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Folder Title:
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G	26	22	4	1

MARGIN

	House		Senate		# Congress
Grant	-60	(14)	+16	(2)	44
Hayes	-13		+3	(1)	45
"	-19	(14)	-9	(1)	46
Arthur	-79	(10)	+2	(2)	48
B. Harrison	-147	(9)	+8	(2)	52
Taft	-67	(1)	+10		62
Hoover	-6	(1)	+1	(1)	72
Eisenhower	-29		-1	(1)	84
"	-33		-2		85
* "	-130		-30		86
Nixon	-51		-14		91
"	-74		-10	(2)	92
Nixon/Ford	-47	(1)	-14	(2)	93
* Ford	-147		-23	(2)	94
Reagan	-51		+7	(1)	97
"	-102		+10		98
"	-70		+6		99
"	-81		-10		100
Bush	-85		-10		101
"	-100	(1)	-12		102

Political Party Affiliations in Congress and the Presidency, 1789-1991

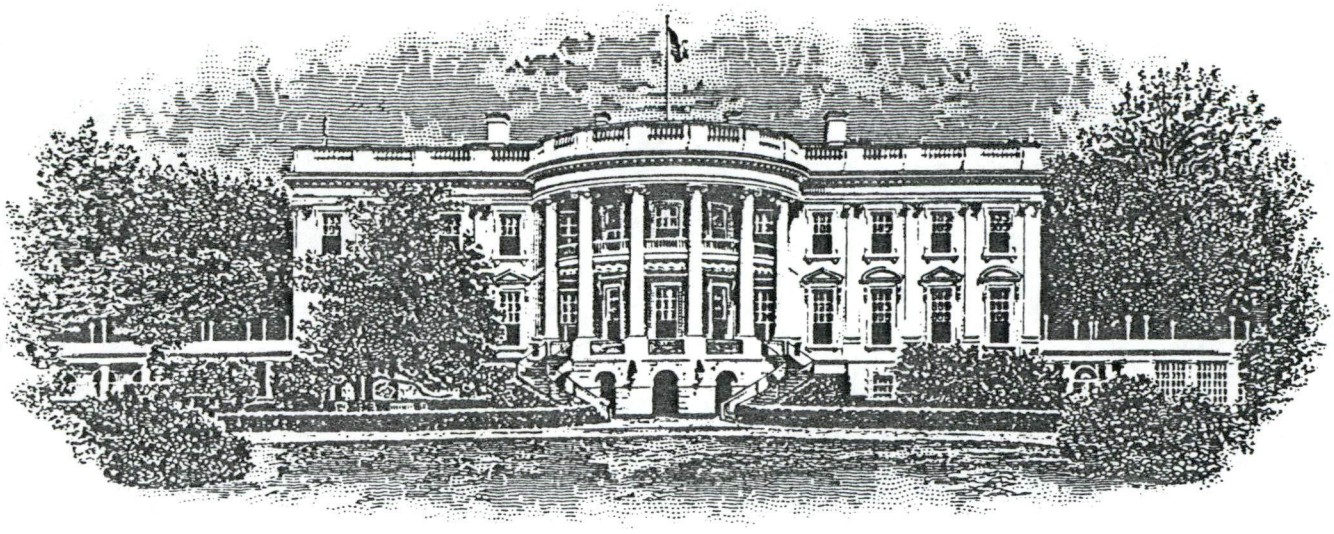
Year	Congress	House			Senate			President
		Majority party	Principal minority party	Other (except vacancies)	Majority party	Principal minority party	Other (except vacancies)	
1991-1993	102nd	D-267	R-167	1	D-56	R-44	-	R (Bush)
1989-1991	101st	D-259	R-174	-	D-55	R-45	-	R (Bush)
1987-1989	100th	D-258	R-177	-	D-55	R-45	-	R (Reagan)
1985-1987	99th	D-252	R-182	-	R-53	D-47	-	R (Reagan)
1983-1985	98th	D-268	R-166	-	R-55	D-45	-	R (Reagan)
1981-1983	97th	D-243	R-192	-	R-53	D-46	1	R (Reagan)
1979-1981	96th	D-276	R-157	-	D-58	R-41	1	D (Carter)
1977-1979	95th	D-292	R-143	-	D-61	R-38	1	D (Carter
1975-1977	94th	D-291	R-144	-	D-60	R-37	2	R (Ford)
1973-1975	93rd	D-239	R-192	1	D-56	R-42	2	R (Nixon-Ford)
1971-1973	92nd	D-254	R-180	-	D-54	R-44	2	R (Nixon)
1969-1971	91st	D-243	R-192	-	D-57	R-43	-	R (Nixon)
1967-1969	90th	D-247	R-187	-	D-64	R-36	-	D (L. Johnson)
1965-1967	89th	D-295	R-140	-	D-68	R-32	-	D (L. Johnson)
1963-1965	88th	D-258	R-177	-	D-67	R-33	-	D (L. Johnson) D (Kennedy)
1961-1963	87th	D-263	R-174	-	D-65	R-35	-	D (Kennedy)
1959-1961	86th	D-283	R-153	-	D-64	R-34	-	R (Eisenhower)
1957-1959	85th	D-233	R-200	-	D-49	R-47	-	R (Eisenhower)
1955-1957	84th	D-232	R-203	-	D-48	R-47	1	R (Eisenhower)
1953-1955	83rd	R-221	D-211	1	R-48	D-47	1	R (Eisenhower)
1951-1953	82nd	D-234	R-199	1	D-49	R-47	-	D (Truman)
1949-1951	81st	D-263	R-171	1	D-54	R-42	-	D (Truman)
1947-1949	80th	R-245	D-188	1	R-51	D-45	-	D (Truman)
1945-1947	79th	D-242	R-190	2	D-56	R-38	1	D (Truman)
1943-1945	78th	D-218	R-208	4	D-58	R-37	1	D (F. Roosevelt)
1941-1943	77th	D-268	R-162	5	D-66	R-28	2	D (F. Roosevelt)
1939-1941	76th	D-261	R-164	4	D-69	R-23	4	D (F. Roosevelt)
1937-1939	75th	D-331	R-89	13	D-76	R-16	4	D (F. Roosevelt)
1935-1937	74th	D-319	R-103	10	D-69	R-25	2	D (F. Roosevelt)
1933-1935	73rd	D-310	R-117	5	D-60	R-35	1	D (F. Roosevelt)
1931-1933	72nd	D-220	R-214	1	R-48	D-47	1	R (Hoover)
1929-1931	71st	R-267	D-167	1	R-56	D-39	1	R (Hoover)
1927-1929	70th	R-237	D-195	3	R-49	D-46	1	R (Coolidge)
1925-1927	69th	R-247	D-183	4	R-56	D-39	1	R (Coolidge)
1923-1925	68th	R-225	D-205	5	R-51	D-43	2	R (Coolidge)
1921-1923	67th	R-301	D-131	1	R-59	D-37	-	R (Harding)
1919-1921	66th	R-240	D-190	3	R-49	D-47	-	D (Wilson)
1917-1919	65th	D-216	R-210	6	D-53	R-42	-	D (Wilson)
1915-1917	64th	D-230	R-196	9	D-56	R-40	-	D (Wilson)
1913-1915	63rd	D-291	R-127	17	D-51	R-44	1	D (Wilson)
1911-1913	62nd	D-228	R-161	1	R-51	D-41	-	R (Taft)
1909-1911	61st	R-219	D-172	-	R-61	D-32	-	R (Taft)
1907-1909	60th	R-222	D-164	-	R-61	D-31	-	R (T. Roosevelt)
1905-1907	59th	R-250	D-136	-	R-57	D-33	-	R (T. Roosevelt)
1903-1905	58th	R-208	D-178	-	R-57	D-33	-	R (T. Roosevelt)
1901-1903	57th	R-197	D-151	9	R-55	D-31	4	R (T. Roosevelt) R (McKinley)
1899-1901	56th	R-185	D-163	9	R-53	D-26	8	R (McKinley)
1897-1899	55th	R-204	D-113	40	R-47	D-34	7	R (McKinley)
1895-1897	54th	R-244	D-105	7	R-43	D-39	6	D (Cleveland)
1893-1895	53rd	D-218	R-127	11	D-44	R-38	3	D (Cleveland)
1891-1893	52nd	D-235	R-88	9	R-47	D-39	2	R (B. Harrison)
1889-1891	51st	R-166	D-159	-	R-39	D-37	-	R (B. Harrison)
1887-1889	50th	D-169	R-152	4	R-39	D-37	-	D (Cleveland)

Year	Congress	House			Senate			President
		Majority party	Principal minority party	Other (except vacancies)	Majority party	Principal minority party	Other (except vacancies)	
1885-1887	49th	D-183	R-140	2	R-43	D-34	-	D (Cleveland)
1883-1885	48th	D-197	R-118	10	R-38	D-36	2	R (Arthur)
1881-1883	47th	R-147	D-135	11	R-37	D-37	1	R (Arthur) R (Garfield)
1879-1881	46th	D-149	R-130	14	D-42	R-33	1	R (Hayes)
1877-1879	45th	D-153	R-140	-	R-39	D-36	1	R (Hayes)
1875-1877	44th	D-169	R-109	14	R-45	D-29	2	R (Grant)
1873-1875	43rd	R-194	D-92	14	R-49	D-19	5	R (Grant)
1871-1873	42nd	R-134	D-104	5	R-52	D-17	5	R (Grant)
1869-1871	41st	R-149	D-63	-	R-56	D-11	-	R (Grant)
1867-1869	40th	R-143	D-49	-	R-42	D-11	-	R (A. Johnson)
1865-1867	39th	U-149	D-42	-	U-42	D-10	-	R (A. Johnson) R (Lincoln)
1863-1865	38th	R-102	D-75	9	R-36	D-9	5	R (Lincoln)
1861-1863	37th	R-105	D-43	30	R-31	D-10	8	R (Lincoln)
1859-1861	36th	R-114	D-92	31	D-36	R-26	4	D (Buchanan)
1857-1859	35th	D-118	R-92	26	D-36	R-20	8	D (Buchanan)
1855-1857	34th	R-108	D-83	43	D-40	R-15	5	D (Pierce)
1853-1855	33rd	D-159	W-71	4	D-38	W-22	2	D (Pierce)
1851-1853	32nd	D-140	W-88	5	D-35	W-24	3	W (Fillmore)
1849-1851	31st	D-112	W-109	9	D-35	W-25	2	W (Fillmore) W (Taylor)
1847-1849	30th	W-115	D-108	4	D-36	W-21	1	D (Polk)
1845-1847	29th	D-143	W-77	6	D-31	W-25	-	D (Polk)
1843-1845	28th	D-142	W-79	1	W-28	D-25	1	W (Tyler)
1841-1843	27th	W-133	D-102	6	W-28	D-22	2	W (Tyler) W (W. Harrison)
1839-1841	26th	D-124	W-118	-	D-28	W-22	-	D (Van Buren)
1837-1839	25th	D-108	W-107	24	D-30	W-18	4	D (Van Buren)
1835-1837	24th	D-145	W-98	-	D-27	W-25	-	D (Jackson)
1833-1835	23rd	D-147	AM-53	60	D-20	NR-20	8	D (Jackson)
1831-1833	22nd	D-141	NR-58	14	D-25	NR-21	2	D (Jackson)
1829-1831	21st	D-139	NR-74	-	D-26	NR-22	-	D (Jackson)
1827-1829	20th	J-119	Ad-94	-	J-28	Ad-20	-	DR (John Q. Adams)
1825-1827	19th	Ad-105	J-97	-	Ad-26	J-20	-	DR (John Q. Adams)
1823-1825	18th	DR-187	F-26	-	DR-44	F-4	-	DR (Monroe)
1821-1823	17th	DR-158	F-25	-	DR-44	F-4	-	DR (Monroe)
1819-1821	16th	DR-156	F-27	-	DR-35	F-7	-	DR (Monroe)
1817-1819	15th	DR-141	F-42	-	DR-34	F-10	-	DR (Monroe)
1815-1817	14th	DR-117	F-65	-	DR-25	F-11	-	DR (Madison)
1813-1815	13th	DR-112	F-68	-	DR-27	F-9	-	DR (Madison)
1811-1813	12th	DR-108	F-36	-	DR-30	F-6	-	DR (Madison)
1809-1811	11th	DR-94	F-48	-	DR-28	F-6	-	DR (Madison)
1807-1809	10th	DR-118	F-24	-	DR-28	F-6	-	DR (Jefferson)
1805-1807	9th	DR-116	F-25	-	DR-27	F-7	-	DR (Jefferson)
1803-1805	8th	DR-102	F-39	-	DR-25	F-9	-	DR (Jefferson)
1801-1803	7th	DR-69	F-36	-	DR-18	F-13	-	DR (Jefferson)
1799-1801	6th	F-64	DR-42	-	F-19	DR-13	-	F (John Adams)
1797-1799	5th	F-58	DR-48	-	F-20	DR-12	-	F (John Adams)
1795-1797	4th	F-54	DR-52	-	F-19	DR-13	-	F (Washington)
1793-1795	3rd	DR-57	F-48	-	F-17	DR-13	-	F (Washington)
1791-1793	2nd	F-37	DR-33	-	F-16	DR-13	-	F (Washington)
1789-1791	1st	Ad-38	Op-26	-	Ad-17	Op-9	-	F (Washington)

Note: Figures are for the first session of each Congress.

Abbreviations: Ad—Administration; AM—Anti Masonic; D—Democratic; DR—Democratic Republican; F—Federalist; J—Jeffersonian; NR—National Republican; Op—Opposition; R—Republican; U—Unionist; W—Whig.

Sources: U.S. Bureau of the Census, *Historical Statistics of the United States, Colonial Times to 1970* (Washington, D.C.: Government Printing Office), 1975; *Congressional Quarterly Weekly Report.*



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FRIDAY, FEBRUARY 14, 1992
The Washington Post

Panel's Democrats Debate Tax Relief Plan

By Eric Pianin
Washington Post Staff Writer

House Ways and Means Committee Democrats yesterday debated a plan to revive the economy that would provide tax relief for the middle class at the expense of the wealthy and penalize major corporations that pay their top executives exorbitant salaries.

The economic growth package, which was presented to committee Democrats by Chairman Dan Rostenkowski (D-Ill.) at a private meeting, takes several of President Bush's economic proposals and gives them a middle-class spin.

"I think we have every right as Democrats to write a package in contrast to what the president wants to do," Rostenkowski later told reporters. "Let the American people make a judgment about whose proposals are better or who has [in mind] the best interest of the middle Americans."

At the White House, press secretary Marlin Fitzwater lashed out at the Ways and Means Committee Democrats and their closed-door drafting sessions. "The weasels have come out of their holes and shown up with higher taxes and fewer jobs," he said, calling the increased taxes "predictable" Democratic policy.

Rostenkowski's proposal, a starting point in what is likely to be a windsprint by House Democrats to pass legislation before the president's March 20 deadline, is built around a $200- to $400-a-year tax credit for largely middle-income taxpayers. The committee Democrats are expected to reach agreement on a plan by the weekend.

The package also includes a reduction in the capital gains tax rate targeted to persons who earn no more than $150,000 a year and liberalized rules for making early withdrawals from Individual Retirement Accounts.

To help stimulate the economy, the proposal would reduce from 34 percent to 33 percent the corporate income tax and reduce from 20 percent to 19 percent the alternate minimum tax, in place of the investment tax allowance proposed by the administration.

It would also repeal the luxury tax on boats and planes, a tax that has hurt industries in a number of states, including the home states of Senate Majority Leader George J. Mitchell (D-Maine) and Senate Minority Leader Robert J. Dole (R-Kan.).

ROSTENKOWSKI'S PROPOSAL

Here are the major provisions of a plan offered by House Ways and Means Committee Chairman Dan Rostenkowski (D-Ill.) that formed the starting point for the committee's debate:

- Income tax credit of 20 percent of Social Security and Medicare payroll taxes paid by employees, capped at $200 for individuals and $400 for joint filers, and lasting for two years.
- Reduction in the capital gains tax targeted to the middle class.

  Individuals earning up to $100,000 a year would be exempt from paying taxes on 30 percent of the profits on the sale of an asset acquired in the future and held for one year, effectively reducing the tax rate from 28 percent to 19.6 percent. Those earning $100,000 to $150,000 would qualify for smaller exemptions. Those earning more than $150,000 would get no benefit.

  Venture capital assets held for at least five years before they are sold would qualify for a 40 percent exclusion from the capital gains tax, or an effective rate of 16.8 percent, with no income limitations. Profits from the sale of assets acquired at least one year before the legislation would qualify for up to a 30 percent exclusion, depending upon the individual's annual income, but limited to a maximum gain of $80,000.
- Liberalized rules governing Individual Retirement Accounts allowing for penalty-free withdrawal of up to $10,000 for first-time home buyers or to pay medical expenses or post-secondary education expenses.
- Restoration of passive loss tax break for real estate industry, paid for by increasing the depreciation write-off period for buildings from 31 years to 40 years.
- A 1-percentage-point reduction in the 34 percent corporate income tax and 20 percent corporate alternative minimum tax rates to stimulate the economy, in lieu of an investment tax credit.
- Repeal of the luxury tax on boats and airplanes but not on expensive automobiles. The loss in revenue would be offset by raising the tax on diesel fuel for boats.
- Permanent extension of tax credits for research and experimentation, employer-reimbursed educational expense assistance, investment in low-income housing, mortgage revenue bonds, targeted jobs for the chronically unemployed, gifts of appreciated property such as works of art.
- Disallow corporations from claiming tax deductions of compensation to their executives in excess of $1 million, which would raise about $2 billion over five years.
- The package would be financed by creating a new top income tax rate of 35 percent for single heads of households who earn at least $125,000 in taxable income, joint filers with taxable incomes of at least $145,000 and single earners who make $85,000 or more; a 10 percent surtax on taxable income over $1 million, and extending two temporary provisions of the 1990 budget act on high income earners.

Reflecting renewed attention on the affairs of corporate America, the proposal would prevent corporations from writing off more than $1 million a year in salary and compensation to any of their top executives. The measure, which would save the government an estimated $2 billion over five years, is designed to voice the Democrats' displeasure with U.S. corporations that pay their executives salaries far in excess of what leading industrialists in other countries are paid, regardless of how well their companies perform. Such pay comparisons became an issue during Bush's recent trade mission to Japan.

"What we're saying to these companies is, you can obviously pay people all you want, but when it comes to tax time and you want to take your payroll as a business expense, you don't get to deduct anything for anything over $1 million" for each executive, said an aide to Rostenkowski.

Several Democrats after the meeting expressed enthusiasm for Rostenkowski's plan, although some said they expected substantial changes to be made in the capital gains measure and a proposed restoration in the passive loss tax benefits for the real estate industry.

"The reaction was pretty good and quite favorable in committee," said Rep. Donald J. Pease (D-Ohio). "Most members started out saying this is a good package, although there were a lot of predictable reservations. . . . There was not heated objections to any part of it."

Democratic economists gave reports of the emerging Ways and Means package mixed reviews. "It sounds like a slightly more progressive version of what George Bush sent to the Hill," said Robert Reich, an economist who had advised Democratic presidential nominee Michael S. Dukakis in the 1988 campaign. The Harvard University professor added, "Overall, I'd give Rosty an 'A' minus for effort, a 'B' plus for a shift toward progressivity, an 'A' for political compromise, and a 'B' minus for boldness."

Charles Schultze, who was budget director for President Lyndon B. Johnson and chairman of the Council of Economic Advisers under President Jimmy Carter, said of the package, "On net, I wouldn't do it," though he said it was better than the president's plan because it would be revenue-neutral over five years and would probably generate tax revenue in later years.

See TAXES, A5, Col. 1

FRIDAY, FEBRUARY 14, 1992
The Washington Post

Bush's Ideas Given Middle-Class Spin

TAXES, From A4

Unlike the president's plan, which is largely financed with accounting changes, the Rostenkowski proposal is financed with increases in taxes on the wealthy.

Among other things, the proposal would create a new top income tax rate of 35 percent and impose a 10 percent surtax on taxable income over $1 million.

The biggest single cost item in the Rostenkowski package would be the 1-percentage-point drop in the corporate income tax, according to one economist who had seen a Joint Committee on Taxation review of the plan. The corporate rate change would cost $17 billion through 1997, about $3 billion a year, he said.

One of the biggest increases in revenue would come from the extension of an existing tax provision, the "bubble" that phases out the personal exemption for upper-income earners. That provision was scheduled to expire in 1995. Extending it would raise an additional $11.5 billion in 1996 and 1997, the economist said.

Bush sought to shape the debate over the economy with his State of the Union address that emphasized the need for immediate action on measures to stimulate the economy that were largely targeted to businesses and upper-income taxpayers.

But congressional Democrats sense the tide shifting in their direction, and are using their package to raise the issue of "tax fairness" and the need to redress imbalances in the tax code that have favored the wealthy.

Nearly three quarters of the benefit of the president's proposed reduction in the capital gains tax would go to the top 1 or 2 percent of the nation's income earners. The capital gains tax emerging from the Democratic caucus of the Ways and Means Committee would shift the bulk of the benefits to those earning no more than $100,000 a year.

While the administration argues for a reduction in the capital gains tax as an economic growth issue, the Democrats say it's more an issue of fairness. The House Democratic Study Group issued a report yesterday concluding that a reduction in the capital gains tax will not end the recession or contribute noticeably to the early phases of a recovery from the current recession.

"Arguing that a capital gains tax cut will provide recession relief in the next one or two years is flatly false advertising," the study said.

Meanwhile, Senate Finance Committee Chairman Lloyd Bentsen (D-Tex.) warned that the president was making it difficult to meet his deadline by vacillating over the content of his proposals. "If he makes many more changes, in fact, he may be unable to meet the deadline himself," Bentsen said.

Staff writers Ann Devroy, Steven Mufson and John E. Yang contributed to this report.

With Cold War Won, Jobs Are Being Lost

Hill, Military Face 'Peace Dividend' Irony

By Helen Dewar
Washington Post Staff Writer

For as long as most lawmakers can remember, Congress dreamed of the day it could declare the long-awaited "peace dividend," showering a grateful nation with the fruits of victory from the nearly half-century-long Cold War.

Now the moment is at hand and there is little joy on Capitol Hill.

"The truth is we are not prepared for peace in the world," said Rep. Julian C. Dixon (D-Calif.).

The reason for the dismay—and second thoughts about defense spending cuts that are gripping doves and hawks alike—is jobs, especially jobs during a recession.

As many as 2 million civilian and military jobs will be lost by 1996 even if Congress goes no further than President Bush has proposed in cutting the defense budget, Senate Armed Services Committee Chairman Sam Nunn (D-Ga.) has concluded.

Aside from suggestions by Nunn and a few others, there is no short-term or long-term plan for conversion of these jobs, skills and resources to domestic purposes, a failure of foresight that the United States shares with the former Soviet Union, lawmakers note sardonically.

Without such planning, Nunn said in a speech last week, "we may not only inhibit recovery from the current recession, we may also lose our best opportunity that recovery can lead to long-term economic growth."

The Electric Boat Division of General Dynamics Corp., largest employer in Rhode Island and second largest in Connecticut, has announced layoffs of up to 4,000 employees by year's end because of planned termination of the Seawolf nuclear submarine program. Without Seawolf, General Dynamics has said it would pare back its Groton, Conn., work force of 20,000 over the next five years until work was finished on 15 other submarines on its order book.

Across the country in southern California, Northrop Corp.

See DEFENSE, A20, Col. 1

Crane's Daughters Star on 'Studs,' p. 12; Senate Fundraising, p. 7

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After Acrimonious Debate, House Admin Is Directed to Probe Scandal at Post Office

House Is Changing Its Plans For Presidents' Day Recess

By Karen Foerstel

Apparently reluctant to give Republicans a reason to accuse them of foot-dragging in their consideration of President Bush's growth package, House leaders decided yesterday not to take the Lincoln/Washington Birthday recess as originally planned.

The decision avoids a vote on the recess, also called a "district work period," that may have been embarrassing to Democrats.

The compromise is that the House will hold a pro-forma session tomorrow, be out Feb. 10, hold a pro-forma on Feb. 11, not meet Feb. 12 and 13, then meet pro-forma on Feb. 14, be out on Feb. 17, then return to work Feb. 18, as originally planned. Got it?

"It's a midway point between recess and no recess," an aide for Speaker Tom Foley (D-Wash) said.

Just a day earlier, during a

Continued on page 17

By Timothy J. Burger

After an acrimonious debate, the House yesterday gave responsibility for investigating allegations of embezzlement and drug-dealing in the House Post Office to the House Administration Committee, rather than to a separate bipartisan commission with power to hire an outside counsel.

Democrats prevailed, in a party-line vote, over Republicans, who were skeptical that the committee would conduct an impartial probe.

Meanwhile, at his daily press conference, Speaker Tom Foley (D-Wash) said that 20-year veteran House Postmaster Bob Rota,

Continued on page 13

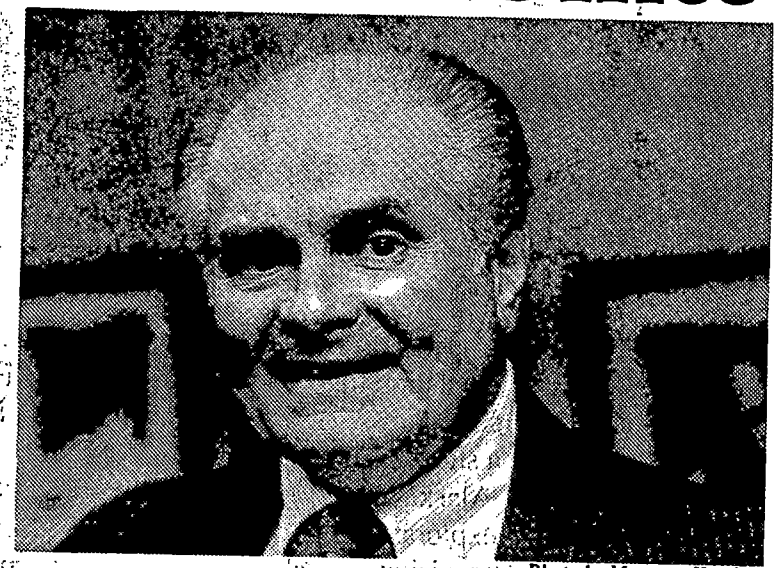


Photo by Maureen Keating

Veteran Postmaster Bob Rota is at the center of the controversy.

Heard On 'Outrageous' GOP Reman

gate the first reported leaks of Anita Hill's sexual harassment allegations against Thomas.

The two aides' names had not

Still, for a staffer to set up a legal fund is unusual. The two Leahy aides are the only Senate employees known to Roll Call to

Leahy's statement said the firm O'Melveny & Myers is representing the Senator, his chief of staff, and his Judiciary staff. His office

According to Phelps's attorney,

'Between Recess and No Recess'

Continued from page 1

meeting with reporters on Tuesday, Foley indicated his opposition to cancelling the recess — despite the March 20 deadline President Bush set for Congress to complete his economic recovery package.

"A recess cancellation would achieve nothing," Foley said, "because the material has not yet been concluded, or the activities of the committees have not yet been concluded to present anything for the floor to vote on."

The Speaker added that he asked the chairmen of the Ways and Means and Budget Committees to continue meeting next week.

Ways and Means will hold full committee hearings on Monday and Tuesday and will have a full committee mark-up on the budget on Wednesday. The Budget Committee is also expected to hold hearings next week.

The Senate, meanwhile, is taking its recess as planned.

Minority Whip Newt Gingrich (R-Ga) was the first to suggest a cancellation of the recess. On Jan. 29, the day after the President's State of the Union message, Gingrich promised to oppose the one-week recess unless the Democratic leadership formally committed to vote on the package by March 20.

An aide said Gingrich did not speak separately with Foley about a cancellation, but, the aide said, Gingrich received unanimous support from his deputy whips for the cancellation.

In the other chamber, Sen. Arlen Specter (R-Pa) took to the floor last Friday urging his colleagues to forgo the recess and instead work on solving the nation's economic problems.

He again spoke out on Monday and debated Senate Majority Leader George Mitchell (D-Maine) on the recess last night.

"I think the American people are sick and disgusted with the inaction in Washington, DC," Specter said on the floor last night.

Retorted Mitchell: "The Senator from Pennsylvania knows the Senate will not be in session next week. He probably has a lot of plans in Pennsylvania next week."

HOH: Anderson's $1 Million

Continued from page 1

According to the Feb. 3 issue of The New Yorker, someone from Santorum's office called the magazine on behalf of a constituent and inquired "into the whereabouts of a manuscript he sent you, in good faith, for your perusal. He hasn't heard from you in some time, and would like to have his manuscript returned to him now, please."

It was politely explained to this caller that the magazine receives about a thousand such manuscripts every week, and sometimes they get lost in the shuffle.

The voice said it would report back to the angry constituent, adding, "In all likelihood, you'll hear from me again."

"We were chastened," wrote The New Yorker's editors, "but only for a minute. Then we felt fulfilled, uplifted, patriotic. For the first time in our history, perhaps in all literary history, the United States Government had come to the aid of an anxious author — a member of a downtrodden minority, if ever there was one.

"At a time when term-limit propositions are turning up on many ballots, and when public confidence in our elected officials may be drooping to an all-time low, we had just found a politician to cheer for.

"We support Rep. Santorum to the hilt. We support him for Senator in 1992. We support him for President in 1996. Vote Santorum!"

A Lot? Utah Senate candidate Doug Anderson (D) has an interesting name for his campaign committee: "A Lot of People Who Support Doug Anderson for US Senate."

It's especially effective at the end of his radio advertisements, as in "Paid for by a lot of people who...."

Trouble is, there aren't that many people supporting him — at least with their money. According to his latest FEC disclosure form, Anderson has raised just $8,959 from individuals. The rest of his campaign war chest, all $1,011,732 of it, comes from Anderson's own pocket.

Maybe those ads should just say, "Paid for by Doug Anderson and a Few Other People."

Michigan Redistricting to Be Decided by the Court

Continued from page 15

say are previous partisan gerrymanders that have left them underrepresented in the delegation.

Not since 1974, noted Ballenger, have Republicans held a ma-

agree to the Democratic version or craft an alternate, compromise plan, but many Democrats place little faith in this outcome, citing the federal court in Illinois and the state court in California that have

court will likely pick one of the two and make it law with few, if any, substantial changes.

Most Members' offices and political types in Michigan said they were still assessing the po-

while the Republican plan may give Levin a small advantage.

"Most people give Levin an edge," Ballenger said. Hertel, he said, has "all along been the most likely sacrifice on the altar of re-

Bonior's Mt. Clemens h
remains in the 12th district,
many of his constituents woul
transferred to the combined H
tel-Levin seat. If Bonior chos
remain in the 12th, he could fa

$2.50

Angry Mitchell Tells Senators They Must Vote Every Friday, Cancels March Recess

By Karen Foerstel

Accusing his colleagues of skipping out on their legislative duties, Senate Majority Leader George Mitchell (D-Maine) last week announced that votes will now be held every Friday the Senate is in session.

In addition, he canceled a week-long Senate recess scheduled for March 9 to 16.

As a result, both houses will remain in session from next week

See Editorial, page 4

through mid-April, when the Easter recess begins.

In instituting Friday votes, Mitchell said that over the past three years, Senators have started leaving the Hill on Thursday afternoons, making any legislative action on Thursday evenings and Fridays impossible.

In 1988, then-Senate Majority Leader Robert Byrd (D-WVa) created a work schedule by which Senators would work a full five days for three straight weeks and then get the fourth week off, to allow them to return to their states. The plan replaced a continuous Tuesday through Thursday work week similar to the House schedule.

Continued on page 12

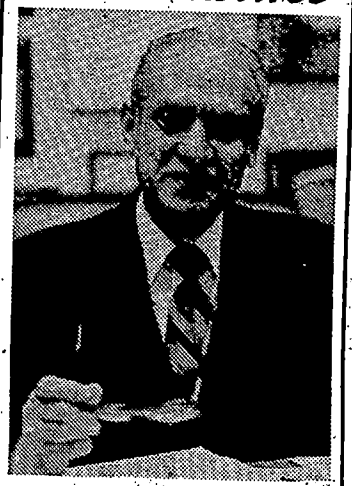
Reid, Bond Roast GAO at Budget Hearings



Photo by Laura Patterson

"You have some tremendous animosity in this building," Senate legislative appropriations Chairman Harry Reid told the GAO's Charles Bowsher. "There may be somebody that likes your work," Reid said. "In the past year, I haven't talked to any of them." See page 15.

Chair Roybal Latest Retiree



Rep. Roybal's departure will open up the chair of an Appropriations panel, p. 3.

Inside This Issue

- Rep. Moran finds source of the Blue Plains odor that's plaguing Hill, page 9.
- Speaker Foley contributes $5,000 to Russo, but not to Lipinski (yet), page 10.
- Our Special T&E Section: Valentine's Day (hey, it's tomorrow!), page 17.

Suspect Arrested In Aide's Murder

By Karen Foerstel

A 17-year-old sophomore at McKinley High School was arraigned in DC Superior Court Tuesday evening where he pled not guilty to the charge of felony



Yet Another Leak Probe

By Craig Winneker

Rep. Dave McCurdy (D-Okla), chairman of the House Intelli-

Roll Call 2/13/92

Mitchell Nixes Recess, Schedules Friday Votes

Continued from page 1

But last week, Mitchell said Senators have begun to abuse the so-called "three on, one off" schedule.

"[T]here has developed a practice under which Senators simply leave on Thursday afternoon, ask that they be protected, and, if enough leave, it becomes a self-fulfilling prophecy that the Senate cannot do anything on Thursday evening, the evening supposed to be the evening for work, and on Fridays, when the Senate is supposed to be in session and voting," Mitchell said on the floor Thursday.

"It has become apparent that Senators now feel that all they have to do is leave and, if enough Senators are gone, then that creates a critical mass for inaction. And that, somehow, the distinguished Republican leader [Bob Dole] or I will protect the interests of those Senators who are not here."

Last year, almost 80 percent of all Senate roll-call votes were held on Wednesdays and Thursdays. About 20 percent took place on Tuesdays.

Mitchell said that since he became Majority Leader in 1989, he has not used procedural votes to ensure the attendance of Members. As a result, Mitchell said, the number of votes cast in the Senate has dropped sharply and voting percentages have jumped.

Last year, the Senate held just 280 roll-call votes, the lowest number of roll-call votes since 1969. But while roll-calls were down last year, the Senate still passed 626 measures, the highest number of bills and resolutions in a first session since 1979.

There will be at least one Senate vote, if not more, every Friday.

Mitchell told his colleagues Thursday that there will be at least one vote, if not more, every Friday unless specifically stated otherwise.

"If that is the only way that the presence of Senators can be assured, then that is the course of action we will pursue," he said. "We cannot tolerate a situation in which the Senate simply cannot transact business on those relatively few days when we are, in fact, in session....

"We simply have to be in a position to conduct the nation's business," he continued. "We are going to have to deal with the budget, a very important matter. We are going to have all of the appropriations bills and we could not possibly meet those requirements under these circumstances."

During his State of the Union Message on Jan. 28, President George Bush gave Congress a March 20 deadline to pass an economic reform package.

Last week, Sen. Arlen Specter (R-Pa) debated Mitchell on the floor, requesting that this week's President's Day recess be canceled in order to help meet the President's deadline. The recess went on as scheduled, but last week, Mitchell did cancel a recess set for March 9 to 13.

When announcing the Friday votes, Mitchell told his colleagues he did not believe the success of the Senate is measured by the number of roll-call votes taken.

"I do not want to assert that number of roll-call votes," Mitchell said.

"Otherwise, one can conclude that we have had the least successful Senate in many years because of the number of votes.... But we simply cannot continue as we have here this evening with, as I said, a large number of Senators on both sides just leaving. Then having gone, when they get to wherever they are going, calling and saying to me and to the distinguished Republican leader, 'I am not there now, so protect me. Make sure nothing happens.'"

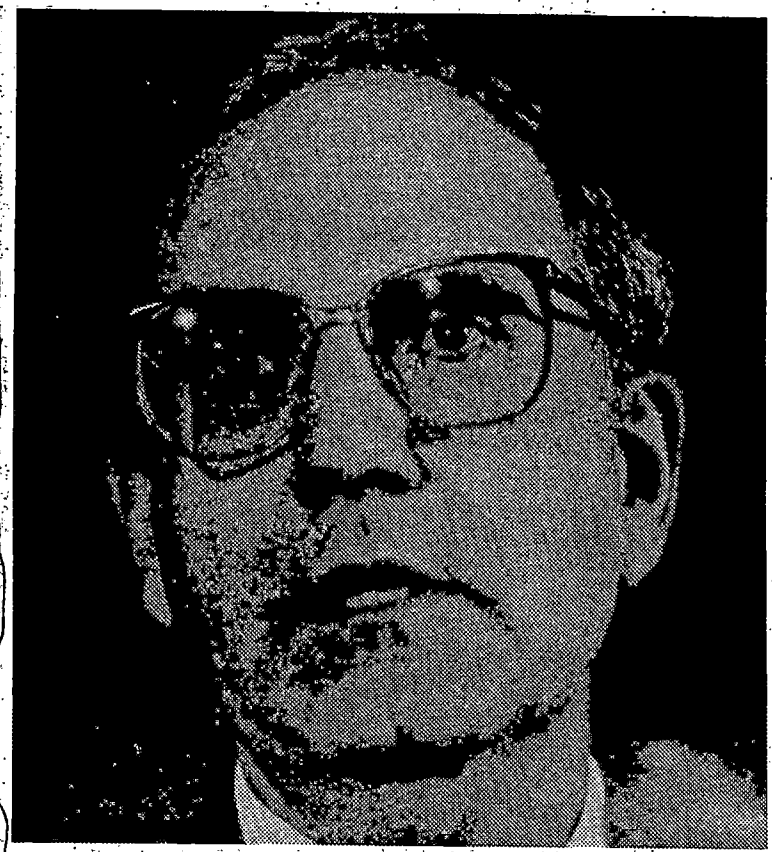


Photo by Laura Patterson

"[T]here has developed a practice under which Senators simply leave on Thursday afternoon [and] ask that they be protected," said Majority Leader George Mitchell, who is unhappy with the practice and is ending it immediately.

High School Sophomore Arrested in Murder Of Aide to Sen. Shelby; Two Other Suspects

Continued from page 1

one month after Barnes was shot

the shooting as related by the wit-

"Upon receiving the gun, 'Toy'

ton Hospital's MedSTAR unit

Guest Observer

By Rep. Jerry Lewis

House Can Pass Bush Recovery Plan Quickly If It Wants

As millions of Americans watched President Bush's State of the Union address, many were perplexed by the display they witnessed on the House floor.

One side of the people's house — the Republican side — rose in thunderous applause to greet the details of the President's comprehensive economic plan. The other side — the Democratic side — sat in silence. Such is the reality of divided government in Washington.

For better or worse, Americans have relied on divided government to chart a proper course for our country for almost 40 years. While the country has sent four Republicans and one Democrat (Jimmy Carter in 1976) to the White House since 1969, it is difficult to remember the last time Republicans controlled the legislative branch of government, specifically the House of Representatives.

The year was 1954. Dwight Eisenhower was President. JFK was a young Senator with presidential ambition. And George Bush was a 29-year-old Texas businessman, a dozen years away from being elected to Congress.

Today, simple math dictates political reality. The President's economic plan has been submitted to the House, where 268 Democrats and 166 Republicans will decide its fate.

Many Democrats do, however, have a vested interest in the current recession, hoping that the downturn continues well into the summer. It has become increasingly difficult for the most partisan to contain their glee over this prospect. The strategy is simple: Democrats are pinning their hopes of winning the White House on pinning the recession on George Bush.

The practical as well as political result is stalemate. Political gridlock.

In New Hampshire recently, and during his State of the Union address, President Bush fully accepted his share of the blame for the recession. Still, in a partisan blast following the speech, House Speaker Tom Foley (D-Wash) laid the blame for the country's economic ills squarely on the shoulders of the President. The President countered in a spirit of bi-partisanship by meeting with Foley and Senate Majority Leader George Mitchell (D-Maine) the very next morning to encourage immediate action on the economy.

To many of my Democratic colleagues in the House, I say this:

• Do not criticize the President's economic and domestic proposals without once mentioning that his domestic agenda remains a hostage never again to see the light of day.

• Do not blame Congressional inaction on the slow nature of the legislative process. You have demonstrated time and again your ability to pass legislation quickly when trying to gain partisan advantage.

The President has shown in very strong terms his desire to lead. He will succeed by taking his proposal to the voters. The Congress, though divided, is capable of passing solid proposals by March 20 for short- and long-term economic health.

My colleagues — Democrats and Republicans alike — no longer can we afford to sit divided. It is time to stand together. The public is long past worrying about placing blame. Let's get to it.

It's simply good business

In business–in fact, in just about any endeavor–there's a fine line between keeping



hoping that the downturn continues well into the summer.

bate its merits. The Senate, made up of 57 Democrats and 43 Republicans, will do likewise. This simple fact makes the economic and political challenge facing the President, the Congress, and the country even more difficult.

Why difficult? While they have wielded absolute power over the legislative process for the last 38 years, and have more than the 218 votes needed to pass any legislation they desire, House Democrats continue to bemoan the fact that nothing "ever gets done." More likely than not, they will shoot down the President's proposals while continuing to accuse him of lacking leadership, of having no domestic agenda.

Never mentioned are the domestic initiatives the President has proposed in the last three years — crime, education, energy, housing, and economic proposals — which languish in Democratically controlled committees in the House and Senate.

Instead, House Democrats hold press conferences filled with rhetoric tearing down the President while doing nothing to ease the burden of the unemployed. They accuse him of leading by veto, citing his 25 as excessive while ignoring the historic precedents set by Harry Truman's 250 or Franklin Roosevelt's 635 vetoes.

Even as President Bush outlines his proposal to encourage growth and stimulate the economy, Democrats find little reason to accommodate his request for bi-partisan-

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Rep. Jerry Lewis (R-Calif), chairman of the House Republican Conference, is the third-ranking GOP leader in the House and ranking member of the Appropriations legislative branch subcommittee.

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Clinton would remain within the characterized his decision as "the " of his life.

you can say about Clinton is that young man of that letter, so typical ation, was nowhere on display in hire. Possibly his sentiments have that's the case, he should say so. thinks that boldly reiterating his n the war would hurt him in the rticularly in the South. If so, he's han candid and, more important, what he once held dear.

an-Bush years, stuffed with cheap iotism, has engendered a kind of isionism—as if every war is equal- le. That's nonsense. The United in Vietnam, but look: Instead of lling and the world going commu- iet empire has crumbled and Viet- of the few remaining communist linton was morally right and politi- in 1969. No need to eat those

is confused what should have been . He has taken a single episode in urned it into something of a muddle. nore emphasis on his ultimate deci- duck the draft than on his strong ngs, he appears somewhat Quaylish. jective used to describe a retrospec- , someone who volunteers to fight a s already been fought. Dan Quayle, untably the vice president, did that the National Guard but fervently support for the war—presumably as eone else fought it. As it happens, sition on taxes.

hardly in Quayle's category. But he ized about the depth of his opposi- war in Vietnam. Compared to Sen. (D-Neb.), who has made his feel- he war as plain as the war wound he him, Clinton seems a bit hesitant. need for that. Vietnam was the political stupidity, arrogance and, it. It should remain a lesson to us lly politicians.

ough, the letter that Bill Clinton did evealed shows the best of him. It's be ashamed of. I say so but, more so would my mother.

country—but a shifting part. There are some citizens of the world among us, and great causes like nuclear peace, the health of the environment and religious revelation draw people to defining themselves in that broader way. Still, nation states remain the entities that create the basic common sense of being among groups of people; certainly they are the entities that organize most of the world's affairs. In the many places where ethnicity is coming on strong as an organizing political principle and is overriding state loyalty, it moves toward establishment of a counter state.

contest of individual talents. It has occurred to me from time to time that the sort of primitive emotional nationalism stirred by Olympics competition has, in less sublime circumstances, wreaked great historical woe. But I recall, for instance, in the American hockey triumph over the Soviets at Lake Placid in 1980, feeling a surge of what could only be described as primitive emotional nationalism. It was a surrogate response to the Soviet invasion of Afghanistan, and every minute of it seemed worth savoring.

This time around, however, different feelings come to the fore. I would like to see our kids their world explode and their sports machines disintegrate and for showing up, still in championship form, to compete.

After a couple of tense generations in which individuals of many nationalities were continually asked, one way or another, what they could do for their country, it comes as a civilizing relief to be able to answer: to compete ardently, to win if possible, but mainly to do one's best and enjoy a decent respect. I think the Russians are leading the way.

WP 2/14/92.

Rowland Evans and Robert Novak

Fire-Eating Advice From Newt Gingrich

Complicated parliamentary maneuvers engrossing Capitol Hill five weeks before the administration-imposed March 20 deadline are leading to a Democratic tax bill that will be vetoed by President Bush, who then will follow in modified form private advice offered last week by House Republican Whip Newt Gingrich (Ga.).

"You should say we can't have a cocaine-selling, check-bouncing, extravagant-spending Congress raising taxes," said Gingrich. Bush smiled and then replied, "You said it, I didn't." But since that exchange, it has become clear that the kinder, gentler president will assume a confrontational campaign posture in dealing with Democratic-passed taxes.

As recently as a Feb. 5 meeting at the White House with congressional Republican leaders, it was unclear whether there was any Bush strategy for what to do with the tax bill that will land on the president's desk. But now a bruising struggle over philosophy, economics, politics and who shall occupy the White House is clearly ahead.

At the heart of the issue are Democratic plans to recapture the presidency on the "fairness" issue—redistributing income from the "rich" to the "middle class." If this is combined with a credible version of the capital gains tax reduction that Bush says is essential to revive the economy, should the president sign the bill?

Absolutely not, said Sen. Phil Gramm (Tex.) at the Feb. 5 meeting. Under no conditions should the president approve any tax increase. "I would guess Phil has learned his lesson," commented a colleague, referring to Gramm's support for the disastrous 1990 tax increase. Gramm's opposition to another boost was strongly backed by Sen. Bob Kasten (Wis.).

But House GOP Leader Robert Michel (Ill.) retorted that the economic emergency requires compromise, not confrontation. He was backed by Senate Minority Whip Alan Simpson (Wyo.), who indicated that statesmanship rather than politics is needed.

To the dismay of Republican lawmakers present, the White House seemed unable to choose between the options and had no game plan in mind. This vagueness compounded GOP congressional concern over the tax language actually drafted by the Treasury, which diluted to meaninglessness the president's capital gains and real estate proposals.

Since then, with prompting from congressional hard-liners and facing Pat Buchanan's challenge in New Hampshire, the White House position has toughened. The capital gains proposal has been revised, and senior officials at the administration are saying—though privately—there is not the slightest doubt that an upper-bracket tax increase will be vetoed.

As seen from the White House, that is not bad politics. A tough position against an upper-bracket tax increase helps Bush with his rebellious right wing. The anger on the right was shown last week when Bush campaign adviser James Pinkerton ran into a buzz saw of criticism facing the conservative Council on National Policy meeting in Boca Raton, Fla.

Furthermore, Democrats are having trouble figuring just who should have to pay higher taxes. If the limit is set at individual income of $125,000 and joint income of $250,000, not enough money is raised to finance middle-income tax cuts and, embarrassingly, well-paid members of Congress are excluded from the tax hike. But if the increase kicks in at $80,000 (individual) and $160,000 (joint), Republicans will assail the Democrats as tax increasers for the middle class.

That is where Gingrich's fire-eating advice comes into play. The election is too close at hand for sober discussions of economics and quiet back-room negotiations. Congressional Republicans want Bush to link an upper-bracket tax increase with abuses on Capitol Hill, the most recent of which is the sale of cocaine in the House post office. They want the president to point to new marble elevator floors and the musty old House documents room transformed into a luxury lounge for Democratic leaders while productive Americans pay higher taxes.

That is a far cry from bipartisan budget deals forged at the Andrews Air Force Base Officers Club in 1990, and it points to the difficulty of returning to such a venue this spring after the first tax bill is vetoed. But Buchanan was not far off the mark when he said George Bush governs like a liberal and campaigns as a conservative, and now is campaign time.

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THE WEEK IN CONGRESS

CONGRESSIONAL INDEX

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PRESIDENT BUSH ANNOUNCES HEALTH CARE PLAN

President Bush unveiled his long-awaited health care package but left it up to Congress to negotiate with the Administration over how to pay for the five-year, $100 billion package. The health reform plan focuses on revamping the current health insurance system and establishing, depending on income level, either a tax credit (generally for low-income individuals and families) or a tax deduction (for middle-income persons). As an alternative to the credit, a voucher could be provided to help low-income individuals and families in purchasing health insurance. When fully phased in, Bush's plan would cost an estimated $35 billion a year.

Bush's initiative did not mandate a specific way to pay for the health reforms, although it provided federal lawmakers with a menu of options to consider as alternatives to either a national health plan or a play-or-pay ·eme where employers provide coverage or pay a tax. ;h emphasized market-based solutions as the best way to improve the current health care system. He ruled out any need for tax increases or a reduction in existing benefits as possible financing mechanisms.

The President called for an increase in the deductibility of health insurance coverage for the self-employed from 25 percent to 100 percent. Small businesses would be encouraged to join Health Insurance Networks, which would pool the small firms' resources together to purchase group insurance that would make health coverage more affordable for the companies and their employees. The President's plan also features portability, meaning that people would continue to have access to health benefits when they changed jobs and that they would be eligible for coverage regardless of any pre-existing medical condition.

WAYS AND MEANS SCHEDULES TAX MARKUP

As hearings opened on the tax proposals in President Bush's fiscal 1993 budget, House Ways and Means Committee Chairman Dan Rostenkowski advised that there will only be one tax bill this year, and "it's going to be written in the next few weeks as the President has ·anded." Rostenkowski delivered the message to the ·sident's three top economic advisers, Treasury Secretary Nicholas F. Brady, Office of Management and Budget Director Richard G. Darman, and Council of Economic Advisors Chairman Michael J. Boskin. Rostenkowski announced that the committee plans to skip the House recess scheduled for the week of February 10 and begin marking up a tax bill on February 12.

Meanwhile, House Minority Leader Robert H. Michel and other Republican leaders joined in introducing the President's budget package. The bill, H. R. 4150, the Economic Growth Act of 1992, contains 49 titles. Instead of taking up H. R. 4150, which will have to be referred to many different committees, Rostenkowski wants the White House to pull out the tax proposals offered in the first three titles and introduce them in a separate bill for the committee to consider. He warned that "Any delay in introduction of the separate revenue bill will result in delay beyond the President's March 20 deadline."

In a letter to Brady last week, Rostenkowski said that he will not present a chairman's mark (his own plan) as the starting point for the markup, but instead will use the President's revenue proposals. "I want to emphasize that the idea suggested in the President's budget that there may be two tax bills this year, a short-term bill and a long-term bill, is nothing short of fantasy," he advised. Rostenkowski dismissed the notion that tax cuts in the plan could be paid for through spending reductions passed by other committees. He gave notice that the President's bill must meet the committee's "pay-as-you-go" requirement solely within the tax code.

CONGRESS PASSES UI EXTENSION

By votes of 404 to 8 and 94 to 2, respectively, the House and Senate overwhelmingly passed H. R. 4095, a bill that extends the 13 and 20 weeks of benefits payable under the Emergency Unemployment Compensation Act of 1991 (P. L. 102-164) from June 13 to July 4. The bill will also increase by 13 weeks the number of weeks of emergency benefits that millions of jobless Americans can receive, effective from the date of enactment through June 13, 1992.

The final version of H. R. 4095 represents a bipartisan compromise that the Administration has endorsed. President Bush is expected to sign the legislation soon after he receives it. Democrats and Republicans agreed that an extension of jobless benefits alone will not cure America's economic crisis. Members expressed the need for long-term recovery measures such as job creation. House Ways and Means Subcommittee on Human Resources Chairman

THE WHITE HOUSE
WASHINGTON

News Summary

OFFICE OF THE PRESS SECRETARY

MONDAY, FEBRUARY 10, 1992
6:00 A.M. EST EDITION

NATIONAL NEWS

EXECUTIVES SKEPTICAL ON BUSH HEALTH PLAN -- Some business executives say President Bush's health care proposals could make their problems worse because they do not go far enough to slow the rapid increase in the nation's medical spending. **(New York Times)**

BUCHANAN SEES CHANCE FOR 'TREMENDOUS UPSET' -- Patrick Buchanan said Sunday "there's a chance for a tremendous upset" in the New Hampshire primary that could drive President Bush out of the race. **(Washington Post)**

INTERNATIONAL NEWS

MOTIVES BEHIND CIA CHIEF'S MIDEAST TOUR REMAIN A MYSTERY -- The U.S. Embassy in Cairo declined comment on reports that CIA Director Gates was consulting Arab leaders on U.S. efforts to oust Saddam Hussein but anti-Saddam Arab officials accused Washington of trying to put responsibility for Saddam's ouster on them. **(Washington Post)**

BAKER SAYS RICH NATIONS MAY HAVE TO BACK RUBLE -- Secretary Baker said Monday that rich industrial nations may have to provide billions of dollars to help Russia stabilize its currency. **(USA Today)**

NETWORK NEWS (Sunday evening)

RUSSIA -- President Yeltsin's reforms are not going well, and the old guard took to the streets today hoping for a comeback.

IRAQ -- Samuel Skinner predicted Saddam Hussein will be overthrown.

HAITI -- After sending clear signals that the Haitian coup would not stand, the U.S. is easing the pressure.

NATIONAL NEWS.....A-1

INTERNATIONAL NEWS...A-4

NETWORK NEWS.....B-1

TALK SHOWS.....C-1

This Summary is prepared Monday through Friday by the White House News Summary Staff.
For complete stories or information, please call 456-2950.

EXECUTIVES SKEPTICAL ON BUSH HEALTH PLAN

Some business executives say President Bush's health care proposals could make their problems worse because they do not go far enough to slow the rapid increase in the nation's medical spending.

"It is a plus that the President has come forward and taken a position that we need overall reform," said Walter Maher, director of federal relations on human resources issues for the Chrysler Corporation. "But we have to bring our health costs more in line with those of our major competitors, Japan and Germany. That requires some very tough cost-containment strategy, which I do not see in the proposal."

The executives warned that further cutbacks in federal programs for the elderly and poor, which were included in the President's budget message, would probably lead to even higher charges to businesses by hospitals and doctors seeking to make up for the lost income. **(Milt Freudenheim, New York Times, D1)**

SKINNER: DEMS' TAX PLAN 'BELIES LOGIC'

A Democratic plan to finance a tax cut for the middle class by increasing taxes for those making more than $80,000 "belies logic" and would become an election issue against Democrats, Samuel Skinner said Sunday.

"The President says we don't need to raise taxes," Skinner said on "Meet the Press." But Skinner stopped short of saying if President Bush would veto the Democrats' plan. "The last time he (Bush) raised taxes, the Democratic Congress made him raise taxes, the same thing they're trying to do here again," Skinner said.

Meanwhile, Sen. Mitchell said Bush's budget plan omits tax relief for the middle class. "If we don't have that component this would (be) a fairly skewed tax system in favor of those on top of the income scale," he said on "Business World."

("Capital Line," USA Today, 5A)

ECONOMISTS SAY MIDDLE-INCOME TAX CUT WON'T END RECESSION

A several-hundred-dollar tax cut to the middle class proposed by President Bush and separately by some leaders in Congress will not end the recession, nor will it help to end it, a Harvard economist says.

On "Newsmaker Sunday," Robert Reich, economist with the John F. Kennedy School of Government, also said that Bush's proposal to reduce the capital gains tax could turn into "another tax layers' employment program," if it causes federal tax laws to become as complicated as they were before the 1986 tax reform act....

"We should be outraged that there is no plan for a balanced budget" by either the President or Congress, said Jerry Jasinowski, economist and president of the National Association of Manufacturers. **(Dean Patterson, UPI)**

STEALING CONGRESS'S THUNDER

By protocol and by law the President is supposed to take the budget Congress designs for itself and reprint it, unaltered, in his annual budget. But this year, Richard Darman added a section called "allowance." A more accurate title might have been "tweaking."

Instead of simply totaling the budget requests of the legislative branch agencies -- the Senate, the House, the Architect of the Capitol, the Library of Congress, the Government Printing Office, the General Accounting Office and the U.S. Tax Court among them -- Darman made certain "adjustments."

The total legislative request was 13.9 percent higher than this year's budget. But Darman calculated the average year-to-year real rate of growth of the legislative branch as 6.4 percent -- and submitted that amount instead....

"They're trying to take some credit for being tightfisted," said Rep. Fazio, who added later that it was a "minor but significant incursion into the prerogatives" of the legislative branch. **(Dana Priest, Washington Post, A9)**

IN BUSH'S BUDGET, TRADEOFFS LEAVE SOME WINNERS AND MANY BIG LOSERS

President Bush often invokes the memory of the U.S. victory in the Persian Gulf War. But when push came to shove in his fiscal 1993 budget, Bush, like presidents before him seeking to save money, proposed slashing impact aid for school systems with large numbers of military dependents....

In the world of presidential budgeting, for every program blessed with a substantial boost, there are two or three others that get the stuffing knocked out of them.... "Instead of incremental nibbling at the edges, some things in this budget go way down and some way up," said a high-ranking official of the OMB. "We took a pretty hard approach to programs we didn't want."...

"We're in a situation where the commander-in-chief is, in effect, turning his back on the people he applauded in Desert Storm and saying the education of their kids is not important," said John Forkenbrock, executive director of the National Association of Federally Impacted Schools.

(News Analysis, Eric Pianin, Washington Post, A4)

RATE CUT BY THE FED IS EXPECTED

NEW YORK -- The Fed will cut short-term interest rates again soon to help the struggling economy, many investment managers and economists predict.

An unexpectedly grim employment report Friday increased the chances that the Fed will reduce rates by at least a quarter of a percentage point, or possibly even half a percentage point, over the next few weeks, analysts say. Some think the Fed, eager to avoid a possible economic relapse during an election year, might even cut rates as soon as this week.

"The Fed will have to do something soon because there's such a widespread weakness in the economy," says Deborah Johnson, senior vice president at C.J. Lawrence Inc. "The employment report was horrendous." **(Tom Herman, Wall Street Journal, C1)**

N.H. POLL: CLINTON SLIPS, BUSH STRONG

MANCHESTER -- Gov. Clinton's lead in the Democratic presidential race in this key primary state has nearly vanished, shows a USA Today/CNN/Gallup Poll. President Bush is maintaining his lead in the GOP contest, the poll shows.

With eight days to go before the voting, Clinton's 13-point lead Friday over Paul Tsongas has narrowed to three points, 31-28 percent.... In the GOP primary, Bush appears to be on the upswing against Patrick Buchanan, inching from a 62 percent lead Friday to 65-28 percent over the weekend. **(Richard Benedetto, USA Today, 1A)**

BUCHANAN SEES CHANCE FOR 'TREMENDOUS UPSET'

MANCHESTER -- Patrick Buchanan said Sunday "there's a chance for a tremendous upset" in the New Hampshire primary that could drive President Bush out of the race.

Joining two Democratic presidential hopefuls, Paul Tsongas and Sen. Kerrey on "This Week With David Brinkley," Buchanan said that if he comes close to Bush in New Hampshire, the leadoff primary, "we're going to see a revolution across this country. If I do well in New Hampshire, I will run to daylight. No one will catch me."

Buchanan tempered his optimistic prediction by saying, "There's no way you can get 51 percent" against an incumbent president. But he recalled that Eugene McCarthy of Minnesota "knocked out a president (Lyndon Johnson) with 42 percent" of the Democratic primary vote in New Hampshire in 1968.

Buchanan brushed off the endorsement of Bush that Ronald Reagan delivered in a taped video appearance at a dinner of New Hampshire conservatives here on Saturday night. "I'll bet if you asked Ronald Reagan privately what he thinks of George Bush's tax hikes...of his record spending...of (his) caving in on that quota bill," Buchanan said, "privately he would agree with Pat Buchanan."
(David Broder & Maralee Schwartz, Washington Post, A6)

STUDY PUTS PROBATIONERS' REARREST RATE AT 43%

A Justice Department study released Sunday found 43 percent of state felons sentenced to probation were rearrested within three years on a new felony charge. More than a third of those rearrested were charged with a property offense, a third were charged with a drug offense, and a fifth were charged with a violent offense. **(Washington Post, A9)**

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MOTIVES BEHIND CIA CHIEF'S MIDEAST TOUR REMAIN A MYSTERY

CAIRO -- The U.S. Embassy in Cairo declined comment on reports that CIA Director Gates was consulting Arab leaders on U.S. efforts to oust Saddam Hussein but anti-Saddam Arab officials accused Washington of trying to put responsibility for Saddam's ouster on them.

A spokesman at the U.S. Embassy in Cairo Sunday declined to say if and when Gates would visit Egypt and Saudi Arabia, despite unconfirmed reports that the American intelligence chief had arrived in Cairo during the weekend. "I don't know anything about that," one embassy official said. "Why don't you ask the Egyptians?"

Egypt Saturday denied a New York Times report, which cited U.S. officials as saying President Bush dispatched Gates to the Middle East to consult with anti-Saddam Arabs on ousting the Iraqi leader....

One government official in the Gulf expressed dismay at the New York Times report and said the apparent leak smacked of a Bush Administration attempt to spread the responsibility for toppling Saddam away from Washington.

"President Bush is hesitant about ordering an effective operation to oust Saddam as this is seen as a purely American attempt to get rid of the Iraqi dictator," the government official in Kuwait said Sunday.

"Bush ideally would like to see Saddam ousted either by the Iraqis themselves, perhaps after a coup where pragmatic army officers seize power, or in cooperation with as many Arab and other nations as possible, so none will point the finger only at America. But such a policy is doomed to fail, because someone with the weight to do so must take the lead -- none of the smaller Arab countries can do it, only America can." **(UPI)**

BUSH PUTS NEW FOCUS ON IRAQ

Saddam Hussein is back in President Bush's sights and on center stage of the U.S. presidential campaign. After days of apparently Administration-fueled speculation about new military moves to remove Saddam, Samuel Skinner said Sunday the economic embargo is working and he'll be ousted by the Iraqi people.

But Skinner, on "Meet the Press," wouldn't rule out dispatching troops. "The President does not discuss what his options are, nor does he foreclose options on television."...

DNC strategist Paul Tully says he believes Bush is planning a pre-election surprise. Bush wants to win and revisiting Saddam "is the fastest way to do it," Tully said.... Tully said Bush's use of Saddam underlines his foreign policy expertise against his inexperienced challengers. "World-class big guy, tiny little whiners," says Tully.

(Judy Keen & Lee Michael Katz, USA Today, 5A)

KERREY, TSONGAS ADVOCATE POSSIBLE MILITARY ACTION AGAINST IRAQ

The Bush Administration denied reports it is stepping up efforts to oust Saddam Hussein, while Paul Tsongas and Sen. Kerrey said they would support military action against Iraq under certain circumstances.

Kerrey appeared on "This Week With David Brinkley" and said that if elected president, "I might go back in with a multilateral force if necessary." And in a separate interview on the same program, Tsongas said, "I agree with (Kerrey)."

Although neither candidate specifically described all the circumstances that would inspire them to send American troops back into combat, Tsongas said one reason would be Iraq's developing nuclear weapons. **(Dean Patterson, UPI)**

ISRAELI OFFICIAL PESSIMISTIC ON U.S. GUARANTEES

JERUSALEM -- An Israeli cabinet minister for the first time voiced pessimism Monday about any agreement with Washington on financial help for Jewish immigrants from the former Soviet Union.

Health Minister Ehud Olmert said U.S. opposition to Israel's settlement of occupied Arab lands may prevent the Jewish state's receiving $10 billion in guarantees for immigrants.

"I am not very optimistic on the chances to agree on the loan guarantees," Olmert told American supporters of Israel. "The U.S. is interested basically, fundamentally, in turning the wheel back in the other director, in creating the necessary conditions for the eventual Israeli withdrawal from the territories." **(Reuter)**

EUROPEANS TOLD OF U.S. ISOLATIONISM
Congressmen Signal Slipping Commitment To Atlantic Alliance

MUNICH -- A high-powered array of American politicians, diplomats and academics warned leading Europeans Sunday that a rising tide of isolationism is dramatically changing U.S. attitudes toward Europe.

Republicans and Democrats told European leaders that a new domestic focus among Americans is leading to calls for a tougher stance on trade and for further U.S. troop reductions in Europe, as well as to a wavering commitment to the NATO alliance.

Speaking at the annual Munich Conference on Security Policy, Sen. Cohen said the "prevailing view" in the U.S. is that NATO "is no longer necessary, relevant or affordable." He said the alliance will likely become a "mainly European organization."

Cohen, one of 11 senators or representatives attending, said there is little support in Congress for the Bush Administration's plan to keep 150,000 U.S. troops in Europe, which would be less than half of the Cold War troop level. A more likely figure is 75,000, he said.

Later, Sen. Rudman talked of 60,000 troops. And NATO Secretary General Manfred Woerner appeared to admit that the 150,000 level was unlikely, saying, "I don't think the numbers count so much as the presence" of U.S. troops in Europe. Rep. Aspin said that presence will be "more political than military."
(Marc Fisher, Washington Post, A1)

NATO WELCOMES EX-SOVIETS, PARTIALLY

MUNICH -- NATO is ready to accept the former Soviet republics into its North Atlantic Cooperation Council, but should not permit them full membership in the Atlantic alliance, NATO Secretary General Manfred Woerner said Sunday.

Speaking at the Conference on Security Policy here, Woerner said the Western alliance will welcome members of the Commonwealth of Independent States into the council. He said the Commonwealth republics can join the cooperation council "as soon as they are recognized" by NATO countries. **(Washington Post, A23)**

BAKER SAYS RICH NATIONS MAY HAVE TO BACK RUBLE

FRANKFURT -- Secretary Baker said Monday that rich industrial nations may have to provide billions of dollars to help Russia stabilize its currency. But that could be done only after Moscow adopts a credible economic reform program, he said. He said the U.S. would push to ensure that Russia is admitted to the IMF in late April, when the IMF board meets....

A U.S. official told reporters on Baker's plane: "We are not in the process of planning a stabilization fund but the subject has been discussed and I think that as we move forward toward membership for Russia and some of these other states in the IMF and World Bank, this will receive more attention. It's been discussed in terms of a possible approach down the line," he added.

(Carol Giacomo, Reuter)

JOBS SOUGHT FOR RUSSIA N-SCIENTISTS

MOSCOW -- The U.S. has begun a worldwide search for Russia's nuclear scientists to keep them from working in hostile countries, Amb. Strauss said. "You'll see a program evolve to swallow up more and more of these people...to contain the brain drain," Strauss said in an interview. "All the countries in Europe will be involved. It's a global problem."

Strauss said the U.S. is considering a scientific foundation in an unnamed country to employ Russian scientists and has discussed employment opportunities with at least one state governor. "You just don't solve that problem with a pronouncement or a decree or a piece of legislation," Strauss said. "Both the Administration and the Congress are very sensitive to this problem." **(Jack Kelly, USA Today, 1A)**

MUSCOVITES DEMONSTRATE OVER YELTSIN REFORMS

MOSCOW -- Thousands of Russians gathered near the Kremlin Sunday to protest President Yeltsin's free-market reforms, while thousands more assembled in a counter-demonstration urging Russia to give Yeltsin's policies time to succeed.

Many anti-Yeltsin demonstrators were pro-Communist, nationalistic, anti-Western and even antisemitic, according to interviews conducted on this chilly, overcast day. But for the first time, the demonstration also seemed to attract many middle-aged, middle-class professionals who said they supported democracy but believe Yeltsin's "shock therapy" reform is leading to widespread poverty and hunger. **(Fred Hiatt, Washington Post, A1)**

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C.I.S. MILITARY ANGRY, HUNGRY

The military forces of the former Soviet Union are facing large-scale desertions and severe shortages that could lead to a military coup, according to U.S. officials familiar with intelligence reports. Troops of the armed forces have not been paid in months, and discontent is said to be growing among officers and enlisted personnel throughout the 11 republics.... "Right now, a military coup is not an immediate threat, but it's something that is lu rking in the background," the official said.

(Bill Gertz, Washington Times, A9)

STATE DEPARTMENT PROBES HAITIANS' CLAIMS OF BEATINGS, KILLINGS

State Department officials are investigating allegations that the Haitian military has beaten and killed boat people who were returned to Haiti last November after U.S. officials rejected their claims for asylum.

The charges were made by boat people who were returned, fled again and were intercepted for a second time. They were interviewed recently by U.S. immigration officials and U.N. monitors at a tent city on the Navy base at Guantanamo Bay. Refugee advocates distributed copies of notes of five U.N. interviews that they said they have obtained from U.N. diplomats.

Administration officials said they have not confirmed any of the allegations made by some of the hundreds of people. But refugee advocates said 41 of the 42 of these "double-backers" reinterviewed on Guantanamo appear to be making credible claims, because they were granted provisional asylum status this time by the INS pending further investigation.

(Al Kamen, Washington Post, A1)

U.S. STEPS UP SECURITY ALONG MEXICO BORDER

U.S. security along the Mexican border will increase and enforcement of immigration laws stepped up to deal with an unexpected record year of illegal immigration, Attorney General Barr announced Sunday.... To speed lawful immigration, Barr will keep offices open later, add 250 temporary workers and streamline the process.

("Nationline," USA Today, 3A)

EDITOR'S NOTE: "Seeking 'The Few' When Too Many Exist," regarding military recruitment, by John Lancaster, appears in The Washington Post, A9.

-end of A-Section-

(Sunday Evening, February 9)

RUSSIAN DEMONSTRATIONS/ECONOMY

NBC's Garrick Utley: If you think democracy, free markets and individual opportunity are ideas and ideals everyone seeks, just look at Russia and Moscow today. The big experiment, Boris Yeltsin's reforms, are not going well. Prices have tripled, people are getting less for their money, discontent grows and the old-line, old guard took to the street today hoping for a comeback.

NBC's Tom Brokaw reports from Moscow on the enormous demonstration made up of people still loyal to the Communist Party, and nationalistic right-wingers. A number of banners blamed the U.S. and Jews for Russia's problems. It had the look and feel of an old Soviet-style May Day parade. A few of the older protesters even longed for a return of Stalin. Yeltsin has trouble even in his own administration. Yeltsin warned his government could fall if major assistance doesn't materialize soon. Yeltsin's people organized a counter-rally outside the Russian "White House" today. It attracted a sizeable crowd as well. But Yeltsin has trouble even within his own administration. Yeltsin's vice president and outspoken critic told a weekend meeting the country is headed for economic genocide. He wants to declare an economic emergency, suspending many of the current reforms. And Russian political analysts think Yeltsin will have to do something soon. As the economic chaos continues, the protests are becoming ever-larger. (ABC-3, NBC-Lead)

CBS's Connie Chung: President Yeltsin watched the first big protest against his decision to lift price controls, thousands of people furious over his economic reforms. But an equal number of demonstrators were out voicing their support.

CBS's Jonathan Sanders reports from Moscow on the rallies. The turnout of 12,000 anti-Yeltsin demonstrators was far below the number anticipated. Polls show Yeltsin continues to enjoy broad public support. In a recent survey, 60% of Muscovites said they backed him and his program of radical reforms. (CBS-Lead)

NBC's John Dancy reports American planes will take supplies to every former Soviet republic except Georgia, where civil unrest makes the flights too risky. It's part of a $5 billion American effort to help the newly-independent republics. The effort has had major problems getting started, everything from a shortage of ships to outright theft in the former Soviet Union. These flights are an effort to jump-start the aid program. The food is Army b-rations, left over from Desert Storm. The U.S. is making a major effort to keep the supplies from being sidetracked to the Soviet black market before they reach their destination. The U.S. has been criticized by some Europeans for not doing enough to help the republics, so these flights will be high-visibility. (NBC-2)

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IRAQ/SADDAM

Chung reports Chief of Staff Skinner predicted Saddam Hussein will be overthrown. This comes as new accusations have emerged suggesting the Bush Administration is deliberatly leaking information to the press about possible U.S. action against Iraq.

CBS's Randall Pinkston: The President, returning from Camp David, didn't want to talk about the new reports, but Democratic presidential candidate Bob Kerrey, a member of the Senate Intelligence Committee, said he was surprised by the leaks.
(**Sen. Kerrey:** "I have not received any information from the Administration. I get suspicious when they inform the Congress that something is going on and then leak the information to the press.")
Other Administration officials also refused to comment on the press reports of covert action or whether CIA Director Gates' current talks with Mideast leaders are aimed at the Iraqi leader.
(**Skinner:** "Well, we think the embargo is working pretty well. We think that eventually the people in Iraq will recognize that they ought to have another leader and they'll take the appropriate action.")
But Saddam Hussein's continued survival is a source of irritation for the Administration. Intelligence experts predict pressure against Iraq will continue to be stepped up.
(**William Colby:** "These pressures should lead to a change of government, and I think they want to keep those pressures on.")
The renewed focus on Saddam Hussein is already an issue in the presidential campaign. Democrat Kerrey charges that President Bush would be embarrassed if Saddam Hussein has a job in November and 8 or 9 million Americans don't. (CBS-2)

HAITI/REFUGEES

Utley: More Haitian refugees were returned to their homeland on U.S. ships this weekend. When the democratically-elected president was overthrown, the Bush Administration sent clear signals that this coup would not stand. Those were not the exact words but it was clearly the intent as sanctions were imposed. But now the U.S. is easing the pressure.

NBC's George Lewis reports that boat people turned down for political asylum in the U.S. now face an uncertain future in a country where most can barely eek out a living. The Bush Administration's embargo threw ordinary Haitians out of work as Haiti's poverty worsened. Now the U.S. Government has given some American companies permission to resume business. But some human rights groups say America should not have abandoned the embargo so quickly. (NBC-5)

Chung reports a Miami lawyer says he will ask the U.S. Supreme Court for an emergency stay to stop the repatriation of thousands of Haitian refugees. The refugees' lawyer said today he has new evidence that those forced to return are being persecuted by the Haitian military. (CBS-7)

PRESIDENTIAL POLITICS

ABC's Forrest Sawyer: For the first time, voters will speak in the presidential campaign when Iowa holds its precinct caucuses tomorrow. President Bush and Iowa Sen. Harkin are considered easy winners. So the first real political battle is shaping up across the country, in New Hampshire, where with the primary only nine days away, Gov. Clinton's lead in the Democratic race appears to be shrinking. And the other candidates have suddenly found themselves in a horserace.

ABC's Cokie Roberts reports from Manchester on Clinton's shrinking lead.

ABC's Mike von Fremd reports from Manchester on the unorthodox Brown campaign. He has to show more strength soon if he wants to be considered one of the major contenders. (ABC-Lead)

NBC's Fred Briggs reports on the weak New Hampshire economy. The house belonging to the state's Democratic Party chairman may be lost in a foreclosure by a bank taken over by federal regulators. (NBC-8)

Chung reports a new poll out today shows Clinton and Tsongas in a virtual dead heat. The Boston Globe survey shows Clinton getting 28% with Tsongas getting 25%. On the Republican side, the contest is getting loud and mean.

Eric Engberg: The New Hampshire forces of Bush and Buchanan spent the weekend in bitter exchanges amid clear signs their competition has split the state's conservatives so thoroughly the White House cannot count on a convincing win.
(**TV Coverage** of people on both sides chanting.)
The main battleground was last night's dinner in honor of Ronald Reagan, controlled by Bush supporters who were ready with a made-for-politics video:
(**Ronald Reagan:** "I believe that the experienced leadership of George Bush is our best hope to build a stronger America.")
Buchanan, before a crowd filled with noisy supporters, also laid claim to the Reagan legacy.
(**Pat Buchanan:** "When he came to Washington, he buckled on his sword and he went out and fought from Day One for what he wanted. He did not wait until March 20 of his fourth year in office." Crowd cheers.)
Bush surrogates, including ex-Chief of Staff Sununu and Secretary Kemp, held a news conference to claim that Buchanan has excommunicated himself from the right.
(**William Bennett:** "In fact, if you're any further to the right than this group you're on the left, and that's where Pat ends up, it seems to me.")
Kemp, who had to apologize to the President last week for saying his new economic policy contains gimmicks, said he now backs the policy. But Buchanan was ready with a needle.
(**Buchanan:** "I thought you were under protective custody, Jack." Crowd laughs. "How many times have they taken you to that White House woodshed, my friend?" Laughter, hooting.)

Engberg continues: The gloves have come off as the two sides have detected a volatility in the electorate. Said one White House strategist last night, eying the period between now and election day, "Ten days is a long time up here." (CBS-6)

BUYING AMERICAN

Chung reports from Greece, New York, a town which has learned a lesson since trying to buy American, on the heels of what the Japanese head of Parliament said about American workers being lazy. To send Japan a message, they rejected a Japanese excavator, looking instead at a John Deere for $15,000 more. But the John Deere was partly assembled in Japan with a lot of Japanese parts, while the "Japanese" excavator is assembled in the U.S. Many American products have become multinational. But for many American leaders in these tough times, the idea that you can't really tell if you're buying American is a smokescreen.
(Rep. Gephardt: "I think sometimes the Japanese want there to be confusion because they want to create this impression that every car in the world today comes from 90 different places. It's not true.")
But some economists say who you buy your car from doesn't matter much. It's who provides the jobs that make the economy run.
Greece wound up not buying an excavator at all this year, blaming the weak economy. (CBS-8)

ALGERIA

Sawyer reports Algeria's military-backed regime has declared a state of emergency to last one full year that bans public demonstrations of any kind. The move comes after at least 40 died and more than 200 were wounded in two days of fighting between the fundamentalists and security forces. (CBS-3, ABC-2)

ISRAEL/WEST BANK

CBS's Martha Teichner reports on the lifting by Israel of nighttime curfews on the West Bank. But the Israeli Supreme Court had to order it. The Israeli army has just announced a change in the rules governing the use of live ammunition, making it easier for Israeli soldiers to shoot at Palestinians. And armed settlers are being deputized, called up to form official patrols to protect their own settlements. According to Palestinians, it is the settlers who are dictating Israeli government policy, demonstrating outside Prime Minister Shamir's house. (CBS-4)

ANIMAL DRUGS/FDA

ABC's Bettina Gregory reports on a new study prepared for Congress which seriously questions how the FDA approves drug for food-producing animals. The study suggests the FDA may be approving drugs on the basis of invalid, inaccurate, or fraudulent data -- and this could result in potentially dangerous health consequences for consumers, such as allergic reactions and cancer. The problem, the report says, is the FDA doesn't have the resources to check data submitted by companies which make these drugs.

Gregory continues: The FDA had no comment on this study, but with the agency already under fire for failing to get information on silicone breast implants and the sleeping pill halcyon, this new study can only serve to cast more doubt on the FDA's ability to do its job. (ABC-4)

MAGIC JOHNSON/AIDS

Utley reports Magic Johnson returned to the court for the NBA All-Star game in Orlando, Florida. Johnson played for 29 minutes and scored 25 points as his team won easily. He was named the game's MVP. (ABC-6, NBC-3, CBS-9)

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Moderator: David Brinkley. **Panel:** Sam Donaldson, George Will. **Guests:** Sen. Kerrey, followed by Sen. Tsongas, then Pat Buchanan.

Will: Campaigning in South Carolina the other day, a somewhat more conservative state than most, you said you're not one of those Democrats who thinks that every government program is good. Could you specifically give an example? The President said there are 240-some programs that don't deserve federal funding. Give us one that's not a defense program.

Kerrey: Sure can. I mean, I think it's a mistake to have an independent Department of Education, an independent Department of Labor, an independent Department of Agriculture.

Will: That's reorganization. Give me a program that someone would object to.

Kerrey: The National Education Association opposes and objects to losing their independence. And I'm from an agricultural state, and a lot of my people out there are asking me: Why would you want to eliminate the Department of Agriculture? And my answer is we've got to organize this federal government, so as to make it able to do what we want. There's a lot of people in Congress that are chair of committees that don't want 75-percent reduction in oversight committees, as I am proposing, and they're quite concerned about losing that power. But what I'm concerned about is America losing its economic power, unless we organize this government differently.

Furthermore, I mean, I have suggested with national health insurance that we get the cost of health care under control by budgeting it....

Will: Let me ask you one more question about specific cuts. When the governors met with the President last week, governors as different as Florio, a Democrat of New Jersey, and Wilson, a Republican of California, said we must cut welfare costs.... But to do that, they need to waive some federal requirements. Would you be in favor, as president, of waiving federal requirements that would thereby enable states to cut welfare payments?

Kerrey: Well, it's not so much cut. I mean, if that's all we're trying to do is cut it, why, I don't get very enthusiastic. But if they're trying to make it work better, then I could get enthusiastic....

Donaldson: As President, what would you do about Saddam Hussein?

Kerrey: I'd use the Security Council Resolution 687 and make sure in a multilateral fashion we enforce the terms of that surrender.

Donaldson: You would go back in with military force, if necessary?

Kerrey: In a multilateral way, I certainly would. What bothers me is that I'm hearing the President say, "My gosh, it could be politically embarrassing." Saddam Hussein still has a job in November of 1992, when eight or nine million Americans don't, particularly since Secretary of State Baker said the war was about jobs, jobs, jobs. I'm much more concerned, I must say to you, about China selling fuel for ballistic missiles to Syria and guidance systems to Iran. I'm much more concerned about the proliferation of nuclear and conventional weapons to the region than I am about our inability through the United Nations and 687 to carry out the terms of that surrender.

Donaldson: If President Bush had decided it was in the national interest to use more military force...do you think he has the authority from the Congress to do that now because of what you voted last January or do you think he would have to come to Congress?

Kerrey: ...I don't know. I really don't know. My guess is probably if it's within the 687 Resolution, the President probably would not.

Guest: Sen. Tsongas.

Will: ...The United States is hardly pristine when it comes to protectionism.... You're heading down to the south where textiles and sugar are big matters in Super Tuesday states. Are you going to tell them down there that as a committed free trader and in the interest of consumers you would oppose textile and sugar quotas?

Tsongas: For those industries, I don't think you abolish them, but what I object to in this debate in this state is that we've reverted to the Japan-bashing, as a kind of suggestion that there's no problem in the United States, that somehow if the Japanese can be more fair that we'll be all right. We are the major problem. The Japanese are abusive; they do not open up their borders. But I think ultimately what this country has to come to grips with is that we are the masters of our own destiny, and it's time to get our act together.

Donaldson: You received an endorsement of a sort from former President Nixon, who says you're too responsible to be nominated by the Democrats. I wonder if he was talking about your view of a tax cut for the middle class. Am I correct that you believe some of your opponents in this race are pandering by suggesting a tax cut?

Tsongas: I guess I used that word once. I'm not Santa Claus. My responsibility in this campaign is to tell the economic truth and to say this is how you go out and you compete. The middle class tax cut did not come from any economists. It came out of the polling people.

Donaldson: Let me just ask you the question I put to Senator Kerrey. What would you do about Saddam Hussein? Would you use military force, if necessary, to get him out of there?

Tsongas: I heard Senator Kerrey's answer, and I agree with him.... Nuclear terrorism, to me, is a great threat.... And Saddam Hussein is a source of some of that threat.

Donaldson: Does the Congress already have given the President a blank check [with regard to military action in Iraq]?

Tsongas: I think it has. I authored the resolution when I was in the Senate to provide covert aid to Afghanistan. So my rationale there would apply here as well.... I think the President has the authority to do what's proper under the U.Nn resolutions...and I don't think you take Saddam Hussein out for the sake of taking him out, but the fact is there are resolutions, and those resolutions apply.

Donaldson: Would President Tsongas, at the moment, say "I don't like him there; I hope that he's overthrown by his own people," but United States is not going to move militarily against him?

Tsongas: That would be my position, but I would supply aid to the Kurds, to the Shiites, because I think they have a right to defend themselves, the same thing I did in terms of the Afghan rebels.

Guest: Pat Buchanan.

Brinkley: Would you want to drive President Bush out of office or would you be satisfied to pull him to the right?

Buchanan: No, we want to push him all the way out of office. I wouldn't have gotten into this race unless I felt the Republican party and the country needed new leadership. Mr. Bush has been given his three years, and he really has not done well. I think the economy is in as tough a shape as it's been in a long time. Spending is at record levels. Taxes are at record levels. That's not the kind of administration he promised.

Brinkley: Let us say the election was yesterday and you are now President. What's the first thing you're going to do?

Buchanan: If the economy were in the condition it is in right now, I would sort of declare something of an emergency and call for immediate tax cuts across the board on investment and income, and I would send up a budget to the Congress of the United States...which would pare back federal spending in the foreign policy area, in the domestic policy area. This country has only got one way out of a situation where we're spending 7 percent of GNP on a deficit alone, and that's the road back to economic freedom.

Will: But suppose...the President is nominated. A lot of conservatives, as you well know, say: It's ruinous to the conservative movement to have a man who doubles the deficit and has spending out of control and has given us the longest modern recession. Better for conservatives, they say, and for the long-term health of the movement to have a Democrat win. Do you subscribe to that?

Buchanan: No, I don't. The Supreme Court would be one reason alone. But I do think that is a powerful argument why Mr. Bush could not go unchallenged in the primaries....

Will: You purport to be carrying the banner of true and pristine and undiluted Reaganism. Yet, on the one hand, you seem to have an industrial policy, awfully like the left wing of the Democratic Party, when you say the government ought to pick winning technologies of tomorrow and back them.... Furthermore, you have, I'd have to say, kind words to say about the PLO, which Ronald Reagan called a terrorist organization.

Buchanan: The PLO is a terrorist organization. It has terrorist components to it, and I don't think I've had many kind words to say about it.

But on the issue of industrial policy, I'm not in favor of that. But what I am in favor of is what Jack Kennedy did with the 7 percent investment tax credit. This country has got to get back to building things and making things with its hands.... These are the people who are threatened by wide-open imports from countries like China, which use slave labor, and they have a right to have their jobs protected.

Donaldson: Last night, here in New Hampshire, you attended an 81st birthday dinner for Ronald Reagan. You were one of the speakers. Another speaker, by video tape, was Ronald Reagan, who used that occasion to endorse George Bush. He said the country needed him to be reelected.

Buchanan: George needs Ronald Reagan to win in New Hampshire, that's for sure. Listen, there's no doubt that the ex-presidents club is as exclusive a club as Skull and Bones, and that Ronald Reagan could do nothing else, when requested, but endorse George Bush.... But I'll tell you this. I'll bet you if you ask Ronald Reagan privately what he thought of George Bush's tax hikes, what he thinks of George Bush's record spending, what he thinks of George Bush's cave-in on that quota bill, privately, he would give you what he thought, and I think he might agree with Pat Buchanan.

Donaldson: Let me go back to something you tangentially touched with George Will, on the PLO. It is a subject that keeps haunting you.... That is your feelings about Israel and about Jewish Americans. A couple of the things that you've said in the past are that Congress is Israeli-occupied territory, that the Democratic Party is the diapered poodle of the Israeli lobby.

Buchanan: You know as well as I do that the most powerful lobby, perhaps, in Washington, D.C. is a pro-Israeli lobby, and any congressman who's got the guts to stand up, for example, and say no to $10 billion in loan guarantees is going to have a tough time on reelection. That goes for Republicans as well as Democrats, and those statements I made might be inelegant, but they do have the benefit of being true.

Donaldson: You once said that you had nothing to apologize for, and I take it you meant that in your whole wide range of expressions about Israel and Jewish Americans. Is that correct?

Buchanan: I mean, listen, Israel is a legitimate policy issue. Of course, with regard to Jewish Americans, I have never said anything about them as a group that I have to apologize for at all, correct.

Donaldson: Let me ask you now about Saddam Hussein. I put the question to the other two people who have been on our program. What would you do right now about Saddam Hussein? Would you use military force to get him out of there?

Buchanan: I would maintain a policy of containment on Saddam Hussein. I don't think he's a threat, with exception. If he's moving ahead toward nuclear weapons and we know that and we can't get in, and if the President then decides to take those nuclear weapons out... I don't know where he stands in terms of building nuclear weapons, but if he were close, I would act.

Brinkley: Give us your reading on the results a week from Tuesday night. Where do you expect to come in?

Buchanan: I don't know the number, but there's a 39 percent, if you press "undecided" in the Republican primary. Mr. Bush has not persuaded the Republican Party they ought to reelect him or renominate him. There is a chance for a tremendous upset up here, and I think our positive message, the vision, and the ideas we've got, which we're going to run in adds and we're going to run all week, has a chance to do a tremendous job.

Brinkley: A tremendous upset would mean you defeated the President in the primary.

Buchanan: There's no way you can get 51 percent. Gene McCarthy knocked out a president with 42 percent.

Brinkley: Forty?

Buchanan: If I get close to something like that, we're going to ignite a revolution across this country. As I said, George Bush's army is as hollow as it can be. It is large, but it is hollow.

POLITICAL DISCUSSION -- Cokie Roberts joins panel.

Will: The President has what football coaches call schedule lock. The focus of the campaign goes south. In the south they have a sort of tendency to respect successful military leaders, an incumbent president. Air Force One swoops in, it's going to be hard for Pat Buchanan to have lots of bounces after this --

Donaldson: There's something more. I think the economy is going to get better. The signs of recovery are there, folks, thank goodness. I mean, don't be upset because we may be coming out of this recession. I think by this summer the signs not only will be there, but people will start getting jobs again. By this fall, I think George Bush may once again be the hero of the Persian Gulf and the economy.

###

NBC -- MEET THE PRESS

Moderator: Tim Russert. **Panel:** Robert Novak, John Cochran.
Guest: Mr. Skinner.

Russert: The Democrats in Congress seem poised to pass a tax cut for the middle class, which they will fund by raising the top bracket to 35 percent on those who make over $80,000, and also a surtax on so-called millionaires. Will the White House find that acceptable?

Skinner: The President has indicated in his State of the Union that he would veto -- that he was opposed to raising any taxes, and that we've indicated that we think the President's growth package can be put into law without raising taxes. And, in fact, the Republicans in the House Friday sent a bill to the House Ways and Means Committee which contained all seven of the short-term growth initiatives, and those initiatives are paid for without raising taxes. So, that's the President's preference. And right now, we don't think it's necessary to raise taxes. And if the Democrats want to send a bill to raise taxes, they're doing something that's not necessary -- and unfair to American people.

Novak: ...In light of the fact that the President broke his campaign pledge and did raise taxes last year, you're sending a message to the country that this is a possibility, that it isn't certain he would veto a tax increase. I mean, that's the message I get when I listen to you. Is that incorrect?

Skinner: What I'm saying is that he's against raising taxes. The last time he raised taxes, the Democratic Congress made him raise taxes, the same thing they're trying to do here again. And the American people are going to understand that the Democrats want to raise taxes. That will be an issue in the fall.

Novak: The President came out with this health care plan after three years of everybody waiting for it. A hundred billion dollars, no hint of how to pay for it. He said that's up to the Congress. No cost controls. Is that a fiscally responsible Republican kind of proposal?

Skinner: Well, that's not an accurate portrayal of the President's program. First of all, that program has more credibility than any program that's been put forth so far. And we are not surprised, because we know how that program was developed, but we are enthused about the reception we've received. Number two, he did lay out ways to pay for it....

Novak: John Sununu was opposed to putting out a health care plan on the grounds that everybody would shoot at it if you put out a specific plan. Hasn't his prophecy come true, Mr. Skinner? You're getting shot at by the media, by health care officials. I mean, it's gotten a very negative response. Wasn't Sununu proved correct?

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Skinner: How can you say it got a negative response? You're not looking at the facts. I've met with groups all over this country. They are very, very enthusiastic about this program, groups that have been involved in all sectors. This is the best reception of any initiative in health care that has been received so far. And to say that people are against it when you look at the editorials and the support all over this country is just wrong.

Cochran: Let us turn to Saddam Hussein. Why this concert of leaks this week, this tough talk about Iraq? They talk about the Bob Gates trip to the Mideast. What message is the administration trying to send?

Skinner: Well, the administration is not trying to send any message. As you know, all of the discussions have been in the newspaper. Bob Gates is taking a trip that would be normal for a new director....

Cochran: How far is this administration willing to go if, indeed, the Kurds or the Shi'ites again rise up against Saddam Hussein? You say you want them to, but will you help them?

Skinner: Obviously, we're not going to discuss all of our national and foreign policy issues here today, but it's quite clear that Saddam Hussein should leave....

Cochran: Okay. You don't want to talk about Iraq; let's talk about Sam Skinner. I've been surprised to hear a lot of complaints from people in the White House who wanted you to do well, who wanted John Sununu out. They say morale has never been lower in the White House. They say things about you that they usually only say about the White House press corps, that you're arrogant, that you're disorganized, not up to the job. Are you stepping on a lot of toes? What's going on?

Skinner: Well, we've had a lot to do in four weeks. We had to, number one, evaluate the staff; number two, work an organization and put it together with the campaign staff; number three, get a State of the Union address; get a health care program together; and get a budget together.... I'm actually pleased with the progress we've made....

Russert: When the American automobile executives went to Japan with the President, right after that trip they criticized the President. When Magic Johnson was invited to the White House to join the AIDS Commission, he stepped outside and criticized the President's proposals on AIDS. And now we have the governors being invited to the White House, while the President's in the room, criticizing his budget. Is this just abysmal staff work, or is there really a dramatic decline in the fear and respect of this President?

Skinner: Well, you have two ways to approach meetings with the President. You can kind of structure them so that you don't get any information and the President doesn't get any information.

We've done more for AIDS funding than any administration in history.... Magic complimented the President in that room about what he had done.

Skinner continues: He said, "Can you do more? The AIDS Commission would like you to do even more." And when Magic Johnson left the White House, he went out and said, "I've asked the President to see if he can do more."....

Russert: So, we can expect you to schedule more of these opportunities where the President is embarrassed.

Skinner: I don't think he was embarrassed with the governors. The person that was embarrassed with the governors is the governor from Colorado. I was sitting next to Democratic governors and they turned to me and said, "I'm sorry. I'm embarrassed that he did this." Having said that, the President took it to him. The President asked him some very specific questions, and what we found out was that Governor Roemer from Colorado didn't know what he was talking about. He said, "Let's cut the budget," but he didn't know how. The President reacted quickly to the questions that were asked him....

Russert: ...What is your personal view on abortion?

Skinner: I support the President's position. The President has not changed his position on that issue, as you know, and as his chief of staff, I support his position. There have been no discussions on the platform so far in the White House....

Russert: When John Sununu was chief of staff, there was no problem with the ozone. Now, there's a problem with the ozone. Rich Bond wasn't allowed near the White House. He's now Republican national chairman. There was no health care legislation needed until after the election. Now, we have health care legislation. Chiefs of staff make a difference. Your political mentor was Jim Thompson, Governor of Illinois, a very prominent pro-choice governor. There's a lot of sentiment on the Hill with the right to life groups that you are pro-choice. Is that your --

Skinner: It's quite clear. I've met with a number of these groups. I told them I support the President's position. They understand the President's position. They understand my position. It's quite clear that issue is settled, and on the other issues, times change. We've got to change with the times. We've got new information on the ozone level.

Russert: Times haven't changed, the chief of staff changed.

Skinner: Wait a minute, wait a minute. There's new information just out on the ozone level issue. There's new issues. Okay? The problem is the President takes these positions. I don't make decisions for the President. He makes the decisions....

Novak: We have the New Hampshire primary coming up. The overnight tracking polls show Pat Buchanan picking up some ground. There are published reports that you, the Bush campaign, is going to come out with some very negative commercials against Buchanan. Is that true?

Skinner: No. We're not going to come up with very negative commercials against Pat Buchanan. The President is selling what he's all about and he's telling the American people what he's all about....

Novak: The President, when he was up in New Hampshire and I was with him covering that, he kept referring to the far right. Who is the far right? Is Pat Buchanan the far right?

Skinner: David Duke would probably fall into the category of -- I won't call him [Buchanan] far right.... I'm not sure who he's referring to as the far right. He's talking about people that don't share some of the basic philosophies that are necessary to get this country working again.... I call him [Buchanan] an isolationist.

Cochran: The President says that if Congress doesn't pass his economic package or one close to it by March 20th, he's going to start Congress bashing. And, of course, Congress will not do this. Is this smart politics reminding the electorate that it's a lot easier to change presidents than to change Democratic majorities?

Skinner: I don't think he used the word bashing. I think what the President said is I have a good package; I'd like Congress to act quickly. I think he said they can act quickly because I've seen them act quickly on other matters.... Obviously, if they don't move by March 20th, we are going to be very critical of their inability to help this economy at this very crucial time. And we will take our case to the American people....

Cochran: Quick question about the President. He gave three very lackluster health care speeches on the road this week. He didn't look good. His syntax was way off and that usually happens when he's tired. Is something wrong with the President?

Skinner: You call the speech he gave in Cleveland lackluster? He he got very good reception. That was an excellent speech.... I wasn't there, but I saw it on television. It was an excellent speech and a lot of people who saw that speech were very impressed with it.

Russert: The President said it's going to be a dog eat dog fight, that he'll do anything he has to get re-elected. I note in the papers today that the Bush campaign has retained the gentleman to do your television ads, the same guy who did the Jesse Helms ads, the white hand ripping up the unemployment notice. Are we going to expect those kind of racial overtones in your campaign?

Skinner: There are not going to be any racial overtones in the campaign....

###

Moderator: John McLaughlin. **Panel:** Fred Barnes, Eleanor Clift, Jack Germond, Mort Kondracke.

On the President's health care plan:

Barnes: You have to look at it on two levels. Politically, he doesn't gain anything. But he inoculates himself on the issue and so he's not going to suffer as he would if he didn't have a plan. Substantively, it does extend affordable health insurance to virtually all Americans while preserving the American health care system, which is the best in the world. And Americans are satisfied, every poll shows, with the quality of the American health care system. And it's certainly better than the Canadian-style system of national health insurance that the Democrats want, because that system has one big flaw and that's rigid price controls, mandated fees. Whenever you have price controls like that on a product, you get less of the product....

Clift: We're not talking either/or about whether we're going to have a Canadian system or what we have. We're talking about reform. The President's called this a crisis. I'm glad he's come to the table, but then I'm going to be very predictable and I'm going to criticize his plan. It's a $100 billion payoff to the insurance companies. The only place you would retrieve this voucher is at your local insurance company, and they don't have much credibility. And he didn't have the fortitude to say how he would pay for it. It's another one of these election-year proposals that's like the Field of Dreams: Build it and they will come.

Germond: I thought the interesting thing was that the one place you [McLaughlin] found full-throated approval for the President's plan was from the lobbyists with the health insurance companies. I don't think it's much of a plan; it obviously is not. Nonetheless, it's interesting because it brings him further along than he has ever been. Up to this point all he talked about was capping malpractice awards. Now he's talking about some approach to the general problem. And this is a testament to the political system. He's been forced into this by the campaign and we have an opening place for a debate.

Kondracke: There are certain things about this that are good, and they are bipartisanly agreed to. Namely reform so that small employers can pool together into larger pools to cover more employees and also to guarantee everybody that they will be covered. But the problem is why did it take George Bush until the election year of his first term to come up with anything in this area if he wanted to be the kinder and gentler President? Only because he's been forced into it. It's late; there are wide gaps in the system. I agree with Fred; this will be the last chance for private insurance. If the government doesn't come up with a reform of the private insurance system, we are going to go to national health. And this program is woefully inadequate because it doesn't answer a lot of questions.

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McLaughlin: I kind of like this voucher idea. What's wrong with the voucher idea? ...Maybe the concept behind the President's plan is the best thing going for it. That is the voucher.

On a scale of 1-10, how much ground has Bush recovered politically on the health care issue:

Barnes: I'd give it about a 7. **Clift:** I'd give it a 4. He's pulled a booster chair up to the table. **Germond:** Politically, unfortunately, it's a 7 or an 8. He did very well. **Kondracke:** He gets by: 5. **McLaughlin:** I'd give him a 6.

On the Republican Primary in New Hampshire:

Germond: [Buchanan] made a strategic mistake because he didn't go into the thing with good survey research. He spent eight weeks of his campaign talking about this broken promise [re: the President/taxes]. Now we find out from a poll that the Republican voters of New Hampshire by 3-to-1 say that Bush broke the promise only because he was forced to do so by the Congress -- the very line that Bush is taking in his advertising. At the same time, what he was not doing, and is now trying to do, is present himself as a credible alternative to Bush. And he had to do this by outlining his own positions. But he scares some people and he is not yet a credible alternative --

Clift: ...The more they heard about his positions, the less they liked him. And now the Bush campaign is trying to decide whether they drop the bomb on Buchanan and go negative [Germond says "there is no need" to do so] ...and play the Persian Gulf card.

Barnes: Pat has a problem with conservatives. The fact is conservatives are not isolationists and they're not protectionists and Pat is, and it's hard for them to vote for him even when they don't like Bush.

Kondracke: His horrific mistake is this protectionism business. The people of New Hampshire, who grew on the basis of high-tech industry during the 80s, don't want to be cut off from the rest of the world.

McLaughlin: Do you know what Bush's strategy is? It's to take the "mad as hell" sentiment in New Hampshire and to channel it away from himself and towards the Congress. So what he's doing is he's further blunting Buchanan's charge against him. Rather clever, wouldn't you say?

Kondracke: Pat was also trying to say Bush was too weak with Congress and that he was going to be tougher.

Barnes: That's a weak hand, that strategy, because he can only criticize Congress so much because he's trying to make a deal with them at the same time.

Germond: The other most telling figure in the polls: They asked people who were supporting Buchanan, are you doing it to send a message or because you think you'd prefer him as President. 50% said send a message, only 29% because they'd prefer him. That's a killer. ###

Moderator: Gordon Peterson. **Panel:** Charles Krauthammer, Nina Totenberg, Juan Williams, Evan Thomas.

On whether the President's domestic agenda is solid enough to get him re-elected:

Krauthammer: His agenda is not aimed at re-election in the general election; it's aimed at New Hampshire. Buchanan is running on a slogan of "send him a message," and Bush is saying, "I got the message, no need to send me any; I care." And it's a strategy that just might work.

Kevin: I don't think the agenda's going to save him, but the economy might. It's going to do just enough better, and the Democrats are going to show their old penchant for self-destruction. That could do it.

Williams: I think he's rallying the Republican faithful. I think he's saying to Jack Kemp, he's saying to Buchanan, he's saying to them all, "Listen, I'm your man. If you don't stand behind me you may end up with a Democrat."

Peterson: President Bush is on the defensive. His task is to sell himself to the middle class as a caring public servant, an effective leader on the domestic side. Is it working?

Williams: It's working to this extent: You can no longer say he's not paying attention to the domestic agenda.... Now he's come forth and given birth to a health plan. Some people don't like it, they have other options, but generally even from the critics -- no matter what Sen. Kennedy has to say -- they're saying there is something there, something that's the start of something to work with. It's quite different for Bush, who previously had been seen as an absentee student on this matter.

On the President's health plan:

Krauthammer: This marks, really, the end of the old debate: Ought we to have a reform of the health care system. The answer is yes, everybody now agrees. It's only a question of how. There's not going to be anything in this year because it's an election year and neither side, Democrat or Republican, is willing to put the money behind it. The Democrats essentially want a plan in which government is the one that bargains with hospitals and doctors to control costs. But it won't pay for it with taxes, especially in an election year.... And the problem with the President's idea, which is the conservative notion of having individuals go out and bargain with insurance companies, is that he won't finance it either. He wants to extend health care to the poor, and he does it for the extremely poor, but he doesn't for the near-poor....

Kevin: He says he wants to cut Medicaid to pay for this plan to help the poor. Well, that's taking away with one hand and giving with the other.

Totenberg: ...The more I read, the more I talk to people, the more I realize how little I know and how complicated it is. And I don't think we ought to come up with a solution real quickly. I think we ought to, in fact, hash this out for awhile. I think it's a terrific thing that the debate has begun. But most countries that have a successful health care system have one that's evolved over time....

Williams: I hate to disagree, but you know, we've been hashing this out now for almost a century, it seems to me. And there is a terrific need for people who are lacking health care....

On the New Hampshire Republican Primary:

Williams: It looks to me like people in New Hampshire just love to go to Pat Buchanan rallies.... It's a tv-star appearance, but when you talk to them afterwards they're still kind of worried about George Bush and hoping that they will be able to support George Bush -- which is not what Buchanan really wants.

Krauthammer: Buchanan's numbers are quite interesting. He's got about a quarter of the vote right now. And if you look at the tracking polls, he's getting 2-of-3 of the undecideds. So if that holds up, he ends up with a mid-30s -- in which case it's really a draw because it's a respectable showing but not enough to wound the President.... Bush is not hurt with a mid-30s performance.

On the Administration's handling of the Haitian refugees:

Williams: I think it reeks of hypocrisy, certainly on the surface. You look at it and you say they're trying to fight against a military dictatorship in Haiti so that they can put Aristide back in power. At the same time, people are fleeing the country and they're saying you're not fleeing because of political oppression; you're fleeing because of economic pressure, and we're not going to respond to that. And I think there is also a factor of race involved very directly here, one that Joe Lowry, President of the Southern Christian Leadership Conference, keeps pointing out. He says why is it that black people, when they are trying to gain entrance to our country, are treated in such a derogatory manner?

Totenberg: I want to say two things about this. First of all, the Administration eased the restrictions on Haiti at a time when the OAS very much disapproved of that. And in fact even in the OAS there has been talk about military intervention in Haiti, which the United States is not interested in for a change, apparently because the Haitian military are such thugs that we'd lose a lot of folks in any kind of military incursion. But to go back to the boat people, this reeks of what happened in this country just prior to World War II when we turned away boatloads full of Jews. You can see these people going back, they're being fingerprinted and photographed as they get back. We can assume that many of them are being killed and I think is that what is being preserved here is some sort of a notion for us to be able do say, well, we didn't know. Those are famous words in our history.

Kevin: [It's] local politics. They're going after the anti-immigration vote. Buchanan is scoring with an America First campaign. Bush wants to show that he can be tough, too and drive him back. I think there is definitely a racial aspect. Also, a lot of people associate Haitians with AIDS.... And Bush is playing a pretty crass political game here.

Krauthammer: But look, we have a policy, which I think is a correct one, that we don't allow anybody who wants to come into this country on economic grounds because if we did then we wouldn't have any control of our borders.... And about 1/3 of the Haitians are being given asylum here on political grounds, and even George Mitchell has said is a reasonable approach. I don't think that this is a case of race. I think it's a case of a dilemma....

EDITOR'S NOTE: CBS's Face the Nation was pre-empted for the Winter Olympics.

-end of News Summary-

Hill Disapproval Ratings Go Stratospheric; Individuals' Re-Elects Are Troubling, Too

By Tim Curran

The disapproval rating of Congress has reached its highest point in at least a decade, and anti-incumbent sentiment is a powerful force on the political landscape as the November elections approach, a post-State of the Union survey conducted by Public Opinion Strategies, a GOP polling firm, shows.

The national survey, conducted on the heels of President Bush's Jan. 28 address, found that 71 percent of those (adults, not necessarily registered voters) asked disapprove of "the way Congress is handling its job," while only 21 percent approve.

Even worse for Congress, 41 percent of the respondents said they **strongly** disapproved of Congressional job performance, while only 3 percent strongly approved.

The 71 percent disapproval rating was the highest found since 1980, the earliest date for which reliable data was available, and the figure had increased from 65 percent at the first of the year, said Glenn Bolger, a principal in POS.

Still, respondents gave far higher ratings of support to their own Congressman, but those ratings are still low enough to be troubling to incumbents.

Some 41 percent of those surveyed said they were ready to re-elect their incumbent, and 42 percent said they were ready for a new person to take over the job.

Bush, by comparison, lost a generic re-elect ballot, 51 to 39 percent.

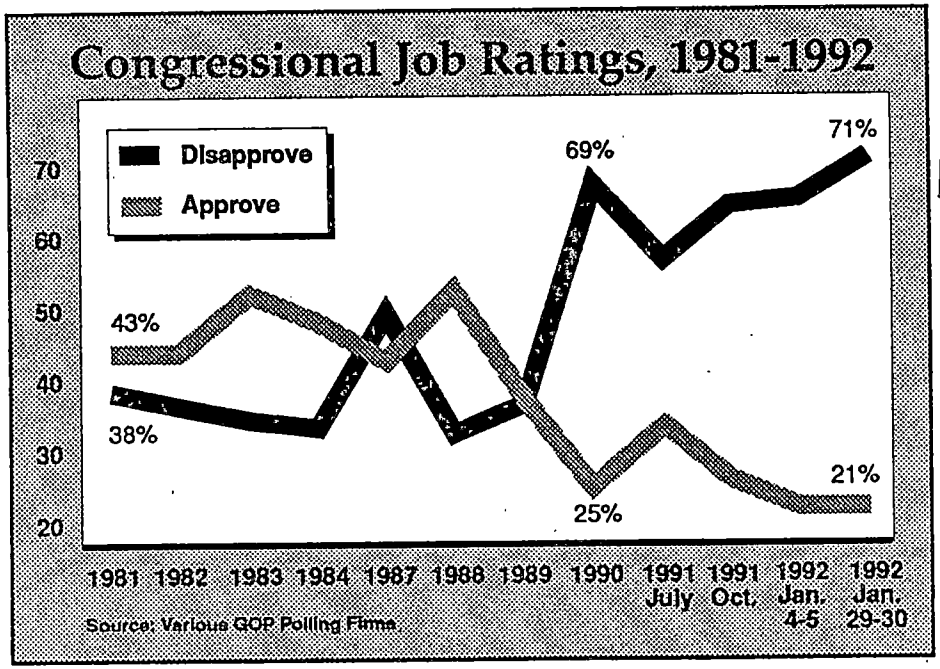
But as evidence that many voters are not yet ready to throw their own Members out, 48 percent agreed with the statement "While Congress isn't doing a very good job, my own Congressman is not part of the problem, but is one of the few who is really trying to change things," while 38 percent disagreed.

Only 25 percent agreed with the statement: "I am so frustrated with the job Congress is doing that I am going to vote against my Congressman and for his opponent regardless of the opponent's political party," while 65 percent rejected the idea.

Democrats held a narrow edge over Republicans when respondents were given a choice between which party they would support in the next Congressional election, Democrats drawing 43 percent, Republicans 38 percent.

Democrats held a ten-point lead on that question in the early January POS study, and both parties were tied at 40 percent last July. Some 23 percent said they would definitely vote for a Democrat, compared to 15 percent who would definitely support a Republican.

Bolger said Thursday that those numbers should cause some concern among Republicans, since a figure approaching 30 percent definite support for one party could mean trouble for the other on Election Day.



During nearly all the Reagan years, more Americans approved than disapproved of Congress. Since 1988, positive ratings have dropped from 52 to 21 percent.

While an overwhelming 78 percent said the country was on the "wrong track," respondents were more likely to blame Congress (37 percent) than Bush (25 percent) for the country's predicament. Some 29 percent blamed both.

The poll showed widespread dissatisfaction with the economy but some support for the proposals Bush outlined in his address. Nearly half (49 percent) said they strongly or somewhat supported the President's program, while 32 percent opposed it.

Some 37% blamed Congress for the nation's ills, while 25% blamed Bush.

When poll respondents were presented with a number of issues and asked which were most important to them in choosing a Member of Congress, education came out on top, the economy and job creation were second, crime and drugs were third, followed by health care, Social Security, and the need for a middle-class tax cut.

Three institutional issues scored lowest of the 12 tested: a candidate's position on the Congressional pay raise, accepting money from PACs, and using franked mail.

A narrow majority of respondents, 54 percent, correctly identified the Democratic party as controlling Congress, compared to 14 percent who believed Congress was under Republican control, and 32 percent who were not sure.

2/9/92

David S. Broder

Running Against Congress

MANCHESTER, N.H.—Officially, President Bush is practicing a policy of patiently prodding Congress until the March 20 deadline he set for action on his economic stimulus program is reached. Unofficially, his campaign for renomination—which faces its first test here on Feb. 18—is deeply into Congress-bashing. Facing a challenger in Patrick Buchanan who is urging New Hampshire voters to "send Bush a message," the president's ads and campaign surrogates are trying to divert that voter anger onto the denizens of Capitol Hill.

Bush is not alone in beating up Congress. Arkansas Gov. Bill Clinton, supposedly the leader in the unfocused Democratic contest, never misses a chance to chastise rivals Tom Harkin and Bob Kerrey, who supported last year's Senate pay increase. If Bush and Clinton meet in November, it's guaranteed that the next president will have gotten there by blasting Congress.

Running against Congress is certainly not unprecedented. Harry Truman did it successfully in 1948. But

Divided government guarantees more Hill bashing.

the enmity that once was rare has been growing for 25 years now, ever since Lyndon Johnson began railing against the Capitol Hill dissent from his Vietnam War policies. It continued to worsen through Richard Nixon and impeachment, Jerry Ford and his vetoes, Jimmy Carter and his frustrations with energy policy and tax reform, Ronald Reagan and the Iran-contra hearings and now Bush.

Is there a better way? A group of experienced officials—veterans of both branches and students of the government—say there is. In a report called "Beyond Distrust: Building Bridges Between Congress and the Executive," a panel of the National Academy of Public Administration argues that "the deadlock that exists" between the branches can be mitigated—if not resolved—by changing the way they deal with each other.

The report and an interview with the chairman of the panel, former Oklahoma representative James R. Jones, now president of the American Stock Exchange, left me skeptical. But Jones is so right in his assertion that "policy-makers in both branches are frustrated, [and] so are the American people," that the recommendations certainly deserve consideration.

What the former House Budget Committee chairman and his buddies are suggesting is essentially a way to bridge the constitutional separation of powers. As Jones put it, "There's still validity to that [separation of powers] concept, but conditions have changed so much faster than the structure of government has adapted, we need to find some form of shared responsibility."

Jones and Co. accept as reality that Congress is going to stick its collective nose into the administration of the programs it enacts. The panel investigated 10 cases of such "meddling," and, to the surprise of some of its executive branch alumni, concluded that congressional intervention was often justified by executive blunders, misrepresentations and abuses—and just as often produced a better outcome.

But the panel also found that the interventions were conducted with little regard for the impact on the administrators or for the cost to Congress of diverting its energies to such tasks. One suggestion is to create a Joint Legislative-Executive Conference of principals from both branches to work "on issues of substance, process and procedure between the branches." Exchanges between staffs of both branches could encourage teamwork, Jones's panel proposes.

More important, the panel calls on both branches to broaden their perspective and work out an agenda of major long-term national problems, then organize themselves better to deal with that agenda. For the executive branch, that would require presidential leadership and a broader role for the Office of Management and Budget; for Congress, an overhaul of redundant and overlapping committee jurisdictions.

There are other suggestions—for improving the quality of the information the executive branch provides Congress and for using "customer" evaluations to tell both administrators and legislators how well or badly programs are really working.

No doubt many of these measures would—or could—smooth some of the rough edges of today's executive-legislative confrontations. But I'm skeptical that any or all of them, by themselves, will provide a remedy for the ills resulting from the persistent pattern of divided government, with Republican presidents confronting Democratic Congresses.

Jones is right that Republican Dwight Eisenhower had less trouble with a Democratic Congress than did Democrat Carter a quarter-century later. But in an era of fiscal scarcity, with strongly competing claims from various constituency groups, the policy choices in legislation and administration alike are ultimately political questions.

Unless and until the voters decide to entrust those choices to Republicans or Democrats—rather than splitting the difference between the parties and between the branches—I expect the conflict and the frustration will continue to grow.

The report is useful; the election can be decisive.

Daniel Patrick Moynihan

Wretched Exces

The United States doesn't nee

From remarks to the Senate on Jan. 30.

Madam President, in the State of the Union Address, the president spoke of a number of programs he would like to see cut and some 256 he would like to see eliminated altogether. Although the thrust of his message was the ever-popular warning against the dangers of big government, the president even so mentioned a few programs he would like to see increase—and has proposed to increase some he did not mention.

One of these is the Secret Service.

I do not know if there is a better-kept secret in the American government than the size and growth of the Secret Service budget in the era of the Cold War.

Over the past 30 years, in real terms, the budget of the Secret Service has grown 767 percent in actual dollars—from $5.8 million in 1963 to a proposed $463 million in 1993.

I do not wish to be alarmist about this matter, but I do believe and will state that it may be time for the Congress to take a close look at what is going on here.

And I will state further what I think is going one here. I think we are creating a praetorian guard which at the very least comes between Congress and the presidency and at very worst poses a threat to the quality of the American democracy.

It happens I served in the Cabinet or subcabinet of four presidents, beginning with the Kennedy administration. I am now in my 16th year in the Senate. And so I have been able to watch the change in the presidency during these past three decades. The largest change will be found in the size of the White House staff—the emergence, for example, of a White House chief of staff, that dates from the 1980s. But in terms of the presence of the presidency, both in public and private, nothing equals the growth of a ubiquitous, overlarge and too frequently inconsiderate Secret Service.

I speak not to the individual agents. They are fine persons; on occasion, heroic ones. Who will forget agent Rufus Youngblood leaping on Lyndon Johnson's back in that motorcade in Dallas, intent on getting himself shot rather than the vice president.

The problem, so it seems to me, is with the style of management which has emerged. The president of the United States is treated as a person under constant threat, and all others as possible suspects.

In the State of the Union Address, the president referred to the Surface Transportation Act, which he signed on Dec. 18 in a gulch outside Fort Worth, where a highway is being constructed.

Good photo op. Fine. Home state. Fine. Hard hats in the front row on the small platform. Fine again.

But what about the members of "Codel Roe" who had traveled to



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The Washington Times 2/6/92.

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★ SECTION C

Bush: Everything 'falling into place'

By Anne Veigle
THE WASHINGTON TIMES

The U.S. economy is poised for recovery, but "serious economic challenges" lie ahead, President Bush says in his annual economic report presented to Congress yesterday.

To guarantee the recovery, Mr. Bush urged Congress to adopt his economic growth plan outlined in the 1993 budget and State of the Union speech. The report, which is required by law, acknowledges that economic recovery predictions made in last year's report failed to come true.

"Our recent economic problems are a reminder that even a well-functioning economy faces the risk of temporary setbacks from external shocks or other disturbances," the report says.

The report cites an "unusual confluence of imbalances" that impeded recovery: the Persian Gulf war, an overhang of corporate and consumer debt and an overly restrictive monetary policy that kept interest rates high and discouraged spending.

"None of us predicted the flattening out at the end of the year," said Michael Boskin, chairman of the Council of Economic Advisers, in a briefing with reporters yesterday. Economic forecasting "is an imprecise science," he said, pointing out that most economists predicted the economy would revive last year.

The president's economic report says "fundamental conditions to generate economic growth are falling into place." Interest rates are low, inflation is expected to stay under control and most companies have pared inventories so they will be in a position to increase production when demand picks up.

But so far the government's monthly economic reports have not detected any promising signs of renewed growth. Yesterday, the Labor Department reported the productivity of American workers advanced a barely perceptible 0.2 percent in 1991 after two years of declines.

Increased productivity — or getting each worker to do more per hour of work — is considered vital to improving Americans' standard of living. Economists believe that productivity will get better this year as the economy shakes off the effects of the recession that began in July 1990.

Mr. Bush's economic report calls for a gain in gross domestic product of 2.2 percent in 1992 and 3 percent in 1993.

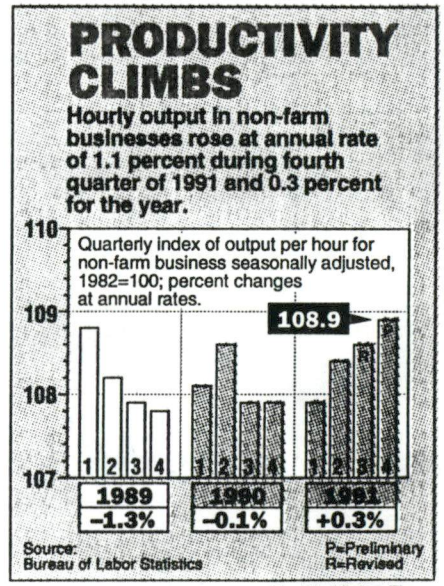
"Our outlook is that after a period of sluggishness early in the year, the economy will begin to improve as we head toward the middle of the year," Mr. Boskin said. "The prospects for how strong that improvement will be, how soon it will occur and how certain we can be that it will occur will depend on the president's program being enacted by Congress."

Mr. Boskin warned that if Congress gets embroiled in a bidding war over the type of tax cut package, it could threaten the recovery.

"We tried to present the best package we could looking at both the short and long term," he said. The plan includes investment incentives for real estate, a capital gains tax cut, health care reform and an increase in the tax exemption for children.

Mr. Bush's plan has won limited praise from lawmakers, many of whom have announced their own economic recovery programs. Many Democrats favor a middle-income tax cut, including Rep. Dan Rostenkowski, Illinois Democrat and the powerful chairman of the House Ways and Means Committee.

Sen. Robert Packwood, Oregon Republican, said he feared that "every interest group in America" will want to add its own "little doodads" to a tax cut package. Mr. Packwood, speaking at a driveway news conference at the White House yesterday, said it was unlikely Congress would meet the March 20 deadline the president set.



The Washington Times

USAir

ate Dems Key to Fate of Bush Recovery Plan, p. 6

LL CALL

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MONDAY, FEBRUARY 10, 1992 $2.50

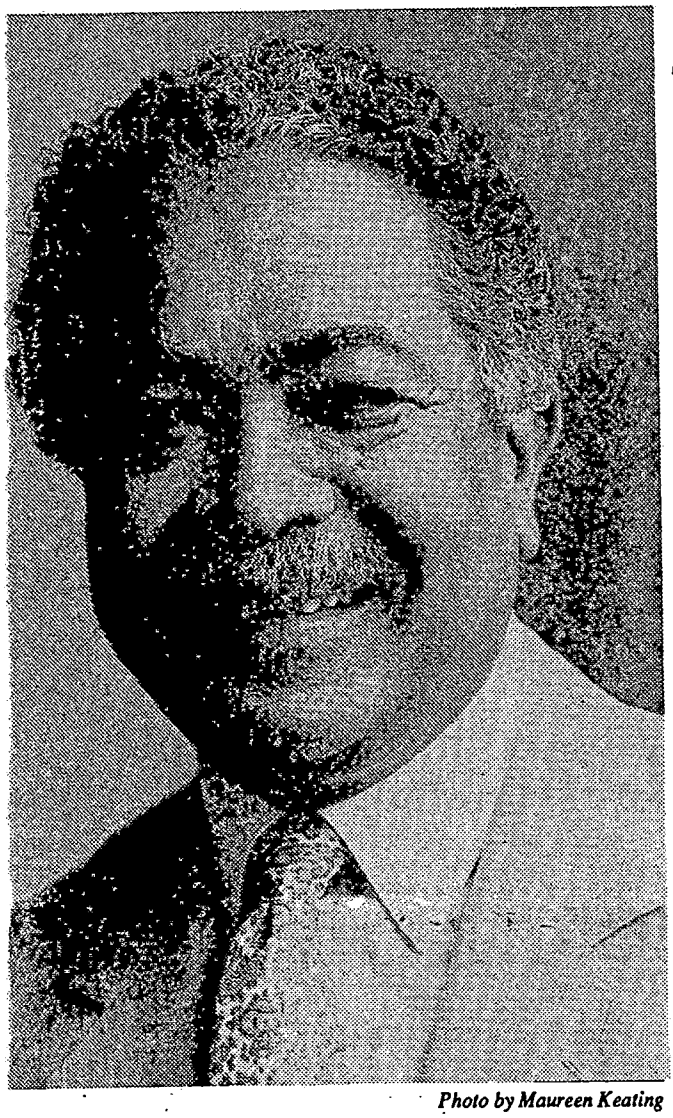


Photo by Maureen Keating

Mervyn Dymally, chairman of a Foreign Affairs subcom-
e, today becomes the 13th Democrat to say he'll retire.

Finance Reform Conference Will Be Pushed Back

Bush Deadline Slows Campaign Bill

By Tim Curran

Democrats in the House and Senate have decided to delay the appointment of conferees to resolve differences in campaign finance reform legislation passed by each House last year, and to leave the initial stages of that process to staff. But the leadership still hopes to have a final bill back on the floor as early as late March.

At a leadership meeting last week — attended by Senate Majority Leader George Mitchell (Maine), Whip Wendell Ford (Ky), campaign reform point man Sen. Dave Boren (Okla), Speaker Tom Foley (Wash), Majority Leader Richard Gephardt (Mo), and Rep. Sam Gejdenson (Conn), chairman of the House task force on the issue — Democrats worked to develop a plan of attack on campaign finance for the new session.

The assembled Democrats eventually agreed that staff would do the initial heavy lifting on reconciling the bills, both of which contain spending limits and publicly financed incentives for can-

Continued on page 17

Mace Illegal But Popular Among Aides

By Craig Winneker

Possession of Mace, a spray that temporarily stuns and disables muggers, may be illegal in the District of Columbia and on Capitol Grounds, but that isn't stopping large numbers of staffers and tourists from carrying it.

From October 1990 to September 1991, Capitol Police confiscated 2,222 Mace and

Continued on page 19

leagues Showering Him With Money
s-Barred Member-vs.-Member Race

"Bill has not gone out and solicited contributions from his colleagues like Congressman Russo does."

Not all of the $1,000 contributions to Russo's campaign were reported after a three-judge federal panel made final the redistricting on Nov. 6, and the Russo-Lipinski race had begun in earnest.

Several Members said they had donated to Russo before they knew against whom he would be running. An aide to Fazio, for example, said his $1,000 check to Russo was dated Oct. 9 — "long before" Fazio knew Lipinski would be Russo's competition. Fazio has not, however, given any money to Lipinski.

All three Chief Deputy Whips have given to Russo's campaign.

And Chief Deputy Whip John Lewis (Ga), who described himself as a close friend of Russo, told Roll Call he had given Russo the money "long before I knew who he would be running against." Lewis, however, made it clear he is backing Russo in the increasingly bitter primary race.

"I tend to support my friends," Lewis said. "He's a great Member, one of our floor leaders. It's important that people like that stay in the House."

All of the contributions, however, were listed on Russo's disclosure form as being made between Oct. 31 and Nov. 26 of last year — long after the Republicans court took just under one month to decide in favor of the GOP map for Illinois, and on Nov. 6 announced its decision.

Russo immediately moved ahead with plans to run against Lipinski in a redrawn 3rd district rather than take on Sangmeister in the combined suburban/rural district where Russo's home is located. The Sangmeister district is a much more marginal seat, where Republicans have a good chance of winning the general election, and few were surprised by Russo's eventual decision to take on Lipinski in the safely Democratic 3rd district.

"He understood what was happening," said one source. "It wasn't like he didn't know what the judges would do."

Immediately, the campaign got off to a contentious start, with Russo and Lipinski trading jibes in comments to the press. Russo launched the offensive by saying Lipinski was a relic of Chicago's old machine-style politics; Lipinski countered by saying Russo was out-of-step with the district, a Washington "insider" who had forgotten about the folks back home.

Since then, both Members have been actively pursuing support for the primary election that is now just five weeks away, with Lipinski banking his hopes on the active support of local ward leaders and precinct captains, and Russo, using his larger war chest, getting out the message that Lipinski, who chairs a Merchant Marine and Fisheries subcommittee and ranks 13th on Public Works and Transportation, has not done enough in office to deserve re-election.

current rules allowing Members to send franked mass mailings to redrawn districts after redistricting is made final.

Russo has sent letters to many of the likely primary voters touting his health care plan and advocacy of a middle-class tax cut, while Lipinski has pushed his opposition to the original Democratic civil rights bill last year and his constituent service operations (Roll Call, Jan. 16).

Russo has also used his bankroll to run radio ads touting his "pay or play" national health care plan and a tax cut for the middle class; Lipinski aides say that their man is planning to run radio commercials only in the final three weeks of the race.

But Lipinski's lack of an impressive campaign bank account hasn't stopped him from waging a tough campaign. Just last week, Lipinski's letter begins with pictures of the homes of the two Congressmen: "The Garfield Ridge home of Bill and Rose Marie Lipinski, where they've lived for 30 years. Like yours, it's located in the 3rd Congressional District," notes the caption beneath the photo of Lipinski and his wife in front of their modest-looking single-story house.

Russo's house, a large English manor-style abode with a three-car garage, is pictured below. Notes the caption, "The Illinois home of Congressman Marty Russo of South Holland. It's located in the 11th Congressional district, which means Russo can't even vote for himself."

Russo is then slammed for his record. The mailing notes that Russo's record consists of "helping special interests get those tax Boxer (Calif), who gave $250 personally to Russo on Nov. 26; Chief Deputy Whip Butler Derrick (SC) who gave $1,000 on Nov. 6; and Reps. Howard Berman (Calif), Fortney "Pete" Stark (Calif), Charles Schumer (NY), Martin Olav Sabo (Minn), Tom Foglietta (Pa), Alan Mollohan (WVa), and Richard Lehman (Calif), all of whom gave Russo $1,000.

Eleven of the 22 Democrats besides Russo on Ways and Means donated $1,000 each to their colleague, including Reps. Sam Gibbons (Fla); Charles Rangel (NY); Ed Jenkins (Ga); Tom Downey (NY); Robert Matsui (Calif); Barbara Kennelly (Conn), who's also a Chief Deputy Whip; William Coyne (Pa); Mike Andrews (Texas); Ben Cardin (Md); and Jim McDermott (Wash).

Campaign Reform Delayed

Continued from page 1

didates to accept those limits, but differ on such topics as banning PACs and paying for the incentives.

Who the conferees would eventually be was not a topic of discussion, and such talks will probably be put off until the staff returns its recommendations, sources said.

One leadership source said Foley and Mitchell both continue to consider campaign reform "a top priority" and would like to get a bill to the floor as soon as possible, but said there is some concern that President Bush's March 20 deadline for action on his economic growth package could interfere with the timetable.

The source also said that while the leaders were interested in one bill covering both houses, they may allow a bill with different rules for each body to pass. Bush has threatened to veto any legislation with spending limits, public financing, or separate sets of regulations for the House and Senate.

One of the major difficulties for Democrats in producing a bill will be figuring out a way to pay for matching funds and tax credits provided under the House legislation and postal and advertising subsidies in Senate legislation. Both must be revenue-neutral, and no firm funding mechanism was provided for either.

In the 101st Congress both houses passed campaign reform bills, but they languished without conferees ever meeting on them. Most observers are skeptical that a similar result can be avoided this year, or that Democrats are willing to challenge a Bush veto threat with a bill containing public financing, the public popularity of which is questionable. But at least one observer thinks final passage remains a possibility in an election year.

"I wouldn't be surprised to see them send a bill down to the White House," Steve Stockmeyer of the National Association of Business Political Action Committees and a close observer of the process, told Roll Call recently.

Pennsylvania Avenue

By Morton M. Kondracke

In Upcoming Fight Over Recovery Plan, Watch the Senate

On the Thursday before President Bush's State of the Union address, as Democrats were casting about for a neat way to disparage his program, the idea of a Band-Aid came to Laura Quinn, communications director for Sen. Jay Rockefeller (D-WVa). She called Dan Carol of the Democratic National Committee's research staff, whose boss, Mark Steitz, conferred with House Majority Leader Dick Gephardt's (D-Mo) spin whiz, David Dreyer, who said, "Let's do it."

Over the weekend, several large plastic Band-Aids were produced in New York for use on television, critiques of Bush's program were printed with actual Band-Aids stuck on the covers, and a propaganda line was disseminated to Democrats — including presidential candidate Bill Clinton, who joined in accusing Bush of using mere Band-Aids to treat the nation's serious ills.

Ah, if it were only so easy for Democrats to put together an alternative legislative strategy to counter Bush! In the House, where the rules allow leaders to lead, there actually is agreement on tax cuts for the middle class and tax increases on the rich, although not on a health care alternative.

On Feb. 20, Armed Services Chairman Les Aspin (D-Wis) is supposed to reveal how much more the defense budget can be cut beyond the Bush proposal of $50 billion over the next five years. Whatever figure Aspin supplies, the leadership is agreed that it will be budgeted for infrastructure, defense conversion, and education. Having greased most of the skids for a unified approach, Gephardt is telling colleagues that the legislative motto of the year is "Move, move, move — move."

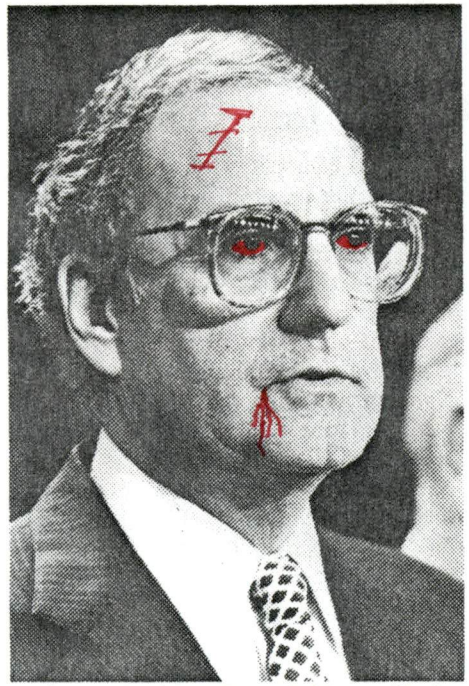
But in the Senate, unity comes a lot harder. Before he can move anything, Majority Leader George Mitchell (D-Maine) has to talk, plead, press, and struggle to get antagonistic barons to agree on a common program. The White House is going to exploit differences among committee chairmen all it can. Republicans seem to take special pleasure in plotting to thwart Mitchell, who has twice blocked Bush efforts to pass capital gains cuts.

After formerly demonizing Gephardt, the White House now regards him — for all his sharp attacks on the Administration — as an Eagle Scout, a good guy. But top Republicans consider Mitchell, behind a facade of judicious gentility, as a fierce, cutthroat partisan — possibly the most partisan Democratic leader of the post-war era. They are hoping that lack of unity among Senators (plus the Senate's peculiarly unruly rules) will prevent Mitchell from meeting President Bush's March 20 deadline for passing tax legislation.

The White House sees the Senate as split three ways in particular:

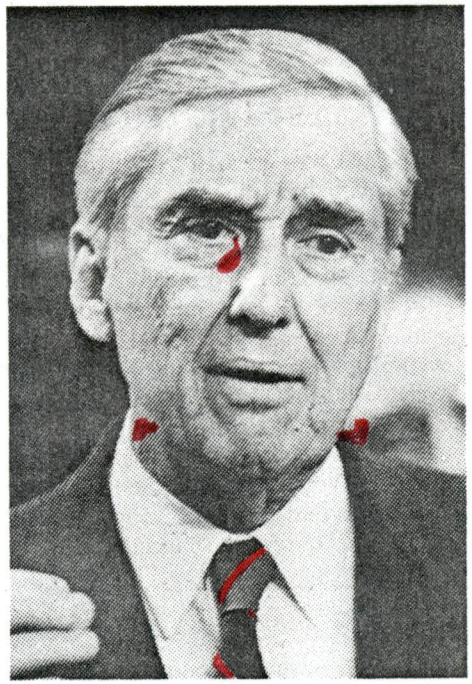
1. Over the substance of tax policy, with moderate Democrats such as Finance Chairman Lloyd Bentsen (Texas), John Breaux (La), David Boren (Okla), and Bob Graham (Fla) favoring capital gains cuts (as the White House does), while liberals (including Mitchell) oppose them. Mitchell favors establishing a new top tax rate for the rich, while Bentsen does not.

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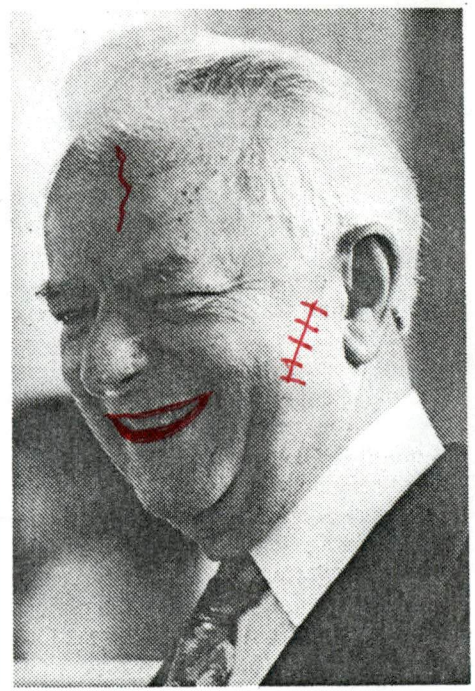


Photos by Maureen Keating

Is Sen. Mitchell the most partisan Democratic leader of the post-war era?



Finance Chair Lloyd Bentsen differs with colleagues on tax policy and on how to spend the peace dividend.



Enmity between Sen. Robert Byrd and Mitchell may help undo the Democrats, the White House is hoping.

Senate Democrats Hold Key In Fight on Economic Plan

Continued from page 6

2. Over the amount by which defense can be cut, with Mitchell favoring "at least" $100 billion over five years and Budget Chairman James Sasser (D-Tenn) favoring $120 billion to $150 billion, while Armed Services Chairman Sam Nunn (D-Ga) is likely to oppose going much deeper than the Administration's $50 billion.

3. Over the uses of the peace dividend, with Bentsen favoring tax cuts for families with children and Appropriations Chairman Robert Byrd (D-WVa) insisting that the money be spent on infrastructure and education. Mitchell and Budget Chairman Jim Sasser (whom Republicans consider Mitchell's robot) also want between $20 billion and $35 billion to go to state and local governments.

Republicans figure that Mitchell can hammer out an agreement on basic tax policy involving some tradeoffs on capital-gains reductions, middle-class cuts, and top-rate increases, but that Senate procedures may generate 100 or more amendments, bogging things down as March 20 approaches. (Mitchell says he wouldn't put it past Republicans themselves to slow the process down, then point the finger at Democrats.)

Meanwhile, the Republicans think that deep defense cuts and agreement on the peace dividend will be hard, or even impossible, for Mitchell to produce.

In fact, the White House, the Pentagon, and Republicans in Congress are downright smug about the defense budget because of the jobs and bases that cuts deeper than $50 billion will cost in various Congressional districts.

The Pentagon is working up a district-by-district impact statement to use in scaring Members.

The Pentagon already has produced an analysis of Mitchell's $100 billion idea showing that his first-year cuts would mean an end to all missile programs, shipbuilding, ammunition, tank and armored vehicle construction, and all communications and electronic development programs.

The Pentagon is working up a district-by-district impact statement to use in scaring Members, but Democrats may be yet rescued by estimates from Republican Sen. John McCain (Ariz) that perhaps $30 billion extra could be saved over five years by cutting American troop strength in Europe from a planned 150,000 to between 50,000 and 75,000. Aspin also favors reductions in Europe.

Where Republicans really think Senate Democrats will crash is on the uses of defense cuts. They think that Byrd, Sasser, and Mitchell now are teaming up against Bentsen, but the President's budget contains an offer designed to bolster Bentsen's side and perhaps produce a Senate stalemate.

The President said he would agree to amend the 1990 budget agreement, but only to pay for his proposed $500-per-child tax exemption increase and only if Congress will agree to extend



Senate Democrats are at odds o budget. Armed Services Chairn Norman Schwarzkopf last Jun the President's figure: $50 billi

Ex-Rep. Manasco Is Dead at Age 90

By Sarah Cagle

Alabama Democrat Carter Manasco, who became a Hill institution as an aide, a Congressman, and a lobbyist, died Wednesday in Arlington Hospital after a brief bout with pneumonia. He was 90 years old.

Manasco, a native of Townley, Ala., served in the House from 1941 to 1949 and was one of the most popular and recognized figures on Capitol Hill. A former lawyer and state legislator, Manasco began his career in Washington as secretary to House Speaker William Bankhead (D-Ala) from 1933 to 1940, and won his seat in a special election after Bankhead's death.

A conservative Democrat, Manasco received national attention as the chairman of what is now the Government Operations Committee. He incurred the wrath of President Harry Truman and House Democratic leaders by blocking the full-employment bill, and he fought for the right of World War II veterans to buy surplus wartime goods.

Manasco, the son of a tenant farmer who worked his way through school in coal mines, joined the National Coal Association as a lobbyist in 1949. Until his retirement in 1986, he used his floor privileges and access to Members' lounges to become one of the city's best-known lobbyists.

"You can't buy Members of Congress and you can't pressure them either," he once said. "They can use concrete and logical information that helps them determine whether a proposal is good, bad, or indifferent."

Cigar in mouth, Manasco spent between ten and 16 hours on his daily rounds, sometimes stopping in the press gallery for a game of poker. Among those he frequently visited was 26-term Rep. Jamie Whitten (D-Miss), the most senior member of the House and the only remaining Member with whom Manasco served.

Rep. Kika de la Garza (D-Texas) said Manasco befriended him when he was a freshman Member in 1969. "He became an institution on the Hill," said de la Garza. "It was difficult for people to tell if he was a Member of Congress or not."

"Everybody who knew him loved him," said Rep. Tom Bevill (D-Ala), who represents Manasco's home district. "And just about everybody knew him."

Manasco, who resided in McLean, is survived by a son, John Carter Manasco of Front Royal, Virginia. Funeral services were held in Jasper, Ala., Saturday.

Letters: Sen. Leahy's Aides, the Blue Pl

emocrats Hold Key on Economic Plan

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The President said he would agree to amend the 1990 budget agreement, but only to pay for his proposed $500-per-child tax exemption increase and only if Congress will agree to extend basic caps in the budget agreement to 1997 and use future defense savings for deficit-reduction.

Byrd erupted when he saw the Administration's attempt to undercut his spending plans.

The White House hopes that enmity between Byrd and Mitchell — exacerbated but not originated by their differences over clean air legislation — also will help undo the Democrats. It's a fact that Byrd won't join the task force Mitchell has formed to achieve unity on economic policy, but Mitchell aides say that their boss has proved before that he can pull the baronies together for war.

Mitchell tells colleagues that they've exploited Bush's falling polls to get him to yield on unemployment insurance, civil rights legislation, defense cuts, middle-class tax cuts. and now health care. If Mitchell is fiercely partisan, says one leadership aide, it's because the smell of George Bush's blood is a tonic that makes Democrats forget their differences.



Photo by Maureen Keating

Senate Democrats are at odds over how deeply to cut the defense budget. Armed Services Chairman Sam Nunn, here with Gen. Norman Schwarzkopf last June, is likely to try to hold the line at the President's figure: $50 billion over five years.

Manasco at Age 90

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en. Leahy's Aides, the Blue Plains Odor

You're not going to see drastic changes here because the Hill is required by other laws that have been on the books for years to incorporate these things," said Ben Wimberly, general counsel for the Architect's office.

"We've been applying standards that applied to the federal government.... We're probably way ahead of most people [in the private sector] who are affected by the ADA."

In the past two years, more than 100 curb cuts have been placed around the Capitol complex, and ramps for wheelchairs have been installed. Two permanent stone ramps

No Recess If Bush Plan Isn't Passed, Sen. Specter Says

By Craig Winneker

Sen. Arlen Specter (R-Pa) took the Senate floor on Friday afternoon and urged Members to forego the Feb. 8 to 17 recess and instead work on solving the nation's economic problems.

"I believe it is incumbent on us, Mr. President, to tackle these problems right now, Friday afternoon, Jan. 23 [sic], almost 2 p.m.," Specter said. "I don't think we ought to be in recess in February, Mr. President, and I don't think we ought to be in recess in March, and I think this Congress ought to respond to this President's challenge of a March 20 date."

Specter echoed the sentiments of House Minority Whip Newt Gingrich (R-Ga), who said Wednesday that he would oppose a February recess unless the Democratic leadership agrees to schedule a vote on the Administration's economic growth package by the March 20 deadline set by President George Bush in his State of the Union message on Jan. 28.

Meanwhile, however, House Democrats gathered for an annual conference in rural Maryland — including Speaker Tom Foley (D-Wash) — indicated that the President's deadline would be met, but it was doubtful that the package would be the one he called for last week. (See page 8.)

Specter press secretary Dan McKenna said he was unaware if his boss had received any support from other Senators for canceling the recess. Specter said in his speech that in November he had also suggested working through December.

"I think that the unemployment problem in the United States is going to be extended to the incumbents in Congress and the incumbents in the White House," Specter said.

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At Modest Piney Point, Democrats, Spouses Talk Economic Issues, Work Out, Schmooze

By Timothy J. Burger

PINEY POINT, Md. — As usual, Ann Richards brought down the house.

"It surprises me when anyone suggests that Bush is good at foreign policy," the Texas governor told House Democrats gathered here last week. "Even a 17-year-old debutante can bow from the waist."

Firing away at the President, Richards set the tone for the gathering on Thursday and Friday at the Seafarers' Training and Education Center on the western shore of the Chesapeake Bay about an hour and a half from the Capitol. The annual Issues Conference was attended by about half the House Democrats —135 Members — and some 60 spouses.

Time and time again, Members and staffers insisted that Democrats have realized that, with Bush's poll numbers falling and the public demanding action on the economy, they must "be prepared to hang together rather than hanging separately," as DC Del. Eleanor Holmes Norton put it, paraphrasing a famous Republican, Abraham Lincoln.

Said New Mexico Rep. Bill Richardson, "We're on the offensive for a change and the momentum is with us."

Norton, Richardson, and most other Democrats at the conference insisted that the lagging



Photos by Maureen Keating

Gov. Ann Richards, the featured speaker at the conference, talks with a fellow Texan, Rep. J. J. Pickle. She received an enthusiastic reception from one of the biggest Caucus crowds in years. Among the Governor's pithier lines: "Read my lips, this country's ox is in a ditch."

is the rallying point they have been waiting for.

After hearing panels on the subjects, Members scattered into "break out" groups, where they hashed out their own ideas.

Separate meetings were held (Minn), and Louise Slaughter (NY), who sang; and Rep. Gary Ackerman (NY), who did a stand-up comedy routine the likes of which one top Democrat said he hadn't seen since his last visit to the Catskills.

at Arms Jack Russ, who described the principal activity as "friendships being made, coalitions being built."

The only regrets came from Members who recalled Issues Conferences of years past to which Mem-

The reference was to 1989 and earlier, when the event was held at the White Sulphur Springs, W.Va., resort and was portrayed in press reports as a lush vacation paid for by interest groups.

The focus of the Piney Point gathering was health care and the economy.

"Bush is gonna rue the day he sat on his okole — that's Hawaiian for your fanny — and not only didn't do anything but challenged Congress to make up for his inadequacies and simpleminded approach," said Rep. Neil Abercrombie (Hawaii).

"The Republican strategy is that we'll never be able to get it together. And I'm telling you, we are going to get it together," Abercrombie said.

Top Democrats also expressed their determination to call Bush's bluff on the deadline.

While reminding everyone that he is "not very high on deadlines," Foley said at a Friday afternoon press conference that "I'm satisfied we'll bring both [a budget and tax reform package] by the March 20 deadline."

A Friday luncheon speech by Foley, giving the Caucus an advance look at the party's 1992 agenda, was closed to the press. But its theme, an aide to the Speaker said, was essentially "Carpe Diem — seize the day."

And Foley's committee chair-

Among the Governor's pithier lines: "Read my lips, this country's ox is in a ditch."

paraphrasing a famous Republican, Abraham Lincoln.

Said New Mexico Rep. Bill Richardson, "We're on the offensive for a change and the momentum is with us."

Norton, Richardson, and most other Democrats at the conference insisted that the lagging economy and what they called Bush's failure to act to improve it is the rallying point they have been waiting for.



Another Texan, Rep. Charles Stenholm, attends a discussion on "Securing Prosperity."

After hearing panels on the subjects, Members scattered into "break out" groups, where they hashed out their own ideas.

Separate meetings were held for spouses, who on Thursday received pointers from consultant Heidi Berenson on dealing with the media — how to dress and behave on camera, and how to avoid getting trapped into answering a touchy question.

But there was more to the retreat than discussions of politics and policy.

While some Members hit the weight room Thursday afternoon — only to labor in the shadow of Speaker Tom Foley's (Wash) bulging biceps — others rehearsed for their roles in the evening's entertainment.

The stars were Reps. Bill Hefner (NC), Collin Peterson (Minn), and Louise Slaughter (NY), who sang; and Rep. Gary Ackerman (NY), who did a stand-up comedy routine the likes of which one top Democrat said he hadn't seen since his last visit to the Catskills.

The Seafarers' Center provided plenty of meeting space, comfortable beds, and food — but none of the luxury of past events at the Greenbrier in West Virginia. Its lack of what Judiciary Committee Chairman Jack Brooks (Texas) called "extraneous things to do" kept the primary focus on their discussions.

Perhaps the most popular aspect of the retreat was simply the rare opportunity it afforded Members to sit down with colleagues who don't serve on the same committees and talk for more than the few minutes.

"I'm for Members getting to know one another," said Sergeant at Arms Jack Russ, who described the principal activity as "friendships being made, coalitions being built."

The only regrets came from Members who recalled Issues Conferences of years past to which Members' children were also invited.

"My kids think they're the only ones who have the burden of having a father in public office," said Ackerman. "When they come here...they can commiserate."

Said Rep. Butler Derrick (SC), "I think we got so much publicity when we went to the Greenbrier, I think that made people shy away from it."

A Friday luncheon speech by Foley, giving the Caucus an advance look at the party's 1992 agenda, was closed to the press. But its theme, an aide to the Speaker said, was essentially "Carpe Diem — seize the day."

And Foley's committee chairmen — the people who will be doing the work necessary to accomplish this goal — appear to be on board.

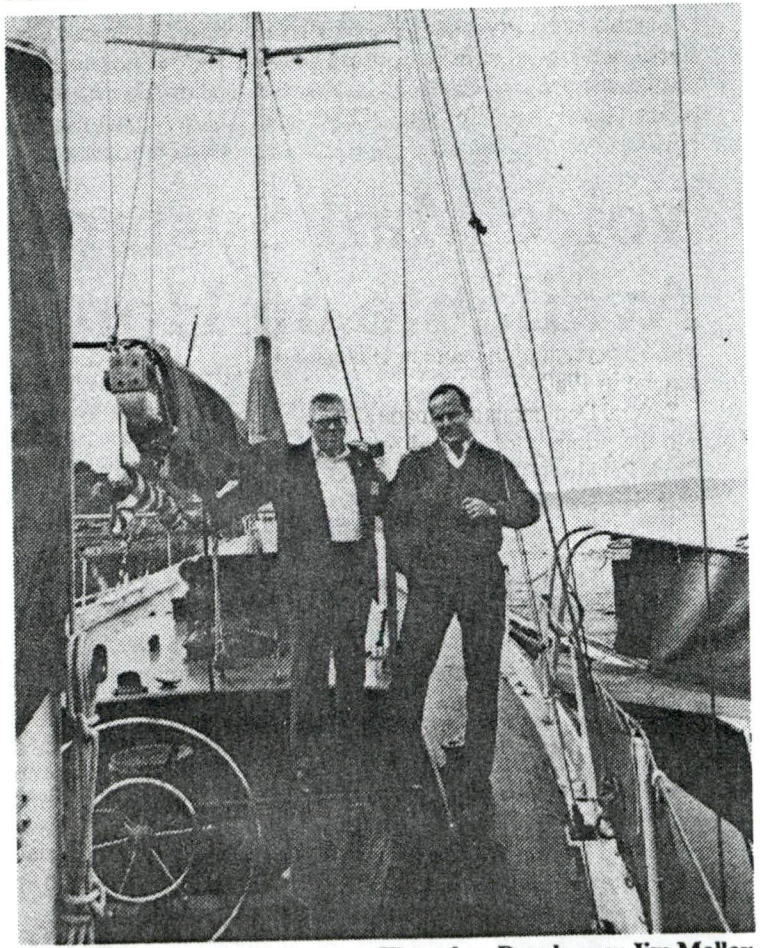
"Our portion of what has to be done by March 20 I'm sure will be executed," Ways and Means Committee Chairman Dan Rostenkowski (Ill) told Roll Call.

But the Chairman also hinted

Continued on page 16



Power meeting of Michiganders: Education and Labor Chairman Bill Ford, Energy and Commerce Chairman John Dingell, and Whip David Bonior. Far right, Majority Leader Dick Gephardt.



During the Members' luncheon Thursday, Doorkeeper Jim Molloy and House Sergeant at Arms Jack Russ went aboard the late President John F. Kennedy's sailboat, docked at Piney Point.

$60,000, Lieutenant Governor, $29,000, Secretary of State, $37,500, Treasurer of State, $37,500, Attorney General, $50,000, Commissioner of State Lands, $37,500, and Auditor of State, $37,500." It also prohibits "such officials from receiving other income from the State, eral Assembly."

Gov. Clinton signed the joint resolution on April 8, 1991. Repeated calls by Roll Call to both Clinton's campaign office and his statehouse office seeking comment on the proposed pay increase were not returned last week. Trotter says he has received

nomic hard times. By implication, he is also attacking Sens. Tom Harkin (Iowa) and Bob Kerrey (Neb), two of his four rivals for the nomination, who both supported the raise in pay.

"For 12 years, the politicians in Washington have raised their pay, cut taxes on the rich and raised taxes on the middle class,"

Clinton doesn't mention in the spot that, unlike Members of Congress, he is also allowed to accept unlimited speaking fees from interest groups and corporations to augment his low salary. Clinton's 1991 personal financial disclosure form, which contains information on his sources of outside income, including speaking fees,

similar ones by former California Gov. Jerry Brown, by saying that they saw the salary increases as a necessary trade-off for the elimination of honoraria. They also point out that, while Clinton's salary may have remained stable for 15 years, he also enjoys such perks of office as a mansion, chauffeured limousine, and free food.

Says Trotter of Common Cause, "It is hypocritical to criticize Congress for the pay raise, particularly given that it arose out of the need for elimination of honoraria, when down here in Arkansas [Clinton] worked with us to increase salaries — his own and the legislature's."

Trotter isn't the only one who claims Clinton's opposition to the Hill pay raise is an election-year conversion. Rep. David Obey (D-Wis) blasted Clinton at a recent gathering of House Democrats because he said the Arkansas governor had previously indicated his support for the Congressional pay raise.

Obey confronted Clinton advisor Paul Begala at the party unity meeting and called the Governor a "goddamn liar" because of his attacks on the pay raise.

Clinton's criticisms of the pay raise notwithstanding, he still enjoys broad support among Members of Congress. Although Members may be privately bristling at their endorsee's attacks on the pay raise, they still realize it's good politics.

Said Rep. Byron Dorgan (D-ND) in an interview with the Boston Globe, "Clinton has pretty broad support here in the Congress, so he will not be doing himself irreparable harm by running against Congress. After all, a lot of the Members of Congress run against Congress, too."

At Piney Point, House Dems Pledge Solidarity on Health Care, Economy

Continued from page 8

that the Congressional Democrats may not be able to coalesce around a single agenda.

"I'm interested to see how the Senate will handle" the tax legislation, Rostenkowski said. "I think you'll see a lot of growth in their package. I think you'll see a lot of fairness in ours."

Other chairmen present included Rep. John Conyers (Mich) of Government Operations, Rep. Bill Ford (Mich) of Education and Labor, Rep. John Dingell (Mich) of Energy and Commerce, Rep. Dante Fascell (Fla) of Foreign Affairs, and Rep. Leon Panetta (Calif) of Budget.

For many, the highlight was Gov. Richards's speech.

"Of [all the] Members, 70 of them told me it was magnificent," said Brooks, adding that he simply hadn't yet run into the other Members since the speech.

"I was tickled," said Brooks, who had put in a call to Richards on behalf of the event's organizer, Caucus Chairman Steny Hoyer (Md), to give Hoyer's invitation some added pizzazz.

Referring to Bush's economic policy as "a dribble of this and a



Photo by Maureen Keating

During dinner Thursday at the Issues Conference, Katrina Lantos Swett sits with her husband, Rep. Dick. Meetings for spouses focused on dealing with the media and on health care.

dab of that — sort of a Brylcreem agenda," Richards proceeded to twist one of Bush's more famous 1988 campaign promises.

"Read my lips, this country's ox is in a ditch," said the Governor.

In opening her speech, Richards said, "I had no idea there was going to be a majority of the Caucus here. But since I have you, I might mention the Superconducting Supercollider," a massive, federally funded scientific research project for Texas.

Richards received a standing ovation and, led by Rep. John Lewis (Ga), several Members began chanting, "We want Ann! We want Ann!" and "Ann for president!"

Like Richards, Hoyer also demonstrated his keen grasp of regional politics.

The Chairman planned the Issues Conference at the Piney Point facility because it is close to the Hill, but is far enough away

Rep. Gary Ackerman did a stand-up routine that recalled Catskills greats.

that it discourages Members from disrupting the pleasant, summer-camp atmosphere by leaving for the night.

There were other factors, as well, as Hoyer himself explained while concluding the Friday leadership press conference.

Stepping up to the microphone, Hoyer — who will be seeking re-election to the House this year from a redrawn district which includes Piney Point — told reporters and C-SPAN's nationwide audience he wanted to "tell everybody how happy I am to be in the 5th district of Maryland, newly formed."

Democrats Speed Plan On Economy

Leaders Resist Bush's Proposals

By Eric Pianin
Washington Post Staff Writer

Key House and Senate Democratic leaders yesterday put tax and economic-growth proposals on a fast track for enactment before the March 20 deadline set by President Bush, but they made it clear the package that emerges will be markedly different from what the president proposed.

House Ways and Means Committee Chairman Dan Rostenkowski (Ill.), who is promoting a middle-class tax credit paid for by raising taxes on the rich, said his committee would begin marking up a bill next Wednesday. Senate Finance Committee Chairman Lloyd Bentsen (Tex.), with a competing tax credit and savings proposal financed with cuts in defense spending, said his committee will begin action on a bill Feb. 19.

Bush has asked for swift action on a deep cut in the tax on capital gains, a 15 percent investment tax credit, penalty-free withdrawals from Individual Retirement Accounts for first-time home buyers and other measures to bolster the real estate and housing industry.

The drama of reconciling these approaches will be played out between now and mid-March, with Ros-

See TAXES, A15, Col. 4

Democrats Rush Tax, Economic Package

TAXES, From A1

tenkowski and Bentsen indicating that the Democrats intend to either overhaul or scrap Bush's plan in favor of Democratic initiatives.

Bush, speaking in Orlando, Fla., yesterday, accused congressional Democrats of fostering class warfare when they argue that his proposals favor the rich. "Above all," Bush said, "the most important test of fairness for my plan is that it will work for all Americans."

But Rostenkowski faulted not only particulars of Bush's plan but also its form. The Democrat said that Bush's request that tax-cut proposals be dealt with in two stages, with relief for the middle class put off until later in the year, "is nothing short of fantasy."

Rostenkowski promised to give the president's package consideration, but he ruled out Bush's proposal to help finance the White House's tax package with offsetting reductions in Medicare and other mandatory spending programs.

"Suggestions to cut Medicare or other entitlements to pay for tax cuts will be rejected on a bipartisan basis, as they have in the past," Rostenkowski said.

His remarks at a Ways and Means Committee hearing came before testimony by administration officials, including Treasury Secretary Nicholas F. Brady.

Bentsen, who is highly critical of the details of the president's IRA proposals, said that while every effort would be made to meet the president's deadline, "We're not going to rubber-stamp what the president proposed."

The Rostenkowski hearing left little doubt that the House Democratic leadership intends to make short work of the president's election-year economic package and then push through its own plan—one geared more toward giving tax breaks to middle-income Americans and financed largely with an increase in taxes on upper-income taxpayers.

Rostenkowski's refundable tax credit plan, which would provide up to $200 for individuals and $400 for families for the next two years, is the centerpiece of the House Democratic leadership's proposals.

House Democrats are also interested in a more modest cut in the capital gains tax than the president has proposed, as well as some type of investment tax credit and liberalization of the rules governing investment in and withdrawals from IRAs.

To avoid GOP criticism that they aren't giving the president's package a chance, Ways and Means Democrats are considering the possibility of sending two bills to the floor in late February—the president's plan and the Democratic alternative.

Brady told the Ways and Means Committee that, if adopted by Congress, the president's plan would accelerate economic recovery in the short term, stimulate the nation's long-term economic growth and increase the competitiveness of American goods and services in the world economy.

"There is no silver bullet," he said. "However, we have an opportunity to put some important building blocks in place."

In his State of the Union address, Bush called on Congress to quickly adopt seven key tax proposals, including a sharp reduction in the capital gains tax. He indicated that Congress could wait until later in the year to act on a proposal to increase the tax exemption for children by $500, one of the few things he has proposed that would mainly benefit middle-class taxpayers.

The president's demand for immediate action by Congress also may have given Rostenkowski the opening he was seeking to limit the scope of the tax package, according to some Democrats.

Yesterday, he decreed that any tax bill approved by Ways and Means must pay for itself, either by increasing other tax rates, which the administration opposes, or by reducing spending on programs within the purview of his committee. By doing that, Rostenkowski blocked the administration's proposals to offset any deficits created by the tax package with spending cuts in other programs under the jurisdiction of other committees.

Office of Management and Budget Director Richard G. Darman objected to Rostenkowski's edict, arguing that Congress could readily pick and choose from among "the very wide array of revenue raisers we have suggested, and use them as an offset."

The president's 1993 budget identifies $30.4 billion in possible spending cuts or revenue raisers to finance his programs over the next six years, including substantial reductions in Medicare and farm subsidies and the sale of oil and gas explorations rights in the Arctic National Wildlife Refuge.



Lisa Berg for The New York Times

Richard G. Darman, director of the Office of Management and Budget, was momentarily distracted yesterday during testimony by Treasury Secretary Nicholas F. Brady, left, before the House Ways and Means Committee. Michael J. Boskin, the chairman of the President's Council of Economic Advisers, listened at center.

Key Congressmen Vow To Act Soon on Taxes

By ADAM CLYMER

Special to The New York Times

WASHINGTON, Feb. 4 — Both the House and Senate tax-writing committees will vote this month on President Bush's tax and growth program and on competing Democratic proposals, their chairmen said today. Votes in both houses are expected before the March 20 deadline set by Mr. Bush last month.

Dan Rostenkowski, the Illinois Democrat who heads the House Ways and Means Committee, said his panel would act by the end of next week. And Lloyd Bentsen, the Texas Demo-

Quick passage of only part of the tax plan is rejected.

crat who heads the Senate Finance Committee, said in a brief interview that he expected his group to act during the week of Feb. 24.

Mr. Rostenkowski said his committee would not follow Administration wishes and split its tax proposals into two bills, one for quick action and one for later. Dividing the bill, he said, "would start us down the slippery slope to a 1981-style bidding war."

The powerful chairman, who is often readier to deal with Mr. Bush than some of his Democratic colleagues would prefer, complained today that in a Presidential election year the Administration wanted a few popular tax cuts up front, with the difficult cuts needed to pay for them to come later.

Quick Congressional action could have both political and economic consequences. Action before March 20 would make it much harder for President Bush to accuse the Democratic-controlled Congress of prolonging the recession. And fast action would enable business executives, home buyers and others to know what the tax rules were going to be, reducing any tendency to delay purchases because of uncertainty.

Mr. Rostenkowski made his comments as he sought to assert control of this year's tax-writing process at the beginning of three days of hearings on tax and growth measures. In today's session the Administration and Democrats exchanged ritualistic criticisms of each other's pet ideas.

Michael J. Boskin, chairman of the Council of Economic Advisers, told Representative Beryl Anthony, Democrat of Arkansas, "I believe it would be very dangerous" to try to pay for some of the Administration's tax cuts by increasing tax rates on higher-income earners, a key Democratic objective.

Representative Thomas J. Downey, Democrat of Long Island, scorned the Administration's central proposal, a cut in capital gains tax rates, as a "tax break for the rich." He told Nicholas F. Brady, Secretary of the Treasury, that his extravagant claims for the economic good such a cut would do amounted to a boast that "other than curing the common cold,

Continued on Page D6

Key Congressmen Vow to Act Soon on Tax Plan

Continued From First Business Page

it will do just about everything."

In recent years, advocates of a higher maximum tax and supporters of a capital gains cut have battled to stalemates with no change in the law.

The Administration witnesses and such Republican committee members as Representatives Bill Archer of Texas and Philip M. Crane of Illinois suggested that quick adoption of seven measures in Mr. Bush's program was all the committee needed to do right away.

But, acknowledging political reality, Richard G. Darman, director of the Office of Management and Budget, said the Administration would of course welcome consideration of more parts of Mr. Bush's package.

He said that if the committee wanted to add other proposals to the Administration's short list, which includes captal gains, accelerated depreciation of investments and a $5,000 tax credit for first-time home buyers, it could pay for them by picking and choosing among various proposals for spending cuts in the Administration's budget. He said the House leaders could direct other committees to make the spending cuts.

Trading Off on Taxes

Mr. Rostenkowski rejected that proposal, saying the tax bill would have to be revenue neutral on its own, setting the stage for an almost certain Democratic attempt to impose some sort of surcharge on high-income taxpayers to pay for some sort of middle-class tax cut.

The shape of the committee proposal will probably not become clear until it starts voting on specific provisions next Wednesday. Mr. Rostenkowski said today that he would keep the committee in session to vote on the bill "through the weekend if necessary." There is no clear scheduling beyond that.

Under that timetable the whole House could be ready to act during the week of Feb. 24. House Speaker Thomas S. Foley today predicted "a very early vote." He said it would come well before the March 20 deadline Mr. Bush proclaimed in his State of the Union speech.

Mr. Boskin offered the most urgent call for adoption of the heart of Mr. Bush's program, which also includes modifications of the alternative minimum tax for business, the easing of passive-loss restrictions on real estate developers, the waiver of penalties on I.R.A. withdrawals by first-time home buyers, and several proposals to facilitate real estate investment by pension funds and others.

He told the committee that the Administration's forecast was that the economy would grow 2.2 percent in 1992 and 3 percent in 1993.

"The unemployment rate may rise slightly early in the year," he said, "but if the President's policies are enacted, should start to decline thereafter. Inflation and interest rates should remain relatively low. If the President's proposals are not enacted, the economy is less likely to improve and the improvement is likely to be slower and weaker."

Committee Democrats pressed the Administration witnesses over their failure to include on their quick action list Mr. Bush's proposal to increase the personal tax exemption for each child by $500. Mr. Brady said that "we did not conceive the personal exemption as a growth measure" requiring fast action.

Representative Marty Russo, Democrat from Illinois, also complained that an increased personal exemption for children would benefit high-income taxpayers more than low-income people. He said the proposal should be made into a tax credit.

Rostenkowski To Act Quickly On Growth Plan

Separate Packages Rejected; Estimates of Tax Loss In Bush Proposal Differ

By Rick Wartzman
And Jackie Calmes
Staff Reporters of The Wall Street Journal

WASHINGTON—The head of the House tax-writing committee said he intends to help push through an economic-stimulus plan by the president's March 20 deadline, but he rejected a White House suggestion that his panel produce two separate revenue packages.

Meeting the president's timetable is "a tall order," said Ways and Means Committee Chairman Dan Rostenkowski (D., Ill.). But at a hearing yesterday, he pledged that the panel would try to act swiftly, "not because of the president's demand, but rather because there's a lot of pain in America today."

To jump-start the sluggish economy, President Bush has urged immediate passage of a seven-point plan that includes measures to spur investment by both businesses and home buyers.

Still, before any action is possible, lawmakers will have to work through what they view as spurious cost figures served up by the administration. Congressional analysts estimated that the president's economic growth package would cost more than $50 billion over six years, about twice as much as he claims it will. The gap is mostly due to differences in calculating the effect of the president's top-priority capital-gains tax cut.

The wrangling over the numbers underscores the likelihood that the White House will be confronted with a bill that includes some tax increases it doesn't like.

President Bush promoted his proposals yesterday in a speech to a National Grocer's Association meeting in Florida, saying his plan offered "straightforward, plain solutions to our problems."

But Mr. Rostenkowski and other lawmakers shot down the notion, offered in the president's 1993 budget proposal, that there be two tax bills this year, one to address short-term needs and one for the long term. He called the two-bill idea "nothing short of fantasy," adding that such a tack would hurt the economy because Republicans and Democrats would find themselves in a "1981-style bidding war" over who could cut taxes the most.

Rather, Mr. Rostenkowski said, the committee will move through only a single tax bill that complies with pay-as-you-go requirements of the 1990 budget law, which bars Congress from offsetting tax cuts with lower defense spending.

Mr. Rostenkowski said the committee would start drafting a bill next Wednesday and work through the weekend if necessary. Democratic leaders are hoping that the full House can vote by the end of this month on not only a tax bill but also a fiscal 1993 budget resolution and a third measure changing the 1990 budget agreement so defense cuts could be used to boost social spending.

Lawmakers questioned senior administration officials about whether the cost of the president's economic program will, in fact, be adequately offset with spending reductions in other areas. Rep. Robert Matsui (D., Calif.) said he was "actually shocked" at the apparent revenue shortfall in the president's plan.

Specifically, Mr. Matsui cited the report by the Joint Committee on Taxation showing the total revenue lost from tax cuts sought by Mr. Bush would exceed $50 billion over six years. The administration, in its fiscal 1993 budget request last week, claimed a $24.6 billion six-year cost.

The perennial dispute over capital gains accounts for $22.3 billion of the difference. Congressional analysts say the Bush capital-gains tax cut would result in the loss of $15.4 billion for the government over six years. The Treasury says it would actually raise $6.9 billion because lower tax rates would encourage many investors to sell assets they have long been sitting on. The congressional and administration estimates aren't significantly different on the other elements of the Bush budget.

Richard Darman, the White House Budget Director, assured the committee that the government can afford the seven-point plan the president wants adopted immediately. He estimated that those provisions will cost $4.5 billion over six years. "So, we've provided other revenue raisers way in excess of that," Mr. Darman said. "We've provided more than enough."

The Democrats' own package is likely to include variations of the cuts for individuals and businesses. They also are expected to approve some provision cutting taxes on capital gains, but one that is more limited than Mr. Bush wants.

Battle joined on tax cuts



AP Laserphoto

enezuelan coup cut short

soldiers from Venezuela's National Guard near the La Carlota air force base, as loyalist Tuesday on military rebels in a building troops put down a coup attempt . . .



Agence France-Presse photo

with rebels surrendering later. Officials said more than 1,000 were detained. Story, Page 5.

Democrats' plans could corner Bush

By Michael Arndt
Chicago Tribune

WASHINGTON—In a move that could put President Bush in a political bind, Democratic leaders in Congress vowed Tuesday to pass an anti-recession tax-cutting bill that meets the president's March 20 deadline but contains proposals he intensely dislikes.

This predicament—whether to sign or veto a Democrat-inspired bill that would raise taxes on the wealthy—could cost him votes in November's election.

In his State of the Union speech last week, Bush told Congress to enact his quick-recovery package within 7½ weeks. Republicans Tuesday introduced the measures as part of a 49-title omnibus bill. Provisions include tax breaks for first-time home buyers and real estate developers as well as greatly reduced capital-gains taxes.

■ Fed chief's remarks lift stocks to new high. In Business.

In general, Democrats like the proposals, and they say they will race to meet Bush's timetable. They want to avert a bidding war in which lawmakers trade tax breaks for votes and end up worsening the already-swollen federal budget deficit, which is expected to total about $400 billion in the fiscal year that begins Oct. 1.

The House Ways and Means Committee plans to be done voting on a tax plan by the end of next week, and the Senate Finance Committee hopes to vote out a similar bill soon thereafter.

But Democrats accuse the administration of using accounting tricks and deep cuts in domestic spending later in the 1990s to offset money lost by reducing taxes this year. And many warned Tuesday that when it comes to financing tax breaks, Bush's proposal will not stand.

"Suggestions to cut Medicare or

See Taxes, pg. 8

burban homeless seek shelter from hard times

eph Kirby

problem that has wracked the city cycle stages . . . and it probably heavy burden on shelters, most of



Le Sac Villageois: A special bonne from Lancôme is just 38.50 with any Lancôme purchase. A zippered duffle

From Page 1

Taxes

Continued from page 1

other entitlements to pay for tax cuts will be rejected on a bipartisan basis as they have been in the past," predicted Rep. Dan Rostenkowski (D-Ill.), chairman of the tax-writing Ways and Means Committee.

"It seems to me," Rep. J.J. Pickle (D-Texas) told Treasury Secretary Nicholas Brady at a Ways and Means Committee hearing, "that you're just almost recommending a play-now-and-pay-later policy that's not realistic."

Democrats on the committee did not present new alternatives to the Bush package. But they have plenty of old ones, and none requires reductions in domestic spending.

Rostenkowski, for example, last fall proposed cutting taxes by up to $400 per couple. He would finance the breaks by boosting the top income tax rate to 35 percent from 31 percent and imposing a 10 percent surcharge on people who make more than $1 million a year.

Meanwhile, Sen. Lloyd Bentsen (D-Texas), chairman of the Senate Finance Committee, has proposed reducing defense spending $70 billion over five years to pay for a $300-per-child tax break. He would consider higher taxes on the rich, though, to finance a wider array of tax cuts.

Following a two-day "issues conference" last week, Democratic leaders also have signed on to higher income taxes on the wealthy, arguing that they are the price for a big cut in the tax on capital gains, which would mostly benefit the rich.

Democratic leaders argue that higher income taxes on the wealthy are the price for a capital-gains tax cut.

But Brady and budget director Richard Darman reminded the Ways and Means Committee that Bush objects to raising taxes at all or to a cut in defense spending that would come to more than $50 billion over five years, as he proposed in his State of the Union address.

A collision thus seems likely—and it could hurt the president.

If Democrats succeed in enacting a pro-growth tax bill that socks the rich, Bush may feel cornered into vetoing it. To those who have suffered through the recession, that could make him appear callous and concerned only with sheltering the well-off.

If, on the other hand, he signs such legislation, he could be bloodied by Republican conservatives, who still feel Bush betrayed them by compromising with Congress in 1990 on a five-year budget deal that limited spending but increased income and other taxes.

Rep. Raymond McGrath (R-N.Y.) frets that the president will get trapped. After Congress acts this spring, Bush may conclude "basically it's what I want, but it's not the way I want in terms of paying for it, and therefore I have to veto it," McGrath said. "And here we go again."



Tribune photo by Ernie Cox Jr.

House Ways and Means Committee Chairman Dan Rostenkowski (D-Ill.), right, speaks with Rep. Marty Russo (D-Ill.) Tuesday before starting a hearing on plans for tax relief.

The Bush administration wants Congress to enact at least seven tax measures by March 20. It is urging passage of another 13 proposals, plus its health-care program, some time this year.

The seven early-action items include slashing taxes on capital gains—profits on the sale of real estate and other investments—by 40 percent. Other proposals give first-time home buyers a $5,000 tax credit and waive penalties for them to tap their individual retirement accounts.

In addition, the administration urges tax credits for companies ordering new equipment this year and a permanent tax break for real estate developers.

Bush's proposal to give families an income tax break by boosting the personal exemption for dependent children falls on his B list for later action.

The administration calculates that government revenues would fall $4.5 billion in the next five years if its first seven tax changes are passed. Darman said that amount could easily be made up through spending cuts in entitlement programs, such as Medicare.

But Democrats charged that the tax breaks would be much more costly, especially after a few years. Pickle, for example, called the administration's projections a "laughable statement. "It's wishful thinking and in my opinion almost fraudulent to make that kind of claim."

Indeed, in a report released Tuesday, the Joint Taxation Committee estimates that the seven proposals will cost $30.2 billion over the five-year period.

Much of the difference comes from projected revenues from capital gains taxes: The administration contends that cutting the tax would generate more money as people unload investments and pay taxes on their profits, while the tax committee foresees the change costing the Treasury money after a one-year surge in sales.

Even without the dispute over capital-gains taxes, however, the Joint Taxation Committee study asserts that initial tax breaks would cut government revenues $14.8 billion.

Moreover, Congress must base tax legislation on the Taxation Committee's projections, which means that even greater spending cuts would be needed to avoid a deeper deficit—unless taxes on the wealthy are raised or defense spending is lowered further, as Democrats want.

Tax-writing chief: Cuts needed now

By Judi Hasson
USA TODAY

Rep. Dan Rostenkowski, powerful chairman of the House tax-writing committee, told Bush administration officials Tuesday he's "drop dead" serious about getting tax cuts passed quickly to get the economy out of its slump.

"There's a lot of pain in America today," Rostenkowski, D-Ill., told budget director Richard Darman, Treasury Secretary Nicholas Brady and economic adviser Michael Boskin at a House Ways and Means Committee hearing on Bush's budget proposal.

He said the panel stands "ready to cooperate with any good-faith effort to get this economy moving" and to meet Bush's March 20 deadline for congressional action.

But he warned that he won't stand for a patchwork approach. He wants one comprehensive bill, and one that pays for itself.

"Are we being asked to cut taxes now and pay for them later?" Rostenkowski asked. "If so, you are asking for trouble."

"The president's plan is directed at the specific needs and aspirations of most Americans," said Brady.

Bush's advisers traveled to Capitol Hill to promote the president's plan to stimulate the economy. The plan:

▶ Gives $5,000 tax credit for first-time home buyers.

▶ Cuts capital gains tax.

▶ Expands individual retirement accounts.

▶ Raises tax exemption for children by $500.

"Ours is a straightforward job: Enact a program that will work, get the economy going, restore jobs," Darman said.



By Charles Tasnadi, AP

"There's a lot of pain in America today."

— Rep. Dan Rostenkowski, House tax-writing chairman

And Boskin warned: "If the president's proposals are not enacted, the economy is less likely to improve and the improvement is likely to be slower and weaker."

But cutting the capital gains tax, a cornerstone of Bush's proposal, appears to be a roadblock for Democrats.

"The president's (capital gains) proposal is broad in scope," Brady said, offering relief to people at all income levels and helping to ease the taxation of profits that are exaggerated by inflation.

"Other than curing the common cold, it does just about everything," snapped Rep. Thomas Downey, D-N.Y.

▶ Promise of relief, 1A

THE WHITE HOUSE
WASHINGTON

News Summary

OFFICE OF THE PRESS SECRETARY

WEDNESDAY, FEBRUARY 5, 1992
6:00 A.M. EST EDITION

NATIONAL NEWS

BUSH PLUGS ECONOMIC PROGRAM -- Exchanging a chilly capital and a day of bickering for a warm reception in Orlando, President Bush plugged his economic program Tuesday and pushed Congress to respond. **(Orlando Sentinel)**

WHITE HOUSE PROPOSES BILL TO REDUCE FRIVOLOUS LAWSUITS -- Sensing an issue it believes has broad political appeal, the White House on Tuesday proposed legislation it said would reduce frivolous lawsuits and the high cost of litigation.
(Chicago Tribune, Washington Times)

INTERNATIONAL NEWS

U.S. PLANS TO EASE EMBARGO ON HAITI -- The Bush Administration said Tuesday it plans to ease the trade embargo against Haiti, taking pains to portray the move as neither breaking ranks with the hemisphere's other democracies nor undermining efforts to restore civilian rule to Haiti. **(Washington Post)**

SKINNER: BRINGING AUTO EXECUTIVES PROBABLY A MISTAKE -- Samuel Skinner said Tuesday that the Administration probably made a mistake in asking the Big Three auto executives to accompany President Bush on last month's trip to Japan, saying their gripes had masked the accomplishments of the journey. **(Newsday)**

NETWORK NEWS (Tuesday evening)

ECONOMY -- Federal Reserve Chairman Greenspan said he is mystified by the nation's mood concerning the economy.

ELECTION -- Some higher-ups in the Democratic Party are worrying that perhaps none of their candidates is a potential winner.

JAPAN -- It is always a little grating to many Americans when criticism comes from Tokyo.

TRIP NEWS.....A-1

NATIONAL NEWS.....A-3

INTERNATIONAL NEWS...A-10

NETWORK NEWS.....B-1

This Summary is prepared Monday through Friday by the White House News Summary Staff.
For complete stories or information, please call 456-2950.

BUSH PLUGS ECONOMIC PROGRAM

ORLANDO -- Exchanging a chilly capital and a day of bickering for a warm reception in Orlando, President Bush plugged his economic program Tuesday and pushed Congress to respond....

Inside the cavernous Orange County Convention and Civic Center, Bush drew thunderous applause from the crowd of 5,000 as he bashed Congress and outlined tax incentives, trade agreements and regulation cutbacks designed to spur an economic rebound....

The White House was still responding Tuesday to the attack by governors. Henson Moore, in his second day as deputy chief of staff, said, "Just let it be clear, by God, that the President's economic plan is not a gimmick."...

The tone of the meeting with Florida business leaders, several participants said afterward, was upbeat. "The overall tenor of the business meeting was sort of a 'right on,'" said Rep. McCollum. "There was a strong sense at the meeting that he was on the right track." **(Peter Mitchell, Orlando Sentinel)**

BUSH SAYS TAX PLAN CRITICS ARE DIVISIVE

ORLANDO -- President Bush accused congressional Democrats Tuesday of fostering class warfare when they argue that his proposal intended to boost the economy favors the rich, drawing the battle lines in his election-year showdown with lawmakers over tax legislation.

The President's lectern-pounding performance, which won an enthusiastic response from a National Grocers Association meeting, was part of his effort to rally support for his package of investment incentives and tax changes intended to stimulate the economy....

The speech was more forceful than his first post-State of the Union effort last Thursday before Philadelphia-area business leaders. While the substance was the same, the language was sharper and Bush's tone was more of an exhortation than a recitation. **(John Yang, Washington Post, A15)**

Bush Says Congress Twisting Economic Plan Into Class Issue

ORLANDO -- President Bush on Tuesday warned against "professional pessimists" who say America is weak and disabled, and he accused Congress of twisting his economic proposals into class divisiveness....

He gave specific marching orders: telling grocers how, when and where to put the pressure on Congress to pass his economic plan. But on a day when an energized Bush took the offensive before an enthusiastic, albeit hand-picked, audience, his aides were still in a defensive posture.

(Kathy Lewis, Dallas Morning News)

Bush Takes On Congressional Democrats

ORLANDO -- With the White House scrambling to rebound from criticism of the Administration's new economic program, President Bush Tuesday struck a sharper and more partisan tone against congressional Democrats and "professional pessimists" who say "that our economy has fallen and it can't get up."

(Susan Page, Newsday)

Bush Says His Critics Promote Class Warfare

ORLANDO -- President Bush escalated attacks on Congress as hearings opened in Washington Tuesday on his economic recovery plan, warning that "fairness arguments" against a cut in the capital-gains tax will turn the fight into class warfare.

(Frank Murray, Washington Times, A3)

BUSH ENCOUNTERS THE SUPERMARKET, AMAZED

ORLANDO -- As President Bush travels the country in search of reelection, he seems unable to escape a central problem: This career politician, who has lived the cloistered life of a top Washington bureaucrat for decades, is having trouble presenting himself to the electorate as a man in touch with middle-class life.

Tuesday, for instance, he emerged from 11 years in Washington's choicest executive mansions to confront the modern supermarket. Visiting the exhibition hall of the National Grocers Association convention here, Bush lingered at the mock-up of a checkout line. He signed his name on an electronic pad used to detect check forgeries.

"If some guy came in and spelled George Bush differently, could you catch it?" the President asked. "Yes," he was told, and he shook his head in wonder.

(Andrew Rosenthal, New York Times, A1)

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DEMOCRATS SPEED PLAN ON ECONOMY

Key House and Senate Democratic leaders Tuesday put tax and economic-growth proposals on a fast track for enactment before the March 20 deadline set by President Bush, but they made it clear the package that emerges will be markedly different from the President's proposals.

Rep. Rostenkowski said his committee would begin marking up a bill next Wednesday. Sen. Bentsen said his committee will begin action on a bill Feb. 19....

Rostenkowski faulted not only particulars of Bush's plan but also its form. He said that Bush's request that tax-cut proposals be dealt with in two stages, with relief for the middle class put off until later in the year, "is nothing short of fantasy."

Rostenkowski promised to give the President's package consideration, but he ruled out Bush's proposal to finance the White House's tax package with offsetting reductions in Medicare and other mandatory spending cuts.

"Suggestions to cut Medicare or other entitlements to pay for tax cuts will be rejected on a bipartisan basis, as they have in the past," Rostenkowski said....

Bentsen said that while every effort would be made to meet the President's deadline, "We're not going to rubber-stamp what the President proposed." **(Eric Pianin, Washington Post, A1)**

Democrats Say They'll Meet Bush Deadline, But He Won't Like It

...Democrats accuse the Administration of using accounting tricks and deep cuts in domestic spending later in the 1990s to offset money lost by reducing taxes this year. And many warned Tuesday that when it came to financing tax breaks, Bush's proposal would not stand....

Rep. Pickle told Secretary Brady at a Ways and Means Committee hearing, "It seems to me that you're just almost recommending a play-now-and-pay-later policy that's not realistic."...

Rep. McGrath frets that Bush will get trapped. After Congress acts this spring, Bush may conclude that "basically it's what I want, but it's not the way I want in terms of paying for it, and therefore I have to veto it," McGrath said. "And here we go again." **(Michael Arndt, Chicago Tribune)**

CAPITAL-GAINS CUT WOULD BE A BIG LOSER, HILL EXPERTS SAY

The proposed capital-gains tax cut, which is supposed to pay for other parts of President Bush's anti-recession program, could worsen the budget deficit by $15.4 billion, congressional experts say.... The estimate was made Tuesday by the nonpartisan staff of the Joint Committee on Taxation....

"The net effect of the President's proposals is to increase the deficit by approximately $24 billion over five years -- by your own estimates," Rep. Rostenkowski said. "It's a laughable statement...almost fraudulent," Rep. Pickle said of one Administration estimate. **(Jim Luther, AP)**

HILL AGAIN EXTENDS JOBLESS BENEFITS

Congress Tuesday approved a new extension of unemployment benefits by huge bipartisan majorities and sent the $2.7 billion recession-relief measure to President Bush, who has promised to sign it promptly. The bill was approved by 404-8 in the House and 94-2 in the Senate....

"Passage of the bill is the least we can do to ease the pain of millions of Americans who are unemployed," Rep. Rostenkowski said. "I wish this meant the President has seen the light. I'm afraid it's just that he's felt the heat," said Rep. Bonior.

(Helen Dewar & Kenneth Cooper, Washington Post, A6)

ECONOMISTS: JOB CUTS WORSE THAN REPORTED

As the recession drags on, some economists are charging Labor Department officials with undercounting by as many as 2 million the number of jobs lost last year. The Bureau of Labor Statistics has admitted underestimating non-farm payroll jobs lost last year by 650,000. But critics say that number is far too low. In California, economists say 390,000 fewer people were working last year than BLS figures indicate. **(Julia Lawlor, USA Today, B1)**

GOVERNORS CONTINUE ECONOMIC DEBATE
Republicans Assail Coloradan Over Actions At White House Session

The nation's governors moved their partisan debate over economic policy from the White House to their convention hotel Tuesday but came no closer to agreement on what needs to be done to end the recession.

Republicans teed off on Colorado Gov. Romer. At the outset, Missouri Gov. Ashcroft said he was "embarrassed" by the actions of Romer. Ashcroft decried those he said were trying to "make this a partisan, rather than a productive, organization," and urged his colleagues to "leave their political guns at the door."

Romer responded that he had been assured by the National Governors Association staff that the press would be allowed to remain for Ashcroft's and his responses to Bush's comments and said he objected to the meeting being converted into a "photo-op session" for the President. **(David Broder, Washington Post, A15)**

GOV. ROMER: 'I DID THE RIGHT THING'

Colorado Gov. Romer says he did the "right thing" in publicly challenging President Bush at a meeting orchestrated by the White House on Bush's economic growth package....

"If the cameras are going to roll when the President is speaking, the cameras ought to roll when there is another point of view available," Romer said. "If that violates the protocol of the White House, we ought to hold our meetings somewhere other than the White House.

"There were 25 -- plus or minus -- Democratic governors in that room yesterday," he said. "For us to have sat on our hands and not raised those questions could well have implied with consent to the message that was delivered" by Bush. **(Thomas Ferraro, UPI)**

GREENSPAN: RATE CUTS MAY BE UNNECESSARY
Rising Long-Term Interest May Signal Growth

As the Fed's top policy-making group began a two-day meeting Tuesday to chart a course for 1992, Fed Chairman Greenspan said he still believes last year's interest rate cuts will be enough to get the stalled American economy moving again soon.

Greenspan said the Fed is continuing to evaluate whether further rate cuts may be necessary. Bond prices jumped, as did the stock market -- the Dow Jones industrial average gained 38.69 points to set a new record high -- following Greenspan's remarks.

The recent increase in long-term interest rates is one sign that growth may be picking up, Greenspan told House members Tuesday.... Greenspan and most private economists have warned, however, that the signs of recovery remain tentative.

(John Berry, Washington Post, D1)

STATE OFFICIALS TRYING TO GET INFO ON BUSH HEALTH CARE PROPOSAL

State officials are scrambling to get the details of President Bush's health-care reform package. Ohio Gov. Voinovich, attending the National Governors Association meeting in Washington, said Tuesday that state officials want to be able to immediately inform the public of the plan's expected impact on Ohio.

Although he's heard that the President plans to curb growth on Medicaid and Medicare, Voinovich said he doesn't know how such caps would affect the state system financially. But, he said, "Any area we look at, we know we're probably going to have to kick more money in."

(Stacey Evers, UPI)

WHITE HOUSE PROPOSES BILL TO REDUCE FRIVOLOUS LAWSUITS

Sensing an issue it believes has broad political appeal, the White House on Tuesday proposed legislation it said would reduce frivolous lawsuits and the high cost of litigation.

Already under fire from the ABA for earlier remarks attacking lawyers, Vice President Quayle did not relent when he presented the bill during a news conference in his Senate office.

Lawyers reject filing lawsuits for small claims because of the small fees they will earn, said Quayle. However, in cases that seek multimillion-dollar settlements, Quayle asserted, "There are all sorts of lawyers. As a matter of fact, the lawyers will call you. You don't have to call them."

(Mitchell Locin & Amy Burke, Chicago Tribune)

Bush Takes Aim At Lawsuits With Plan To Make Losers Pay

The Bush Administration, saying excessive litigation is crippling the economy, Tuesday unveiled legislation aimed at slashing the number of lawsuits and helping the "little guy" get a fair shake from the system.

"Too many lawsuits are filed in this country. We are, unfortunately, the most litigious society in the world," Vice President Quayle said.

(Nancy Roman, Washington Times, A1)

ECONOMY SAPS PUBLIC SUPPORT FOR BUSH, POLL FINDS

NEW YORK -- An AP poll showing widespread doubts that President Bush deserves reelection reflects the public's instinct to blame someone for the nation's recession, analysts said.

Of the 1,000 adults polled, 48 percent said Bush does not deserve a second term, 38 percent said he does and 15 percent had no answer. The Democrats outpolled the Republicans 41 percent to 32 percent as the party that can do a better job of dealing with the economy....

The poll was taken last Wednesday through Sunday by ICR Survey Research Group of Media, Pennsylvania. It followed Bush's State of the Union speech. **(Howard Goldberg, AP)**

BUSH, CLINTON LEADING

Recent polls in New Hampshire suggest Patrick Buchanan is gaining support from undecided voters in his campaign against President Bush, and Gov. Clinton is running just ahead of the Democratic field.

Bush was favored over Buchanan 2 to 1 in the nation's first primary, according to a Boston Herald-WCVB poll released Tuesday. The poll of 404 likely Republican primary voters found 59 percent supported Bush, 28 percent for Buchanan and 11 percent undecided. Most of the uncertain were leaning away from Bush, the Herald reported. **(Alan McConagha, Washington Times, A3)**

SOME IN BUSH CAMP INCREASINGLY FEARFUL OF BUCHANAN UPSET

MILFORD, N.H. -- Patrick Buchanan's intraparty challenge to President Bush's renomination, once viewed as little more than a nuisance, now looms as a major threat to Bush, with some of the President's supporters fearful that the best Bush can hope for is a narrow victory in the New Hampshire primary.

Buchanan's relentless two-month assault on the President's conservative credentials has steadily chipped away at loyal Republican support for the President, according to Bush campaign aides, creating a volatile corps of angry undecided voters and leaving the Bush campaign divided about how to respond....

"Until recently, I thought we could hold Buchanan to under 40 percent of the vote. Now I'm worried about just winning," said Thomas Rath, one of Bush's campaign advisers....

Robert Teeter said in a telephone interview Tuesday that it is impossible to predict how undecided voters will act on primary day, or if they will vote at all. "The President has a substantial lead, as indicated by all the polls. But recognizing the volatility of primary electorate, we're treating this as very close," Teeter said. **(Walter Robinson, Boston Globe)**

GOP WON'T ATTACK CLINTON BECAUSE HE'S BEATABLE CANDIDATE, SOURCES SAY

MANCHESTER -- President Bush's reelection team has adopted a strategy of not attacking Gov. Clinton, in part because it believes he has been weakened as a potential general election opponent by allegations of an extramarital affair, GOP sources in Washington said Tuesday.

Republicans, according to the sources, are also concerned that they may be blamed for some role leading to the disclosure of the allegations by Gennifer Flowers that she had a 12-year affair with Clinton.

The Bush campaign has spread the word that Republicans should not try to damage Clinton further because party leaders view him as an ideal candidate that the President could defeat, said one GOP strategist who confers regularly with Bush campaign members....

Bush campaign spokeswoman Torie Clarke acknowledged that its policy is not to discuss Clinton's problems, but she denied that the reason was because the GOP views Clinton as an eventual easy prey.

"The policy is that we don't talk about that issue at all because we don't care about it. It is irrelevant," Clarke said. "We are talking about issues...that will remain true all the way through. We have absolutely no interest and no involvement with the Clinton stuff." **(Michael Frisby, Boston Globe)**

PRESIDENTIAL HOPEFULS FAR FROM MIDDLE CLASS

President Bush and the five Democrats running to replace him, all fighting for votes among the nation's financially pinched, have built recession-proof lifestyles that surpass those of most Americans. Their families all earn more than $100,000 a year, placing them among the nation's top 5 percent in family income....

Gary Koops, a spokesman for the RNC, said personal wealth doesn't necessarily distance a candidate from the voters. "I think it's fair to say the American public wants to elect a president who has been successful, whether in running a business or government," Koops said. **(AP, Washington Times, A4)**

FOR BUSH, HOME IS LIKE NO PLACE

President Bush, who has lived at 31 addresses in 17 cities in his adult life, is finding that a house that is not a home can be a political liability....

The issue of Bush's legal residence is at the heart of a tax controversy that is giving Bush almost as hard a time in New Hampshire as Patrick Buchanan.

A Maine consumer group is running TV ads in Maine and, more to the point, New Hampshire, suggesting that the Bushes are evading Maine income taxes by not considering Kennebunkport their legal residence. **(Tom Raum, AP)**

FAA NOMINEE REFUSES ORDER TO RESIGN
Curry's Response Puts White House In A Sensitive Political Position

Jerry Curry, nominated two months ago to head the FAA, has been asked by Acting Secretary Busey to leave the Administration, sources said Tuesday.

Busey demanded Curry's resignation in a tense meeting Jan. 24, according to Administration sources. Curry refused, leaving the White House with a the politically ticklish problem of whether to fire a black Republican with strong ties to the party's conservative wing.

Busey acted with the knowledge of the White House, including Samuel Skinner, who had pushed the Curry nomination. However, various sources differed over the extent of Skinner's current involvement. **(Don Phillips & Warren Brown, Washington Post, A17)**

DRUG STRATEGY OPPOSED

Senate Democrats Tuesday rejected a $12.7 billion Bush Administration proposal to combat drug use nationwide and offered a $14.8 billion alternative they said would lead to "significant progress" in the war against drugs.

"For the first time ever, there are more than 3 million Americans -- one in 80 -- who now use cocaine, heroin or both every single week at least once," said Sen. Biden. "This is not a picture, in my view, of a nation winning a drug war, as the President has claimed. Indeed, it's not even a picture, in my view, of a nation that is waging a good fight."

(Jerry Seper, Washington Times, A3)

BIDEN UNVEILS ANTI-DRUG PLAN

Sen. Biden proposes shifting $3 billion saved by reducing the nuclear arms stockpile to a major new effort to crack down on drugs. Biden, speaking Tuesday at the opening of hearings on the war on drugs, said the $3 billion "can be delivered if the Administration is willing to use dollars once necessary to protect Americans from the drug-fueled violence here at home."

(Steve Gerstel, UPI)

DEMOCRATS PROPOSE CONFIRMATION REFORMS

A Senate Democratic task force, named following the Clarence Thomas nomination, urged Tuesday that President Bush undertake "meaningful discussions" with the Senate before making major nominations, such as those to the Supreme Court.

The suggestion of pre-nomination consultations with Congress was one element in a series of reforms set out by the task force which was asked to improve the nomination and confirmation process.

Sen. Mitchell noted that a long line of presidents from George Washington to Ronald Reagan have consulted the Senate in advance, but that Bush has refused, saying he would not give up his presidential prerogatives. **(Steve Gerstel, UPI)**

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JUSTICE SCALIA CRITICIZES PROCESS OF CONFIRMATION

Justice Scalia, in an unusual public statement, said the Senate confirmation process has become "an absurd spectacle," with nominees being subjected to what he considers to be inappropriate interrogation about controversial issues of the day. Although he made passing reference to the stormy confirmation hearings of Justice Thomas, Scalia didn't directly link his criticism to the Thomas hearings. **(Wall Street Journal, A12)**

SENATE REVIVES A BROAD ENERGY BILL
Disputed Sections On Arctic Drilling, Mileage Standards Dropped

Stripped of its most controversial provisions, the wide-ranging energy bill that the Senate killed in November snapped back to life Tuesday as senators voted 90-5 to block a filibuster and begin a contentious debate over energy policy.

The bill's sponsors, Sens. Johnston and Wallop, easily got the votes they needed to bring up the bill after jettisoning sections that would have permitted oil exploration in part of Alaska's Arctic National WIldlife Refuge and required the Transportation Department to set new automobiles mileage efficiency standards.
(Thomas Lippman, Washington Post, A4)

OHIOANS SUE ON WILLIE HORTON ISSUE

Ohio Democrats have filed suit in federal court here in an effort to make the FEC reopen its investigation of alleged collusion between the 1988 Bush campaign and the producers of the controversial Willie Horton television commercial.... The suit said the FEC should not have closed the case without a full investigation or at least a better explanation of why it did not pursue the matter. **("Politics," Washington Post, A15)**

EDITOR'S NOTE: "Quayle Bashing Among Friends," regarding the Vice President's 45th birthday party, by Dana Thomas, appears in The Washington Post, page B1.

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U.S. PLANS TO EASE EMBARGO ON HAITI
OAS Chief Expresses Caution

The Bush Administration said Tuesday it plans to ease the trade embargo against Haiti, taking pains to portray the move as neither breaking ranks with the hemisphere's other democracies nor undermining efforts to restore civilian rule to Haiti.

Nevertheless, diplomatic sources and some U.S. officials said that Joao Baena Soares, secretary general of the OAS, was not happy about the U.S. decision.... In Haiti, diplomats and local observers said the move almost surely will be seen as a signal that the U.S. has given up hope of restoring democracy there.

Senior U.S. officials said Tuesday night that after U.S. Amb. Luigi Einaudi reported to the OAS Council, Baena Soares expressed understanding for the U.S. position. However, in a telephone interview, the secretary general took a cautious and equivocal attitude. "The (embargo) resolution is an exhortation to the members, and it is up to the members to decide unilaterally if they will implement it," he said.

"Therefore, I will not comment on any measures or any position taken by the U.S. government," he said. But he added: "To change the multilateral recommendation, in my view, we should have some real progress in the implementation of the resolutions (imposing the embargo and calling for Aristide's restoration)." Asked if that implied disapproval of the U.S. move, he said, "I will not comment further."...

"As the major influence in Haitian politics, the U.S. is simply sending the wrong signal to the Haitian military," said Jocelyn McCalla, director of the National Coalition for Haitian Refugees. **(Al Kamen & John Goshko, Washington Post, A1)**

HAITI'S RULERS MAY SEE VICTORY
Analysts Say Embargo End Would Be Read As Loss Of U.S. Resolve

PORT-AU-PRINCE -- The planned easing of the U.S. trade embargo against Haiti, which may or may not help revive the country's crippled economy, will likely be received here as a signal that Washington has given up hope of restoring democracy in Haiti, according to foreign diplomats and local observers....

"It'll be seen at best as a mixed signal, I suspect," one State Department official said. "The media in Haiti, which is controlled, will certainly (present) it like that."...

U.S. officials countered that the relaxation might revive stalled negotiations. Some reacted bitterly to the Latin American position, nothing that only the U.S. -- not any Latin country -- has significant levels of trade with Haiti or was forced to deal with the flow of "boat people" in the wake of the coup.

"It's easy for the Argentines to say we should toughen the embargo or call for a blockade," a U.S. envoy said. "But they're not going to do it, and their trade's not going to be affected.... It's an American problem."

(News Analysis, Lee Hockstader, Washington Post, A26)

SURINAMESE ASKS ANTI-COUP EFFORTS
President Venetiaan Sees Bush, Assails Army Uprising In Venezuela

President Venetiaan condemned the attempted overthrow of his counterpart in Venezuela Tuesday and called for a coordinated effort to prevent coups against elected governments.

"Today you can't hijack a plane and feel that you will be safe or protected in other countries," Venetiaan said in an interview in Washington. "Why can you try to overthrow a democracy today in a country, and there is no framework...to bring you to any court?"...

Venetiaan said President Bush raised the issue of drug trafficking during their meeting Monday. "What we lack is material, instruments, other hardware and expertise" in battling drug trafficking, Venetiaan said. He called for the creation of a regional organization on the north coast of South America to counter the drug trade. **(Don Podesta, Washington Post, A26)**

SKINNER: BRINGING AUTO EXECUTIVES PROBABLY A MISTAKE

Samuel Skinner said Tuesday that the Administration probably made a mistake in asking the Big Three auto executives to accompany President Bush on last month's trip to Japan, saying their gripes had masked the accomplishments of the journey.

"I have a wonderful ability that very few people don't have -- that's 20-20 hindsight," he said at a session with a dozen newspaper reporters. "I have a lot of it. And in retrospect, I would have done a lot of things differently."...

Though Skinner said Bush's ill-starred trip was "worth it," he conceded he had been disappointed since then by Japanese leaders who have criticized American workers as lazy and inept.

(Susan Page, Newsday)

MIYAZAWA REFINES REMARKS

TOKYO -- Prime Minister Miyazawa offered American workers an apology of sorts Tuesday, saying his remarks about work habits earlier this week were misinterpreted and not meant to disparage them. "I had absolutely no intention of criticizing (American workers)," Miyazawa told the parliamentary budget committee. "My remarks were about my economic philosophy, which stresses the importance of producing goods by the sweat of one's brow. (This was) based on the reflections of our country's...economy."

(Reuter, Washington Post, A27)

SENATOR'S PLAN CALLS FOR 'INTELLIGENCE CZAR'

Sen. Boren is set to propose sweeping reforms creating an "intelligence czar" with control over both domestic and foreign counter-spying, according to U.S. officials.

Some aspects of the plan -- intended to streamline operations as budgets are reduced and resources dwindle -- have the tacit approval of CIA Director Gates. Gates has been consulted on the initiative and would become the new "czar."

(Bill Gertz, Washington Times, A1)

CLEARANCE SOUGHT FOR NEW CIA NETWORK
Agency Would Transmit Latest Intelligence Only To 100 Top Officials

A special task force commissioned by CIA Director Gates has recommended creation of what would be the world's most exclusive electronic news network, featuring supersecret intelligence reports and the latest results from satellites in space and espionage agents around the world.

The proposed CIA network would be a multimillion-dollar proposition, offering news bulletins from Langley six days a week to an elite audience composed initially of fewer than 100 key government officials, a number prescribed by Gates. It is not clear who would be on the list, but it would no doubt be headed by President Bush....

To keep their newscasts secure, CIA officials plan to position the monitors "at or very near the desks of the users," according to Gary Foster, CIA deputy director for planning and coordination. "We don't expect users to go out into the hallway and say, 'Come in here and take a look at this,'" Foster said.

(George Lardner & Walter Pincus, Washington Post, A1)

U.S. FOOD AID WAITS ON THE DOCK
After Months Of Delay, None Has Reached Ex-Soviet Republics

The White House announced last Nov. 20 that President Bush had approved a new program of $165 million in food aid to help "hard-hit" former Soviet republics get through the winter using what Marlin Fitzwater called "America's abundance."

But more than two months after the announcement, as winter drags on and food supplies dwindle, none of the food has reached the shores of the former Soviet republics. Thousands of tons of nonfat dry milk and bulgur wheat are awaiting shipment at ports in New Orleans and Houston, held up by a transportation bottleneck in the shipping industry.

Some of the food may be finally loaded onto ships this week, and next week on airlift organized by the State Department and Pentagon will ferry bulk food left from the Persian Gulf War to the republics in a largely symbolic display of concern.

But the slow start to the program Bush announced in November is illustrative of the delays and frustrations that the Administration and private groups have encountered in trying to launch emergency relief efforts.

(David Hoffman, Washington Post, A21)

REPORT: RUSSIA TO RUN OUT OF BASIC FOODS IN 19 DAYS

Russia will start running out of basic food supplies within 19 days, despite a price reform program designed to fill empty store shelves, the ITAR-Tass news agency reported Tuesday. The prediction, based on government statistics, comes a day after Russia's top economic official forecast another two years of economic hardships. **("Elsewhere In The World," USA Today, A4)**

A-ARMS CHIEF SAYS RUSSIA NEEDS HELP
West's Aid Seen Speeding Disarmament

MOSCOW -- The chief of Russia's nuclear weapons industry, describing Soviet stockpiles as so "enormous" that warheads are sticking out of warehouse windows," said Tuesday that his country will need U.S. funds if it is to reduce its arsenal within 10 years to levels proposed by President Yeltsin.

Viktor Mikhailov, deputy minister for nuclear power, said in an interview that without Western assistance, Russia would need five to seven years to construct warehouses to store plutonium extracted from warheads, and only then could it begin the disarmament process. **(Fred Hiatt, Washington Post, A22)**

AUSTRIAN PROPOSES WEST BUY, THEN DESTROY SOVIET A-ARMS

VIENNA -- Chancellor Vranitzky proposed Tuesday that Western countries jointly purchase nuclear weapons from the former Soviet Union so that they can be destroyed in the West and the money transferred to the Confederation of Independent States to buy goods needed there. **(Washington Post, A22)**

'NONPROLIFERATION CZAR'

The Bush Administration, in its efforts to halt the global spread of nuclear, chemical and biological weaponry, will appoint a "nonproliferation czar" at a senior State Department level, officials said. Robert Gallucci, now deputy chairman of the U.N. Special Commission on Iraq, will be named to the post this week. **("Talking Points," Washington Post, A17)**

DEFENSE BUDGET DEBATE: TRUTH CUTS BOTH WAYS

To Secretary Cheney, the Administration's proposed post-Cold War defense budget signals an unambiguous break with the past that will shrink Pentagon spending to its lowest share of GNP "since before Pearl Harbor." To Sen. Kennedy, the proposed cuts are "really business as usual," reducing defense spending "only to normal, Cold War levels" as measured in constant, 1992 dollars.

In fact, both are telling the truth. The dueling statistical portraits -- both entirely accurate yet pointing to opposite conclusions -- are typical of the debate over Pentagon spending, which has as much to do with shaping public perceptions as it does with reality. **(John Lancaster, Washington Post, A17)**

U.S. OFFERING COMPROMISE TERMS TO ISRAELIS ON LOAN GUARANTEES

The Bush Administration has told Israel that it would consider its request for $10 billion in loan guarantees if Israel agreed to complete only those settlers' houses already under construction in the West Bank and Gaza Strip and to halt any new housing starts, Israeli and American officials say.

The American position, outlined to Israeli officials but still subject to modification, also envisions conditions that would insure that none of the American-guaranteed money would support the completion of settler's housing now under construction in those occupied territories. **(Thomas Friedman, New York Times, A1)**

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IRAN BUYING SUBMARINES TO CONTROL GULF ENTRANCE

U.S. intelligence reports indicate that Iran is buying at least two newly built Russian attack submarines with the apparent aim of controlling the narrow straits leading into the Persian Gulf. The prospect of Iran's trying to control the strait of Hormuz and all shipping traffic entering the gulf has so alarmed U.S. officials that Secretary Baker raised the matter with President Yeltsin and other top Russian officials at a meeting in Moscow last week. **(Richard Sia & Mark Matthews, Baltimore Sun, A1)**

IRAQ REJECTS FUTURE ARMS CONTROL, NIXES TALKS ON POSSIBLE OIL SALE

U.N. -- Iraq has rejected U.N. controls on Baghdad's future arms programs, violating the Persian Gulf War cease-fire agreement, the U.N. official in charge of Baghdad's disarmament said Tuesday. The government of Saddam Hussein also canceled talks on possible oil sales to buy vital food and medicine, another U.N. spokesman said. **(AP)**

IRAQI WHO AIDED U.S. TELLS OF POOR TREATMENT

A fugitive from an Iraq-based terrorist organization told a Senate committee Tuesday how he had been held "hostage" for eight years by U.S. authorities because of his willingness to testify against his former bosses.

Now living somewhere in the U.S. under an assumed name, Adnan Awad said he came to this country in 1984, two years after his short-lived recruitment by the Palestinian may 15 organization. He had been ordered to blow up a Hilton Hotel in Geneva because it was owned by a Jew, but balked and told American and Swiss authorities about the plot and where they could find the bomb.

(George Lardner, Washington Post, A6)

-end of A-Section-

(Tuesday evening, Feb. 4)

ECONOMY

ABC's Peter Jennings: In Washington today, the nation's leading banker, Fed Chairman Greenspan, said yes, the economy has been disappointing. And to help the economy recover, the nation's central bank is ready to push interest rates even lower. But in his latest overview of the economy, Mr. Greenspan says what mystifies him most is the national mood -- what he called the extraordinary apprehension that makes it look worse to the average American than in his view it really is.

ABC's Stephen Aug: Greenspan told members of the House Budget Committee that he cannot understand the big drop in consumer confidence that started last fall and has continued into this year. And he said confidence is worse than it was in the 1975 recession, when unemployment and job losses were far higher.
(**Greenspan**: "The 1975 recession was far more severe than this, but the sense of despair in this one was far greater than that one.")
An ABC News/Money magazine survey indicates a major reason for the despair is that after more than a year of slow growth and wages, people are feeling pinched financially. And the survey's index is at an all-time low:

How are your personal finances?

Poor shape.....**56 percent**
Good shape.....**44 percent**

Is it a good time or bad time to buy things?

Bad time.....**76 percent**
Good time.....**24 percent**

How is the national economy doing?

Poorly.....**92 percent**
Well.....**8 percent**

And there's no indication that things are getting better.
(**Fabian Linden**, the Conference Board: "We are not yet picking up any signals that the recovery is in process. Usually we have a message from the consumer three months before things really improve. We've not yet received that message.")
President Bush told a meeting of grocers in Orlando, FL, that things are not all that bad.
(**President Bush**: "The professional pessimists tell us America has become weak and disabled, that our economy is fallen and it can't get up. Well that is just plain bunk. It's not true.")
But the key to getting the economy back up, Greenspan says, remains the American consumer.

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Aug continues:
(**Greenspan**: "I find it difficult to believe we can have any meaningful recovery if consumer confidence does not move along.")
What's more, Greenspan said if the economy fails to move along, the Fed stands ready to lower interest rates even further to get it moving.

Jennings: Congress this afternoon has overwhelmingly passed and sent to the President for his certain signature a bill to extend unemployment benefits for another 13 weeks. Without the extension, 600,000 Americans would see their benefits run out by the end of this month. **(ABC-Lead)**

NBC's Tom Brokaw: The battle for blame on the nation's economy is on full cry tonight, and some kind of tax cut is expected to emerge. What kind, for how much, and to whose benefit, that we cannot say. It's also possible that interest rates will drop even more, which drove the stock market to another record today.

NBC's John Cochran: The President went on the road today to defend his economic package against a frontal assault he expected from the Democrats today. But the Democrats switched tactics on him.
[**TV coverage** of President Bush being applauded onstage in Florida]
In Florida, the President began by referring to the sick economy in a way that reminded some of his collapse in Tokyo last month from the flu.
(**President Bush**: "And the professional pessimists tell us America has become weak and disabled, that our economy has fallen and it can't get up. Well that is just plain bunk. It's not true. And I'm going to tell you what we can do about it.")
One thing Congress can do, he said, is to pass a capital gains tax cut. Bush expected House Democrats at this hearing to attack such a cut as favoring the rich and unfair to everyone else. Bush was ready for the attack.
(**President Bush**: "And yes, let's talk about fairness. Lower capital gains mean more investment, and more investment means more jobs.")
But the Democratic assault on fairness never materialized. That left Bush with another complaint: foot-dragging on his March 20 deadline.
(**President Bush**: "And if you hear people in Congress gripe that they can't get the job done by March 20, remind them we won the Gulf War in 44 days. Surely Congress can pass my urgent domestic program in 52 days." [applause])
But instead of griping, Bush's longtime buddy, Dan Rostenkowski, promised action on all of his tax proposals before March 20.
(**Rep. Rostenkowski**: "There will be only one tax bill this year, and it's going to be written in the next few weeks as the President has demanded.")
But before anyone thinks Washington has become a model of bipartisan cooperation, a reminder: The Democrats are only promising a tax bill, not Bush's tax bill. The fight hasn't even begun.

Brokaw: Fed Chairman Greenspan today hinted at the possibility of still lower interest rates, and Wall Street in turn soared. The Dow rose sharply, surpassing its previous high by less than a point. The record close today, over 3,272 points. **(NBC-Lead)**

CBS's Dan Rather: Interest rates could be coming down again this election year. Fed Chairman Greenspan said so today, and he said it as President Bush was out campaigning for re-election of the Bush-Quayle team, trying to sell the plan he says will mean a fast turnaround for the economy.

CBS's Susan Spencer: Economists watch the Fed chairman like hawks these days to see if another interest rate drop is coming. The word today, could be.
(**Greenspan:** "We are, of course, continuing to evaluate whether some additional insurance in the way of further monetary ease would be appropriate.")
The problem is how to evaluate. Even Greenspan says it's tough.
(**Greenspan:** "But assessing the economic outlook at the present time is extraordinarily difficult.")
But out on the campaign trail today, a somewhat defensive Mr. Bush didn't seem to have any trouble assessing.
(**President Bush:** "And the professional pessimists tell us America has become weak and disabled, that our economy is fallen and it can't get up. Well that is just plain bunk. It's not true.")
The key, the President said, is his economic plan, brushing aside criticism that it's ripe with gimmicks. He again demanded that Congress meet his March 20 deadline to pass it, and he promised jobs and growth will follow.
(**President Bush:** "We won the Gulf War in 44 days. Surely Congress can pass my urgent domestic program in 52 days.")
Mr. Bush invokes memories of Desert Storm frequently these days, harking back to a high point in both his presidency and his poll numbers. And Democrats are growing weary of it.
(**Rep. Boxer:** "He calls his plan Operation Domestic Storm. I call it Operation Domestic Sprinkle, because he sprinkles election-year promises all around.")
Whether it's election-year politics or the only real hope for recovery, Mr. Bush's plan definitely will get its hearing. The chairman of the House Ways and Means Committee said today that he will try as hard as he can to even meet that March 20 deadline; not, he said, because Mr. Bush says so, but because people really are in pain.

Rather: A cornerstone of Mr. Bush's economic plan is a big cut in the capital gains tax. Because that would mean, in terms of money, benefitting mostly the wealthiest people in the country, opponents call it just another tax break for the rich. How does the idea go over with voters in New Hampshire?

CBS's Richard Threlkeld:
(**President Bush:** "I cannot take no for an answer. You must cut the capital gains tax on the people of our country.")
That line from the State of the Union speech was a big hit among Republicans in Congress, but it's not playing in Portsmouth. New Hampshire's mired in recession, and Republicans like Emily Whitney don't have any capital gains to worry about.
(**Whitney:** "I don't believe that's their problem right now, not when people are going hungry.")

Threlkeld continues: A lot of voters aren't even sure what Mr. Bush is talking about, namely a cut from 28 percent to 15 percent on the tax you pay on profits if you sell something, like a building or some stocks. The President says that would help ordinary people like those in Portsmouth. Opponents say it's just a gimmick to help rich people like Mr. Bush, who they claim is avoiding some taxes already.
(Campaign TV commercial: "George Bush lives here [picture of the White House], but he says he doesn't. No, the President of the United States says he lives here, in a hotel in Texas, where there is no state income tax. And last year he saved $25,000.")
Even lifelong Republicans who know and like George Bush say when it comes to capital gains, voters don't get it.
(Jeff Marple: "The average guy who's got a nice house and a wife and a couple of kids, he's probably trying to figure out how he's going to make all of his payments and his health insurance and all of that, and what does a capital gains cut mean to him?")
And they don't think the President gets it, either.
(Bill Eastler: "To me it sounds like a loophole. It sounds like he's out of touch with the guy on the street.")
There are some economists and at least one Democrat, Paul Tsongas, who think a capital gains tax cut targeted for investment isn't such a bad idea. As a campaign issue, though, it's likely to do George Bush a lot more harm than good. Here in depressed New Hampshire, he'd be a lot better off promising jobs, jobs, jobs.

Rather: Some election-year help is on the way for the long-term unemployed. Congress tonight voted final approval for a new 13-week extension of unemployment benefits. President Bush says he will sign this bill. Last year Mr. Bush killed two attempts to provide additional unemployment coverage. **(CBS-Lead)**

ELECTION

Rather: Poll after poll indicates voters believe President Bush has not done enough about the economy and that an unnamed Democrat might win in November. Still, some higher-ups in the Democratic Party, especially those in Washington, are worrying now that perhaps none of the names in the race for them is a winner, and that time is running out to find a winner.

CBS's Bob Schieffer says that John White, the former chairman of the Democratic Party, finally said aloud today what more and more Democrats have been whispering about lately: that while George Bush does look vulnerable, the current crop of Democratic candidates may be too weak to take advantage of it. What Republicans are doing, of course, is trying to aggravate the situation, as today when the Vice President issued his daily bulletin on Mario Cuomo's plans.
(Vice President Quayle: "I'll just say once again for the record: I have a hunch Mario may be the man.")
What happens next may well hinge on New Hampshire. If Pat Buchanan gets a big part of the Republican vote and shows that George Bush really is as vulnerable as the Democrats now suspect, and if the Democratic front-runner, Bill Clinton, has only a lackluster showing, then the betting here is that some Democrat who's not in the race now will start looking for ways to get in.

Rather: Bob, is that likely to be Mario Cuomo, or is some other name most likely to emerge?

Schieffer: I think most of the pressure is going to be on Lloyd Bentsen, but I think that Dick Gephardt is also a possibility. Not much talk yet about Cuomo. **(CBS-2)**

GENERAL DYNAMICS LAYOFFS

Rather: General Dynamics gave notice to its workers in Connecticut today that 4,000 of them are likely to be laid off this year. It's because President Bush has proposed cancelling $17 billion in spending on the Navy's Seawolf nuclear submarine. **(CBS-4)**

JAPAN/CARS/PRODUCTIVITY

Jennings reports that even though any number of American economists have said don't just blame the Japanese; there are problems to be solved here at home, it's always a little grating to many Americans when the criticism comes from Tokyo.

ABC's Bill Redecker reports that Prime Minister Miyazawa tried to make up by playing down his remark that Americans are losing their work ethic. "I did not intend to criticize American workers at all," he said. Japanese business leaders immediately chimed in. The chairman of Nissan Motors today invited American reporters to a briefing where he praised U.S. workers as hard-working and motivated -- at least those working at plants where the managers are Japanese. The positive spin was also in evidence at a banquet tonight for American auto parts manufacturers. The Japanese stressed cooperation. On Japan's top-rated television newscast tonight, anchorman Hiroshi Kume blamed foreign reporters for exaggerating tensions. Using a U.S. television conference of the Miyazawa flap, he said American journalists seemed to damage U.S.-Japan relations intentionally. Other media say Americans in general are too thin-skinned. The cycle of criticism, apology and more criticism continues. But both the government and Japanese businessmen believe their message is getting through: Don't blame Japan for America's problems.

Jennings: The head of the UAW union said today there is no American problem. Owen Deaver [sp] says that Japanese officials are criticizing U.S. workers because they're scared. Mr. Deaver says the quality of American cars has improved so much that the Japanese are worried about the competition.

ABC's Bob Jamieson reports the Japanese control half the California auto market because buyers believe their cars are better. For 25 years the California research firm J.D. Power has accurately forecast which cars the public will buy, and a new study shows many consumers now believe American cars are getting better. Every consumer survey shows Americans want to buy domestic cars. Detroit does not even have to make a better car than the Japanese, consumers say, just one as good.

Jennings: There was better news for Detroit today. The Big Three car makers say that sales for the last 10 days in January were up more than 16 percent from a year ago. **(ABC-2, CBS-6)**

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NBC's Robert Hager reports that in calculating productivity by dividing GNP by the number of people in the workforce, U.S. productivity is 64 percent greater than Japanese. The Japanese aren't closing the gap, not as fast as a few years ago, but may eventually surpass the U.S.
(Secretary Martin: "American workers think smart, work smart, care smart, and are smart.")
To some extent, the mistaken impression that the Japanese workforce is already superior comes from high-profile industry. But the U.S. is vastly more efficient at retail business, vastly more efficient at producing food, and a clear world leader in the aerospace industry. But Japanese do out-do us in some important areas.
(Dan Burton, U.S. Council on Competitiveness: "Japanese work harder than Americans. They're in their offices longer. They spend more time focused on their jobs than American citizens do.")
(Martin: "I think we are going through that phase now of really how do we do a lot of things better. And then we will not just emerge from it better, we emerge with that kind of American will.")
When the Bureau of Labor Statistics lists the output of workers by major nations, the U.S. ranks first. Japan ranks sixth. On paper, anyway, the situation appears much better than many Americans imagine.

NBC's Brad Willis reports from Tokyo that there are growing signs that the gruelling Japanese work ethic is taking its toll. A new government study here indicates that a majority of workers suffer fatigue and emotional stress. It's called karoshi: literally, working yourself to death. And it has claimed lives. A majority of Japanese might feel American workers are too lazy and laid back, but a younger generation here thinks that's not so bad.
(Japanese man: "America and Europe have much more human-like lifestyles. If there's anything to correct, it's Japanese overwork.") (NBC-2)

IRAQI NUCLEAR PROGRAM/U.S.

NBC's Fred Francis reports that from the wreckage of Saddam's weapons programs, NBC News has discovered the most blatant case of how U.S. technology helped Saddam's efforts to build a nuclear bomb -- a sale which had the full approval of the U.S. Commerce Department. Four years ago, Saddam wanted centrifuges to make weapons-grade uranium to make a bomb. But he needed a high-tech welding machine and a LASER devise to build the centrifuges. He needed an electron beam welder along with associated software and computers, a technology dominated by American firms.
(Gary Mulholland, nuclear weapons expert: "The electron beam welder was absolutely indispensable to constructing Iraq's first large-scale nuclear weapon fuel production plant. It welded the parts of centrifuges together. Iraq planned to make its first bomb with the centrifuges.")
Saddam bought the electron beam welder and other equipment here at a Connecticut subsidiary of a German company called Leybold. NBC News has obtained internal Commerce Department documents showing senior Commerce officials consented to the sale, knowing it was essential to building superweapons and deliberately cutting the Pentagon and the CIA out of the approval process.

Francis continues: Former Pentagon official Steve Brian [sp] examined the documents obtained by NBC and charged higher-ups at Commerce were only interested in U.S. exports.
(**Brian**: "They had blood on their hands. What it ought to say is, 'We have blood on our hands. We did the wrong thing, and we ought to look very hard to see how we can prevent this in the future.'") The Pentagon, Customs Service, congressional committees, even the inspector general of the Commerce Department are all now investigating how critical weapons technology got from this Connecticut plant to Saddam's weapons factories.

Brokaw: A spokesman for Leybold confirmed that his company made that sale, but said the application was approved by U.S. authorities. Commerce officials declined to be interviewed, citing the continuing investigation. **(NBC-3)**

KNOXVILLE LEGAL FUND

Jennings reports that the fund from which lawyers are paid to represent the poor in Knoxville has run dry.

ABC's Linda Pattillo reports that the six lawyers of the local public defender's office are handling nearly 3,000 cases, and the state fund to pay the lawyers has run out of money. The judges here ordered every licensed lawyer in Knoxville -- all 1,200 of them -- to represent the poor at no charge. **(ABC-3, NBC-4)**

VENEZUELA

Jennings: A group of rebellious soldiers tried to take over the government and failed. They attacked the presidential palace last night, but troops loyal to President Perez fought them off. **(ABC-7, NBC-6)**

Rather reports that in Washington, President Bush denounced the coup attempt as "outrageous and illegal." **(CBS-3)**

MEXICAN IMMIGRANTS

ABC's Brian Rooney reports that now, instead of avoiding the border patrol, Mexicans are overwhelming it at the checkpoint to southern California. After a signal given by organizers, scores of men, women children run past Mexican and American guards into the oncoming traffic of the I-5 freeway. It happens two or three times a day. The immigrants are succeeding because they know the border patrol will not pursue them on the highway. American authorities have unsuccessfully urged their Mexican counterparts to stop the gate-rushers on their own side. **(ABC-5)**

HEALTH CARE

Jennings reports on the rising cost of prescription drugs. It is a greater problem here than in many other countries. Drug prices in the U.S., for example, are on average nearly 50 percent higher than they are in Europe. So doctors and hospitals here are finally trying to do something about it.

ABC's George Strait reports from Puerto Rico: Virtually all American drug companies have production plants here. There is cheap labor, and to encourage development in Puerto Rico, the U.S. government gives the companies a tax break which adds more than $2 billion to their profits. Drug manufacturing is the most profitable industry in the nation. Too profitable, say critics, who see no justification for drug prices rising three times faster than other consumer products.
(**Sen. Pryor**: "There are no controls, there is no pressure, there is no incentive whatsoever for them to reduce those prices.")
Sen. Pryor has developed an incentive. He has introduced a bill which says to the drug companies, lower your prices or lose your tax break. The industry complains that amounts to price controls. Even if Congress ends the tax breaks, the drug companies say it will be easy for them to avoid controls, by seeking other areas where they do get tax breaks. Since Congress cannot seem to control the drug industry, the battle has opened on another front. Health care providers are taking the lead. At the Massachusetts General Hospital in Boston, pharmacists are making rounds with doctors, helping them to choose drugs based on cost as well as need. From hospitals and Congress, the pressure on drug companies is building. The threat of price controls has added to the pressure on drug companies, enough that last month three major ones offered discounts which would save consumers almost $100 million this year. Sen. Pryor says that is a good first step. **(ABC-9)**

AIDS DRUG

CBS's Edie Magnus reports on protests by AIDS activists that the maker of the AIDS drug Foscavir is engaging in profiteering by charging exorbitant prices for the drug. **(CBS-8)**

HONG KONG/REFUGEES

Jennings: In Hong Kong this morning, 21 people were burned to death when fighting broke out at a refugee camp for Vietnamese boat people. Rival gangs from northern and southern Vietnam battled for four hours. The 21 who died, including five children, had locked themselves in a hut to avoid the fighting. Someone set fire to the hut. **(ABC-6, NBC-7)**

SUNUNU/CROSSFIRE

Brokaw: Former Chief of Staff Sununu has a new job: co-host of CNN's Crossfire program. He replaces a man who's trying to replace his former boss, George Bush. That is, presidential candidate Patrick Buchanan. **(NBC-8)**

-end of News Summary-

THE WHITE HOUSE
WASHINGTON

News Summary

OFFICE OF THE PRESS SECRETARY

TUESDAY, FEBRUARY 4, 1992
6:00 A.M. EST EDITION

NATIONAL NEWS

DEMOCRATIC GOVERNORS, BUSH TANGLE ON BUDGET -- President Bush got a rude awakening from Democratic governors Monday who interrupted his pitch for his economic program to accuse him of budgetary gimmicks, creating a "sewer of debt" and of favoring the rich.
(Washington Post, Boston Globe, Washington Times, Wall Street Journal, New York Times, Chicago Tribune)

CRITICS POUNCE ON BUSH'S HEALTH PLAN IN ADVANCE -- President Bush's expected proposal to squeeze Medicare and Medicaid to pay for health insurance tax breaks is drawing outrage and ridicule even before it is unveiled. (AP, USA Today)

INTERNATIONAL NEWS

POWELL: SOVIET THREAT NOT ENTIRELY GONE -- In an effort to keep defense cuts to President Bush's level, Gen. Powell is warning that while the Commonwealth of Independent States does not now pose a threat to world peace now, the situation could change. (UPI)

PRIME MINISTER SAYS REMARKS NOT MEANT TO CRITICIZE AMERICANS -- Prime Minister Miyazawa scrambled Tuesday to control the diplomatic damage done by his derogatory remarks about American workers, saying he did not mean to impugn Americans. (UPI)

NETWORK NEWS (Monday evening)

ECONOMY -- The economy and politics were a particularly combustible mix when President Bush met with the nation's governors.

JAPAN -- The White House said Japanese criticism of American workers is "not helpful."

BUCHANAN -- Patrick Buchanan is trying to convince conservatives that President Bush has betrayed them.

NATIONAL NEWS.....A-1

INTERNATIONAL NEWS...A-8

NETWORK NEWS.....B-1

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This Summary is prepared Monday through Friday by the White House News Summary Staff.
For complete stories or information, please call 456-2950.

DEMOCRATIC GOVERNORS, BUSH TANGLE ON BUDGET
Speech Did Not Improve Rating, Poll Finds

President Bush got a rude awakening from Democratic governors Monday who interrupted his pitch for his economic program to accuse him of budgetary gimmicks, creating a "sewer of debt" and of favoring the rich....

A new Washington Post-ABC News Poll found that Bush's job approval rating remained at 46 percent, virtually unchanged since before last week's speech. The survey also found continued signs of deep concern over the economy and strong evidence that this growing anxiety is working to the clear advantage of the Democrats.

For the first time since June 1983, more than half of all Americans -- 57 percent -- named an economic issue as the biggest problem facing the country today, up from 42 percent.

Unemployment led the list of the country's specific concerns. One out of four persons surveyed -- 26 percent -- said it was the nation's biggest worry, up from 9 percent in September. The survey of 1,512 randomly selected adults was conducted Thursday through Sunday....

Monday, Administration officials expressed frustration and anger over the performance of Secretary Kemp, who said in a television appearance Saturday that the tax credits were "gimmicks."... An Administration official said that following the broadcast, Samuel Skinner called Kemp "to express frustration" over the remarks. **(Ann Devroy & Richard Morin, Washington Post, A1)**

Bush, Governors Pointedly Argue Over Defense

President Bush on Monday clashed with several Democratic governors who attacked his budget proposals and economic recovery plan at an unusually contentious meeting that the White House had planned to keep behind closed doors....

Bush later told aides that while he was a little taken aback at the outburst, he felt he was able to call the Democrats' hand and win the day. A spokesman for the Democrats disagreed, saying Bush was clearly thrown on the defensive and resorted to the base-closing issue as a shopworn evasion tactic.

(John Mashek, Boston Globe)

Romer Rebuts Bush's Plan For Budget

President Bush used a staged photo opportunity Monday to ask the nation's governors for help in selling his budget, but the idea backfired when Democratic governors demanded that reporters stay to hear their attacks on the White House package....

Later, a top Bush adviser was overheard commenting, "I don't think Romer was the net winner on that one."... Rhode Island Gov. Sundlun said later the flare-up could result in "a little progress" in changing the Bush plan to meet the needs of the states.

(Paul Bedard, Washington Times, A3)

Democrats Blast Recovery Plan Offered By Bush

President Bush received unwelcome criticism of his economic-stimulus program from Democratic governors, and fired back by challenging his opponents to spell out their own plans....

Missouri Gov. Ashcroft's reluctance to highlight nettlesome domestic issues is widely seen as an attempt to shield the White House from controversy in an election year. "There's no question John Ashcroft is very loyal and trying to be protective" of the President, said Delaware Gov. Michael Castle. Ashcroft denied that he had acted in consultation with the White House.

(John Harwood & Timothy Noah, Wall Street Journal, A16)

President Argues With State Chiefs On Economic Plan

A White House effort to rally the nation's governors behind President Bush's economic plan degenerated into a tense confrontation Monday between Bush and several Democratic governors who believe that the states will pay for Washington's efforts to cut the budget in an election year.

The exchange was touched off not only by campaign politics, but also by differences between the parties over economic policy and grievances by both Democratic and Republican governors who are concerned about the states' increasing burdens.

(Andrew Rosenthal, New York Times, A1)

Colorado Governor Invites Press To Stay During Conference With Bush

Every year, governors attending their annual winter meeting in Washington troop up to the White House for a formal dinner and then back again the next day for a carefully scripted business meeting with the President. It's all very pleasant and correct.

So President Bush and his aides were visibly stunned Monday when Colorado Gov. Romer, on behalf of his fellow Democratic governors, broke away from the script after Bush concluded his introductory remarks....

Election-year politics generated the Democratic outburst, according to Illinois Gov. Edgar, who said he expected more Democrats to question Bush once Romer started. "Bush did such a good job that the others backed off," Edgar said later.

Democratic staffers said the exchange had been prompted by frustration over efforts by Missouri Gov. Ashcroft to set a non-confrontational agenda for the meeting, avoid disagreement over such issues as the economy and health care, and use the governors as props in support of the President's plan.

(Mitchell Locin, Chicago Tribune)

EDITOR'S NOTE: "The States Dinner," regarding the White House dinner for the nation's governors, by Donnie Radcliffe, appears in The Washington Post, page D8.

BUSH SEEKS FRIENDLY FORUM OUTSIDE WHITE HOUSE

President Bush has had more success selling budget proposals to audiences around the country than on his own turf. On Tuesday in Orlando, he will undoubtedly be better received than he was at the White House Monday, when Democratic governors threw protocol out the window and dressed down the President for his economic proposals....

Bush will discuss the benefits of using the American government to enhance the talents of American workers.... "He's proposed immediate action to create jobs, he's encouraged business investment and we're compatible with those aims," said Stu Zlotnikoff, spokesman for the National Grocers Association.

(Steven Heilbronner, UPI)

BUSH PLAN'S TIMETABLE FOR BUYING GEAR IS TOO SHORT, CAPITAL-INTENSIVE FIRMS SAY

Airlines, steel manufacturers, paper companies and other concerns say they're eager to take advantage of a Bush Administration proposal to spur capital investment. Trouble is, the plan doesn't give them enough time to purchase the big-item tickets they need the most. The timing issue is bound to come to a boil in coming weeks as industry lobbyists press the Treasury Department to modify its approach.

(Rick Wartzman, Wall Street Journal, A2)

U.S. IS SET TO EXTEND PROGRAM FOR JOBLESS

More emergency jobless aid is on the way, with Congress poised Tuesday to whisk new legislation to President Bush for his promised signature. However, bragging rights are limited: The measure does nothing to fix the widely recognized holes in the nation's unemployment safety net.... The temporary relief leaves unchanged a restrictive system that allowed fewer than 40 percent of the unemployed to get aid last year.

(Jackie Calmes, Wall Street Journal, A2)

JERSEY GOVERNOR PROPOSES SWEEPING WELFARE CHANGES

New Jersey Gov. Florio Monday brought the nation's broadest and most controversial welfare reform package to Washington in anticipation of a friendly reception at the White House.

"The welfare system is not measuring up to what we had hoped for," Florio told the Senate Finance Committee. "It was supposed to be a transition system; we all know it has become a dependent system."...

After testifying, Florio headed straight for the White House to urge President Bush to speed the federal waiver necessary to let New Jersey move ahead with its welfare overhaul.

(Nancy Roman, Washington Times, A1)

ECONOMY PUMMELS BUILDING PROJECTS

Spending on new construction projects plunged 9.3 percent in 1991, the sharpest drop in 47 years, and was still falling at the end of the year, the government said Monday. A separate private report on the nation's manufacturing sector showed the economy's ills persisted into the first month of the year.

(Reuter, Washington Times, C1)

BUSH TAKES CARE PLAN ON THE ROAD

President Bush will unveil his health care plan Thursday in Cleveland and then promote it in two cities -- launching an Administration offensive designed to win domestic policy points with voters....

Secretary Sullivan gave a preview of his tack Monday, decrying national health care, as advocated by Democrats in Congress, as a nightmare. "What we would have is a combination of the compassion of the IRS and the efficiency of the post office," Sullivan said....

Samuel Skinner said Monday the blitz aims to attract public attention to a hot domestic issue after Bush's meetings with President Yeltsin and the U.N. summit. "There was nothing you could do about that (summit)," Skinner said. "The summit was the first of its kind."

(Jessica Lee, USA Today, A4)

CRITICS POUNCE ON BUSH'S HEALTH PLAN IN ADVANCE

President Bush's expected proposal to squeeze Medicare and Medicaid to pay for health insurance tax breaks is drawing outrage and ridicule even before it is unveiled.

Sen. Bentsen condemned the idea Monday as "bad policy and bad politics." He said cutbacks in Medicaid and Medicare beyond those already passed "will go nowhere in Congress." "I believe they'll be rejected out of hand by Republican and Democratic members alike," Bentsen said....

Rick Wade, senior vice president of the American Hospital Association, said 80 percent of the nation's hospitals now lose money on Medicare patients. "You are going to see hospitals squeezed to the brink," Wade said. "It does not appear to be very sensible public policy."...

"When doctors, hospitals and other providers are paid less by Medicare and Medicaid, you can be sure the rest of us will have to pay more for both medical care and medical insurance," Bentsen said.

(William Welch, AP)

Critics Scoff At Administration Health Program

..."Cannibalizing Medicare and Medicaid to meet other health needs is absurd," says Rep. Wyden.... "People who are middle income are taxed for these services, and there will be more of that. I don't think any member of Congress will find it acceptable. The idea has no pulse."...

"It doesn't take a rocket scientist to see that this isn't logical at all," said Richard Clarke of Healthcare Financial Management Association.

(Judi Hasson & Kevin Anderson, USA Today, A4)

POLL GIVES CLINTON, BUSH NOT MUCH REASON TO CHEER

President Bush and Gov. Clinton can both find good news and bad news in a new nationwide USA Today/CNN/Gallup Poll: Bush has, for now, stemmed his free fall in approval ratings, but his much-heralded State of the Union speech didn't provide a major boost.... The poll of 1,007 registered voters shows Bush's job approval at 47 percent -- virtually unchanged from his record-low 46 percent a month ago -- but no longer falling steadily from the high of 89 percent after the Persian Gulf War.

(Richard Benedetto, USA Today, A6)

DUKE SAYS BUSH IS AFRAID

David Duke has lashed out at President Bush, saying the President is afraid of Duke's ideas in such areas as welfare and tax reform. "George Bush, I don't think, wants me to bring these issues up," Duke said at a news conference in Atlanta after being barred from the Georgia ballot last week, AP reported. "I believe my beliefs are much closer to the mainstream Republican in this state than George Bush is." **("Politics," Washington Post, A6)**

EDITOR'S NOTE: "As Buchanan Runs, The Right Fragments," by Steven Holmes, appears in The New York Times, page A14.

ALEXANDER URGED TO SQUEEZE ACCREDITOR

A federal advisory panel recommended Monday that a major college accrediting agency, criticized by the Bush Administration for requiring racial diversity on campuses, be reauthorized for four years instead of the maximum five-year period. The advisory group also voted to require annual reports on any negative evaluations based on the "diversity standard" set by the Middle States Associations of Colleges and Schools.

(Combined Dispatches, Washington Times, A3)

PUBLIC COLLEGE TUITION SQUEEZE

The recession-battered budgets of the nation's public colleges are getting even worse, says a new survey by the American Association of State Colleges and Universities. And association President James Appleberry says private schools pose an added danger by lobbying to equalize public and private school tuitions. He cites "a coordinated effort across state lines to advocate higher public sector tuition" and warns legislators of the "dangers of these efforts." **(Dennis Kelly, USA Today, D1)**

EPA RESISTS STEP IN DRIVE TO DEREGULATE

The EPA, resisting a major step in the Bush Administration's deregulation drive, is preparing a strategy that could involve holding up rules the White House wants. The EPA contends that the changes being pushed by the Competitiveness Council are illegal and break agreements they felt they had reached with senior Administration officials over tough regulations on air-pollution control. **(Rose Gutfeld & Bob Davis, Wall Street Journal, A3)**

U.S. TOLD TO HALT EFFORTS TO OPEN ATOM-WASTE SITE

More than 10 years and $1 billion after the Energy Department began digging a huge cavern beneath New Mexico as a permanent repository for plutonium waste from its nuclear weapons plants, a federal judge Monday ordered the department to cease its efforts to open the facility.

The ruling by U.S. District Judge John Garrett Penn raised the possibility that the department might never be able to open the facility, the only one of its kind, unless Congress exempts it from environmental laws. Lawyers described the ruling as a stinging setback for Secretary Watkins, who complained last week that delays in opening the facility were "costing the taxpayers $14 million a month" for the lawsuits. **(Thomas Lippman, Washington Post, A8)**

RTC ANNOUNCES CHANGES TO CUT AGENCY'S RED TAPE

RTC chief Albert Casey has announced organizational changes intended to cut his agency's often-criticized red tape and speed the sale of real estate and other property it holds. Casey named four subordinates to an executive committee that will have wide latitude in approving large sales transactions. RTC field offices around the country have also been given greater authority to sell and manage RTC assets. **(Susan Schmidt, Washington Post, C2)**

NAMES OF INDIVIDUALS, FIRMS SOUGHT IN IMPROPER BIDS ON TREASURY ISSUES

Rep. Markey has asked the Treasury, the Fed and the SEC to identify Wall Street dealers who improperly bought Treasury securities in the market reserved for small investors. Markey asked the agencies to name the firms and individuals who made quick profits by buying securities at the average prices afforded small investors in the noncompetitive part of the Treasury market and then reselling the securities at higher prices that characterize the competitive auctions. **(Stan Hinden, Washington Post, C3)**

MITCHELL OPPOSES PROPOSED ABORTION-RIGHTS LEGISLATION, TELLS OF 'SERIOUS RESERVATIONS'

Sen. Mitchell Monday made public his opposition to the "Freedom of Choice" legislation that other top Democrats are promoting as the answer to a potential Supreme Court decision limiting or revoking abortion rights. In a meeting with reporters, Mitchell expressed "serious reservations" about the legislation whose enactment was promised by Rep. Foley in the official Democratic response to President Bush's State of the Union address. **("Talking Points, Washington Post, A13)**

TOP SENATE DEMOCRAT SEES DISASTER FOR GOP IF ABORTION OUTLAWED

Sen. Mitchell said Monday that if the Supreme Court overturned Roe v. Wade, the Republican Party would face a 10-year political disaster.... If the court overturns the decision, Mitchell said "this is going to be the issue that will be politically devastating" for the Republicans "in the next decade."

(John Mashek, Boston Globe)

REHNQUIST CALLS FOR LIMITED ROLE OF FEDERAL COURTS

DALLAS -- Chief Justice Rehnquist said Tuesday federal courts are at a "crossroads," warning that "largely symbolic" congressional action threatens to overwhelm them with cases that traditionally have been handled by state courts. Rehnquist, in remarks prepared for a speech at the ABA convention, renewed his call for Congress to find ways to battle social ills without statutes that increase the workload of the federal courts. **(UPI)**

PROBE URGED OF HOUSE POST OFFICE

Rep. Michel Monday called for an independent investigation of reports of drug dealing, theft and financial mismanagement by employees of the House post office.... Michel urged "swift and decisive action to clean up the whole operation" after discussing the post office with Rep. Foley.

(Kenneth Cooper, Washington Post, A4)

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POWELL: SOVIET THREAT NOT ENTIRELY GONE

In an effort to keep defense cuts to President Bush's level, Gen. Powell is warning that while the Commonwealth of Independent States does not now pose a threat to world peace now, the situation could change.

The commonwealth "is still a baby in diapers," Powell told a Senate Budget Committee hearing on the 1993 defense budget proposal Monday. "It is a very fragile situation. We are still looking through a glass dimly and we have to be able to reconstitute our forces quickly," if a crisis erupts, he said....

Sen. Sasser questioned Powell and Secretary Cheney as to why the U.S. rejected President Yeltsin's offer to sharply cut back its arsenal of nuclear warheads if this nation would do the same, in light of the signing by Bush and Yeltsin of a document declaring that the two countries no longer view each other as potential adversaries.

"The word reject is not one I would use," Cheney replied. To cut U.S. missiles back to the levels Yeltsin proposed, he explained, would require a shift to "single warhead missiles" on submarine-based launchers that now are equipped with double warheads. **(Melissa Merson, UPI)**

SENATE BUDGET PANEL DEMOCRATS DEMAND DEEPER DEFENSE CUTS

Democrats on the Senate Budget Committee Monday demanded deeper cuts in defense spending, including far greater reductions in the U.S. nuclear arsenal, than proposed by President Bush.

The charge for bigger reductions was led by Sen. Sasser, who complained the Administration budget plan "certainly showcases a number of defense reductions...the ceremony outshines the substance." Unless the defense budget is cut more, "we're not going to have the funds for the kind of domestic spending that the country is crying out for," Sasser said.

Sasser proposed cutting defense spending twice as fast as the $50 billion in additional reductions in President Bush's latest five-year budget plan. He also insisted that military personnel could be cut more than the 530,000 the Pentagon plans to drop by 1995. **(Otto Kreisher, Copley)**

BAKER TO HEAD BACK TO MOSCOW FOR ARMS-REDUCTION TALKS

Secretary Baker will return to Moscow next week with a team of specialists to open fresh talks on further reducing the Russian and U.S. nuclear arsenals, the State Department announced Monday.

Despite differences in U.S. and Russian arms-reduction proposals, Baker's quick return to Moscow on Feb. 13 indicates that this round of negotiations is going to be carried out more rapidly than previous ones, said State Department spokesperson Margaret Tutwiler. "It is not arms control as normal, in my opinion, when you look at the very bold statements that both presidents in the last...seven or eight days have made," Tutwiler said.

(Mary Curtius, Boston Globe)

U.S. TO EASE RULES FOR MOSCOW DIPLOMATS

MOSCOW -- The U.S. Embassy here, erasing a much-criticized legacy of the Cold War, will ease long-standing restrictions on contacts between diplomats and the local population that have made the mission one of the most isolated in the world.

Amb. Strauss, who has pushed for the changes since his appointment, said Monday night that Secretary Baker signed an order "within the last two or three days" approving the new regulations. The new rules will permit U.S. diplomats to meet one-on-one with Russians and will also allow the embassy to employ Russian workers in its compound for the first time in several years.

"We're not going lax on security, but a lot of these rules just made no sense," Strauss said in response to questions. "The new rules will certainly be more progressive, more enlightened. It's a major step." **(Fred Hiatt, Washington Post, A10)**

POPADIUK IS CANDIDATE FOR UKRAINE

Deputy White House press secretary Roman Popadiuk is the leading candidate to be ambassador to Ukraine, Administration officials said Monday.... In naming Popadiuk, Bush would reach beyond the usual State Department ranks to name an ambassador whose family history and emotional ties are with the nation where he will be based. **("Talking Points," Washington Post, A13)**

MIYAZAWA: WORK ETHIC FLAGS IN U.S.

TOKYO -- Prime Minister Miyazawa said Monday that Americans' determination "to produce goods and create value has loosened sharply" in recent years, and that "the work ethic is lacking" among U.S. college graduates who take jobs on Wall Street rather than in manufacturing.

Coming at a time when Americans are still angry about another Japanese politician who recently called American workers lazy and illiterate, Miyazawa's comments sparked fears here of a further U.S. backlash and prompted governmental efforts at damage control.

"The prime minister has no intention whatsoever of criticizing American workers," spokesman Masamichi Hanabusa said in a statement hours after Miyazawa's remarks. **(T.R. Reid,**

Japan: Americans Losing Drive To Work Hard

TOKYO -- ...Rep. Gephardt called Miyazawa's remarks an "ignorant expression of Japanese racism." "Americans work hard everyday, and our productivity is higher than Japan's," said Gephardt. **(Yuri Kageyama, AP)**

STOP BASHING, WHITE HOUSE WARNS JAPAN

Japanese officials only fan the flames of anti-Japan protectionism by repeatedly bashing American workers as fat, dumb and lazy, Marlin Fitzwater warned after the latest incident Monday.... Early Monday morning, the Japanese embassy sent a brief explanation and conditional regrets in case there was a misunderstanding.

(Frank Murray & Edward Neilan, Washington Times, A1)

PRIME MINISTER SAYS REMARKS NOT MEANT TO CRITICIZE AMERICANS

TOKYO -- Prime Minister Miyazawa scrambled Tuesday to control the diplomatic damage done by his derogatory remarks about American workers, saying he did not mean to impugn Americans.

"I had absolutely no intention of criticizing American workers," Miyazawa told the house of representatives budget committee as the morning session opened in an attempt to defuse American anger. "I used the phrase 'work ethic' to express the idea of a philosophy of work," he said. "My use of the word 'ethic' may have caused misunderstanding, but that was not my intention." **(Bill Lamp, UPI)**

JAPANESE SCALE BACK ON U.S. BANK HOLDINGS

Just two years ago, Japanese banks were fast gaining ground in the U.S., raising fears that another U.S. industry couldn't compete on its own turf. Those fears proved overblown: Japan's banks have scaled back. After surging from 4.8 percent in 1982 to 11 percent in 1990, Japanese banks' share of U.S. bank assets fell to 10.4 percent by June 30, reports the Federal Reserve Bank of San Francisco. **(Paul Wiseman, USA Today, B1)**

CUTTERS RETURN FIRST 381 OF FLEEING HAITIANS

PORT-AU-PRINCE -- Denied asylum by the U.S., 381 Haitians who fled political chaos and economic turmoil in their country were shipped back home Monday from Guantanamo Bay Naval Base aboard two U.S. Coast Guard cutters....

"They seem fine and they were very well treated" by the Coast Guard, said Jean Ayoub of the International Committee of the Red Cross. He added, however that they seemed "a little bit afraid of the unexpected." Asked if he expected any of the repatriated Haitians to be targeted for reprisals by the military, Ayoub said: "We have to wait and see. I don't think so (but) this is the first day." **(Lee Hockstader, Washington Post, A11)**

HAITIANS DECRY REFUGEES' FORCED RETURN AS RACIST

NEW YORK -- Haitian immigrants on Monday angrily denounced the forced repatriation of their countrymen as a racist betrayal of the American principles of freedom and justices they came here for. "Had we been any other country, white or Spanish, we would have had a chance," said Florence Comeau, a spokesman for the Haitian Affairs Committee. **(Beth Harpaz, AP)**

CHURCHES STAND UP TO STOP REPATRIATION OF HAITI REFUGEES

Church leaders and human rights groups mobilized Monday to try to prevent the federal government from rushing to deport thousands of Haitians without fully investigating their pleas for help.

"We're betraying the United States' humanitarian tradition," said the Rev. Richard Ryscavage, the head of a nationwide Roman Catholic effort to help the Haitians gain asylum. "The simple response of just sending people back into the chaos in Haiti is not the moral thing to do. It's a crude and a rough way of dealing with a very complex situation." **(David Crum, Knight-Ridder)**

'A JUDGMENT CALL' AT GUANTANAMO
INS Decides Whether Haitians Are Fleeing Poverty Or Personal Danger

Joseph Seraphin was among the lucky ones. The young Haitian student was allowed into the U.S. after persuading U.S. immigration officers that the military knew he was a strong supporter of ousted President Aristide and could be killed if he returned to Haiti....

U.S. officials say the screening process effectively filters out anyone likely to be in danger if returned. They insist there have been no reprisals against those sent back.

"In the last 11 years, there is no evidence...not a single case, in which a Haitian who was repatriated was targeted for persecution by the regime," State Department spokeswoman Margaret Tutwiler told reporters Monday. "So we just don't have any evidence of it."...

Democrats have been sharply divided over the Administration's policy. It was endorsed by Sen. Mitchell and criticized by Paul Tsongas. Mitchell said the Administration "appears to follow the law" and even to interpret the statute liberally by approving 35 percent of the applicants as political refugees. Tsongas said bitingly, "I'm glad George Bush wasn't president when my parents came. They were economic refugees."

(William Booth & Al Kamen, Washington Post, A11)

U.S.-CUBA PHONE LINKS TO BE IMPROVED

The Bush Administration has approved a plan for improved telephone communications with Cuba, using a formula that will permit cash payments to the island despite the U.S. economic embargo, the State Department announced Monday. Officials said that while Cuba may gain financially, the arrangement is consistent with longstanding U.S. policy of enabling Cubans to learn more about the outside world. **(AP, Washington Post, A8)**

TRADE REP IN MEXICO CITY FOR FREE-TRADE TALKS

MEXICO CITY -- Amb. Hills wrapped up a quick visit to Mexico City Monday by assuring reporters that free-trade negotiations with her counterparts here are "on track." However, Hills was less than enthusiastic when asked whether a pact with Mexico and Canada might be signed this year. "This is a difficult and complex negotiation process," she said, adding that talks began only six months ago. "We don't have a deadline." **(Nancy Cleeland, Copley)**

NORIEGA INVALUABLE TO U.S. IN DRUG WAR, DEFENSE SAYS

MIAMI -- Manuel Noriega gave U.S. officials "unprecedented cooperation" in the war against drugs, including secret financial records that led to breakup of a major Colombian money-laundering operation in Panama and arrest of two leading operatives of the Medellin drug cartel, a lawyer for Noriega said Monday.

Opening the defense case in the trial, defense attorney Jon May also promised evidence showing that Noriega regularly briefed the CIA about his meetings with Fidel Castro and was a key intermediary between the U.S. and Cuba during the 1983 U.S. invasion of Grenada. **(Michael Isikoff, Washington Post, A1)**

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CONGRESSMAN SAYS U.S. FIRMS AIDED IRAQI WEAPONS PROGRAMS

Rep. Gonzalez says the House Banking Committee has evidence that dozens of U.S. firms assisted Iraq's weapons development program, despite a report to the contrary last year by President Bush. Gonzalez said Monday the evidence was uncovered during his committee's investigation of the Italian-owned Banca Nazionale del Lavoro, which he said loaned $2 billion to the Iraqi procurement network....

"In fact, numerous U.S. companies provided critical support to Iraqi weapons programs, including missiles," Gonzales said. The committee "has clear evidence" of the U.S. firms' involvement, and has learned "that responsible (U.S. government) agencies have not thoroughly reviewed thousands of relevant documents because of inadequate resources," he said. **(Robert Shepard, UPI)**

SHAMIR: U.S. CAN'T 'DICTATE' TO ISRAEL

JERUSALEM -- Prime Minister Shamir warned the U.S. Monday against trying to dictate policy on Jewish settlement of occupied Arab land in exchange for $10 billion in loan guarantees. "We are very interested in receiving the guarantees, but we will not accept any kind of dictate with respect to government policy," Shamir told the Knesset Security Committee. **(Reuter, Washington Times, A7)**

U.S. OBJECTS TO MANDELA VISIT TO LIBYA
State Department Official Reportedly Conveys 'Very Strong Views'

CAPE TOWN -- The Bush Administration has expressed its displeasure to Nelson Mandela over his decision to vist Libya last month at the peak of an international controversy over Libya's alleged connection with airline bombing, U.S. sources said.

The sources here and in Washington said Assistant Secretary of State Herman Cohen made the Administration's views known clearly to Mandela during a telephone conversation initiated by Mandela from Morocco Jan. 21, immediately after his visit to Libya....

ANC officials Monday expressed irritation over U.S. attempts to dissuade Mandela from visiting Libya, explaining that Moammar Gadhafi had been a longtime supporter of the ANC and its struggle against apartheid and that he was still providing assistance.

"If the United States starts trying to dictate which countries Mandela visits, that's going to cause a lot of problems," said one official. **(David Ottaway, Washington Post, A12)**

LIBYAN VIEWS NOT NEW, U.S. SAYS

The State Department said Monday it saw nothing new in a Washington Post interview with Moammar Gadhafi, in which he called for compromise to avert sanctions over Libya over the 1988 bombing of a Pan Am jet. Spokesperson Margaret Tutwiler also said the State Department had no intention of reopening its embassy in Tripoli, as Gadhafi said he wanted because indirect contacts had been fruitless. **(Reuter, Washington Post, A12)**

PRESIDENT TABS DAUGHTER TO LEAD U.S. DELEGATION

President Bush's daughter, Dorothy LeBlond, will head the U.S. delegation at the opening ceremonies for the Winter Olympics, the White House announced Monday. Bush also picked his sister, Nancy Ellis, Melanie Griffith and Don Johnson, and business executive Osborne Day for the delegation.

(News Services, Washington Post, E8)

OZONE-HOLE CONDITIONS SPREADING
High Concentrations Of Key Pollutants Discovered Over U.S.

The danger that a new ozone "hole" could open over densely settled areas of the Northern Hemisphere, exposing the population to increased amounts of harmful radiation, is greater than previously suspected, scientists reported Monday.

New findings of ozone depletion by NASA satellite and multi-agency airborne instruments are so alarming, scientists said, that they decided to release them before completion of the data analysis in late March. **(Kathy Sawyer, Washington Post, A1)**

(Monday evening, Feb. 3)

ECONOMY/ELECTION

ABC's Peter Jennings: We begin tonight with the economy and politics, and these days it's impossible to separate the two. At the White House today it was a particularly combustible mixture. A delegation from the National Governors' Association arrived to talk about the economy. The in-and-out is supposed to be routine: the President says a few words, the cameras record the moment and then leave the room. And if the governors want to appear on television, they walk outside and have their say in the White House driveway. But as you all know, this is an election year.

ABC's Brit Hume: The President came into the East Room to polite applause from the governors, Democrats and Republicans alike. The White House had planned to permit TV coverage of Mr. Bush's appeal for their support for his economic program and then to have a little off-camera give and take. But when the press was about to leave, Colorado Democratic Gov. Romer objected.
(**Gov. Romer**, seated next to the President: "Could I ask the press not to leave yet? Excuse me. We need a new format here. There are a couple of points that you made that I think have partisan implications. And I just want to frankly answer them before the press leave the room.")
While Chief of Staff Skinner looked on, anxiously biting his nails, Romer attacked the Bush budget as having too many gimmicks.
(**Romer:** "We're concerned about the budget that you've laid out. We're concerned that it does not provide the revenue."
President Bush: "But if it doesn't provide the revenue, are you all suggesting a tax increase now at the federal level?")
No, said Romer. He was suggesting there should be more taken from defense spending.
(**Romer:** "We ought to take the peace dividend, whatever size it is -- $50-$100 billion over five years -- and have it directed toward economic stimulization of the country.")
Wait a minute, said the President, if you want a $100-billion peace dividend -- twice what he's offered -- how do you get it?
(**President Bush:** "What bases do you want to close? What areas do you want to shut down? What weapons systems do you want to knock off right now? Where do you want to lay off the people?"
Romer: "I don't know the answer to that, because I don't sit in the halls of Congress. But I think that debate ought to go forward.")
White House advisers professed to be delighted with the President's performance. But the Democrats may have just as good reason for satisfaction with Romer. After all, how many of them will get the chance this year to dispute the President on his budget in the White House with the cameras rolling?

Jennings: For President Bush it is turning out to be an uphill battle convincing the voters that he's the one to best handle matters. We've been tracking public opinion in the week since Mr. Bush made his State of the Union speech, and over this weekend:

Jennings continues:

Who will do a better job on the economy?

Democrats.....44 percent
President Bush.....40 percent

Which party could do the best job helping the middle class?

Democrats.....52 percent
Republicans.....33 percent

The question is how to convince the voters that the Democrats are on the right track. In the first state where it matters politically, the Democrats running for President are having a very hard time convincing the voters that they have an immediate solution to immediate problems.

ABC's Jim Wooten reports that as they trudge on through the hard times of New Hampshire's wintery recession, there's little mention of foreign policy or disarmament or the environment. Wherever the Democrats go these days, whomever they see, only the economy seems to matter, nothing else -- how bad it is, who's to blame for it.
(Harkin: "George Bush.")
(Kerrey: "Ronald Reagan and Paul Volcker.")
(Clinton: "And they don't give a rip-snort about what happens to you, lady.")
And what to do about it. Again and again, the candidates have carefully pointed out the differences among them on such matters as an income tax cut for the middle class, on trade policy, on defense spending cuts. And while some voters may be attracted to all this detail, most are simply overwhelmed by the enormity of the problem and the complexity of the solution.
(Woman: "There's not a lot of difference between them, I don't think.")
(Man: "The average economic voter in the state is dealing with his own immediate problems, and they're not saying a whole lot that's going to deal with the immediate problem.")
(Woman waving newspaper clippings: "This is just one week of foreclosure notices. This is our town.")
This woman had an immediate problem. She told Sen. Harkin she and her unemployed husband will soon lose their house.
(Woman: "What are we going to do about the homeless? We're going to be these homeless people.")
All the Democrats are trying to respond to all this anxiety. But no one message seems to have much more resonance than another, and voters may simply have to make their choice as they often have before, on their instincts and intuition about the candidates, not on the economic details. **(ABC-Lead)**

NBC's Tom Brokaw: Taxes and welfare, two of the most explosive issues in this economically distressed election year, and today they were on the front burners of Washington. President Bush invited governors to discuss his new economic plan, and he heard rebuttals instead.

NBC's John Cochran: Some of the nation's governors may not like the President's handling of domestic issues, but tonight he probably doesn't like the manners of some governors, one in particular. The President asked the governors to support his economic package, then signaled it was time for reporters to clear out. But Colorado Democrat Roy Romer said hold on, reporters and cameras should stay.

(**Romer:** "There are a couple of points that you made that I think have partisan implications. And I just frankly want to answer them before the press leaves the room. And it is in reference to your budget proposal.")

Gimmicks, said Romer. Your budget is full of gimmicks that don't show where all the money is coming from. But Bush made a good recovery with the dreaded "T" word, taxes.

(**President Bush:** "But if it doesn't provide the revenue, are you all suggesting a tax increase now at the federal level?")

One Democrat surprised everyone by saying higher taxes are better than the huge budget deficit, which he called a "sewer of debt."

(**Gov. Sinner**, N.D.: "But I think you could tax the wealthy a lot more.")

Gov. Romer suggested cutting defense spending beyond the $50 billion Bush has targeted over five years.

(**President Bush:** "Do you want it to be $100 billion, and if so, what bases do you want to close? Where do you want to lay off the people? Now I'd like to know what your suggestion is specifically, while we have the press here."

Romer: "And I don't know the answer to that because I don't sit in the halls of Congress. But I think that debate ought to go forward.")

Aides say Bush was relieved that Romer offered no solid alternatives but was surprised that Romer sandbagged him in the first place, because they have been friendly in the past. Despite Romer's denial, Bush's aides smell election-year politics, and they are shocked, shocked. **(NBC-Lead)**

CBS's Dan Rather: A photo opportunity for President Bush with the nation's governors turned into a political clash today right inside the White House. Mr. Bush was talking up his election-year budget and the program he says will turn the economy around quickly. But then a governor started talking back.

CBS's Susan Spencer:

[**TV coverage** of the governors applauding the President as he enters the East Room]

It was to have been just another polite photo-op, with Mr. Bush patiently explaining why it's in the country's interest that the governors rally round his economic plan, that Congress pass it by his deadline.

(**President Bush:** "Well it's pinch time, and I've proposed a way in which all of us can rise to the occasion.")

But Democrat Romer wasn't interested in rising to the President's occasion. When the press was told to leave:

(**Romer:** "Could I ask the press not to leave yet? This format is not a good one. It's kind of structured, they're assigned questions. But uh --"

President Bush: "Ask anything you want.")

Spencer continues: But a clearly irritated President Bush then stared straight ahead when Romer did ask chiefly about what he called gimmicks in Mr. Bush plan.
(**Romer**: "We're concerned that it does not provide the revenue to do what is anticipated there, and we're concerned that some of those may end up on our backs."
President Bush: "But if it doesn't provide the revenue, are you all suggesting a tax increase now at the federal level?")
No, Romer said, just bigger cuts in defense, and more tax fairness.
(**Romer**: "I'm worried about trying to take the peace dividend and to make the economic tax adjustments that you suggested with figures in the budget that I do not yet believe balance."
President Bush: "Have the Democratic governors taken a position that there ought to be a $100-billion defense cut? What bases do you want to close? What areas do you want to shut down? What weapons systems do you want to knock off right now? Where do you want to lay off the people?")
Romer said later what he wanted was to make clear that there are other approaches.
(**Romer** at the stakeout: "We need to have an economic recovery package, and we need to have fairness in tax. And the President has one point of view. There's another point of view that is out there.")
It's become clear since the State of the Union that that other point of view is determined to be heard. What was astonishing today was that a Democrat would march into the White House and say it to Mr. Bush's face.

Rather: Susan, a member of the President's own Cabinet, Jack Kemp, said there are gimmicks in the President's plan. Now the governors are unloading on him inside the White House. What chance does his plan really have on Capitol Hill?

Spencer: I think it has absolutely no chance of passing before this artificial deadline. Parts of it probably will get through because the Democrats don't want to be blamed for everything. What we all have to keep in mind, of course, is that this plan is now five days old, and suddenly there's this urgency about it that didn't exist before. **(CBS-Lead)**

JAPAN COMMENTS

Jennings: The White House said today that Japanese criticism of American workers is, in the White House's words, "not helpful." This morning Prime Minister Miyazawa said America is losing it's work ethic, producing too many highly paid Wall Street dealers and too few engineers. **(ABC-2)**

Brokaw: If you thought that the bashing was over between this country and Japan, think again.

NBC's Brad Willis reports from Tokyo: This time the put-down on American workers came during a nationally televised session of Japan's parliament. One lawmaker claimed that part of the problem is that some Americans don't work hard enough on Mondays or Fridays because they're too preoccupied with enjoying themselves on weekends.

Willis continues: Then Prime Minister Miyazawa added, "I have long felt that Americans lack a work ethic," and can't "live by the sweat of their brow." Without responding to Miyazawa directly, President Bush today defended American workers.
(President Bush: "I do not believe for a minute that this is a country in decline.") (NBC-5)

CBS's Bill Whitaker reports that the Prime Minister's office issued a statement of regret. The prime minister, it said, was merely commenting on the economic excesses of the 1980s in both the U.S. and Japan. President Bush said tonight he accepts the prime minister's statement.
(President Bush: "He's gone out of his way to make clear that he was not denouncing all American workers, and I strongly support them and continue to say so. They can compete with anybody in the world if we're given access.")
[TV coverage of President Bush greeting Prime Minister Miyazawa in Japan]
It's just the latest exchange in an intensifying war of words since President Bush visited Japan last month.
(Thomas Zengage, international business consultant: "There's a lot of truth in what the Japanese say, and that's what hurts. We can see our cities crumbling, our companies failing, people thrown out of work. That's why it hurts. We're embarrassed and we're mad.")
Just last week in New York, President Bush and Prime Minister Miyazawa tried to put the best face on things. But with the U.S. in recession and an election year heating up, many Japanese fear relations will only get worse.
(Yukio Okamoto, international business consultant: "This year is a bad year. Economically, politically, we are at the lowest point, the both of us.") (CBS-2)

BUCHANAN

CBS's Eric Engberg reports that Patrick Buchanan is running as the avenger on the right, trying to convince conservatives that George Bush has betrayed the things they hold dear.
(Buchanan: "When it comes to Washington and government, I believe in smaller government, lower taxes, less spending and balanced budgets.")
His tongue, honed to razor sharpness by his years as a speech writer for Nixon and Reagan, then as a belligerent on TV debate shows --
(Buchanan: "Why is the homosexual population still two-thirds of all cases?")
Buchanan specializes in fighting words. His message that too much free trade and internationalism are killing America's economy is aimed at reviving the wimp issue against the incumbent.
(Buchanan: "Being a trade pacifist like Mr. Bush is not enough. I think we have to be trade hawks.")
Toughness permeates Buchanan's policies. Illegal immigrants from Mexico a problem? Dig a trench. Trouble with the homeless in the streets? Call a cop. As a brawler in ideas, Buchanan has left a trail of utterances that foes say reveal either a bigot or an insensitive smart-alec.

Engberg continues:
(Buchanan on "This Week with David Brinkley": "But if we had to take a million immigrants in, say Zulus next year or Englishmen, and put them in Virginia, what group would be easier to assimilate and would cause less problems for the people of Virginia?")
He denies any prejudice, but Jews have been angered by his comments about Israel's clout, including a remark in opposition to the Gulf War before it started.
(Buchanan on "The McLaughlin Group": "There are only two groups that are beating the drums right now for war in the Middle East, and that is the Israeli Defense Ministry and its amen corner in the United States.")
He claims it's his opposition to Israel's policies that has given rise to charges of anti-Semitism. He once called AIDS nature's revenge against homosexuals. By building his campaign around strong positions on hot-button issues, Buchanan provides one way to measure the voters' mood this year. If that mood is angry toward foreigners, taxes and politics-as-usual, then Buchanan provides a handy lightning rod. **(CBS-11)**

WELFARE REFORM

Brokaw talks with Gov. John Engler of Michigan:

Brokaw: ...The other night in his State of the Union speech, the President talked only about what he described as a permanent welfare population, talked about their need to face up to their responsibilities. Was that an over-simplification?

Engler: I don't think so, because by the same token we have people who don't like their circumstances. We also have children coming out of those families that don't go do school. There's no follow-up on the part of the family. The families in many instances have increased in size despite the inability really to take care of the family that they currently have. You've got a number of challenges facing us with welfare and poverty in America that simply under the current system aren't being dealt with well. The governors are saying to the Congress, give us the authority to make some changes, let us try some innovations.... That's one thing that Republican and Democratic governors alike agree upon, that Congress has tried to micro-manage social policies from Washington, and they simply haven't done it well. And the President said if the governors will identify the things that they want changed, he'll fight with us, and we've said we'll fight with him. **(NBC-2)**

CONSTRUCTION SPENDING

Jennings: Statistical confirmation today that 1991 was a miserable year for the construction industry. The amount of money spent to build everything from homes to shopping malls and factories was down more than 9 percent, and that is the largest decline in 47 years. **(ABC-3, NBC-4)**

HAITIAN REFUGEES

Brokaw reports a U.S. Coast Guard cutter took Haitian refugees back home today, back to a land they risked their lives to flee.

NBC's Fred Francis reports that U.S. officials insist that more than 80 percent of the Haitians are economic migrants, not political outcasts, not racial undesireables.
(Brig. Gen. George Walls: "Most of the people that we have seen come here are people who are so far removed from the political process in Haiti that the things that are going on in the government don't even affect them, and in many cases they don't even know they're happening.")
If Gen. Walls and others are wrong, and Haitians continue to flee while those who are returned are persecuted or killed, the U.S. will have to reassess its policy.
(Sen. Graham: "I think the United States has either got to decide we're going to live with this government of thugs, or we are going to tell them you have the choice of either getting out or we're going to carry you out.")
But there's almost no support in Washington for military action. One official at the Pentagon said it would take years to rescue Haiti from itself. (NBC-7, CBS-3)

Jennings reports the State Department says that in all the years the U.S. has been sending Haitians home, not one has been targeted for persecution. (ABC-6)

OZONE

Jennings reports that for the first time scientists see that the ozone layer has deteriorated over areas of the earth where a lot of us live.

ABC's Barry Serafin reports that since last October, NASA has been using specially equipped planes to study the atmosphere over the Arctic and the rest of the Northern Hemisphere. Scientists say it is growing more likely that over the next decade and ozone hole like the one over the Antarctic will form over the Arctic region. And they are concerned by satellite data showing high levels of chlorine that is depleting the ozone in the atmosphere from Canada and New England to Europe and Asia.
(Sen. Gore: "No one should be startled by today's findings. The warnings have been clear and loud. The problem is they've also been repeatedly ignored by an Administration that refuses to listen.")
EPA officials are studying the timetable for eliminating ozone-destroying chemicals. But even if those chemicals were outlawed tomorrow, there are already enough of them in the atmosphere to continue doing damage for decades. (ABC-7, NBC-3, CBS-8)

HEALTH CARE

Jennings begins a week-long series on health care. He reports that today the FBI announced plans to double the number of investigators assigned to health care fraud, and federal prosecutors have now charged officers of a now-defunct insurance company based in Denver with defrauding customers in 14 states.

ABC's John Martin reports that the Labor Department says it has 37 firms under investigation for health care fraud.

Jennings reports on the high cost of health care coverage. In Canada, paperwork accounts for only a penny of every dollar spent on health care. In the U.S. the paperwork cost is 10 times more.

ABC's Dr. Tim Johnson reports the GAO has compared the U.S. system, where there are many private insurance companies, to Canada's system where the government is the single insurer. The government insurance program pays doctors and hospitals directly after they submit a simple billing form. The patient receives no bill, and private insurance companies are eliminated as administrative middle men. The GAO estimates a similar billing system in the U.S. would save more than $66 billion a year in administrative costs. That includes $14.8 billion saved in doctors offices, $18.2 billion saved in hospitals, and $33.9 billion saved in eliminating the overlapping administrative costs produced by more than 1,500 health insurance programs now in the U.S. Even without adopting the entire Canadian health system, some proposals for health care reform in the U.S. would take their cue from Canada and eliminate private insurance companies in favor of having the government handle administration, the way it does with Social Security. That politically explosive suggestion is opposed by the Bush Administration, which has instead urged that private insurance companies move to more electronic billing, such as computer transactions between health care providers and insurance companies without involving the patients. The Bush Administration estimates that the use of electronic billion would save about $8 billion a year. And this fall, Secretary Sullivan also proposed that consumers be issued a health insurance card which they would present for automatic payment of bills by insurance companies.
(Paul Star [sp], Princeton professor: "[The Bush Administration approach] is like providing people with a card for an automatic teller machine, but no money in their bank account.")
Saving billions of dollars in administrative costs may at least be a place to begin reform. **(ABC-9)**

NORIEGA

Rather reports that in Miami the drug-trafficking trial of Manuel Noriega resumed today with Noriega's lawyers saying Noriega was helping the U.S. and had high contacts in Washington as a paid informer for U.S. intelligence. **(CBS-4, ABC-5, NBC-8)**

DRUG DEALING/HILL

Jennings says a clerk who works at the House post office is reported to have admitted that while on the job he regularly sold cocaine to employees and non-employees. The clerk and two others are also said to have taken thousands of dollars from post office funds. **(ABC-4)**

-end of B-section-

STATE OF THE UNION

Bush -- A Refreshing Confidence -- "George Herbert Walker Bush rose to the occasion and delivered his best State of the Union speech. Bush acted like the leader of the free world, the victor of the Cold War. He was upbeat and confident, offering concrete plans to cut defense, spur investment and get the government off the backs of the people. He refused to push the panic button on the economy. Good.... Democrats may not like it, but the government is not in charge of production in the U.S. No one outside the Beltway wants it to be. Ours is not a centralized economy planned in Moscow-on-the-Potomac -- much to the dismay of Washington insiders.... The backtalk by Democrats was unbelievably out of touch with reality. Speaker Foley raved about reversing 12 years of economic growth. Let's see a show of hands from all those who want to go back to the double-digit unemployment and double-digit inflation of Jimmy Carter.... George Bush drew a line in the political sand between the American taxpayer and Congress. Democrats beware. Voters this year are keeping score of who's on their side." **(Charleston Daily Mail, 1/29)**

Politics? What Politics? -- "George Bush gave one of the best political speeches of his career, in a non-partisan way, as he stretched out one conciliatory hand to the Democrats and smacked them with the other. Contradictory? Sure. But somehow it all came together remarkably well in his State of the Union address. After hyperventilating all along the New Hampshire campaign trail, Bush has rediscovered that which separates him from the Patrick Buchanans and the Bill Clintons of the world: He is the President. He sets the agenda. Let those guys snap at his heals. The ideas were on target.... Instead of trying to out tax cut Democrats in an election year as some feared, Bush's economic plan is, well, perfectly prudent.... In one speech, Bush re-established himself as king of the hill, took aim at an institution about as popular as a governor who won't say the Pledge of Allegiance, and mapped out a commendable economic policy. Democrats have a tough act to follow." **(Birmingham News, 1/29)**

State Of The Union -- A Program For The '90s -- "...[A]mong other things, [President Bush] will lower income tax withholding rates, thereby putting more cash into citizens' hands almost immediately. And he would provide a 10 percent tax credit for many home buyers to help lead the real estate business out of depression. Given that industry's psychological power over the rest of the economy, everyone should benefit. And there are some other measures to lighten the burden on citizens -- especially those with modest incomes -- without destabilizing the economy. President Bush's program carefully seeks to avoid that danger, and to lay the groundwork for long-term revitalization. Citizens at all levels of society have much to gain from it." **(Providence Journal, 1/30)**

State Of The Union -- Bush's Speech Should Ignite Confidence In The Economy -- "Americans' positive reaction to President Bush's State of the Union address may be his best hope for getting its main economic features through a Democratic Congress.... Mr. Bush's tall order to the Treasury Department to reduce by an average $345 yearly per wage earner what it withholds in federal taxes will provide an immediate, if scarcely dramatic funds injection for the economy.... [A]ny reduction [in the capital gains tax] should spur job-creating business investment and help boost home sales as well. The sluggish real estate market, so vital to the overall economy, should profit most from the $5,000, one-time tax credit Mr. Bush urged for first-time home buyers.... The President's proposed investment tax credits and tax aid for research and development also offer long-range help for an economy that needs a lot of it to compete in an increasingly competitive world market.... What [President Bush] projected most was resolve -- resolve that a great nation can triumph over its adversaries, economic or otherwise. Clearly it can." **(Cincinnati Enquirer, 1/30)**

President Fights Back -- Embattled Bush Takes Offensive Against Recession -- "...[S]ome of [President Bush's] proposals, such as the $500 additional tax exemption per child in a family -- to a total of $2,800 -- would not take effect until 1993. Most economists expect a recovery to begin by mid-1992. There are similar problems with some of Bush's other proposals that would cut federal revenue and swell the budget deficit.... His call for a comprehensive federal regulatory review could prove useful to remove unnecessary, growth-hindering rules.... The President's plan to cut an additional $50 billion from the defense budget over the next five years is a welcome and deserved peace dividend after the four-decade Cold War.... Bush acquitted himself well Tuesday night, projecting the self-assured air of the Operation Storm president. If the economy bounces back, the polls could read very differently come election day." **(Houston Post, 1/29)**

Bush Throws Down The Gauntlet -- "President Bush threw down the gauntlet to the Democrats in his State of the Union address: enact my program or be prepared to take the heat.... We have no doubt that if the proposals put forward by the President are enacted, they would boost the economy in both the short and long runs.... The President's speech was a solid effort, both in substance and rhetoric. While it may have been a mistake to wait so long for this domestic "vision," at least it offered a serious and sound set of goals for the future. Mr. Bush has once again showed that when his back is up against the wall, he fights back effectively." **(Detroit News, 1/29)**

In Fairness, What You Earn Is Yours -- "...Mr. Bush and his supporters should emphasize the two points, the first that governments should begin by being apologetic about the money it takes from those who have earned that money, and that it is an affront on the principle of equal treatment under the law to penalize Mary more heavily than John just because she earns more money. And secondly the Republicans should stress that experience tells us every day the same thing the boat builders of Maine have learned,...that marginal impositions act as drags on economic speed as surely as accretions on the hull of a racing boat guarantee to slow it down." **(William F. Buckley, NY Daily News, 2/2)**

-end of News Summary-

ROLL CALL

THE NEWSPAPER OF CAPITOL HILL

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GOP Moves Quickly on Bush's Economic Plan, But Dems Decry March 20 Deadline



Photos by Laura Patterson

In his State of the Union Message, President Bush (with Senate President Dan Quayle and House Speaker Tom Foley behind him)

Cancel February Break If Needed, Gingrich Advises

By Karen Foerstel

Republicans wasted no time yesterday in pushing Congress to act on the economic growth package offered by President Bush during his State of the Union Message Tuesday night.

Minority Whip Newt Gingrich (Ga) promised to oppose a February recess for Members unless the Democratic leadership formally commits by the March 20 deadline to vote on Bush's economic growth package. The recess, officially called the Lincoln/Washington District Work Period, is scheduled to run the week of Feb.

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• As Speaker of the House, Michel would slash committee staffs in half, page 3.
• North Carolina's skinny, 'idiotic' I-85 district, page 2.
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• Court upholds GOP-lean-

Democrats Skeptical as Bush Challe Hill to OK His Economic Package Q

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10 to 14. Democrats say, however, that more time may be needed to pass an economic reform plan.

"I think the important thing is we have a package that is solid and sound," one top Democratic aide said. "I think a quick fix is not the answer."

In the Senate, Minority Whip Alan Simpson (Wyo) and Sen. Pete Domenici (NM), ranking member of Budget, led a special order yesterday morning praising Bush for his proposals and vowing to meet the President's March deadline for passage.

"We're going to start acting on it almost immediately," said Walt Riker, press secretary to Senate Minority Leader Bob Dole (R-Kan). "[Republicans] are taking a very aggressive part in this."

Riker said that during a meeting between Bush and Hill Republicans yesterday morning, "enthusiasm for the plan was beyond our expectations....

"We're going to take advantage of the momentum," he said. "Congress has just as big a role in this as the President. Congress can be part of the problem or part of the solution."

A spokesman for Simpson said that because Bush gave specific recommendations for economic growth in his speech, Congress may be able to act more quickly. "It gives the Republicans and the Democrats a clear goal to work toward," he said.

The Senate Finance Committee is expected to begin hearings on the budget, including Bush's proposals, the first week after the February break.



The Congressional audience during the Bush address was far more demonstrative than usual. Here, G President. Across the center are Sens. John Danforth, Warren Rudman, Larry Pressler, Dave Durenb Seymour, John Chafee, Nancy Kassebaum, Richard Lugar, and Frank Murkowski. Across the bottom Wallop, Mark Hatfield, John Warner, Pete Domenici (looking down), Jake Garn, and Arlen Specter.

But Finance Committee Chairman Lloyd Bentsen (D-Texas) Tuesday night criticized Bush for issuing an ultimatum.

"I think the President's decision to set an artificial deadline...will not be helpful," Bentsen said. "He's demanding that Congress approve in 50 days a proposal he's been working on for 90 days, and he's still fine-tuning it."

One top GOP aide said it was too early to know which Members would be the first to introduce legislation on Bush's proposals, but he expected to see almost immediate legislative movement.

Beginning today, the House Budget Committee will hold hearings on the budget, including

ur; John Chafee, Nancy Kassebaum, Richard Lugar, and Frank Murkowski. Not in the picture
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Beginning today, the House Budget Committee will hold hearings on the budget, including Bush's proposals. Office of Management and Budget Director Richard Darman will testify at 9:30 a.m., and Fed Chairman Alan Greenspan, top White House economic aide Michael Boskin, Treasury Secretary Nicholas Brady, and Defense Secretary Dick Cheney will appear before the committee next Tuesday, Wednesday, and Thursday.

The Ways and Means Committee will hold three days of hearings next week on Bush's package, also featuring Brady, Darman, and Boskin.

A GOP aide predicted that the March 20 deadline can be met "if the two parties are willing to work together. By and large, a lot of these proposals can get bipartisan support."

GOP aides in both the House and Senate said Bush's speech also appears to have mended cracks within the Republican party.

"There's a closing of the ranks, now," one GOP House aide said. "[The Republicans] are more upbeat than they've been in a long time," said Tony Blankley, press secretary to Gingrich.

Among the proposals offered by Bush Tuesday were a capital gains tax cut, the creation of a new 15 percent investment tax allowance, a $5,000 tax credit for first-time home buyers, and an increase in the personal exemption by $500 per child for every family.

Bush also called for enactment of the crime bill, which the House passed last year but which is still awaiting final Senate action.



Photo by Christopher Ayers

t Arms (Martha Pope, far right) and Joe Stewart (next to her) escort Senators through Statuary
State of the Union. From left: Sens Ted Stevens and Wendell Ford, Minority Leader Bob Dole,
and Vice President Dan Quayle.



Yugoslavia's President Tito counseling those Third World countries then emerging from colonialism to band together and manipulate the superpower rivalries between the United States and the Soviet Union for their own ends.

In marked contrast to that time, Yeltsin not only affirmed his country's desire for close friendship with its old adversaries but also reiterated his announcement of last week that Russian nuclear missiles no longer would be aimed at U.S. targets.

Yeltsin's address was the most dramatic in a daylong round of speechmaking by the summit participants. In addition to Bush and Yeltsin, the big names included British Prime Minister John Major, chairman of the 15-nation summit, and the leaders of the council's two other permanent members: President Francois Mitterrand of France and Prime Minister Li Peng of China. Also attending were most of the leaders of the current nonpermanent members: Austria, Belgium, Cape Verde, Ecuador, Hungary, India, Japan, Morocco, Venezuela and Zimbabwe.

All were represented by their heads of government except Hungary, whose president is ill, and Peng of China. At a time when the other leaders seated at the council's circular table spoke approvingly of the worldwide swing toward democracy, Li's speech was an indirect but defiant defense of the Chinese Communist government's 1989 crackdown on the democracy movement.

Saying repeatedly that nonintervention in the internal affairs of U.N. member states should be the guiding principle of the new world order, Li asserted that Beijing will continue "building socialism with a Chinese character" and said that because of that course, "China enjoys political stability, ethnic harmony and economic growth.

"The issue of human rights falls within the sovereignty of each country," he said. "A country's human rights record should not be judged in isolation from its history and culture. . . . We are opposed to using human rights issues as an excuse for interference in our affairs."

Japanese Prime Minister Kiichi Miyazawa used his speech to raise, in a thinly disguised manner, the question of whether Japan and Germany, both of which have become economic superpowers, should be

House Democrats Map Strategy to Oppose Bush on Economy, Health Issues

By Kenneth J. Cooper
Washington Post Staff Writer

PINEY POINT, Md., Jan. 31—House Democrats who retreated to the water's edge to draft a legislative battle plan vowed today to fight President Bush, if necessary, to advance their favored remedies to the stagnant economy and costly health care.

The annual issues conference, held at a union-sponsored school for merchant marine sailors along a Potomac River tributary, was devoted to strategies on the economy and health care as the way to dodge the anti-incumbent, anti-Congress mood of voters and take advantage of Bush's weakness in preelection opinion polls.

Rep. Robert E. Wise Jr. (D-W.Va.), one of the 135 members who attended the two-day retreat, called 1992 a time for Democrats to "stand tall or die hard."

House Democratic leaders insisted they would try to be constructive—particularly on enacting an economic recovery package—while pursuing essentially a partisan course. But when Rep. Sam Gibbons (D-Fla.) today called for extensive legislation to reshape health care in order to draw a Bush veto, the partisan appeal of his idea met with enthusiasm from members present for a panel discussion.

"We're going to stand tall. We're going to speak clearly. We're going to take positions with a great deal of unity and determination," House Speaker Thomas S. Foley (D-Wash.) told reporters this afternoon at the conference center of the Harry Lundeberg School of Seamanship. Foley said the House leadership would press for a middle-class tax cut in any economic package and for a vote on it before the deadline that Bush set in his State of the Union address Tuesday.

"I'm satisfied we will move to a vote before the March 20 deadline, not because he set a deadline, but because we believe we should move quickly," he said.

Rep. Dan Rostenkowski (D-Ill.), chairman of the House Ways and Means Committee, also pledged to meet the deadline but complained that the administration has not presented a bill containing Bush's economic proposals. In an interview, Rostenkowski dismissed as "silly speculation" suggestions that Bush set a deadline of March 20, three days after a rare primary challenge to the Chicago Democrat, to benefit him politically. He said his votes on the economic package would be cast before the primary, so there was no political advantage to be had.

Democratic pollster Geoffrey Garin, who conducted a national survey Jan. 3-6 for the Democratic Study Center, said one finding was that congressional Democrats could benefit from health care and tax issues. He said the likely voters interviewed, by wide margins, trusted Democrats more to provide middle-class tax cuts and health care reform.

Mark Melman, who conducted focus groups for the center, said the Democratic edge on tax cuts represented a major change from 1988 when Republican presidential candidate Bush repeatedly pledged "no new taxes."

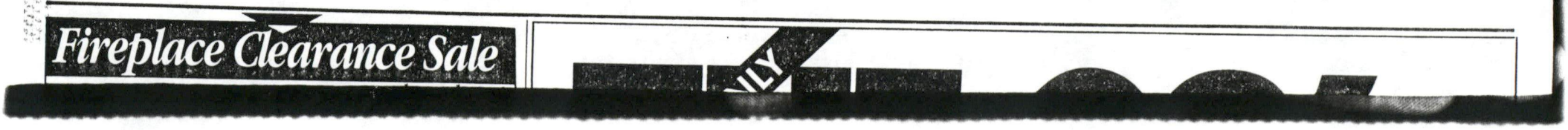
"The underlying dynamics are so clearly in favor of the Democrats," Garin said, despite voters' strong negative view of Congress and the nation's direction, which would tend to hurt incumbents at the polls.

But Wise, chairman of the study center, said Garin's poll left him "pretty concerned" as an incumbent. "The message I get from this is stand tall or die hard," Wise said. "And pick your fights carefully. They [voters] don't want you to pick a meaningless fight. At the same time, they don't want you to duck the real fight."

Gibbons has sponsored a bill to extend Medicare for the elderly and disabled to all Americans, while other House Democrats have proposed either a Canadian-style national system or an employer mandate to provide insurance coverage under what is known as a "play-or-pay" system.

"We can make a good human issue into a successful political issue, if we just move," Gibbons declared, saying he would support any of the three plans. "Bush will veto it, but he won't be president."

Rep. Steny H. Hoyer (D-Md.), chairman of the House Democratic Caucus, said that among its members "there's a lot of sentiment" for making Bush decide on a veto.



Bush Momentum Raises GOP Concerns

Some Republicans Question President's Strategy After State of Union

By Ann Devroy
Washington Post Staff Writer

President Bush's "I-have-a-plan" State of the Union address last week allowed him momentarily to seize the political initiative, but many Republicans—eyeing the new White House staff and the president's history of economic policy stumbles—remain anxious over his ability to sustain the momentum.

Although public opinion polls immediately after the speech showed some approval for individual parts of Bush's program, overall confidence in the president remains low. Among what Glen Bolger, of Public Opinion Strategies, called "sobering numbers" for Bush was that firm's finding that 78 percent of 1,000 adults questioned on Wednesday and Thursday thought the country was on the wrong track, while only 15 percent said it was headed in the right direction. A Washington Post-ABC poll found similar results.

For now, a senior administration official said, the prevailing emotion in the White House is "relief" that the speech is over, and that it produced an economic recovery plan—based on investment incentives and tax changes that would put more cash into the pockets of Americans this election year—allowing the president to "change his message from I care to I have a plan."

"Whatever you think of this plan, at least we have some ammunition in the gun now," said another aide. "Whether we turn into the 'gang who couldn't shoot straight' is another issue."

To help Bush convince the public that he has the right prescription for the economy, he will talk it up in travel from Florida to California, Ohio and New Hampshire during the next 10 days, as well as in public lobbying of Congress at a series of Washington events. The vice president and surrogates from Congress and the Cabinet, particularly economic spokesmen such as Treasury Secretary Nicolas F. Brady, Trade Representative Carla A. Hills and Housing and Urban Development Secretary Jack Kemp, will engage in similar salesmanship around the country.

To add what one campaign official called "resonance" to the message, some 150 organizations, most of them representing business and industry, have been enlisted to encourage their members to praise the plan and lobby Congress for it, a traditional Republican outreach effort. "This time, we will have a sustained campaign from our front," said one official.

But to the dismay of some Republicans, Bush's trip to the United Nations on Thursday and Friday, and his meeting yesterday with Russian President Boris Yeltsin, stopped the campaign in its tracks even before it started, giving Democrats an open field during the past few days to rail against it. "The message is good. The problem is you've got to sustain it, day-after-day, over and over," said Republican commentator Edward J. Rollins. "The president is up there meeting with the Chinese and the Russians and whatnot, and the Democrats are kicking the bejesus out of us."

Bush White House and campaign aides agree the state of the economy will be the ultimate arbiter of Bush's reelection chances, but they argue that their major goal for now is persuading the public that Bush is doing all he can about the recession. A focus group assembled by Bush campaign chairman Robert M. Teeter in Chicago the night of the State of the Union gave credence to Bush's insistence that the ball is now in the court of the Democratic-controlled Congress, according to GOP sources.

"They liked the idea of a deadline," said one source of the March 20 date Bush set for action on his plan. But Vice President Quayle said on Friday he expected the Democrats to pass their own version of the economic recovery plan well before the deadline. That

See BUSH, A5, Col. 1

Mitchell, Sullivan, Buchanan on TV Today

Guests to be interviewed today on the major network talk shows:

Senate Majority Leader George J. Mitchell (D-Maine) on "Meet the Press" (NBC, WRC), 10:30 a.m.

Health and Human Services Secretary Louis W. Sullivan; Arnold Relman, former editor of the New England Journal of Medicine, and Carl Schramm, president of the Health Insurance Association of America on "This Week With David Brinkley" (ABC, WJLA), 11:30 a.m.

Republican presidential candidate Patrick J. Buchanan, political consultants James Carville and Harrison Hickman and University of Southern California law professor Susan Estrich on "Face the Nation" (CBS, WUSA), 11:30 a.m.

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CHURCH'S ENGLISH SHOES

White House Voices 'Relief' Speech Is Over

BUSH, From A4

would likely send the administration into a series of veto strategy debates that would steal the deadline gimmick and put Bush into the weaker position of negotiating budget and economic policy with Democrats in Congress.

The Democrats, the source said, "are not going to sit there passively while we get our game together." Democratic leaders already have dismissed Bush's economic proposal as too little too late and a bonanza for the wealthy, familiar themes that have worked for them well the past two years.

Treasury Secretary Brady said last week he envisioned a "pig wrassle" with Congress over economic issues—a type of contest that has brought Bush little success in the past.

One administration official said Friday, "The State of the Union was the first step out of the hole we dug for ourselves the past few months. The speech won't solve our problem, but it makes it possible to address the problem. . . . But we have no strategic general here and no overall legislative, strategic, public relations and communications plan."

Bush has no history in office of sustaining a domestic issue drive the way he sustained the effort to bring the public behind him on the Persian Gulf War a year ago. His administration is littered with proposals raised in one dramatic forum or another and then largely forgotten as the president turned to the foreign policy initiatives that interest him far more. High-profile pledges to "end the scourge of drugs," to change America's education system, to reform Congress, to reform the political money system, and to hold firm on cutting the capital gains tax all have slipped away.

Adding to Republican worries has been the inability of new White House Chief of Staff Samuel K. Skinner—sometimes accused of "seat-of-the-pants" management—to put in place a smoothly functioning staff.

Last week's events at the White House offered a window into a sometimes chaotic, self-absorbed operation where Skinner, in his zeal to reorganize, is exacerbating turf fights and slights. An announcement Tuesday that Ede Holiday, the Cabinet secretary, would be the official liaison to the campaign produced an immediate uproar on behalf of Ron Kaufman, the White House political director viewed as both the logical choice and the person with the campaign credentials to do it. Over the next 24 hours, the vice president, the president's trouble-shooting son, George B. Bush, and finally the president got in-



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At the same time, Skinner's touted effort to bring an improved communications and domestic policy apparatus into the White House seems to have fallen short. After at least three candidates turned down the job of communications director, Skinner turned to White House press secretary Marlin Fitzwater, giving a new title to an official who works virtually nonstop already.

Meanwhile, weeks of on-again, off-again negotiations with Republican National Committee Chairman Clayton Yeutter over the post of White House domestic policy director were finally settled Friday evening, making Yeutter Bush's principal domestic adviser and restructuring the policy-making system.

"It's pretty weird in here," said one staff member. "Staff rumbles and discontent and grousing and grumbles. As Bush would say: Mood. Bad."

Kemp Calls Some Proposals In Bush's Plan 'Gimmicks'

Associated Press

Housing and Urban Development Secretary Jack Kemp yesterday called some of President Bush's economic proposals "gimmicks" that would not spur economic recovery, but Kemp later issued a statement saying his choice of the word was "less than artful."

"It's no secret that I've never

TUSTY LEATHER SPRIT

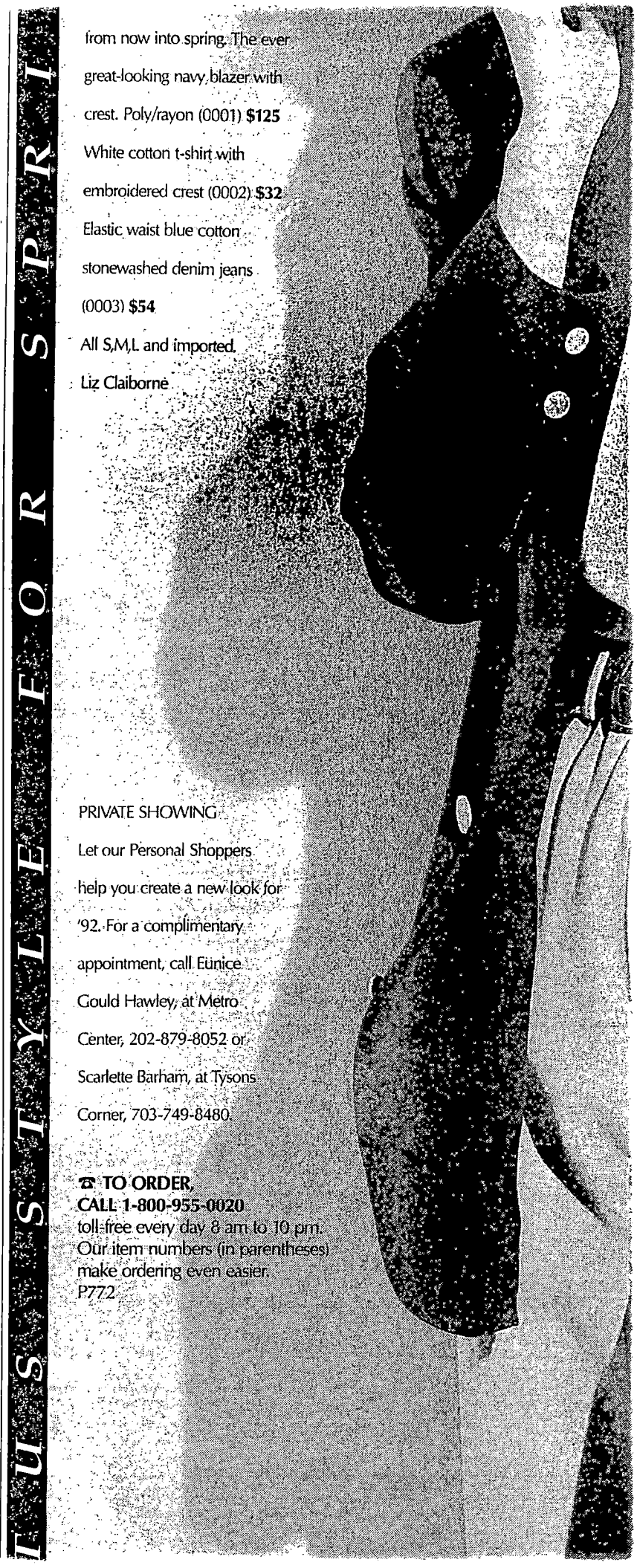
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The Nation

Congress Poised to Act But Maybe Not for Bush

By ADAM CLYMER

WASHINGTON

ON one level, it looks very much like business as usual on Capitol Hill. Congress will almost certainly pass an election-year tax cut that it can say helps the middle class. It is almost certain to reject President Bush's call to eliminate 246 Federal programs, slash mass transit and impose some still undefined cuts in Medicare. Nor will it seriously try to enact Mr. Bush's economic proposals by the March 20 deadline he set in his State of the Union Message.

But on another level, Congress seems different this year. Both parties and Mr. Bush have already found the right accounting gimmicks to "pay for" another extension of unemployment benefits, instead of using the issue as a political club the way they did last year.

In both houses, the tax-writing committees plan to meet through the regular mid-February recess, working on Mr. Bush's economic package. And with a degree of coordination rarely even attempted, the House Budget and Armed Services Committees are trying to get their major legislation to the floor by mid-March, rather than May, their typical schedule.

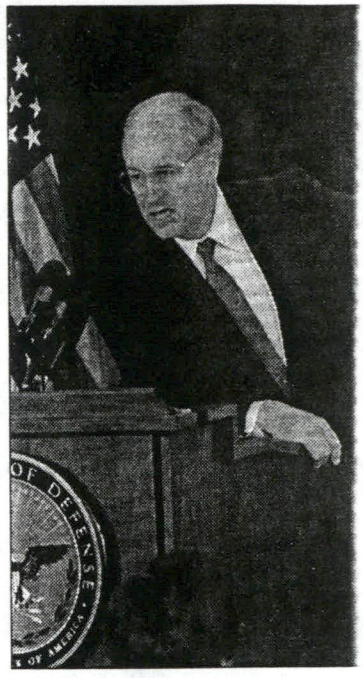
Speaker Thomas S. Foley, who joined in the leadership harumphing about Mr. Bush's chutzpah in proclaiming deadlines for Congressional action after taking months to produce his own still-unfinished program, told a conference of House Democrats Friday, "Our first task, which has not been easy in the past, is to be both faster and clearer."

As to faster, there are really three important dates.

One is Mr. Bush's March 20, and all that anyone expects it to produce is a lot of speeches by him and Republican lawmakers about how the Democrats aren't meeting his reasonable expectations of tax legislation. Representative Newt Gingrich of Georgia, the No. 2 House Republican, was trying out some lines last week, saying that he feared delay because Democrats want to keep the recession going to hurt Mr. Bush. But in fact neither of the key commit ski of House Ways and Senate Finance, goes ou Bush, despite the urgin important, each runs a co inclined to rush serious h

The real deadline is before Congress's schedu fewer Monday met. As long a cans' complai deadline will be another thi take a vacatio

The other New Hampsh measure Patr Mr. Bush, and be suicidal fo talk of compr



Defense Secretary Dick Cheney explaini bomber at 20 planes, building only one

The President's tax package

Major proposed changes in tax laws, all of which are subject to negotiations with Congress, made by President Bush last week.

- An effective reduction in the maximum tax on capital gains to 15.4 percent from the current 28 percent. Democratic leaders oppose any capital-gains cut not accompanied by higher tax rates on upper-income people. The Internal Revenue Service says 72 percent of capital gains are reported by people with incomes over $100,000.
- An increase of $500 in the personal exemption for dependent children.
- A 10 percent tax credit, up to a maximum of $5,000, for any home bought this year after Jan. 31 by a person who has not owned a home during the last three years. The contract would have to be signed by Dec. 31, 1992 and the deal completed by June 30, 1993. The credit — subtracted directly from taxes owed — would be divided evenly between returns filed in 1993 and 1994.
- Restoration of a tax deduction for interest on student loans.
- Allowing individuals with incomes up to $60,000 and couples with incomes up to $120,000 to set aside up to $2,500 a year in a new type of Individual Retirement Account. If the account was kept intact for at least seven years, the principal and interest would be tax-free. People would have the rest of this year to transfer old-type IRAs into the new variety — after paying tax on the old accounts.
- Encouragement of business investment by having the Government, in effect, pay 15 percent of the cost of equipment bought this year after Jan. 31. This would be done by accelerating the formula for first year depreciation.
- An increase to $60 a month, from the current $21, in the amount of employer-provided mass-transit benefits on which a worker could avoid tax.
- A new tax break to a person who sells a home at a loss. The portion of the loss that exceeds 10 percent of adjusted gross income could be deducted from taxes.
- Repeal of the luxury tax on yachts and planes. The 10 percent tax applies to that portion of the cost of a boat above $100,000 and of a plane above $250,000.
- Allowance for real estate developers to use losses to offset taxes on other income.
- Making permanent a 20 percent tax credit for increased business investment in research.
- Temporarily extending special tax benefits for investors in low-income rental housing, bonds that finance moderate- and low-income homes, and wage subsidies that encourage the hiring of poor young people.

Sources: Associated Press; Office of Tax Analysis, Treasury Department

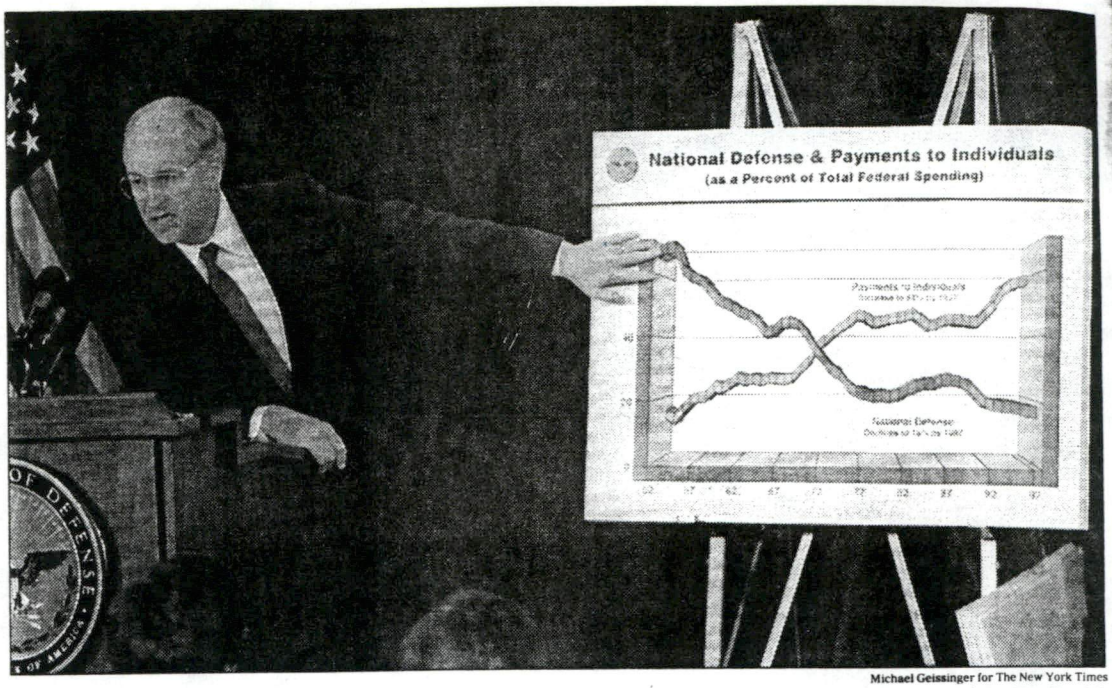
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Michael Geissinger for The New York Times

Defense Secretary Dick Cheney explaining the proposed military budget, which includes halting production of the B-2 Stealth bomber at 20 planes, building only one Seawolf attack submarine, and delaying the Comanche light helicopter.

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The real deadline is probably April 10, the Friday before Congress's scheduled Easter break. It will mean fewer Mondays and Fridays off, but it can be met. As long as Congress is working, Republicans' complaints about Mr. Bush's March 20 deadline will carry little weight, but it would be another thing to miss a deadline and then take a vacation.

The other important date is Feb. 18, when New Hampshire holds its primary. It will measure Patrick J. Buchanan's challenge to Mr. Bush, and may end it. Until then, it would be suicidal for the Bush Administration to talk of compromising its tax legislation; until then, the Democrats cannot know whether a Republican refusal to deal is only short-term posturing. So serious law-making, whether it involves a search for common ground or a battle over an emerging Democratic position, may begin Feb. 19. Even an all-out House battle would leave time for compromise in the Senate by spring break.

> Members are aware of their reputation for delay, and of a recent approval rating as bad as any ever recorded.

To a remarkable degree, this year's agenda is dominated by the budget. There are no major competing issues like civil rights or clean air. Of course, the President mentioned several other bills in his speech, devoting a couple of paragraphs to his crime bill and then proclaiming, "Congress should enact the bold reform proposals that are still awaiting Congressional action — bank reform, civil justice reform, tort reform and my national energy strategy."

President Bush did not spend much time on theses proposalsin his speech, but he did not spend much of an effort to get them passed last year, either, and no one expects Congress to follow his lead on any of them.

Congress will probably pass its own, more modest, versions of energy, education and crime bills, and a family leave measure that the President is still committed to vetoing. And if the Supreme Court reverses Roe v. Wade, Congress will probably pass a measure aimed at re-establishing abortion rights, though not with veto-proof strength. The legislators will also try to do something on health care, an issue where both parties seem way ahead of Mr. Bush.

Spending the Savings

Aside from taxes, the $280.9 billion military budget is central. The Administration's proposed cuts left Congress few easy targets. The issue is what to do with the Administration's $7.6 billion in savings, plus however much more Congress can find to cut. Democrats want to spend it on the domestic programs that Mr. Bush wants to freeze; Republicans would rather use it for tax cuts.

Some kind of tax/growth bill is almost certain to pass. A series of Administration proposals designed to help the housing industry are relatively cheap and almost sure to pass. Something will be done to encourage business investment, either thgough a tax credit or Mr. Bush's accelerated depreciation scheme. The existing temporary tax credits for research and development and for low-income housing are likely to be made permanent.

But the real uncertainty is over whether each side can reach its bottom line.

The Democrats want a bill they can say makes the tax code fairer. Mr. Bush and the other Republicans want a capital gains tax cut, which the Democrats usually decry but say they could live with if it was targeted to developing new businesses. Republicans say they cannot abide the tax increases for upper income Americans that the Democrats say are necessary to help the middle class, and so on.

There are strong reasons to believe that Congress will act. One impetus for action is the members' awareness of their reputation for delay and bickering, which was reflected in a poll rating last month that was as bad as any ever recorded. In the latest New York Times/CBS News Poll, just 17 percent approved Congress's handling of its job, while 71 percent disapproved.

There are more motives for Congressional action than just the desire to avoid ridicule, or even the desire to serve the national interest. It is an election year for Congress, too. No one exemplified that cold reality last week better than Mr. Rostenkowski. He usually lends an air of statesmanship to his committee's work, but last week he announced its hearings by saying, "I'll be asking our witnesses a simple question — what the plan will do to help people on the Northwest side of Chicago — and I'll reject any plan that fails that test."

Mr. Rostenkowski has a primary on the Northwest side of Chicago on March 17.

package

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us, Treasury Department

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DONALD LAMBRO

Good Rx, but a bad drugstore

Now that President Bush has laid his proposals before Congress to strengthen the economy, the political struggle begins to decide whose economic blueprint will lead America out of the recession.

Two sharply different economic philosophies were presented to the American people last Tuesday, and in the end the voters must decide which approach they favor.

The president and his party have a lot riding on the pro-growth proposals that he offered in his combative State of the Union address. It was one of the best speeches of his career, and the initiatives he proposed are good ones that can help spur long-term economic growth.

To be sure, there were legitimate questions about whether a $500 per child family tax exemption and giving 1993 tax rebates now in the form of lower withholding (an average tax cut of about $1 a day) offer the substantive tax relief that middle-class families really need. Across-the-board payroll tax cuts would have been far better.

But these are still pro-growth incentives worthy of support: a $5,000 tax cut over two years for first-time home buyers; deducting interest on college loans; making the business investment tax credit permanent; and restoring tax incentives to the real estate industry to halt the decline in property values.

The boldest component in Mr. Bush's package was his decision to ask Congress to cut the capital gains tax to about 15 percent to unlock investment capital for business expansion and new job creation. This was far below the anemic 19 percent rate that Mr. Bush had planned to seek until GOP conservatives threatened to get behind a plan of their own if his plan was not strengthened.

Whether the Democratic Congress can produce an acceptable economic recovery package in this highly charged political year is a different matter altogether.

There is deep division among Democrats over whether any kind of tax cuts should be passed, with liberal Democrats favoring more pump-priming public works spending measures, and moderate Democrats favoring middle class tax cuts

see **LAMBRO,** *page E4*

Donald Lambro, chief political correspondent of The Washington Times, is a nationally syndicated columnist.

LAMBRO

From page E1

and raising taxes on upper-income people.

Moreover, despite Mr. Bush's nonpartisanship plea to Congress to "do something for your country," there are many Democrats who are not eager to help Mr. Bush bail out the economy. "A lot of members in our caucus . . . would like to let the administration just turn slowly in the wind," a top Democratic aide on the tax-writing House Ways and Means Committee told me.

But let's be honest. Tragically, capgains cuts, the centerpiece of Mr. Bush's growth plan, aren't likely to go anywhere in this Congress.

This, despite the fact that Democrats like New York Gov. Mario Cuomo, former Massachusetts Sen. Paul Tsongas, Arkansas Gov. Bill Clinton, even former Speaker Tip O'Neill, among others, believe cutting capgains makes good sense to expand businesses and create jobs. Yet Speaker Tom Foley and Senate Democratic Leader George Mitchell, both diehard liberals, continue to oppose any cut in capital gains for purely "ideological reasons," says Mr. Tsongas.

Nor is Congress likely to act on any of Mr. Bush's short-term economic growth proposals by his March 20 deadline. And not because it is impossible: If Congress can pass a pay raise in a matter of hours, surely it can come up with a recovery package in two months. But Congress won't because the Democrats do not want to engineer an economic



turnaround this early in the presidential election year.

That points to a Bush campaign strategy of making the Democratic Congress the chief obstacle to economic reform and the central issue in this year's campaign.

Meantime, while a beleaguered economy waits for the government to act, it is important for Mr. Bush to keep the pressure on Congress by asking the American people, as Ronald Reagan did, to put the heat on their lawmakers.

The economy is stagnant, bankruptcies are growing, public confidence is in a steep decline, deficits remain out of control, and the national 7.1 percent unemployment rate is likely to rise before it levels off, perhaps by this spring.

But it is important that we do not let ourselves become so despondent as a nation that we lose sight of America's resilient, entrepreneurial, can-do spirit and its underlying economic strengths.

Inflation and interest rates are at their lowest in many years, with mortgage rates of nearly 8 percent triggering first-time home purchases among middle-income people and a wave of refinancing by middle-class homeowners that is putting hundreds of dollars into their monthly budgets.

Meantime, U.S. exports, the best indicator of America's ability to compete in the emerging global economy, jumped to a new high of $37.1 billion in November — rising by 7.5 percent in the first 11 months of last year. That is a very bullish sign for the future.

Mr. Bush touched on these strengths when he declared that this recession "will not stand." The weak economy is the result of anti-growth taxes and crushing regulations that need to be corrected. It is also the result of national insecurity about the future, and that's where Mr. Bush's presidency can be more effective.

"We can defeat hard times together," he told America. That is the message of hope and opportunity that a re-energized George Bush needs to drive home in the days to come against the gloom-and-doomers who have always been proven wrong.