their complaints.

Mitchell is Confident

Senate Majority Leader George Mitchell said yesterday that he had the votes to pass the compromise bill. "We're going to pass this bill on Friday," he said.

But Votes to Pass Are in Doubt

Deficit-Cutting Bill Takes Shape

But satisfying the liberals threatened to pose the 4.3-cent-a-gallon increase in fuel taxes. Democratic leaders also are worried that Sen. Bob Kerrey of Nebraska is leaning toward the opposition.

In the House, meanwhile, restive liberals and other Democrats opposed to the final bill sent the administration a stern message yesterday. "The 4.3-cent-a-gallon increase in fuel taxes would cut support among conservative Demo­crats. A potentially major problem de­veloped as word spread that Rep. Charles Waxman (D., Calif.), a lead negotiator for Mr. Clinton said yesterday that he had the votes to pass the compromise bill. "We're going to pass this bill on Friday," he said.

The final day's deliberations were com­plicated by Democratic leaders' decision last week to include the 4.3-cent fuel tax increase, which is a smaller energy tax than Mr. Clinton wanted. That decision limited the revenue available for other deficit-related savings. The compromise would raise only about $22 billion over five years - as much as Mr. Clinton's rejected broad-based energy tax would have raised in a year fully in place.

Consequently, the bargainers had to seek a number of provisions that are close to their $100 billion deficit-reduction target. They agreed to make Mr. Clinton's proposed income-tax increases for upper­income Americans fully applicable this year, instead of phasing them in at slightly lower rates. Some lawmakers balked at making the increases retroactive to the beginning of this year, and negotiators considered prorating the first year's tax increases for individuals to July, then March and, in the final days, to Feb. 17 - the date Mr. Clinton announced his plan to the nation.

Also, they gave up the effort to ease the provision limiting businesses' entertain­ment deductions. A proposed deduc­tion for small businesses' equipment pur­chases during the year was raised to $17,500 from $10,000 - a smaller increase than Mr. Clinton or either house proposed. They also decided that an exemption for commercial aviation from the fuel tax increase should be limited to two years rather than being made permanent.

Clinton Finds 'No Grounds'

For Fed to Increase Rates

WASHINGTON - President Clinton yesterday said "there's no grounds" for the Federal Reserve Board to raise short­term interest rates. In a telephone link-up to a group of editorial writers, Mr. Clinton said: "If we were having 4% or 5% growth and infla­tion was getting out of hand, I could understand" a Fed move to boost rates.

"But there's no grounds for it now. I don't think we should raise interest rates until there's real economic growth," Mr. Clinton told a questioner about Federal Reserve Chair­man Alan Greenspan's recent public statement that the next move for the Fed is to raise interest rates.

"My read on what [Mr. Greenspan] said was that, if inflation warranted it, we might raise interest rates," the pres­i­dent said.

However, Mr. Clinton said, it may not be necessary to raise interest rates when there are serious deficit-reduction efforts under way even if the economy expands. "We're trying to do by bringing the deficit under control," he said.

Mr. Clinton said companies with operations in Puerto Rico, and from foreign companies with opera­tions in the U.S. It would curb deductions for club dues, spouse and dependents' travel, moving expenses, executive com­pensation in excess of $1 million and lobbying expenses.

Other provisions of the bill would:

- Permanently extend some temporary tax laws providing favorable tax treatment for individuals' donations of appreciated property to charities, and incentives for issuing bonds for small factories, farms and affordable mortgages.
- Repeal a three-year-old 10% luxury tax on yachts, private aircraft, expensive jewel­lery and furs, including those purchased already this year; the tax still would apply to luxury autos costing $30,000 or more, but the price threshold would rise steadily so that the levy hits mostly foreign models.
- Raise taxes on securities firms by $3.8 billion over the next five years, by requir­ing them to assess their inventories at market value instead of their original book value, starting next year.
- Prohibit the use of failed thrifts from deducting losses for which the government already compensated them, effective March 4, 1991, the date of a Treasury Department warning about the issue.
- Expedite and simplify the quarterly estimated tax payments for individuals and corporations, beginning in 1994.
- Repeal the so-called stock-for-debt ex­ception that benefits companies facing bankruptcy.
- Fix the top estate and gift taxes at 53% and 56%, instead of letting them drop to 50% as they were supposed to this year.
- Limit the tax credit for foreign income from oil, gas and shipping.
- Boost penalties for multinational com­panies that manipulate prices of their U.S. and foreign assets to evade taxes.

-John Harwood contributed to this arti­cle.
By JEFFREY H. BIRNBAUM

STAFF REPORTER OF THE WALL STREET JOURNAL

On Sunday morning, after Senate Majority Leader Robert Dole went on television and criticized the Clinton economic plan for putting off most of its spending cuts until after the 1996 elections, White House aide Gene Spertling went into action.

Working with information stored in a loose-leaf notebook, Mr. Spertling produced numbers showing Mr. Dole was wrong. The budget plan also put off most of its cuts until after 1996. By the end of the day, the information had been phone-bombed to key Democrats on Capitol Hill, cabinet officers, dozens of Democratic officials around the country, and a bevy of reporters.

The rapid response was a sign of the administration's new-found efficiency in promoting its economic plan. After failing for five months to mount an effective pitch for the plan, the president and his staff have in the past few weeks hit their stride.

Working out of a "boiler room" run by Deputy Treasury Secretary Roger Altman, they are doing a better job communicating with members of Congress and the public. Even their opponents have taken notice. The White House isn't doing "the foolishly self-destructive things they've done all spring," says House Republican Whip Newt Gingrich. Adds Alan Simpson, the Senate's GOP Whip, "There's more sensitivity . . . and much more outreach, and that's the key."

Mr. Altman, a millionaire investment banker, also seems to have bridged the divide between the populist instincts of such former Clinton campaign aides as Mr. Carville and the Wall Street tendencies of his fellow top economic advisers. He has achieved this through a combination of style — he works comfortably with his younger, shirt-sleeved aides, even inviting the whole team to his Georgetown home for dinner Friday night — and substance — declaring a precise command of the package and a willingness to attack Republican opponents sharply.

In the boiler room where he sits, which is modeled after the tightly knit command center of the Clinton presidential campaign in Little Rock, Mr. Altman is known as "Cap" with cufflinks.

Mr. Altman, in turn, is the favorite rich person on the face of the earth," says Mr. Carville, an initial skeptic of the Wall Street crowd that dominates the Clinton economic crew.

Uncertain Outlook

Whether the administration's ninth-inning revival will be enough to rescue the president's plan is still not certain. The Altman operation must overcome months of neglect and mismanagement. The president's policy has floundered until now bereft of a consistent message; it has been drowned in a sea of competing priorities. So although congressional conferences are close to a compromise proposal, it still must be approved in the House and the Senate. The vote looks close.

But the White House effort has at least provided the signs that the Clinton administration, despite early fumbling, is learning on the job. "Maybe it took a little longer to get here than we wanted," says Clinton political adviser Paul Begala. "But it's working well now, and it will stand us in good stead as we go forward."

The renewed effort began the Saturday evening before Mr. Clinton left for his Tokyo summit, when he assembled his senior staff and bluntly laid down orders for promoting the economic plan. "This is going to be coordinated, this is going to work, and this is going to pass," he said heatedly, according to one person who attended.

White House staffers and cabinet members were told to "clear the decks" of everything other than visits, speeches and interviews to promote the president's top priority. On a typical day last week, for example, 26 cabinet officers and senior White House officials were either making telephone calls or meeting in person with media representatives and pivotal lawmakers in at least 18 states and the District of Columbia. The pace is so frenetic that Treasury Secretary Lloyd Bentsen jokes he is "turning into the lowest-priced lobbyist in town."

Cabinet officers have been dispatched to woo home-state crowds. Interior Secretary Bruce Babbitt, a former governor of Arizona, stumped in Phoenix last week to put pressure on Democratic Sen. Dennis DeConcini, who opposed the package in the Senate. Mr. Babbitt made headlines by saying, "This is not a time to be faint-hearted." The message was going to be commercialized, paid for by the Democratic National Committee.

Offering Assistance

Cabinet officers are also turning up at the doorstep of lawmakers with incredible regularity and offering assistance both big and small. Energy Secretary Hazel O'Leary stopped by the office of Democratic Rep. Richard Durbin of Illinois last week to offer to go to his district to campaign for him. It was the fifth cabinet secretary he had met with in the past two weeks.

And Mr. Clinton himself has been making energetic pitches to a variety of groups, and meeting personally with as many congressional Democrats as he can. Arkansas Rep. Blanche Lambert probably holds the record: She has seen the president three times in the past week alone.

The heart of this newly effective White House operation is the boiler room — a conference room ringed with 14 computers and filled with the elite of the White House staff. The nearly 24-hour-a-day effort is a marketing marathon, with an esprit remi-

The Deficit-Reduction Conference

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Sta// Reporter of THE WALL STREET JOURNAL

Symbolizes a New-Found Efficiency

By JEFFREY H. BIRNBAUM

STAFF REPORTER OF THE WALL STREET JOURNAL

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But the White House effort has at least provided the signs that the Clinton administration, despite early fumbling, is learning on the job. "Maybe it took a little longer to get here than we wanted," says Clinton political adviser Paul Begala. "But it's working well now, and it will stand us in good stead as we go forward."

The renewed effort began the Saturday evening before Mr. Clinton left for his Tokyo summit, when he assembled his senior staff and bluntly laid down orders for promoting the economic plan. "This is going to be coordinated, this is going to work, and this is going to pass," he said heatedly, according to one person who attended.

White House staffers and cabinet members were told to "clear the decks" of everything other than visits, speeches and interviews to promote the president's top priority. On a typical day last week, for example, 26 cabinet officers and senior White House officials were either making telephone calls or meeting in person with media representatives and pivotal lawmakers in at least 18 states and the District of Columbia. The pace is so frenetic that Treasury Secretary Lloyd Bentsen jokes he is "turning into the lowest-priced lobbyist in town."

Cabinet officers have been dispatched to woo home-state crowds. Interior Secretary Bruce Babbitt, a former governor of Arizona, stumped in Phoenix last week to put pressure on Democratic Sen. Dennis DeConcini, who opposed the package in the Senate. Mr. Babbitt made headlines by saying, "This is not a time to be faint-hearted." The message was going to be commercialized, paid for by the Democratic National Committee.

Offering Assistance

Cabinet officers are also turning up at the doorstep of lawmakers with incredible regularity and offering assistance both big and small. Energy Secretary Hazel O'Leary stopped by the office of Democratic Rep. Richard Durbin of Illinois last week to offer to go to his district to campaign for him. It was the fifth cabinet secretary he had met with in the past two weeks.

And Mr. Clinton himself has been making energetic pitches to a variety of groups, and meeting personally with as many congressional Democrats as he can. Arkansas Rep. Blanche Lambert probably holds the record: She has seen the president three times in the past week alone.

The heart of this newly effective White House operation is the boiler room — a conference room ringed with 14 computers and filled with the elite of the White House staff. The nearly 24-hour-a-day effort is a marketing marathon, with an esprit remi-

The Deficit-Reduction Conference

DEAL

DOING the
Deficit-Cutting Bill Bears a Resemblance To 1990 Predecessor

But Differences May Be Crucial: Realistic Economic View. Increase in Taxes Are Cited

By DAVID WESSEL
Staff Reporter of THE WALL STREET JOURNAL
WASHINGTON — Is it really 1990 all over again?

The deficit-reduction bill emerging from the House-Senate conference committee bears a surprising resemblance to the 1990 deficit-reduction bill that Congress finally passed — and George Bush, to his later regret, signed.

Both raise income tax rates on the wealthiest Americans and make them lay out more in Medicare payroll taxes. Both rely heavily on money-saving changes to the Medicare program. Both reward the creation of tax-favored "empowerment zones" to lure jobs to pockets of poverty.

And, because the 1993 plan is built on more realistic economic assumptions and occurs at a moment when the economy appears to be strengthening, there is some reason to believe that it is more likely to achieve its stated deficit goals than the 1990 plan, which ran smack into recession.

But then the goals are more modest: While the 1990 plan promised to get the deficit down to $29 billion by the fifth year, the 1993 plan aims at getting it to about $21 billion by the fifth year. (This year's deficit has already hit $20 billion.)

Critics See Achilles's Heel

"I think you can factually prove that this is more credible," says Clinton aide Gene Sperling. Clinton deficit projections rest on an economic forecast closer to the consensus of private forecasters than the outdated one that was used when the 1990 plan came to a vote. That time, there isn't any recession on the horizon; some Clinton advisers expect the economy to do better over the next five years than the budget forecast.

Republican critics say the Achilles's heel of the Clinton-backed plan is its tax increases on the rich. If the rich have more success in ferreting out tax shelters than the Treasury expects, then tax receipts may fall short of projections. "The inducement to shelter — and the likelihood of not getting all the revenue they think they're going to get — is greater because they have much higher marginal tax rate increases," says Michael Boskin, who was Mr. Bush's economic adviser.

And tax receipts are crucial. By Congressional Budget Office calculations, the 1990 plan raised taxes by about $158 billion over five years. A comparable tally of the 1993 plan shows roughly $245 billion in tax increases. While the upper-bracket taxpayers were to come up with about $40 billion in higher income taxes under the 1990 plan, which took the top marginal income tax rate to 3 1/2%, they are supposed to come up with $116 billion under the new plan, which takes the top rate to 39.6%.

Deficit-Cutting Bill Isn't Quite '90's Plan

Continued From Page A3

Deficit-reduction program relies far more on tax increases, particularly on upper-income Americans, than the bipartisan 1990 version.

Second, Mr. Clinton seems to have been more successful than Mr. Bush was in convincing Congress to couple deficit reduction with tax breaks to encourage investment, including a capital-gains tax cut for investors in certain small firms and the creation of tax-favored "empowerment zones" to lure jobs to pockets of poverty.

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The latest Internal Revenue Service data show that the 1990 income tax rate increases did, as intended, produce higher revenues from the richest $60,000 taxpayers. Those taxpayers with incomes above $250,000 or so reported less income overall and paid less in taxes in 1991 than in 1989, a fact that has fueled the argument that higher tax rates are counterproductive. But recently updated IRS data show that all of the decline in their tax payments reflects a steep drop in capital-gains income — and the capital-gains tax rate didn't change in 1990. Taxes paid on ordinary income, the income subject to higher tax rates, actually rose by almost $2 billion even though the total amount of income other than capital gains dropped by $15 billion.

The recession wasn't the only reason the 1990 plan fell short of the mark. A change in Treasury estimates of overall tax receipts in 1991 added about $114 billion to the five-year deficit tally, the sort of unanticipated technicality that could recur.

Health-Care Spending

More importantly, federal health-care spending grew far greater than anyone was predicting back in 1990. "The 1990 plan didn't work because it didn't contain entitlement programs. This one doesn't either," complains Sen. Pete Domenici of New Mexico, senior Republican on the Budget Committee. But this year's deficit plan does rely on more pessimistic projections of health-care costs — so pessimistic that economist Gail Galster of the Conference Board speculates that the administration has built in the possibility of a "positive surprise."

Architects of this year's attack on the deficit deliberately borrowed one feature from the 1990 plan that seems to have worked: the ceilings on the total sum Congress can appropriate for what's known as discretionary spending — everything from paying salaries to buying bullets. Over the past three years Congress has kept relatively close to the caps, appropriating only 2.5% more than the caps allowed over that period.

But last time, the White House and Congress agreed to boost domestic spending authority by a hefty 12% before imposing the caps. Unfortunately for Mr. Clinton, his ambitious investment spending agenda, the New Economy, which he pushed through 1998, doesn't provide for such a surge in spending. If congressional appropriation committees agree to every spending cut that Mr. Clinton, with Gene Sperling says, "about 60% of the [proposed] investments can still be funded under the caps."
## The Tentative Tax Compromise

Major provisions of President Clinton's tax proposal, the bills that passed the House of Representatives and the Senate and the tentative House-Senate conference committee compromise.

<table>
<thead>
<tr>
<th>INDIVIDUALS</th>
<th>CLINTON</th>
<th>HOUSE</th>
<th>SENATE</th>
<th>COMPROMISE</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>INCOME TAXES</strong></td>
<td>Increase marginal rate to 36% for couples with taxable income above $140,000 ($115,000 for individuals) and to 39.6% for couples and individuals with taxable income above $250,000.</td>
<td>Same.</td>
<td>Increase rate to 33.5% this year and to 39.6% thereafter for couples with taxable income above $140,000 ($115,000 for individuals) and to 35.5% this year and 39.6% thereafter for couples and individuals with taxable income above $250,000.</td>
<td>Increase marginal rate to 36% for couples with taxable income above $140,000 ($115,000 for individuals) and to 39.6% for couples and individuals with taxable income above $250,000, effective 1/1/93.</td>
</tr>
<tr>
<td><strong>CAPITAL GAINS</strong></td>
<td>Keep top capital-gains tax rate at 28%.</td>
<td>Same.</td>
<td>Raise capital-gains tax rate to 30.8% for taxpayers with incomes above $250,000. No tax break for investments in small firms.</td>
<td>Same as Clinton.</td>
</tr>
<tr>
<td><strong>PAYROLL TAX</strong></td>
<td>Subject wages and self-employment earnings above $135,000 to 2.9% Medicare payroll tax.</td>
<td>Same.</td>
<td>Same.</td>
<td>Subject wages and self-employment earnings above $135,000 to 2.9% Medicare payroll tax, effective 1/1/94.</td>
</tr>
<tr>
<td><strong>SOCIAL SECURITY BENEFITS</strong></td>
<td>Tax 85%, instead of the current 50%, of benefits paid to couples with income above $32,000 and individuals with income above $25,000.</td>
<td>Same.</td>
<td>Tax 85% of benefits paid to couples with income above $40,000 and individuals with income above $32,000.</td>
<td>Tax 85% of benefits paid to couples with income above $44,000 and individuals with income above $44,000, effective 1/1/94.</td>
</tr>
<tr>
<td><strong>ENERGY</strong></td>
<td>Impose broad energy tax with surcharge on products to raise $70 billion over five years, beginning 7/1/94. Would be 7.5 cents a gallon on gasoline.</td>
<td>Impose broad energy tax with surcharge on petroleum products, beginning 7/1/94. Apply to imports of energy-intensive products. Would be 7.6 cents a gallon on gasoline.</td>
<td>No broad energy tax. Increase tax on gasoline, diesel and other transportation fuels by 4.3 cents a gallon, effective 10/1/93.</td>
<td>No broad energy tax. Increase tax on gasoline, diesel, compressed natural gas and noncommercial aviation fuel by 4.3 cents a gallon, effective 10/1/93.</td>
</tr>
<tr>
<td><strong>BUSINESS</strong></td>
<td>Increase top corporate tax rate to 36% from 34%. Lighten alternative minimum tax.</td>
<td>Increase to 25%. Lighten alternative minimum tax as Clinton proposed.</td>
<td>Increase to 25%. Lighten alternative minimum tax less than Clinton proposed.</td>
<td>Increase to 25%, effective 1/1. Lighten alternative minimum than Clinton proposed.</td>
</tr>
<tr>
<td><strong>INVESTMENT INCENTIVES</strong></td>
<td>Create investment tax credit, temporary for big firms, permanent for small firms.</td>
<td>No investment tax credit; allow small businesses to write off $25,000 in equipment purchases, up from current $10,000.</td>
<td>No investment tax credit; allow small businesses to write off $20,500 in equipment purchases, up from current $10,000.</td>
<td>No investment tax credit; allow small businesses to write off $17,500 in equipment purchases, effective 1/1/94.</td>
</tr>
<tr>
<td><strong>UCIONS</strong></td>
<td>Deny deductions for club dues, spouses' travel, lobbying and, with exceptions, executive pay over $1 million.</td>
<td>Same.</td>
<td>Same, but tougher rules for lobbying deductions.</td>
<td>Deny deductions for club dues, spouses' travel, lobbying and, with exceptions, executive pay over $1 million. Effective 1/1/93.</td>
</tr>
<tr>
<td><strong>ILS &amp; ENTERTAINMENT</strong></td>
<td>Allow deduction of 50%, instead of current 80%, of business meals and entertainment.</td>
<td>Same.</td>
<td>Same.</td>
<td>Same.</td>
</tr>
<tr>
<td><strong>PUERTO RICAN</strong></td>
<td>Limit tax credit to 60% of wages paid.</td>
<td>Same.</td>
<td>Limit tax credit; giving firms a choice between using a formula reflecting investment and wages, or simply claiming 60% of the credit's current value with that phased down to 40% in 1998. Effective 1/1/94.</td>
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</tr>
<tr>
<td><strong>OVERSEAS ROYALTIES</strong></td>
<td>Increase tax on royalties from abroad</td>
<td>No provision.</td>
<td>No provision.</td>
<td>No provision.</td>
</tr>
<tr>
<td><strong>OVERSEAS PROFITS</strong></td>
<td>Require U.S. firms to pay taxes on foreign profits before they're repatriated, if a sufficient amount isn't put in active investments.</td>
<td>Same.</td>
<td>Require firms to pay taxes on such earnings, but not as much as Clinton proposal.</td>
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</tr>
<tr>
<td><strong>REAL ESTATE</strong></td>
<td>Provide limited &quot;passive loss&quot; deduction for real-estate professionals, extend depreciation period for commercial property to 37 years. Current law is 31 years.</td>
<td>Provide more generous &quot;passive loss&quot; deduction; extend depreciation period to 39 years.</td>
<td>Limit &quot;passive losses&quot; to Clinton proposal; extend depreciation period to 38 years.</td>
<td>Provide more generous &quot;passive loss&quot; deduction; extend depreciation period to 39 years.</td>
</tr>
<tr>
<td><strong>INTANGIBLES</strong></td>
<td>No provision. Current law generally prohibits depreciation of goodwill and some other intangible assets.</td>
<td>Allow 14-year depreciation of goodwill and certain other intangible assets acquired in takeovers.</td>
<td>Allow 14-year depreciation of 75% of value of such assets, with special provisions for sports, movie, software and secondary mortgage industries.</td>
<td>Allow 15-year depreciation of goodwill and certain other intangible with shorter write-off periods for purchased mortgage servicing rights, sports franchises, movie and book rights and some software. Effective on date of enactment.</td>
</tr>
<tr>
<td><strong>LUXURY TAX</strong></td>
<td>No provision.</td>
<td>Repeal tax on boats, aircraft, jewelry and fur.</td>
<td>Same as House.</td>
<td>Repeal tax on boats, aircraft, jewelry and fur, effective 1/1/93.</td>
</tr>
<tr>
<td><strong>STOCK FOR DEBT</strong></td>
<td>No provision.</td>
<td>End favorable tax treatment for bankrupt firms that give creditors stock for debt, effective 10/7/93.</td>
<td>End favorable tax treatment for bankrupt firms that give creditors stock for debt, effective 1/1/93.</td>
<td>End favorable tax treatment for bankrupt firms that give creditors stock for debt, effective 1/1/93.</td>
</tr>
<tr>
<td><strong>THE POOR</strong></td>
<td>Make more generous by $28.8 billion over five years, make available to working poor without children.</td>
<td>Same.</td>
<td>Make more generous by only $18.2 billion over five years; exclude working poor without children.</td>
<td>Make more generous by $20.8 billion over five years; make available to working poor without children.</td>
</tr>
<tr>
<td><strong>EMPLOYMENT</strong></td>
<td>Designate 10 empowerment zones with several tax incentives, and 100 more enterprise communities with fewer tax breaks.</td>
<td>Same.</td>
<td>Same as Clinton.</td>
<td>Designate extra empowerment zones with several tax incentives, and 100 more enterprise communities with more tax breaks.</td>
</tr>
</tbody>
</table>
Social Programs Gain Favor As Pro-Business Items Fall

BY DAVID ROGERS

Staff Reporter of The Wall Street Journal

WASHINGTON — As Congress continues to scale back President Clinton's ambitious investment agenda, it is also tipping the balance toward traditional Democratic social programs at the expense of more pro-business initiatives.

The high-profile casualties this year have included an investment tax credit and a stimulus bill laden with public-works expenditures. But from the same wreckage, House and Senate negotiators would now salvage a landmark increase in the earned-income tax credit for the working poor and a set of smaller but still significant initiatives in health, welfare and nutrition programs.

"The bottom line is that this package succeeds in reducing the budget deficit and the social deficit at the same time," said Robert Greenstein, executive director of the Center on Budget and Policy Priorities.

"For those who look at the fact that the pieces are smaller, it is true. But it is also saying that the perfect is the enemy of the good."

For example, in the case of food stamps, the five-year cost projections belie the fact that the administration would win a map to scale back President Clinton's ambitious investment agenda, it is also tipping the balance toward traditional Democratic social programs at the expense of more pro-business initiatives.

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Government's 503 Loan Plan Draws Critics

BY EUGENE CARLSON
Staff Reporter of THE WALL STREET JOURNAL
WASHINGTON — Is Uncle Sam an avascular loan shark bleeding thousands of small businesses dry? or is the government simply being a responsible lender by enforcing a lawful contract, while also trying to keep the budget deficit under control?

There isn't much middle ground in the debate swirling around a small-business-loan program that has more than 3,000 small companies locked into long-term, double-digit-interest-rate loans with no realistic way to refinance. Some members of Congress are arguing that the small businesses deserve relief, even if taxpayers have to foot the bill.

The controversy, which has intensified as interest rates have dropped to 20-year lows, involves the Small Business Administration's now-defunct 503 loan program. Introduced in 1975 as a way of encouraging small firms to expand their facilities and to create more jobs, the program offered fixed-rate loans of 20 to 25 years at rates ranging from 11% to 15.7%. The loans financed 40% of an approved project's cost, with commercial lenders and the small businesses sharing the burden.

Small firms signed up and received 503 loans totaling $992 million. The SBA welcomed them, saying that the fee required to finance the SBA loan.

Following a time when the prime rate hovered around 20%, the SBA guaranteed loans with significantly lower rates. As interest rates dropped, the SBA remedied the confusion in its 503 loan program. The SBA said 14% of the 503 borrowers had paid off their loans.

The SBA says it would cost the government roughly $70 million if 503 loan holders were allowed to prepay without penalties. The figure represents the difference between what the Treasury Department would collect on the loans, and the amount it has to pay to the holders of high-interest-rate bonds sold to finance the SBA loans.

Pressure to whittle down the budget deficit makes even relatively small unbankrolled spending proposals difficult to sell. Huge unexpected costs resulting from the Midwestern floods can only compound the problem. President Reagan pocket vetoed a 1987 spending proposal that borrowers must pay the equivalent of the interest-rate yield to the loan's maturity if they prepay. Under this rule, borrowers get a discount on their prepayment total if prevailing rates are higher than their loan rate. If rates decline, however, they pay a penalty.

The SBA remedied the confusion in its 504 loans, which replaced the 503 program in 1986. The underlying 504 bonds are owned by private investors, not the Treasury. And there's a clearly stated prepayment clause with a penalty schedule on a sliding scale for the first half of the loan only. The current 504 rate on 10-year loans is 5.2%, and on 20-year loans, 6.2%.

The SBA says 14% of the 503 borrowers have paid off their loans. But that doesn't help 503 loan holders such as Mr. Mayhew, the Virginia shipyard owner. "There isn't much middle ground in the debate swirling around a small-business-loan program that has more than 3,000 small companies locked into long-term, double-digit-interest-rate loans with no realistic way to refinance. Some members of Congress are arguing that the small businesses deserve relief, even if taxpayers have to foot the bill."

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organized labor as it prepares for

ately wants to keep good relations with

ness" in Nafta, Mr. Kantor said, adding

what (the unions] perceive to be the weak­

with labor and environmental issues. "I've

wrap up side agreements to Nafta that deal

isked what can we do that will address

Congress for approval.

ministers from Mexico and Canada hope to

war, to defeat Nafta when it comes to

standards currently under negotiation.

thing to the side agreement on labor

will launch a "jihad," or holy

the accord. Privately, trade officials worry

make Nafta more palatable in their indus­

for any suggestions they might have to

Secretary Ron Brown, held a similar ses­

nicipal Employees. Mr. Kantor and several

can Federation of State, County and Mu­

ers, including William Bywater, president

of the International Union of Electrical

representatives that require the Clinton

administration to prepare an environmen­

Public Citizen argued in its brief to the

environmental law requires an impact

statement. The Justice Department has

will hear arguments on the appeal Aug. 24.

mental impact statement could take

months, if not years.

begin until side agreements to Nafta are

completed.

battle over health-care overhaul. The un­

ions already have put together a war chest

of roughly $4 million to lobby in favor of

health-care changes, and they have their

phone banks ready to generate "grass­roots" support. The administration is

eager not to jeopardize that backing by

angering the unions over Nafta.

Mr. Bywater said he delivered a sober­

ing when he met last week with Mr.

Kantor. The trade representative

asked, "What do you want on labor rights?

We're going to try to put teeth in it." Mr.

Bywater recalled. "I said, 'Yeah, right.'"

Instead, Mr. Bywater tried to convince

Mr. Kantor that the union's members are

sipping from Mr. Clinton's fold. "I said:

'Mickey, the labor movement in my judg­

ment is the one that elected Mr. Clinton."

I would vote for Clinton the next time

around. But I'm telling you right now I

Please Turn to Page A16, Column 1

Clinton Aides Meet With Union Leaders
In Effort to Soften Opposition to Nafta

BY KEVIN G. SALWEN
And BOB DAVIS
Staff Reporters of THE WALL STREET JOURNAL
WASHINGTON—White House officials, trying to blunt opposition to the North
American Free Trade Agreement, are holding a series of meetings to ask union
leaders for help with the pact.

But the discussions, led by U.S. Trade
Representative Mickey Kantor, appear to

have had little effect on unions' strong

dislike for Nafta.

Mr. Kantor said he talked by telephone
with United Auto Workers President Owen
Bieber yesterday. In the past week or so,

he has met with several other union lead­

ers, including William Bywater, president

of the International Union of Electrical

Workers. Earlier this summer, he met with

Gerald McIntee, president of the Ameri­

can Federation of State, County and Mu­

nicipal Employees. Mr. Kantor and several

other cabinet officers, including Labor

Secretary Robert Reich and Commerce

Secretary Ron Brown, held a similar ses­

sion with Teamsters President Ronald

Carey.

Mr. Kantor is asking the union leaders

for any suggestions they might have to

make Nafta more palatable in their indus­

tries. For example, he asked Mr. Carey

whether truckers would like to add any­

thing to the side agreement on labor

standards currently under negotiation.

The administration's current talks with

labor are designed to relax fierce union opposition to

the accord. Privately, trade officials worry

that labor will launch a "jihad," or holy

war, to defeat Nafta when it comes to

Congress for approval.

Later this week, Mr. Kantor and trade

ministers from Mexico and Canada hope to

wrap up side agreements to Nafta that deal

with labor and environmental issues. "I've

told what we can do that will address

what the [unions] perceive to be the weak­

nesses" in Nafta, Mr. Kantor said, adding

that he also had met with environmental

leaders for help with the pact.

In Effort to Sway Nafta Opponents

Clinton Aides Court Labor Leaders

In Effort to Soften Opposition to Nafta

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can't deliver my [members]. They keep

asking me: 'Why don't you go with [Ross]

Perot?' " Mr. Perot is a staunch opponent

of Nafta.

Talks with Mr. Carey went about as

well, a Teamsters spokesman says. Mr.

Carey told Clinton aides that "Nafta will

exploit workers at $4 a day while destroy­

ing U.S. and Canadian jobs," said Matt

Witt, the union spokesman.

The Teamsters union has sent a peti­
tion with 200,000 signatures to the White

House, asking officials to rip up the current

accord and start over. Mr. Witt said the

union will continue to use similar tech­
niques to fight the agreement.

Jeff Faux, president of the Economic

Policy Institute, a union-backed think tank

in Washington, D.C., said that unions

aren't thrilled with their treatment from

the White House and aren't likely to help

much on Nafta. He said the administra­

tion's current talks with labor leaders

aren't likely to help. "It's hard to know

what they'll get out of these discussions," he

said. "I haven't heard anyone saying they

are successful at all."

Mr. Kantor said the U.S. has insisted on

provisions in the Nafta side agreements

that would give individuals more access to

Mexican courts and assure their rights to

pursue environmental and labor claims.

"Much of it is agreed to" by Mexico,

he said.

Separately, the consumer group Public

Citizen asked the U.S. appeals court here

to uphold a ruling by District Court Judge

Charles Richey that requires the Clinton

administration to prepare an environmen­

tal impact statement for Nafta. "It may be

that only some of Nafta's provisions will

have environmentally harmful effects,"

Public Citizen argued in its brief to the

court. "An objective [environmental im­

 pact statement] would permit the public

and Congress to weigh these effects."

Public Citizen further argued that U.S.

environmental law requires an impact

statement. The Justice Department has

contended that the law doesn't apply to

presidential actions. A three-judge panel

will hear arguments on the appeal Aug. 24.

If the June 30 ruling isn't overturned, the

administration fears, the trade agreement

could be killed. Completing an environ­

mental impact statement could take

months, if not years.

In a letter attached to the Public Citizen

brief, the Justice Department said the

trade representative's office is "taking

substantial steps" to collect "additional

environmental documentation" that could

be used to comply with Judge Richey's

ruling. But the department said that a

"substantial part" of that effort can't begin

until side agreements to Nafta are

completed.
Food Lion to Pay Big Settlement In Labor Case

Wage, Hour Charges Result In Cost of $16 Million For Supermarket Chain

By KEVIN G. SALWEN
Staff Reporter of THE WALL STREET JOURNAL
WASHINGTON — Food Lion Inc. has agreed to pay $16 million in the largest settlement ever by a private employer over wage and hour violations, the Labor Department will announce today.

The fast-growing supermarket chain will settle charges that it had more than 1,000 violations of federal child-labor laws and also that it forced employees to work "off the clock" beyond their quitting time, according to individuals familiar with the accord.

Many of the child-labor violations involve teen-agers working around hazardous machinery, such as balers that are used to crush cardboard boxes.

In 1987, Hudson Oil Co. agreed to pay more than $12.8 million in back wages and damages to settle Labor Department charges involving wage violations, the biggest prior case against a private employer, according to an agency spokesman. More than a decade ago, the U.S. Postal Service settled a massive case alleging overtime violations and paid out more than $400 million.

It isn't clear whether the entire $16 million in the Food Lion settlement will be given to the workers as back wages. Food Lion also has been the target of a campaign by the United Food and Commercial Workers union, which has a separate pension-related lawsuit pending against the company.

The Labor Department's case is the second in a week against a major supermarket chain. Last week, Great Atlantic & Pacific Tea Co. agreed to pay $490,000 in civil penalties to settle more than 900 alleged violations of hourly restrictions on work by teen-agers and illegally using youths to run meat-cutting and baling machinery.

The Clinton administration clearly is trying to step up enforcement of the labor laws. Early in the Reagan administration, enforcement was sharply scaled back, but it has been rebounding for the past several years.

Now, agency officials contend they are trying to increase the number of inspections, albeit without increasing the enforcement staff. "We take the enforcement of the law as a very serious part of what we do," said one senior official.

Food Lion spokesman Mike Mozingo confirmed that there will be a press briefing today, but he declined to say what it will be about. "We've been negotiating for some time with the Department of Labor,"

Food Lion Will Pay $16 Million to Settle Labor-Law Charges

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so we'll just have to wait and see what comes out of these negotiations," he said.

Food Lion, which is controlled by Delhaize "Le Lion" SA of Belgium, is based in Salisbury, N.C.

The Labor Department, which said it will hold a press briefing today, declined to comment further on the case. Food Lion's Washington lawyer, former Labor Department official George Salem, also wouldn't comment.

Food Lion's case with the Labor Department caps a rough eight months for the 1,045-store chain. In November, ABC's "PrimeTime Live" broadcast a report alleging that Food Lion routinely repackaged and sold out-of-date meat. The Salisbury, N.C., company denied the allegations, but winning back customers to its stores is proving a bigger challenge than the chain had expected.

Earnings have slipped in the past two quarters, and aren't likely to rebound until the fourth quarter at the earliest, analysts say. The company had expected to have 2,000 stores by the end of the decade, but appears to have abandoned that plan.

In national over-the-counter trading, Food Lion Class B shares closed at $6.25, unchanged.
FDA Attacks Drug Makers’ Ads to Doctors

BY ROSE GUTFELD
Staff Reporter of The WALL STREET JOURNAL
WASHINGTON — The Food and Drug Administration struck a blow against drug-industry sales representatives making misleading claims to doctors, an advertising practice that the FDA says is inflating health-care costs and possibly harming patients.

In a consent decree filed in federal court in New Jersey, Kabi Pharmacia Inc. agreed to change the sales, promotion and ad practices for its ulcerative colitis drug Dipentum, which was approved for use in a small category of patients, but which the FDA claimed was later touted for a wide variety of patients.

Kabi, without admitting wrongdoing, signed the decree and agreed to make the changes. Kabi also will pay the FDA $85,000 for the cost of its one-year investigation and set up a $380,000 escrow account to pay for corrective ads.

The FDA says the proceeding is its first significant case in which the agency has been able to document false and illegal claims by a company’s sales representatives — a practice that the agency suspects is prevalent. “As a physician, I think we would be burying our head in the sand to assume this is an isolated instance,” said FDA Commissioner David Kessler in an interview.

In a statement, he suggested that the Kabi case underscores the notoriety, pushed by some drug industry leaders, that expensive promotion and ad campaigns are crucial to educating physicians.

“In this case,” Dr. Kessler asserted, “the company’s goal was to inure for use in the expense of patient care.” Promotions not aimed at proper treatment are “one of the factors contributing to the rising costs of health care in this country,” he said.

Sen. Edward Kennedy, chairman of the Senate Labor and Human Resources Committee, declared in a statement that “the FDA’s action sends a strong message to the pharmaceutical industry that false advertising and improper marketing of prescription drugs will not be tolerated.” The Massachusetts Democrat said the panel plans oversight hearings in the current Congress on abuses in the marketing of prescription drugs; it held hearings on

Trade Agency Reports Advances in Protecting Intellectual Property

By a WALL STREET JOURNAL Staff Reporter
WASHINGTON—U.S. Trade Representative Mickey Kantor released an upbeat report card of advances made by Hungary, Thailand and Taiwan in the field of intellectual property protection, detailing the progress made by the countries under the threat of U.S. sanctions.

In April, Mr. Kantor announced reviews of the three nations and others under the Special 301 provision of the U.S. Trade Act of 1974, which allows the U.S. to take unilateral retaliatory steps to penalize countries for violating fair-trade provisions. The reviews for these countries were conducted July 31.

Hungary was placed on a “priority watch list,” but Mr. Kantor said it will now be removed because of a bilateral pact signed last week with the U.S. that expands intellectual property protection in Hungary.

Mr. Kantor gave Taiwan kudos for completing key parts of an “immediate action plan” involving copyrights, cable television and trademark protection and enforcement. He said the U.S. will continue to monitor Taiwan’s progress.

He extended the review of Thailand over the next month, citing advances in antipiracy enforcement and copyright protection.

White House Travel Office Probe Request Is Rejected

By a wall STREET JOURNAL Staff Reporter
WASHINGTON — The Justice Department rejected a request to appoint an independent counsel to investigate the controversy surrounding the White House travel office.

In a letter to the Landmark Legal Foundation, a public-interest law group that requested the independent counsel, the Justice Department said, “There is no conflict of interest that would warrant turning to an outside prosecutor.”

The Federal Bureau of Investigation was called to probe allegations of financial irregularities in the travel office by a White House official in a manner that prompted a complaint by Attorney General Janet Reno.

Mark Levin, Landmark’s director of legal policy, said he called for an independent counsel because of allegations that the White House wanted to steer its travel business to friends of the president and because of the role the FBI had in the investigation.
Tax Cut in Japan Gets Ruled Out By Key Leader

By CLAY CHANDLER Staff Reporter of THE WALL STREET JOURNAL

TOKYO - Japan's economy shows new signs of weakness, but a key leader of the political coalition expected to win control of the government poured cold water on chances for income tax cuts or other bold moves to stimulate recovery anytime soon.

Ichiro Ozawa, a founder of the conservative Japan Renewal Party, said it would be "impossible" for the new government to agree on a plan for lowering income taxes this year. His party is the core of a seven-party alliance that is virtually assured of assuming power from the Liberal Democratic Party when parliament convenes later this week.

Mr. Ozawa's cautious assessment won't please the U.S. government. For months, Clinton administration officials have urged Japan to cut income taxes, boost fiscal spending and take other measures to revive the nation's flagging economy. Many in Washington say a healthy Japanese economy is necessary to cut Japan's huge trade surplus and to kickstart the world economy; they had hoped Tokyo's new administration would be more receptive to their pleas.

But Mr. Ozawa, widely viewed as the coalition's strategic leader, explained it would be "a sloppy, half-hearted, and childish deception" for the new government to cut income taxes without taking in revenue elsewhere by revamping the nation's tax code. He predicted Japan's legislators won't be ready to consider broad tax reform measures until mid-1994 at the earliest.

Japan's economy, meanwhile, continues to send out distress signals, and more danger looms. Vehicle sales in July plunged 10% from a year earlier, the Japan Automobile Dealers' Association said. It was the fourth consecutive month of double-digit year-on-year declines for car sales. Japanese exports of videotape recorders in June fell 15% from last year, the Japanese electronics industry trade group said.

The strengthening yen continues to hit the nation's blue-chip manufacturers by undermining the competitiveness of exports. The yen reached a record high against the U.S. dollar yesterday, the Tokyo trading year's high, of 104.61 yen to the dollar. Traders expect it to rise even more, and a stronger yen raises the relative price of goods made in Japan.

Many private economists think that, without any additional stimulus, Japan's economy will expand at a dismal rate of around 1.5% or less in the year to March 31, 1994, and to "urgently" draw up "operational options for air strikes."  

U.S. and NATO Agree on Plan For Air Strikes  

By CARLA ANNE ROBBINS and THOMAS E. RICKS Staff Reporters of THE WALL STREET JOURNAL

WASHINGTON -- The U.S. and its NATO allies agreed in principle to an American proposal to use air strikes to break the siege of Sarajevo.

A statement issued after the meeting in Brussels early this morning warns the Bosnian Serbs by name that NATO is now preparing to launch air strikes in the event that the strangulation of Sarajevo and other areas continues.

But key differences still remain on various questions, ranging from whether the United Nations or the North Atlantic Treaty Organization would direct the operation to the nature of targets that would be attacked.

U.S. officials suggested that broader military action probably will be postponed for at least a week while these issues are being resolved. The statement directs NATO planners to examine their options and to "urgently" draw up "operational options for air strikes."  

Meeting Set for Today

As part of that process, Defense Secretary Les Aspin is scheduled to meet today with the Joint Chiefs of Staff to discuss the U.S. military options in Bosnia.

U.S. officials, however, emphasized that even before those questions are resolved, NATO planes could attack Serbian positions if they continued to fire on U.N. peacekeeping troops.

The Americans were clearly elated at the meeting's results. President Clinton, yesterday played down an earlier statement by a State Department spokesman that the U.S. would be willing to act unilaterally in Bosnia, if the allies failed to accept the air strike proposal. "I think we'll have a common position," Mr. Clinton said. "I don't believe that the allies will permit Sarajevo to either fail or to starve."
Marching to a Different Drummer, 
Britain Ratifies Maastricht Treaty

BY NICHOLAS BRAY
Staff Reporter of THE WALL STREET JOURNAL
LONDON — Britain has finally ratified the Maastricht treaty on European union, just as the near breakdown of Europe's Exchange-Rate Mechanism may have robbed the treaty of one of its main objectives.

Prime Minister John Major moved swiftly to ratify the treaty only hours after a decision by Lord Rees-Mogg, the former editor of the Times newspaper, not to pursue a legal battle against it. Britain's ambassador to Italy, Sir Patrick Fairweather, deposited Britain's instrument of ratification at the Italian Ministry of Foreign Affairs in Rome, as stipulated under the formalities governing the treaty.

Now the only country that hasn't ratified the treaty is Germany, where a lawsuit alleging constitutional improprieties is still under consideration.

But with European currencies in turmoil following the decision by European Community finance ministers to loosen the controls linking currencies within the ERM, there are doubts as to whether the treaty has any practical future.

According to William Cash, a Conservative member of Parliament and one of Britain's leading campaigners against Maastricht, "the entire heart of the treaty was torn out... with the collapse of the ERM." Despite Britain's ratification, he said, the treaty was "totally unworkable" and "doomed to failure."

Earlier, EC finance ministers reacted to last week's onslaught on the French franc by widening the fluctuation bands in the ERM currency grid to 15% from 2.25%, either way. The action was interpreted by Maastricht supporters and opponents alike as signaling the end of the ERM and plans for a single European currency.

Speaking on BBC Radio, Former Chancellor of the Exchequer Norman Lamont proclaimed the ERM "dead in all but name," with the prospects for a single currency "out of the window" and the treaty "a bit of a fossil."

Mr. Major said what had happened vindicated Britain's action in withdrawing sterling from the ERM last September, adding that the timetable for a single currency was now "totally unrealistic."

Lord Rees-Mogg, in a bid to prevent British ratification of the Maastricht treaty, last week launched a lawsuit in England's High Court, charging that the government hadn't observed necessary constitutional procedures.

Friday, three High Court judges rejected his suit. After considering their verdict over the weekend, Lord Rees-Mogg said he had decided against pursuing an appeal. According to a spokesman, Lord Rees-Mogg "saw no point" in pursuing the litigation. In part, he said, that was because the judges had accepted some key points of his constitutional argument. But it was also a result of turmoil hitting the ERM, which "removes effectively one of the key pillars of Maastricht," he said.

In their ruling, the judges ordered Lord Rees-Mogg to bear the substantial costs of the trial. They also affirmed, however, that ratification of the treaty wouldn't mean any abandonment of Parliament's powers to decide Britain's foreign affairs or defense policies.
How to Zap TV Violence

By NEWTON N. MINOW

Television producers, writers and network executives met yesterday in Beverly Hills with parents, psychologists and public officials to talk about television violence and its effect on children. This meeting of warring camps came after both houses of Congress held hearings on the subject this spring, and only a month after the television networks announced that they will begin labeling programs to alert parents to their violent content.

As expected, this "consciousness-raising" seminar, led by ABC's Jeff Greenfield, was strong on hand-wringing and soul-searching, was studiously polite and unusually educational. But it didn't go far enough. Few people seriously believe that the proposed warning system is equal to the problem, and most people think it will make the problem worse by drawing attention to especially offensive programs.

Nonetheless, the conference participants managed to tiptoe around the prospect of further action. And little wonder. Anyone who proposes doing anything more to curb violence is almost certain to be shouted down as a censor. This refrain is already de rigueur in the television industry, and Congress is understandably reluctant to get into the standards-and-practice side of television programming. Even many parents who think television violence is excessive are uncomfortable with judging speech.

The real question is what kind of programming is appropriate for children, especially the millions who watch with little or no adult supervision. The best answer is simply to rate all programs in much the same way motion pictures are rated, thereby notifying parents of a program's suitability for children. Such ratings should apply to all broadcasters and all cable programmers.

Ratings programs are not censorship—far from it. Indeed, when combined with "lock-out" technologies, a ratings system would actually extend the reach of free expression on television, allowing adults to watch whatever suited them while effectively eliminating children from the audience. Parents would still have to go to the trouble of blocking out undesirable programs, and doubtless many would continue to neglect their primary responsibility of monitoring what their children watch. But if millions of other parents chose to block out "America's Most Wanted" or "NYPD Blue" (ABC's steamy new police drama), what concern is that of broadcasters, who for years have insisted that the public interest is whatever interests the public?

At bottom, the v-chip controversy is illustrative of the fact that while the "public interest" is supposed to be the guiding principle behind television regulation, neither Congress, the television industry nor the public itself has ever been clear on just where that interest lies. The debate over television violence offers an opportunity to rethink the question at a propitious time, as television is being transformed into a new, interactive medium.

Those meeting yesterday in Beverly Hills had the first opportunity to address these essentially moral questions in a serious way. Even if their effort fell short, the discussion they began must not be allowed to close with the conference. It is time we used the First Amendment to protect and nurture our children, rather than as an excuse to ignore them.

Mr. Minow is a former chairman of the Federal Communications Commission and director of the Public Service Television Project of the American Academy of Arts and Sciences. Craig L. LaMay, the project's associate director, contributed to this article.
The High Cost of 'Employees' Rights'

By GARY KLOTZ

The Family Leave Act, which applies to employers with 50 or more employees, grants full-time employees the right to take up to 12 weeks of unpaid leave a year for specified family and medical reasons. During that time, the employer must continue to pay for the employee's health, dental and optical insurance, and at the end of the leave the employer must reinstate the employee to the same job or an equivalent one. To implement the eight-page act, the Labor Department has issued 35 pages of regulations and 40 pages of commentary explaining them.

The principal burden for employers is the cost of maintaining health insurance coverage for employees on leave. The General Accounting Office estimates that this cost at $674 million annually. The Small Business Administration estimates that the average cost per employee will be $1,995.

The real cost to employers is, of course, much higher. The GAO blithely assumes that employers will experience no costs beyond that of maintaining health insurance coverage. In fact, many employers will have the cost of recruiting and training replacement workers, whose productivity will likely be lower.

Then there are the administrative burdens. One is the Labor Department's "optional" medical certification form. Employers have the right to demand medical certification of the serious health conditions requiring a leave. Ignoring the Labor Department's "optional" form as "optional" is a bureaucratic misnomer. The regulations prohibit an employer from requiring any information beyond the information covered by this "optional" form.

The medical certification must come from the employee's "health care provider," who can be a medical doctor, nurse, midwife or even a "optional" form. The Labor Department opted not to extend "health care provider" status to acupuncturists and chiropractors. While employers may require a second opinion, they are not allowed to obtain it from a health care provider they regularly use. They are not allowed to obtain it from a "optional" form.

The regulations state other, very odd, requirements. To be eligible for a leave, for example, an employee must work at a site where the employer employs at least 50 persons within a 75-mile radius. So far, so good. But the 75-mile radius will be measured in a straight line.

The Labor Department rejects the simple "as the crow flies" method because, in that, employers are not permitted to use their regular medical staff or industrial clinic to complete the medical certification form. Instead, the 75-mile radius will be measured by road miles, using surface transportation over public streets, roads, highways and waterways, by the shortest route from the facility where the eligible employee requesting leave is employed. To determine the 75-mile radius, the employer must prepare the equivalent of a "Trip-tik" between the two facilities.

Israel and the Law

Court proceedings are still underway both in the U.S. and Israel, but it appears that John Demjanjuk will return to his native Ukraine following his legal victory on war crimes charges. Last week the Israeli Supreme Court decided unanimously to acquit him of the crimes of Ivan the Terrible, the most sadistic guard at the Treblinka gas chambers. The case shouldn't pass without some reactions on the rule of law in a democracy.

In a decision that was sure to be politically unpopular in a nation built by survivors of the Holocaust, the high court decided to free Demjanjuk because it found a reasonable doubt. Whether anything similar would be likely in any other judicial system in the Middle East is one question to put in the balance in judging the actions Israel takes to defend itself.

Asides

Israel and the Law

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Mr. Klotz is an employment lawyer in Troy, Mich.
Slow growth, low interest rates, bare hints of inflation and a political preoccupation with raising taxes to try to keep pace with government spending. Has the U.S. been here before? Arguably it has, in the 1950s.

The Elvis Decade is a tempting comparison for the Clinton Hour. The president goes to the mike this week for the fiscal medley the congressional leadership has scored for him. Like a lot of the Eisenhower era, this week for the fiscal medley the congressional leadership has scored for him. Like a lot of the Eisenhower era, the 1950s were a time of economic opportunity. Not a lot of income from success and saving will reinforce the more desirable condition in the U.S. through the '50s, and today buying and selling by the developing nations plays a similar role. Even in the absence of formalized agreements, such as the much belabored Nafta and GATT, our shrunken world may have made a culture of exchange inevitable.

Likewise, the onrush of technology that has contributed so mightily to the Value Age is largely beyond the abilities of Luddites and litigators to restrain. This is not to claim that advance is automatic. The Federal Reserve's steadfastness for sound money may hinge on the votes of a couple of its governors. Mr. Clinton stands to get his first appointment to the board at year's end. When not under the influence of the Hillery Network or Al Gore, he is not always awful in his choices, although he will have to answer to inflationists Sens. Sarbanes and Sasser.

Mandated payroll costs also upset the economy, and here the new administration is poking around regardless, as promised. In an effort to ensure "good jobs," all three branches of government have made it harder to create jobs, and this parity accounts for why the 1990s won't even match the sluggish '50s on this front (see chart).

With that drag, plus tax increases, the obvious hope for strong growth in the current economy lies in the extraordinary low interest rates and prudence and providence have made possible. That is twinned with an apparent renewal of aggressive lending. Such fortuitous circumstance in the loan market has some ability to push, even when consumers are not pulling. The fact that the whole Clinton "deficit reduction" strategy rests on this—at least for now—means it is even less stimulative than the 1950s policy.

Even when supplemented by the interstate highway program, low rates during the Eisenhower years didn't produce a prolonged boom. (They also didn't stay all that low; after dipping at the end of the Korean War, the yield on top corporate bonds actually rose 50% by the time Ike left office, even though unemployment also was rising.) It wasn't until the Kennedy-Johnson term, when the 10% top tax-rate boil finally was lanced, that the economy moved.

No two times are ever the same—certainly the discounting wars today dwarf anything consumers enjoyed a generation ago, and this and other cost-cutting factors may prove engines of growth to the degree they entail innovation and not simple meat-axing. But for Democrats weighing a difficult tax vote this week, the parallels ought to be sobering. It is true that Ike, with great personal popularity, survived his inert reign in fine form. Legislative Republicans, on the other hand, began a long decline from which they have never recovered.
By Laura Tyson

Repeated editorials and opinion pieces on this page have alleged that the Clinton administration's plan for deficit reduction will fail because tax increases on the wealthiest 1.2% of Americans will collect at most one-quarter and possibly even none of the revenues forecast by both the Treasury Department and the Joint Committee on Taxation.

Substantial Variation

In fact, there has been substantial variation in government revenues over time, variation that is obscured by the scale adopted in the first chart. Only tax changes that are enacted and tax receipts. Several major turning points are clearly apparent: the 1964 income tax cuts, which lowered the top marginal tax rate from 91% in 1963 to 70% over the next two years; the 1981 Reagan tax cut, which increased the top marginal tax rate to 77% for the year; and the 1981 Reagan tax cut, which reduced the top marginal tax rate in 1982 to 50% from 70%. In each of these cases, personal income tax receipts behaved as expected—they increased as a share of GDP when the top rate increased, and they decreased as a share of GDP when the top rate decreased.

Third, changes in the definition of taxable income over time also obscure the relationship between the top tax rate and tax receipts. For example, the 1986 tax bill was constructed to eliminate many deductions and to reduce both individual and corporate tax rates with no net change in revenues.

Despite these and other complicating factors, some very simple exercises confirm that higher income tax rates do indeed translate into higher tax revenues. The second chart shows federal revenues from personal income taxes—instead of total federal revenues—as a percentage of GDP. The reader is invited to conclude that trying to raise revenues to reduce the deficit by taxing the rich will inevitably fail, but a more careful examination of the historical record indicates that higher income tax rates do indeed translate into higher tax revenues.

The degree to which tax avoidance will lower receipts has been greatly exaggerated. The potential to engage in the notorious tax shelters of the 1980s no longer exists as a result of the 1986 tax bill. Nor is it very likely that the wealthy will respond to higher tax rates by noticeable reductions in their labor supply. The Clinton administration is not advocating higher tax rates to punish the wealthy. The proposed rate increases on the top percentile of income earners are a necessary part of the largest deficit-reduction package in the nation's history. This package will bring the benefits of lower long-term interest rates, increased national saving and investment, and higher living standards to all Americans, including the wealthiest Americans who are being asked to shoulder the burden of higher taxes.

Ms. Tyson is chair of the Council of Economic Advisers.
The Clinton-Rostenkowski-Moy­ni­han tax negotiations have been going through the nitty-gritty, and we're here to explain what that means to you, and to them.

For freshman Senator Russ Feingold, it means his big chance to kill the dread bovine somatotropin. BST is a hormone that makes cows give more milk, a cause unpopular among competition-fearing dairy farmers in Senator Feingold's Wisconsin. Indeed, he built his name recognition demagoging the issue as a state senator, and upon reaching the Beltway immediately tried to make it a national issue. Unhappily for the Senate but happily for milk consumers, Republican Jack Danforth forced a floor vote, and Senator Feingold lost 60-38.

But a 12-month ban on commercial use of BST has reappeared in the budget bill, under sponsorship of the Agriculture Committee. No Senator could force a vote because it is said to "save" money, about $15 million next year; if cows produce milk more efficiently, what passes for reasoning runs, the government will end up paying more in price supports. So now Senator Feingold is threatening to vote against the whole budget unless it retains this silly provision.

This milkmail is so blatant that, in addition to a majority of the Senate, the BST ban is opposed by Reps. John Dingell and Richard Gephardt, Senator Ted Kennedy, House Agriculture Chairman Kiki de la Garza and President Clinton. But as of this writing, Mr. Feingold was holding them all hostage; after all, without his vote the budget will fail.

For Texas's Kiki de la Garza the nitty-gritty means a chance to stand like the Alamo against cutting the $330 million for mohair wool, which once upon a time had something to do with military uniforms. It got the ax in the Senate, but Mr. de la Garza made sure it survived the House, and the latest word is that he'll make sure part of it survives in the final bill.

Mr. de la Garza has already saved the honey money, the one subsidy that Candidate Clinton promised to zero out, no doubt because most bee farmers are in Western states populated by Republican senators. But Mr. de la Garza will not give up any turf easily, even if it's mostly in Utah. So he made sure the House bill proposed only a token $23 million cut in the program for 1994-98. The Senate went for a $41 million sting, but the federal honey pot will live again.

These are only a couple of examples of what the nitty-gritty means to them; whether or not these individual exceptions make the final cut, similar deals have been cut all over Capitol Hill. With Senator David Boren de­serting the 50-vote-plus-Gore passage of the original bill, the swing vote now appears to be Arizona's Dennis DeConcini. We will probably never know his price; we were lucky even to find out about his interventions with the rest of the Keating Five to protect a crooked S&L.

Now, what the nitty-gritty means to you: Your tax increase will be retroactive to January 1. Struggle as they might, the conference just couldn't figure out any other way to get to their deficit-cutting targets.

The last time increases in personal tax rates were made retroactive was during the Vietnam War. The Johnson administration imposed a special surtax and made it retroactive for the express purpose of slowing down an overheated economy. It is, in short, exactly the opposite of what's needed in an economy that's growing today at a feeble 1.6% annual rate.

Come next April, not so incidentally six months before the next election, a lot of taxpayers are likely to find themselves underwithheld. Or, since the big tax boosts affect upper-income taxpayers and the farmers they declare on their personal income taxes, next January or so they'll have to dig into capital or take out loans on the final installment of their estimated taxes. They'll have to cough up three quarters worth of taxes out of one quarter's income—for that compressed period a tax rate of 17.5% or so. The Clinton Treasury has magnanimously agreed not to impose penalties or interest charges on those who with­hold their taxes.

It's easy to predict that the first quarter of 1994 will be an economic bummer, just as the final quarter of 1992 was inflated because everyone from Michael Eisner to Hillary Clinton was cashing out income to beat the expected tax increase. The economy will in any rate be suffering the incentive-stifling effect of higher tax rates, even before the double whammy of retroactive increases.

Economic effects aside, there is the issue of the simple justice of retroactive taxation. If you're going to make everything retroactive to January 1, after all, why stop there? Why not catch the Michael Eisners and Hillary Clintons by making it December 1, 1992? Or maybe November 4, 1992, when Bush was reported and everyone understood taxes were going up.

Come to think of it, why not just repeal the decade of greed, when by Mr. Clinton's expressed view high-income taxpayers didn't pay their "fair share." If the Clinton-Rostenkowski-Moy­nihan conference can make taxes retroactive to last January 1, why not to October 1, 1981, the date of the first tranche of the Reagan tax cuts?
Democrats agree on plan to cut deficit

Leaders say they have the votes

By J. Jennings Moss

Democratic leaders on Capitol Hill said yesterday they had reached an agreement to reduce the federal budget deficit by $496 billion over five years, with more spending cuts than tax increases.

Details of the plan will be released today, and President Clinton will address the nation tonight. The task for Democrats is to make sure they have enough votes to pass the plan later this week.

"For all practical purposes, this conference is over," Mr. Clinton said in his telephone call with editorial writers from states where Democratic senators have balked at supporting the final version of the budget plan.

"For all practical purposes, this conference is over... the largest deficit-reduction program in history has been concluded," House Speaker Thomas S. Foley of Washington told reporters.

Pressured on which wavering Senate Democrats would vote for the bill, Senate Majority Leader George J. Mitchell of Maine would only say: "We have the votes, we will have the votes."

Negotiators yesterday worked to resolve the last remaining issues: dealing with tax levels for Social Security recipients, the amount to cut Medicare and the tax deduction for business meals and entertainment.

Mr. Clinton and Democratic leaders in Congress praised the fact that the package would have more spending cuts than tax increases — $252.8 billion in cuts and $243.2 billion in taxes.

Republicans were critical of the ratio, saying the public gets hit with taxes in the first years of the five-year plan, while most of the spending cuts do not come until the fourth and fifth years.

The plan adds 4.3 cents to the current 14.1-cents-a-gallon gasoline tax and includes a new 35 percent corporate tax rate and a new 36 percent tax rate for families that make more than $140,000 a year. The higher individual rate would be retroactive to Jan.1.

Some of the final decisions were made to make the bill more palatable to some of the six Democratic senators who voted against an earlier version, congressional sources said.

The vote count in the Senate is in question because of Sen. David L. Boren's announcement Sunday that he plans to switch his vote from yes to no. Democrats won the first round only when Vice President Al Gore broke a tie.

Yesterday's decisions included:

- Cutting the growth in Medicare, the nation's health care program for the poor and elderly, by $56 billion. Liberal Democrats had wanted $54 billion in cuts, but they are likely to vote for the package anyway.
- Raising the threshold at which higher taxes on Social Security benefits would kick in. Mr. Clinton's original plan would have boosted taxes on Social Security benefits from 50 percent to 85 percent for individuals with incomes of $32,000 and couples with incomes of $32,000.
- Raising the threshold at which higher taxes on Social Security benefits for individuals with incomes of $34,000 and $44,000 for individuals and couples, respectively, to try to win the support of Sen. Dennis DeConcini of Arizona, one of the earlier six "no" votes.
- Lowering the 80 percent tax break on business meals and expenses to 50 percent. Party leaders considered 65 percent — to win the vote of another opponent, Sen. Richard Bryan of Nevada — but congressional sources said that meant giving up too much revenue and could have cost other votes.
- Giving the aviation industry a two-year break on the higher gasoline taxes.

Mr. Clinton embraced the plan wholesale even before agreement was announced, ignoring the measure's major departures from his own proposals, as he has done throughout the many votes and negotiations in Congress.

"I am strongly supporting it. I'm going to do what I can to pass it, and I think we've got a chance to pass it," Mr. Clinton said during a telephone conference call with editorial writers from states where Democratic senators have balked at supporting the package.

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The gas tax increase, for example, was held to 4.3 cents a gallon because Sen. Herb Kohl of Wisconsin said he would not vote for a higher tax.

Rep. Dan Rostenkowski of Illinois, the chief House negotiator, said "except for some minor irritations," differences had been settled.

Republicans took their shots at the package even before the final details were released. GOP leaders in the House and Senate told reporters the plan would be bad for the country.

"I can't see how anybody who voted against the original bill in the Senate can vote for this package now," said Senate Minority Leader Bob Dole of Kansas, who specifically criticized the tax levels and corporate personal taxes.

House Minority Leader Robert H. Michel of Illinois also focused on retroactive taxes: "There are going to be a awfull lot of unhappy people in this country and then we'll see how it plays out at that time."

"I think there are going to be a lot of retroactive senators too, and House members once they get the message," Mr. Dole said.

Democrats said Republican claims of economic disaster are wrong and said that Republicans have not been as specific in their alternatives.

"The Republican effort has been to mislead and misinform the American people," Mr. Mitchell said.

Frank J. Murray contributed to this report.
Justice won't appoint independent counsel for 'Travelgate'

By Jerry Seper
THE WASHINGTON TIMES

The Justice Department will not seek the appointment of an independent counsel to investigate conflict-of-interest charges against White House personnel involved in the "Travelgate" scandal, a department official said yesterday.

In a letter to the Landmark Legal Foundation, John C. Keeney, acting assistant attorney general for the department's criminal division, said Justice officials had determined there was no "compelling reason" for the appointment of an outside investigator.

"The appointment of an independent counsel is reserved for extraordinary circumstances, where there is a compelling reason to believe that an investigation or prosecution by the Department of Justice would be compromised by an actual or perceived conflict of interest," Mr. Keeney wrote.

The White House has said that calls for an independent investigation are politically motivated.

In June, the Landmark Legal Foundation asked the department to name an independent counsel to look into the Clinton administration's dismissal of several White House travel office employees and its handling of the matter.

The foundation's request coincided with a similar request by Senate Majority Leader Bob Dole. His five-page letter to Attorney General Janet Reno said the available evidence suggested the Clinton White House was covering up cronyism and ethics violations.

The Kansas Republican argued that only an independent investigation of the White House's May 19 travel office charter airline — Ultra Air of Tennessee — because it was the Bush administration's airline of choice.

Clinton allies considered Ultra to be a Republican airline, according to a confidential memo revealed in the White House report. The memo, written by a business partner of President Clinton's Hollywood pal Harry Thomason, said a firm owned in part by Mr. Thomason was being refused travel business because the office was loyal to Ultra.

Mr. Levin, who was legal counsel to President Reagan, said conflicts of interest involving White House officials have been apparent from the beginning and reach all the way to first lady Hillary Rodham Clinton.

He said the White House review confirmed that Mrs. Clinton "personally looked into the travel office issue... and received several important memorandum and verbal updates on the affair."

The review, he said, added that when Mr. Kennedy was pressing the FBI to conduct a criminal probe, Mr. Kennedy told agents that interest in the matter was coming from "the highest levels."

"Was Kennedy referring to Hillary Clinton's multiple inquiries? If not, who at the highest levels of the White House was involved in this affair and why was their interest so intense?" Mr. Levin said.

TRAVEL

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attempt to reorganize its travel office would clear up this sorry episode of mistakes, misstatements and downright wrongdoing."

Mr. Levin, director of the foundation's center for civil rights, criticized the Justice Department's decision.

"This entire affair is one conflict of interest after another," he said. "It involves a close friend of the Clintons. Moreover, the White House's Watergate-style manipulation of the FBI — which is part of the Justice Department — during Attorney General Reno's tenure is a very serious matter requiring an independent investigation."

Mr. Levin said Congress should initiate its own probe "in light of Attorney General Reno's stonewalling."

The Treasury Department is investigating the firings to determine if administration officials pressured federal workers — including officials at the FBI and the Internal Revenue Service — to help verify rumors of wrongdoing in its travel office.

The affair also is being investigated by the Justice Department and the General Accounting Office.

A White House review, issued July 2, said four White House officials were involved in an effort to oust the travel office's seven-person staff in order to take it over and farm out work to business associates.

The travel office workers initially were fired, but they were placed on administrative leave when a furor erupted. The four officials received letters of reprimand.

Two major issues in the Treasury probe are a surprise IRS investigation of the main White House travel office charter airline — Ultra Air of Tennessee — and Associate White House Counsel William Kennedy's threat to the FBI that if the agency did not investigate rumors of wrongdoing in the travel office, he would call in the IRS.

The White House review of the scandal said Mr. Kennedy called the FBI for guidance on how to probe allegations of wrongdoing in the travel office.

Republicans have said the IRS only targeted Ultra at the height of efforts to install Clinton political appointees in the travel office — including Mr. Clinton's cousin Cather-
Syria the focus as Christopher embarks on initial Mideast leg

By Warren Strobel

ALEXANDRIA, Egypt — The fighting in southern Lebanon has focused U.S. Middle East diplomacy in a direction where many believe chances for a breakthrough are greatest — Syria.

President Clinton and top Israeli officials have praised Syrian President Hafez Assad’s role in moderating last week’s battles between Israel and Iranian-backed guerrillas in Lebanon.

"The situation in Lebanon, perhaps paradoxically, has itself given a burst of energy to the negotiations," Secretary of State Warren Christopher said on the first leg of a Middle East mission.

"My aim will be to try to capitalize on the tragic situation in Lebanon by using it to remind the parties how important it is to move forward in the peace process," he said after meeting with Egyptian President Hosni Mubarak yesterday at a seaside palace here.

"Decision time is rapidly approaching," Mr. Christopher said.

"We don’t expect any breakthroughs on this trip, but we expect steady progress."

The secretary of state is scheduled to hold talks in Israel today and in Syria and Jordan tomorrow, and he plans to visit Israel a second time before going home.

For the past few weeks, senior U.S. officials have been privately optimistic over diplomatic signals coming out of Damascus and Jerusalem.

Those hopes have grown after the defusing of last week’s crisis in southern Lebanon, scene of Israel’s most ferocious assault since its 1982 invasion of the country.

A senior U.S. official told reporters Mr. Christopher will be searching for progress between Israel and Syria, Israel’s most powerful foe and the dominant power in Lebanon.

The United States wants to go beyond the cease-fire in southern Lebanon and build a more durable arrangement in the violence-prone area, the official said. Israeli occupied Lebanon is a self-declared "security zone" in southern Lebanon.

"I’m not going to get into specifics of what we’ll ask of anybody," the official said. "I’ll simply say that, obviously, defusing the situation is a starting point, but it’s got to be followed by something else."

Israelis view Mr. Assad’s actions of the last week with some irony, since they believe he triggered the violence in the first place to put political pressure on Israel.

As Syria dominates Lebanon, Israelis believe Hezbollah and other extremist groups cannot operate there without the Syrian leader’s approval.

But Israeli officials still gave Mr. Assad high praise yesterday.

"There is no doubt the way in which Assad played his cards in the latest incident strengthened this feeling that there is someone to talk to and something to talk about," Israeli Foreign Minister Shimon Peres said on Israeli army radio.

Israelis lauded Mr. Assad’s cooperation with Secretary of State Warren Christopher’s effort to arrange a cease-fire and raised hopes for an Israeli-Syrian understanding on Lebanon, where the two have long battled for influence.

By contrast, leading Palestinians said yesterday they do not expect much progress from Mr. Christopher’s trip.

Chief delegate Haidar Abdel-Shafi was quoted by Reuters as saying he would boycott meetings with Mr. Christopher.

State Department officials have also been cautious over prospects for progress in the Israeli-Palestinian talks.

Because of the fighting in Lebanon, "there clearly has been a souring of the overall atmosphere," the senior U.S. official said.

The best that Mr. Christopher can hope for is to get Arabs and Israelis focused back on the talks to make incremental progress, the senior official said.

Had the violence not occurred, "we would have been better positioned to begin to push" for decisions at the peace talks, he said.

But the official’s comments seemed mostly aimed at the Israeli-Palestinian negotiations on Palestinian interim self-government for the Israeli-occupied West Bank and Gaza Strip.

SYRIA

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Independent counsel urged to investigate Inslaw affair

By Jerry Seper

A former federal judge, who ruled in 1988 that Justice Department officials conspired to steal a software program from a Washington computer firm, says a government probe of the affair was flawed and wants an independent counsel to investigate.

George F. Bason Jr., in a letter to Attorney General Janet Reno, challenged the findings of three separate Justice Department investigations showing no wrongdoing by government officials in the handling of a $10 million contract with Inslaw Inc.

"It is striking that in each of the three times DOJ has investigated itself, DOJ has exonerated itself, whereas, by contrast, in each of the four times someone else has looked at the same issue, that came before me has been examined by an independent counsel, Inslaw has been found to be correct and DOJ at fault," he wrote.

The Justice Department, in a report issued in June, said there was "no credible evidence" to substantiate allegations that department officials, including former Attorney General Edwin Meese III, conspired to steal a multimillion-dollar software program from Inslaw.

In the coming years, or a $0.10 gas tax increase in his plan, the president plans to embrace the newest American prorogation computers.

Mr. Clinton admitted that Republicans, spearheaded by Senate Majority Leader George Mitchell and House Speaker Thomas Foley, Mr. Clinton told the editors that the Senate and House conferees had come around to a passage they planned to announce today.

"But if they'll get beat if they vote for it, " Mr. Clinton said during conference-call interviews with editorial writers from newspapers in the home states of Democratic senators who oppose the plan.

"He doesn't have a vote in Congress, and I don't think what was done yesterday was wonderful. It was nice to see someone wonder some questions for a change," Mr. Clinton told a Dallas editorial writer.

Many of the editorial writers' questions reflected criticisms expressed by Sens. David Boren of Oklahoma, Herbert Kohl of Wisconsin and J. Bennett Johnston of Louisiana, all of whom have argued that spending cuts now are far below the promised 2-to-1 ratio and would come much later than tax increases.

"You can't solve all the problems of the world in this bill," he said of the statement adopted by Mr. Boren, who was once considered as pivotal to passage of the bill. The bill was changed to meet his early opposition to a broad-based Brunt tax, Mr. Clinton said.

"I think what he says is right, but it's not a good reason to vote against this program," Mr. Clinton told the editors, promising more cuts in the coming years.

"We're just getting started on the spending reductions. I've already given instructions to my Cabinet to make more cuts in the coming year," Mr. Clinton said.

He said he expected the bill to pass, as Mr. Mitchell forecast, but would not say how disidents like Mr. Kohl will line up on the final ayes and nays.

"I've worked hard on that. That's going to be up to him, not me," he said.
Democrats torn by party ties, fear for economy

By Donald Lambro

The power of party politics will decide whether President Clinton's budget bill wins or loses this week, but the web of economic data spawned by the plan will show whether it works.

As Republicans remain united against the package of taxes and spending, and as Mr. Clinton continues to search for enough Democrats to pass it, questions about the plan's economic and fiscal numbers are already casting a long, dark shadow over its prospects of getting the economy moving again.

The immediate fate of the plan will be decided by the pull of party loyalty and whether enough Democrats will be able to put aside their doubts about it in order to save Mr. Clinton from what would be a serious political blow to his presidency.

Yet troubling economic questions such as whether a weak economy can sustain the plan's higher taxes may not be far from the minds of Democrats who have yet to make up their minds about the budget bill — and who could spell the difference between victory or defeat.

Last week, the government reported that the economy grew at an anemic 1.6 percent in the second quarter, far below previous expectations, after a weak 0.7 percent growth rate in the first three months of the year.

Several other economic reports are due out this week, including the government's leading indicators on the economy's future performance and the latest unemployment figures.

If this week's numbers show significant new weaknesses in the economy, it could influence some wavering Democrats to withhold their support from the tax measure.

Meanwhile, in an important economic development, the administration announced Tuesday that it expects the economy to grow at a much slower pace for the rest of this year, and in 1994, than it had forecast earlier this year.

Laura D'Andrea Tyson, who heads the Council of Economic Advisers, revised her 1993 economic growth forecasts to 2.4 or 2.5 percent, down from 3.1 percent. At the same time, Ms. Tyson said she expects the economy to grow about 3.8 percent next year, significantly down from the 3.3 percent growth she had earlier forecast.

Economist Jack Albertine, who runs an economic consulting firm, called the new estimates "a very substantial change from her earlier forecasts." But even those estimates are "wildly optimistic," he said. "I don't think you are going to get 2.4 percent growth this year. It will be below 2 percent."

Mr. Albertine thinks next year's growth rate will be even weaker, once the plan's tax increases have taken effect, "maybe around 1.5 percent — clearly we'll have one quarter of recession, maybe two quarters."

Yet even if Ms. Tyson's current growth forecasts are correct, it still means the administration's key budget numbers, including tax revenues and deficits, will be significantly altered. Mr. Clinton's promise of a reduced deficit is largely based on his expectation that federal tax revenues will rise by more than $100 billion in the coming fiscal year — which would be a record one-year increase.

But many economists and congressional budget officials do not believe so large an increase in tax revenues can occur if the economy is growing that slowly.

"It's very hard to see how you get that large an increase with such slow growth," said an official at the Congressional Budget Office who did not wish to be named.

"The deficit for next year will be up, not down," Mr. Albertine said. "This plan will reduce economic growth and that's going to cut revenues and raise spending for welfare costs and unemployment compensations."

While the administration has characterized its budget package as a plan to control federal spending and reduce the deficit, its own budget numbers show that government spending will rise dramatically.

Under Mr. Clinton's budget, federal spending would rise from this year's $1.4 trillion level to more than $1.7 trillion by fiscal 1999, an increase of more than $300 billion. The deficit would fall from $285 billion to about $200 billion during this period, a decline of $85 billion, not the $500 billion deficit-reduction figure that is commonly used by the administration and the news media.

The Clinton budget also forecasts that the national debt will grow by about $1 trillion over the next five years, matching the growth rate seen during the Bush administration and repeatedly criticized by Mr. Clinton in his campaign.

Meantime, the president's Republican and business critics say the economy's increasing weakness represents an early response to his tax proposals and is a sign of what is to come if they are enacted. The White House argues that the economy will rebound if its deficit-reduction plan is enacted and interest rates decline further.

But Federal Reserve Board Chairman Alan Greenspan dealt the administration's economic justification for its deficit-cutting plan a major blow recently when he told House and Senate committees that interest rates would likely rise in the future to keep inflation at bay.
Two Republican senators yesterday vowed to delay Senate action on the nomination of Dr. Joycelyn Elders as surgeon general until after Congress' August recess.

Meanwhile, the Senate confirmed the nomination of Eleanor Dean Acheson, granddaughter of late Secretary of State Dean Acheson, as assistant attorney general for policy development.

A close friend and college classmate of first lady Hillary Rodham Clinton, Miss Acheson initially was challenged by Republicans on her membership in an exclusive private club in Massachusetts. But yesterday, there was no debate on her nomination, which was approved by voice vote.

The Elders nomination appears headed for a tougher time on the Senate floor, where GOP senators are expected to question the Arkansas pediatrician's finances and positions on abortion and sex education.

"The ratio of opposition has probably been almost 100-to-1 in opposition to Dr. Elders as surgeon general," said Sen. Don Nickles, Oklahoma Republican, reviewing calls to his office from "across the country."

"So the opposition is very strong indeed," he told reporters yesterday in announcing a plan to delay Dr. Elders' nomination until probably after Labor Day when the Senate returns from a planned summer break beginning Friday.

Sen. Edward M. Kennedy, Massachusetts Democrat and chairman of the Labor and Human Resources Committee, had said he hoped to bring the Elders nomination to the Senate floor before the August recess. Yesterday, his office said that was still the plan.

Sen. Trent Lott, Mississippi Republican, said he believes the nomination should be delayed until Dr. Elders answers more questions he and others have about her views and background.

Their concerns include Dr. Elders' support for condom distributions in schools, abortion rights and kindergarten sex education, and her decision as Arkansas health director not to notify the public about defective condoms dispensed by the state.

A former member of the board of directors of the National Bank in Little Rock, Ark., Dr. Elders has acknowledged she had received a letter of reprimand for mismanagement of the bank. She said that the offense was not criminal and that other former directors also received reprimands.

"Who knows what will happen over the August recess as more information gets out about this nominee's background?" Mr. Lott said, suggesting that the minds of senators who go home over the break may be changed as voters begin to voice strong opinions over Dr. Elders' nomination.

Arthur J. Kropp, president of the People for the American Way Action Fund, sharply criticized Mr. Nickles and Mr. Lott, accusing them of pulling "every political trick out of the hat — from character assassination, to the distortion of her record, to invalid ethics charges, to religious bigotry — and nothing has worked."

He said that no major medical groups or health advocacy organizations have stood against the nomination of Dr. Elders and that she "should be confirmed as soon as possible."

Mr. Lott, along with William J. Bennett, the former GOP education secretary and drug czar, said their objections are not based on politics but on what Dr. Elders has said in public and her record as head of the Arkansas Health Department.

Of particular affront to Mr. Bennett have been Dr. Elders' statements about Catholics, who he said should not be accused of being "un-Christian" or having a "slave-master mentality" for simply voicing their opposition to abortion.

"Bigotry is bigotry, and it is ugly wherever it exists, wherever it is said. Whether it's said by a white male or a black woman, it's ugly," Mr. Bennett said.

Phyllis Barry Meyers, representing the Coalition for America, also voiced opposition yesterday, saying she doesn't want to see the surgeon general's office used as a bully pulpit by people with ideas like Dr. Elders.
Senator pulls out stops to save collider

By Mike Mills

When Sen. J. Bennett Johnston, Louisiana Democrat, opens a hearing on the superconducting super collider Wednesday, don't expect a rigorous examination of how the giant physics experiment is progressing.

Two government auditors who have issued reports detailing cost overruns and mismanagement at the Waxahachie, Texas, project were dropped from the witness list.

Mr. Johnston, whose home state produces the magnets for the project, knows that any discussion of the super collider's cost and management problems will only add to its political troubles.

So the Senate Energy Committee chairman will use this hearing as a last-ditch effort to sell the merits of the project to an increasingly skeptical Senate.

The hearing will focus on the scientific objectives of the project, which involves crashing subatomic particles into one another at nearly the speed of light, using a 54-mile underground oval tunnel now being built under the Texas prairie. Scientists believe the experiments will help them discover nothing less than the origins of matter.

Yet Mr. Johnston may not be able to avoid a debate on the project's management. For the second year in a row, the House on June 24 voted to bring the multibillion-dollar project to a screeching halt.

Last year, the Senate voted 62-32 to fund the collider, and its position prevailed. But opponents have picked up several new votes from freshman senators who question the scientific benefits of the project or believe it is a luxury the government cannot afford.

Thus the audits, conducted independently by the General Accounting Office and the Energy Department's inspector general's office, have taken on added importance.

The reports paint a picture of a sprawling construction and research project that involves about 40,000 separate contracts. The GAO now puts the price tag at more than $11 billion.

Yet according to the auditors, the contractors are operating with little or no accountability, to the extent that the ultimate costs and even completion schedules cannot be determined.

The DOE still says the project will cost $8.25 billion.

The GAO bases its higher estimate not only on cost overruns but also on a lack of foreign contributions and on President Clinton's plans to stretch completion of the project from 1999 to 2003.

The inspector general's draft report — leaked two days before the House vote — adds its own conclusions that money is being spent on frivolous items ranging from Christmas parties and insurance for artwork to potted plants and beverage service for the project's Texas headquarters.

"We believe there have been unnecessary expenditures," DOE Inspector General John C. Layton told a House Energy and Commerce subcommittee June 30.

Both reports have prompted Energy Secretary Hazel R. O'Leary to launch her own investigation. She is slated to announce soon a series of management changes that likely will significantly alter the control exerted by the prime contractor, Universities Research Association Inc., a powerful consortium of academic institutions.

Meanwhile, opponents of the super collider, led in the Senate by Dale Bumpers, Arkansas Democrat, and John W. Warner, Virginia Republican, have seized on the new ammunition.

"The management of the system and the ability to control costs is absolutely nonexistent," Mr. Bumpers said.

Mr. Johnston and other super collider supporters have acknowledged that some changes may be necessary.

"There was some real substance in the reports that deal more with accounting and budgetary methods," Mr. Johnston said in an interview. But "there's nothing in there about fraud, theft, crime, malfeasance, nonfeasance or that kind of thing."
Airline proposal labeled prescription for disaster

By David Field

WASHINGTON TIMES

A panel set up to write a remedy for the nation's ailing airlines yesterday endorsed greater foreign investment in U.S. lines, but a former chief U.S. trade official objected that it would cost the industry as much as $4 billion and eliminate 40,000 jobs.

The National Commission to Ensure a Strong Competitive Airline Industry, a 15-member panel headed by former Virginia Gov. Gerald Baliles, said its report urged Congress to change the law to allow foreign investors to buy up to 49 percent of a U.S. carrier, up from the current limit of 25 percent.

Such changes have been mulled for several years as a way to cap the industry's seemingly endless stream of deficits, since the Transportation Department relaxed its rules in 1990 and granted an exception allowing KLM Royal Dutch Airlines to invest in Northwest Airlines. That deal cleared the way for British Airways PLC to acquire a stake of just under one-fourth in Arlington-based US Air Group Inc., an investment that now stands at almost $600 million.

But the panel, as many witnesses had urged it to do, stressed that investment should be accompanied by a number of conditions, including one barring investment by an airline that is owned by its government — as are most European carriers — or whose government does not allow liberal access to U.S. carriers.

This wasn't enough for Clyde V Prestowitz Jr., the former U.S. trade representative, who now heads the Economic Strategy Institute, a Washington think tank. "I don't know why they don't realize this is a bad idea," regardless of the conditions, he said in a telephone interview.

"The foreign airlines are the high-cost producers," Mr. Prestowitz said. His point is backed by data from the International Civil Aviation Organization (ICAO), a United Nations affiliate.

In response to organized labor, the commission urged the Transportation Department to require that any airline buying another carrier or its assets must inform the department of how many workers would be affected by the deal and state whether the new owner has plans to take on the displaced workers.

The 1978 Airline Deregulation Act tried to address the issue of labor protection, but the law has never satisfied the unions.

At the urging of two of its members, Air Line Pilots Association President J. Randolph Babbitt and International Association of Machinists President John Peterpaul, the panel deleted a recommendation that local traffic rights be included in its definition of liberalized aviation treaties. It instead substituted the phrase "comparable traffic rights."

Unions such as the 42,000-member ALPA have long opposed granting rights to a foreign carrier to carry strictly local traffic, as would be the case if KLM, for example, carried passengers between Washington and Chicago without an ultimate overseas destination.

The commission recommended reducing the airlines' tax burden, but some of its members acknowledged that, with the federal government trying to cut spending and raise taxes, an airline tax cut was unlikely.

Its proposals would alter the alternative minimum tax to exempt airlines that are losing money from paying income taxes, as many now must do, and would also lower the tax on airline tickets from 10 percent to 6 percent.

In other recommendations, the panel:

• Suggested a new office to warn the secretary of transportation if any airline was nearing insolvency.

• Recommended bankruptcy law reform to speed up the process and protect workers' pensions.

• Called for the air traffic control functions of the Federal Aviation Administration to be run as a separate corporate entity, with enough financing to complete the delayed modernization of the U.S. air traffic control system.
Pro-Demjanjuk evidence ignored, magazine says

By Michael Hedges
THE WASHINGTON TIMES

Israeli investigators have ignored evidence from German authorities showing that an identification card linking John Demjanjuk to a Nazi training camp is a forgery, according to the German weekly newsmagazine Der Spiegel.

Last week, the Israeli Supreme Court overturned the war-crimes conviction of Mr. Demjanjuk, who Holocaust survivors said was "Ivan the Terrible," a prison guard who tortured and killed Jews at the Treblinka concentration camp.

However, Mr. Demjanjuk has been ordered held in Israel until the government decides whether to charge him with other crimes — using as evidence the identification card debunked by German experts.

The German magazine article quoted Louis-Ferdinand Werner of the former West German Federal Criminal Police in Weisbaden as saying that the identification card showing that Mr. Demjanjuk had been at the Treblinka training facility is a fake.

When Mr. Werner presented his evidence of the apparent fabrication to Israeli investigators, he was told, "How are we going to tell that to our people at home?" according to the article.

Mr. Werner cited three reasons for believing the document a fake: It displays no date of issue, unlike all authentic identification cards; Mr. Demjanjuk's picture on the card has been "retouched"; and the SS symbol, which validated the card at the time, was drawn by hand rather than stamped.

The U.S. Justice Department has called the ID card, stamped No. 1393 and signed by Mr. Demjanjuk, the critical piece of evidence that justified the one-time Cleveland auto-worker's deportation to Israel in 1986.

Last week, Neal Sher, head of the Office of Special Investigations (OSI), the Justice Department's Nazi-hunting unit, said Mr. Demjanjuk had "beyond any question" been at Treblinka.

"That is established by the very famous identity card which has been tested a million times, which has been found to be legitimate, authentic and established that Demjanjuk, with his ID number 1393 . . . to have been trained in the business of death," Mr. Sher said.

On Friday, Mr. Demjanjuk's attorneys questioned the Justice Department's decision to keep their client out of the United States, saying Mr. Demjanjuk should be allowed to return until an appeal on his extradition can be heard.

But yesterday, the OSI cited the identification card as one of the primary reasons for barring Mr. Demjanjuk's return to the United States.

Mr. Demjanjuk was told Sunday that he would be held in Israel for at least 10 days while judicial officials decide whether to try him on allegations he served at the Sobibor death camp. But two Israeli newspapers reported yesterday it was unlikely Mr. Demjanjuk would be tried again, saying Israel lacks evidence to convict him of war crimes.

The decision to hold Mr. Demjanjuk, 73, came just hours before he was to leave with his family for Ukraine, where he was born.

"We are extremely disappointed," said Ed Nishnic, Mr. Demjanjuk's son-in-law said. "This torture has got to stop. They are slowly killing an American family."

Mr. Demjanjuk was stripped of his U.S. citizenship in 1981. He was sentenced to death in April 1988 in Tel Aviv for being "Ivan the Terrible."

During appeals of Mr. Demjanjuk's trial in Israel, defense attorneys presented evidence that the ID card was faked, such as testimony from a German handwriting expert who said that stamps on the card were fabricated, the German writing on the card was filled with mistaken usages and the Demjanjuk signature on the card had apparently been lifted from another document.
INSIDE THE BELTWAY

John McCaslin

Losing Bill

The Campaign for Military Ser-
vice, a coalition founded in Febru-
ary to generate public and congress-
ional support for President
Clinton's promise to lift the ban
against homosexuals in the mili-
tary, will close down operations Au-
gust 13, the group's head, Thomas
B. Stoddard, announced yesterday.

"We waged a vigorous campaign,
but by the end we had lost our can-
didate," Mr. Stoddard said.

Way of Life

One of Washington's inner-city
newspapers, Newsweek, has this
item in its All About Town sec-
tion, written by D.C. Black.

"While driving in the vicinity of
Martin Luther King Jr. Avenue and
Portland Street, I saw what I am
convinced was a drug sale. Now,
you ask what is so unusual about
that!

"Well, there were two cops stand-
ing no more than 20 feet away from
the location of the sale. The sale
was in plain view of anyone
who wanted to look. But I guess
that's life in the nation's capital!"

Blaming Dan Quayle

Newsweek magazine sent us a
news release yesterday, headlined
"Is Vice President Al Gore a Hyp-
crite?" Gee, is Newsweek catching
on, or what?

"Environmentalist Al Gore, it
seems, has not been practicing
what he preaches." Newsweek
chides. "Although he has long been
a foe of logging the old-growth
forests of the Pacific Northwest,
the vice president used old-growth
timber to refurbish parts of the
vice presidential mansion earlier
this year.

"Redwood and Douglas fir
were used to rebuild the veranda,"
Newsweek writes, but "Gore's of-
tice was quick to point out... that
this year.

"It was unfortunate that the con-
troversy over the snail darter was
used to delay completion of the
dam after it was virtually finished.
I am glad that Congress has now
ended this controversy once and
for all.

"And just a few months ago, when
Bill Clinton was preparing to drop
the Hyde Amendment — the 16-
year-old ban on federal funding of
abortion — and we reprinted for
Mr. Gore's recollection a letter he
wrote to two constituents May
26, 1987:

"As you may know, H.R. 1729 was
introduced in the House of Repre-
sentatives by Congressman Henry
Hyde... Its goal, which I share, is
... Department enforces the order.
Joseph Purvis, a Little Rock law-
yer close to Mr. Clinton since their
childhood days in Hope, Ark., regis-
tered the law firm's representation
of Elemeeco with the Justice De-
partment on June 22, the news
agency reports.

"One of Washington's inner-city
newspapers, News Dimensions, has
written a persuasive letter to the
editor on, we wondered?
"The registration states that the
firm will help Elemeeco prepare and
file with the Treasury Department
applications for specific licenses
seeking U.S. approval of the sales to
Iraq. Mr. Purvis said he has advised
Elemeeco that current poor U.S. re-
lations with Iraq make it unlikely
that Iraqi assets in the United
States will be freed any time soon.

"After all, it's been only five
weeks since Mr. Clinton launched a
missile attack against Baghdad in
retaliation for its assassination plot
against Mr. Bush.

Mr. Clinton's own report to Con-
gress yesterday on licensed trans-
actions involving Iraq revealed that
54 licenses have been issued since
January, including an unspecified
number for export of donated
medicine, medical supplies and
food for humanitarian relief.

Dog days

Yesterday was officially "Hound
Dog Day" in Alexandria. And last
evening from 6 to 9, hound dogs of
all colors and shapes packed Port-
ner's Restaurant, where the ritual
of Hound Dog Day was played out
in proper fashion. Which is, if the
appointed hound dog walks out-
doors to take a drink of water, then
we will have six more weeks of
summer. Emma, a beagle hound,
passed up her opportunity at the
water bowl. "In the lore of Hound
Dog Day, this means we will have
an early fall, which is good news,"
said Jesse Wilson, founder of the
event.

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Tuesday, August 1, 1991
Lawmakers, others get creative with martial art

By Judith Olney

Cabinet members tensed and hissed, then leaped into the air, toes pointed in deadly aim at imaginary enemies' jugulars. Teens spun, rolled, landed upright, faces fierce and glaring at the judges. Lawmakers waved flags and strutted to “God Bless America.” Children did their best choreographed fights to the swelling themes from “Rocky,” “Exodus” and “Star Wars.” (“I want to be in the movies some day,” the young boys announced.)

Movies, politics, martial arts — they all overlapped in Jhoon Rhee’s weekend extravaganza.

Mr. Rhee — who works out two grades, then you kick, twist, punch. It’s hard as you, we ask Mr. Espy. “I live in Southeast Washington,” Mr. Rhee says proudly. “It’s my way to say, ‘Thank you, America.’ ”

Mr. Espy, 39, says, “I see RHEE, page E4

Building gym for lawmakers.

“It’s my way to say, ‘Thank you, America.’ ” Mr. Rhee says.

Mr. Espy has been coming these past nine months, but the clear star of the class is Mr. Espy. “He is very serious, very focused, very humble,” says Mr. Rhee, 61. “He is brown belt for black.”

Does everyone in the class work as hard as you, we ask Mr. Espy. “Some of our friends,” he carefully answers, “may not be kicking as high as they could.”

What I like about the classes are the exercises,” Mr. Espy, 39, says. “You hold your breath for 30 seconds, then you kick, twist, punch. It’s made a change in my endurance level and stamina.”

Does he ever use his deadly powers for political reasons? “If you come at me, I know how to come back. I make a quick decision on ‘Is this argument worth it,’ and if not, I don’t engage,” he says.

“Pump it up, let’s go Billy,” Billy Hillmuth III’s father coaches from the sidelines. To music bigger than he is, the 10-year-old struts and postures with a ferocious expression. “This has really helped his confidence,” says his father. “He is a spokesman at his school, loves to perform. We spend $12,000 a year on traveling to tournaments all over the country and on lessons.”

“I saw ‘The Karate Kid’ when I was born in the year of the dragon. My nickname is Bash. You learn how to fight well so you don’t ever have to.”


“I got a wound on my foot; oh, my knee,” moans Mr. Borski. “That Espy is fierce.”

The Espy-Borski match is one of the political events scheduled for the evening finale. Rep. Ike Skelton, Missouri Democrat, will break a board with his foot, and most of the attending politicos will rise a notch in the eight-colored rankings as they move toward the coveted black belt.

“I wanted to stay limber and stretch. I’m 4 pounds off my high school football weight and proud of it,” Mr. Swett says.


Do these guys take their training for offensive or defensive reasons? “[Mr. Taylor] is definitely more offensive,” Mr. Swett says. “He rides down dark alleys with a $100 bill sticking out of his pocket, just hoping.”

In the end, Mr. Swett receives his purple belt. Mr. Espy and Mr. Borski both win their black belts. Mr. Foley, Washington Democrat, moves from gold belt to green belt, a color much better suited to his complexion. “I offer to make him an honorary black belt, but he says, ‘No, I must earn it.’ ” Mr. Rhee says proudly.

Then Mr. Foley, mustering a mighty rage, breaks a board with his hand.

Does he ever use his deadly powers for political reasons? “I imagine the board is called ‘deficit,’ ” he says. Aaiiie-yah!
Democrats reach accord on budget

President Clinton is to address the country tonight with more details on a compromise deficit-reduction plan worked out by congressional Democrats. According to party leaders, the plan would reduce the deficit by $490 billion over five years and contain more-cutting taxes than increases. They also say they have enough votes to get the plan through the Senate.

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Independent counsel for 'travelgate' nixed

There is no "compelling reason" for the appointment of an outside investigator to probe the White House's attempt to fire its travel-office employees and award a contract to an airline connected with a White House intimate, the Justice Department says. The White House says the conflict of interest charges leveled by GOP Sen. Bob Dole and Landmark Legal Foundation are politically motivated.

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Jessica handed over to biological parents

Jessica, adopted as a newborn by a Michigan couple in 1990, is to be returned to biological parents after the FBI said Wednesday that it would drop a request for the return of the two adopted sisters. The FBI said it was dropping the request because of the "grave situation" created by the ongoing criminal investigation.

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Foley defends investment actions

House Speaker Thomas S. Foley said yesterday he was not involved in decisions taken on his behalf by an investment adviser and rejected a suggestion that the profits should be construed as a gift.

The Washington Democrat was responding to questions raised by 10 Republicans about investments made by his old friend Peter de Roeth, which included lucrative trading in initial public offerings (IPOs).

In a letter responding to the questions, Mr. Foley said he and his wife had relied fully on Mr. de Roeth's experience, giving him discretion to make transactions. Mr. Foley said questions raised about IPOs and House rules on gifts "assume that any return on an investment is a gift" and he knew "nothing of the rules to support this view."

Former congressman gets prison term

MIAMI -- Former U.S. Rep. Larry Smith was sentenced yesterday to three months in federal prison and two years' probation for income tax and campaign-finance violations.

Mr. Smith, a popular Democrat during the 10 years he represented a Miami-Fort Lauderdale congressional district, pleaded guilty in March to failing to pay taxes as required in connection with the Federal Election Commission and tax evasion.

Mr. Smith, 52, appealed to U.S. District Judge Donald Graham for leniency. He said the violations resulted from dire financial trouble. "It was a stupid decision," said Mr. Smith, choking back tears. He was ordered to report Nov. 1 to begin serving his term.

Helms to reject Ginsburg confirmation

Jesse Helms yesterday became the first senator to say he would vote against the nomination of Ruth Bader Ginsburg for a Supreme Court seat.

"Based on what she has said and what she has meant, I can not support her nomination," the North Carolina Republican said. He said he opposed Judge Ginsburg because of her support for abortion rights and homosexual rights.

Judge Ginsburg is still expected to be confirmed in a vote this morning by an overwhelming margin as the nation's 99th justice and its first Jewish woman.

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House OKs health care for Gulf veterans

Veterans exposed to toxic substances or environmental hazards during the Persian Gulf War would receive priority medical treatment at VA hospitals, under a bill approved in the House yesterday.

The legislation says the Department of Veterans Affairs must provide hospital and outpatient care to all veterans who report symptoms before Oct. 1, 1996. The VA must also refund any payments made by veterans before the bill is enacted. The bill now goes to the Senate.

About 4,000 veterans suffer from health problems related to service in the Gulf, said Rep. Lane Evans, Illinois Democrat and chairman of the Veterans Affairs subcommittee on oversight investigations.

Veterans returning from the Gulf have complained of lung and heart problems, as well as a broad range of ills, including fatigue, hair loss, and unexplained bleeding.

No death penalty for Palestinian terrorist

The government will not seek the death penalty against a Palestinian who prosecutors say "hummed and sang" as he killed two women passengers in a 1985 hijacking of an Egyptian airline.

The decision, disclosed yesterday at a hearing in U.S. District Court here, means that Omar Mohammed Ali has only a possible sentence of 20 years to life if convicted of air piracy for the hijacking in which 63 persons died.

Justice Department attorney Scott J. Glick offered no reason in court for the decision not to seek the death penalty. But the circumstances of Rezaq's arrest last month in Nigeria strongly suggest that the Clinton administration gave diplomatic assurances that it would not seek the death penalty if foreign governments turned him over to U.S. custody.

U.S. District Judge Royce C. Lamberth granted a prosecution motion that Rezaq be held without bail.

Pentagon to clean up bases being closed

The armed forces will accept responsibility for cleaning up pollution at dozens of domestic military bases in order to speed their closing and conversion to commercial use, Defense Secretary Les Aspin said yesterday.

He made the pledge at a meeting of officials from communities affected by the Clinton administration's decision to close 10 bases in line with shrinking Pentagon budgets.

"In the past, very often the Defense Department fought these [environmental] issues in the courts and delayed the cleanup forever because there were enormous legal cases over how much it cost, who was responsible," Mr. Aspin said. "We're not going to do that.

FBI arrests man in Vegas kidnapping

NEWPORT BEACH, Calif. — A Los Angeles man has been arrested in connection with the kidnapping of casino mogul Steve Wynn's eldest daughter, the FBI said yesterday.

FBI agents and Los Angeles police officers arrested Ray Marion Cuddy, 47, in Newport Beach Sunday night in connection with the kidnapping of Kevin Wynn.

The 26-year-old daughter of the chairman of Mirage Resorts was abducted July 26 by two men her home in an exclusive area of Las Vegas and released unharmed just hours later after the $1.4 million ransom was paid.

Timber industry sues over protection of bird

The timber industry, a loser in the environmental battle over the northern spotted owl, filed a lawsuit yesterday challenging protections of another bird nesting in the same forests.

The marbled murrelet, a coastal sea bird that hunts the Pacific Ocean but flies inland to nest, is thriving in Canada and Alaska and does not deserve the endangered species status in the old-growth forests of Oregon, Washington and northern Idaho, the law suit says.

"There is no legal justification for this listing under the Endangered Species Act," said Mark Rutzick, an attorney for the industry.

L.A. smoking ban goes into effect

LOS ANGELES — Los Angeles restaurants stubbed out their smoking patrons yesterday when a petition to repeal a ban on smoking in restaurants failed to collect enough valid signatures, City Council officials said.

Implementation of the law, which made Los Angeles the largest U.S. city to adopt a total ban on smoking in restaurants, is to be delayed by the petition.

A group of hotel and restaurant owners backed by the tobacco industry gathered almost 98,000 signatures in opposition to the ban, but a random sample revealed that fewer than half were valid.
Dr. Freud, meet the good old boys.

With its usual ration of suspicion, skepticism and envy, Washington naturally expects the worst of everyone, and is usually not disappointed.

A lot of folks in the capital imagine that the White House is playing the hush-up game in the wake of the death of Vincent Foster. There must be a dark motive here. This was definitely not a good career move. (We may have to wait until Oliver Stone fully packaged voodoo. At the end of every conversation, he means as it does that there are things the consul­

scurrilous stuff while piously denouncing those who

Washington does not understand the difference between hush-up and hush-hush, between the loyalty to self and the loyalty of friends, who can grow with the understanding that a man can do something that is utterly foolish to others, but makes perfect sense to himself.

Not only a bad career move, but worse, bad poli­

tics. Nothing is more important than that. After all, it was Harry Truman who once suggested that if a man wants a friend in Washington he ought to get a dog. (And it better be a small dog, since the dog will one day turn on him, too.)

There's a Freudian explanation for everything (no doubt even for Freud himself), but not for the genu­

ine mysteries of life, such as why a decent man like Vince Foster would take his own life at the peak of his professional career to flee demons and worms that no one else sees.

Mr. Foster understood that all of us serve at the whim of larger forces than ourselves, maybe even that death is not the worst thing that can happen to a man. "If you find yourself getting burned out or unfulfilled, unappreciated, then have the courage to own your problems in your own way.

The president's admonition is merely common sen­sue where Mr. Clinton comes from, but bureau­

cracy and therapists hate this kind of talk, sug­

ect as it does that there are things the consult­

ants and the high priests of $100-an-hour quackery can never understand, nor quantify with their art­

fully packaged voodoo. At the end of every conver­

sion there remains only the mystery, as unknow­

able as ever. (We may have to wait until Oliver Stone makes the movie.)

There must have been a cover-up. One pundit notes darkly that the 1913 Colt revolver was "unregis­

tered." Of course it was. Only a true wimp regist­

ers his gun in Arkansas.

This sad, squalid epis­

ode continues to give a certain element of power to the Washington media as an oppor­tun­

nity in its vast igno­

rance to make free with Mr. Foster's reputation, gleefully repeating the

warmly, fuzzily, President Clinton calls for prompt enactment of his warm fuzzy program for na­tional service. He is outraged that Senate Republicans have balked at the measure, hoping to whittle it down in length, size and cost.

How dare they.

How dare they not is the true question. National service, at any cost, in any shape, isn't precisely what the country needs right now. But how instructive is the debate! It was said jokingly, in Britain's salad days, that the empire had been created in a fit of absence of mind. It could be said equally that the wel­

lared career was created — and magni­

fied many times — in a fit of abso­

lutely handsome intentions. Our proud leaders are now trying to encourage our higher sensibili­

ties, through appropriating and spending our money.

National service is the cuddliest of notions — decades old, with a con­

stancy on the right (William F. Buckley Jr.) as on the left and in the middle. The Democratic Leadership Council (of which Mr. Clinton is a founder) is now head­i,

eled, sees it as a means of com­

bating the "prevailing climate of natural indolence," which "such venerable civic virtues as duty and self-sacrifice and compassion to­

ward one's less fortunate neighbors are seldom invoked."

Hourry, then, for national service — defined as the emperor's government, of youth in enterprises like teaching, policing, cleaning

parks and emptying bedpans. The workers would learn the importance of service. They would emerge bet­

ter Americans, and America would be a better place.

The taxpayers are invited to un­

derwrite this burst of philanthropy. Mr. Clinton's original plan for na­tional service, before Congress fell to pruning back its branches, called for 100,000 students performing up to two years of community service in exchange for a $5,000-per-year education voucher. Workers would be paid the minimum wage and re­

ceive health and child-care benefits. It has never been clear on the pres­

ident's showing, who truly would be getting served, the taxpayers, through this infusion of talent, or the talent, through the infusion of tax­

payer cash.

Would all this be nice to do? It might. Two better questions are: (1) Do we need it and (2) can we afford it? The indicated answers are: no and (2) no.

How can we need such programs as these? Already 23 federal programs perform like services: VISTA, Foster Grandparents, Teach for America, Youth Conservation Corps, Student Literacy Corp., YouthBuild and others.

The cost is $11.3 billion, which Mr. Clinton by 1997, would add $7.4 billion. (This is not even counting private, unenumer­
ated service.)

I had thought, from the tenor of his exertions, that the president was trying to reduce the deficit. At this juncture, we need another repli­

cative federal program to the crumbling Mississippi Valley needs another thunderstorm.

But the warmth, the fuzziness of it all! This is the president's ace in the political hole. If there is no logi­

cal reason for pushing a 24th pro­

gram of national service, there are political reasons, emotional reasons.

Mr. Clinton has been playing them like a tenor sax solo: melodic and throaty.

Opponents, so as not to seem floundering, have offered alterna­tives, including more efficient use of federal student-aid money and even tax-free education savings accounts. This is fine, but the best response would be an attack on federal pro­

grams of all shapes and sizes.

So we have a crisis of morale. To what is it that chiefly attributable if not the constellation of public or­

private endeavor? Where Amer­i­

cans once used to do for themselves, instead of for others, they now buck all major responsibilities to Congress, which happily spends their money on the face of political grati­tude. National service is part of the Clinton administration's design for concentrating in Washington more power than ever before. Soon we turn to Hillary's health care plan. The ad­

ministration has ideas, meanwhile, for "strengthening" public schools. Wary, they say national service will be hard to stop, but the effort to de­

rail or just slow it is a powerful ser­

vice to this, our overburdened na­tional service, before Congress fell to pruning back its branches, called for 100,000 students performing up to two years of community service in exchange for a $5,000-per-year education voucher. Workers would be paid the minimum wage and re­

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rail or just slow it is a powerful ser­vice to this, our overburdened na­tion.
Raising second thoughts

The first response of B'nai B'rith spokesman Dan Trier to the Israeli Supreme Court's acquittal of John Demjanjuk last week was to declare how the ruling justly exonerated him. But in his mind was the fact that the court's acquittal didn't really matter anyway. Mr. Demjanjuk, he announced, "certainly was not 'Ivan the Angel' either. This decision by no means exonerates Demjanjuk of all crimes." Well, maybe not, but it seems as much. raisers raise questions about whether the eyewitness identifications were in the end sufficiently dubious that no conviction could rest on them. That fact alone doesn't exonerate Demjanjuk of all similarities about the reliability of other "eye-witness" accounts of that time.

Then there is the conduct of Mr. Demjanjuk's major enemy in this country, the Office of Special Investigations, which set the wheels of injustice moving against him in 1977. A few weeks ago, federal Judge Thomas Wiseman found that OSI had failed miserably to meet even minimal standards of professional conduct in the Demjanjuk case. The OSI blindered itself to the possibility of his innocence, and the only evidence it chose to consider was what it labeled as "serious mistakes." Judge Wiseman gave the OSI the benefit of the doubt as to whether it had deliberately failed to consider evidence, but after his ruling there can be no doubt at all of the miasma of injustice that envelops this arm of the federal government. Last week, OSI Director Neil Sher popped up at a press conference to declare that Judge Wiseman's ruling showed "there was no prosecutorial misconduct and no wrongdoing" by his office. Mr. Sher is eager to clamber onto Judge Wiseman's "benefit of the doubt" when it pulls him and his rogue office out of the water; but don't imagine that he judges Mr. Demjanjuk by the same standards.

Mr. Demjanjuk's enemies make much of a supposed identity card that shows him to have been at Trablinka, a training camp for Nazi concentration camp guards, and later at the Sobibor camp. If that's true, then Mr. Demjanjuk couldn't be Ivan, and the eyewitness survivors couldn't have told the truth. Maybe they deliberately lied, or maybe their memories are so clouded by their revulsion they've obscured with vengeance that their judgment is warped. In either case, those identifications were in the end sufficiently dubious that no conviction could rest on them. That fact alone ought to raise serious questions about the reliability of other "eye-witness" accounts of that time.

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Shifting our Mideast focus?

The Israeli attacks on Lebanon, now called a "war," appeared to be more of the historical same: The Israelis just don't understand that you make more and more radical and fanaticized enemies by "punishing" people in this way. But below the surface of the last week is the beginning of a loose but crucial Israeli-U.S. "alliance" on a Middle Eastern policy whose primary focus is now to destroy the power of Iran in the region.

Example: On the Israeli side of the ocean, the purpose of the murderous air and naval assaults on the south of Lebanon, which have driven 500,000 refugees to flee desperately toward Beirut, was announced as the destruction of the Hezbollah guerrillas. They are supported by Iran, through Syria, and are fanatically opposed to any Arab-Israeli peace in the Middle East. They are also the allies of Iran and the most radical fringe of the Palestinian movement.

The mood in the region was captured, he said, by a front-page editorial in the Asharq al Awsat Saudi newspaper based in London, which read: "Beyond the bases of the Party of God, there is a question over Iran's right to have any presence at all at the point where Arab-Israeli confrontation lines meet and over the future of Israeli-Syrian ties in Lebanon and in the region."

The future of Hezbollah, or the Party of God as it is also known, will mark the contours of the Middle East's future. Hezbollah was formed as part of an agreement between Iran and Syria the year after the Israeli invasion of Lebanon in 1982. It allowed Iran to form a Shi'ite armed militia in Lebanon, which was ostensibly under Syrian control.

At this point, after two years of fruitless negotiations between the Arabs and the Israelis, almost everybody is tired of the Israelis' fingers in so many pies. Even Syria, which has the real possibility of getting the Golan Heights back from Israel, may want to see Hezbollah's destruction, as the region's new phase has shaken the deck and shuffled the players once again.

G E Y E R

From page F1

Bank by favoring the Islamicists over the Palestine Liberation Organization (PLO) in earlier years. So now it has fanaticized Islamists all over the place, while it tries to negotiate with the now "relatively moderate" PLO. PLO also created the soil for Hezbollah to grow with its 1982 invasion of Lebanon.

This troubling situation is more complicated than it at first seems. The Arab countries who are trying to grapple with their own Iran-backed fanatic Islamicist groups, consider the raids—a not-so-secret of Youssuf Ibrahim, one of the finest analysts of the Middle East, wrote from Cairo to the New York Times: "Despite widespread condemnation of the raids in Arab capitals today, it was difficult to escape the impression that many decision-makers in this region welcome any blow dealt to the radicals in their midst, most particularly Islamic fundamentalism and the most radical fringes of the Palestinian movement."

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Legal frolic, astute politics

Last Tuesday, the American Civil Liberties Union Foundation and the Lambda Legal Defense and Education Fund filed suit in the U.S. District Court for the District of Columbia (Doe vs. Aspin) challenging the constitutionality of President Clinton's policy guidelines for treatment of homosexuals in the military. Although verging on a frolic, the lawsuit may make good astute politics by seeking to vividly highlight the asserted unfairness of the policy through the testimony of named homosexual plaintiffs with irreproachable military service.

Article 125 of the Uniform Code of Military Justice prohibits homosexual and heterosexual sodomy, and has been enforced against both types of conduct. Article 134 prohibits any conduct that prejudices "good order and discipline in the armed forces," such as that tending to the destruction of good morale. Mr. Clinton's policy guidelines parallel these statutory injunctions by excluding from the military those who engage in homosexual conduct; sexuality, as such, does not trigger exclusion.

The guidelines define homosexual conduct as "a homosexual act, a statement that the member is homo-attempted marriage to someone of the same gender." A confession of homosexuality, however, does not trigger automatic discharge. It creates only a "rebuttable prescription that the service member intends to engage in prohibited conduct, which can be overcome by a demonstration of an intent to abstain from any homosexual act."

Under twin Supreme Court precedents, Mr. Clinton's policy guidelines seem constitutionally irreproachable. In Bowers vs. Hardwick (1986), the Court upheld a criminal prohibition on homosexual sodomy. Writing for a 5-4 majority, Justice Byron White denied that a fundament constitutional right of privacy protected homosexual conduct, and labeled the claim, at best, "faceless." Justice White further observed that the moral sentiments of the majority, without more, was sufficient to sustain the rationality of the prohibition under the due process clause.

If homosexual conduct can be criminalized under Bowers, then the lesser sanction of exclusion from the armed forces clearly passes constitutional muster. Although the thor of Bowers will be replaced by Judge Ruth Bader Ginsburg, the precedent seems in no danger of being overruled. Chief Justice William Rehnquist and Associate Justices Antonin Scalia and Clarence Thomas would inarguably vote against an overruling; indeed, the former pair voted with Justice White in Bowers itself. Justice Anthony Kennedy as a federal judge, voted to deny a constitutional claim of a homosexual. So did Judge Ginsburg in Drakenburg vs. Zeich (1984).

During her confirmation hearings in response to a question from Sen. Edward Kennedy, the Massachusetts Democrat, Judge Ginsburg de­clared: "There is no study showing that homosexuality has "been lifted in other nations and in police and fire departments in our country with no discernible negative impact on unit cohesion or esprit de corps." These statements suggest that Mr. Clinton hoped legally to sabotage his exclusion policy by discrediting its rationale.

But the Supreme Court made clear in Goldman vs. Weinberger (1986), that military regulations intended to safeguard discipline and unit cohesion or esprit need no empirical verification to survive constitutional scrutiny. Considered professional military judgment is sufficient, and such a judgment underwrites Mr. Clinton's exclusion policy.

The argument that it denies the right of homosexuals to be admitted on the basis of ability and fitness like heterosexuals seems unpersuasive. Military gambits are collective exercises, not solo performances a la Achilles' duel with Hector. During the same hearing, the professional judgment of the military is that homosexuals, in contrast to heterosexuals, impair the fighting strength of units by undermining cohesion and esprit. The ACLU inventively argues in the complaint that the policy violates the free speech right of homosexuals by using confessions of homosexuality as a foundation for discharge, absent proof of an intent to practice abstinence. But the First Amendment has never been interpreted to prevent the use of confessions as proof of past or probable future misconduct.

The investigative guidelines for enforcing the exclusion policy are concededly vague. The Supreme Court, however, has never accepted the audacious claim that would-be violators enjoy a constitutional right to be fairly informed of the methods the government may use to detect or prevent the violations.

The Doe vs. Aspin lawsuit is destined to further entrench judicial precedents adverse to homosexuals. It makes sense only if it yields offsetting political benefits.
Weighing new evidence

The reversal of John Demjanjuk's conviction by the Israeli Supreme Court should make all Americans take a hard look at our own system of appellate justice. Had he been convicted in Texas rather than Israel he almost certainly would have been executed, despite newly discovered evidence that cast some doubt on his guilt.

The reason for this anomaly is that Texas—as well as several other states—has unreasonably rigid rules about when newly discovered evidence can be introduced to reverse a guilty verdict, even in a death-penalty case. In Texas, for example, new evidence can generally be accepted only within 30 days of the original guilty verdict. Moreover, the new evidence cannot consist of hearsay statements by dead people, who are not subject to cross-examination.

In a recent case, the U.S. Supreme Court declared the Texas rule constitutional, thus inviting other states to follow it. In Herrera vs. Collins decided on Jan. 25, 1993, our high court ruled that new evidence of innocence is not enough to require the reversal of a death-penalty conviction, unless that evidence proves the defendant's innocence conclusively. In that case, the defendant was convicted and sentenced to death for the murder of two Texas police officers. The Supreme Court ruled that the new evidence—affidavits from two separate sources claiming that Herrera's dead brother confessed to being the actual murderer—was not sufficiently persuasive of Herrera's "actual innocence" to justify a new trial, because the government had no opportunity to cross-examine the dead brother and because the new evidence was presented several years after Herrera's trial.

If the Herrera rule had been applied by the Israeli Supreme Court, John Demjanjuk's conviction for being "Ivan the Terrible" of Treblinka would almost certainly have been affirmed. The new evidence relied on by the Israeli Supreme Court also became available years after his trial. It consisted largely of hearsay statements of dead Nazi collaborators. The statements themselves were elicited by Stalinist interrogators, and the collaborators were either executed or died in the gulag. None were available for cross-examination.

Moreover, Mr. Demjanjuk's conviction was obtained largely on the basis of direct eyewitness testimony of several witnesses and one Nazi collaborator, all of whom were subjected to extensive cross-examination. There was also documentary evidence that proved conclusively that Mr. Demjanjuk had repeatedly lied—committed perjury—about his whereabouts during the war years. He claimed he was a "prisoner," whereas the evidence—including evidence introduced by his own lawyers—proved that he was a death camp guard at Sobibor and had been prepared for that grisly role at a camp called Theresienstadt, where the SS trained collaborators to kill Jews in the gas chambers.

Despite this evidence, the Israeli Supreme Court reversed his conviction and ordered his acquittal on the grounds of reasonable doubt—not on the grounds that there was conclusive evidence of his "actual innocence," as the U.S. Supreme Court would require under our Constitution.

Two important lessons for all Americans must be learned from the Demjanjuk case.

First, we must insist on a change in our own Supreme Court's approach to new evidence in capital cases. We claim to be the world leader in the administration of justice. Yet our Supreme Court has so weakened the constitutional rights of capital defendants that we have created a genuine risk that the innocent will be executed. Just as there is no statute of limitations on murder, there can be no statute of limitations on newly discovered evidence of innocence, especially in capital cases. To allow a defendant to be executed in the face of new evidence that casts any doubt on his guilt "comes perilously close to simple murder," as Justice Harry A. Blackmun put it in his dissenting opinion in the Herrera case. We can learn something from the scrupulous manner by which the Israeli Supreme Court reassessed the evidence in the Demjanjuk case.

The second important lesson that Americans must learn is that John Demjanjuk is no hero, as Patrick Buchanan and some others have tried to portray him. He is a Nazi collaborator who had a hands-on role in the systematic murder of babies, grandmothers, men and women at the Sobibor death camp, where tens of thousands of Jews were slaughtered for no reason except that they were Jews. He was ordered slaughtered because he deliberately lied in an effort to hide his abominable past. He may not be Ivan the Terrible, but he is certainly "Ivan the Very, Very Bad." This is not a Dreyfus case of an entirely innocent man who was deliberately framed, as some of his supporters have claimed. It is the case of an awful man who participated in genocide in one location rather than another.

Ivan the Very, Very Bad of Sobibor does not deserve the honor of U.S. citizenship.

Alan Dershowitz, a professor at Harvard Law School, is a nationally syndicated columnist.
What change from the dollar flow?

DOUG BANDOW

Not theirs to give away

A

though congressional budget negotiators spent weeks of apparently arduous labor forging a compromise package, the outcome was preordained. The taxpayers would be plucked. The federal government is spending $1.5 trillion this year — slated to increase to some $1.8 trillion by 1998 under virtually every "deficit reduction" proposal. Once again, Congress' budgetary debate was primarily smoke and mirrors.

The steady increase in government expenditures is constantly justified on the basis of "compassion." In its recent rush to be compassionate to flood victims, Congress simply increased the deficit, preferring not to be bothered by finding counterbalancing cuts elsewhere. Untold billions more are spent annually to demonstrate compassion for the elderly, compassion for the sick, compassion for farmers, and compassion for anyone else lobbying for a place at the federal trough.

Of course, however civic-minded America's legislators, most are at least partly interested in winning votes as in exercising compassion, which helps explain why their professed generosity extends to huge aerospace concerns, small liquor stores, yacht owners, labor union executives, and any other interest group with at least three members. Still, the desire to be compassionate undoubtedly affects many votes. It certainly helps explain why members of Congress overwhelmingly voted

Compassion once meant to suffer with the person in need. Over time people have increasingly come to believe that compassion means writing a check. Now legislators — city, state and national — think compassion is making other people write a check.

Yes. Compassion once meant to suffer with the person in need. Over time people have increasingly come to believe that compassion means writing a check. Now legislators — city, state and national — think compassion is making other people write a check.

In the case of D.C. City Council's decision to turn the public budget into a private charity aroused the voters' wrath and caused Mr. Ray and company to drop their $150,000 gift. Congress will curb federal spending only when people send the same message to Capitol Hill: There's nothing compassionate about spending taxpayers' money. In the end, many problems should be met privately by, yes, people voluntarily taking up a collection and sacrificially helping their neighbors.
I first came tragedy.

Vincent Foster Jr. died July 20 at a Civil War site overlooking the Potomac River. U.S. Park Service police found him in a remote sunny opening, slumped over the mouth of a cannon, propping an 80-year-old pistol.

Foster's grisly, theatrical death stunned political junkies. As a docudrama hero, he commanded the political drama of the Clinton Presidency. No one of such stature has died under such circumstances in recent memory.

But shock wore off quickly in Washington, and tragedy soon gave way to farce.

Hours after fencers found Mr. Foster, the phone rang.

An agent representing Hollywood producers said in machine-gun bursts: "You will not believe this, Mr. Foster.

"My phone started ringing this minute at 4:45 California time. Four-forty-five! Hah! Hah! Hah!"

"You gotta help me. If you can. I've got a bunch of people on my back who want the rights to this story. The jackals!"

"So what's the dish on Foster? What are you hearing? This whole thing doesn't just smell right. Doesn't smell right. I've been around. I've had friends who have pulled the trigger."

"Let me tell you one thing. Dear People only commit suicide for three reasons: Money, sex and power."

"If we're lucky, we'll get all three!"

"Hah! Hah! Hah!"

Ghouls circle the corpse still.

Hollywood agents want to turn Vincent Foster into the next docudrama hero, and lawyers stand ready to offer oodles of boodle to the first credible witness who will step forward and give some good "dish."

Capital and pleaded for a pillow politics of tolerance.

None of this registered at the White House, where participants are driven out of grief. For a fortnight, the president and his henchmen in flamed suspensions by issuing fishy explanations, hasty retractions and the usual hoaxes, revelations, and the pattern continues.

At first they insisted that nobody could know what claimed Vince Foster, and nobody should try. They were serious about the nobody try part: The White House showed the Justice Department out of the investigation into Mr. Foster's death and handed matters over to an organization more experienced in political bicycle paths, the Park Service.

Then, after a week of saying no body could know anything, the administration reversed polarities and said it could tell all. Mr. Foster left a list of psychiatrists on his desk. White House officials (not Park Service agents) found in his briefcase a torn book with "troubled" quotations. The president had talked to him just the night before this death.

People who just days before had savored Mr. Foster's career suddenly began to depict him as a West Wing Howard Hughes, coopered up in his room at home with the shades drawn, awaiting a shipment of antidepression medicine. Clinton's revelations infuriated Park Service sources, who complained that the president wants them to wrap up things in a scant 10 days, while the White House has kept them in the dark about such vital points as the office notes. FBI agents want no part of the investigation, which they belittle as a mere "inquiry."

Perhaps the wild accounts out of the White House reflect shock and grief. Mr. Foster's death hurled a jangl ringing-bolt into a town that thrives on fantasy -- especially the fantasy that a few elected officials, armed with other people's money, can do anything.

Superhuman ambitions place crushing pressures on those who take personal responsibility for life's imperfections. When events fall to place, people sometimes snap. Washington can be like that.

One moment, you feel the euphoria of life. The next, you tumble into the abyss. The churning urgencies and frustrations of each moment may have done in Mr. Foster.

But if he tried to take dark secrets with him, these secrets will not emerge. They always do. If he meant cracked under pressure, that will become clear as well.

For now, that's the whole story. In the creation of a presidency, there is proof about anything, the ranting partisans in Washington, the president's Republicans, linen-tiffanyed reporters, red-faced pundits and everybody else eager to exploit Vincent Foster's tragedy should agree to do the honorable thing. They should shut up.

Tony Snow is a columnist for the Detroit News.
Minority rule: Student loans

Here is a story of how a minority works to thwart the will of the majority in the House of Representatives:

The goal of Rep. William D. Ford, chairman of the House Education and Labor Committee and a key budget committee, was to keep intact the administration's plan to take over the entire student loan business — to cut out the banks and guarantee companies and to create a new bureaucracy within the Education Department to do the lending directly. This was the provision the House's version of the budget bill had included. But in the context of a massive five-year budget plan — and major debate over the kind and amount of new taxes and spending reductions — direct lending barely registered as an issue on Congress' radar screen. That may be exactly what its proponents had in mind, since there is not much support for the measures within either party in the House. Indeed, in the version of the bill passed by the Senate, the take-over was capped at 50 percent of lending at the end of five years.

Mr. Ford wanted the House version to prevail in conference. He has fallen short of that goal. Moreover, his high-handed tactics have angered a number of Democrats and signposts of the general thrust of President Clinton's deficit-reduction program but disagree on direct lending.

There are sound reasons not to rush headlong into direct lending, and the opposition to doing so is bipartisan. Some of them were discussed in an editorial here June 22. First of all, the savings anticipated, more than $4 billion over five years, are illusory; the Congressional Budget Office thinks savings of a little more than $2 billion are the most to be had. Second, eliminating the private sector essentially turns student loans into a new entitlement program. Third, direct lending means more government borrowing — about $53 billion more over five years. Fourth, proponents are oddly unforthcoming on how the loans will be administered. Fifth, the GAO and others have found significant problems with the ability of the Education Department to gear up to do 40 percent of the lending.

Finally, and perhaps most compellingly, Congress has considered direct lending at length. The subject was debated as part of the reauthorization of the Higher Education Act last year. Proponents of a federal takeover of the student loan business (Mr. Ford included) had their say, and they lost. What Congress authorized was a four-year pilot program to see if, in fact, direct lending would be more efficient. That program reflected the majority sentiment of the 102nd Congress, and there is every indication that the 103rd Congress, and there is every indication that the 103rd

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Deficit bill 'will pass,' say Dems

By William M. Welch and Richard Wolf
USA TODAY

Democratic leaders in Congress — after reaching a fragile, tentative agreement Monday to pass a $496 billion deficit-reduction bill later this week — say they have the votes to pass a bill later this week.

The latest version, resolving differences in House and Senate-passed bills, cuts the deficit a bit less over five years than President Clinton wanted. But it was enough to allow him to claim victory, and set a TV speech tonight at 8 ET. The major networks will broadcast.

The aim of the package is to check spiraling federal deficits with a combination of $243 billion in tax increases and $253 billion in spending cuts.

The main outlines:

> Higher tax rates for top earners and corporations.
> A 4.3-cent-per-gallon boost in the federal gasoline tax, now 14.1 cents.
> Steep cuts in the military.
> Tax incentives for small businesses, and a bigger tax credit for the poor.

The final day of talks focused on a handful of issues crucial to winning support from key Senate Democrats.

Top target: Sen. Dennis DeConcini, D-Ariz., who won a higher income threshold on taxes for Social Security recipients, exempting nearly 900,000.

Republicans remain totally united in opposition. "We haven't given up," said Senate Republican leader Robert Dole, R-Kan., who calls the plan the largest tax increase in the history of the world.

Economic reports remain lukewarm

By Mark Memmott
USA TODAY

The manufacturing sector of the economy was still stuck in low gear in June.

But the construction industry showed one of its welcome signs of life in June.

Together, those reports are a sign the economy "could be near the end of its latest mini-downturn," says David Orr, chief economist at First Union Bank in Charlotte, N.C.

But that doesn't mean the rest of 1993 will be great. "OK is the best word for what I expect," Orr says.

Monday's news:

> The National Association of Purchasing Management said its monthly business index edged up to 49.3% in July from 48.3% in June. It rose because orders increased last month.

The index, a measure of manufacturing's health, is based on a monthly survey of purchasing agents at 300 manufacturers. While it rose, any reading below 50% is a sign that manufacturers are cutting back.

"At 49.3%, I'd say manufacturing is just marking time," says Robert M. Kistemaker, chairman of NAPM's survey.

> Spending on construction rose 1.2% in June, to a $646 billion annual rate, the Commerce Department said. That was the biggest month-to-month gain this year.

Economists have been expecting construction to pick up strongly thanks to low mortgage rates that should spur home building.

In June, however, much of the increase was in construction of highways and other public projects. Residential construction rose only 0.1%.

"I expect spending on home construction to accelerate in coming months as some home owners started this year.
In St. Louis, 'sigh of relief'

By Dennis Cauchon and Laura Goldberg
USA TODAY

ST. LOUIS — The mean-spirited Mississippi River went easier than feared on its victims Monday, but the threat of more destruction lingers here and elsewhere.

Levee breaks downstream contributed to the river cresting here a day earlier, Sunday, and lower than expected. Those levees remaining in the flood zone are stressed.

"The danger of levee failure remains even though we crested," says Jim Brown of the Army Corps of Engineers. "We're still dealing with an extremely high river."

Officials also fear propane tanks in the River Des Peres could lead to an explosion.

"Propane is a nasty little devil. It always finds an ignition source somehow," says Fire Chief Neil Svetanics.

North of St. Louis in hard-hit St. Charles County, Mo., the Missouri crested Monday.

"I think everybody is just taking a deep breath and taking a sigh of relief that the Missouri River did crest and it didn't get any worse," says Petra Haws, a spokeswoman for the county's emergency agency. "Things are still unstable."

Downstream, towns endure and hope. The National Weather Service predicts the Mississippi will crest at Chester, Ill., today or Wednesday.

Friday, it should reach Cairo, Ill., where the river becomes wide enough to handle the enormous amount of water.

In Ste. Genevieve, Mo., residents continue to strengthen levees for a crest expected the same time as Chester. Two French colonial homes built in the 1700s already have sustained minor damage.

"We're building (levees). We're watching. We're waiting," says Jean Rissover.

"Hopefully, there won't be any additional areas flooded," says Jerry Uhmann, head of Missouri's emergency management agency. "The threat of flooding in the state of Missouri has diminished considerably since the crest has gone by most of the areas."

Uhmann's thoughts have also turned to the long recovery process ahead: cleaning homes, fending off health risks, rebuilding roads and bridges and fixing sewer plants.

"That's going to last for months and years," he says.

Cover Story

'Three has come, gone' for St. Louis

Levee breaks downriver mean that residents escape the flood's worst

By Debbie Howlett and Dennis Cauchon
USA TODAY

ST. LOUIS — With courage and heart on what should have been a quiet Monday in August, this city withstood the mightiest Mississippi River flood ever recorded here.

"The water can break the levees but it cannot break our spirits," Mayor Freeman Bosley Jr. says. "We took the best the Mississippi had."

Residents weathered an historic 49.4-foot crest of the Big Muddy, with water lapping at the top of an 11-mile floodwall that bowed and bulged but never broke.

"It's hard to believe it held," says Mike Klosterman, an Army Corps of Engineers geologist, as he stands behind a 20-foot-high floodwall that held back about 16 feet of water.

While the water receded nearly a foot Monday, the eased
Louis Fire Chief Neil Svetanics says workers toiled into the night Sunday to shore up levees along a four-mile stretch of the River Des Peres, which spills into the Mississippi River. "We've got it put together with Band-Aids, bubble gum and sandbags," Svetanics says. "It's amazing we've gotten this far."

Dorothy Cords, whose door is just steps from the levee, offers a touching tribute, a hand-written yard sign. "Thank you, sandbaggers and all who worked so hard," the sign says. "God Bless."

But victory wasn't easy. Eileen Schindler's eyes fill and her voice breaks as she watches the water less than 100 feet from Lisa Hunt's lawn. "It's unreal," she says, before making her daily trek to her house, empty for three weeks now. She just wants to make sure it's still there.

"It used to be I'd look at the water and start crying. Now we're able to relax," she says.

But even as the River Des Peres recedes, a serious threat remains: A little more than a mile from Hunt's house, 51 30,000-gallon propane tanks at the Phillips Pipeline plant bob dangerously in flood waters.

The cause for concern: the threat of fire from vapors leaking from the tanks and pipelines. The propane could cause a "terrible explosion," says St. Louis Police Chief Clarence Harmon. "This has the potential for a truly major disaster."

One National Guard officer estimates a blast would blow out windows five miles away.

Authorities evacuated more than 9,000 residents within a mile radius of the tanks, sending police cruisers with loudspeakers blaring the order to leave at dawn.

But St. Louis caught a lucky wind Monday that reduced the danger in flood waters.

The view was more expansive Monday, after a floating Burger King was torn loose from its moorings and swept down river. A tug boat caught up to it at the Poplar Street Bridge, where the runaway restaurant lodged up against a piling. Earlier, a barge hauling a Taco Bell restaurant sank in a muddy swirl.

Perhaps the saving grace for St. Louis was the immense floodwall, an 11-mile long expanse of concrete and earthen levees broken only by the high bluff where downtown St. Louis is built.

The wall took 15 years to build, finished in 1974 at a cost of $78.5 million. Built to guard against a "500-year flood," it runs almost the entire length of the city, shielding it from flood waters up to 52 feet — about three feet higher than the river crest.

A few problems have cropped up along about four miles of the wall and the levee.

Kistlerman was inspecting the reinforcement at the city's Salisbury Pumping Plant, which returns storm water to the Mississippi near the McKinley Bridge.

A sink hole had developed near the train station, buckling railroad tracks and threatening several riverfront factories. But the hole was filled with several truckloads of gravel and the levee reinforced front and back.

The biggest problem erupted last week, when a sand hole opened a gaping hole on the ground behind the wall near Riverview, on the city's north side. It took 111 cubic yards of silicone grout — enough to fill most living rooms — to plug the hole.

Despite the receding river, authorities say it could be Labor Day before the river falls below its 40-foot flood stage.

But the thought of water falling instead of rising was, at last, a relief. Jim Brown, of the Army Corps of Engineers, leans back in his chair and sighs: "It may have just sneaked on by us."
Republican senator puts a ‘hold’ on Elders vote

Sen. Don Nickles, R-Okla., used a Senate procedure Monday to delay a vote on Joyceelyn Elders’ nomination as surgeon general. Nickles, who called Elders “radical” for her advocacy of abortion rights, sex education and condom distribution, put a “hold” on the nomination — a senatorial request that traditionally is granted without question so a senator can gather more information. Nickles said he hopes to use the time to round up more opposition.

VETS AID: Persian Gulf war veterans exposed to toxic substances or environmental hazards would receive priority medical treatment at VA hospitals under a bill passed 41-1 by the House. About 4,000 veterans suffer from health problems related to service in the gulf, said Rep. Lane Evans, D-III., chairman of the Veterans Affairs subcommittee on oversight and investigations.

FOLEY’S DEAL: House Speaker Thomas Foley rejected Republican suggestions that profits from stock market advice by an investment company should be considered gifts. Foley, D-Wash., said he and wife Heather had given a free hand to his friend Peter de Roetth, who helped Foley cash in on lucrative trading on corporations’ initial public stock sales. Foley said he knew of no House rule to support Republican contentions the profits amounted to gifts. Foley, D-Wash., said he and wife Heather had given a free hand to his friend Peter de Roetth, who helped Foley cash in on lucrative trading on corporations’ initial public stock sales. Foley said he knew of no House rule to support Republican contentions the profits amounted to gifts. Foley said he knew of no House rule to support Republican contentions the profits amounted to gifts.

SPACE CAMP: Chelsea Clinton is spending a week at the International Space Camp in Huntsville, Ala. — and the White House is unhappy the public is hearing about it. President Clinton scolded Ross Perot Monday for attacking his deficit-reduction proposals. Clinton told newspaper editors his plan was superior to the billionaire’s 1992 campaign proposals. “We’ve already got more spending cuts than revenue increases,” Clinton said.

“I’ve got a 4.3-cent gas tax (increase). Ross Perot proposed a 50-cent (per gallon) gas tax (increase).” He appealed to Perot to stop “wallowing.”

President Clinton scolded Ross Perot Monday for attacking his deficit-reduction proposals.

ALSO IN WASHINGTON

WASHINGTON

Clinton walking the tightrope

Defending plan while seeking votes

By Bill Nichols

USA TODAY

President Clinton had only kind words Monday for three Democratic senators who have threatened passage of his economic plan and possibly endangered the first Democratic presidency in 12 years.

In two conference calls with members of newspaper editorial boards in home states of a several key senators and House members, Clinton labored to walk the fine line between defending his proposal while still politely courting the reluctant few who have given him such headaches in recent weeks.

Clinton said of the three:

• Sen. Herb Kohl, D-Wis.: “I think he’s done a really good job here.”

• David Boren, D-Okla.: “I think what he says is right, but it’s not a good reason to vote against this program.”

• Bennett Johnston, D-La.: “I think frankly he’s afraid of looking like he reversed himself … and I can understand that.”

Clinton was careful not to let a harsh word pass his lips — even for Boren, who says he’ll vote against him — because of the delicate stage of negotiations over a plan that is beyond crucial for this White House. Part of Clinton’s reluctance to play hardball is personal style. He prefers to sweet-talk rather than threaten, and some members who’ve talked with him recently say he never even asked for their support.

Of Kohl, who almost single-handedly forced a major re-election in Clinton’s proposed energy tax, scuttling new spending projects liberals wanted, Clinton says: “He’s been very important in bringing a business, pro-jobs perspective to the whole debate.”

But Clinton also, in preparation for a likely televised speech to the nation tonight and several days of arm-twisting, has crafted a campaign-style stump speech.

For critics who say this plan needs more cutbacks in entitlement spending, Clinton says he agrees — but to do the job right, wait for his health-care reform package this fall.

• For those who say this plan is just a rerun of the 1990 budget deal, Clinton says this one is based on realistic economic estimates, has more deficit reduction and more provisions for economic growth.

• For those who say this plan taxes first and then cuts spending much later, Clinton says Vice President Gore’s “Reinventing Government” project will mean more cuts and critics aren’t specific.

“Nearly all those people who say they want to cut spending now, what they really want is an accounting practice which still would have all the spending come in the third, fourth and fifth years of this budget.”

• And for those like Boren and Ross Perot who say scuttle this deal and convene a bipartisan summit to get further deficit reduction, Clinton says he wants action now because he’s got more things he needs to do.

“Do we want to hang around here in Washington for 60 or 90 more days to debate this, then to come back here to pass something very like it?”

“We’ll wait two or three months when we could be dealing with health care, welfare reform and a crime bill.”

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**Deficit deal comes together**

**Democrats weigh issues, vote by vote**

By Richard Wolf and William M. Weil

Democrats reached a deal on President Clinton's deficit reduction plan Monday by balancing policy and politics, votes and ballots.

Spearheaded by any Republican support for the largest tax increase in history and a quarter-trillion dollars in spending cuts, Democrats charged with governing the country had to go where their votes were.

In the end, even the president's much-ballyhooed goal of cutting $500 billion from the deficit in five years gave way to a desperate hunt for votes as congressional leaders searched for the point of least political resistance.

"We had to draft a political bill," said Rep. Charles Rangel, D-N.Y., one of House's key negotiators. "You had to get all of the Democrats under the same tent. It really highlighted the diversity of the Democratic Party."

The last three major issues on the table — Medicare and Medicaid cuts, a tax break for business meals and entertainment, and the taxation of Social Security benefits — were removed only when they effect on Ho and Senate votes were known.

 Asked if the final shuffle of a billion here and a billion there was to win a majority on the Senate floor, Finance Committee Chairman Daniel Patrick Moynihan, D-N.Y., was frank. "Yes," he said, before abruptly ending a Monday night press conference.

And when House Speaker Thomas Foley, D-Wash., and Senate Majority Leader George Mitchell, D-Maine, came before the television cameras to announce the deal, it was with relief, not triumph.

We "are not bringing the bill up to be defeated," Foley said. "We're very confident it will command a majority here and a billion there was not an issue in Las Vegas."

Yet every decision has unintended ramifications, and the meals and entertainment deductions, an issue in Las Vegas, could vote only for a plan that could fail apart quickly. So in both cases, the talks turned Monday night to abandon the bill. Abercrombie, D-Hawaii, threatened House members, led by Rep. Neil Abercrombie, at a closed caucus last week, Majority Leader Richard Gephardt, D-Mo., told them, "We are as strong as our weakest senator."

The peacocks are preening in the Senate, where a 56-44 majority can and does fall apart quickly. So despite the decision on key issues, including lesser tax increases on gasoline and Social Security benefits. House Democrats, more willing to back Clinton's initial plan, grumbled, at a closed caucus last week, Majority Leader Richard Gephardt, D-Mo., told them, "We are as strong as our weakest senator."

The peacocks are preening in the Senate. We have to live with it," said Rep. Richard Durbin, D-Ill. "This is not science, this is politics. We are dealing with the realities of putting together majorities." And despite all the private converging, the compromise to be drawn from entirely new bipartisan negotiations.

FAVOR: More spending cuts, deficit reduction trust fund.


By Tim Dillon, USA TODAY
Comparing tax plans

Senate and House negotiators agreed on tax increases and spending cuts to chop the deficit $496 billion over five years. The bill, which must pass both chambers, would raise taxes $243 billion and cut spending $253 billion. How the president's plan compares:

### INCOME TAXES

**Clinton:** Create top bracket of 36% for income above $115,000 for individuals and $140,000 for couples, and 39.6% rate for income above $250,000, effective Jan. 1, 1993. Current top rate: 31%.

**Congress:** Same tax rates, effective March 1, 1993.

### ENERGY TAXES

**Clinton:** Impose broad-based energy tax on the heat content of all fuels, raising $72 billion over five years.

**Congress:** Increase gasoline tax by 4.3 cents a gallon above current 14.1 cents a gallon.

### SOCIAL SECURITY

**Clinton:** Tax 85% of Social Security benefits received by individuals earning more than $25,000 and couples earning more than $32,000.

**Congress:** Tax 85% but raise thresholds to $34,000 for individuals and $44,000 for couples.

### CORPORATE TAXES

**Clinton:** Increase corporate tax rate to 36% from 34%, raising $31 billion.

**Congress:** Increase rate to 35%, raising $16 billion.

### BUSINESS INCENTIVES

- **Clinton:** Provide $29 billion investment tax credit; make a variety of business, housing, education and job-creation tax credits permanent; cut taxes for real estate developers and small-business capital gains.

- **Congress:** Replace investment tax credit with more modest tax-withholding allowance for small business; tax breaks temporarily; similar tax breaks for real estate developers and small-business capital gains.

### MEDICARE

**Clinton:** Cut $50 billion, mostly in doctor, hospital payments.

**Congress:** Cut about $56 billion in similar fashion.

### SOCIAL INITIATIVES

**Clinton:** Expand earned income tax credit for working poor by $27 billion; give tax break for businesses in urban, rural "enterprise zones"; provide more food stamps, childhood immunizations.

**Congress:** Provide slightly smaller increases.

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Final three items held up negotiations

With the bigticket items already decided, final negotiations Monday focused on three lesser issues:

- Social Security. Clinton proposed increasing the tax on wealthy Social Security benefits. Individual recipients with incomes above $25,000 and couples making $32,000 now pay tax on 50% of benefits, to be increased to 85% under the bill.

Those income thresholds have been growing steadily despite opposition from senior citizens groups and lawmakers whose constituencies include many elderly people. Under the latest compromise, negotiators raised thresholds to $34,000 for individuals and $44,000 for couples.

Originally 8.8 million seniors would have been affected; now only 3.7 million will be affected.

- Business meals and entertainment deduction. Often referred to as the "three-martini lunch" tax break, both the House and Senate voted initially to reduce meal and entertainment expenses that qualify as tax deductions to 50% from 80%.

Restaurant owners and others in the entertainment and tourism industries protested. Negotiators were considering a compromise at 60%, but were pressing to stay at 50% Monday if they could put together a majority without the change.

As compensation, restaurateurs would get a partial tax credit against Social Security taxes paid on tips.

- Medicare and Medicaid. Aside from the military, the biggest spending cuts in the plan come out of Medicare, which provides care for elderly Americans, and Medicaid, which provides care for some poor.

The House voted to cut $50 billion from Medicare; the Senate agreed to cut $58 billion. Negotiators tentatively agreed to cut about $56 billion. On the smaller Medicaid program, agreed-upon $8 billion cut was being rolled back to $7 billion.

Critics say doctors and hospitals, unable to raise rates for the elderly, will pass the cost to privately insured patients, ultimately resulting in higher insurance premiums.
How tax plan would affect you

How four households fared on 1992 taxes and how they'd be affected if the House/Senate plan becomes law:

### Low income

- **A single parent with two children earning $20,000.**
  - **Adjusted gross income:** $20,000
  - **Personal exemptions (3 x $2,300):** $6,900
  - **Standard deduction:** $5,250
  - **Taxable income:** $7,850
  - **Tax:** 15% of taxable income = $1,178
  - **Earned income credit:** $308
  - **Total tax:** $870

**Under House-Senate plan:**
- Tax would be less because the earned income credit for low-income parents would be expanded. Details haven't been released.

### Middle income

- **A family of four earning $65,000.**
  - **Personal exemptions (4 x $2,300):** $9,200
  - **Itemized deductions:**
    - 15% of first $35,800 = $5,370
    - 28% of $35,801-$86,500 = $14,196
    - 31% of $86,501-$166,400 = $24,769
  - **Total tax:** $55,835

**Under House-Senate plan:**
- **No change. Income below level where the new rates kick in.**

### High income

- **A couple earning $225,000.**
  - **Adjusted gross income:** $225,000
  - **Personal exemptions (2 x $1,058):** $2,116
  - **Itemized deductions:**
    - 15% of first $35,800 = $5,370
    - 28% of $35,801-$86,500 = $14,196
    - 31% of $86,501-$140,000 = $27,455
    - 36% of $140,001-$166,400 = $9,504
  - **Total tax:** $45,655

**Under House-Senate plan:**
- **Adjusted gross income:** $225,000
  - **Itemized deductions:**
    - 15% of first $35,800 = $5,370
    - 28% of $35,801-$86,500 = $14,196
    - 31% of $86,501-$140,000 = $27,455
    - 36% of $140,001-$166,400 = $9,504
  - **10% surtax on tax on taxable income over $250,000:** $20,534
  - **Total tax:** $301,485

**Rich**

- **A couple earning $1 million.**
  - **Adjusted gross income:** $1,000,000
  - **Itemized deductions:**
    - 15% of first $35,800 = $5,370
    - 28% of $35,801-$86,500 = $14,196
    - 31% of $86,501-$140,000 = $27,455
    - 36% of $140,001-$620,000 = $227,560
    - 39.6% of $620,001-$1,000,000 = $396,000
  - **Total tax:** $953,655

**Under House-Senate plan:**
- **Adjusted gross income:** $1,000,000
  - **Itemized deductions:**
    - 15% of first $35,800 = $5,370
    - 28% of $35,801-$86,500 = $14,196
    - 31% of $86,501-$140,000 = $27,455
    - 36% of $140,001-$620,000 = $227,560
    - 39.6% of $620,001-$1,000,000 = $396,000
  - **10% surtax on tax on taxable income over $250,000:** $20,534
  - **Total tax:** $1,082,054

**Tax increase:** $54,554

Rich to get poorer with retroactive tax increase

By Janet L. Fix

USA TODAY

Since President Clinton took office, the rich have known their taxes would be going up. They just didn't know when.

When Clinton unveiled his deficit-cutting program in February, he planned to raise the top tax rate retroactively from Jan. 1. The House agreed on the date; the Senate didn't, favoring a July 1 start. "It doesn't right" to raise taxes retroactively, Sen. Daniel Patrick Moynihan, D-N.Y., said in June.

What a difference a month — and $9 billion — makes. The tax increase on upper-income taxpayers will be retroactive to Jan. 1, after all — if Congress passes a compromise bill emerging this week.

"They're scrambling for every bit of revenue they can find," says economist Henry Aaron of the Brookings Institution, a liberal think tank.

A July 1 start date would have cut $8.9 billion from the $119 billion in new tax revenue Clinton hoped to raise over five years. So Congress would have had to raise other taxes or cut spending to meet Clinton's five-year, $500 billion deficit-reduction target. The Jan. 1 date helped Congress cut the deficit $46 billion over five years — but was blasted as unfair Monday by Sen. Robert Dole, R-Kan., and other Republicans.

The tax increase would apply to individuals with taxable income over $119,000 and married couples filing jointly with taxable income over $140,000. They will be taxed at a new top bracket of 36%, up from 31%. In addition, households with taxable income over $250,000 would pay a 10% surtax. If a July 1 start date had passed, the effective top tax bracket in 1993 would have been 33.5%, without the surtax; 33.3% with the surtax.

When a July 1 start date looked likely, wealthy taxpayers hoped to move 1994 income into 1993 to lower their rates. But there's no advantage in shifting income into 1993 if the increase starts Jan. 1.

"My clients' reactions are salt-and-peppered with expletives. They're not happy." — Mark Bass, financial planner

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SPECIAL REPORT: HOUSE-SENATE BUDGET BILL

Tax plan's impact on the wallet

By John Waggoner
USA TODAY

The more money you make, the more likely you’ll like the proposed tax laws. If passed, the compromise plan would generate $406 billion over five years — and everyone would feel some pinch. But the pain would vary according to who’s sitting on the conference committee's version of the bill won’t be available until today. But its income-tax provisions haven’t been debated much in recent weeks. So they should be the same as President Clinton proposed in the House and Senate approved last spring. How’s how the bill would affect different taxpayers:

LOW INCOME

Everyone will have to pay the additional 1.3-cent-per-gallon gas tax. That's about $45 annually for the average family. Clinton's original, broad-based energy tax would have cost the average family about $105.

For low-income families, the gas tax could be offset by an expanded earned-income tax credit — currently worth up to $1,276 a year for families with children. The Clinton plan would raise the maximum credit to $2,685. The maximum credit under the compromise bill will be released today.

MIDDLE CLASS

In general, if your income taxes rise under the new tax bill, you make too much money to be considered middle class. But they would have to pay a little more in 1993, starting at taxable income above $140,000 for couples and $115,000 for singles. About $180,000 a year, Congress estimates.

Taxable income is what’s left after subtracting personal exemptions and itemized deductions, such as mortgage interest.

The pain won’t stop there. The rich would also get hit. In creating a 10% surtax on the very wealthy, President Clinton and Congress have borrowed a trick from Lyndon B. Johnson.

In 1968, Johnson proposed a 10% surtax to help pay the spiraling costs of the Vietnam War. To figure out how much tax you owed and multiplied by 1.1%. The proposed surtax is a tax on taxes you pay on taxable income above $250,000. The surtax rate on the effective top tax bracket to 38.6%.

Clinton and Johnson had similar goals in mind: Cut the deficit and fund social programs. Johnson hit nearly every taxpayer in the country with his surtax in 1968, but the proposed tax law in 1993 would hit only the rich with a surtax.

Tax rates raised for wealthiest

Federal tax rates and brackets based on taxable income (adjusted gross income minus deductions and exemptions):

<table>
<thead>
<tr>
<th>Taxable income</th>
<th>Current law</th>
<th>House-Senate plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0 to $22,100</td>
<td>15%</td>
<td>15%</td>
</tr>
<tr>
<td>$22,101 to $33,500</td>
<td>28%</td>
<td>28%</td>
</tr>
<tr>
<td>$33,501 to $115,000</td>
<td>31%</td>
<td>31%</td>
</tr>
<tr>
<td>$115,001 to $250,000</td>
<td>33%</td>
<td>33%</td>
</tr>
<tr>
<td>$250,001 and up</td>
<td>39.6%</td>
<td>39.6%</td>
</tr>
</tbody>
</table>

MARRIED FILING JOINTLY

<table>
<thead>
<tr>
<th>Taxable income</th>
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</thead>
<tbody>
<tr>
<td>$0 to $36,800</td>
<td>15%</td>
<td>15%</td>
</tr>
<tr>
<td>$36,801 to $51,900</td>
<td>28%</td>
<td>28%</td>
</tr>
<tr>
<td>$51,901 to $140,000</td>
<td>31%</td>
<td>31%</td>
</tr>
<tr>
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1 — includes effect of 10% surcharge on tax on taxable income above $250,000

Surtax a time-worn strategy

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Income-tax sting

Highest-income tax rates and the level of income on which they were applied:

<table>
<thead>
<tr>
<th>Year</th>
<th>Top rate</th>
<th>Taxable income</th>
</tr>
</thead>
<tbody>
<tr>
<td>1944-45</td>
<td>94.0%</td>
<td>$200,000</td>
</tr>
<tr>
<td>1952-53</td>
<td>92.0%</td>
<td>$400,000</td>
</tr>
<tr>
<td>1960-66, 54-63</td>
<td>91.0%</td>
<td>$400,000</td>
</tr>
<tr>
<td>1964-65</td>
<td>91.0%</td>
<td>$200,000</td>
</tr>
</tbody>
</table>

Source: Internal Revenue Service

Figuring surtax

How to figure the 10% surtax for someone with taxable income of $1 million:

Taxable income minus $250,000 = $750,000

Tax on $750,000 at 36% rate = $270,000

10% of $270,000 = $27,000

Surtax = $27,000

Source: USA TODAY research

USA TODAY • TUESDAY, AUGUST 3, 1993 • 5A
Farmers sandwiched by water

By Linda Kanamine
USA TODAY

Illinois residents have watched flood damage ripple down along the Mississippi River like falling dominoes — causing more than $1 billion in property and crop damage.

Now the Mississippi has backed up the Illinois River north of the river's junction in Grafton, Ill.

"Three days ago you could throw a stick in (the Illinois) and it would flow north," says Janie Bland, a Greene County, Ill., farmer.

Statewide, four levees broke Sunday and Monday along the rivers, flooding more than 65,000 acres and forcing out hundreds of residents.

"For small agricultural communities, this has been devasting," says Dick Adorjan, Illinois Emergency Management Agency spokesman.

A last stand continues at the precarious Keach levee, 4 miles north of Eldred on the Illinois River. "We're in the only part that hasn't broke. It's touch and go," says Bland, who farms 300 acres there.

Statewide, floods have damaged more than 905,000 acres of cropland.

Those in west-central Illinois are "getting a double whammy," says John Hawkins of the Illinois Farm Bureau. They're in a wedge "assaulted on the west by the Mississippi River and on the east by the Illinois."

Floodwaters also broke over a protective wall around the Illinois American Water Co. Sunday, wiping out service to 73,000 Alton area residents. They may have to do without tap water for two weeks.

A 6-foot surge flooded around eight blocks of downtown Alton, buckling several streets.

A critical Mississippi levee break occurred south of St. Louis in Valmeyer, leaving the valley under 10 feet of water.

That surge is rolling south toward Prairie Du Rocher, an inland village that's frantically adding 2 more feet to its 90-foot levee along a surrounding creek.

Officials began breaking the Mississippi River levee near there to ease pressure and, they hope, slow the flow from the north. "It's like setting a back-fire to a brush fire," says Randolph County Emergency Services Larry Willis.

The Mississippi is expected to crest at 46.7 feet in Cairo (KAY-ro), the southern tip of the state, on Friday. Before that, it strikes Chester, home to the state's main prison complex in Menard Correctional Center.

The river has lapped at the entrance for a month. Officials moved 250 inmates to higher ground — 150 to the chapel. All 2,301 inmates are confined to the facility, says Warden Neil Howell. "The warden says the inmates, frankly, are scared."

- St. Louis escapes, 1A
- Full weather, 10A
- Floods affect rails, 1B

Flood forecasting 'sn't just 'guesswork'

By Paul Hoversten
USA TODAY

"Flood forecasters rely on satellites, sensors and an army of volunteers — but predicting river crests with pinpoint accuracy is an inexact science."

"I wouldn't call it guesswork, I'd call it professional judgment," says Lee Larson, National Weather Service hydrologist in Kansas City.

"If the predictions were all exact, we'd get the (computer) models do their thing and you wouldn't need forecasters."

A number of variables can throw off predictions:

- Levees break, relieving pressure from the river and changing its flow rate.
- Saturated soil allows water to spread farther.
- Vegetation, temperature and contour of the river bottom affect water speed.
- Debris like uprooted trees and destroyed buildings can obstruct river flow if they snag on submerged bridges.

Larson says the weather service's early warning can make up for the inexact science.

"The public was well-served that they knew a long time ago they'd be facing a major crest around Aug. 1. Forecasting skills have gone up significantly and get better and better every year."

To develop forecasts, the weather service works with the U.S. Geological Survey, which measures river levels, and the Army Corps of Engineers, which manages flood control.

Data comes from the GOES satellites, gauges in the Mississippi and its tributaries and information phoned in from thousands of unpaid volunteers who take readings of rain and snow on their property.

The flood is setting the stage for an encore next spring, Larson says.

Two of four conditions already are present: wet soil and a high flow rate. If heavy snow and spring rains follow, the prospect of more floods is almost a certainty.

 Agriculture chief seeks more aid for farmers

Disaster aid checks will be to flood-stricken Midwest farmers within two weeks after Congress approves flood funding, U.S. Agriculture Secretaries like Espy said Monday. Speaking at a Washington, Ill., farm, confident Espy called for Congress for more funding for farmers. Currently disaster payments are limited to 50% of crop loss.

The formula has angered some farmers who say it does not figure in current inflated prices, and actually would equate to 21 cents per dollar for what lost crops now would bring at market. Espy also pledged to lower future crop insurance costs.

A $4.7 billion flood aid bill is pending in the Senate.

Country Farmer Willie Nelson, president of FARM AID, called on Espy to "change government policies so that family farmers can once again make a decent living off the land.

After the meeting, Nelson returned to his job to find a $150,000 king ticket for blocking a fire hydrant.

Also Monday:

IN WASHINGTON: The U.S. House voted to ease federal banking regulations for flood victims to pay back loans. The bill temporarily lifts banking restrictions in the flood area to encourage borrowing and prevent foreclosures. The bill, which also qualifies victims to qualify for why more credit, heads to the Senate.

PET AIR: The American Humane Association is opening a disaster aid center in Fort Madison, Iowa, to provide aid for pets of flood victims. The center will distribute vaccines, pet food and cages for pet owners. Flooded pet shelters. **SBA**
Questionnaires key in Denny jury selection

By Haya El Nasser
USA TODAY

LOS ANGELES — The two Rodney King beating trials are over. The riots ended more than 15 months ago. But potential jurors in the Reginald Denny beating case are being forced to relive the drama.

Blank questionnaires released Monday show jury prospects have been grilled about all the key events that have gripped Los Angeles since the March 3, 1991, videotaped beating of King by police.

The 128 prospective jurors were questioned on everything from race and the publicity surrounding the King and Denny cases to attitudes toward police and fear of more rioting.

Answers to the confidential 43-page, 116-question survey will play a major role in the process of finding a jury in the racially loaded trial of Damian "Football" Williams, 20, and Henry "Kiki" Watson, 28.

Williams and Watson, who are black, face up to life in prison if convicted of attempted murder against white truck driver Denny during the riots — violence sparked by acquittals in the first King case.

They also face felony charges against others. The Denny beating was shown live on television during the first hours of rioting.

The King and Denny cases are loaded with symbolic similarities: White officers beating a black motorist in one; black men beating a white truck driver in the other.

"They may say they have very subtle feelings or no feelings at all regarding our defendants but then have very strong opinions about the outcome in the King case," says Wilma Shanks, a lawyer for Williams. "And that's not consistent."

A sampling of the questions:

- Are you concerned your verdict ... might incite a riot?
- Do you believe African-Americans are treated differently by law enforcement than other ethnic groups?
- Did you form an opinion as to the guilt or innocence of the police officers before the first King beating trial?
- What was your opinion of the not-guilty verdicts in the first King beating trial?
- Do you believe either of the defendants is partly responsible for the 1992 riots?
- Have you been able to identify either of the defendants from the Denny beating videotapes shown on TV?

One person said they had never seen the videotape, says Jo-Elian Dimitrius, jury consultant for the defense. Others said they had never heard or read about the case but yet felt the defendants had engaged in very violent acts.

Lawyers are still analyzing the answers but the defense had already submitted about 30 potential challenges by Monday morning, claiming those jurors' written answers show they cannot judge the case fairly.

The prosecution is expected to do the same.

"This is extremely, extremely helpful for us," Dimitrius says. "Without seeing these folks or having an opportunity to talk to them, you know a great deal about them prior to seeing them in court."

Oral questioning of jurors, who remain in the pool begins Thursday and could take up to three weeks — especially if 12 jurors and six alternates cannot be picked out of the current pool and more prospective jurors have to be called in.
Federal officials also are investigating possible links to last month’s bombings of two West Coast NAACP offices. NAACP spokesman Don Rogers says: “If convicted, both men face up to life in prison.”

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Demjanjuk appeals for return to U.S.

By Jerome Delay, AP

DELMAN JUK: Barred from USA

A Cincinnati federal appeals court today hears a retired Cleveland autoworker John Demjanjuk's request to return to the USA while he appeals his loss of U.S. citizenship. The Israeli Supreme Court last week reversed Demjanjuk's conviction and death sentence on charges he was "Ivan the Terrible," a brutal guard who ran the gas chamber at a Nazi death camp. Israeli authorities are investigating whether Demjanjuk, 73, should stand trial on other war-crime charges. Israel barred his departure for his native Ukraine on July 3 after he was charged with murdering 11,000 people at the Treblinka death camp. Israel's highest court overturned the conviction, which centered on testimony of a man who later recanted.

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Written by Paul Leavitt. Contributing: Steve Marshall, Gary Fields and Anne McIlree

USA TODAY • TUESDAY, AUGUST 3, 1993 • 5A

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NATO warns of air strikes if Sarajevo siege continues

By Johanna Neuman
USA TODAY

NATO, after the longest meeting in its history, agreed early Tuesday to authorize air strikes against Bosnian Serbs if "the strangulation of Sarajevo and other areas continues."

NATO Secretary General Manfred Woerner, after a grueling 12-hour meeting, said: "The allies regard the dire humanitarian situation in Bosnia, and particularly in Sarajevo, as unacceptable."

If NATO uses military forces in the air strikes — and a strategy session is set for Monday — it would mark the first time NATO has gone on the offensive since its 1949 birth.

President Clinton had earlier expressed hope that NATO would endorse the U.S. plan to bomb Serb positions to protect U.N. peacekeepers and deliver aid. "I don't believe that the allies will permit Sarajevo to fall or to starve," he said.

Woerner said any NATO involvement would be in concert with the United Nations.

The vote followed a whiplash in U.S. diplomacy. Sunday, the State Department's Mike McCurry warned the United States might go it alone. Monday, Clinton said news reports on his remarks "perhaps exaggerated our position."

In Egypt, after meeting Secretary of State Warren Christopher, Egyptian President Hosni Mubarak offered a different view, saying Western efforts to rescue the Muslim capital could "calm down the inflaming situation in the Muslim world."

Also Monday, Bosnia's Muslim President Alija Izetbegovic wrested a promise from Bosnian Serbs to halt attacks while talks to partition the former Yugoslavian republic continued. Meanwhile in Bosnia:

• Muslim forces captured much of the town of Goraj Vakuf from the Croats. "But they are not secure," said British Major Graham Binns.
• U.N. officials said Serbs used helicopters to capture Bjesanica — in violation of a U.N. no-fly zone.

Contributing: Lee Michael Katz in Egypt, Bill Nichols

Plan to be unveiled in November

By Judi Hason
USA TODAY

Medicare, the federal health program for the elderly, could come under state control if President Clinton's health reform plan is enacted.

White House health adviser Ira Magaziner says states would have greater flexibility under reform and could decide to fold Medicare into the new health systems each state would run. The $145 billion Medicare program insures Americans over age 65.

"What we don't want to do is, Day 1, say Medicare is coming into the new system," Magaziner said Monday at a healthcare forum in Washington. "We don't want to frighten people about going into something they can't see until it's up and running."

Senior citizens, a potent lobby, may fear unknown changes once each state sets its own rules — possibly pushing them into health maintenance organizations or whatever choice of services a state adopts.

Gail Wilensky, who ran the Medicare program in the Bush administration, says Medicare is a bad idea: "I don't like the notion that this is all the state's money to do with as they wish, irrespective of what the elderly want."

But John Rother of the American Association of Retired Persons says senior citizens would get the same benefits under a plan that could be a better deal.

• Prescription drug coverage seniors don't have today
• Higher payments to doctors; fewer would turn away older patients.
Christopher: Lebanon clashes give talks a push

by Lee Michael Katz
SA TODAY

CAIRO, Egypt — Secretary of State Warren Christopher takes his Mideast peace campaign to Israel and Syria today after securing renewed support from Egyptian President Hosni Mubarak.

Christopher said he hopes to use this week’s clashes in southern Lebanon in his drive to “move forward with the peace talks,” which have shown little progress.

“The situation in Lebanon, perhaps paradoxically, has itself given a new burst of energy to the negotiations,” Christopher said.

Mubarak agreed, saying he does not think “there’s a problem starting negotiations even after what happened in Lebanon.” He said he fears that some Arab factions initiated the violence to delay negotiations.

About 130 people, mostly civilians, were killed, and more than 600 were wounded during fighting in southern Lebanon. About 250,000 people were evicted from Shiite Moslem villages during fighting that started after seven Israeli soldiers were killed in guerrilla attacks.

By Mohamed Azakir, AP

GOING HOME: Refugees in Naameh, southern Lebanon, begin their trip home Monday. About 250,000 people had fled Israel’s bombardment.

WASHINGTON NEWS: 2A, 6B

On Monday, the Lebanese government prepared to deploy its army as a buffer between Hezbollah guerrillas and the Israelis.

Israel welcomed the announcement. “Anything that the government does to prevent operations against Israel and the security zone is welcome,” said Israeli Defense Ministry spokesman Oded Ben-Ami.

U.S. officials were determined not to let the conflict sidetrack Christopher, who downplayed expectations.

“We don’t expect any breakthroughs on this trip,” Christopher said, “but we expect steady progress.”

Nearly two years after the start of historic Middle East peace talks in October 1991 that began with a burst of optimism, little tangible progress is evident.

But State Department officials talk of a breakthrough by the end of the year. U.S. officials are pushing for compromises between the Palestinians’ ultimate quest for an independent homeland and Israel’s offer of limited autonomy.

“It’s possible to speak of the removal of a very big and mine in the middle of the peace process,” said Israeli Foreign Minister Shimon Peres.

By Jim Ruymen, UPI

BLADES; Seeks Panama presidency

PANAMA’S SALSA POLITICIAN: Salsa singer and Hollywood actor Ruben Blades could well be the next president of his native Panama.

The New York-based entertainer — star of such movies as Mafioso Beanfield War and Two Jakes — is the favorite to win next year’s presidential elections in Panama, according to a poll in the New York Times. Blades, 44, was born in Panama and lived in the United States for 20 years. He has given few clues about his political platform. In addition to his singing and acting career, Blades is one of the primary figures in the Afro-Caribbean music called Salsa. He holds a doctorate in international law from Harvard University.

By Marilyn Greene

CAMBODIA WITHDRAWAL: The United Nations began its planned withdrawal of peacekeeping troops from Cambodia on Monday, although fighting between the government and the communist Khmer Rouge ended. A contingent of 849 soldiers from Tunisia who were stationed in the central province of Kompong Chhnang left for Thailand en route to home.

By Paul Simon, AP

ALSO: An avalanche on the Italian side of Mont Blanc killed eight climbers on Europe’s highest mountain. . . . Britain ratified the Maastricht Treaty on closer European union just hours after the final legal hurdle to its passage was withdrawn.

USA TODAY • TUESDAY, AUGUST 3, 1993 • 5A
Friday's spate of letters to the editor from drug apologists following the editorial discussion of a possible racist angle to the drug efforts in this country was predictable ("Drug war: Racist or not, "just plain stupid," Friday). They rise from the bowels of the drug culture at every opportunity to promote legalization.

Drugs destroy the minds, health and potential of those who use them. The drugs are bad, not the laws. Violence, crimes and other aberrant acts are the result of the influence of these powerful psychoactive substances on the user, not simply the result of the need for them. Legalization and the increased use of the currently illegal drugs that would necessarily follow could only lead to dramatically increased infant mortality and legions of damaged children to care for and try to educate.

Law enforcement exacts a high price from those who would profit from the misery and addiction of others. It keeps potential drug users from falling prey to drugs by virtue of their fear of arrest and the embarrassment of being caught. And it shepherds drug users/addicts into treatment through laws and drug courts that offer treatment as an alternative to incarceration.

The increase in drug use that would accompany legalization would cause a dramatic rise in associated health costs. Expanded drug use would result in more random and family violence committed by users. Wrecks and loss of worker productivity for those under the influence would burgeon. These costs are a price too dear to pay for surrender.

Wayne J. Roques, demand reduction coord. U.S. Drug Enforcement Administration Miami Field Division, Miami, Fla.

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Europe may give U.S. economy a boost

By Bill Montague
USA TODAY

Europe's shift to a looser currency system should give a modest lift to the U.S. economy. But it won't work miracles. Europe is the USA's largest export market. And soap. Europe has been a mainstay of U.S. economic growth in recent years. Anything that boosts economies in Europe should create some jobs here. "Growth in Europe clearly is crucial to achieving faster U.S. growth," says economist Gor-Richards at the Natl Association of Manufacturers.

Europe's economy has been crippled by the European Monetary System, which links most major currencies to the German mark. High German interest rates aimed at fighting inflation have forced other countries to keep rates high, to stop investors from selling their currencies and buying marks. High rates pushed Europe into recession last year.

Result: U.S. merchandise exports to Europe have fallen 3.2% through May this year, to $48.8 billion from $51.4 billion the first five months of 1992.

But officials of the European Community have loosened the exchange-rate noose. Sunday, they let weaker EC currencies such as the French franc drift lower against the mark. That should allow European central banks to cut interest rates to revive their economies — and raise demand for U.S. exports. Also gaining: firms, such as Ford and IBM, that have European subsidiaries. "Hopefully, this will boost demand for our products," says Ford economist Martin Zimmerman.

But direct benefits to the U.S. economy will be modest. Europe's economy will be modest. Exports account for almost 16% of the USA's gross domestic product. But exports to Europe are only 30% of all exports. Even a booming European recovery would make a relatively small contribution to U.S. growth.

A boom is unlikely. Europe still faces huge problems, including high labor costs, government regulation and political turmoil. "It's hard to be too optimistic," says Wall Street economist Sam Nakagama.

In the long run, currency instability could hinder, not boost, Europe's growth. The EMS was crucial to the EC's drive to create a single European currency by the end of the century. The goal: to enable firms to plan investments without fear of currency swings.

Now, a single currency is "a noble aspiration, but an unlikely probability," says Robert Hormats, vice chairman of Goldman Sachs International.
 Castro speeds his own demise

Allowing Cubans to use dollars undermines the regime.

Any way he paints it, Fidel Castro's decision to legalize the U.S. dollar is a bitter admission that his brand of Marxism, like the Wicked Witch of the East, is dead. He may last a while longer as head of the island government, but acceptance of the dollar is a symbolic defeat for his regime and an acknowledgment that U.S. capitalism has triumphed over Cuban socialism.

Now, Cubans with dollars will be able to spend them legally for goods previously reserved for foreigners. The reality that the dollar is king will be reinforced every time a housewife buys detergent or a can of peaches at government stores with money sent by relatives in Miami or New Jersey.

As is typical of the proud, aging leader, Castro is trying to make it seem that acceptance of U.S. currency, which before now had been traded illegally on the black market, is not a sellout of his revolution. "We have serious problems and we have to solve them to survive," he said. "There are two different sets of things: the things we have to do to perfect socialism and the things we have to do for the revolution to survive."

He still can't admit that the things he does for the regime's survival — like legalization of the dollar, which trades communist pride for hard currency — will be its undoing.

He has used similar escape valves in the past to relieve economic pressures. In 1980, he made it possible for 125,000 Cubans, some of them criminals or mental patients, to emigrate to the USA. Around the same time, he started a travel program that allowed Cuban-Americans to visit relatives on the island. Its aim was to draw millions in exile dollars to the cash-starved economy. More recently, he has made concessions to European investors, allowing them to build hotels in an effort to draw foreign tourists and hard currency.

This time, the economic liberalization is likely to backfire. While legalization of dollars will help build up the government's cash reserves and allow it to purchase goods worldwide, including much-needed petroleum, it is likely to fuel growing discontent. The plan will produce a basic inequality — Cubans who receive dollars from relatives will have access to food, medicine, clothing and other consumer goods. Those without U.S. connections will have to do without.

Anti-Castro activists are likely to credit the decades-long U.S. trade embargo with bringing about this first step toward capitalism. Last year, they lauded passage of the Cuban Democracy Act, which punishes U.S. companies' foreign subsidiaries which do business with Cuba but does not curtail remittances by Cuban exiles to relatives on the island. The tougher the embargo, they argue, the greater the pressure on Castro to move toward democracy.

But other pressures are more likely to have caused the dramatic shift in attitude — the loss of Soviet aid, pressure from potential foreign investors and human rights groups, international political and economic isolation, and growing demands from Cubans with dollars to spend on imported goods.

Sanctioning the use of dollars by Cubans to relieve these pressures may be the stupidest thing Castro has ever done. The more his country relies on exile dollars for survival, the less control his government has over people's lives, over what they see, hear and buy. That loss of control, more than any embargo, signals the beginning of the end for Cuban communism.

By Zita Arocha, a Bethesda, Md., writer whose family emigrated from Cuba in 1958.

By Nick Galifianakis, USA TODAY
Today's debate is on the WAR IN BOSNIA and whether the U.S. and other nations should intervene.

U.S. air power can help bring peace to Bosnia

OUR VIEW
Collective, not unilateral, action in Bosnia can protect people and help bring about peace.

Will Europe finally stop dithering about the Bosnian holocaust and start doing something to halt the bloodshed? Not without U.S. leadership. And President Clinton again is trying to provide some, although with some worrisome suggestions that the U.S. is ready to go it alone.

Right now, he's wisely pushing NATO to support air strikes if Bosnian Serbs violate a new cease-fire agreement. Europe's leaders rejected such action three months ago and continue to balk out of fear of putting their U.N. peacekeepers in jeopardy.

The resulting stalemate leaves Bosnian Muslims — denied arms shipments under a U.N. embargo — hard-pressed at Geneva peace talks with Bosnian Croats and Serbs. Well-armed Serbs have isolated Muslims in small enclaves, including the capital, Sarajevo, which they now threaten to strangle.

 Clinton's plan would use U.S. air power to protect U.N. troops and keep Sarajevo's people from starving, as well as defend civilian safe havens elsewhere.

Coupled with peacekeeping forces on the ground, air power can help do that. It also can put pressure on Bosnian Serbs, who've backed down under the threat of force before, to negotiate faithfully and end a war that has left 140,000 dead or missing and caused nearly half of all Bosnians to flee their homes.

And it can give a boost to the tarnished idea of collective security. But unless Clinton has a plan to send more troops there than Americans appear ready to accept, Lone Ranger style air strikes in Bosnia won't only fail to end the bloodshed. They could scuttle the U.N. effort to broker a peace.

Clinton must continue to push Europe to support air strikes. The alternative for them is to allow the lesson of Bosnia to be "every ethnic group for itself" — with the strongest given the go-ahead to wipe out any that are weaker.

Together, the U.S. and Europe can force a peace in Bosnia. Dithering division will lead only to more hellish wars for everyone.

Reject use of air power

OPPOSING VIEW
Clinton proposal is too little, too late, and will make a bad situation worse.

Whatever the world does now to stop the killing in Bosnia will be too little, too late.

Here's why:

► It won't restore life or limb to nearly a quarter-million men, women and children.

► It won't return lands and homes to countless thousands of others displaced during 16 months of brutal civil war.

► Nor will it stop what is called by many the worst attempt at ethnic cleansing since World War II.

Additionally, U.S. air strikes would make matters worse.

Here's why:

The British and French, whose peacekeeping forces are stationed near where the bombs would fall, are understandably reluctant to see their troops exposed to errant missiles, attacked by warping factions or taken hostage. That can happen, as the British are quick to point out; so-called "friendly fire" killed several of their troops during the gulf war.

And what about the hungry and homeless? British Defense Secretary Malcolm Rifkind says air strikes "almost inevitably" mean the suspension of U.N. aid efforts in the war-torn country.

The British also are worried that Bosnian President Alija Izetbegovic might use U.S. bombing threats as an excuse to pull out of the ongoing peace negotiations in Geneva.

The time for using outside force to stop the war has long since passed. But just because the allies were slow to act doesn't mean President Clinton should let his heart rule his head by committing us to what easily could become another Vietnam. An ex-Rhodes scholar, he should know by now that hindsighted force is no substitute for foresighted reason and diplomacy. The talks must continue.
Budget Deal Sealed as the Battle Lines Form in Congress

**Economy:** Clinton will tout the compromise bill in a speech tonight. Plan would cut the deficit by $496 billion over five years. House and Senate to vote by week's end.

*By WILLIAM J. EATON, TIMES STAFF WRITER*

WASHINGTON—Adding last-minute sweeteners to woo crucial Senate votes, Democratic leaders sealed a budget deal Monday that they said would lower the deficit by $496 billion over the next five years to carry out President Clinton's economic program.

Senate-House negotiators agreed to soften a tax bite on Social Security recipients as they wrapped up a package of politically painful tax increases and spending cuts, setting the stage for showdown battles in the House and Senate later this week on a measure viewed as crucial to the Clinton presidency.

Democratic leaders predicted that the plan, including massive tax boosts for the wealthy and a gasoline tax increase of 4.3 cents a gallon that will affect all Americans, would win approval in both chambers, despite unanimous Republican opposition and defections by many Democrats.

At the White House, Clinton prepared to deliver a nationally televised address tonight to drum up support. The White House was to decide on the time this morning, but indicated it would probably be at 5 p.m. PDT. Clinton said that he will tell the nation: “It's time to move. To delay this program is a great mistake. All it will do is paralyze the government, paralyze the financial markets and leave us with uncertainty."

As they have throughout the budget process, Republicans expressed vigorous opposition. Senate Minority Leader Bob Dole (R-Kan.) denounced the measure as “the largest tax increase in the history of the world” and called for its defeat.

White House officials acknowledged that the outcome might be decided by a single vote in the Senate and only a handful in the House.
Thumbs Up or Thumbs Down?

The moment of truth for the budget deficit compromise is likely to come in the Senate, where the vote is expected to be close. Here is a look at some of the key votes. Except for Dianne Feinstein, all these democrats opposed the plan the first time around.

- California
- Reluctantly voted "yes" a little more than a month ago. She said her decision was likely to commit this time.

- New Jersey
- President believes Lautenberg might vote for the package if his home state were given a special provision, giving restaurants and hotel operators an additional tax deduction on food and entertainment.

- Louisiana
- Democratic leaders have little hope of changing the Louisiana senator's vote.

- Alabama
- White House also considers him a long shot to switch his vote.

- Virginia
- His vote may hinge on a provision allowing fast food and entertainment meals to be designated as "empowerment zones."

- Nevada
- With his state dependent on casinos, it is considered a long shot.

- Arizona
- Many see him as the most likely to switch. His vote may hinge on whether Social Security tax threshold was raised enough, a key issue in a state with a large elderly population.

- New York
- Despite strong opposition from his city, DeConcini made no moves to switch his vote. His overtures are expected to be a tie-breaker vote.

- D.C.
- Clinton also kept up his hard sell on the executive branch, despite the Senate's rejection of the measure. Clinton said he was counting on D.C. to avoid a political humiliation for the President.

- Heading up the Senate was the White House's bid to present the bill as a response to the President's call for a deficit reduction plan emerging from the White House and the Senate-House conference.

- Most of the spending restraint was imposed on defense, business and health programs.

- Clinton's projected $2.5 billion in tax breaks would be provided to encourage business investment and hiring in 10 depressed urban areas, probably including part of Los Angeles, to be designated as "empowerment zones."

- Most of the spending restraint would be imposed on defense, business and health programs.

- Clinton said that by the time the bill becomes law, businesses would have just four months left in the year to accumulate the total amount they need for the new taxes.

- White House officials said that only about 1% of small-business owners who pay taxes as individuals would be affected because the rest of them do not have incomes high enough to be affected.
WASHINGTON — It was hard enough the first time around, when the House and Senate only narrowly approved competing versions of President Clinton's economic plan. This time, as White House and congressional leaders struggle to line up votes for the final compromise version, the challenge is immeasurably greater.

Rarely has the vote of each congressman and senator counted so much. Rarely has a President had so little room to maneuver on legislation so vital to his future.

As the fate of Clinton's plan is decided over the next 80 hours or so, White House officials and Democratic leaders will exert every ounce of political muscle on a handful of senators and about three-dozen members of the House who will cast swing votes.

To know the outcome is to know whether one of six Democratic senators who initially voted against the bill will change his or her position. The six: Richard H. Bryan of Nevada, Dennis De Concini of Arizona, Sam Nunn of Georgia, John B. Breaux of Louisiana, Paul Sarbanes of Maryland, and Alfonse M. D'Amato of New York. They are considered unlikely to vote against the final bill. But they are vital if the package is to pass.

In the House, where prospects for the legislation are only slightly better, Democratic leaders are focusing on 38 party members who opposed the initial measure, including three from California: Richard H. Lehman of North Park and Gary A. Condit of Ceres.

The reason for the anxiety is the inescapable fact that, if the bill is not passed, negotiated changes of whatever kind will change nothing. The White House and political leaders agreed that the June 30 deadline was in the legislature's control and would be met no matter what the terms — or in the absence of a compromise, no deal at all.

Because the Senate approved the measure by a margin of only seven votes, the House had to provide only 10 more to pass the compromise. If the House elected in 1992, which included 31 freshmen, had voted the same way, the White House would have scored a victory. The House, however, is not in the same situation now. A switch of only three votes would have been fatal. In the Senate, only a tie-breaker vote by Vice President Al Gore staved off defeat.

Now, with the House and Senate scheduled to cast up-or-down votes on the compromise version of the plan by the end of this week, a single vote takes on potentially critical proportions.

And, unlike the first balloting, when Clinton and his negotiators could urge approval of the House and Senate versions by promising to make changes in the compromise bill, a final package without further changes would simply not pass. Senators are not going to be asked to vote on a package that they cannot be justified to voters as simply an effort "to move the process," as Sen. Dianne Feinstein (D-Calif.) put it when she reluctantly voted yes a little more than a month ago.

This is the real thing, and the Democratic lawmakers who came to Washington promising change and reform must face a choice: Cast an unpopular vote for tax increases and spending cuts that very likely will haunt them in next year's elections or oppose the plan at the risk of being held responsible for dealing a mortal blow to Clinton's presidency and the idea that Democrats can govern.

"It's going to be tricky," conceded Deputy Treasury Secretary Roger Altman, who is heading up the Administration's public relations effort. The final tally "will be just as close as it was the first time around—tight as a tick."

In announcing the conference agreement Monday, House Speaker Thomas S. Foley (D-Wash.) and Senate Majority Leader George J. Mitchell (D-Me.) insisted that they have enough votes for passage. However, other sources said that victory is not assured.

Over the weekend, Sen. David L. Boren (D-Okla.), a supporter on the first vote, announced that he would vote against the final bill. Administration officials said that the defection was not a surprise, but it leaves them searching for a convert among the six Democrats who voted against it before.

The most likely switch, many believe, is De Concini. There is the question is whether negotiators have lowered the proposed Social Security tax enough to placate the Arizona senator, who represents a state with a large elderly population.

Feinstein has refused to commit herself to vote for the package a second time, despite intensive lobbying by the Administration, although head-counters said that she is considered unlikely to vote against it.

Apparenty giving up hope of winning Bryan's vote, who represents a state with an economy that revolves around the casino industry, negotiators decided to stick with language authorizing a 50% corporate tax deduction for meals and entertainment to 50%. Bryan fears harm to the casino industry if the deduction is curtailed.

Democratic leaders have expressed little hope of changing the minds of Nunn, Johnston, Shelby or Lautenberg. However, a senior White House official said that the President has not given up on Nunn and believes that Lautenberg might agree to vote for the package if his vote is absolutely needed.

"There's going to be a lot of blood sweated over the next few days, but there's enough wiggle with enough of them that we'll get the vote," the official said.

One questionable vote was nailed down Monday, when Sen. Max Baucus (D-Mont.), a harsh critic of the gasoline tax, announced that he would vote for the package again. "I will vote for it because I don't want to let perfection be the enemy of the good," he said in a speech on the Senate floor.

In the House, the situation is just as murky. Without a final package in hand, House leaders have been focusing on the 38 Democrats who voted no last May, said Rep. Bill Richardson (D-N.M.), who as chief deputy whip is one of the Democratic primary strategists.

Richardson described the sales campaign thus far as "broad general talks. It's very hard to talk to these guys without a product."

The real arm-twisting, he said, begins today, now that negotiators are finished.

Already, House leaders know that they have lost one previous supporter. Rep. W.J. (Billy) Tauzin (D-La.), who announced that he was switching. Others, including Rep. Lynn Schenk (D-San Diego), are thought to be reconsidering their support.

However, they believe that at least three of the members who voted against it the first time can be persuaded to change their mind. Rep. Paul McHale (D-Pa.), for instance, has already indicated that he is willing to support the bill on this vote.

Still unknown, too, are the stands of the two House members elected since the last vote—Rep. Sam Farr (D-Carmel), who took the California House seat vacated by Budget Director Leon E. Panetta, and Peter Barca (D-Wis.), a vocal critic of the original House measure whose swearing-in was delayed until after the initial House vote so he could not vote no.

From the outset, Republicans have served notice that Democrats should count on no GOP votes for their bill. "My instructions have been to make it tough," says one GOP strategist of the looming floor fight. "We will use every arrow in our quiver to make this a hard vote.

The Republican opposition has forced Democrats to confront the deep internal divisions within their party.

From the start, conservative Democrats in both houses have been reluctant to support the package, which they said was too long on taxes and too short on spending cuts.
House liberals feel betrayed. After they voted for Clinton's proposed broad-based energy tax, hoping to use the revenue to revive certain social programs that had languished for the last 12 years, the President and House negotiators bargained it away to win the votes of a handful of conservative senators from oil states.

In particular, the Congressional Black Caucus is angry because it gave every one of its 37 votes to Clinton the first time. Now, some members are saying that they will not be so easily seduced again.

The difficulty of the decision ahead has also added further strain to the already prickly relationship between the House and Senate.

The Senate, invoking its arcane parliamentary procedure, pressured the House to drop many provisions deemed "extraneous" by senators, but which are important to powerful committee chairmen in the House.

House Energy and Commerce Committee Chairman John D. Dingell (D-Mich.) growled that the Senate procedures were "applied in a curious fashion depending on the whim and caprice of the Senate and its members, individually and collectively."

With the stakes so high, a certain amount of gamesmanship is bound to figure into many Democratic votes. "Some will want it to pass and not vote for it," said Rep. Vic Fazio (D-West Sacramento), a member of the House Democratic leadership.

Fence-sitters will not commit themselves until the last minute, hoping to squeeze every concession they can out of the President and congressional leaders. Even if the final bill is written in stone, wavering lawmakers will be angling for favors on future legislation important to their districts.

Yet the basic problem Clinton faces is that lawmakers have seen no substantial groundswell for his program back home. Higher taxes never stir enthusiasm. And voters are understandably skeptical about assurances from Washington that raising taxes and slashing popular government programs will cut the deficit by a half-trillion dollars.

Democrats know, too, that Republicans will not be shy about exploiting the irony of Clinton's campaign promise of a middle-class tax cut if his party chooses instead to raise moderate-income Americans' taxes by increasing the levy on gasoline—something candidate Clinton opposed.

"If a 4.3-cent gasoline tax isn't a tax on Joe Public, I don't know what is," said Wyoming Sen. Alan K. Simpson, the Senate's second-ranking Republican. "Democrats can't function without taxes. They are institutionally, genetically incapable of functioning without taxes."

Then there is the almost spectral presence of billionaire H. Ross Perot, whose supporters hold the swing votes in scores of congressional districts. Perot has already vowed to oppose the final budget blueprint, potentially fueling a mood that, if not anti-Democrat, could be anti-incumbent.

For their part, Altman and others contend that the bulk of the new taxes—85%—will fall on families making $200,000 or more, that at least half the plan's deficit reduction comes from spending cuts and that the gas tax will cost the typical middle-income family less than $1 a week.

But in their visits back to their districts, lawmakers are finding that these arguments have been largely lost on voters. Congress "does not have much credibility. People are hurting so badly it's difficult for them to grasp the details," said Rep. Anna Eshoo (D-Atherton), who is only six months into her first term.

She is voting yes anyway. Failure to pass the bill, she believes, "would be the ultimate confidence-crusher." At its worst, Democrats fear, it could destroy Wall Street's faith in Washington and set off a rise in interest rates that could destroy the feeble recovery.

"There's a realization setting in that we must do a package," said Sen. Kent Conrad (D-N.D.). "The consequences of failure would be very serious for the financial markets of this country. When you cut spending and raise taxes, that is not a prescription for popularity, but the alternative is doing nothing. The alternative is very dire."

Times staff writer William J. Eaton contributed to this story.
ROCKET: Explosion Claims Secret Spy Satellite

Continued from A1
12:59 p.m. and exploded two minutes later over the Pacific Ocean, about 60 miles offshore, before its first-stage booster rockets finished firing. Vandenberg is on the Santa Barbara County coast north of Lompoc.

"We had a normal liftoff and what appeared to be a nominal flight, for about 100 seconds before the explosion," said Maj. Billy E. Birdwell, director of public affairs for the Air Force 30th Space Wing at Vandenberg. "The explosion occurred before first-stage separation, before the solid rocket motors separated.

"Instants later, there was nothing left except debris falling toward the ocean," he said.

Air Force officials said they did not yet know why the rocket exploded, but the Associated Press reported that the rocket's two 110-foot solid-fuel boosters appeared to separate prematurely just before the explosion.

The loss of the satellite leaves an important gap in the U.S. space surveillance network, a hole in the net in which the United States monitors and identifies aircraft on runways, vehicles in military convoys or mobile missile carriers, experts said.

Air Force officials said the accident would not delay the Sunday launch of a Titan IV shuttle and is believed to be near the end of its operational life. The satellite destroyed Monday was its scheduled replacement.

"We are getting 10 times as many pictures today from orbit as we did during the Cold War," Pike said.

"In terms of overall intelligence capabilities, it is not a crippling loss," Pike said. "We still have twice as many imaging satellites as we did when the Soviet Union invaded Afghanistan, and the ones we have are much more effective.

"We are getting 10 times as many pictures today from orbit as we did during the Cold War," he said.

The Lacroce satellite, powered by enormous wings of solar panels, uses unusual imaging radar instead of a camera to record hundreds of detailed images every day through the densest cloud cover, foliage or complete darkness. This technology, called synthetic aperture radar, is so sensitive that it can penetrate dirt or sand to reveal features buried just beneath the surface, such as missile silo doors or fortifications, experts said.

The images it constructs from its giant phased-array antenna are detailed enough for analysts to identify aircraft on runways, vehicles in military convoys or mobile missile carriers, experts said.

Air Force officials said the accident would not delay the Sunday launch from Vandenberg of an Atlas rocket carrying a civilian weather satellite.

It was too soon to know if the scheduled launch of a Titan IV rocket from Cape Canaveral with a classified payload would have to be postponed until investigators have determined the cause of Monday's explosion.
WASHINGTON—Uniting in a new warning to Serbian forces in Bosnia, the United States and its NATO allies have agreed on a plan to use air strikes to aid the beleaguered defenders of Sarajevo, Clinton Administration officials said Monday.

Under the agreement, U.S. warplanes could be in position to strike Serb targets by early next week if the Serb forces continue their attacks on the Bosnian capital, according to a draft statement of arrangements to install command control spotters in Bosnia on Friday and are now completing arrangements to install command control centers in the area. Officials said that the attacks could be launched, if necessary, within a few days after a decision to go ahead is made.

The allies finished placing air control spotters in Bosnia on Friday and are now completing arrangements to install command control centers in the area. Officials said that the attacks could be launched, if necessary, within a few days after a decision to go ahead is made.

The United States hopes to use the threat of the attacks—or the air strikes themselves, should they become necessary—to keep open supply lines for humanitarian aid into Sarajevo and, more broadly, to prod the Serbs into making peace.

U.S. officials said that if Sarajevo is captured, peacemaking will be far more difficult because the Muslims will have lost almost everything.

Despite the threats from the West, Bosnian Serbs so far have only intensified their siege of Sarajevo, stepping up artillery fire around the city in what appears to be a final push designed to preempt any action by the allies. The Serbs have surrounded the city for more than a week.

Meanwhile in Geneva, the "constitutional framework" for a political settlement that all sides endorsed last week appeared to be running into serious snags, with Bosnian Muslim leadership threatening to drop out unless the Serbs retreated from a mountain they have seized near Sarajevo.

In another development, an unidentified Russian Foreign Ministry official in Moscow told the Interfax News Agency that there should be no discussion of a "purely NATO operation."

"Such decisions cannot be made while circumventing the U.N. Security Council, which itself authorized sending U.N. troops to Bosnia and Herzegovina," he said.

The official also warned against making air strikes in Bosnia while the Geneva peace talks are under way, a move that he said could "thwart peaceful resolution of the Bosnian conflict."

Administration officials have taken the position that existing U.N. resolutions give NATO the authority to use force to protect Sarajevo without further authorization, but they have also left open the possibility of further U.N. involvement. However a separate action—air strikes to protect U.N. troops operating in Bosnia—would require specific U.N. requests, officials say.

Lauter reported from Washington and Pine from Cairo. Times staff writer Sonni Efron, in Moscow, contributed to this story.

LOS ANGELES TIMES / WASHINGTON EDITION
TUESDAY, AUGUST 19, 199...

**SARAJEVO: NATO Approves Air Strikes Plan to Block Serbs**

Continued from A1

mission there and has worried that those soldiers might be endangered by any U.S. military action against the Serb forces.

The agreement came after a day in which Administration officials had backed away from earlier statements, issued on Sunday, that had suggested that President Clinton might be preparing to go it alone in Bosnia.

On Sunday, in what was widely interpreted as a shift in position, State Department spokesman Michael McCurry had said that the Administration was "determined to act," although it would prefer to act with NATO support. The statement was interpreted as suggesting that Clinton would order air strikes even if the other NATO nations did not agree to back his action.

Secretary of State Warren Christopher and other officials insisted Monday that "the question does not arise whether or not we will act alone," because the United States expects allied support.

"Both President Clinton and I have made it clear from the outset that we want to approach this multilaterally, that is in dealing with our friends and allies. That is why discussions are taking place at NATO at the present time," Christopher said.

"Based upon my conversations last weekend, it is clear to me that other nations share our feeling that something must be done in this situation," he added.

At the same time, the secretary stopped short of disavowing the suggestion that Washington was prepared to act on its own if the allies voted down the Administration's plan. "I'm not prepared to answer that hypothetical question at this time," he said.

Privately, officials said that McCurry's original statement on Sunday went somewhat further in its rhetorical saber-rattling than had been intended. They conceded, however, that the United States had issued the warning in part to intensify pressure on the allies to go along with the plan.

Clinton, speaking to reporters before the Brussels talks broke up, said: "I don't believe the allies will permit Sarajevo to either fall or to starve. I think we'll come to a common position."

NATO already has assembled dozens of aircraft in Italy and Turkey to carry out the plan, including four AC-130H Spectre gunships with precision-guided munitions, similar to the aircraft that the United States used recently to wipe out the headquarters of Somalian war lord Mohammed Farah Aidid in Mogadishu.

The allies finished placing air control spotters in Bosnia on Friday and are now completing arrangements to install command control centers in the area. Officials said that the attacks could be launched, if necessary, within a few days after a decision to go ahead is made.

The United States hopes to use the threat of the attacks—or the air strikes themselves, should they become necessary—to keep open supply lines for humanitarian aid into Sarajevo and, more broadly, to prod the Serbs into making peace.

U.S. officials said that if Sarajevo is captured, peacemaking will be far more difficult because the Muslims will have lost almost everything.

Despite the threats from the West, Bosnian Serbs so far have only intensified their siege of Sarajevo, stepping up artillery fire around the city in what appears to be a final push designed to preempt any action by the allies. The Serbs have surrounded the city for more than a week.

Meanwhile in Geneva, the "constitutional framework" for a political settlement that all sides endorsed last week appeared to be running into serious snags, with Bosnian Muslim leadership threatening to drop out unless the Serbs retreated from a mountain they have seized near Sarajevo.

In another development, an unidentified Russian Foreign Ministry official in Moscow told the Interfax News Agency that there should be no discussion of a "purely NATO operation."

"Such decisions cannot be made while circumventing the U.N. Security Council, which itself authorized sending U.N. troops to Bosnia and Herzegovina," he said.

The official also warned against making air strikes in Bosnia while the Geneva peace talks are under way, a move that he said could "thwart peaceful resolution of the Bosnian conflict."

Administration officials have taken the position that existing U.N. resolutions give NATO the authority to use force to protect Sarajevo without further authorization, but they have also left open the possibility of further U.N. involvement. However a separate action—air strikes to protect U.N. troops operating in Bosnia—would require specific U.N. requests, officials say.

Lauter reported from Washington and Pine from Cairo. Times staff writer Sonni Efron, in Moscow, contributed to this story.

Please see SARAJEVO, A3
White House's 'War Room' Joins Battle Over Clinton's Budget

**Strategy:** The Administration has revived a public relations tactic that worked so well in the fall election campaign.

By JAMES RISEN

WASHINGTON—"Did you see that? An awesome story in the Journal today! It looks like the White House communications office wrote it. Let's get this faxed to every congressional office every hour on the hour!"

It was 7:40 a.m. last Thursday when Deputy Treasury Secretary Roger Altman, a lean, silver-haired former Wall Street mogul, jubilantly burst into the office of White House Deputy Communications Director David Dreyer adjacent to the "War Room" set up on the first floor of the Old Executive Office Building to deal with the climactic battle for President Clinton's budget.

What had the normally self-contained Altman fairly gushing was a poll on public attitudes toward Clinton's controversial budget package of tax increases and spending cuts. The plan, considered the linchpin of Clinton's presidency, hangs by a thread in Congress. And, to the delight of Altman and those laboring with him, the Journal survey suggested that congressional Democrats could count on more voter support if they stuck with the President's budget than if they opposed it.

With final votes in the House and Senate scheduled for the end of this week, the poll seemed heaven-sent. By 11 a.m. Thursday, Gore had mentioned it in a group interview with regional radio reporters. By 11:30 a.m., Clinton had woven the poll into his remarks at a noon-orchestrated news event, scripted by the War Room and widely reported on television and in major newspapers—a White House meeting in which three photogenic families flown in from around the nation poignantly described how much the earned-income tax credit, which Clinton's budget would expand, has done for their lives.

Just when it seemed like the White House had turned into the gang that couldn't shoot straight, the Clinton campaign of 1992 is back. And, faced with the fight of its political life, it has belatedly gone back to its roots as it struggles to win the public relations phase of the battle of the budget.

In three rooms stuffed with television sets, computer terminals and scurrying aides, the White House is consciously trying to re-create the Little Rock "war room" from which James Carville directed his widely admired effort to shape the image of Clinton and what he stood for as portrayed in the news media.

When all is said and done, the room is only a public relations operation and as such has its limits. The staff of 25, drawn from the White House, Treasury and the Office of Management and Budget, is top heavy with public relations and political operatives. Apart from Altman and Gene Sperling, a key deputy on the National Economic Council, its members were not involved in the nitty-gritty bargaining over the substance of the budget package, which finally emerged from a House-Senate conference committee over the weekend.

No amount of message coordinating or news massaging is likely to make a difference if key members of Congress conclude that the Clinton program is fundamentally dangerous to their political health. Nor can the War Room make up for the fact that Clinton personally has shown remarkably little stomach for congressional arm-twisting.

And there is nothing new about what Altman and his cohorts are doing. Still, botching the communications and public relations aspects of such earlier issues as gays in the military and the quest for an attorney general contributed to the Administration's rocky opening months. And the Clinton team finally has answered critics who wondered why it had abandoned the fast-response techniques that served it so well on the road to the White House.

"We were not doing a good job of getting our message across before," one Administration official involved with the War Room said.

If nothing else, in the highly partisan budget battle, Clinton needs to exploit campaign-style techniques just to keep up with the opposition. During this summer's debates over taxes and spending, he has been confronted at every turn by special interest lobbies that have mastered the most sophisticated pollinng and media tactics and who know how to use phone banks and home-state advertising campaigns to pressure lawmakers.

Anti-tax advertising financed partly by the oil industry blanketened Oklahoma and Louissana earlier this summer, for example—forceful reminders to key senators in the region not to accept the broad-based energy tax that Clinton then espoused. The oil-state senators did not, and the so-called BTU tax was dropped.

"What we have relearned is that this kind of thing works," said a White House staff member. War Room strategists understand the limits of what they can realistically expect to accomplish but within those limits they have three broad goals:

Most immediately, they provide rapid response to critics of the plan by seeing that opponents cannot set the terms of debate unopposed.

Second, the Administration's media campaign is designed to give public relations cover to congressional supporters, driving the message home to their constituents that the budget is a critical issue, that the President is committed to the nation's future and that he is fully committed to winning.

Finally, strategists said, the White House must convince anxious House and Senate members that the Administration is prepared to wage war on their behalf back home and help them defend their votes.

"We have two audiences," said Dreyer. "One is [members of] the public, who like the plan the more they see and hear about it. And the second is members of Congress, who want to see us sell this plan in their states. And that is not too much for them to ask of us, since we are asking for their votes."

The War Room also has a third audience—in the embattled White House. After months of promoting the media and the public for its failures, the creation of the War Room has helped revive memories among long-time Clinton aides of last year's successful campaign, bucking up the spirits of beleaguered staff members.

Some even argue that having a War Room behind him helps the President...
WAR ROOM: Re-Created

Continued from A4

confidence as well. "This is like the Little Rock War Room in that there is a similar kinetic energy, a similar premium placed on absolute message discipline and a similar sense of team spirit, all of which conspired [last year] to bring about success," said Jonathan Prince, a White House communications aide working out of the War Room.

"Part of this is atmospherics for the White House staff. Also, Bill Clinton as a candidate felt good because he had a successful campaign behind him and, similarly, having a strong support mechanism behind him helps him as President."

If it works this time, Administration officials vow to do it again in future legislative wars. In fact, the suite of offices now blocked off for the War Room was originally designed to be the War Room for the President's health care reform program, which has since been delayed at least until this fall.

Quick response to counter Administration critics, seen by White House aides as a signal failure of the Administration's earlier communications efforts, is the bottom line for the War Room.

Late last Monday night, for example, Sperling found out that a conservative group, the Citizens for a Sound Economy, was planning a Tuesday morning press conference at the National Press Club to release a poll showing that most small business owners oppose Clinton's plan to raise the top individual income tax rate.

At the 7:45 staff meeting Tuesday, Sperling and Rahm Emanuel, now head of the rapid response effort, arranged a counter-press conference with four other groups just down the hall at the Press Club, after first attending the conservative group's briefing to hand out White House materials to reporters there.

"This is exactly what we did in the campaign. . . . You have to get into the news story before it is written, not wait and respond the next day," Sperling says.

With White House scheduling aides now on the team, the War Room has been able in recent weeks to shift more of the President's time toward budget issues as well.

Moreover, while Clinton has done a budget-related event almost every day for weeks, routine speeches and remarks by a President do not command the media attention that such utterances do from a candidate. In a campaign, the daily speeches and staged events are everything; in a presidency, they tend to be the background noise of government.

Another factor is that most of the budget events arranged for Clinton in the last few weeks have been aimed not at the national press as a whole but at local media outlets in key states. Last week, for instance, Clinton did satellite interviews with Wisconsin reporters and brought 20 political and business leaders from Wisconsin in for White House visits, all because freshman Sen. Russ Feingold (D-Wis.) is in the undecided column.

"They've been working the Wisconsin angle pretty hard," noted an aide.

Nevada reporters got the same treatment, because of Sen. Richard H. Bryan (D-Nev.). Similar satellite sessions with California and Arizona reporters Friday were aimed at Sens. Dianne Feinstein (D-Calif.) and Dennis DeConcini (D-Ariz.).

Altman and Sperling often conduct local radio and small town newspaper interviews by telephone while standing in the middle of the crowded War Room.

In addition, individual media markets are being flooded with visiting Cabinet secretaries and business executives who support the budget. They give speeches and grant personal and telephone interviews to local radio, television and newspaper reporters.

The test of the War Room's work will obviously come when Congress votes on the budget.
President May Be Betting on Voters Having a Short Memory

Several governors have employed a policy known as "tax and mend," in which they raised taxes early on, giving them time to weather electorate's wrath.

By RONALD BROWNSTEIN 
TIMES POLITICAL WRITER

Critics dismiss President Clinton's economic plan with a three-word epithet: "tax and spend." But the White House may be betting that a different dynamic governs the next four years: "tax and mend." As he struggles to get his economic plan through Congress and into law, Clinton is hoping to follow what has become the dominant strategy of governors who raised taxes over the last decade: get the bad news out of the way early.

Governors from Democrat James J. Florio in New Jersey to independent Lowell P. Weicker Jr. in Connecticut have increasingly chosen to press major tax increases at the very outset of their term—even at the risk of appearing to violate campaign pledges—to leave time to mend relations with voters later, before facing reelection.

"There is no question in my mind that Bill Clinton is raising taxes over the next four years," says Janice Ballou, director of the Roper Center for Public Opinion Research at the University of Connecticut, where Weicker's approval rating has inched back up to 36%. Polls show him running even with Republican nominee Bob Dole, who won re-election in 1986 against a weak Democratic challenger. But, generally, the right circumstances leaders recognize will still allow them to raise taxes in 1994 without a tax increase. That proposition will receive intense—and most of his request for new taxes. And to compound the insult, the governor's approval rating has sunk to "reinvent government."

But when Dole came back with his own proposal to extend the state sales tax to services in 1992, the opposition was just as intense, and most of his request was rejected. This year the Legislature entirely rebuffed his request for new taxes. And to compound the insult, the governor's approval rating has sunk to equal Martin's lowest.

That's a cautionary tale for those Democratic strategists who argue that Clinton should have cut first and raised taxes later. Another entry in that ledger is New York, where Bill Clinton's rapid decline in the polls, and the sharp expressions of public discontent over his economic plan, have convinced some Democratic strategists that he should sit tight for now on go-get-go

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Perot Mum on Discrepancy in Budget Figures

**Economy:** The Texas billionaire has little to say about his self-touted blueprint. Experts claim it falls $425 billion short of closing the gap.

By PAUL RICHTER

WASHINGTON—In his furious assaults on President Clinton's budget plan, Ross Perot is making little mention of a plan he proposed four months ago as the solution to the federal deficit problem.

This may be understandable. The 23-page blueprint, Perot published in his book “Not for Sale at Any Price” falls $425 billion short of balancing the budget, given current economic projections, and leaves unexplained how he would squeeze $141 billion from Medicare and Medicaid over the next five years. Yet the plan presents a problem for the White House.

At a time when congressional compromises have shaved more and more in deficit reductions from the Administration's plan, Perot's proposal at least took a daring whack at the budget shortfall. To some folks who are serious about deficit cutting, that boldness has given it some appeal.

"Perot's numbers are out of date… The plan has problems," said Martha Phillips, executive director of the Concord Coalition, which advocates fighting the deficit. "But it had some good ideas, too."

Indeed, the Perot plan also started out as a more daring version of the kind of tax hikes and spending cuts that Clinton himself talked about during the campaign.

The White House view of the Perot plan was apparent Monday as officials responded gleefully to Perot's roughing-up by reporters Sunday, who questioned him about his proposal on the NBC program, "Meet the Press."

Clinton said Monday that he was glad someone else had come forward with ideas about deficit cutting. "Perot's just lying—he doesn't have anything else," White said. But White acknowledged that "at the big-picture level, the two [budget plans] have similarities."

Both call for sharply increased spending to help rebuild the economy—what Clinton calls "investment."

The Perot plan called for spending an added $108 billion over five years on research and development, aid to cities, education and public works. In its initial phase, Clinton's plan for spending about $113 billion on such purposes, though the final budget plan apparently will contain only about half that.

Perot's plan called for cutting another $40 billion from defense spending over the next five years, a figure that is roughly the same as Clinton's. Perot wanted to phase in the 50-cent gas tax that he projected would be $157.8 billion.

And Perot's plan proposed a politically risky move of cutting $141 billion from Medicare and Medicaid. The idea was to permit the big entitlement programs to grow because of demographic changes and inflation but to cut other increased costs by half.

That notion has come in for sharp attack from the Administration and other critics who maintain that specific plans for the cuts should be included in the plan.

In all, Perot wanted net tax increases of $220 billion, and $474 billion in spending cuts. But since the Perot plan failed to specify how it would trim health care and other costs, the White House contends that the plan's roughly $250 billion in cuts actually is larger.

"I have more verifiable spending cuts than he proposed in his plan," Clinton insisted Monday.

Perot's plan for cutting $13 billion in tobacco taxes and energy taxes. Clinton wanted a broad-based energy tax that would have generated $72 billion. He will apparently end up with a 4.3-cent gasoline tax that will produce $22 billion. Perot wanted to phase in 50-cent gas tax that he projected would raise $157.8 billion.

The two plans part ways on the big entitlement programs to growth because of demographic changes and inflation but to cut other increased costs by half.

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Pentagon Plans Cuts Similar to Bush’s


By ART PINE
TIMES STAFF WRITER

WASHINGTON—The Pentagon has completed the bulk of the work on its widely touted “bottom-up review” of U.S. defense policy and plans to recommend an overhaul of the military strategy and long-range spending plan that will be remarkably similar to that of the George Bush Administration.

The broad re-evaluation, the brainchild of Defense Secretary Les Aspin, probably will call for only modest cuts in current programs, despite President Clinton’s sweeping campaign rhetoric suggesting that the nation’s defense policy needed a thorough overhaul.

Analysts said that the recommendations reflect an increasing concern by the Administration about maintaining a strong U.S. military presence abroad—an outgrowth of its frustrating experiences with Bosnia, North Korea and Somalia.

The plan is expected to come as a jolt to congressional liberals and others who had been counting on the review to provide a framework for slashing defense spending sharply in coming years, freeing up money to meet other needs.

Top Aspin aides had been touting the effort as a dramatic departure from previous Pentagon budgetary and policy-making exercises, one likely to result in a major shift in current defense policy. Aspin had advocated such a review as a member of Congress, one likely to result in a major shift in current defense policy. Aspin had advocated such a review as a member of Congress.

At the same time, the proposal is expected to cheer conservatives and defense industry leaders. The industry, much of which is based in Southern California, has been reeling from Pentagon cutbacks and uncertainty about its future.

The recommendations—likely this week or next—are expected to be accompanied by a new White House report arguing that, despite the end of the superpower rivalry, America must maintain a large armed force to “remain engaged” in the post-Cold War world.

Although the report is expected to argue that America should rely more than it has on preventing conflict by supporting democratic governments and movements around the globe, it asserts that maintaining a strong military presence—and using it selectively—also is a necessity.

As a result, the defense review is expected to recommend that the United States retain sufficient forces to maintain its “forward presence” around the globe—including at least 100,000 U.S. troops in Europe and 11 aircraft carriers worldwide.

It also will call for holding the line on further cuts in defense spending beyond the $88 billion over five years that Clinton already has recommended. The President has proposed $255.4 billion by fiscal 1998.

Analysts said late last week that the results are more conservative than expected for two reasons:

Partly to meet congressional and budgetary dead lines, the re-evaluation did not include a full review of strategic forces—such as bombers, submarines and missiles.

Instead, the Pentagon is expected to take up these issues in coming months.

It did not propose any major changes in the basic roles and missions of the individual armed services. Sources said that Aspin probably would have additional proposals on that issue, but they are expected to be new and modestly similar to the most recent suggestions of the Joint Chiefs.

More important, however, the review reflects hard lessons learned by the Administration in the face of the crisis in Bosnia, the humanitarian aid effort in Somalia and the controversy with North Korea over nuclear non-proliferation.

The recommendations are likely to be criticized by congressional liberals and others who had been counting on the review as a framework for slashing defense spending sharply in coming years, freeing up money to meet other needs.

The strategy paper to be made public by the White House is being described by Administration officials as a part of a broader White House paper on “international security” that includes international economic policy as well.

But analysts said that continuing differences among top policy-makers on elements of trade and economic policies have left the White House unable to complete the defense plan. As a result, only the defense-related part of the plan will be made public.

Elements of the new Aspin recommendations include:

• Modest cuts in the overall size of the military force. The Navy would be allotted only 11 aircraft carriers, down from 12 now. And the Army would keep 10 divisions, down from the current 12.

• A continued commitment to maintain the U.S. “forward presence” around the world. That includes holding the line at keeping at least 100,000 troops in Europe and taking steps to improve the firepower and intelligence-gathering of U.S. forces in South Korea.

• No major changes in the mix between active-duty forces and reserve units and the National Guard. Although there may be some minor changes in training practices, the Administration apparently has decided that the issue is too controversial to contend with this year.

• The Defense Department also is wrestling with proposals to parcel out more maintenance and overhaul work—of tanks, aircraft and ships—to private contractors, rather than having so much of it done by military installations.

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At the same time, the Navy would build a new F-18E/F fighter, but would share development with the Air Force. The Navy also would be allowed to upgrade its existing F-14 aircraft, but would have to speed up the retirement of aging A-6 attack planes.

Analysts who have seen the Pentagon’s proposals said that the decision to maintain a sizable military structure within the proposed budget means that the Administration must do more to slash costly “infrastructure,” such as military bases, armories and reserve units.

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U.S. Tries to Restart Mideast Talks

BY ART PINE and MIKHAIL PARKS

TIMES STAFF WRITERS

ALEXANDRIA, Egypt—U.S. Secretary of State Warren Christopher began a week of shuttle diplomacy here Monday in an effort to revive the stalled Middle East peace talks, warming that “decision time is rapidly approaching” on elements of the 21-month-old negotiations.

After a two-hour meeting with Egyptian President Hosni Mubarak, Christopher said he hopes that the past week's violence in southern Lebanon and northern Israel, which many believe may have soured the atmosphere for continued talks, “paradoxically may have given a new burst of energy to the negotiations.”

But at a news conference after their meeting, neither Christopher nor Mubarak offered any hope that the various parties were ready to schedule a new round of negotiations any time soon. “As I said before,” Christopher added, “we don’t expect any breakthrough on this trip.”

Christopher plans a full round of discussions with key Middle East leaders over the next two days. He flies to Israel today to meet with Prime Minister Yitzhak Rabin, then goes to Damascus for talks with Syrian President Hafez Assad.

U.S. officials said that Christopher especially wants to break the impasse in bilateral talks between Israel and Syria. Many analysts see this as the key to progress in bilateral discussions between Israel and other Arab states.

Israel and Syria are at odds over proposals that Israel withdraw its occupying forces from the Golan Heights in return for assurances that Syria will not use the area to launch attacks against Israel. While the two sides agree on the concept, based on the principle of “territory for peace,” they are far apart on its implementation.

U.S. officials contend that Middle East negotiations are now at a stage where all parties—the Israelis, the Arabs, the Palestinians—are approaching crucial decisions that could determine the fate of the entire peace process. During his trip, Christopher hopes to lay the groundwork for resolution of these issues.

Israel officials believe that if Christopher can open a dialogue between Rabin and Assad, the negotiations could surge ahead with the two leaders discussing—in initially through a U.S. mediator—the fundamental issues while their delegations in Washington work out detailed agreements.

The Israeli officials hope that Christopher will be able to get from Rabin clear indications of Israel's willingness to withdraw from the Golan Heights, captured from Syria in 1967, and from Assad equally clear commitment on the character of future relations between them. With these, Christopher hopes to begin to pull the two leaders together.

The problem with Syria is one of apres issue—for you,” commented Israeli Deputy Foreign Minister Yossi Beilin. “Everyone wants everyone else to go first, and we need a third party to understand what are the real interests. How much we get determines how much we give, and vice versa. In such circumstances, however, we need a third party to understand what are the real interests of each side.”

Christopher has tried twice before to establish such a link between the Israeli and Syrian leaders. According to diplomats here, but Assad refused. The difference now, these sources say, is Christopher's successful mediation last week among Israeli, Lebanon and Syria to halt the Israeli military offensive in southern Lebanon against Iran-backed Hezbollah guerrillas.

But Israel's emphasis on negotiations with Syria means that the issue of Palestinian self-governments, which had been the core of the Arab-Israeli talks, is sliding to the periphery. "Regrettably, we cannot see any developments there," Beilin said, Hanan Ashrawi, the spokeswoman for the Palestinian delegation, described the negotiations with Israel as "at a dead end" and said she could foresee little progress from Christopher's visit.

Dr. Haider Abdel-Shafi, the head of the delegation, added that he does not even want to meet with Christopher, believing that this would suggest there are negotiations when they have long since ceased.

"I do not think that the Americans have much to offer us anymore, not even their 'good offices,' " he said. "Their Israeli bias is simply too strong for them to overcome."

The American-mediated cease-fire in southern Lebanon, however, continued to hold as the 500,000 villagers driven northward were returning to their homes and the Hezbollah guerrillas were retreating.

According to reports from Beirut, the Lebanese army prepared to move in force into 70 villages to separate the guerrillas from remaining Israeli forces in Israel's self-proclaimed "security zone." If necessary, the Lebanese troops will be supported by Syrian forces, the reports said.

Israel welcomed the development as another step in implementing the cease-fire agreement, which requires Lebanon and Syria to ensure that the militant Shiite Muslim movement Hezbollah, or Party of God, does not fire rockets into northern Israel. Attacks on the "security zone" are not banned, and Israel has warned it will retaliate for them.

Pine reported from Alexandria, Parks from Jerusalem.

Women pick their way through rubble as they return to inspect their homes in southern Lebanon after end of Israeli attacks.
Bosnia's Leaker Puts Brakes on Peace Talks

**Balkans:** He demands that Serbs withdraw from strategic peak close to Sarajevo. Serbs are said to pledge withdrawal.

**By JOHN-THOR DAHLBURG**

**TIMES STAFF WRITER**

ZAGREB, Croatia—As the world waited to see if the United States could drum up support for a military strike in the Balkans, Bosnia's leader slammed the brakes on peace talks Monday, demanding that the Serbs relinquish a strategic peak outside Sarajevo.

"If they don't withdraw, we will postpone again the negotiations," a resolute President Alija Izetbegovic told reporters at the meetings in Geneva.

The Bosnians say that Serb fighters stormed the summit of Mt. Bjelasnica on Sunday, in violation of a cease-fire declared two days earlier. The peak's value lies in its proximity to another mountain, Igman, which dominates the city's western approaches.

According to a spokesman for the Geneva negotiations, John Mills, Bosnian Serb leader Radovan Karadzic pledged that a withdrawal will take place. He said U.N. forces would assume control of the rugged heights near Sarajevo in the Serbs' place.

But Izetbegovic, who boycotted the negotiations in the morning and then returned after lunch, was not ready to accept on sheer faith a promise from the politician whose armed allies have seized control of about 70% of Bosnia's territory. He gave the Serbs until 10 a.m. Geneva time today to make good on Karadzic's promise, reports said.

Izetbegovic, who presides over the Muslim-controlled Bosnian government and is the biggest loser in the three-sided civil war, went reluctantly to Geneva. He is worried that a partition of Bosnia will leave the Muslims crammed into a small landlocked enclave between bigger Serb and Croat territories that will ultimately be unified with Serbia and Croatia.

Peace talks and cease-fire notwithstanding, fighting continued in Bosnia on Monday, although Sarajevo itself was quiet.

Muslim-Serb fighting was reported in the northern city of Brcko, while Croats and Muslims were said by U.N. officials to be battling for the key central city of Gornji Vakuf. According to some reports, the Muslims successfully overran the city.

The fighting poses continuing danger to the success of the Geneva negotiations, warned Mills, the spokesman of the talks. All three parties lodged official complaints about cease-fire violations, he said.

"It would be a tragedy at this stage if the talks were to collapse because we have the prospect of a settlement here," Mills said.

The continuing warfare is also hampering international efforts to relieve suffering caused by the fighting and by "ethnic cleansing." Thousands of people in Bosnia, many of them refugees fleeing the fighting, now lack food and water, aid officials say.

Peter Kessler, spokesman for the U.N. high commissioner for refugees, announced to reporters in Sarajevo that many of them refugees fleeing the fighting, now lack food and water, aid officials say.

Elsewhere in the patchwork of ethnic and military tensions that once was the Communist dictatorship of Yugoslavia, rebel Serbs in Croatia scored a direct hit with artillery on a key pontoon bridge linking the Dalmatian shoreline with northern Croatia.

Part of a key pontoon bridge connecting Dalmatian shore and northern Croatia sinks after attack.

The bridge over the Maliwica inlet on Sunday, fired at least five more artillery shells at it Monday. According to U.N. spokesman Yuri P. Chizhik, one of the six floats supporting the span sank.

Under a U.N.-brokered accord, the Croats were supposed to hand over the bridge to U.N. peacekeepers at midnight Sunday. The Serbs in the adjacent rebel Krajina enclave announced a new deadline, midnight tonight, but apparently thought better of it.
World

ANALYSIS

Bosnia Plan
Relies on Thing
Called Hope

BY DOYLE McMANUS
AND STANLEY MEISLER

WASHINGTON

More than two months ago, the Clinton Administration and its European allies agreed to set up havens for civilians in Sarajevo and other Bosnian cities—but then stood by as Serbian gunners continued to rain terror on the towns.

One of the besieged havens, Gorazde, was far from safe that some residents tried to flee, choosing to take their chances in no-man's-land. An even larger tragedy loomed in Sarajevo, where U.S. intelligence analysts warned that 380,000 civilians were in increasing danger of falling to Serbian guerrillas.

So last week, when President Clinton sent the allies a last-ditch proposal to use Western air strikes against the Serbs, his main objective was not just to save civilian lives—it was also to salvage some of the United States tarnished honor.

"We could see a disaster coming," an aide to Secretary of State Warren Christopher said grimly. "There were going to be a lot of ugly pictures coming out of Sarajevo..." There was growing discomfort with the position we had put ourselves in.

If Sarajevo fell, a nation worthy of Western pledges to safeguard Bosnia-Hercegovina's existence would be exposed as empty. If the Serbs slaughtered the city's civilians, the United States' claim to be the world's lone superpower would ring cruelly hollow.

And at least in the short run, the Western promise to protect Bosnia's cities remains unfulfilled, the havens are still some of the deadliest places in the world.

For other months of diplomatic paralysis—and, aids report, genuine anguish on the part of Clinton, Christopher and U.N. Special Envoy Anthony Lake—the United States is at least trying something new. "We are suffering the consequences of not having done anything sooner," one official acknowledged, "but there is an element here of 'better late than never.'"

From the start, the haven plan was a failure. Boutros-Ghali complained that the plan lacked any "connection to an overall political solution." On a more practical level, the United States, Russia and most other countries refused to donate troops—although the British and French did send troops to escort food convoys through stubborn Serbian lines.

The 9,000-member U.N. peacekeeping force already on the ground said it was stretched too thin to protect the six designated havens, U.S. and European officials warned.

Only a larger commitment of U.N. ground troops could do that, they said. But the United Nations has conspicuously failed to persuade its members to send more soldiers to Bosnia's battlefields. Knowing it would be pointless even to try recruiting the needed 34,000 fresh troops, Secretary General Boutros Boutros-Ghali called for only 7,500 to guard the safe areas but still ended up with just two solid offers, 3,000 from Pakistan and 1,000 from France.

Instead, the Clinton proposal is an amalgam of holding action and hope. The holding action is aimed at blunting the Serbian offensive against Sarajevo to stave off the city's fall. The hope is that the mere threat of air strikes, and perhaps one or two "demonstration" attacks, will push the Serbs into observing a cease-fire that freezes their army in place.

"The concept is that one way to protect the safe havens, and maybe the best way, is to help the negotiators at Bosnian peace talks in Geneva produce a workable agreement," a senior State Department official said.

Not everyone is impressed. "This is all a bluff," complained George Kenney, the State Department's former Yugoslavia desk officer who resigned last year to protest the government's unwillingness to do more in Bosnia.

Even if the new plan works, he pointed out, it will leave the Serbs in command of about 70% of Bosnia, much of it won through "ethnic cleansing"—ruthless attacks on Muslim civilians to drive them off their land.

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BOSNIA

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protect the six haven cities—Sara­jevo, Srebrenica, Tuzla, Zepa, Gor­azde and Bihać—and complained that the mission would lead it into the very kind of confrontation its commanders had labored to avoid.

Worst of all, the Bosnian Serbs noted the disarray in the West and resumed their attacks on most of the havens. In Gorazde and Srebrenica, they blocked humanitarian relief supplies from reaching Muslim refugees.

But history may record that the Serbs pushed their luck a step too far July 25 when they shelled a detachment of French peacekeep­ ing troops, apparently deliberately. France demanded that a long-de­layed move to provide NATO air support for the troops on the ground be accelerated, and Boutros-Ghali agreed.

Clinton's proposal to threaten air strikes against Serbian command centers and supply depots inside Bosnia brings him full circle. It is virtually the same thing he pro­posed as a candidate more than a year ago.

In any case, much of the damage will be irreversible. Some of the loss is human, among Bosnia's long-suffering civilians. But to diplo­mats, another heavy loss is the rapid erosion of the hope, so bright at the end of the Cold War, that the U.N. Security Council, under U.S. leadership, could act decisively to stop brush-fire wars around the world.

"For me, the whole thing is just ludicrous," said Edward C. Lachs, president of the U.N. Assn. of the United States, a group that sup­ports the strengthening of the world body. "If there ever was a case where [U.N. military action] is required to save a population, it is in the middle of a war. . . . But I think the actions of the members and the action of the United States have made things worse. They have been talking one way in the Security Council and another way on the ground."
A ‘Sausage’ Budget Down to the Wire

President Clinton is scheduled to press his budget case to the nation in a TV address tonight. The irony is that in beseeching viewers to urge their Washington representatives to vote for his budget, he is really asking his own Democratic Party for support. What that strategy means is that this is a budget that only connoisseurs of the sausage can love. Even so, sausage is sometimes the best deal on the menu. That is the case here.

Clinton's budget has been chopped here and there to eliminate items distasteful to opponents and has been seasoned with a sprinkling of other compromises to feed waffling supporters. Political realities are forcing the President to deal, cutting the deficit by a bit less than the $500 billion that he had sought over five years.

But what are the alternatives to this budget? Ross Perot, despite his high-profile sniping at Clinton, offers an ambitious plan that, if not sausage, surely is hole-ridden Swiss cheese. As for the Republican alternative, it is a fine campaign document—but not a serious budget.

If Congress rejects the current budget, it will have to authorize a continuing resolution just to keep the government in business while legislators go back to square one and start over. Starting over would drag out the budget process considerably, offering no assurance of a better result but clearly the prospect of more gridlock.

The President's budget has at least one virtue. Many economists and analysts believe that, absent major disruptions caused by global events, it would help gradually push down the deficit by reducing the increase in federal spending.

However, the budget proposes to do some things that worry us. A broad-based energy tax including home heating oil would have been our preference, instead of an energy levy only on gasoline. The Clinton approach does not take into account the greater distances typically driven in some parts of the country, especially here in the West.

The higher marginal rates for upper-income taxpayers would indeed help offset some of the spending increases; but would taxing the one sector of the economy that is purchasing and investing dampen hopes for a true recovery—and step all over the liquidity of small business people? Not even top Administration experts can answer that for sure.

President Clinton first laid out a deficit-cutting plan when he addressed a joint session of Congress last February. This was a move that the industrialized nations had long been seeking from the United States. In his own zigzagging way, Clinton is trying to deliver a sense of national self-discipline. It's still his first year as President. He deserves support.
A CALAMITY

Espy backs more aid to offset crop losses

25 million acres of Midwest fields have been damaged; another 6 million are under water or never got planted.

BY JANE MORSE
OF THE RALLENG'S WASHINGTON BUREAU

Washington, D.C. — Agriculture Secretary Mike Espy Monday backed congressional proposals to increase federal assistance for crop losses in the disaster relief bill when the U.S. takes up the legislation this week.

"There is a difference between a disaster and a calamity. This is a calamity," Espy said of rainfall across the Midwest that has left 25 million acres of farmland damaged and another 8 million under water or unplanted.

At a press conference with leaders of Farm Aid, a family farm organization, Espy noted that a 50 percent cap on disaster payments included in the bill has been sharply criticized because it means many farmers will receive about 22 cents on the dollar for crop loss resulting from the floods.

Amendments

"But he noted that amendments to be presented on the floor of the Senate could boost that to as much as 80 cents on the dollar. "I hope that's what it comes out — I'm not sure right now that it will," Espy said.

The bill, which has a total of $4.7 billion for flood relief, has been approved by the Senate Appropriations Committee and is expected to come up for debate late this week.

AID

Continued from Page 1A

noon or Wednesday.

Earlier, at a U.S. Department of Agriculture forum on farm income, Espy stressed his empathy for farmers' woes and the USDA's interest in helping them. He said the department plans to "do it quickly and do it right," shipping out checks within two weeks for those who can document a total loss.

Espy also said the USDA can help with debris removal and with grants for items such as terracing or watershed restoration.

"We cannot make farmers whole— nobody is saying we will or that we can... because assumption of the risk is just in the game," he said. "But we certainly can help them out and that's what we're trying to do."

He said the picture of production losses will become clearer Aug. 11 when a national statistical survey of crops is released. "Personally have seen some incredible losses myself," he said, adding that it is clear what's in the bill will not be enough.

"Also have to tell you, though, if it stopped raining today, it still would take eight weeks for the water to recede enough for us to go in to review for crop damage," he said. "This is a long-term thing."

The Farm Aid press conference brought Espy together with Willie Nelson, the country and western singer who works with Farm Aid, and a host of leaders of other farm organizations, the National Family Farm Coalition, American Agriculture Movement and National Farmers Union.

Denise O'Brien, a farmer from Atlantic, la., and vice president of the farm coalition, said she has been pleased so far with Espy's response to the disaster, although she is becoming impatient with broader steps to increase farm income. "But I feel fairly good about today," she said.

A letter given to Espy by Farm Aid leaders said the floods, as well as drought in the southeastern United States, "are the most critical challenges faced by family farmers in many, many years." Many family farmers have seen their financial cushion wiped out by previous government policies and will be unable to survive this latest string of disasters, the letter said.

Farm Aid asked that Espy:

• Raise loan rates for commodities. "If government policies do not encourage higher market prices for agricultural commodities, farmers will never be able to recover from the devastating loss of income this year's flood and other weather disasters are causing," the letter said.

• Eliminate the 60.04 percent cap on disaster payments, a Bush administration reduction continued by President Clinton.

• Allow haying and grazing on Conservation Reserve Program acres without penalty. Feed and hay shortages have been caused by flooding, Farm Aid said, and farmers "desperately" need to hay and graze.

• Extend the maturity date on existing Commodity Credit Corporation loans for up to 12 months and extend the Aug. 81 deadline for applying for entry into the farmer-owned reserve program.

• Continue the foreclosure moratorium in effect for some Farmers Home Administration borrowers and extend it to all disaster victims.

• Improve the FmHA's response to disasters. Some loan servicing and emergency loan provisions under FmHA make it difficult for farmers to obtain benefits, Farm Aid said.

AID Please turn to Page 6A
Ginsburg deserves approval

The nominee could be a great addition to the high court.

After she cruised through mostly genial questioning by the Senate Judiciary Committee, winning the committee's unanimous endorsement last week, Ruth Bader Ginsburg is just a Senate vote away from being confirmed as a justice on the U.S. Supreme Court. It's almost certain she will win a near-unanimous approval in the full Senate, and she deserves it: Ginsburg may be the ideal candidate for the court at this moment in history. It seems the nation has grown tired of the tug-of-war over the court's ideological soul the past dozen years.

After listening to Ginsburg's testimony the past week, it's clear that President Clinton came up with the perfect nominee in Ginsburg. She has sterling liberal credentials, having carved out her early law career as an advocate for equal rights for women, yet her stated philosophy that judges should not make giant leaps in the law was music to conservatives' ears.

Indeed, she is in the extraordinary position of being compared to the late Supreme Court Justice Thurgood Marshall while having a record of regularly siding with former Judge Robert Bork when they served together on the U.S. Court of Appeals in Washington, D.C.

While Ginsburg has an extensive "paper trail" in law journals, speeches and court decisions, there is nothing in her legal philosophy so radical as to greatly offend either the left or the right. And her remarkable high-wire act before the Judiciary Committee may be the prototype for future nominees: She deftly picked her way through committee questions, explaining her judicial philosophy in broad terms while politely skirting answers that would seem to pre-judge issues that could come before the court.

Although some committee members were frustrated with her refusal to be more direct, she ultimately won them all over. If Ginsburg can work the same sort of magic on the other eight Supreme Court justices, she will be a great addition to the court.
Clinton, Democrats soften budget bill

Social Security tax hike eased in bid for key votes

By John Aloysius Farrell

WASHINGTON - President Clinton and Democratic leaders in Congress put the finishing touches on a $495 billion deficit-reduction package Monday, easing a tax hike on Social Security recipients and offering other concessions in an apparently successful effort to win some key votes.

Clinton said he was pleased with the result, and the White House said the president tentatively planned to try to sell it to the nation in a prime-time televised speech at 8 tonight.

In an attempt to persuade Sen. Dennis DeConcini of Arizona and other Sun Belt Democrats to vote for the bill when it comes to the Senate floor Friday, the Democratic leaders raised the income thresholds at which wealthier retirees would have to pay higher taxes on their Social Security benefits.

When he presented his budget in February, Clinton urged Congress to raise from 50 percent to 80 percent the amount of Social Security benefits subject to taxation for retired individuals with incomes of at least $25,000, and couples with incomes of at least $32,000.

Under pressure from senior citizens and Democrats from states with large populations of retirees, the House and Senate have since agreed to lower the thresholds to $22,000 and $40,000.

But Monday, Budget Director Leon Panetta said the final package would have even higher thresholds, $34,000 for individuals and $44,000 for couples.

The change was necessary because the vote in the Senate is expected to be so close, Democratic aides and senators said.

The Senate version of the bill passed June 25 by a 50-49 vote, with Vice President Al Gore casting the tie-breaking ballot. Sen. David Boren, a Democrat from Oklahoma, has since announced his intention to vote against the bill, leaving the Democrats, on paper at least, one vote short of victory.

To nail down shaky Democrats and pick up the needed support, Clinton lobbied opinion leaders and granted interviews to journalists Monday from Arizona, California, Wisconsin and other swing states while his lieutenants in Congress fanned out on the margins of the legislation.

A number of minor changes were made as the Democratic leadership tried to corral a majority and worked to unveil details of the plan today.

Because the bill cannot be amended when it hits the House floor Thursday, or the Senate floor Friday, balky lawmakers have had to try to cut their deals early.

For example, Sen. Richard Bryan, a Democrat from Nevada who voted against the bill in June, was being courted with an offer that would help the tourist industry in Las Vegas.

Clinton had asked Congress to reduce the amount of business meals and other entertainment that can be deducted under the tax code from 80 percent to 50 percent.
Perot bid inconsistent?

Many of his supporters are against foreign trade zones

By Dan McGraw
SPECIAL TO THE GLOBE

FORT WORTH – When Texas billionaire Ross Perot kicks at political rallies these days, he’s sure to blame his trademark description of the relationship between free trade and American jobs: the infamous “sucking sound” that Perot claims will be heard when American companies rush to take advantage of the cheap labor in Mexico.

But while Perot laments some government trade policies as “economic treason,” he and his son, Ross Jr., are asking the federal government to relax foreign trade rules at a huge industrial park they are developing around an airport in Fort Worth. If the US Department of Commerce approves the request, the Perots will own the largest foreign trade zone in the country, some 6,000 acres of land that will not be subject to US tariff laws.

In the application for the trade zone, the Perots acknowledge that Alliance Airport will serve “many companies that take advantage of Mexico’s inexpensive labor for manufacturing.”

And American unions charge that free trade zones in general are hastening the export of high-quality American jobs.

The Perots’ request has created some interesting political wrinkles. Ruling on it will be the Clinton administration, which the older Perot has railed against in recent months as being inept and downright dishonest.

But it is the populist billionaire’s protectionist views – his opposition to the North American Free Trade Agreement and to government programs that promote foreign imports – that has some critics of Perot blaming him for a huge foreign trade zone.

“The project will stimulate international trade and will have a net positive economic effect.”

said Hays Lindsley, an attorney overseeing the trade zone application for the Perots. “We look to see if the zone is consistent with NAFTA.”

And American unions charge that free trade zones in general are hastening the export of high-quality American jobs.

The Perots acknowledge that Alliance Airport will serve “many companies that take advantage of Mexico’s inexpensive labor for manufacturing.”

Opponents of foreign trade zones say they pit one region of the country against another, and merely create lower-paying assembly jobs while high-paying manufacturing jobs are moved overseas.

The United Auto Workers claim that foreign trade zones cost the country jobs that would not have existed before. “They want the foreign trade zone designation as a marketing tool,” said Bernard Weinstein, an economist at the University of North Texas. “Is it consistent with NAFTA?”

Nevertheless, Alliance Airport’s Lindsley defends the Perots’ bid for a 365-acre trade zone. “The purpose of the trade zone is to bring jobs to the United States,” Lindsley said. “We can do that because we are guaranteed to be offering a unique product. We can offer the kind of space near an international transportation hub that is unheard of. It boils down to jobs being created in the United States that would not have existed before.”

But others see the Alliance Airport foreign trade zone as part of a huge real estate deal that will ultimately increase the value of the Perot family property near the airport.

“They want the foreign trade zone designation as a marketing tool,” said Bernard Weinstein, an economist at the University of North Texas. “Is it needed? Perhaps. Since everyone else has the trade zone designation, Alliance Airport probably needs it to compete with other industrial projects.”

“But,” he added, “it really doesn’t make any sense why Perot would be so vocal against NAFTA and supportive of this foreign trade zone.”
US brokered cease-fire raises Israeli hopes for Mideast talks

By Ethan Bronner

JERUSALEM — Secretary of State Warren Christopher arrived here last night amid high Israeli hopes that the deal he struck with Syria and Lebanon that ended guerrilla rocketing of Israel's north can be repeated in the larger context of Middle East peace.

"The American involvement was a very important political development which I hope can be used again," said Deputy Foreign Minister Yossi Beilin.

"What happened in the past days may make it easier for Mr. Christopher to get more fully involved as a third party between us and the Syrians," Beilin said.

Israel's weeklong bombardment of southern Lebanon, aimed at punishing Hezbollah guerrillas and pressuring Beirut and Damascus, ended Saturday night after Christopher, in a bout of intense telephone diplomacy, persuaded both governments to rein in the radical Islamic group.

It was the first time Christopher successfully mediated a Middle East crisis. Israeli officials say they are hoping this is the beginning of a pattern.

Israeli officials also have repeatedly praised Syrian President Hafez Assad since the Lebanon understanding was announced on Saturday.

They said if Assad kept his end of the bargain there, it would augur well for a deal on the Israeli-occupied Golan Heights.

Christopher spent yesterday conferring with Egyptian leaders and will meet today with Israeli Prime Minister Yitzhak Rabin, Foreign Minister Shimon Peres and Palestinian leaders before flying to Damascus tonight. He is due to return to Jerusalem on Thursday.

In Cairo, he addressed the Lebanon conflict, saying, "Recent events there can serve as a reminder to all parties that the Arab-Israeli negotiations can quickly deteriorate... if we do not take this moment for peacemaking."

Christopher said "decision time is rapidly approaching," referring to his informal deadline that the 21-month-old peace process must make progress by the end of this year.

While Israeli-Syrian negotiations seem more promising than in the past due to the secretary's recent involvement, talks between Israel and the Palestinians have fallen into a deep rut, according to both sides, and Christopher will not find it easy to dislodge them.

"Because the negotiations have reached a dead end, it is difficult for this visit to achieve anything," commented Palestinian delegation spokeswoman Hanan Ashrawi yesterday.

Dr. Haidar Abdel Shafi, head of the Palestinian delegation, said he is so despondent about the talks that he does not even want to meet with Christopher, but that the decision on whether to hold the meeting is being left to the Palestine Liberation Organisation in Tunisia.

If to highlight the despair, a Muslim fundamentalist killed an Israeli army employee and wounded five security workers yesterday by ramming a bus commandeered from a United Nations relief agency into two cars in the occupied Gaza Strip.

In Lebanon yesterday, tens of thousands of residents who had been driven north by the bombardment were returning to their villages. Some found the Israelis had caused terrible damage.

They also found to their surprise that Lebanese troops were, for the first time, taking up positions where Hezbollah had once been, according to reports from there.

The Lebanese government announced that after meeting with UN peacekeepers, it would begin deploying its army in the south more fully.

Last fall, when the Lebanese government of Prime Minister Rafik Hariri came to power, its army, with the support of the 35,000 Syrian troops in the country, disarmed all the warring militia groups except Hezbollah.

The government said Hezbollah would only be disarmed after Israel withdrew from its self-declared security zone, a narrow strip of Lebanon that Israel occupies to prevent guerrilla infiltration.

Israel has said it would leave the zone if Hezbollah were disarmed and security arrangements made.

The Lebanese government is sticking to its position on disarming Hezbollah, but its decision to deploy troops may signal a modification in policy, perhaps one arranged by Christopher last week.

The problem in southern Lebanon resembles, to some extent, the problem on the Golan Heights, with each side saying to the other, "You first."
Perot draws criticism, lower approval ratings

WASHINGTON - Ross Perot is not having a good summer. Some of his poll numbers have slipped, and he is under new pressure from critics, including President Clinton, to specify his budget recommendations.

Last week, an NBC News-Wall Street Journal survey said his disapproval numbers had risen to 34 percent, compared with just 24 percent in March. His latest approval rating in the same poll was 37 percent, down 10 points from the earlier reading.

Although Perot has always earned points with the public for sparring with reporters, a clash with media panelists Sunday on "Meet the Press" apparently has turned problematic for him.

After the program, during which he underwent hard questioning on his budget recommendations, the calls to the NBC switchboard were divided at about 50-50 for and against him.

Network officials said the calls usually run about 8 or 9 to 1 for the Dallas billionaire after he tangles with reporters.

At least a few notables in both parties are no longer hesitant to speak ill of him.

Clinton, who has been wary of Perot, accused the Texan yesterday of "running away" from his 50 cent-per-gallon gas tax.

"Nothing... he doesn't have a vote in it," Clinton told newspaper editorial boards via satellite.

Asked what he would do about Perot, Clinton said, "Nothing,... he doesn't have a vote in it." Again.

In recent weeks, Perot has been criticized by Sen. Bob Dole, R-Kansas, the Senate leader.

Perot is likely to hear more criticism from Democrats in the weeks to come for his opposition to the budget and the North American Free Trade Agreement, which has support in both parties.

But Sharon Holman, Perot's spokeswoman in Dallas for his volunteer group, United "We Stand America," was not disturbed by the developments.

"The important thing is that he has empowered people. Now more than ever before, those same people are going to hold their representatives accountable and on a nonpartisan basis," said Holman.

Perot has been trying to fire up his volunteers for next year's congressional elections. He tells his followers they can be a decisive "swing vote" in many tight races.

His former pollster, Frank Luntz, estimates Perot could turn 60 House seats and 8 to 10 Senate seats.

Besides the NBC-Wall Street Journal survey, other recent polling numbers on Perot also indicated some developing sourness.

A CBS News-New York Times poll in June reflected an increase in Perot's disapproval rating of 12 percentage points, from 21 percent in March. His approval rating slipped from 43 percent to 33 percent in the three-month period.


Perot was miffed because the reporters kept after him to square his own budget numbers with reducing the deficit.

Holman said Perot was merely "frustrated" by the questions during the hourlong program. "He thought the emphasis should be on the president's and not his when he admitted his own numbers were out of date," said Holman.

Some critics have suggested that Perot gets too much access to free time and on his terms to appear on network television as a frequent interviewee but officials say he makes news.

"He's an available son of a gun," said Lane Vernace, a CBS official in New York. "And remember, a lot of people out there still relate to him."

Jim Lehrer, co-host of the "MacNeil/Lehrer News Hour" on PBS, said Perot's recent string in the polls was testimony that "all this exposure he's getting on television isn't necessarily doing him any good."

Although Perot talks about opponents gangling up on him, he has undergone little criticism from major political figures until recently.

Some apparently have been concerned that Perot's independent votes would be off-limits.

But last month Dole assailed Perot for being free with his criticism and having no worries about public responsibility.

nord to Acheson appointment

Instead, Pressler submitted a written statement accusing Democrat of being more lenient with their nominees than they had been with Republican ones during the Reagan and Bush years.

Sen. Edward M. Kennedy, who supported Acheson's nomination, said he was pleased by the confirmation.

"Elodie Acheson will bring to the office of policy development, intelligence, energy and a deep commitment to securing for all Americans the Constitution's great promise of equal justice under law," Kennedy said in a statement.

From Boston Globe Page 3

Senate gives

WASHINGTON - The Senate unanimously confirmed Boston lawyer Eleanor Dean Acheson yesterday as assistant attorney general for policy development.

Sen. Larry Pressler, Republican of South Dakota, backed away from an earlier threat to debate openly the propriety of Acheson's membership in the Country Club of Brookline, an exclusive organisation that does not have black members.
Budget Battle
Stage set in Congress for votes on the Clinton plan

By Jill Duffy

WASHINGTON — Congressional negotiators agreed yesterday on the basic outline of President Bill Clinton’s $400 billion budget plan, setting the stage for an unusual battle in both chambers. House leaders last week were formulating plans to move their budget to the Senate for approval by Thursday. The Senate is expected to consider it next week.

The plan — which would raise taxes on higher-income Americans and cut benefits for the elderly — is expected to pass with the support of both House and Senate leaders. The House voted late yesterday by a 218-215 vote, while the Senate is expected to vote today.

The measure, which is expected to pass, would raise about $30 billion in new revenues from higher-income Americans and cut benefits for the elderly by about $20 billion over the next decade. The plan would reduce the federal deficit by $100 billion over the next decade.

The plan is expected to pass the Senate today by a vote of 51-49, with the support of both Republicans and Democrats. The Senate is expected to vote on the measure today.

The White House was expected to unveil its own budget plan today, which would raise taxes and cut spending. The White House is expected to unveil its plan today, which would raise taxes and cut spending.
Pentagon Cautions Clinton

By Patrick J. Sloyan

Washington - President Bill Clinton has been warned by his military advisors that an air war to eliminate Serb guns building Ndreck Stguns point in Muslim enclaves could lead to retaliation attacks against UN peacekeeping forces there and that U.S. and other NATO forces might be compelled to halt the conflict.

Defense officials and the White House were discussing the warning during a weekend meeting of the National Security Council at Camp David, chairman, former Supreme Allied Commander Europe, Lord Robertson, toldthe Clinton administration.

"There's a very real chance that the Serbs would attack NATO forces, allied French, British and Canadians,

The 9,200 UN troops in Bosnia are only lightly armed and grouped with many at the strategic point of the siege of Sarajevo, or to provide quick responses to specific attacks on UN peacekeepers who came under fire last month, Clinton said.

"Nothing is going to happen for a while," the Pentagon official said.

In New York - The federal official who allegedly faked a plot to bomb the Holland Tunnel and the apartment of a terrorist informant before the World Trade Center bombing has been charged with 26 counts of making false statements, according to sources in the FBI.

The informant, who was held in a room with the terrorist informant by the FBI, was said to have been recruited with a false promise of $40,000 to $50,000, according to sources in the FBI.

"This proves that Salem wasn't to be trusted - he betrayed everyone," said Kuby, lawyer for defendant Siddig Ibrahim Siddig All, "He was working for the FBI, but he was also helping the terrorist informant.

Prosecutors concede that the conversations may become a potent weapon for defense attorneys - damaging the inferential capability and strengthening the defense theory that the FBI was planting the bomb.

"This would definitely hurt the case," an investigator who asked not to be identified. "The conversations can be very damaging. They are incriminating and that's the thing you want a jury to hear.

At the FBI, officials said they hoped the tapes would help solve the case.

"I can understand that he wanted to cover himself, but we're afraid that the microphone may not say anything too incriminating," one investigator said.

The tapes were found in a box in the FBI's New York office, and investigators have interviewed the Federal agents who recorded them.

The official said the tapes were recorded in a plot to plant a bomb in the apartment of the terrorist informant.

"I don't believe that the tapes will be of value to the government," the FBI investigator said.

Clinton and Secretary of State Warren Christopher have repeatedly emphasized that the United Nations mission, including Russian President Boris Yeltsin, in seeking a united action against Serb attacks.

Powers, who has been named a U.S. military "commitment in the Balkans," has told Clinton air attacks would have limited success against Serb guns while aimed certainly at destroying Serb guns and villages, according to defense officials.

Some successful attacks would leave the Serbs with enough power to go on, according to that official.

"We can be very effective with precision munitions, very damaging," said Powell.

"But that's because of the Serbs and the Serbs have the most military power on the ground, and you can't make that mistake." According to defense officials, Powell said at least 80,000 allied troops would be needed to protect UN troops and eliminate Serb military superiority extensive.

Powell's view is at odds with some State Department and White House officials who argue that an aggressive air campaign would end the conflict once and for all.

"Clinton has steadied repeatedly that the United States would not introduce ground forces in the region. He has resisted allied pressure to expand the number of U.S. forces participating in the UN peacekeeping effort.

Powers also said that the U.S. military force would be able to halt the conflict that has cost 100,000 lives and displaced an estimated 3 million. Said: "I'm not sure about the timeframe, but we have the capability to end the conflict quickly.

Simon to TV Execs: 'Deflagramize' Violence

By Verne Gay

Los Angeles - Sen. Paul Simon, the Illinois Democrat who heads the Senate's attack on television violence, said he was due to introduce a bill to pass a ban on TV violence this week.

During a keynote address to 300 network TV, cable and production people at the Beverly Hilton Hotel, Simon said that the legislation should be "easy to get across the finish line.

Simon appeared favorably on last night's "CBS Evening News," and said he was "very encouraged" by the atmosphere of the TV industry's annual meeting.

"If the Senate passes the bill, we would have the most progressive legislation so far in Congress," Simon said.

"But if we don't act now, we'll be behind the times,

Even with the prospect of a ban, Simon said he was "very encouraged" by the atmosphere of the TV industry's annual meeting.

"I think we have a chance to pass legislation prohibiting or limiting violence on TV programs.

CBS commentator Jeff Greenfield opened the conference, and said a "new era has come to an historic meeting."
President Clinton's budget bill was a political gamble. He succeeded in winning over Congress with a combination of political skill and the promise of increased economic growth. The bill, however, faced opposition from both parties, particularly in the House-Senate conference, where region-specific interests and the need to reduce the deficit were at odds. The bill's success was a testament to Clinton's ability to navigate complex political landscapes.

For Clinton, governance has been reduced to a case-by-case, bill-by-bill, issue-by-issue affair, for which there likely is no solution short of achieving a new modicum of bipartisanship. He does not appear to have gained the "big mo"—momentum—that other presidents have gained from initial victories because circumstances and politics have changed. With the end of the Cold War and great internal divisions, it is more difficult to rally Congress and the nation.

Clinton could use some of that LBJ moxie. Coming up is the North American Free Trade Agreement, a nasty, divisive issue for Democrats. House Majority Leader Richard Gephardt (D-Mo.) said last week he's not sure that he can support it. The House whip, Rep. David Bonior (D-Mich.), is adamantly against it. The GOP, led by Senate Majority Leader Bob Dole of Kansas, united solidly against the Clinton position, as did a tax-and-spending measure that will only make government bigger, which create the most jobs. Republicans called forcuts in spending, not tax increases, to reduce the deficit more than Clinton proposed.

Perot believes the Clinton plan does not go far enough and is too riddled with special-interest provisions. He supports the budget now and urges compromise on the deficit. If this happens, the president responded, Congress would cut the deficit and interest rates would rise.

Many analysts agree with Perot that the president has to reduce the deficit, which will be done again in 1996. For Paul Baker, a political analyst and professor at the University of Massachusetts, who ran against Clinton last year, said the president "will have to do it all over again" to control the deficit.

"Eventually, people in the middle class are going to be stuck paying more taxes," said Van Doorn Ooms, research director with the Committee for Economic Development. "We're not going to solve the deficit problem in the long term without more expenditure cuts and tax increases that affect middle-class Americans.

As sacrifice, this plan is a lot cheaper than it was a year ago, or as if 1996 is here already. Republicans hope to use the budget bill as a major campaign issue in next year's congressional elections.

The numbers suggest the plan presents high stakes for Clinton if it works in the next year, and that the political payoff could be great.

The numbers suggest the plan presents high stakes for Clinton if it works in the next year, and that the political payoff could be great. Clinton and Democrats have cause to be extremely nervous.
When it comes to new tax bite, economists advise: Don't worry

By Michael Arndt
TRIBUNE STAFF WRITER

WASHINGTON—The sound and fury over taxes in President Clinton's economic plan may not be as great as it seems if Clinton and his Democratic cohorts want to tax the country to poverty. Don't worry, say most tax analysts and economists.

Unless you are among the richest Americans or a relatively well-off retiree, you'll barely feel the impact of the compromise bill sent by a conference committee this week to Congress, which is expected to approve the measure. And as long as inflation stays low, neither will the nation's economy.

In fact, economists say, some groups should come out ahead. Thanks to tax breaks in the deficit-reduction package or the legislation, lower-income people would see smaller tax increases. Even higher-income people would pay more than half the tax increases in the bill, should be able to maintain their lifestyles, Muenro and others say. The higher tax burden, he said, "is not going to throw anybody back into the Stone Age."

A sanguine outcome depends on one crucial assumption, though—steady or declining interest rates. For now, this seems likely. The latest government data show that inflation is running at 2.6 percent.

But at the next sign of an upswing in prices, Federal Reserve Chairman Alan Greenspan has indicated he will raise rates and that could slow down the already sluggish economy.

Though often characterized by opponents as the biggest tax hike in history, the measure, which is projected to generate approximately $300 billion in added revenue over the next five years, will hit the majority of Americans in one direct cut—couple's income-tax brackets above $140,000. The top rate will be 38 percent, the same as in the federal gasoline tax.

Upper-income people also would see Medicare and Medicaid taxes rise. The government nowënforces these taxes on employees and employers a 2.9 percent payroll tax on incomes up to $325,000. Under the compromise, the tax would be paid on all earned income.

Furthermore, the higher tax won't even return pump prices to their year-earlier level. A gallon of gasoline, according to AAA, costs an average of $1.11 now; in midsummer 1992, it cost $1.16.

"The amount of pain and all of that is far in excess of what is really happening here," said Van Doorn Ooms, a former chief economist for the House Budget Committee and now research director with the Committee for Economic Development, a private-sector advocacy group.

The legislation would hit the rich harder, imposing two new income-tax brackets above the current top rate of 31 percent. For couples with taxable incomes above $400,000, the top rate will be 38 percent. And for those with incomes of more than $250,000, the top rate will rise to 39.6 percent.

Upper-income people also would see Medicare and Medicaid taxes rise. The government now collects these taxes on employees and employers a 2.9 percent payroll tax on incomes up to $325,000. Under the compromise, the tax would be paid on all earned income.

Through these two income-tax provisions, both effective last Jan. 1, Clinton and Congress will generate $140.25 billion in added revenue over the next five years.

But these higher taxes will hit a tiny segment of the population. Clinton's tax policy playbook, a tax policy analyst with the accounting firm Touche Ross, said that a household would need a gross income of at least $200,000 to fall into the new top income tax bracket.

Based on Internal Revenue Service data, only 837,000 returns—or less than 1 percent of the 88.9 million individual tax returns filed in 1991—had gross income of at least $200,000.

A greater portion of the nation's elderly will feel some pain. The most comfortable of retirees—single people with incomes of $40,000 or more and couples with incomes of $44,000 or more—would have to pay taxes on 85 percent of their Social Security benefits, starting next year.

Now, retirees get these benefits only if they have incomes below $25,000 for individuals and $33,000 for joint-filers. Above those thresholds, they must pay income taxes on 50 percent of their Social Security payments. But through the proposed tax boosts, both effective last Jan. 1, Clinton and Congress will generate $140.25 billion in added revenue over the next five years.

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Rostenkowski legal fees pile up
Lawmaker spends $358,000 in campaign funds so far

By Ray Gibson and Michael Tackett
TWBONE STAFF WRITERS

Rep. Dan Rostenkowski has spent at least $358,000 in campaign funds to pay the legal bills for himself, his political committees and aides in the ongoing federal probe of the congressman, according to reports released Monday.

The legal fees for the powerful Ways and Means Committee chairman have mushroomed as the investigation, which began as an inquiry into the illegal conversion of stamps into cash, has broadened into a wide-ranging probe of Rostenkowski's dealings, the campaign finance reports show.

In the first six months of 1998, campaign committees controlled by the Chicago Democrat spent $203,172 on legal fees, not including legal bills from two criminal defense attorneys who have recently represented him. Rostenkowski's congressional campaign committee, which has $1.2 million in cash, had previously reported spending $153,000 for legal bills in 1992.

The reports released Monday show that Rostenkowski paid the legal expenses of 10 former staff members from his Chicago and Washington offices and continued to pay legal bills for two current aides.

Rostenkowski has denied any wrongdoing. A federal grand jury in Washington is investigating charges that he received as much as $100,000 from the House Post Office and is also examining his leasing of cars and office space in Chicago.

A spokesperson for the Federal Election Commission, which enforces federal campaign laws, said political candidates can use their campaign funds to pay legal bills, even in a criminal investigation. The issue has arisen in the past and the commission has issued legal opinions approving of such payments, said spokesman Fred Eiland.

A spokesperson for Rostenkowski noted that "numerous times in the past" other members of Congress had also used their campaign funds to pay legal bills.

The legal fees were paid out of two political committees. Most came from the Rostenkowski for Congress Committee. His political action committee, America's Leader Fund, paid about $12,000 of the fees.

Some $158,000 of the campaign funds went to pay Stanley Brand, the Washington attorney who represented Rostenkowski earlier this year. Rostenkowski is now being represented by high-powered Washington lawyer Robert Bennett.

Chicago criminal defense lawyers said Rostenkowski's bills aren't excessive and are likely to increase as Bennett's team reviews the work of previous attorneys.

"The amount of the fees suggest to me that they [Rostenkowski's attorneys] have probably been out interviewing witnesses, reviewing documents subpoenaed by the grand jury, and basically tracking the government investigation," said one Chicago lawyer.

Rostenkowski has also been paying the legal bills of some of his most trusted aides.

Virginia Fletcher, who receives more than $90,000 as the congressman's top aide, had nearly $150,000 in legal fees paid for her. Nancy Panzke, his Chicago office manager, has had some $28,000 in legal bills paid on her behalf.

The Chicago law firm of Katten Muchin & Zavis represented Panzke as well as both political committees, said a lawyer for the firm. She declined to elaborate on the legal services the firm was providing.

Rostenkowski's congressional campaign committee paid about $250,000 in legal fees for the 10 former aides.

One of those aides is Thomas Sneeringer. Rostenkowski's former legislative director who is now a Washington lobbyist.

Sneeringer said he needed the lawyer for his grand jury appearance and follow-up inquiries. He declined to discuss his testimony. He said he asked Rostenkowski to pay the $4,800 in legal fees that he incurred because "I can't afford it."

Many of the former aides whose legal fees were paid with the campaign funds worked for Rostenkowski between 1986 and 1992, the period for which prosecutors have subpoenaed numerous records.

Joan Ferrans, a former senior citizen coordinator in Rostenkowski's Chicago office whose $13,929 legal tab was paid, said she had not been subpoenaed to testify before the grand jury. She declined comment when asked if she had been questioned by federal agents.
Writing a different script on deficits

The showdown in Congress over President Clinton's economic plan has taken on all the trappings of a bad daytime soap opera. If you haven't watched in a while, you still will be able to recognize quickly the plot and the same old, timid characters.

The details of a nearly $500 billion deficit-reduction package finally have been agreed upon. But some Democrats say they can't bring themselves to vote for a plan that will boost gasoline taxes by even a few pennies or make well off retirees pay increased taxes on Social Security benefits.

With every Republican having pledged to vote against Clinton's program, a few Senate Democrats, like Oklahoma's David Boren, have bolted party ranks and joined the opposition. Other lawmakers are waffling, worried more about getting re-elected than about moving toward fiscal responsibility.

Knowing that cutting programs or raising taxes wins few votes, they are squirming to find ways to spend more money, to protect favorite programs and avoid painful choices. It's the same old story of hiding behind higher deficits, and it ought to end.

Clinton was elected, in part, because of a promise to reduce deficits and restore fiscal discipline in Washington. Voters and financial markets have assumed for some time that a Democratic president and Democratic-controlled Congress would be able to get a start on fulfilling the promise. If they don't, the political damage to the new administration would be profound, perhaps irreparable. The plan's passage might not help or hurt the economy much in the short run, but defeat could shake the confidence of consumers and financial markets. Interest rates likely would rise, stock prices would fall and consumer buying would weaken.

After much talk of "shared sacrifice," the proposal causing so much conflict in Congress relies primarily on taxing wealthy Americans, raising federal gas taxes and cutting defense spending and Medicare benefits. The result would be to keep deficits over the next five years from rising by $500 billion more than they would if no action were taken.

If the economy grows modestly and taxpayers don't avoid the higher taxes, the deficit under Clinton's plan is expected to be about $500 billion in 1997, or 2.7 percent of gross domestic product, compared with $285 billion, or 4.5 percent, this year.

It's a small step in the right direction, but more leadership and courage will be needed to control future spending and deficits. Follow-up action will be needed on health care and welfare reform.

Postponing the action now to meet every recalcitrant lawmaker's concern will likely lead to more ducking of hard choices and less deficit reduction. It will, in fact, be one more Washington variation on the same old, red-ink script.

Christopher saves his peace mission

Secretary of State Warren Christopher worked the phones assiduously from Washington late last week to put out the latest fire in the Middle East. Christopher and his boss, President Clinton, deserve credit for prevailing upon the leaders of Syria, Lebanon and Israel to restore a measure of calm to the always-volatile region.

Before a cease-fire took hold late Saturday, there had been a seven-day paroxysm of violence triggered when Israel, fed up with having its northernmost communities rocketed by Iranian-backed terrorists inside southern Lebanon, struck back with an oversized military assault on villages there.

The outbreak of hostilities threatened to upset the U.S. secretary of state's plans for a peace mission to spark interest in the next round of the 21-month-old Mideast peace talks.

Fortunately, the cease-fire permitted the trip to proceed, and on Monday Christopher was in Egypt doing what diplomats frequently must. He was putting the best face on a situation that is, to put it mildly, less than ideal.

Following a meeting with President Hosni Mubarak, Christopher said the new tension over Lebanon could inject "a new burst of energy" into peace-promotion efforts, and that he wanted "to capitalize on the tragic situation in Lebanon, to use it to remind the parties how important it is to move forward with the peace talks."

In view of the many wars in the Middle East and years and years of intercommunal friction, it would seem that the case against enmity and for amity should have been clear long, long ago.

But not to everyone, and certainly not to the Party of God (Hezbollah) adherents whose only policy is terrorism—terrorism which Israel feels compelled to counter, albeit overaggressively at times. The result can be a crisis like last week's, which cannot but hurt the search for a live-and-let-live Mideast.

For all that, however, Secretary Christopher's very presence in the Middle East has to be interpreted as an encouraging sign. It means that the absolutely vital, if seemingly Sisyphian, task of brokering a settlement is continuing.
Making Big Steel fend for itself

Major American steelmakers were stunned and angered by the International Trade Commission’s decision last week not to give them the protection they thought they already had won against foreign competitors they accused of “dumping.”

The domestic steelmakers vowed to appeal the commission’s decision and also to try to get Congress to pass legislation to shield them from foreign producers who, they contend, “dump” steel here at prices below what they charge at home.

Instead of rushing to spend more on lawyers and lobbyists, however, the American companies ought to cut their losses and refocus on executing their strategies to become the low-cost, most-competitive global producers. They stand to gain more from helping the Clinton administration negotiate a multinational steel accord—one that would reduce subsidies and put producers around the world on a more equal competitive footing—than from continuing the fruitless battle over dumping.

What the ITC, a U.S. government agency, ruled last week was that, while foreign steelmakers may indeed have dumped steel here, in the vast majority of the 74 cases at issue, American steelmakers were not injured or damaged. As a result, the punitive tariffs the domestic producers sought were not justified.

Prior to the commission’s decision, the steel companies believed they were about to notch a victory. Responding to complaints filed a year ago by the major American steelmakers, the Commerce Department had imposed tariffs averaging 37 percent on steel shipped from 20 different countries. All that was needed was a finding by the ITC that the domestic companies actually had been injured or damaged.

In the past, the six members—three Democrats and three Republicans—have found it easy to find injury. The standards they can apply are varied and favor domestic industries. But even so, the ITC couldn’t find damage in most of these cases.

In more than half, the ITC found no injury at all. In some of these cases, the volume of imports was too small to support a finding of damage; in others, it turned out that the big integrated producers were being hurt more by competition from low-cost, non-union, domestic mini-mills than by imports.

The domestic makers’ disappointment is understandable. They invested heavily over the past decade to modernize some plants and close others. They improved productivity and efficiency and were positioned, they believed, to benefit from an economic recovery and from long-sought price increases.

But the commission’s decision wasn’t entirely disappointing to the American producers. On corrosion-resistant steel, it found that the imports were causing injury and ordered protection.

Equally important, the judgment helped ease trade tensions. The European Community had warned that talks to liberalize world trade would be jeopardized unless the U.S. eliminated the steel duties.

American steelmakers have been protected from imports by various quotas or negotiated deals for nearly 25 years. This time, instead of negotiated restraint, they chose to pursue a legal remedy and they didn’t make their case convincingly enough.

It will be more difficult to hold prices and recapture profits, but the companies should screw up their determination to cut costs and become competitive. In the long run, they’ll thank the commission.
Clinton plan could curb mental health coverage

BY J.A. ZALEWSKI
From Press Washington Post
WASHINGTON — President Bill Clinton's health-care planners are backing off their goal of requiring the same level of insurance coverage for mental illness as for physical ailments.

Administration officials recently have told mental-health advocates that because of cost, the health-care plan will restrict coverage of hospital care and office visits for mental illness.

"We're being scaled back in a major way," said Jim Finkle, a spokesman for the National Community Mental Health-care Council, which represents mental-health centers that serve low-income people.

Many experts say there is no scientific basis for treating mental illness differently from physical disease. However, most health-care plans currently distinguish between physical and mental disorders.

Mental-health benefits usually are limited to a certain number of hospital days or office visits, and patients generally must get approval from their insurers before treatment.

"We were looking for something much broader to finally end the dichotomy between mind and body," said Joe Manes, spokesman for the Bazelon Center for Mental Health Law, a Washington-based advocacy group.

"Nobody says that cancer treatment is too costly, so it has to be limited to 30 radiation treatments or so many days of hospitalization."

Manes said Clinton's health-care plan, due in late September, would call for full coverage of mental illness by 2000. Until then, limits would be in effect.

White House spokesman Bob Boorstin said there has been no final decision on mental-health coverage. He would not comment on any details.

Clinton's comprehensive benefits package would restrict hospital coverage for mental illness to 60 days a year, with a limit of 30 days per hospitalization.

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June thanks to Vice President Al Gore's surprising vote. Democrats have a 56-44 Senate majority.

One target was Sen. Richard Bryan of Nevada, who feared a provision reducing the portion of business meals and entertainment deductible for tax purposes would hurt the Las Vegas economy. Present law allows 80 percent to be deducted, but houses voted to lower it to 50 percent. But negotiators were offering a compromise of 60 percent.

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Clinton to go on TV tonight to sell deficit-cutting deal

WASHINGTON — Congressional negotiators settled all tax issues in the compromise deficit-reduction plan Monday, setting up showdown votes this week in the House and Senate.

Last-minute agreements would require fewer people to pay taxes on Social Security benefits and restrain the growth of Medicare for elderly and disabled people.

Democratic leaders predicted the legislation, designed to cut the deficit by about $496 billion over five years, would win approval. It calls for billions in higher taxes on the wealthy and a 4.3-cent increase in the gasoline tax. The tax increase also would affect recreational boating.

President Bill Clinton plans to address the nation at 8 tonight to promote the compromise. White House press secretary Dee Dee Myers said he will seek to persuade Americans that "there is no alternative... that this is the only game in town."

But Republicans attacked it swiftly. Senate-Minority Leader Bob Dole of Kansas called the measure "the largest tax increase in the history of the world."

The bill provides for five-year tax increases estimated at $24 billion. An estimated $3.5 billion
Metro Detroit shows economic confidence

Area businesses top U.S. in optimism

BY ANTHONY NEELY

Small and medium-sized businesses in metro Detroit, bolstered by an improving auto industry, are more optimistic about the economy than are those in the rest of the country, a survey by Arthur Andersen's Enterprise Group has found.

Eighty percent of businesses owners surveyed in June by the Enterprise Group's Detroit office said they expected their firms' revenue to increase during the next 12 months. Only 66 percent of business owners responding to a national Enterprise Group survey expected a revenue increase.

Similarly, 67 percent of metro Detroit respondents looked for higher profits during the next year, compared to 59 percent of national respondents.

The improved performance of the U.S. auto industry is a big reason for optimism among metro Detroit firms, said Jeffrey Kane, a partner in the Detroit office of the Enterprise Group.

"Another main reason is the individual companies' focus on productivity, cost-cutting and quality, which has positioned them to become the most of increased sales," he said. "The fact that they've survived a pretty tough recession" has also increased confidence.

The percentage of metro Detroit business owners reporting improved quality, productivity and new product development in the past year was much higher — 31 to 47 percent, depending on the category — than the national survey average.

Metro Detroit business owners said they expected revenue to increase 8 percent and profits to rise 6 percent, on average, during the next year. Also, they forecast an average 7 percent increase in the work force and an average 3 percent raise in worker pay.

The Detroit area business owners and the "necessary environment" was the biggest obstacle to increased growth and survival. Other major obstacles cited were federal taxes, lack of capital and high health care insurance costs.

Among those surveyed, Detroit metro area business owners were more likely to say the federal government could help improve the business climate. Metro Detroit respondents ranked an environment tax credit firm, followed by reduced capital gains taxes and larger initial write-offs of new equipment.

The Detroit area's top five economic concerns were the easing of the dollar, the budget deficit, trade policy, the overall tax system and worker training.

The top five concerns in the rest of the country were the budget deficit, trade policy, the overall tax system, the dollar and worker training.

Detroit tops U.S. in economic optimism

The Enterprise Group, a division of the Arthur Andersen & Co. accounting and consulting firm, surveyed 70 business owners in Wayne, Oakland, Macomb, Washtenaw and Livingston counties and 687 nationally.

Nearby half — 47 percent — of those surveyed in metro Detroit own businesses in the automotive, manufacturing or construction industries. That reflects the division of industry in metro Detroit, Kane said.

About 70 percent of the Detroit area business owners had annual revenue of $1 million or more. Also, 70 percent employed more than 100 workers, and 40 percent employed more than 250. Nine percent of those in the metro Detroit respondents said they had received bank loans in the past year, compared to 15 percent of national respondents.
CLINTON VICTORIES

Ginsburg already has helped heal selection process

Judge Ruth Bader Ginsburg hasn't yet been confirmed as a member of the U.S. Supreme Court, and she's already done the court and nation a service. She has brought such integrity and commanding presence to this point in her life that she has won the unanimous approval of the Senate Judiciary Committee.

Republicans are struggling to rally at least nine votes against her on the Senate floor, that being the number of senators who opposed Justice David Souter's nomination during the Bush administration. That would be as inconsequential as it was in the Souter confirmation. Judge Ginsburg has become almost a consensus nominee.

Judge Ginsburg's easy dominance of the confirmation process suggests that President Bill Clinton has succeeded at taking some of the poison out of selecting a Supreme Court nominee. He did it by searching for and finding, not some left-wing countepoint to a Clarence Thomas type, but a person who has demonstrated her skills as a judge, and her personal balance and moderation. The president seemingly tried not to advance an ideological agenda — though his nominee clearly agrees with him on abortion — in order to concentrate on finding a solid jurist.

The Judiciary Committee's vote and the expected Senate affirmation of it represent a real dividend from that approach. Mr. Clinton may not always choose such non-controversial nominees. Sometimes you need to take a risk with a particularly able but provocative candidate.

In this context, though, Mr. Clinton made a wise as well as a consensus-building choice. Judge Ginsburg has already brought credit to the president. The law and the nation are the better for what this nomination has done to take partisanship and divisiveness out of the process.

National service plan is a constructive investment

After a week-long Republican filibuster in the Senate, it appears President Bill Clinton will get most of what he asked for in his national service plan.

The proposal would allow college students to earn as much as $10,000 in tuition assistance, in return for two years of community service. The measure, similar to legislation approved by the House, is set for a Senate vote today.

The president needs such a victory over a too-often partisan and gridlocked Congress. Under the Senate bill, some students could receive living allowances of $7,400 or more a year, along with health care and child care benefits. The program would cost $300 million in its first year, $500 million in the second year, and $700 million in the third — a small investment for potentially large rewards.

The president's plan had to be modified in the Senate to squeeze past Republican objections. But it has survived in recognizable form, with the apparent support of several Republicans who have agreed to break party ranks to vote for it. If this victory marks a renewal of bipartisan cooperation between Congress and the White House, that is a heartening development.

The GI Bill helped educate a generation of Americans after World War II. The White House proposal could do the same for another generation of young people — and instill in them the ideal of useful, constructive service to others.
Deficit proposal drawn
Democrats ready for showdown

By Robert Dodge
Washington bureau of The Dallas Morning News

WASHINGTON — Congressional Democrats wrapped up the key issues in President Clinton's deficit reduction plan Monday, clearing the way for a showdown in the House and Senate later this week. The plan, which Democratic leaders said they would unveil Tuesday, calls for $496 billion in deficit reduction over five years. It would cut spending $253 billion and raise $243 billion in new taxes, including a 4.3-cent-a-gallon gas tax and new levies on the wealthy.

Continued from Page LA.

House-Senate conference committee leaders were withholding the final contents of the completed plan and so other lawmakers could be briefed on the final contents.

For all practical purposes this conference is over," Mr. Foley said. After reporters were told the plan was mostly complete, Sen. Daniel Patrick Moynihan, D-N.Y., chairman of the tax-writing Senate Finance Committee, called his panel together to tell them about the details of the final package.

Rep. Dan Rostenkowski, D-Ill., chairman of the House Ways and Means Committee, indicated he needed to tell his fellow tax writers in the House about the details. He told reporters the package was completed "except for minor irritations."

Asked to identify those irritations, he responded: "It's members. Members want this, and members want that. I don't want members coming in with another wish list."

The package largely came together Monday after negotiators resolved remaining differences on Medicare and Social Security taxes. Conferences agreed to cut Medicare spending by $56 billion, cuts that will roll back from the $25,000 originally approved by the House.

As Republicans immediately attacked the accord, Democrats worked to ensure party discipline in what is seen as a key test of Mr. Clinton's young presidency. The White House began planning for a televised presidential address Tuesday night, expected at 7 p.m. Dallas time.

"I say to you, now we will pass this bill in the Senate," said Majority Leader George Mitchell of Maine.

The plan — which reconciles competing versions passed in each chamber of Congress earlier this summer — is expected to be taken up by the House on Thursday and then voted on in the Senate on Friday.

It originally cleared the Senate on a 50-49 vote, with Vice President Al Gore breaking the tie. The task of winning Senate approval became more difficult Sunday when Sen. David Boren, D-Okla., who grudgingly voted for the package the first time, said he would not support the president.

Final approval also is expected to be difficult in the House, where the

Please see DEMOCRACY on 12A.

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3rd report criticizes SSC team

Collider backers blast leaks, defend project

By Anne Reifenberg

Department of Energy's watchdog group, the Project on Government Oversight, has been under heavy scrutiny this summer — and Energy Secretary Hazel O'Leary is scheduled to decide this week whether Universities Research Association Inc. will be allowed to keep the management and operation contract it won in 1989.

The association as "our beloved contractor," suggested that "there is somebody high in the system that wants to kill the project, and they're selectively leaking material to put the project in the least favorable light."

"This is the first time we've had to put up with sabotage from within," he said.

The report was made public days after the circulation of copies of an unsigned draft Energy Department memo recommending that SSC Laboratory Director Roy Schwitters be fired. Earlier this summer, a draft version of a critical department audit of the collider was released by the Project on Government Oversight.

Gerald Staub, director of the National Association for the SSC, an industry lobbying group, said he was dismayed at the possibility that leaks were coming from the Energy Department or the laboratory in Dallas.

"We're in a knife fight here. Anything that comes from within our own team — if any of this stuff does certainly doesn't make me very happy," he said. "We should all be pulling the oar together here to pull the project through. Certainl egging doesn't help us do that."

The draft memo that began circulating at least a week ago recommends that Mr. Schwitters be fired and that the association be relieved of all authority over construction. Written by SSC Project Office Director Joseph Cipriano, it describes the association as "our beloved contractor" and complains of its "unwillingness to cooperate with the department."

Continued from Page 1A.

"Our sources down there are strongly committed to the project," said Keith Rutter, assistant director of the Project on Government Oversight. "I think they really believe that if better management practices don't begin soon, the collider will be killed and we strongly believe in an open, fair and honest debate on the subject."

The laboratory staff, the report says, is giving an "obvious amount of effort, priority and attention" to making the system work.

"It is not a totally negative report," said a department official involved in the collider program who asked not to be identified.

But the timing of its release — two days before two Senate panels with collider oversight met to hear testimony on the $10 billion project — angered collider supporters.

They said it seemed part of a pattern of leaks regarding the collider, which has been under heavy attack this year by political opponents and government auditors who view it as a budget buster. They also are raising the question of whether the leaks are coming from the Energy Department or the laboratory in Dallas.

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Mr. Cipriano, who is based in Dallas, is on vacation and unavailable for comment.

Sen. J. Bennett Johnston, D-La. — who will chair Wednesday's collider hearing — said he was not concerned about the impact the draft memo might have.

"I don't think it will be that damaging," he said through his press secretary, Tony Garrett. "I think it has more to do with a personality conflict than with the project itself."

Mike Gauldin, the Energy Department's director of public consumer affairs, said he believed that leaks tend to cloud rather than contribute to a political debate.

"(Leaking) is kind of a guerrilla tactic for people that for reasons don't want to show their hand," Mr. Gauldin said. "But I'm not going to waste any time on it. You go nuts trying to figure out who's leaking what and why and never get anything else done, and we just aren't going to waste that kind of time."

Please see 3RD on Page 9A.
Clinton to ignore criticism by Perot

By Kathy Lewis
Washington Bureau of The Dallas Morning News

WASHINGTON — President Clinton said Monday that he intends to ignore Ross Perot and his economic critique because he doesn't have a vote in Congress. Nonetheless, he took several shots at the 1992 independent presidential challenger.

Mr. Clinton accused Mr. Perot of "running" from his own proposal to increase the gasoline tax by 50 cents a gallon over five years. He also rejected Mr. Perot's call for Congress to postpone action on the deficit reduction plan until after its August recess. Mr. Perot has urged Congress to scrap the current package and fashion a bipartisan one.

"To keep wallowing around in it won't serve anybody very well," Mr. Clinton told editorial writers from The Dallas Morning News and several other newspapers Monday. "Until Congress acts on [his] economic plan, the president said, "we are paralyzed from going on to the next big problem with this deficit," health care costs and entitlements. "We've got to move," he added. "We don't need to delay this another month or two months or three months."

Sharon Holman, a spokeswoman for Mr. Perot's United We Stand America, said everyone should be focusing on the plan before Congress, not the one Mr. Perot proposed during the campaign. The only plan being considered, she said, "never balances the budget."

"I never got a sense he was running away from it," she said of Mr. Perot's gasoline tax proposal. In recent months, Mr. Clinton largely has refrained from attacking Mr. Perot, but on Monday he took him on. "The press kept saying. Well, what would you do?"

"I think what was done yesterday was wonderful," Mr. Clinton said. "I think it's pretty funny," he added. "I've got a 4.3 percent gas tax in my plan. Ross Perot proposed a dime-a-year for five years, or a 50-cent gas tax increase in his plan, something he was running from yesterday on television."

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Advice pours in for Sen. Kohl on deficit plan

By Susan Feeney
Washington Bureau of The Dallas Morning News

MILWAUKEE — In the middle of the country, in the middle of the battle over President Clinton's deficit reduction plan, everyone seems to have advice for Wisconsin Sen. Herb Kohl.

A Democrat who is undecided and up for re-election next year, his vote — and the votes of a handful of other Democratic senators — could make or break the plan that Democratic leaders are scheduled to unveil on Tuesday. Republican lawmakers are opposed.

"I'd vote against it," Thomas Letsle, owner of a five-person real estate company, told Mr. Kohl Monday morning on the sidewalk outside his Milwaukee U.S. Senate office. "You can't raise taxes before you cut all the spending. No one trusts government to live up to that bargain."

Emily Ryke, a retired postal worker, disagreed. "I think you have to do something about the deficit. We just can't go on," she told the senator.

On the streets, by telephone and over the airwaves, a torrent of solicited and unsolicited advice blew toward Mr. Kohl, an unassuming businessman and owner of the Milwaukee Bucks, whose net worth Fortune magazine put at more than $200 million.

Monday morning, 100 people called Mr. Kohl's Milwaukee office in just two hours, with two-thirds urging him to vote against the nearly $900 billion deficit reduction plan that is expected to draw evenly from new taxes and spending cuts.

Four national groups — the Republican Party, the American Conservative Union and the GOP-backed Citizens for a Sound Economy opposed to the Clinton package, and the Democratic Party for it — are pumping Wisconsin television and radio full of ads targeting Mr. Kohl and listing his office telephone numbers.

The newest entry in the media derby, the American Conservative Union, opened a $70,000 television advertising campaign Monday targeting just one senator: Mr. Kohl.

Mr. Kohl had been in Washington rather than Milwaukee early Monday, he would have been in his office for an unannounced visit from Ross Perot, the former independent presidential candidate and outspoken critic of the Clinton plan.

The newly sought-after senator, by his own count, has spoken with the president "several times," including over dinner Thursday at the White House. He's had lunch with Treasury Secretary Lloyd Bentsen, meetings with Deputy Treasury Secretary Roger Altman and chats with Vice President Al Gore.

Monday afternoon, the president conducted a conference call with the editorial staffs of Milwaukee's two daily newspapers.

A man who grew up on the same block as Mr. Kohl near 51st Boulevard told him on Monday, "No matter what you do, you're going to have a big group of people saying you're doing wrong."

Mr. Kohl, 98, is both credited with and blamed for holding the tax plan's gasoline tax increase to 4.3 cents a gallon. The move brought the senator into the national limelight. It also pleased many in the West and in the oil patch, but brought criticism from loyal state Democrats who said he has been too antagonistic toward Mr. Clinton, the first Democrat in the White House in 12 years.
CLINTON BUDGET

This version should not be approved

The political drama that has captured Washington over the last week — budget conference scrapping over House and Senate differences while the White House pitches its economic program to political delegations, corporate chieftains and journalists — now comes to a close. By week’s end, after President Clinton addresses the nation, Congress will cast its final vote on the budget package Mr. Clinton began presenting to it in February.

But while Mr. Clinton’s aim is commendable — asking for tax hikes and spending cuts is never simple — his plan does not warrant final passage. In the end, it does not represent the best mix of variables.

Now, yes, the budget reconciliation bill Congress will vote on this week contains important steps. It’s honest about the fact that tax increases cannot be avoided in any deficit reduction plan. It contains cuts in Medicare spending, which is to entitlement programs what teen-agers are to family grocery budgets: a driving force of expansion. And it keeps the ceiling on appropriated spending (defense, highways, FBI, water projects, etc.) that was implemented during the 1990 budget accord. The caps would provide a mechanism to keep spending levels on a flat line between 1994 and 1998.

Some of Mr. Clinton’s spending increases are sensible: More dollars for early childhood programs; expansion of a tax credit that rewards low-income Americans for working; and creating tax benefits for most small businesses.

Yet while the president was correct in telling Texas journalists last week that “it’s hard to adopt a five-year budget,” his long-term plan is not the final resting spot. The budget reforms may represent movement, but movement need not be confused with resolution.

A strong reason to push toward a better resting spot stems from this political period’s uniqueness: Americans appear willing to absorb more spending cuts as a means to reduce the deficit. The evidence may be anecdotal, but what some Quinlan, Texas, residents recently told this paper seems representative: They would be willing to assume higher Social Security taxes, less Medicare spending and tighter cost-of-living adjustments in federal benefit programs to fight the deficit.

The White House and Congress should act on this kind of willingness and return in September to craft a deficit package that contains more spending cuts than tax increases.

In a conference call with editorial writers Monday, the president promised there would be more spending cuts later, when Vice President Al Gore submits his “re-inventing government” audit. But it is not fair to make tax increases retroactive to Jan. 1 and make spending cuts prospective. If history is a guide, the taxes are certain and the future cuts are uncertain.

The new cuts should also be actual, and not just a function of linguistic cleverness.

For example, key Republicans and Democrats alike term higher taxes on Social Security a spending cut, just as they consider projected savings in interest expense on the national debt a spending reduction. Perhaps both changes give the treasury more money, but it’s hard to imagine such semantic “reductions” are what Mr. and Mrs. America consider spending restraint.

By defeating the budget reconciliation bill this week, which the White House claims contains 80 percent of Bill Clinton’s original economic plan, Congress could reconvene in September and take the budget process to a new level. Deeper cuts in the 20 percent of the budget that goes to domestic programs like honey and mohair subsidies, further reforms in the nation’s $748 billion entitlement budget and a reduction in President Clinton’s $100 billion in new spending for infrastructure and social projects are the places to start. The nation has an unusual opportunity to rectify its budget problems, and Congress should take advantage of this opening and assemble a different budget package.
SUPER COLLIDER
Don't make Schwitters a scapegoat

Since fall, there have been four audits conducted at the Superconducting Super Collider site, 12 reviews of the project, three assessments and four investigations. That's 23 separate reviews in less than a year.

The super collider administrative staff and workers have been subjected to an endless stream of questions about everything from construction costs to compliance with federal labor laws.

And what horrific fraud has been unearthed? That some money was spent on plants to brighten inexpensive warehouse-like buildings and other money was spent for a Christmas party for employees. More egregious misspending can be found in congressional postage stamp accounts.

Now, on the eve of the most important Senate vote in the Superconducting Super Collider's history, a memo has been leaked from the Energy Department official who oversees the collider recommending the firing of laboratory director Roy Schwitters and a management shake-up.

Collider project office director Joseph Cipriano, the author of the memo, concluded that the super collider will not be completed as long as the $10 billion project is under the management of Mr. Schwitters and the Universities Research Association.

According to Mr. Cipriano, morale at the super collider is very low and confidence in management has been badly shaken. The removal of Mr. Schwitters and replacement of the Universities Research Association as construction managers may be the only way to turn around current trends.

In truth, the greatest cause for morale problems is not Mr. Schwitters, but the reign-of-terror atmosphere created at the collider site by federal auditors and investigators. Many employees have told The Dallas Morning News that the hostile tone of these interrogations has been frightening.

Distribution of Mr. Cipriano's memo just days before Senate hearings on the collider are scheduled can only be seen as a crude political attempt to kill the project's funding. We would urge members of the Senate to look beyond the rhetoric, follow the scientific testimony at this week's Senate hearings and decide for themselves if project costs have been justified. The Senate owes it to the American people to concentrate on what returns the project will bring for this nation in future years.

It is expected that Energy Secretary Hazel O'Leary will recommend management changes in coming days, which could either help preserve the collider or weaken it. Sacrificing Mr. Schwitters would be unfair and unwarranted. His personal dedication, integrity and intellectual vision have been instrumental in bringing the massive project this far. He deserves an opportunity to remain with this vital project.

Yes, construction supervision can be improved, and lines of authority need to be clarified. But the goal at this point should be to fine-tune, not cripple the collider. More witch hunting and scapegoating will not be good for morale or science.
WASHINGTON - Senate Republicans opposed to Dr. Joycelyn Elders said Monday that they would block a vote on her nomination as surgeon general until September.

Sen. Don Nickles, R-Okla., said he would delay consideration of Elders' nomination until the Senate returns in September from a monthlong recess expected to begin later this week.

Democrats want a vote on Elders, the former Arkansas Health Department director, sometime this week. But Nickles indicated Monday he did not have enough votes either to defeat Elders or to maintain a filibuster against her nomination.

"We may or may not have the votes to defeat her nomination, but we want people to know where she stands, where this administration stands on issues," Nickles said at a Monday news conference.

Elders, President Clinton's choice to be the nation's top physician, has faced a series of questions from Nickles and others. Critics have focused on her support of abortion rights, her advocacy of condom distribution in schools and her role as a director of North Little Rock's National Bank of Arkansas.

The Little Rock pediatrician survived those controversies and others to receive the Senate Labor and Human Resources Committee's endorsement Friday. The committee voted 13-4 in favor of Elders, with three of the committee's seven Republicans supporting her.

The Republican support appears to clear the way for Elders' confirmation by the full Senate. Nickles indicated Monday he did not have enough votes either to defeat Elders or to maintain a filibuster against her nomination, but he and other critics of Elders have another option.

The Oklahoma senator said he would put a "hold" on Elders' nomination, a procedure that delays a nomination vote to allow a senator to collect more information.

"I haven't given up hope," he said.

But even some Republicans critical of Elders think she probably will gain Senate approval.

"The odds look as if she will be confirmed," said William Bennett, co-director of Empower America and a member of the Reagan and Bush administrations. "If she is, it will be clear where the Clinton administration stands."

Democrats want Elders' nomination to be voted on this week following an all-out lobbying effort to build support for her.

But Nickles said he planned to submit more questions to Elders to follow up on her testimony before the Labor Committee. He said he wanted more time to examine her "radical" agenda and "polarizing" views.

Aides to Senate Majority Leader George Mitchell, D-Maine, said they preferred to vote on Elders' nomination later this week.

But they added that it was "the Republicans' choice" on whether the vote would occur this week or after the Senate's recess.

Another obstacle to a quick vote for Elders is a crowded Senate agenda. The Senate's major items this week include a final vote on Clinton's deficit-cutting plan and several other nominations, including a vote today on Ruth Bader Ginsburg, Clinton's nominee for Supreme Court associate justice.

But Avis LaVelle, a Department of Health and Human Services spokesman, said the timing of Elders' vote made no difference on the outcome of the nomination.

"Who knows what will happen over the August recess as more information gets out about this nominee's background?" Lott said. "It's incumbent upon us to make the American people aware of what they're getting."

On Monday, Nickles appeared with members of the conservative Family Research Council and the Coalitions for America. Today, a group called the Association of American Physicians and Surgeons will hold a news conference outside the Capitol to protest Elders' nomination.

More than 200 other groups support Elders' nomination. The nominee's supporters plan to keep the political pressure up until she wins confirmation, LaVelle said.
LR firm tries to lift curbs on aid to Iraq

Has Clinton ties; client Greek shipper

BY JOHN BENNETT
Scripps Howard News Service
And Arkansas Democrat-Gazette Staff

WASHINGTON — A Little Rock law firm with close ties to President Clinton is, on behalf of a foreign client, seeking to lift the U.S. embargo on the sale of humanitarian food and medical supplies to Iraq.

The Dover & Dixon firm of Little Rock has been hired by Elemeco, S.A., a shipping company in Athens, Greece, to help free Iraqi assets held in escrow in the United States.

The funds were frozen and U.S. transactions with Iraq were prohibited by executive order of President Bush on Aug. 9, 1990, shortly after Iraq invaded Kuwait.

The authority to enforce the order rests with the Treasury Department.

Joseph Purvis, a Little Rock lawyer close to Clinton since their childhood days in Hope, registered the law firm's representation of Elemeco with the Justice Department on June 22.

The registration states that the firm will help Elemeco prepare and file with the Treasury Department applications for specific licenses seeking U.S. approval of the sales to Iraq.

Purvis said he has advised Elemeco that poor U.S. relations with Iraq make it unlikely that Iraqi assets in the United States will be freed anytime soon.

"I think it's dead in the water," he said. "The time is not right at this point."

Under terms of a contract signed with Elemeco, the Iraqi government would use any freed assets to purchase food and medical supplies in the United States, to be transported to Iraq by Elemeco.

Purvis said that if the Iraqi assets are freed, he believes Elemeco would attempt to set up sales through food brokers in Houston and possibly with Riceland Foods in Stuttgart.

About 70 percent of Iraq's food is imported. Before the war, Iraq was the largest single-country market for long-grain rice grown principally in Arkansas, according to the U.S. Department of Agriculture.

Bill Reed, spokesman for Riceland Foods, said he and his company were unaware of any signs that trade relations with Iraq would loosen in the foreseeable future. No one at Riceland was aware of the Dover & Dixon hiring until the Arkansas Democrat-Gazette called to inquire, Reed said.

Iraq purchased $133 million worth of U.S. rice — more than 400,000 tons — in 1968, the last year before the embargo. Since that time, rice export growth to other countries has made up for the loss of trade with Iraq, federal Department of Agriculture records show.

According to a May 2 letter to Elemeco by Purvis, the law firm is entitled to 1.25 percent of the U.S. dollar equivalent of the face amount of any sales contract entered into as a result of a specific license obtained by the firm.

Purvis worked for Clinton as a lawyer when Clinton was attorney general in Arkansas and also is close to White House aides, including officials in the legal counsel's office.

Purvis said he didn't use White House influence to get the contract and wouldn't attempt to use any in fulfilling it.

"Lord, no," he said when asked if he did or will use his White House contacts.

Explaining how he was hired by Elemeco, Purvis said he was approached by Arkansas business people who knew officials of the shipping company. He declined to identify the Arkansans.

The Justice Department registration papers say Dover & Dixon has received a $25,000 retainer fee from Elemeco.

A Treasury Department spokesman said any decision to free frozen Iraqi assets rests with the White House. "It would be a waste of time (for any firm) to lobby the Treasury Department," said Treasury spokesman Bob Levine.

A United Nations resolution forbids any humanitarian aid to Iraq. If any government did agree to unfreeze Iraqi assets, the U.N. would insist that any proposed purchase of humanitarian goods be made through a special U.N. escrow account, an U.N. expert on the fund said Monday.
WASHINGTON — The White House is under fire again from its press corps. The last time this happened things got so bad that George Stephanopoulos had to be promoted. This time the issue centers on such a numbing personal tragedy — Vince Foster’s suicide — that one’s inclination is to cut the White House some slack.

The day after Foster’s death, President Clinton told the press that he had no idea what had precipitated the suicide and that, most likely, no one would ever know.

He spoke to the White House staff about valuing something other than work, mainly each other. White House staffers were tear-eyed and moved, and the White House press office later released excerpts of the president’s remarks.

Later that day, Mack McLarty told the press corps that no amount of rationality could ever explain why Foster had taken his life. Press spokesmen insisted that no one in the White House saw anything in Foster’s demeanor that hinted of suicide.

In a matter of days, the press would discover and report that Foster had seemed depressed, had spent weekends working in bed with the shades drawn, had been prescribed anti-depressants, had written down the names of psychiatrists and had written a note, then torn it up, that signaled his great despair.

Some in the press believe it is now apparent that the White House was covering up and spinning on that first day.

But it seems to me that there is a credible thread: Yes, Vince seemed down. From time to time, scores of people in the embattled White House seemed down. That doesn’t mean anyone expected that this highly accomplished man would shoot himself.

Look around your own workplace. Do you see anyone who seems down? Sure. Do you expect that person to blow his or her brains out? Of course not.

It is entirely possible that Foster, a proud and that’s a man, had confided to no one in the White House that he felt compelled to check around for a good psychiatrist and to seek out anti-depressant medication. But it’s entirely possible that his wife knew and that the word got around after-the-fact to the family, and then to police investigators, and eventually to the front page of The New York Times.

The Clinton administration of trying to give the president a good spin by releasing parts of his remarks to the staff. But the fact is that there were press requests for the remarks. It is entirely possible that the requests were obliged not to try to make the president look good, but to lend perspective to a horrible story.

Now, there is one matter affecting the White House that is not so easily defended.

On last Monday afternoon, a deputy counsel in the White House turned Foster’s briefcase upside down. Out fell the scraps of a note that Foster apparently had written about his despair over what he saw as unfair criticism of the counsel’s office where he worked.

The White House explains that the note was deeply personal and that time was needed to inform the president and chief of staff, both of whom were out of town at the time, and to notify the family. —

Try as I might to take the White House side, I can’t. It seems to me a very simple proposition: When you come into material evidence in a matter that you’ve turned over to independent authorities, the first thing you do is convey the evidence to those authorities.

It would have been appropriate to give the torn note to the authorities while simultaneously informing the president, the chief of staff and Foster’s wife.

The delay in no way changed the nature or substance of the evidence. In no way did it indicate any prejudice. It surely was nothing more than logistics and sensitivity. But it wasn’t good judgment.
Those who really know him cry not for Rostenkowski

Rep. Dan Rostenkowski may be a lot of things but one of them is not a sympathetic figure, despite the efforts of liberal pundits and frightened, fawning congressional colleagues to convince us otherwise.

The chairman of the House Ways and Means Committee is an up-from-the-wards machine politician who wields power deftly and often arrogantly in a classic big-city style. Cross him and you pay.

This, of course, does not make him guilty of a growing number of allegations, including embezzlement from the coffers of the House Post Office. But it does make charges that he is being victimized by former Republican U.S. Attorney Jay Stephens and others not only hollow but downright silly.

The victimization charges are even more cynical when one realizes that Rostenkowski last year chose to thumb his nose at a grand jury subpoena, sending word that he didn't consider it valid and that under the circumstances he would claim his Fifth Amendment rights.

There seems to be little question that Stephens, who apparently is running for political office in Virginia, badly overstepped his bounds by appearing on television to predict that Rostenkowski would be indicted and by charging that the Chicago lawmaker actually had taken more than $100,000 in Post Office cash. A number of former U.S. attorneys, many of whom are no friends of Rostenkowski, have chastised Stephens for spoiling off about an investigation he initiated even if he is no longer in charge of it.

"It was terrible form," said another former federal prosecutor. "Even if the boomer was removed by the Clinton White House under pressure from Rosty, he should have kept his mouth shut."

The Clinton Justice Department this spring asked for the resignation of most of the U.S. attorneys nationwide despite a lack of nominees to fill the vacancies. Stephens and others charged it was a ploy to hamstring the Rostenkowski inquiry. Stephens claimed recently that the move delayed the possible indictment of Rostenkowski — a key player in the president's budget battle — by at least 90 days.

The real mystery is why this investigation has dragged on as long as it has without Rostenkowski being either indicted or cleared.

Some of the delay obviously has been political. The White House has needed his influence and skill to keep the budget bill from founding. It would be unlikely the Justice Department would sign off on an indictment until that process is completed.

A major test for the new president and his party will be if they can be objective about one of their own. It always is or each easier for Democrats to indict Republicans and vice versa. Thirty years ago, the Democrats failed, whitewashing the sensational Bobby Baker case. Baker was the fall guy in a scandal that clearly could have touched a number of prominent Democrats, including Lyndon Johnson.

Rostenkowski, meanwhile, obviously isn't taking any chances. He has hired the most prominent criminal lawyer in Washington, Bob Bennett.

Those who defend him say that the $21,000 he is alleged to have stolen is small potatoes. Why would he risk his career, they ask. Men have wrecked their lives for much less. Dick Nixon didn't steal anything.

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Signs of a double standard

THE ISSUE: Should feds prosecute in Crown Heights case?

OUR VIEW: No, because it would amount to double jeopardy

No video cameras whirred when a youthful mob chased down Yankel Rosenbaum, who was knifed to death in the attack. Nor did Rosenbaum’s fellow Hasidic Jews torch the Crown Heights section of New York City, where the slaying occurred, after the acquittal of the alleged assailant. But other parallels to the famous Rodney King beating case leap out, raising the question: Why hasn’t the Justice Department sought a civil-rights indictment against Rosenbaum’s alleged killer?

As it happens, we opposed federal prosecutions in the King case because they amounted, we believed, to double jeopardy and because they were so clearly motivated by political considerations. The Crown Heights case underscores the dangers of government’s conducting political trials under the rubric of civil rights. A spectacular case pressures politicians to obtain the “right” verdict; when the plunging knife isn’t shown repeatedly on TV news, one prosecution will suffice. And charges may be filed or forgotten largely to propitiate radical or other groups — a mockery of equal protection.

Juries will sometimes outrage, as they did in both Crown Heights and Simi Valley, but double jeopardy is even more fearsome. The Justice Department is right not to haul Nelson back to the dock. The same was true for Powell and Koon.
WASHINGTON — Ross Perot showed up unannounced Monday at Louisiana Sen. J. Bennett Johnston's office — full of praise and encouragement for his opposition to President Clinton's deficit-reduction package.

Democrat Johnston said Perot, the 1992 independent presidential candidate, heaped accolades on him — calling him a "great American" and "a great man of principle." Johnston said Perot, whom he met for the first time Monday, told him the United States has only one shot to get a real deficit-reduction plan through Congress and expressed hope the president's plan would be defeated and a new plan substituted to require a balanced federal budget.

Perot, who also visited several other senators opposed to Clinton's deficit plan, declined to say what he and Johnston talked about. He claimed he just cause by to "say hello."

But Perot repeated his contention that Congress will be making a terrible mistake if it passes the $496 billion deficit-reduction package that emerged Monday from House and Senate negotiators.

"I'm sure if you were trying to put it together in the president's shoes, you would be hard-pressed to get it as far as he has gotten it," Perot said.

"But it never balances the budget and that is bad for the country and bad politics. And it is just one of those things where I hope we can build a coalition to do it right."

Clinton, in a satellite hookup with newspaper editorial writers, said his plan, even as modified on Capitol Hill, is still far superior to anything the Texas billionaire has ever proposed.

"I've got a 4.3-cent gas tax increase," Clinton said. "Ross Perot proposed a 50-cent (per gallon) tax (increase) — something he was running from yesterday on television."

Perot's economic plan, put together during the 1992 campaign, proposed a 10-cent-a-year increase in the federal gasoline tax over each of the next five years.

Perot has suggested Congress recess without taking up Clinton's plan — allowing several weeks to rework it so that deficit spending ends by the year 2000.

As called for in the modified plan approved by a conference committee, the deficit would be trimmed only to $300 billion a year in the year 1998 — and then would rise unless entitlement spending is brought down.

Erskine B. Bowles, Clinton's Small Business Administration administrator, said Perot's plan would doom the nation's economy.

"I think everybody would like to get it (the deficit) down to zero eventually, but if you do too much you could have an adverse effect on the economy," Bowles said in an interview with Louisiana reporters. "I think we've done as much as we can stand to do right now."

Laure D'Andrea Tyson, the president's chief economics adviser, said over the weekend a delay in passing a deficit-reduction package would result in higher interest rates and declines in the bond and stock markets. She said that would hurt the nation's current modest economic growth.

"Oh come on," Perot responded Monday. "This is the Chicken Little Theory. The sky will fall tomorrow."

Johnston said he remains opposed to the package and has told the White House he won't be budged by lobbying.

"I think if all else fails apart, maybe they'll call me again, but I encouraged them not to do so," he said.

Johnston said he has told the president he can't support the package because it relies too heavily on new taxes and not enough on spending cuts.