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# News Summary

OFFICE OF THE PRESS SECRETARY

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## TODAY'S HEADLINES

### INTERNATIONAL NEWS

**AMERICANS HARDEN STANCE TOWARD IRAQ, ARE CONFIDENT OF U.S. SUCCESS, POLL SAYS** -- Americans are hardening their line toward Iraq and are increasingly optimistic about eventual U.S. success in the Persian Gulf but believe that the conflict will be protracted, according to a Wall Street Journal/NBC News poll. (Wall Street Journal)

**BUSH ACCEPTS IRAQI OFFER OF TV TIME; ASKS TO BE GIVEN 15 UNEDITED MINUTES** -- President Bush Thursday quickly accepted an offer to appear on Iraq's state-run television network and the White House called on Iraqi President Saddam to provide up to 15 minutes for an unedited message from Bush to the Iraqi people. (Dallas Morning News, Washington Post, Washington Times, AP)

### NATIONAL NEWS

**BUDGET NEGOTIATORS FACE TOUGH CHOICES** -- White House and congressional budget negotiators have agreed to the size of the deficit cut they want to achieve next year, but now face hard choices about specific spending cuts and tax increases needed to attain their goal. (Newsday, AP, UPI)

### NETWORK NEWS (Thursday evening)

**POLL** -- An NBC News/Wall Street Journal poll shows 75 percent of Americans approve of what the President is doing in the Middle East.

**GULF** -- President Bush accepted an offer to talk to the Iraqi people via television, and he will make a tape next week to send to Baghdad.

There are new warnings this country will be facing shortages of fuel.

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## INTERNATIONAL NEWS

### AMERICANS HARDEN STANCE TOWARD IRAQ, ARE CONFIDENT OF U.S. SUCCESS, POLL SAYS

Americans are hardening their line toward Iraq and are increasingly optimistic about eventual U.S. success in the Persian Gulf but believe that the conflict will be protracted, according to a Wall Street Journal/NBC News poll.

The survey, conducted Tuesday and Wednesday, found that 68 percent of the 800 persons polled believe the U.S. has the upper hand in the conflict, an increase from a Journal/NBC poll 2 1/2 weeks earlier, when 52 percent said the U.S. held the upper hand.

In the earlier poll, those polled were almost evenly divided over whether the U.S. will be able to obtain its objectives without a shooting war. They now say by a margin of 52 percent to 36 percent that the U.S. will prevail without a war.

Some 84 percent of those surveyed say the U.S. should respond militarily if Iraq attacks Saudi Arabia, up from 74 percent in the earlier poll; 56 percent up from 43 percent, support military action if Iraq fails to withdraw from Kuwait. And 72 percent believe the U.S. should take military action if hostages are harmed.... Overall, the poll found 76 percent support for the deployment of troops to Saudi Arabia and 75 percent approval of President Bush's handling of the crisis, small increases from the earlier survey. (Michel McQueen, Wall Street Journal, A16)

### BUSH ACCEPTS IRAQI OFFER OF TV TIME; ASKS TO BE GIVEN 15 UNEDITED MINUTES

TOPEKA -- President Bush Thursday quickly accepted an offer to appear on Iraq's state-run television network and the White House called on Iraqi President Saddam to provide up to 15 minutes for an unedited message from Bush to the Iraqi people.

The White House was responding to an Iraqi offer to send a film crew from Iraq's state-controlled media to "interview" Bush and broadcast the message....

The maneuvering over television messages came as Bush pledged that Saddam's "brazen blackmail" in holding Americans hostage will not alter his policies and the U.S. will not compromise on the demand for an Iraqi troop withdrawal from Kuwait and for the restoration of Kuwait's exiled government. "We seek a peaceful solution," Bush told a Florida audience later Thursday, "but on one point let me be clear: There can be no compromise when it comes to sovereignty for Kuwait."

Iraq's withdrawal, he said, "must be complete. It must be immediate and it must be unconditional." The President added that Saddam's invasion of Kuwait was an act of "naked aggression" that "strikes...at the very heart of the international order."...

Bush called the Iraqi offer a "real opportunity" as he flew here from Washington for a fund-raising event in which he warned that "hard choices remain" for the U.S. in the gulf. He appealed for continuing American support.

An Administration official said the White House does not believe that Iraq will broadcast a Bush message but that the White House wanted to accept the offer with alacrity as part of what he called the "media-war part of the war."

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(Ann Devroy, Washington Post, A27)

**Bush Accepts Saddam's Bid To Appear On Iraqi TV**

TOPEKA -- President Bush agreed Thursday to appear on Iraqi television by videotape to explain the embargo and other world efforts to force Iraq out of Kuwait.

"It's a real opportunity," Mr. Bush said aboard Air Force One when asked about press reports that the Iraqi government had challenged him to tell his side of the Middle East crisis.

Mr. Bush will tape a speech of 10 to 15 minutes and send it to Iraq's minister of information....

Mr. Bush later offered a preview of his message in a scathing attack on President Saddam, who he said lies to his people about world opinion.

"Saddam Hussein is trying to make it America against the Arabs. It couldn't be more untrue. It's the rest of the world, including most of the Arabs, against Saddam Hussein," Mr. Bush said at a fund raiser for Republican Gov. Mike Hayden....

"America will not be intimidated," he said, vowing to do "whatever it takes" to remove Iraq's forces from Kuwait.

(Frank Murray, Washington Times, A9)

**Bush Says He'll Accept Offer To Tape TV Message To Iraqis**

TOPEKA -- President Bush will accept Iraq's offer to tape a message to be broadcast on that nation's state-run television, the White House said Thursday.

"It's a real opportunity," Bush told reporters....

In Washington, Iraqi Ambassador al-Mashat said that Iraqi television would broadcast the President's message "in its entirety without editing. Here you edit; in Iraq we do not edit."...

Such a broadcast would bring Bush's message into Iraqi homes for the first time -- a sharp contrast to the domination of the local airwaves by President Saddam.

(Susan Feeney, Dallas Morning News)

**President Appealing Directly To Iraqi People To End Crisis**

President Bush is appealing directly to the Iraqi people for support to end the Persian Gulf crisis as he renews a blistering attack on their president and prepares for a weekend superpower summit.

"We Americans should make something very clear -- our argument is not with the people of Iraq," Bush told a Republican rally in Tallahassee on Thursday night. "Rather it is with Iraq's dictator who uses innocent travelers as shields, who now, in direct contravention of international law, holds hostage civilians from many countries."

He said President Saddam "must know that our policy...will not be altered by this brazen blackmail" and that the U.S. will maintain its military buildup in the region and enforcement of the international economic sanctions against Iraq.

However, Bush told reporters traveling with him on a one-day political trip that he was glad for Saddam's offer of airtime to televise a message to the Iraqi people.

(Rita Beamish, AP)

**BUSH PRAISES HAYDEN, DENOUNCES IRAQI ACTIONS**

**TOPEKA** -- President Bush blended strong praise for Gov. Mike Hayden with firm resolve to punish Iraqi aggression in the Persian Gulf during a fund-raising luncheon here Thursday.

Bush also told an audience of 750 people gathered in the Landon Arena of Topeka's Kansas Expocentre the time has come to deal with the federal deficit, and improving relations with the Soviet Union has helped keep the Middle Eastern crisis contained.

During his 23-minute address, the President also complimented members of the 190th Air Refueling Group of the Kansas Air National Guard, which has 500 members on voluntary active duty to support the U.S. buildup in the Persian Gulf.

Hayden pointed out that Bush is the first sitting president in modern times to come to Kansas to campaign for a candidate. And the Gov. said the President's agreement to address a \$500-a-plate luncheon would help unify the Kansas Republican Party behind him as well as raise campaign cash.

Bush noted the late president Eisenhower had said, "Our best protection against bigger government in Washington is better government in the states."

"And today we meet to help Mike keep making government better in the state of Kansas. Abroad, let us raise the flag of peace and justice. And at home, let's show that Kansas does like Mike."

(Roger Myers, Topeka Capital-Journal, A1)

**Bush Says Iraq Sanctions 'Beginning To Bite'**

**TALLAHASSEE** -- One the eve of his departure for meeting with Mikhail Gorbachev, President Bush on Thursday called for increased international pressure on Iraq as well as strengthened American resolve.

"Nothing strikes with greater force at the heart of international order than the act of naked aggression perpetuated by Saddam Hussein or Iraq," Bush said, adding that economic sanctions "are beginning to bite."

The Bush comment, opening the fall campaign season, at a rally for Northern Florida Republican Congressman Bill Grant, also called for a quick resolution of the budget impasse with Democrats.

Bush said he'll tell the Soviet leader in Helsinki, "The world is united against this [Iraq] aggression, and I'm glad the Soviet Union is on our side."

He went on, "Let me be very clear: We seek a peaceful solution to this crisis. But let me also be clear on another point: There can be no compromise when it comes to sovereignty for Kuwait and the removal of all Iraqi forces."

"And that removal must be complete. It must be immediate, and it must be unconditional..."

He got one of his biggest cheers from the crowd of 2,000 when he departed from his script to deplore the continued holding of hostages and added, "I will not change the policy of the United States in standing up against acts of aggression and refusing to submit to this international blackmail."

(Paul Anderson and Mark Silva, Miami Herald, A10)

On The Campaign Trail, Bush Invokes Gulf Crisis

TALLAHASSEE -- Evoking homespun images from Dwight D. Eisenhower to the Wizard of Oz, President Bush brought the Persian Gulf crisis to the campaign trail Thursday. He defended sending troops to Saudi Arabia as a mission to "raise the flag of peace and justice" and appealed for public support as he makes what he called "hard choices" in the Middle East.

"Our cause may not be easy, but it will always be right," Mr. Bush said in Topeka at a campaign rally for Gov. Mike Hayden of Kansas, at the first of two stops on a 2,630-mile swing to the Middle West and South.

Later, in Tallahassee, he called the gulf crisis a challenge to the fundamental international order and said his resolve would not be swayed by what he called Iraq's "brazen blackmail" of using Americans and other foreigners as hostages.

"Every use of force unchecked is an invitation to further aggression," Mr. Bush said in Tallahassee, at a barbecue fund raiser for Rep. Bill Grant, Republican of Florida. "Every act of aggression unpunished strikes a blow against the rule of law -- and strengthens the forces of chaos and lawlessness that, ultimately, threaten us all."

Mr. Bush's appearances in Topeka and Tallahassee <sup>Curt and Dan</sup> set a patriotic tone that Mr. Bush and Republican strategists apparently want to strike in discussing the Persian Gulf crisis in the fall election season. Republicans are hoping that the American military deployment in Saudi Arabia will bolster their efforts to project the party as the safeguard of a strong defense and a strong economy.

(Andrew Rosenthal, New York Times, A8)

**BUSH HEADING FOR FINLAND TO MEET GORBACHEV**

President Bush leaves for Helsinki Friday night for a weekend summit with President Gorbachev designed to dramatize superpower solidarity in dealing with the explosive Persian Gulf crisis.

One the eve of his trip to the Finnish capital, Bush said that at their meeting Sunday he and Gorbachev would talk about a wide range of issues "including the situation in the gulf -- and the world's response to Iraq's aggression" against Kuwait.

Alluding to U.N. efforts to choke off trade with Iraq, the President said in a Florida political speech Thursday: "Never before have we seen this kind of cooperation between nations -- proof that the world community will not stand aside and watch one nation swallow up another.

"The world is united against this aggression and I'm glad the Soviet Union is on our side in this," he said....

Bush seemed to preview his message [to the Iraqis] during his appearance in Florida -- the second stop on a day-long campaign swing that took him to Kansas earlier in the day.

He was campaigning for state and congressional Republican candidates in the Nov. 2 U.S. elections.

"Our argument is not with the people of Iraq. Rather, it is with Iraq's dictator, who uses innocent travellers as shields," the U.S. leader said.

(Gene Gibbons, Reuter)

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**Summit Goal: Aid Gorbachev**

President Bush's call for the superpower summit in Helsinki to discuss the gulf crisis was driven in part by the Administration's strategy of bolstering President Gorbachev's beleaguered government, according to senior Administration officials.

But despite the Administration's sympathy for Soviet calls for Western aid, officials said they fear the one-day summit snag on Mr. Gorbachev's push to expand the meeting into full-fledged Middle East peace talks.

While many Bush aides have characterized the summit as a move to show world unity against Iraq's occupation of Kuwait, a top official said Thursday that it was called "mostly to show support for Gorbachev."

The White House this week expressed concern with pictures of empty bread shelves in the Soviet Union and said it now stands ready to deliver economic aid once Moscow approves free-emigration laws....

Mr. Bush, campaigning in Kansas and Florida Thursday, said his summit meeting with Mr. Gorbachev could lead to greater cooperation on economic matters as well as arms control.

Mr. Bush told an audience in Topeka that "the better we understand each other, the closer I believe that we can work.... The Persian Gulf shows what this cooperation can achieve."

Administration officials said Mr. Bush would use Moscow's support for U.S. policies in the Persian Gulf as the reason Washington would now consider aiding the Soviet government.

(Paul Bedard, Washington Times, A1)

**Gorbachev At Summit Likely To Offer New Measures Against Iraq**

MOSCOW -- With the Persian Gulf crisis posing a threat to his domestic reforms, President Gorbachev is likely to urge President Bush to avoid hasty action against Iraq when they meeting Sunday.

But, Soviet analysts say, he could offer to help Washington in stepping up world pressure on Baghdad to pull its troops out of Kuwait and signal readiness to take part in an international force in the region.

After apparently fruitless talks with Foreign Minister Aziz Wednesday, Gorbachev will clearly be bearing no message of optimism to his Helsinki meeting with Bush.

However, he will certainly aim to use the impromptu summit as a new demonstration of commitment to working with the U.S. on the world stage to contain and solve regional crises that would once have set the superpowers at odds.

"I have no doubt that he will continue to argue for diplomatic efforts to achieve a political solution, and for military restraint at the present stage," said Igor Belyayev, a prominent Moscow Middle East specialist.

"But given Iraq's intransigence, he may well tell Bush he is ready to accept passing on from words to some sort of action to increase pressure on Baghdad, as long as it comes under the flag of the United Nations."

Leonid Koryavin, a commentator for the government newspaper Izvestia, said the summit could lay the groundwork for a common approach by Moscow and Washington to achieving an overall settlement in the Middle East. (Robert Evans, analysis, Reuter)

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**U.S. BARGAINS WITH SADDAM OVER PAYMENTS  
TO LET AMERICANS OUT OF KUWAIT**

**BAGHDAD** -- Washington is bargaining with Baghdad for special charter jets to fly from Kuwait about 1,300 U.S. women and children, many of whom have been in hiding for a month.

Under the deal, Iraqi Airways flights hopscotching from Kuwait to Baghdad to a third Middle East country could start as early as Saturday, Western diplomats said Thursday.

But they will require complicated logistics -- including beaming instructions over VOA and BBC radio stations -- to persuade the women to leave their husbands and bring themselves and their children out of hiding.

"A lot of these people have gone underground and will need to be assured before they're going to come out," a diplomat said.

At the same time, the women and children will have to manage for the most part on their own for the first leg of their journeys, relying on the aid of diplomats other than Americans in Kuwait, the sources said. Their U.S. representatives are under siege at the troop-ringed U.S. Embassy there, and Baghdad has banned U.S. diplomats based in its capital from Kuwait as long as the standoff continues.

(Carol Rosenberg, Knight-Ridder)

**SAUDIS AGREE TO PAY BILLIONS FOR DEFENSE  
More Egyptian, Syrian Troops Accepted**

**JIDDAH, Saudi Arabia** -- Saudi Arabia gave the U.S. an explicit commitment Thursday night to devote billions of dollars in windfall oil revenues to underwrite the cost of the American military deployment here and to ease the economic woes of other Arab nations joining the international embargo against Iraq, Saudi and Bush Administration officials said.

In an hour-long meeting with Secretary Baker at the royal family's sprawling Salaam Palace here, King Fahd said his nation would make contributions, either in cash or fuel and other necessities, toward the cost of supporting the largest American military deployment in a generation, the officials reported. He pledged additional sums toward aiding the front-line states of Egypt, Turkey and Jordan who have joined the drive to isolate Iraq for its invasion of Kuwait, they said.

In a related development, officials said Washington and Saudi Arabia said the Saudis have agreed to receive about 50,000 more Egyptian and Syrian troops to join U.S. and other multinational forces defending the desert kingdom from attack by Iraq.

Though final details and arrival dates have not been set, the agreements would allow fulfillment of the first large pledges to send Arab forces to defend Saudi Arabia, the officials said.

(David Hoffman, Washington Post, A1)

**\$11.3 BILLION COST ESTIMATED IN 1991 FOR GULF OPERATION**

New Defense Department estimates circulated in Congress this week suggest that the bill for Operation Desert Shield in fiscal 1991 will total \$11.3 billion, an amount that would more than wipe out all the various proposed defense cuts now on the legislative table unless U.S. allies pick up some of the tab.

"The cost of the gulf operation is going to be a real sleeper in all this," said one congressional source, who noted that the latest "preliminary" estimates assume that there will be no shooting war.

The estimates were sent to committees involved in preparing the congressional position for budget summit talks with the White House this weekend. However, sources on several key defensive committees said the panels have not received details necessary to evaluate whether Pentagon numbers include expenditures that might have been made even without the Persian Gulf crisis.

Even with allied contributions to the U.S. effort in the gulf, Administration officials made clear Thursday that they want to use the crisis to try to roll back some of the cuts contained in defense bills now moving through Congress.

A senior Administration official traveling with President Bush said Thursday that Democrats "can't sustain those deep cuts in defense when our young men and women are defending America in the sands of Saudi Arabia."

If they continued to press for them, the official said, "We'll embarrass them politically, I can assure you. They just can't sustain the political pressure we'd put on, and they know that."

However, Speaker Foley said the operations in the gulf should be treated as an "emergency condition [rather] than regular planing for the future.... This isn't something we are ready to assume as a permanent condition of American commitment."

(Dan Morgan, Washington Post, A25)

**IN '87, U.S. BORE BRUNT OF REFLAGGING**

The U.S. bore the heaviest financial burden in providing naval protection for ships in the Persian Gulf in 1987-88, while some nations most dependent on gulf oil contributed little to the effort, according to a GAO reported released Thursday.

A similar pattern appears to be developing in the current gulf crisis, with the U.S. paying most of the military cost for Operation Desert Shield. With strong encouragement from Congress, the Bush Administration has urged U.S. allies to play a larger role in confronting Iraq's aggression toward Kuwait.

"The nations that pulled their weight [in Earnest Will] are the ones doing their part today. Those that shirked the burden during Operation Earnest Will are the same ones balking today," said Rep. Schroeder, who requested the study as chairman of the House Armed Services subcommittee on military installations and facilities.

(Rick Atkinson, Washington Post, A25)

**LAWMAKERS SEEK MORE INTERNATIONAL HELP IN SAUDI ARABIA**

**IN THE NORTHWEST SAUDI DESERT** -- Members of a congressional delegation visiting U.S. troops in Saudi Arabia called Thursday on American allies to boost their commitments to the multinational defense effort.

"I'm dissatisfied with the lack of burden-sharing generally so far," Rep. Aucoin said during a visit with the 82nd Airborne Division's 1st Brigade in the Saudi desert.

"My constituents are looking for good-faith efforts on the part of our allies."

Sounding a similar call was Rep. Hefner, who said he expected more European allies to support the Saudi defense effort because they "depend far more on energy supplies from this area than we do." The congressmen, who on Friday were to continue their visit with a planned meeting with Saudi King Fahd, said they came away from a briefing with the top American commander here convinced a formidable deterrent force was in place.

But the leader of the delegation said it was no time to let down the guard. "Anytime you have a potential enemy as fanatical as Hussein is, you have to believe there could be a war," said Rep. Murtha. "But if he has any professional ability at all, he will see that he will pay a high price." (John King, AP)

**CHENEY: 100,000 NOT ENOUGH**

The buildup of U.S. military forces in the Persian Gulf region has reached 100,000 men and women, but it is "too soon as yet" to halt the flow of troops and weaponry, Secretary Cheney said Thursday.

The month-long deployment "has been an enormously successful one," he told members of the Institute for International Strategic Studies.

Cheney's statement was his first public enumeration of the size of the U.S. deployment....

Queried by a member of the audience whether enough U.S. force was in the region that deployment could be halted, Cheney replied, "It is too soon as yet to do that."

"The worst sin of all is to deploy enough to get into trouble," but not enough troops to guarantee their safety and to complete their mission, Cheney said. (Susanne Schafer, AP)

**U.S. CONTENT TO LET SMALL NUMBER OF PLANES EVADE IRAQI BLOCKADE**

The blockade of Iraq has been broken by airplanes carrying food, but U.S. officials are not seriously considering stopping them because an air blockade would be too difficult and so little is getting through.

Blockades have been broken from the air before -- most notably in 1948, when the U.S. flew food and other supplies into West Berlin to circumvent a Soviet blockade. The effort was so successful that the blockade crumbled....

Although officials have not provided precise numbers, they say only a few planes have been landing in Iraq, mainly from Libya, since the U.N. Security Council embargo went into effect last month....

Pentagon spokesman Williams has characterized the leak through the air as "a trickle." (Fred Kaplan, Boston Globe)

**CONFIDENT IRAQIS SET FOR A LONG HAUL**

Iraq's huge military force occupying Kuwait is well-supplied and shows good morale, Bush Administration officials said Thursday, countering press reports from the Middle East that critical supplies were not getting through from Baghdad.

One senior official with direct intelligence reports from the Persian Gulf region said Iraqi leader Saddam has managed to keep his 265,000-man force in and around Kuwait well-fed and supplied. The official said the troops appear to be digging in for a long stay after the Aug. 2 blitzkrieg.

"I don't see any evidence in a broad sense that the forces he used to invade Kuwait are unhappy or disaffected," said the official, who requested anonymity.

A U.S. intelligence official agreed, noting that "they're not being shot at, they're not on the front with Iran, they're at relative peace and they're in Kuwait."

Other officials said Mr. Hussein has built a resilient economic and political system that will not crumble in the near future under the pressure of an almost leakproof economic embargo.

(Bill Gertz and Rowan Scarborough, Washington Times, A1)

**U.S., ALLIES COULD BREAK IRAQ AIR FORCE IN HOURS, OFFICER SAYS**

**WITH THE U.S. FORCES IN SAUDI ARABIA --** U.S., Saudi and allied forces could knock out Iraq's radar in less than five minutes and destroy its air force within 36 hours, a senior U.S. officer said Thursday.

Maj. Gen. Royal Moore, commander of the Third Marine Aircraft Wing and head of its air combat forces in Saudi Arabia, told reporters that allied forces in the Persian Gulf would soon have enough ground combat power to push Iraq out of Kuwait if Saudi Arabia and other Arab states wanted them to do so....

Moore said casualties would be light because U.S. Harm and Shrike air-to-ground missiles would be able to take out Iraqi weapons systems and radar.

"We want about three to five minutes, and we're going to give him (Saddam) the most violent three to five minutes they've ever seen."  
(Mariam Isa, Reuter)

**IRAQ ACCUSES U.S. OF 'ACT OF PIRACY' FOR SEIZING SHIP**

**UNITED NATIONS --** Iraq accused the U.S. Thursday of an "illegal act of piracy" for seizing the Iraqi ship Zanoobia, bound for Basra with what it said was a cargo of foodstuffs....

In a letter to Secretary General Perez de Cuellar, circulated here, Iraqi U.N. representative Al-Anbari called on the international community to "take appropriate measure to prevent such acts of aggression and ensure that food and medicines do reach the Iraqi people."  
(Reuter)

**BRITISH GULF ROLE WINS BROAD BACKING**  
**Thatcher Government May Deploy More Units With Defense Force**

LONDON -- Britain's Parliament, meeting in emergency session for the first time since the Falklands War eight years ago, voiced overwhelming support Thursday for the Western military deployment in the Persian Gulf, but there were also strong warnings that a shooting war could break the consensus here and abroad.

Prime Minister Thatcher announced that Britain is considering sending additional forces to the gulf, and there were published reports Thursday night that these might include 2,000 ground troops to supplement the three British aircraft squadrons and half-dozen war-ships already there or en route. She also announced allocation of \$3.8 million in additional relief funds for refugees in countries bordering Iraq, bring to \$10.3 million Britain's total commitment of humanitarian aid.

Thatcher and Labor Party leader Neil Kinnock appeared in total agreement on the steps taken under U.N. Security Council endorsement to isolate Iraq and force it to retreat from its month-long occupation of Kuwait. But Thatcher insisted that the U.S. and Britain could justifiably launch a military strike against Iraq without needing to return to the Security Council for approval.

(Glenn Frankel, Washington Post, A25)

**MITTERRAND, FRENCH AWAIT U.N. ACTION**

PARIS -- President Mitterrand pledged Thursday he would not negotiate with Baghdad for the release of "the victims of an act of barbarism" but cautioned France equally would not join the U.S. in an attack on Iraq without a U.N. mandate.

Speaking at a news conference broadcast live on four television channels, the Socialist leader stressed he hoped President Bush and Mikhail Gorbachev would promise to confine the prospect of military action against Iraq to the U.N. framework when they meet at Helsinki for a summit next weekend.

Mitterrand repeated his view first stated last month that "the logic of war" continues to prevail even if "we are doing all we can to get out of it while respecting the rule of law." Only an "implacable" execution of the U.N. embargo against Iraq offered a hope for peaceful solution of the stand-off, he said.

(John Phillips, UPI)

**KOHL AIDE AGAINST GERMAN FINANCIAL HELP FOR U.S. GULF ACTION**

BONN -- A senior aide to Chancellor Kohl has come out against any financial help from Bonn for the U.S. military buildup in the Persian Gulf, a leading West German newspaper reported Thursday.

Volker Ruehe, secretary-general of Kohl's Christian Democrats said Bonn should instead help Jordan, Egypt and Turkey, three countries hard hit by the Gulf crisis....

Ruehe's comments, to be published in the Friday edition of Munich's Sueddeutsche Zeitung, revealed a split within Kohl's government over the answer to give him.

On Tuesday, a deputy leader of the CDU, Karl-Heinz Hornhues, said: "Our American friends can be certain of our solidarity. For us, friendship does not stop at money."

(Reuter)

**CRUDE OIL PRICES UP MORE THAN \$1 A BARREL**

Crude oil prices shot up by more than \$1 a barrel and gasoline by nearly 3 cents a gallon as oil markets reacted to news of Iraqi troops shooting an American in Kuwait.

The value of U.S. crude has now increased \$5.51 a barrel, or 21.2 percent, in the last five trading sessions, and analysts look for a further rise Friday. (Walter Andrews, UPI)

**U.S. APPROVES EXPORT OF ROCKET PARTS  
TO BRAZIL DESPITE FEARS OF LINK TO IRAQ**

The State Department has decided to allow the export to Brazil of rocket components that some experts contend could assist efforts by Brazilian engineers and Iraq to develop a long-range ballistic missile, government officials said Thursday.

The components, seven steel casings, are the outer shells of a three-stage rocket called the VLS which Brazil's air force hopes to launch in 1993. Brazil has long argued that the rocket is part of a civilian project to enter the commercial satellite-launching business. (Michael Wines, New York Times, A8)

**KOREAN TALKS END ON UPBEAT NOTE**

**Two Sides Take Steps On U.N. Representation, Family Reunification**

SEOUL -- The prime ministers of South and North Korea ended two days of historic talks Thursday amid conciliatory gestures designed to suggest an easing of the bitter rivalry between the two nations.

South Korea agreed to weigh a North Korean proposal for the two countries to share representation in the U.N., and both delegations said they would take steps to resume negotiations on reuniting families in the divided peninsula. The talks marked the highest-level contact between the two nations since World War II.

Afterward, North Korean Prime Minister Yon Hyong Muk met South Korean President Roh Tae Woo, and the South Korean president was reported to have proposed a summit of the nations' top leaders.

"If we meet often and discuss issues between the North and South, there will be no problems we cannot settle," Roh told Yon.

(Peter Maass, Washington Post, A17)

**U.S. MISSIONARIES REPORT ATTACK BY GUATEMALAN REBELS**

GUATEMALA CITY -- Leftist rebels acting on orders from a top guerrilla commander attacked a group of U.S. and Guatemalan missionaries in northern Guatemala in retaliation for taking in soldiers wounded in an ambush, a U.S. missionary said Thursday.

A group of 10 guerrillas surrounded an outpost run by eight U.S. and two Guatemalan missionaries last Friday night in Sayaxche, about 130 miles north of the capital, missionary Elam Stolfuz said on the daily television news program Teleprensa....

Hours later rebels of the Guatemalan National Revolutionary Unit pillaged and set fire to three houses and the missionary clinic in retaliation for helping 10 soldiers wounded in a rebel attack last month, he said. A U.S. Embassy spokesman said the Guatemalan army evacuated the missionaries from the remote jungle region of Peten to the capital early Thursday. (Reuter)

EDITOR'S NOTES: "Saddam Turns To Religion," by Edward Cody, appears in the Washington Post, A1.

"Last War Remains Fresh In The Minds Of Forces In Gulf," by Steve Coll, appears in the Washington Post, A25.

"Iran Is Motivated To Offer Iraq Aid," by Elaine Sciolino, appears in the New York Times, A8.

"U.S. To Help Soviets Lift Oil Output," by Clyde Farnsworth, appears in the New York Times, D4.

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## NATIONAL NEWS

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### TAX CUT ON OIL COMPANIES

The Republicans may propose a tax cut on big oil companies as an incentive to boost production. The Democrats may propose a tax hike on oil or gasoline to encourage conservation.

Though united on their goals but far apart on how to reach them, congressional negotiators resume the painful and prolonged annual ritual of creating a national budget Friday by traveling to Andrews AFB for a weekend of intensive meetings at the officer's club....

A conciliatory-sounding President Bush is to preside at the opening session before flying off to another summit -- in Helsinki with President Gorbachev, with the Persian Gulf as the meat of the agenda.

"The time for partisanship is past," the President, reversing partisan comments he made last month, declared Thursday at a Republican fund raiser in Topeka. "I pledge to work with the leaders in Congress on both sides of the aisle to get an agreement."...

Despite the soaring price of oil resulting from the confrontation in the gulf, there is still talk among the Democrats about recommending some sort of gasoline or oil tax increase. And because of those soaring prices, Sen. Dole suggested Thursday that the negotiators might consider a tax break for the big oil companies on the condition that they produce more oil.

(Myron Waldman, Newsday)

### Budget Negotiators Face Tough Choices

White House and congressional budget negotiators have agreed on the size of the deficit cut they want to achieve next year, but now face hard choices about specific spending cuts and tax increases needed to attain their goal.

President Bush, warning that "time is running out," planned to sit in on the first 90 minutes of the marathon budget summit set to begin Friday at Andrews AFB outside the nation's capital.

Bush, who travels to Finland Friday night for a summit with President Gorbachev, pledged Thursday to approach the budget talks "in good faith" and called for bipartisan cooperation in tackling the deficit.

Democratic leaders said they welcomed Bush's comments, which marked a softening of previous statements accusing Democrats of dragging their feet since first embarking on budget talks with the Administration in May.

(Steven Gorman, UPI)

**Bush, Congressional Leaders Resuming Budget Talks**

Democratic and Republican budget negotiators say they agree on the amount of deficit reductions they need, but as their bargaining resumes they disagree strongly over how far to cut military spending.

After a five-week break for Congress' August recess, Administration officials and congressional leaders resume their talks Friday at Andrews AFB. President Bush plans to attend the session.

"It is in the interest of every family here that we get a budget agreement," the President said Thursday at a political rally in Tallahassee, Fla. "I pledge to you and to every American taxpayer that I will not accept a budget agreement that is not fiscally sound and fundamentally fair."...

"The hope is to arrive at an agreement," said Rep. Panetta.  
(Alan Fram, AP)

**GULF COSTS MAY BE ISOLATED**

House and Senate budget officials said Thursday there is growing support for isolating the cost of Operation Desert Shield from the rest of the 1991 budget and financing it later through a supplemental appropriations bill.

Sen. Sasser is among those in Congress who is proposing that the eventual costs be segregated from the rest of the budget so that they do not affect baseline numbers used to calculate overall government spending and revenue projections in the fiscal 1991 budget bill.

Meanwhile, there appeared to be growing disagreement over what the eventual costs of the U.S. military action will be.

(Donald Lambro, Washington Times, A3)

**FDIC SAYS REAL ESTATE SLUMP IN AREA,  
NORTHEAST IS WEAKENING U.S. BANKS**

Deepening real estate problems in the District of Columbia, Maryland, Virginia and other East Coast states are seriously weakening the nation's banks, federal regulators reported Thursday.

In its quarterly analysis of the health of the banking system, the FDIC said New England has already replaced the Southwest as the region with the most rapidly growing real estate problems and the troubles are now spreading down the Atlantic Coast.

Banks' real estate loan troubles grew faster in Maryland and the District than anywhere else in the country, the FDIC said. The total dollar value of real estate loans that are not being paid on time in the two jurisdictions doubled in just three months....

FDIC Chairman Seidman said it is too soon to tell whether the growing real estate loan problems and slumping profits will lead to more bank failures, but it clearly is a sign of economic weakness.  
(Jerry Knight, Washington Post, A1)

**SAVING OWL MAY COST 20,000 JOBS****White House Said To Accept Proposals By Scientific Panel**

Senior Bush Administration officials have reluctantly concluded that saving the Pacific Northwest's rare northern spotted owl from extinction will require the sacrifice of up to 20,000 timber industry jobs, informed sources said Thursday.

An Administration task force charged in June with striking a "balance" between owls and loggers has tentatively embraced the main recommendations of a scientific panel that called for preserving large chunks of the ancient, "old-growth" forests where the owls live, sources said.

The decision to follow the panel's basic strategy, albeit with modifications aimed at cushioning job losses, reflects a recognition on the part of Administration officials that to do anything less would jeopardize the survival of the bird, violate the federal Endangered Species Act and cause unacceptable political fallout, sources said.

"What has happened is that people have gotten education about this," said a senior Administration official.

The Administration's owl strategy, which is not yet final and could be rejected by President Bush, has become a key test of Bush's approach to solving environmental problems....

The evolving owl-protection plan appears to represent a retreat from the Administration's position earlier this summer, when officials indicated that they were not prepared to accept large job losses and suggested that Congress consider revising the Endangered Species Act.

(John Lancaster and Rick Atkinson, Washington Post, A1)

**AIR FORCE ONE: MORE THAN FIRST-CLASS****On Maiden Trip, Jet Outfitted For Reagan Suits Bush 'Great'**

TOPEKA -- President Bush got to have his cake and eat it too Thursday -- savoring the new luxurious Air Force One while aides pointed out he had nothing to do with the multimillion-dollar pricetag that paid for extras such as the 85 telephones, the seven bathrooms, the built-in movie screens or private office, changing room and presidential medical suite.

Bush, a World War II naval aviator who seems never to have heard of a plane trip he didn't want to be on, pronounced the converted jumbo Boeing 747 "great" before settling in, presidential slippers parked beneath the new presidential bed, for the jet's maiden trip from Washington to Topeka Thursday.

He reminded reporters twice that Congress had approved the purchase of the plane in 1986 and that not he but his predecessor, Ronald Reagan, had planned its amenities. "Thank heavens somebody else did okay for me five years ago," Bush said.

(Ann Devroy, Washington Post, A13)

**EDITOR'S NOTES:** "U.S. Sets Space Policy To Reassure Rocket Industry," by John Cushman, appears in the New York Times, A16.

"Expensive Gulf Action Is About To Collide With Domestic Needs," by Gerald Seib and Alan Murray, appears in the Wall Street Journal, A1.

## NETWORK NEWS

(Thursday Evening, September 6)

### GULF POLICY/POLL

**NBC's Jane Pauley:** As President Bush politics in Kansas and Florida, the latest NBC News/Wall Street Journal Poll shows American support for his Gulf policy is growing.

**(President Bush:** "And our cause may not be easy, but it will always be right.")

\* \* NBC News Theme \* \*

**Pauley:** It is clear tonight that American support of the President's policies in the Persian Gulf remains strong. The NBC News/Wall Street Journal Poll, conducted earlier this week, shows 75 percent of Americans approve of what the President is doing in the Middle East. Only 18 percent disapprove.

\*\*\*\*\* POLL \*\*\*\*\*

#### President's Gulf Policy:

Approval rating: 75% now; 72% in August  
Disapproval rating: 18% now; 16% in August  
Not sure: 7% now; 12% in August.

(plus or minus 4% error)

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**Pauley:** This is more favorable than in the early days of the crisis last month. Even though the President's summit meeting with Mikhail Gorbachev is less than 72 hours away, he spent most of this day campaigning for fellow Republicans. NBC's John Cochran joins us now from one of those political stops, Tallahassee, Fla.

**Cochran:** For a President who hopes to make a big difference in this fall's congressional campaign, this new poll is a good political omen.

(TV Coverage: President Bush waving to crowd from Air Force One, crowd applauding.)

What the President saw with his own eyes was also a good sign. Welcoming crowds, instead of protesters demanding that he bring troops home from the desert. True, he was campaigning in the conservative heartland, but the NBC News/Wall Street Journal Poll shows that in the past month the number of Americans who approve of sending U.S. forces to Saudi Arabia and the Gulf is up from 70 percent to 76 percent. Twenty percent now disapprove.

(TV Coverage: President Bush at podium of Mike Hayden fundraiser; crowd giving standing ovation.)

With solid backing like that, Bush changed political tactics today. No more hard-hitting attacks on the Democrats. Instead, Bush chose to look more Presidential, less partisan. Calling for a quick budget agreement, Bush did not even mention the Democrats by name.

**(President Bush:** "The time for partisanship, in my view, is past.")

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**Cochran** continues: Bush may be getting high ratings as Commander-in-Chief, but his aides wonder for how long. The new poll shows that in the Mideast conflict, 66% believe the worst is yet to come. Only 25% think the worst is over for Americans. To pay for the crisis, 38% think the budget deficit should be increased. Twenty-seven percent want to cut domestic spending. Eighteen percent would raise taxes temporarily. And 12%, without even being asked about other countries, said others should help. George Bush emphasized they are helping.

(**President Bush**: "We're doing this with the cooperation of the United Nations, 22 countries involved in the Persian Gulf effort -- twenty-two!")

But Japan's promise of medical and transportation help has so far been more talk than action. West Germany says it may help transport American troops, but doesn't want to help pay the billions that the U.S. military effort will cost. Late today, the Saudi royal family said it will pay most of the cost. And if the check actually arrives, President Bush may continue to get strong support from American voters. President Bush will also try to win over public support in Iraq. Bush has accepted an offer from Saddam Hussein to send a videotaped message to the Iraqi people. The Iraqis say they will broadcast the message uncut, uncensored.

**Pauley**: There were more interesting findings from our poll. We asked 800 people, registered voters from coast to coast, why they think American troops have been sent to the Gulf. Fully half say it's to protect the world's oil supply. Thirty-nine percent say to force Iraq to withdraw from Kuwait. And nine percent say it is to overthrow Saddam Hussein. (NBC-Lead)

**CBS's Bob Schieffer**: President Bush spent most of the day politicking. Campaigning for Republican candidates in Kansas and Florida, the President took to the hustings as both Republicans and Democrats are trying to gauge the impact of the Persian Gulf crisis on the fall elections.

**CBS's Wyatt Andrews**: While George Bush as President hopes this crisis unites all Americans, today he began to exploit it to help Republicans -- starting with Governor Mike Hayden in Kansas.

(TV Coverage: President Bush stepping up to podium, receiving Kansas cutout.)

(**President Bush**: "Abroad, let us raise the flag of peace and justice, and at home, let's show that Kansas does like Mike.")

Six weeks ago, Democrats saw the Republican Party as vulnerable -- abortion, the savings and loan scandal, and a sour economy were set to dominate debate. Today, though, Commander-in-Chief Bush is ten points up in the polls, and Neil Bush is no longer front-page news.

(**Linda DiVall**, Republican pollster: "We haven't heard too much about the abortion issue lately. You haven't heard too much about S&Ls. But what you have heard is the need for strong military defense.")

And what voters are seeing is the creative injection of Gulf issues into politics. In Illinois, Republican challenger Lynn Martin has pounced on Sen. Simon's call to cut defense spending.

**Andrews' report continues:**

(**Martin:** "Thus far, the only thing we've been able to hear from him is that he would cut Stealth and SDI. And I wish to remind the people of Illinois that the Stealth technology is in use in Iraq.") While the Simon campaign calls that tactic desperate, Democratic challengers for office have been no less innovative. Kentucky's hot new issue is gasoline price-gouging. Democrat Harvey Sloane has forced incumbent Sen. McConnell of the Energy Committee to defend against the charge he owes too much to big oil.

(**Sen. McConnell, in campaign commercial:** "We need to fight back.") Some experts say any crisis helps the incumbent, regardless of party, especially if incumbents can share the glory of success. But the risk is that the crisis can backfire.

(**Paul Maslin, Democratic pollster:** "Two months from now, if our troops are still stuck in the desert, we have a stalemate in the Persian Gulf, some hostages still haven't been released, and we are knee-deep in a recession, at that point I don't think Republican candidates are going to be all that happy.")

As much as anything, the Gulf crisis will now freeze American politics in place while voters wait to see how it plays it. Still, those Democrats who hoped this September would dawn with Republicans on the defensive will have trouble unwrapping Republicans from the flag. (CBS-7)

**MESSAGE TO IRAQ**

**ABC's Peter Jennings:** Noting all the exposure that Saddam Hussein has had on American television, President Bush said earlier this week he wished he had the same opportunity in Iraq. This morning, the Iraqis offered him time on television. Bush said that was a real opportunity, and said he'll make a tape next week and send it to Baghdad. We'll see if it's played. (ABC-7)

**CBS's Dan Rather:** On the campaign trail in the U.S., President Bush said he's decided to take up an offer from Saddam Hussein. A White House spokesman said Bush will videotape a message in the next few days and give it to the Iraqi Information Minister for broadcast inside Iraq.

**CBS's Doug Tunnell** reports a senior Iraqi official said Iraq was willing to broadcast an interview with President Bush nationwide.

(**Naji al-Hadithi, Iraqi Information Minister:** "We have no conditions. Since he is asking for a chance to address the Iraqi public opinion in exchange for the chance given to our president on American TV, we are ready to do so.")

Some Western diplomats in Baghdad say that a Bush broadcast could be interpreted in Iraq as a slight softening in the American position that there will be no discussion or dialogue with the Iraqis until they withdraw from Kuwait. Meanwhile, the Canadian Embassy in Baghdad succeeded in organizing the first government charter flight from Kuwait. American citizens trapped in Kuwait are being advised to stand by for what diplomats call an air bridge to get them out to safety. But with so many Americans in hiding, the evacuation plan poses tremendous risks. One is that if too many women and children show up at the airport for the first evacuation flight, anyone without a seat on the plane may be stranded there, known to Iraqi troops and unable to return to their hiding places. (CBS-Lead)

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**U.S. TROOPS/POLL**

**Pauley:** There are now 100,000 American troops in the Gulf region, In our poll, we asked people how long they expect the U.S. military to remain there. Nineteen percent say they expect them to be there six months or less. Twenty-five percent say between six months and one year. Thirty-nine percent say one year or longer. Some say much longer.

**NBC's Arthur Kent** reports that on Saudi Arabia's border with Kuwait, American Marine reconnaissance officers suspect that Iraqi spies posing as refugees from Kuwait are active here. (NBC-3)

**GULF CRISIS RESOLUTION/POLL**

**Pauley:** In our poll, we found that people back home are optimistic about how this Persian Gulf crisis will end. More than half say the U.S. will win, achieving its objectives, without firing a shot. That's up sharply from the 40% who believed that last month. But 36% still say they think there will be a shooting war in the desert.

\*\*\*\*\* POLL \*\*\*\*\*

|                                     |          |                |
|-------------------------------------|----------|----------------|
| U.S. will probably win with no war: | 52% now; | 40% in August. |
| Probably be a shooting war:         | 36% now; | 42% in August. |

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(NBC-4)

**AMERICAN SHOT**

**Jennings:** We begin tonight with one of those incidents in Iraqi-occupied Kuwait which, while it turned out to be not as bad as it could have been, makes it very clear that Americans hiding from the Iraqis there are truly in danger. An American man was shot as he tried to evade the Iraqis' dragnet. The Iraqis say it was a mistake. The State Department says it was outrageous. The man was not seriously hurt; but as far as we know, it is the first such incident involving an American civilian.

**ABC's David Ensor:** The Iraqi Ambassador was called to the State Department to explain the shooting. The U.S. says the American was hanging out of a window, trying to avoid being rounded up by Iraqi soldiers, and was shot in the forearm.

**(Mark Dillen, State Dept. spokesman:** "This is outrageous behavior. As we've said all along, we hold the Iraqi government responsible for the health and welfare of all American citizens.")

Ambassador al-Mashat called the shooting an unfortunate incident, but said the Iraqi troops were within their rights to fire.

**(Ambassador al-Mashat:** "The whole incident is just accidental, because he violated the curfew. And he was not picked up as an American. This is, I want you to underline this.")

The U.S. says using live ammunition is unacceptable, and wants the wounded man to be allowed to leave, along with other hostages with medical problems. U.S. officials say Undersecretary of State Kimmitt also demanded the Iraqis return the body of an American, James Worthington, who died of a heart attack while in Iraqi detention.

Jennings continues: Kimmitt told the Iraqi ambassador that incidents like the shooting and the heart attack will continue until all foreigners are free to leave. His warning came as U.S. officials said they have more reports of foreign men being rounded up in Kuwait.

Jennings: It is the U.S. government's estimate that there are more than 2,000 Americans still hiding from the Iraqis in Kuwait. Today we talked on a very poor phone connection with an American named Bob in Kuwait City, who said that 25 other Americans had just been picked up by the Iraqis.

(Bob: "The Americans were taken from two apartment complexes. They were taken to the Regency Hotel today. The doors were broken into and soldiers entered their apartments, as we understand.")

Jennings: Tell me what you think your own prospects might be in the next several days. Bob: "Our morale is near zero. We still wait for the knock on the door. We're keeping a very low profile."

Jennings: Have the Iraqis been around your building? Bob: "We are totally surrounded. We cannot move." Jennings: Do you think they know you're in there? Bob: "We think that we're already hostages.")

We also talked on the phone with a young Kuwaiti, who, like many, many Kuwaitis, was educated in the U.S. What was life like for Kuwaitis now?

Kuwaiti: "It's like, from a scale of ten, we've dropped all the way to zero. And we've never been prepared for that.... And the last week it's been hell, and it's getting worse. A lot of bodies are found in hospitals, being executed with a bullet in the back of the head." Jennings: Tell us about the resistance to the Iraqi occupation. Kuwaiti: "It's mainly small arms.... And it's mainly snipers... And people are getting panicky. You can't go on like this. About half of the city is empty."

Jennings: We cannot, he said, resist the Iraqis much longer. The Iraqi government said today that any foreigner caught trying to leave the country without an exit permit could be sentenced to life in prison; for moving to a new location without telling the Iraqi authorities, up to three years. Some people in Iraq are getting the necessary papers. But only some. (ABC-Lead, CBS-2)

## HOSTAGES

ABC's Morton Dean reports that the exodus of Westerners from Kuwait is proceeding at a breathless pace now. Once in Iraq, though, the bureaucratic process to get them home can be agonizingly slow. In Kuwait, the Voice of America spread the news that some Americans would soon begin the trip home.

(Voice of America broadcast: "Iraqi authorities have said that only women and children will be permitted to leave, but we are continuing to urge that all American citizens be permitted to leave Kuwait and Iraq.")

Beginning Friday, Iraqi Airways planes, chartered by the U.S. government, are expected to begin an airlift which will eventually bring an estimated 1,300 American women and children from Kuwait to Baghdad. The big story on Iraqi TV tonight was not the movement of hostages or the shooting of an American -- it was the visit of Jordan's King Hussein.

(TV Coverage: President Saddam, King Hussein kissing, shaking hands.) (ABC-2)

Pauley reports that the State Department announced an agreement with Iraq to begin evacuating Americans with a chartered Iraqi jetliner Friday. In Kuwait City today, an American man was shot in the hand by Iraqi troops as he tried to escape a roundup of foreigners. After some confusion and tension, Iraq called it an accident.

NBC's Mike Boettcher reports that Iraq moved quickly to defuse the situation. Iraq's Ministry of Information hastily summoned reporters to a news conference to report that the American was alive and in good condition. As a further departure from the tough rhetoric of war, Saddam Hussein donned a business suit for a meeting with Jordan's King Hussein. Iraqi television played soothing music while it broadcast pictures of the event.

(TV Coverage: President Saddam, King Hussein kissing, shaking hands.)

And in Baghdad, there are signs the economic situation is worsening because of the international embargo. (NBC-2)

Jennings: A number of countries today have said they want to send food and other humanitarian supplies to the Iraqis. The Indians say today they will ask the U.N. for permission to send food and medicine to Iraq to be used specifically for the Indians who are still stranded in Kuwait. The Indian government is making eight flights a day to get its citizens out of Kuwait and Iraq, but there are still 100,000 Indians stranded there. (ABC-3)

#### BURDEN-SHARING

Jennings reports that the Secretary of State and the Secretary of the Treasury are on the road today to get the financial support of other nations for the effort to isolate Iraq. The Secretary of State is in Saudi Arabia. The Saudis, he said today, have been very forthcoming in the view that they should contribute substantially to their own defense.

ABC's John McWethy reports that by one estimate, Secretary Baker is looking for a total of at least one billion dollars a month. (TV Coverage: Secretary Baker arriving in Saudi Arabia, shaking hands, speaking with Saudis.)

Baker comes to Saudi Arabia first because this is where he will be asking for the biggest contribution. Though the Saudis are already paying for all of the fuel American forces are using, by some accounts the U.S. wants Saudi Arabia to kick in the equivalent of \$500 million a month more for as long as U.S. forces stay. The Saudis have made a vast windfall profit from the recent oil price increases, and American officials say just a fraction of that new revenue could easily cover what Baker is asking for. Baker's mission also includes a search for money to help the poorer nations, such as Egypt, Turkey and Jordan, which have been badly hurt by the economic embargo against Iraq. For that account, Baker is said to be asking for another four to five billion dollars from the Saudis. Friday, Baker visits with the two other major targets in his search for money: the government of Kuwait, in exile in Saudi Arabia, and the U.A.E. (ABC-4)

Jennings reports that among the countries outside the Gulf most able to share the burden, there is both approval of U.S. leadership, as well as some concern about the costs and the length of time involved. The most committed ally so far is Great Britain: 2,000 troops, three Air Force squadrons, and four warships. Prime Minister Thatcher said today she will send more.

(Thatcher, speaking to British Parliament: "The nub of the debate is to secure the withdrawal of Iraq from Kuwait. Mr. Speaker, such a man must be stopped, and we shall persevere until he is.")

The largest European contingent represented in the military task force is French. But politically, the French are concerned about the future. President Mitterrand said today that France would not automatically support an American attack against Iraq. The Germans, constitutionally forbidden from sending troops, are sending humanitarian aid to the refugees in Jordan, and they say they will do more. And then there is Japan.

ABC's Mark Litke reports that Japan is beginning to react to international opinion that as one of the world's richest nations, and heavily dependent on Middle Eastern oil, it must shoulder a greater share of the burden in the Gulf, or risk the anger of a U.S. Congress already inclined to impose trade sanctions.

(Taizio Watanabe, Foreign Ministry spokesman: "We feel that heat, that is true. But at the same time, it is not the heat coming from the outside only, but coming from inside.")

The internal heat is coming from an unprecedented debate here about how much Japan can do without violating its constitution, which forbids Japan from engaging in war. Some Japanese now fear that sending too much aid or manpower may violate the spirit of the constitution, or worse. Others say Japan should amend its constitution, and act like a world power. Meanwhile, Prime Minister Kaifu is trying to build a national consensus for greater involvement by Japan, and recent surveys indicate growing support among the usually apolitical Japanese public. (ABC-5)

Rather reports that sources tell CBS News Secretary Baker is seeking a major commitment from the Saudis to finance the U.S. troop buildup -- as much as \$6 billion for the soldiers and weaponry, and another \$4 billion for the Arab nations straining under the weight of the crisis. (CBS-3)

Schieffer reports that there is late word from Saudi Arabia that secretary Baker did succeed in his request for a multi-billion commitment from the Saudis to help pay the cost of keeping U.S. forces in the kingdom. No exact figures were given, but a Saudi official said there was a meeting of the minds during Baker's talks with King Fahd. (CBS-6)

#### **GULF CRISIS/CONGRESS**

Jennings reports that congressmen paying a visit to U.S. forces in Saudi Arabia today complained about the pace of the military buildup, saying it is going too slowly. They've also been hearing complaints from the troops.

ABC's Bill Redeker reports that for the fifth time in a month, U.S. politicians took the tour of our forces in Saudi Arabia. But this group heard some complaints. Weapons are overheating, for example. The congressmen were from a defense appropriations subcommittee which influences military spending, and they were critical of the slow sealift of tanks here.

(Rep. Dicks: "We've got to have better lift here. It's something that the services have neglected over the years. I think this operation clearly demonstrates that that's a high priority.")

(Rep. Murtha: "We'll be going back, and we'll be changing the mix of the money that was asked for this year.")

The congressmen told commanders not to waste money, but to prepare for a six-month stay, and plan for enough ammunition and supplies.

(ABC-6)

#### U.S. AIR FORCES

Rather: From the top Marine aviator in country today, tough talk and a warning for Saddam Hussein. Marine Maj. Gen. Royal Moore said U.S. forces could neutralize the Iraqi air force within 36 hours.

(Moore: "I think the Air Force and we think that there will be a very very short air war.")

At a northern Saudi base today, the Marines flexed their air muscle for the press and Iraqis to see. Gen. Moore said U.S. aircraft could destroy enemy air defense batteries in minutes.

(Moore: "We want about three to five minutes. And we're going to give him the most violent three to five minutes that they've ever seen.")

(CBS-Intro)

#### U.S. FORCES/MEDICAL SUPPLIES

CBS's Bob Simon reports on a clash of cultures with U.S. hospital staff in Saudi Arabia. The Marines unveiled what was hailed as a medical miracle today -- a 500-bed field hospital assembled over the last 12 days, capable of providing every service available at any major facility back home. But a Saudi official complained that GIs working in the street for a medical resupply depot, which is across from a Saudi park, provide a spectacle unfit for Saudi families -- because the GIs were women, wearing T-shirts instead of wrist-to-ankle coverings. An American general ordered the depot closed down. And at the new facility, soldiers have been warned to be very careful of Saudi sensitivities if they don't want to be closed down too. Meanwhile, officers worry that the medical response should fighting break out might be inadequate, since 400 tons of medical equipment is now sitting on the docks. (CBS-4)

#### JORDANIAN REFUGEES

CBS's Tom Fenton reports that Asian refugees have been kept in intolerable conditions for 10 days by Jordan, because Jordanian officials built a camp for them to use over a major water supply. Since that could contaminate it, the camp had to be torn down and moved. The Jordanian government is trying to cover up its mistake. (CBS-5)

**NUCLEAR WEAPONS/IRAQ**

NBC's Fred Francis reports on the case of Raymond Roberts, who almost sold equipment which could be used to make nuclear weapons to Iraq just days before Iraq invaded Kuwait. Iraq wanted Roberts' New Jersey company, Comsock [phonetic], to build three furnaces to make, Iraq said in documents, artificial hip and knee joints out of titanium. But Roberts was suspicious, and told the Commerce Department the end use of the equipment could also be nuclear. NBC News has learned that the furnaces could be used to cast highly enriched uranium from bomb cores, or for melting titanium for rocket motors. But after learning that last year, the Commerce Department gave Roberts permission to sell Iraq the furnaces. It was an honest businessman's warning ignored, said one U.S. official. Everyone in this government knew Saddam Hussein was building nuclear weapons with Western technology. On top of that, the furnaces were being shipped to the same complex south of Baghdad where Iraq was planning to send smuggled nuclear triggers it tried to acquire from a California firm. The Israeli government heard about the furnace deal, and protested. But the furnaces were already under construction, and the Israeli concern was ignored. That is, until U.S. intelligence learned that other equipment Iraq was buying in other countries, along with the furnaces, could only mean production of missiles and nuclear warheads. It was almost too late; Roberts had the first furnace crated and ready for shipment. By early summer, the Pentagon was in a high-level debate with the Commerce Department to stop the shipment. Commerce refused, and then the President was told.

(President Bush, Aug. 28, 1990: "And so we stopped the export of furnaces that had the potential to contribute to Iraq's nuclear capabilities.")

Iraq won't get the furnaces, and Ray Roberts is out \$10 million. He says he was misled by Iraq and the U.S. Commerce Department. The Pentagon says it's not the first time Commerce has sided with Iraq. Three years ago, over the Pentagon's objections, Congress approved the sale of a very sophisticated U.S. computer to Iraq - one that could be use for nuclear missile development. (NBC-5)

**FUEL SHORTAGES**

CBS's Ray Brady reports that there are new warnings this country will be facing shortages of fuel because of the Persian Gulf crisis.

(Edward Krapels, Energy Security Analysis: "On a global basis, we see a shortage of around two million barrels per day, lasting several months.")

That worry sent crude prices up \$1.66 a barrel today. Many analysts say that means gasoline prices could rise another 25 cents a gallon at the pump. Even though OPEC nations are pumping more oil, the embargo has shut off huge supplies of gasoline from refineries in Kuwait. Because of environmental and economic reasons, more than 100 refineries in the U.S. have closed in the past ten years, and therefore cannot take up the slack.

(John Easton, Asst. Energy Sect., testifying Wednesday: "It's the longer-term, the last half of the fourth quarter that does give us concern, as the demand for winter heating stocks in the Northern Hemisphere rises.")

The trouble could come around Dec. 1, say experts.

(CBS-10)

**CLEAN AIR/GASOLINE**

NBC's Don Oliver reports on the competition between oil and gas companies to come up with reformulated, less-polluting gasoline blends before the U.S. requires gasoline's replacement with alternative fuels through clean air laws. (NBC-7)

**WAR ON DRUGS/SMUGGLING**

NBC's Brad Willis reports on the Dominican Republican connection for smugglers of drugs. Hundreds of millions of dollars worth of drugs are now being flown here from Colombia on the way to the streets of America. Many politicians and policemen take bribes in the country to look the other way, and the army is short on money and crime-fighting technology. The temptation to make many times more than the average Dominican salary of \$50 per month is becoming harder to resist for the average Dominican. Immigration officials say at least one million Dominicans enter the U.S. every year, many of whom sell drugs. Their turf spans from New York to New England, and is spreading west. (NBC-6)

**NATIONAL HEALTH GOALS**

Schieffer: Federal health officials set 298 national health goals today they hope can be met by the year 2000. The goals include reduction of AIDS cases, cutting tobacco usage, more exercise, and healthier diets. Many of the health goals are the same ones the government set for the last decade, but were never met. (CBS-11)

**SHUTTLE COLUMBIA**

Jennings reports that the engineers at Cape Canaveral said they will try to replace the fuel pumps on the Columbia Space Shuttle over the weekend. (ABC-9, CBS-8)

**SUBWAY MURDER**

ABC's Gary Sheppard reports on the New York City subway murder of Utah native Brian Watkins, who was killed trying to defend his mother from muggers who were allegedly attempting to rob them for money to go dancing. (ABC-8, NBC-8)

**EDUCATION/COOPERATIVE LEARNING**

ABC's Bill Blakemore reports on the educational concept of cooperative learning, which allows students to band together in the classroom to help one another learn the subject matter, rather than just focusing on what the teacher has to say and learning independently. Teachers say it is producing higher test scores, trouble-free school integration, and fewer discipline problems -- all without sorting children out into ability groups. (ABC-10)

**MAPPLETHORPE**

Schieffer reports that a judge in Ohio refused to dismiss obscenity charges against a Cincinnati art gallery and its director for a recent exhibit featuring works by controversial photographer Robert Mapplethorpe. The trial's set to begin later this month. (CBS-9)

-End of News Summary-



# News Summary

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## TODAY'S HEADLINES

### INTERNATIONAL

**BUSH VOWS IRAQ 'WILL FAIL,' PUSHES BUDGET PLAN** -- President Bush vowed Tuesday night that President Saddam's invasion of Kuwait "will fail" and used the Persian Gulf crisis to call on Congress to approve a budget agreement, tailored to his specifications, that he said would help America "remain strong and vital."

(Boston Globe, Chicago Tribune, Washington Post, New York Times, AP, Knight-Ridder)

**GERMANY'S AND WARTIME FOES SIGN UNIFICATION TREATY** -- The Germans and the World War II allies who defeated them in 1945 signed a treaty Wednesday to restore sovereignty to a united Germany and define its new international status. (Reuter)

### NATIONAL NEWS

**BUSH CALLS ON CONGRESS TO 'PRODUCE' ON BUDGET AGREEMENT** -- President Bush told Congress Tuesday he was pleased with recent progress on budget negotiations but that it was now time to produce an agreement. (Baltimore Sun, Reuter)

### NETWORK NEWS (Tuesday evening)

**GULF** -- Lawmakers erupted in anger with threats that the free ride for some U.S. allies is over.

Secretary Cheney warned that American action has triggered terrorist threats against the United States.

**BUDGET** -- Budget summiteers took a few steps toward an agreement, and some say a deal is possible as early as Wednesday.

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## INTERNATIONAL NEWS

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### GERMANY'S AND WARTIME FOES SIGN UNIFICATION TREATY

MOSCOW -- The Germans and the World War II allies who defeated them in 1945 signed a treaty Wednesday to restore sovereignty to a united Germany and define its new international status.

Foreign ministers from both Germany's and the wartime allies - the U.S., Soviet Union, Britain, and France -- signed the document in a Moscow hotel reserved for the Communist Party elite and official guests.

The treaty will end the Allies' remaining occupation rights when it is ratified by all participants next year. (Reuter)

### BUSH VOWS IRAQ 'WILL FAIL,' PUSHES BUDGET PLAN

President Bush vowed Tuesday night that President Saddam's invasion of Kuwait "will fail" and used the Persian Gulf crisis to call on Congress to approve a budget agreement, tailored to his specifications, that he said would help America "remain strong and vital."

Pointedly noting that adversaries like the Soviet Union and the tens of thousands of American military personnel serving in the gulf have been able to "work in common cause," Bush called on the warring factions in Washington's budget struggle to "come together to fulfill our responsibilities here."

"We will not let this aggression stand," Bush said of Iraq's invasion of Kuwait. Outlining the international efforts of "a new partnership of nations" against Saddam, he declared, "It is Iraq against the world."

The President's prime-time report to the American people on the gulf situation, delivered to a joint session of Congress, offered little new detail on the major unanswered questions in the confrontation: How long the Administration expects the massive U.S. military deployment in Saudi Arabia and surrounding waters to remain in place; how much it will cost American taxpayers, how long the embargo against Iraq might take to work, and how likely military hostilities may be.

But Bush made clear that his commitment is longterm, noting, "Let no one doubt our staying power. We will stand by our friends."...

On the federal budget deficit, Bush spoke as if the recent progress made in negotiations between congressional leaders and his budget director, Richard Darman, had not taken place.

For instance, he warned against "higher income tax rates" even though the most recent Democratic proposal made Tuesday afternoon omitted earlier calls for higher marginal income tax rates on the wealthiest Americans.

(Ann Devroy, Washington Post, A1)

World Has Embarked On 'New Partnership Of Nations,' Bush Says

President Bush declared to Congress and the American people Tuesday night that the world is embarked on a "new partnership of nations" and appealed for national support to fulfill his pledge that "Saddam Hussein will fail."

The President also used the occasion to call on Congress to reach a budget deficit agreement, declaring, "Our ability to function effectively as a great power abroad depends on how we conduct ourselves here at home."

Speaking solemnly to a joint session of Congress, Bush attempted to define in the Persian Gulf as not just America's oil supply but the first test of a dramatic "new world order" where former adversaries work together in a "shared responsibility for freedom and justice. A world where the strong respect the rights of the weak."  
(Ellen Warren, Knight-Ridder)

Bush Vows Saddam Hussein Will Fail; Hails New U.S.-Soviet Cooperation

President Bush, reporting to Congress and the nation on the Persian Gulf crisis, said Tuesday night that Iraq could not prevail against the "new partnership of nations" allied against it, and vowed that "Saddam will fail" in his takeover of Kuwait.

"America must stand up to aggression, and we will," Bush said. He proposed steps to reduce America's dependence on foreign oil, in part by accelerating the development of environmentally sensitive Alaskan energy reserves.

In the audience at the Capitol were the ambassador from Iraq, Mohamed Sadiq Al-Mashat, sitting just five seats away from the ambassador from occupied Kuwait, Sheik Saud Nasir Al-Sabah. Al-Mashat had no visible reaction to Bush's harsh words.

In a nationally broadcast address, Bush said, "I cannot predict just how long it will take to convince Iraq to withdraw from Kuwait," or how long American troops would be deployed in the Saudi Arabian desert....

Bush Asked Americans to stand behind him. "If ever there was a time to put country before self and patriotism before party, that time is now," Bush said. Democrats offered their support and reiterated Bush's tough warnings to Saddam....

The President devoted a considerable portion of his remarks to prodding Congress to finish work on a budget agreement. At the same time, the speech did not contain the sharp attack on Democrats, as had previous pronouncements. (Terence Hunt, AP)

**Bush Appeals To U.S. For Support Of His Handling Of Gulf Crisis**

President Bush, warning that the Persian Gulf crisis had exposed American economic vulnerability, declared Tuesday night that Saddam Hussein had to be forced to withdraw Iraqi troops from Kuwait to preserve U.S. economic interests and cement a new world order.

In an address to a joint session of Congress, Bush appealed to the American people to support his handling of the crisis. While he could not predict how long it might take to force Iraq to withdraw from Kuwait, he vowed: "Saddam Hussein will fail."

In the speech,...he said the action of the international community, particularly the Soviet Union, in condemning Saddam Hussein's aggression pointed to a new order among nations.

"The crisis in the Persian Gulf, as grave as it is, also offers a rare opportunity to move toward an historic period of cooperation," Bush said. "Out of these troubled times...a new world order can emerge: a new era, freer from the threat of terror, stronger in the pursuit of justice and more secure in the quest for peace, an era in which the nations of the world...can prosper and live in harmony."  
(Stephen Kurkjian, Boston Globe)

**Bush Warns Saddam He Stands Alone Against 'New Partnership Of Nations'**

Declaring that "a new partnership of nations" has been forged with the Soviet Union, President Bush warned President Saddam Tuesday night that he stood alone against an emerging world order that would not tolerate his aggression or bow to blackmail.

"How we manage this crisis today could shape the future for generations to come," Bush told members of Congress in a nationally televised 30-minute speech from the House. "The test we face is great, and so are the stakes. This is the first assault on the new world we seek, the first test of our mettle..."

Certain key questions remained unanswered Tuesday night: how long the troops would stay in the gulf, how many soldiers would eventually be deployed there and what the ultimate price tag would be.

Instead, Bush painted a broad picture of defending principles, punishing wrongdoing and standing in concert with other nations. And the President, who normally seems uncomfortable referring to himself in the first person, laced the speech with "I's" and "me's," making it clear he was in charge of the U.S. response.

At one point he said, "Iraq will not be permitted to annex Kuwait. That's not a threat. Not a boast. That's just the way it's going to be."  
(Janet Cawley, Chicago Tribune)

**Bush Vows To Thwart Iraq Despite Fear For Hostages; U.S. Won't Be 'Blackmailed'**

President Bush reaffirmed his determination to drive Iraq from Kuwait Tuesday, coming closer than ever to saying military force might be used if economic sanctions fail.

"Iraq will not be permitted to annex Kuwait," Mr. Bush declared in a speech prepared for delivery to a joint session of Congress and a national television audience. "That's not a threat, or a boast," he said. "That's just the way it's going to be."

He stated with a new emphasis that his decisions cannot be ruled by his compassion for the American hostages trapped in Iraq and Kuwait after Iraq invaded its neighbor Aug. 2.

"Of course, our hearts go out to the hostages and their families," Mr. Bush said. "But our policy cannot change, and it will not change. America and the world will not be blackmailed."

President Saddam, Mr. Bush said, "is literally trying to wipe a country off the face of the earth."

The speech seemed intended to leave no doubt in the mind of President Saddam that the U.S. would use force if necessary to push Iraqi forces out of Kuwait, and to prepare the American people for the possible loss of the lives of American soldiers and hostages if war broke out.

(Andrew Rosenthal, New York Times, A1)

**BUSH USES GULF CRISIS TO PAINT HIS VISION OF NEW WORLD ORDER**

George Bush, who has struggled throughout his presidency to articulate the "vision thing," used the crisis in the Persian Gulf Tuesday night to paint a big picture of a new world order of nations working in concert to thwart aggression.

It is a vision that could have its political and economic price for the U.S.

Bush sought to justify the largest U.S. military operation since the Vietnam War by portraying the international campaign against Iraq as "an extraordinary moment" and "opportunity to move toward an historic period of cooperation."

In his speech to a joint session of Congress and a national television audience, Bush laid out a vision of the U.S., Soviet Union and all other leading nations working side-by-side for the first time in history through a revitalized U.N. to create a new era....

Bush did not provide much detail to his outline of the new world order "struggling to be born." He hinted at a broader role for the U.N., which was spurned by his predecessor, Ronald Reagan, and now has been the focus of U.S.-led efforts to isolate Iraq....

Bush was more successful in articulating a world vision to explain a U.S. commitment in a distant part of the world than he was in confronting two other serious threats right here at home: excessive U.S. dependence on foreign oil and a worsening federal budget deficit.

(Owen Ullmann, news analysis, Knight-Ridder)

**FOR BUSH, NEXT PHASE OF CONFRONTATION LIKELY TO BE MORE DIFFICULT**

President Bush showed Tuesday night that the first phase of his Persian Gulf policy may have been easier than the next.

In his nationally televised speech to a joint session of Congress, Bush warned the American people to prepare for a long stay in the Persian Gulf, offering the potential payoff of a new world order in which the strong protect the weak....

Tuesday night's speech marked the beginning of the next phase, in which persuasion becomes as important as action. Administration officials know that the longer the crisis drags on, the greater the danger for erosion of support, both at home and abroad.

The potential for that erosion was clear in Helsinki, where Bush and Gorbachev differed over the use of force to bring the crisis to an end. Those kinds of cracks in the international consensus could grow larger over time, making the U.S.-led effort against Iraq less effective....

The next phase of the crisis requires Bush to perform a balancing act, which was evident in the speech Tuesday night. While calling on the country to perform noble tasks, he was cautious in asking them to pay very high a price....

Bush's policy continues to enjoy widespread backing and there is no evidence that he faces an immediate crisis of domestic confidence. But the potential for problems is great, which is why some of his advisers believe he must state and restate his case often in the weeks and possibly the months ahead.

(Dan Balz, news analysis, Washington Post, A35)

**BUSH TRIES PULPIT APPROACH IN UNCHARACTERISTIC ADDRESS**

A year and a half into his presidency, George Bush tried for the first time Tuesday to reach over the media and Congress and use the pulpit of his office to affect the course of the nation.

The prime-time address he gave to a joint session of Congress, only his seventh speech to the nation, was uncharacteristic of a President whose tenure has relied largely on private negotiation with insiders. Unlike predecessors, particularly Ronald Reagan, Bush has scrupulously avoided the presidential tactic of trying to deliver powerful speeches that would sway the American public and thus Congress.

His advisers privately admit that soaring rhetoric and making a direct connection to the public is not Bush's skill.

Yet on Tuesday night, Bush strove beyond even what was considered his finest political address to date -- his soothing but evocative speech to the Republican National Convention in 1988, the "kinder and gentler" speech.

(Thomas Rosenstiel, Los Angeles Times)

**DEMOCRATS PLEDGE STRONG SUPPORT FOR PRESIDENT'S POLICY**

Rep. Gephardt Tuesday night extended the Democratic Party's strong support to President Bush for his Persian Gulf policy, but he pushed the Administration to seek more financial help from U.S. allies and to develop a comprehensive national energy policy.

Responding for his party to Bush's televised address to Congress and the nation, Gephardt said in remarks prepared for delivery Tuesday night that "in this crisis, we are not Republicans or Democrats. We are only and proudly Americans."

"We are now in the Persian Gulf not simply for oil, or to save emirs and kings, but to defend the most fundamental values of a more stable and decent world," Gephardt added. "This is a cause worth standing and fighting for."

In offering nearly unequivocal backing to Bush's deployment of 100,000 troops in Saudi Arabia to deter Iraqi aggression, Gephardt -- who has consistently been one of the President's sharpest critics in Congress -- reflected the broad popular support the President's gulf policy appears to enjoy with the public. Yet the Missouri Democrat's appeal for greater financial participation by such nations as Japan and Germany also reflected a growing mood among voters that U.S. taxpayers should not shoulder the brunt of what appears to be a long and costly commitment of forces....

As conciliatory as Gephardt's response was, it also sought to appeal to the possibility that Bush will soon face greater public restiveness as the gulf crisis drags on, highlighting not only the question of allied support but also the issue of energy independence.

"For a decade America has been left with no real energy policy at all," he said. "This nation must not be permanently faced with a choice between standing up against aggression or standing still in gas lines."

(Tom Kenworthy and Helen Dewar, Washington Post, A35)

**Gephardt To Saddam: 'Let Our People Go'**

Rep. Gephardt put the Persian Gulf ahead of politics Tuesday night, praising President Bush's handling of the crisis and saving his harshest words for President Saddam.

"Firmly, clearly, and unequivocally, we must say to Saddam Hussein: Let our people go," Gephardt said in comments prepared for delivery after President Bush's address to Congress and the nation. "Let Kuwait go. And if you start a war,, know that we will finish it."

In remarks that were a supplement to Bush's address rather than a traditional Democratic response to it, Gephardt said, "Tonight, in the crisis, we are not Republicans or Democrats. We are only and proudly Americans."...

He praised the united front against Saddam presented by Bush and President Gorbachev in Helsinki on Sunday as "precisely Franklin Roosevelt's and Winston Churchill's vision of peace for the post-war period."

(Susan Feeney, Dallas Morning News)

**PENTAGON SAYS IT WOULD ATTACK IRAQ  
WITHOUT REGARD TO SOVIET ADVISERS**

Secretary Cheney said Tuesday that the Pentagon has prepared contingency plans to attack strategic targets inside Iraq if the President so orders, regardless of whether Soviet military or civilian advisers still in Iraq might be present at the sites.

Asked whether U.S. forces might be deterred from attack by the presence of Soviet advisers in Iraq, Cheney said, "Should there be a provocation...it would be appropriate...to hold at-risk targets - - assets if you will -- that Saddam Hussein holds dear, and specifically, asserts inside Iraq regardless of what the status might be of various advisers who may or may not be present."

As the Pentagon plans were discussed before the Senate Armed Services Committee, the House began debate of a 1991 defense authorization bill that would cut U.S. military forces by 130,000 and slash major new weapons programs. The Pentagon, calling elements of the House bill "isolationist in the extreme" said such a measure could hobble U.S. efforts in the Persian Gulf and warned that if the House bill prevails, the President's national security advisers would recommend a veto.

(Patrick Tyler and Dan Morgan, Washington Post, A29)

**CHENEY RAISES DESERT SHIELD'S BILL TO \$15 BILLION**

Secretary Cheney Tuesday upped the cost estimated for Operation Desert Shield from \$11 billion to \$15 billion next year, but told a Senate panel half the bill would be paid by U.S. allies.

His testimony, however, did not placate two members of the Armed Services Committee angry over a lack of financial support from two major allies -- West Germany and Japan -- who are dependent on Persian Gulf oil....

Mr. Cheney said the contributions to date "may well be inadequate" to help the U.S. pay for troops deployed to the Persian Gulf region after Iraq's Aug. 2 invasion of Kuwait. But he emphasized the sizable financial pledges from Arab states, which he said soon would announce the deployment of more troops to Saudi Arabia....

Gen. Powell said there are now "well in excess of over 100,000" personnel on the ground in Saudi Arabia and on U.S. Navy warships enforcing a near-airtight economic embargo.

(Rowan Scarborough, Washington Times, A8)

**SENATE BACKS SADDAM TRIAL IF U.S.-IRAQ WAR BREAKS OUT**

The Senate Tuesday overwhelmingly approved a resolution [97 to 2] urging prosecution of President Saddam as a war criminal if warfare breaks out between Iraq and the U.S....

The resolution said that, in the event of war, the U.S. should pursue Saddam and other "perpetrators" in order to "bring them to justice as war criminals" before an appropriate international tribunal. It did not say how this should be done.

(Washington Post, A35)

**LONG-TERM GULF SECURITY ARRANGEMENT SOUGHT  
Baker, Shevardnadze Discuss Major Realignment**

**MOSCOW** -- The U.S. and the Soviet Union have begun building the framework for a now long-term security arrangement for the Persian Gulf that could be put in place if the international community succeeds in forcing Iraq to retreat from Kuwait.

Secretary Baker and Foreign Minister Shevardnadze, in talks following up the superpower summit last week in Helsinki, discussed the prospect for a fundamental realignment of interests and political forces in the region as a result of the Iraqi invasion of Kuwait, according to U.S. and Soviet officials.

At the same time the superpowers discussed the new security structure in the gulf, they acknowledged that the old military force structure in Europe has become irrelevant. Sources here said the U.S. and Soviet Union are considering the elimination of all troop limits in the prospective treaty on conventional or non-nuclear weapons in Europe.

A senior U.S. official said the two foreign ministers focused on what appears to be "a realignment in the [gulf] area -- an Arab coalition arrayed against Iraq."

(David Hoffman, Washington Post, A29)

**ISRAELI-PALESTINIAN PEACE TALKS OK WITH BAKER**

The Bush Administration is considering a new push for Israeli-Palestinian peace talks to undermine support for President Saddam among Palestinians and other Arabs, according to Administration officials and Middle East analysts.

Several officials quoted Secretary Baker as saying recently that the Palestinian problem remained important and that he would not oppose attempts to resolve it while dealing with the gulf crisis.

But any such move, the officials said, must not appear to meet Mr. Hussein's demand that Iraqi withdraw from Kuwait be linked to a withdrawal of Israeli forces from the occupied West Bank and Gaza Strip.

(James Dorsey, Washington Times, A9)

**IRAN, IRAQ AGREE TO EXCHANGE FOOD FOR OIL, SOURCE SAYS**

**NICOSIA** -- Iran has agreed to give food and medicine in exchange for oil and cash, according to a well-informed source in Tehran. Such a deal could puncture the U.N. embargo that aims to force Iraq out of Kuwait.

Speaking in a telephone interview late Tuesday, the Iranian source said Iran's leaders had agreed to Iraq's request for the trade deal, which he said would involve shipments of 200,000 barrels of refined oil a day.

There was no official comment from Tehran or Baghdad on the reported agreement. But the source, who spoke on condition of anonymity, said it was struck during a visit Sunday by Iraq's Foreign Minister Aziz.

(Anwar Faruqi, AP)

**IRAN CALLED UNREADY TO MAKE UP**

Despite Iran's support of U.N. sanctions against Iraq, Tehran is not ready for a reconciliation with the U.S., a senior White House official said Tuesday.

"Circumstances are not right for Iran to want to have a real reconciliation with the United States at this point," said the official, who discussed the situation on the condition that he not be identified.

The official said the U.S. and Iran were having what he called "indirect and periodic" contacts. Without being more specific, he said they were no more often than every two weeks.

Asked if the Administration expects Iran to break the sanctions after resuming diplomatic relations with Iraq, the official said, "Based on what has been said, that would not appear to be the case." (Frank Murray, Washington Times, A10)

**GORBACHEV BACKS FREE-MARKET PLAN****Soviet Leader Disavows Prime Minister's Less Drastic Program**

MOSCOW -- President Gorbachev told the Supreme Soviet in a dramatic session Tuesday that he endorsed a radical plan of free-market economic reform and decentralization, a direct rebuke of his prime minister, Nikolai Ryzhkov.

Gorbachev said that some of Ryzhkov's proposals, which rely heavily on traditional systems of centralized planning and state-owned property, could be incorporated into a "unified program." But the author of the radical "500 Days" program, economist Stanislav Shatalin, said in an interview that the "unified" program is "99 percent mine" and includes only "five or six figures" from Ryzhkov's version....

The plan calls for a massive sell-off of state properties, decentralized of economic power from Moscow to the republics, the rise of private property and the creation of a stock market and other institutions found in Western market economies.

(David Remnick, Washington Post, A1)

**CANADA TO SEEK VOICE IN U.S.-MEXICO TRADE****Impact On Canadian Economy Still Debated**

TORONTO -- Canada has decided to seek a seat in free-trade negotiations between the U.S. and Mexico, providing that acceptable ground rules for the talks are worked out, federal officials said Tuesday....

Trade Minister John Crosbie is expected to make an announcement on Canada's role in the talks as soon as President Bush asks for congressional approval to launch "fast track" negotiations with Mexico early next year.

(William Claiborne, Washington Post, C1)

EDITOR'S NOTES: "Bush's Two Audiences," a news analysis by R.W. Apple, appears in the New York Times, A1.

"Senators Question Control Of Gulf Aid," by Susan Rasky, appears in the New York Times, A19.

"Deskbound In U.S., The Envoy To Iraq Is Called Scapegoat For A Failed Policy," by Elaine Sciolino, appears in the New York Times, A19.

"Time Could Be Saddam's Most Reliable Weapon," a news analysis by Edward Cody, appears in the Washington Post, A29.

Excerpts of remarks by Rep. Gephardt for delivery after the President's speech Tuesday night appear in the Washington Post, A35.

"Bush To Tape Message In Case Iraq TV Airs It," by Paul Bedard, appears in the Washington Times, A9.

"Big Guns Join Fight Against Textile Bill," by Karen Riley, appears in the Washington Times, C1.

"Iraq Duped Everyone, Except CIA," by Sam Meddis, appears in USA Today, 1A.

"Bush Knew Of Invasion, Did The Right Thing," a Q&A with Sen. Boren, appears in USA Today, 11A.

"Chile May Sue U.S. Over Grape Ban," by Shirley Christian, appears in the New York Times, A13.

###

## NATIONAL NEWS

### BUSH CALLS ON CONGRESS TO 'PRODUCE' ON BUDGET AGREEMENT

President Bush told Congress Tuesday he was pleased with recent progress on budget negotiations but that it was now time to produce an agreement.

"I have been pleased with recent progress (on the budget), although it has not always seemed so smooth," Bush said in his speech Tuesday night to both houses.... "But now it is time to produce."...

"I ask both houses of the Congress to allow a straight up-or-down vote on a complete \$500 billion deficit reduction package not later than Sept. 28," he said....

During his speech, the President reiterated his support for items including allowing the use of funds in Individual Retirement Accounts for new homeowners without a penalty, creating tax incentives for new domestic oil drilling and reducing the rate for capital gains.... But while Bush reiterated his support for certain measures, he did not insist on them.

Bush said that in order for him to give a nationally televised speech in support of a proposal it must be fair and avoid any "excessive" burden on a group of programs or people. In the past that has been code for avoiding income tax increases on wealthier Americans.

(David Lawsky, Reuter)

### Bush Calls Accord On Budget Crucial To U.S. Power

President Bush made an urgent appeal to Congress and the American people Tuesday night to help him cut the budget deficit and U.S. dependence on foreign oil in order to maintain the nation's ability to respond to threats such as the Iraqi invasion of Kuwait.

While vowing that the U.S. will prevail in its confrontation with President Saddam, Mr. Bush warned in a televised address before a joint session of Congress, "Our ability to function effectively as a great power abroad depends on how we conduct ourselves here at home."...

Grinning broadly, the President received an extended ovation upon his arrival in the House chamber Tuesday night, and his speech was interrupted many times by applause.

But this warm reaction soured among many Democrats when it became clear that the President intends to blame Congress if budget talks fail and automatic spending cuts take effect.

"If the Congress cannot get me a budget, then Americans will have to face a tough, mandated sequester," Mr. Bush said, using the technical term for what could be \$100 billion worth of cuts in government services.

The President said he was "pleased with recent progress" in the talks between White House and congressional negotiators aimed at reaching a five-year accord on a deficit-reduction package, apparently reflecting concessions made by both sides Tuesday.

(Karen Hosler, Baltimore Sun, A1)

**BUDGET NEGOTIATORS SEE AGREEMENT WITHIN DAYS**  
**Divisions Narrow On Defense, Domestic Cuts**

White House and congressional budget negotiators buoyantly predicted Tuesday that an agreement on a five-year, \$500 billion deficit-reduction package can be reached in the next few days.

In an exchange of proposals that began late Monday night and continued Tuesday, the Democratic and Republican bargainers began moving toward each other and away from the positions they have maintained virtually unchanged since the beginning of the budget process in January, participants in the talks said....

Rep. Gephardt vowed that, except for a brief gap Wednesday afternoon so lawmakers may go to the Capitol to cast votes, the negotiators will not leave the base without an agreement....

"I'm on the positive side of the mood swing," said Chief of Staff Sununu....

In the past days, Administration officials have begun discussing a larger military spending cut than they had previously proposed and Democratic negotiators have nearly doubled the cuts they said they would be willing to accept in such benefit programs as Medicare....

In their latest proposal Tuesday,...the Democrats dropped their plan to raise the marginal tax rate for the wealthiest Americans, an element they said was important to restore fairness to the tax system. The concession was made to accommodate the Administration's demand that income tax rates not be raised, Democratic negotiators said.

(John Yang and Steven Mufson, Washington Post, A8)

**Budget Negotiators Said To Be Progressing On Deficit Package**

After five days of sometimes quarrelsome debate, congressional and Administration budget negotiators appeared on Tuesday to be making progress on a tax and spending package that would reduce the deficit by \$50 billion next year.

Although sources familiar with the talks emphasized that no concrete deals had been cut, negotiators have agreed to raise taxes and fees by \$25 billion next year and \$130 billion during the next five years. Democrats and Republicans also have substantially narrowed their differences over cutting defense spending.

"We are now hearing some serious negotiating and not just ideology," said a Democratic aide close to the negotiations. "We stopped dickering and started negotiating."...

One Democratic aide, who asked not to be identified, suggested that a deal was possible as early as Wednesday. "But it always seems close and then just skitters away," he said.

Chief of Staff Sununu, who sources said locked horns with Democrats late Monday night over domestic spending, also reflected the more optimistic outlook.

"I'm on the positive side of the mood swing," he told reporters.

(Robert Dodge, Dallas Morning News)

**MEDICARE PREMIUMS/BUDGET**

A proposal that would hike the Medicare premiums paid by well-to-do retirees has been tentatively approved by congressional and White House budget negotiators, a well-placed Republican source said Tuesday.

The source, speaking on condition of anonymity, said the increase would save the government \$40 billion over the next five years and represented a breakthrough in the tough negotiations taking place at Andrews AFB.

Other Republican sources said they could not confirm the savings figure. But they said the negotiators were working on a package that would boost Medicare premiums. Democratic sources declined comment.

According to the Republican source, the increase in Medicare premiums would be limited to retirees with incomes of more than \$75,000 a year. A number of plans have been proposed to do this and the amount of the proposed increase was unclear Tuesday.

(Myron Waldman, Newsday)

**BIDEN TO SEEK 'RATHER SPECIFIC ANSWERS' ON ABORTION FROM SOUTER**

Sen. Biden said Tuesday that Supreme Court nominee David Souter should provide "some rather specific answers" to questions about abortion and other controversial issues at confirmation hearings scheduled to begin Thursday.

But Sen. Specter urged colleagues to use restraint in attempting to pin down Souter on specific issues and said no single issue such as abortion should dominate the selection of a Supreme Court justice....

Meanwhile, opposition to Souter's nomination from women's rights groups mounted Tuesday as the National Organization for Women said it "strongly opposes" Souter's nomination and the Women's Legal Defense Fund said it will oppose his nomination if he does not "articulate his support for women's constitutional and legal rights."...

But the conservative Concerned Women for America endorsed Souter, and Beverly LaHaye, its founder and president, charged that Biden's "intent to grill Judge Souter on his political and personal opinions is an attempt to politicize and pervert America's judicial system."

Planned Parenthood released a poll showing that Americans by a margin of 76 to 20 percent want the Senate to ask Souter about his personal views on issues such as privacy, abortion, church-state relations and civil liberties.

(Helen Dewar, Washington Post, A5)

**FDIC FUND IN 'PRECARIOUS CONDITION,' GAO WARNS**

The insurance fund that protects depositors when banks fail is dwindling so rapidly that it could be wiped out by a recession or a single big bank failure, forcing taxpayers to cover the costs, the GAO said Tuesday.

The congressional auditing agency said the FDIC is "in precarious condition."

Record levels of bank failures, caused primarily by plummeting real estate prices, have eaten up much of the money that was set aside to insure deposits, the GAO said in its annual report to Congress on the health of the big federal bank insurance fund....

The GAO's report, however, is the first official government acknowledgement that taxpayers may be facing a new banking-related burden. Banking committee members suggested prompt action may be necessary to replenish the FDIC fund, either by raising the deposit insurance premiums paid by banks or by appropriating tax money.

(Jerry Knight, Washington Post, A1)

**DEMOCRAT PERPICH WINS PRIMARY, FACES CONSERVATIVE GOP BUSINESSMAN**

MINNEAPOLIS -- Democrat Gov. Perpich defeated a former Cabinet member [Mike Hatch] in his fourth bid for governor and Jon Grunseth, a conservative businessman, won the Republican nomination in a three-way primary election.

(Gerald Kopplin, UPI)

**FORMER ARIZONA GOV. MECHAM LOSES GOP NOMINATION**

PHOENIX -- Former Gov. Mecham was soundly defeated by a two to one margin in Arizona's Republican primary election Tuesday, ending one of the stormiest chapters in the state's political history. With nearly all major precincts reporting, Mecham trailed hopelessly with 40,859 votes to 76,359 for political newcomer Fife Symington, an Arizona commercial real estate developer.... Terry Goddard, 43, former Phoenix mayor and son of former Arizona Gov. Sam Goddard, won the Democratic nomination by a wide margin.

(Reuter)

**DIXON SCORES UPSET AS BARRY SUCCEEDS NOMINEE**

Political novice Sharon Pratt-Dixon scored an upset victory Tuesday in the Democratic primary to nominate a successor to Mayor Barry, while Jesse Jackson gained the party's backing to become a "shadow senator" for the nation's capital....

In the race for the city's non-voting House seat, former Carter Administration official Eleanor Holmes Norton defeated veteran city councilwoman Betty Ann Kane.

(Richard Keil, AP)

**U.S. REP. DYSON WINS IN MARYLAND DEMOCRATIC PRIMARY**

BALTIMORE -- U.S. Rep. Dyson, who was considered one of the most vulnerable congressmen, won the Democratic primary Tuesday and Gov. Schaefer easily won the party's nomination for another term.

Teacher and part-time house-painter Wayne Gilchrest emerged from a crowded field as Dyson's Republican challenger..

(Tom Stuckey, AP)

**U.S. TO DENY CONTRACTS, GRANTS TO DRUG VIOLATORS**

The Bush Administration said Tuesday it will begin efforts to deny federal contracts and more than 300 federal benefits and grants -- including student financial aid, small business loans, pilots licenses and artistic grants -- to anybody convicted of possessing or trafficking in drugs.

In announcing the program, which was mandated under the 1988 Anti-Drug Abuse Act, national drug policy Director Bennett called the denial of federal benefits "an additional and potentially powerful deterrent to drug crime" that would pose its greatest threat to middle-class or white-collar professionals caught using drugs.

But Rep. Rangel denounced it as "more slogans and catch-phrases." He also charged that the Administration had provided virtually no aid to state governments to implement similar programs where they could have real impact by denying such benefits as driver's licenses. (Michael Isikoff, Washington Post, A17)

**CUSTOMS CHIEF IS SCOLDED FOR REALLOCATING FUNDS  
\$28 Million Shifted From Drug Interdiction  
Into Other Agency Operations, Officials Say**

Senior Bush Administration officials have rebuked Customs Commissioner Carol Hallett for shifting \$28 million out of her agency's drug interdiction activities and moving the funds into commercial and other agency operations, according to Administration officials.

After learning about the action, national drug policy Director Bennett and OMB Associate Director Janet Hale last month accused the Customs Service of flouting the President's anti-drug plan and circumventing federal law by unilaterally reallocating the funds without seeking necessary approvals from their agencies. By the time Customs notified them, they said, it was too late to reverse the action because the money had been spent....

Deputy Customs Commissioner Michael Lane defended the agency's decision to reallocate the drug money, saying that with the vastly increased help Customs has been receiving from the Defense Department and the National Guard, the agency no longer needed to spend as much on drug interdiction.

(Michael Isikoff, Washington Post, A17)

**EDITOR'S NOTES:** "Taxing Social Security -- Deficit May Cut Into Breaks For Elderly," by Spencer Rich, appears in the Washington Post, A17.

"Minority Businesses Growing -- Black-Owned Firms Form At Faster Pace," by Lori Silver, appears in the Washington Post, C1.

"10 Liberal Groups Gang Up On Souter," by Dawn Weyrich, appears in the Washington Times, A1.

"Ex-Bush Aide Tells Of New U.S. Inquiry," by Jeff Gerth, appears in the New York Times, D1.

## NETWORK NEWS

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(Tuesday Evening, September 11)

### PRESIDENT'S ADDRESS

**ABC's Peter Jennings:** We begin tonight with the President's view of how the crisis in the Persian Gulf has changed the world. It was five weeks ago, August 8th, that President Bush told the nation a line has been drawn in the sand and announced he would send American forces to stop Saddam Hussein from going any further. Now that at least 130,000 U.S. troops are in the area, Bush will report to the nation by going to Congress again.

**ABC's Brit Hume:** The President was still going over speech drafts in the Oval Office today for what is expected to be a half-hour address devoted largely to the Persian Gulf crisis and the Helsinki summit.

(TV Coverage: Still photo of President Bush at desk, looking over draft.)

It will be Bush's third speech to a joint session of Congress, the other two having been the obligatory annual State of the Union addresses. Bush can expect a reception as least as warm as for those. But even though Congress strongly backs his handling of the Gulf crisis, members do have a lot of questions. That was in evidence today during Senate testimony by Secretary Cheney and Joint Chiefs Chairman Powell. Senators wanted to know how many U.S. soldiers will be involved, and for how long. Cheney said the troops will be there as long as needed or until they're asked to leave by the countries they're protecting. As for how many forces, he did not provide a number.

(**Secretary Cheney:** "The worst possible sin we could commit would be to send enough forces to get into trouble but not enough forces to be able to deal with it.")

Powell said there are now about 100,000 U.S. forces in Saudi Arabia, approaching the number needed.

(**Adm. Powell:** "But we are not there yet. And as the Secretary has mentioned, we need to continue our buildup for some time to come.") The President, who personally dropped in to give the budget negotiations at Andrews Air Base a push last Friday, had hoped to use tonight's speech to call for passage of a completed agreement. But four days later, negotiators are still far apart.

(**Question:** "Do you see any movement at all?" **Rep. Conte:** "Not at all. Not at all.")

The President will say something tonight about the budget, but the emphasis will be on foreign policy. Bush is expected to look past the Gulf crisis to a new era in which the U.S. and Soviet Union cooperate to make the U.N., at last, an effective force for peace. Perhaps it can then help with the budget talks. (ABC-Lead)

**NBC's Tom Brokaw:** President Bush prepares to address Congress and the nation, as the Administration warns of possible terrorist attacks.

(TV Coverage: Still photo of President working on his address.)

**Brokaw continues:** The U.S. tonight is facing major challenges on two fronts: one is facing down Saddam Hussein in the Persian Gulf, the other is facing up to money problems of historic proportions. President Bush takes them both on tonight in a speech to Congress and the country, and there are indications tonight that a budget deal may be closer now than it has been in the past.

**NBC's John Cochran:** The President decided to address Congress and the nation after congressional leaders told him he had to do a better job of explaining his goals in the Gulf crisis, so he'll try again tonight. But he'll also do a lot more than that.

(TV Coverage: Still photo of President working on his address.)  
As the President worked on final drafts of his speech, aides said he would focus on a new world order, much of it based on the kind of cooperation he found during his weekend talks with Mikhail Gorbachev.

(File TV coverage of Presidents Bush and Gorbachev at Helsinki.)  
Despite some differences over using military force, Bush and Gorbachev were united against Iraqi aggression.

(**President Bush**, at Helsinki press conference: "Then when we see us on a question of this nature, standing shoulder to shoulder with many other countries at the United Nations, I think it is obvious manifestation of this developing mutual understanding.")

An understanding that Bush's aides say may lead to cooperation in many trouble spots such as Pakistan, India, Cambodia, Afghanistan and the Mideast -- a big change from the Cold War years.

(**National Security Adviser Scowcroft:** "It was a hallmark of American policy for many years to say that the Soviet Union had no role in the Middle East and worked to keep them out of the Middle East.")

White House aides tell NBC News Bush is still not ready to accept Gorbachev's proposal for the superpowers to convene a peace conference with Arabs and Israelis. Bush is concentrating now on the other Mideast crisis. Spokesman Marlin Fitzwater said the President will tape a message tomorrow to the Iraqi people. But despite Iraq's promises, Fitzwater said: "There is a good deal of skepticism that they will show it." The President feels he has already made it clear that the Kuwaiti royal family must be restored to power, but he will say it again to Congress tonight. Democrats have marched to Bush's drums on Gulf policy. But unity ends where domestic policy begins.

(**Rep. Sander Levin:** "The Mideast required presidential leadership. So does our budget deficit. The President could not duck the crisis abroad. He cannot duck the crisis at home.")

The President will make his own pitch for a budget agreement tonight, but he will avoid taking potshots at Democrats. Tonight the President wants unity, not a fight. The fighting will come later on the campaign trail this fall.

**NBC's Andrea Mitchell** reports budget summiteers took a few steps toward an agreement.

(**Rep. Gingrich:** "In all fairness, there's been some movement. It's just very hard.")

Mitchell continues: Sources tell NBC News these new proposals were made today: Democrats proposed a 20% surcharge on people who earn more than \$500,000 a year. But they've given up on their long-standing demand to raise the overall top tax rate to 33%. And Democrats proposed that wealthier people pay more in Medicare taxes for hospital coverage. They also agreed in principle with a Republican proposal for wealthier Medicare recipients to pay higher premiums for their doctors bills, although everyone fears another senior citizen rebellion like that last year over catastrophic health insurance. Here's the way the numbers add up tonight for a five-year budget plan: On defense, Democrats want cuts of \$200 billion; Republicans \$170 billion. On taxes, both sides are talking about \$130 billion in new taxes, but they're far apart on which taxes. On domestic spending cuts, Democrats say they have matched Republican demands for \$120 billion, but Republicans say that's padded and the Democrats are still \$30 billion short.

(Sen. Domenici: "But we're narrowing the gap, is the way I would say it. And while I'm not predicting anything, I remain hopeful.") There are very big policy differences, but they do remain hopeful and they will be back at it first thing in the morning. In particular, Democrats don't want to go against a popular president, especially in the middle of a foreign policy crisis.

Brokaw: What is the thinking at the White House if the President succeeds on the Persian Gulf but fails on the budget? Do they expect him to be held politically responsible for that?

Cochran: Oh, sure, but I will say that among the President's aides there is almost arrogance now. They see these popularity polls; he's riding high. But these are foreign policy polls. The American people still do not know if he is competent to deal with economic problems. I think that's one thing the President is doing by going to the Hill tonight. He is not arrogant himself. He knows that these polls could go at any time, so he's up there performing preventive maintenance tonight.

Brokaw asks Mitchell and Cochran about the prospects for a budget deal by week's end:

Mitchell: I would say there will be. I've been optimistic all along because the alternative is so drastic.

Cochran: Better than 50-50.

(NBC-Lead)

CBS'S Dan Rather: At long last, possibly, maybe, the outlines of a deal on the deficit mess. Bob Schieffer has been told tonight that negotiators for the Congress and President Bush may be close to agreement on how to knock back the growing national debt. This involves whose taxes will go up, and how much, and whose benefits will be cut, including Social Security and other programs for the poor and old.

**CBS's Bob Schieffer:** After a stormy session last night, when the talks all but fell apart, they got back on track today and now some of the participants are saying privately that it may really be possible after all to get a deal, perhaps as early as tomorrow or the next day. Here is where the progress was made today: Both sides have agreed on a new tax on liquor, but Republicans are holding out for a bigger one than the Democrats want. So far, Social Security would not be touched but the two sides have agreed to cut at least \$103 billion over five years from many of the other so-called entitlement programs -- such things as Medicare, agricultural subsidies and cost of living adjustments for government employees. Here is where the differences still exist: Democrats want new taxes on gasoline, crude oil and natural gas. Republicans haven't said yes to that yet, but they have not rejected the idea outright. Democrats still want \$200 billion cut from defense over the next five years; Republicans want cuts of no more than \$170 billion. And there is still a hangup on the President's plan to cut the capital gains tax rate; Republicans want it, Democrats don't. And while the Republicans want to eliminate the deduction for state and local taxes, Democrats instead are pressing for higher taxes for the wealthy. I suppose what should be stressed in all of this is that even if the negotiators do agree, it will still be difficult in these months before the fall elections to pass any legislation in the House and Senate that does include a tax increase. (CBS-Lead)

#### GULF/BURDEN-SHARING

**CBS's Lesley Stahl** reports from the White House on the President's coming address. There is one disappointing element of the President's policy: the limp response of the U.S. allies to his call for burden sharing. Democrats and Republicans both erupted in anger today with threats that the free ride is over.

(**Rep. Craig James, R-Fl:** "It's time that our allies who are not paying their fair share ante up and pull their own weight. The people of the United States are tired of being soaked by the rest of the world and they're not going to take it anymore.")

(**Rep. Carroll Hubbard, D-Ky:** "The ongoing contemptible tokenism of the Japanese government merits the world's contempt and American hostility. The United States awaits Japan's commitment to equitably share the international responsibilities of a world power.")

The President has rejected an invitation for an interview on Iraqi TV but instead he'll tape a message to the Iraqi people tomorrow morning 8-10 minutes long explaining why most of the world is lined up against Iraq's aggression. The speculation here is that Saddam will not run the tape, in which case the White House will disseminate it around the world.

**Jennings:** Also in that Senate hearing that Brit Hume reported on, some irritation that Arab nations are not doing more for the international effort in the Persian Gulf. Sen. Nunn said he remains concerned that Arab nations have not sent more troops and heavy equipment.

ABC's Bill Redeker reports that Saudis claim about 50,000 Arab troops are now deployed in Saudi Arabia. But Western military analysts question their value as a fighting force. Some of their equipment is old, and some of the troops arrived with only the uniforms on their backs and a few weapons. Saudi officers are trying to coordinate the Arab force. But privately, many Saudis admit this military operation depends most on Americans, who are better trained and equipped. The all-Arab force, they concede, is more of a political force, designed to stop Saddam Hussein from diverting the crisis into an anti-Western crusade. (ABC-2)

Rather reports Defense Department officials gave their own update on U.S. operations in and around the Gulf. This included an update on the cost, which is a lot higher than the previously officially-estimated \$1 billion a month. The effect on the economy is a story here, but money isn't their biggest worry right now.

CBS's David Martin reports American commanders are increasingly confident of their ability to defend Saudi Arabia and increasingly worried about the threat of a terrorist attack. At a Senate Armed Services hearing, both Democrats and Republicans continued to support the operation. There are signs of discontent, particularly over the failure of Arab nations to deliver on their promises of support.

(Sen. Nunn: "Something missing here about why we can't seem to get Arab forces on the ground in Saudi Arabia with heavy equipment.") Secretary Cheney said part of the problem is that most other countries cannot deploy troops as rapidly as the U.S.

(Secretary Cheney: "There are in fact forces from other Arab nations en route, or will shortly be en route.")

The Saudis and the other Persian Gulf states have pledged \$12 billion to Desert Shield, but that didn't impress one member of the committee.

(Sen. Cohen: "Virtually every cent of that money is being generated by the substantial increase in the price of oil.")

The Pentagon now estimates Desert Shield will cost about \$15 billion a year, half of which will be covered by contributions from other countries. But Cheney warned the cost will be many times that if fighting breaks out.

#### GULF/HOSTAGES

Jennings: There were questions today about what the Pentagon knows and how it knows what is going on inside Iraq and Kuwait. Information on troop movements usually comes from spy planes and satellites. But as ABC's Bob Zelnick reports, a budget decision may be limiting what the military knows today.

Zelnick reports that two weeks ago, when eight divisions of Iraq's elite Republican Guards began to pull back from Kuwait, Pentagon sources say U.S. intelligence completely lost track of their whereabouts -- lost track of 800,000 men. Some officials blame the failure on an Air Force decision to deactivate the SR-71 this year, the high-altitude spy plane called the Blackbird.

Zelnick continues: The Air Force says the planes cost too much to operate and that much of their work could be done by satellites. But critics say that satellite orbits cannot be adjusted quickly enough to match the battlefield flexibility of the SR-71.

(Sen. Glenn: "You can target it where you want it and when you want it. And the time periods when the satellites are not giving information and you still need information, the SR-71 can fill in those blank periods. And that's very valuable.")

Critics say the Air Force decision to kill the Blackbird was less for budget reasons and more because of bureaucratic rivalries. Also, critics say the Air Force tends to be more interested in fighters and bombers than in reconnaissance aircraft. According to Pentagon and congressional sources, there's widespread support among commanders in the field to reactivate the SR-71 to follow Iraqi troop movements. But with the planes, pilots and spare parts now widely scattered, one official says it would be easier to put Humpty-Dumpty back together again. (ABC-3)

Rather reports a U.S. diplomat in Baghdad said up to 800 Americans and Britons will fly out of Kuwait this week.

CBS's Doug Tunnell reports Western sources in Kuwait describe a crescendo of violent incidents targeting Iraqis in apparent reprisals. Iraqis in Kuwait are trying to force Kuwaitis back to work. Iraqi troops have targeted citizens of five nations -- Britain, France, West Germany, Japan and the U.S. -- for arrest and detention. But diplomats say 141 Japanese are also being held. At least 80 Americans are known to have been detained and are now believed to be held at sensitive installations in Iraq. Eyewitnesses describe a much more systematic operation to round up foreigners in Kuwait now than had previously been known.

Rather reports three of the 13 Americans captured last week have now been taken from a Baghdad hotel, presumably to become human shields. (CBS-2)

#### **GULF/DIPLOMATS**

Jennings reports that five more countries -- Austria, Bangladesh, Czechoslovakia, and Greece, and Switzerland -- have pulled their diplomats out of Kuwait. They cite deteriorating living conditions at the embassies and growing looting by Asian workers searching for food. (ABC-4)

#### **GULF/OIL, TERRORISM**

Jennings says ABC's Pierre Salinger reports that Iraq is apparently prepared to give Iran all the oil it wants to make up for the damage Iraq inflicted on Iran during their war. (ABC-5)

Brokaw reports that the State Department is now reporting that Cuba and Romania have signed oil delivery deals with Baghdad, and some Eastern European countries are trying to maintain their military contracts with Iraq.

NBC's Fred Francis reports Secretary Cheney, in congressional testimony, warned that American action in the Gulf has now triggered terrorist threats against the U.S. Iraq has been warned that any terrorist attack against the U.S. military in the Persian Gulf or Americans anywhere could mean war with the U.S. Pentagon officials say Iraq has taken the warning seriously. One possible ally in the terrorism watch is Syria, because of its connections with terrorism. One specialist speculated that Syria may be able to finger some of the terrorists it once supported, but another official said this was not likely. (NBC-2)

#### GULF/HARDSHIPS

NBC's Brad Willis reports many families of soldiers now posted in the desert of Saudi Arabia are facing financial hardships as a result of no longer receiving food allowances. Sen. Glenn thinks this is an outrage and today began fighting to have ration money restored to thousands of families with soldiers in Saudi Arabia. (Sen. Glenn: "Do we really care about them? We know where they are, we know they're representing us. And these are the things that are the least we can do to make sure their families and those people are taken care of properly.") (NBC-8)

#### BANKS/FDIC

Jennings reports that government auditors said 1,100 banks with \$3 trillion in federally insured deposits are in trouble.

ABC's Stephen Aug reports that for the first time since the FDIC was founded during the Great depression, it is in big trouble. The General Accounting Office says the FDIC that protects commercial bank deposits is so weak it would not take much to bankrupt it.

(Charles Bowsher, GAO controller: "And over the next few weeks, low levels of reserves, coupled with a recession, could lead to a level of bank failures that would exhaust the fund and require taxpayer insistence.")

Bowsher said a single bank failure might wipe out the fund.

(Bowsher: "You have a lot of individual banks in this country that if they were to go under could take the whole fund.")

Bowsher said 35 big banks are in danger of failing within the next year. A rash of bank failures has set the insurance fund down from more than \$18 billion three years ago to about \$12 billion now, and the fund is expected to lose money this year as well. A major reason is the growing number of loans which have gone sour, especially commercial real estate loans in the Northeast. The controller general told Congress the government needs better financial reporting by banks to detect failures before they occur. But members of the Senate Banking Committee were more worried about if taxpayers already burdened by the S&L crisis would have to bail out the banks next. (ABC-6)

NBC's Irving R. Levine reports that from Senators, there was hand-wringing but no solutions.

(Sen. Garn: "Benign neglect will not work. If the conditions warrant action, we must take that action.")

Levine continues: The FDIC has been drained by mounting bank failures. Thirty-five of the nation's 200 largest banks are likely to fail or need assistance within the next year.

(Bowsher: "The thing that comes across very clearly is if you've got a few large ones there, if they go into trouble, why, you could wipe out the fund.")

Still, for every bank in trouble twelve are in sound condition. But even if the fund goes broke, Congress has promised to protect insured depositors but at taxpayers' expense. (NBC-9)

CBS's Terence Smith reports that Charles Bowsher's report said the FDIC fund had declined from \$18 billion to just over \$13 billion over the last two years and would probably shrink another \$2 billion this year. Nor does the future look any brighter. The report says real estate and other losses could cause 35 major banks to fail within the next year, costing the fund an additional \$4-6 billion.

(Sen. Heinz: "You paint a very serious, alarming and potentially depressing picture of the bank insurance fund.")

Some senators drew an immediate parallel to the S&L crisis.

(Sen. Kerry: "There's a kind of ominous feeling here. You know Yogi Berra is very much alive today; deja vu all over again.")

The FDIC Chairman says he has no quarrel with the numbers in the GAO report but points to steps being taken to protect the fund against collapse. Most important: Congress has authorized a doubling of the insurance premiums paid by the banks, charges that no doubt will be passed along to the depositors. (CBS-4)

#### SOVIET ECONOMIC REFORM

Rather reports the Parliament of the Russian Federation voted to adopt a radical economic plan. It called for junking the communist bureaucracy and switching to a free market economy over the next 500 days. (CBS-3)

ABC's Barrie Dunsmore reports that in the Soviet parliament today, several speakers demanded the prime minister's resignation. Mikhail Gorbachev weighed in and abandoned the cautious approach of Prime Minister Ryzhkov and publicly endorsed the most radical economic reform program on the table, the one endorsed by economist Stanislav Shatalin and supported by Boris Yeltsin. Today, Yeltsin's Russian parliament officially adopted the plan, which is to be implemented over the next 500 days. The plan would turn over virtually all economic power to the 15 Soviet republics and drastically reduce the power of the Kremlin.

(Alexei Azimov: "This plan is very different because no other plan calls for privatization of the Soviet economy. This plan does.") (ABC-10)

NBC's Bob Abernethy reports Gorbachev had wanted a compromise between the radical and a more conservative plan, but Soviet politicians don't have much experience with compromise and Boris Yeltsin ridiculed the idea by saying it was like trying to mate a hedgehog and a snake. So Gorbachev was forced to choose. Now the question is, what will the people do? (NBC-3)

**SOUTH AFRICAN VIOLENCE**

Brokaw: In South Africa there was more violence today between rival black factions, with at least 24 people killed around Johannesburg. Nelson Mandela said the government's failure to stop the fighting threatened peace talks between blacks and whites. (NBC-6)

**AID CORRUPTION**

CBS's Rita Braver reports that in a federal courthouse in Washington today, a businessman was sentenced to 8 months in jail after bribing officials of the Agency for International Development in order to get multimillion dollar government contracts. With AID sending billions of dollars in humanitarian aid to 70 countries, the AID Inspector General's office has seen a marked increase in corruption. AID investigators hope videotape of their sting operations will serve as a deterrent. AID inspectors say they have a number of corruption cases going, some involving millions of dollars in government ripoffs. (CBS-6)

**MEDICAL INSURANCE**

ABC's Tim Johnson reports that a study in the Journal of the American Medical Association says that compared to uninsured patients, patients who could afford insurance or whose employers provided it had a much greater chance of having medical studies and procedures done. Medicaid patients were similar to uninsured patients in having fewer procedures done. (ABC-7)

**WELFARE**

Jennings reports the House of Representatives has approved a measure to simplify the federal welfare application process.

ABC's Carole Simpson reports that the application process for welfare benefits can be extremely dehumanizing and frustrating. To try and save money and eliminate error, the federal and state governments over the years have created so many regulations that case workers have trouble processing the paperwork. Most states have complicated application forms, overworked caseworkers, and bewildered and hassled recipients. (ABC-11)

**MENTALLY ILL**

CBS's Susan Spencer reports a new report finds 250,000 of the two million seriously mentally ill in the U.S. are wandering the streets, living in shelters or jails but not getting treatment. A state-by-state survey says many of the public programs that should serve them are falling apart. The study's authors blamed bureaucracy, budget cuts and a reluctance of psychiatrists to take public sector jobs. The American Psychiatric Association denounced that as unfair and untrue, but some mental health professionals agreed. The report calls on psychiatrists to do more work for free, on states to concentrate on the more seriously mentally ill. But it concedes that without a big public outcry little is likely to change. (CBS-5)

## EDITORIALS/COLUMNISTS

### **HELSINKI SUMMIT**

At The Summit, Solidarity -- "Shoulder to shoulder at the summit, the superpowers have issued a stirring defense of international law by insisting that Iraq unconditionally withdraw its army from Kuwait. President Bush and President Gorbachev...skillfully used their weekend meeting in Helsinki to dispel any notion that they lacked the resolve to defy Iraq's aggression in the Persian Gulf.... Symbolism may have outweighed substance at Helsinki, as both presidents tried to downplay some enduring policy differences.... Bush and Gorbachev added few new initiatives beyond the earlier U.N. resolutions against Baghdad.... [But] the Helsinki declaration can be seen as a warning that Saddam's intransigence may invite military retaliation."

(Cleveland Plain-Dealer, 9/11)

From Helsinki With Clarity -- "...Saddam Hussein learned in the first paragraph [of the Helsinki statement] that the superpowers concur in the aims and rationale of their coordinated policy.... The message, which Hussein could get without reading between the lines, was that both leaders are determined to make him disgorge Kuwait. The text offered no ifs, ands or buts.... Even more chilling to Hussein must have been the little white lie Bush and Gorbachev told at their Helsinki news conference. In answer to a question from Izvestia, both statesmen pretended they did not discuss military options. Hussein, who is himself a confirmed practitioner of the tactical lie, knows they were not talking about the weather."

(Boston Globe, 9/11)

A Media Event In Helsinki -- "The Helsinki summit...seemed long on symbolism and short on substance.... A summit that consumed seven hours of talks between the two leaders should have produced more than a restatement of the demand that Iraq withdraw from Kuwait.... Neither the joint statement issued after the meeting nor the post-summit press conference contained anything especially noteworthy.... For the first time, though, President Bush declared that the U.S. would withdraw its forces as soon as the crisis was resolved. That seemed to reassure Gorbachev and should be welcome news in the U.S., though the President's pledge does not seem to square with Secretary Baker's testimony last week before Congress. Baker said he envisioned some kind of Middle East security structure that included a long-term U.S. military presence in the region."

(St. Louis Post-Dispatch, 9/11)

Two Superpowers, But One Message -- "...The sight of a Soviet president and a U.S. president joining in common cause remains startling enough to pack an emotional and political wallop. There can be no doubt that the intended target of said wallop, one Saddam Hussein, got the message. In that regard and perhaps in every other as well, last weekend's summit in Helsinki must be regarded as a success.... However, a note of caution is appropriate. By seeking and getting an ally's embrace from the Soviets, we've also allowed them an ally's influence over our actions."

(Atlanta Constitution, 9/11)

The Helsinki Summit -- "...The joint statement issued by President Bush and Soviet leader Gorbachev could well be a paradigm for post-Cold War cooperation, which is to say cooperation with some significant limitations. As far as it goes, the joint declaration mostly says all the right things.... But we find troubling the gaping loophole left by the two leaders for 'humanitarian' aid to be sent to Iraq. If the blockade is to work, it must deny Iraq the necessities of day-to-day life.... It is not clear if the Soviet government is truly joining the effort against Saddam.... The Helsinki meeting only seems to have muddied the situation."

(Richmond Times-Dispatch, 9/11)

Together At Last -- "...The most obvious short-term advantage of U.S.-Soviet togetherness is that it allows Washington a freedom of action, in cases like the Gulf crisis, that was unimaginable before.... The Soviets [could not] join seriously in military action against Iraq, even if America wanted their involvement.... As for the Soviet public, it is fed up with Soviet involvement in the Third World and wants more food, not more body bags.... What all this means is that despite the critical importance of a joint U.S.-Soviet stance on Iraq, there are limits on what Moscow can actually do."

(Philadelphia Inquirer, 9/11)

Helsinki Heralds New Era Of Superpower Cooperation -- "With a few upbeat hours of talk in Finland, George Bush and Mikhail Gorbachev gave the world an encouraging new lesson in how to handle trouble. On the critical issue of dealing with Saddam Hussein, the U.S. and Soviet presidents showed a level of agreement that is nothing short of remarkable.... If the Iraqis still harbored hopes of a softer Soviet stand, they could wave them goodbye after this meeting. The uncompromising Soviet stand should encourage any wavering European nations to stand firm. The trade embargo now seems likely to hold tight, and this represents the best hope for forcing Saddam to disgorge what he has swallowed."

(Providence Journal, 9/12)

Bush Smiles, Gorby Winks -- "George Bush was glowing with optimism after Sunday's stick-it-to-Saddam summit. On the surface, his good cheer made sense. After all, he got Mikhail Gorbachev to agree that the Iraqi occupation of Kuwait is a bad thing and must stop. But that's exactly as far as it went -- the surface. In fact, the U.S. and the Soviet Union are still very far apart on the Persian Gulf crisis. Bush isn't doing anybody any favors by trying to paper over major differences with a smile and a handshake.... Saddam Hussein has a TV, too. He saw Bush trying to put the best possible face on the Helsinki summit -- while Gorbachev crossed his fingers in the background. That's the bottom line."

(New York Daily News, 9/10)

Let George Do It -- "The Iraq crisis is no mere sport, but to understand the politics of this crisis a football metaphor helps. George Bush has become the quarterback everyone expects to lead his team to a final touchdown drive and victory. Meanwhile, all of his teammates and fans claim to 'support' the President, but at just enough distance that they don't have to handle the ball themselves, or take any blame if he falls short.... They'd all rather let George do it."

(Wall Street Journal, 9/11)

## **FOREIGN MEDIA REACTION**

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### **HELSINKI SUMMIT**

#### **"Bush Failed"**

"The Helsinki summit did not fulfill Bush's hopes. The U.S. President failed to induce the Soviets to join his country in tightening the noose around Saddam's neck." (Hatzofe, Israel)

#### **"No Clear Warning For Saddam"**

"Saddam Hussein cannot be unhappy about the Helsinki summit. The meeting of the U.S. and Soviet heads of state did not produce a clear warning to the Iraqi dictator." (Jerusalem Post, Israel)

#### **"Commendable Bush Move Not To Link Palestinian Problem And Kuwait"**

"President Bush's determination not to link an Iraqi pullout from Kuwait with a solution to the Palestinian problem is commendable. Israel should show readiness to search for a solution to the Palestinian problem, but it must not agree to have the issue linked to another conflict in which it is not involved." (Haaretz, Israel)

#### **"Bush Made Himself More Dependent On Gorbachev"**

"President Bush has not given up the military option but has made himself more dependent on Gorbachev in this respect. Bush also rewarded the Soviet leader by returning Moscow to the Middle East scene.... Bush has already started paying his supporters in the confrontation with Iraq. He is paying Gorbachev -- and might also pay Egypt and Syria -- in what may turn out to be an Israeli coin." (Maariv, Israel)

#### **"Saddam Thought He Could Incite Gorbachev"**

"Saddam Hussein thought he could incite the Soviet leader to oppose the U.S. President by playing the refrain of 'non-submission to American pressure.'... Perhaps he was under the illusion that Gorbachev, who has effected the most major change ever in his country and in Eastern Europe, would listen to the advice of a Third World president afflicted with megalomania." (al-Akhbar, Egypt)

#### **"Shortest Path To Solution: Implementation Of Cairo Summit Moves"**

"The joint statement has expressed to a great extent the world community's aspirations.... We believe it is high time for the Iraqi regime to admit that its adventure brought nothing to the (Arab) nation except disaster.... Once again, the shortest path to the solution of this acute crisis lies in implementation of the Cairo summit's resolutions." (al-Ba'th, Syria)

**"Bush, Gorbachev Blocked Way For Thief Of Baghdad"**

Bush and Gorbachev have blocked the way for the thief of Baghdad by expressing determination to return the situation in the Gulf region to what it was before August 2."

(al-Yawm, Saudi Arabia)

**"Jordanian Position Has Been Vindicated"**

"The agreement on the 'political settlement' clause between the two superpowers is naturally the highlight of the summit. For us here in Jordan, at least, this is what Jordanian diplomacy has been trying to achieve from the outset...and we cannot be but relieved that the Jordanian position has again been vindicated.... The fact that the summit has started a process of pulling people back from the brink, and toward dialogue, remains the most important and promising."

(Jordan Times, Jordan)

**"A Defeat For Those Who Have Been Beating Drums Of War"**

"The summit...ended with an agreement to give the political solution a chance, and to resort to the U.N. before taking any further step on the situation in the Gulf. This outcome is tantamount to a defeat for those who have been beating the drums of war in London, Tel Aviv and some Arab capitals."

(al-Dustur, Jordan)

**"Communique Does Not Inspire Confidence"**

"The joint communique issued following the meeting is very mild and does not inspire any confidence. There is no discussion concerning the use of military options. Rather, the emphasis is on...full implementation of the U.N. resolutions, and whether more resolutions or measures are to be taken. In other words, the U.N. is to execute U.S.-Soviet instructions."

(Tunis Hebdo, Tunisia)

**"Summit Passed Test With Distinction"**

"The summit passed the test with distinction. The success means that new international policies are now based on joint interests rather than conflict between the U.S. and the USSR.... The two countries are determined to adhere to a policy of reconciliation on joint interests and the strengthening of international law."

(al-Bayan, U.A.E.)

**"Presidents Call For Implementation Of UNSC Resolutions"**

"The summit has laid down the foundation for international economic reconciliation based on the balance of interests rather than the balance of power."

(al-Thawra, Yemen)



# News Summary

OFFICE OF THE PRESS SECRETARY

TUESDAY, SEPTEMBER 25, 1990 -- 6 A.M. EDT EDITION

## TODAY'S HEADLINE

### INTERNATIONAL NEWS

**BUSH: S. AFRICAN REFORMS 'IRREVERSIBLE'** -- President Bush Monday effusively praised the "efforts and courage" of South African President de Klerk and declared that the process of dismantling apartheid in that nation is now "irreversible."

(Newsday, Washington Post)

**PRICE OF OIL SURGES NEARLY \$3 A BARREL** -- The price of oil shot up nearly \$3 a barrel Monday amid fears in the oil market that Iraqi leader Saddam might make good on his weekend threat to attack the rich Saudi Arabian oil fields and cause a catastrophic worldwide energy shortage.

(Washington Post)

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### NATIONAL NEWS

**WHITE HOUSE MUM ON TAX INCREASE ON RICHEST AMERICANS** -- The White House, possibly clearing the way for a budget deal by Friday's deadline, declined Monday to criticize a proposal to raise the income tax rate on the wealthiest Americans in exchange for a cut in the capital gains tax.

(Boston Globe)

### NETWORK NEWS (Monday evening)

**DE KLERK** -- Lavish with praise, President Bush said President de Klerk is courageously trying to establish a democracy.

**IRAQ** -- President Bush made it clear that it is Saddam Hussein who must agree to all American conditions before they can talk.

**SOVIET REFORM** -- The Soviet parliament gave President Gorbachev a free hand if he chooses to transform the Soviet economy by decree.

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## INTERNATIONAL NEWS

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### BUSH: S. AFRICAN REFORMS 'IRREVERSIBLE' De Klerk Visits White House, Vows 'We Will Not Turn Back'

President Bush Monday effusively praised the "efforts and courage" of South African President de Klerk and declared that the process of dismantling apartheid in that nation is now "irreversible."

Speaking in a South Lawn ceremony at the conclusion of the first White House visit by a South African head of state, Bush also pledged that he would not alter the conditions for lifting economic sanctions.

"We believe the process of change in South Africa is irreversible, a fact that we will bear squarely in mind as we consider issues in the future," the President said. He added that the conditions that must be met before congressional legislation imposing sanctions can be lifted "are clear-cut and are not open to reinterpretation, and I do not believe in moving the goal posts."

After the White House meeting, South African officials expressed broad pleasure at what they described as Bush's vote of confidence. South African Foreign Minister R.F. "Pic" Botha noted, "We feel that (whatever) has separated the U.S. and South Africa, that separation has been crossed."

Bush's reference to the irreversibility of reforms, he said, "is the element the European governments have been looking for" in beginning the process of reestablishing economic ties with South Africa....

De Klerk said that Bush's meeting with him and the President's assertion of the irreversibility of apartheid's demise was "very important" for his efforts to bring his nation back into "the international community." (Ann Devroy, Washington Post, A1)

### De Klerk Meeting

President Bush, declaring that the "change in South Africa is irreversible," promised President de Klerk Monday that he'll move to relax economic sanctions against Pretoria when it meets the minimum conditions under anti-apartheid laws.

Herman Cohen, assistant secretary of state for African affairs, said Bush told de Klerk that as soon as South Africa fulfills the letter of the requirements of the legislation, the President "would move to consult with Congress with a view towards modifying" the sanctions.

In the White House departure ceremonies following more than two hours of talks and lunch, Bush praised de Klerk as "bold and courageous" and told him: "The time has come to encourage and assist the emerging new South Africa.... We believe the process of change in South Africa is irreversible."

The South African leader, the first to have an official visit with an American president, was obviously delighted as he promised Bush, "The international community can rely on us. We will not turn back. The fact that you have today given recognition to this fact will serve as inspiration to us." (Saul Friedman, Newsday)

**BUSH, ADDRESSING ARAB-AMERICANS, REPEATS OPPOSITION  
TO LINKING GULF ISSUE WITH OTHER MIDEAST PROBLEMS**

Speaking to a group of Arab-Americans, President Bush on Monday reiterated his opposition to attempts by Iraq's Saddam Hussein to link the Persian Gulf crisis with the Israeli-Palestinian dispute.

"First we've got to take care of the situation that exists right now, naked aggression of one country against the other. That cannot be permitted to stand," Bush told the Arab-American businessmen in a meeting at the White House.

The President said the U.S. was committed to overall peace in the region, but did not want "to permit Saddam Hussein to link these two questions. I simply cannot do that."...

Bush said he did not see any hope of immediate negotiations in the gulf crisis. "I think it's going to take a little time before there can be any fruitful and serious negotiations," Bush said, adding that Saddam has spurned attempts by regional leaders to defuse the 7-week-old crisis.

"You've seen people calling for an 'Arab solution' and that's fine. But...they have struck out because of his insistence on remaining in Kuwait," Bush said of the Iraqi leader.

(Stephen Kurkjian, Boston Globe)

**Bush Decries Hatred Aimed At U.S. Arabs**

President Bush said Monday that Arab-Americans are being subjected to "appalling acts of hatred" by American bigots angry over Iraqi aggression.

"Death threats, physical attacks, vandalism, religious violence and discrimination against Arab-Americans must end," Mr. Bush told about 160 Arab-Americans who applauded that pronouncement but went separate ways on other issues at an unusually contentious White House meeting.

During a question session that bordered on debate, Mr. Bush insisted he will not negotiate the principles that led him to send more than 150,000 U.S. troops to the Persian Gulf.

"We're not going to yield one inch," he said.

After decrying the new ethnic violence as he has in speeches assailing attacks on women and racial bigotry, Mr. Bush said, "America is home to millions of Muslims who are free to live, to work and to worship in accord with the traditions and teachings of Islam."...

Despite saying at first he would not answer questions, Mr. Bush saw many hands raised and said, "I'll take a few questions to get a feel, a random feel, of what's on y'all's mind."

He quickly found himself accused of starving Iraqi children, challenged on fairness to the Palestinians and Lebanon, and accused of advocating negotiation by the Soviets while refusing to talk to President Saddam.

(Frank Murray, Washington Times, A8)

**Bush Acknowledges Flaws Of Ousted Kuwaiti Regime**

President Bush acknowledged Monday that Kuwait's ousted government wasn't a model of democracy but refused even to address political reforms there until Iraq withdrew, saying to do so would reward Saddam Hussein's aggression.

"The objective is to see that naked aggression does not pay off, sir," the President told a questioner during a lively and at times argumentative exchange with Arab-Americans at the White House. He also said he was "not going to yield one inch" on the U.N.-sanctioned demands that Iraq withdraw from Kuwait and allow restoration of the government now in exile.

"Iraq is no...model of democracy, nor was Kuwait," Mr. Bush said. "That isn't the question here. The question is international law and respect for one's neighbor."

(Mark Matthews, Baltimore Sun, 2A)

**PRICE OF OIL SURGES NEARLY \$3 A BARREL  
Rise To \$38.25 Rocks Global Markets**

The price of oil shot up nearly \$3 a barrel Monday amid fears in the oil market that Iraqi leader Saddam might make good on his weekend threat to attack the rich Saudi Arabian oil fields and cause a catastrophic worldwide energy shortage.

The huge jump in the crude oil price, to \$38.25 a barrel -- a \$2.82 rise -- was accompanied by increases of nearly 7 cents a gallon in wholesale gasoline and heating oil prices. Some of those increases will be passed on to consumers at the gas pump and in heating bills in weeks to come, although a number of oil companies have limited their retail price increase to avoid charges of price gouging.

Monday's oil price surge sent shock waves through other financial markets in the U.S. and abroad.

The Dow Jones industrial average fell nearly 60 points to its lowest level in more than a year, as worries about the effects of higher oil prices on corporate profits and the economy in general piled onto investors' concerns about financial problems at some of the nation's big banks.

(Mark Potts, Washington Post, A1)

**STATE DEPARTMENT SAYS 'NO' TO PRIVATE IRAQI AIRCRAFT**

The U.S. on Monday banned an official Iraqi government aircraft carrying the foreign minister to a U.N. session, and Iraq said it would boycott the General Assembly session as a result.

The decision by both governments appeared to dash hopes that there could be any encounter, planned or by chance, that could lead to a diplomatic resolution of the Persian Gulf crisis.

State Department spokesman Boucher said the U.S., after reviewing the situation, decided it would not permit Tariq Aziz, Iraq's foreign minister, to arrive in the U.S. aboard a special government aircraft. He would be given a visa to come aboard a commercial airliner....

Asked why an Iraqi government airliner would be denied permission to land when an Iraqair plane would also be owned by the Iraqi government, State Department spokeswoman Tutwiler said it is because Iraq continues to hold 93 Americans in detention, has refused to allow American diplomats to leave Iraq, and refuses to allow consular access to those detained.

(Jim Anderson, UPI)

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**AILING AMERICANS HELD AS SHIELDS, U.S. SAYS**  
**Concern Rises For Citizens Still Stranded**

As 55 Americans were welcomed home from what could be the last of the "freedom flights" from Iraq and Kuwait, the State Department expressed concern Monday for the safety of 900 U.S. citizens still stranded in those countries.

Most of the unspecified number of American men still trapped have gone into hiding, and the Iraqis have begun detaining Americans with health problems to use as human shields against any possible U.S. attack, said spokeswoman Tutwiler.

Describing the Iraqi action as "deplorable," Tutwiler said Iraqi President Saddam was denying repeated U.S. demands for "immediate evacuation" of 29 Americans who needed medical attention.

She said the Iraqis are also continuing the "barbaric practice" of detaining Americans at military bases to ward off a U.S. air strike and now hold 93 in that way.

One of the detainees has "serious medical problems," Tutwiler said. His detention is a "very disturbing development," she said.

"We find it particularly deplorable that the Iraqis have not only ignored our request to evacuate Americans with serious medical problems, but are now beginning to detain them," she said.

(Keith Kendrick, Washington Post, A18)

**U.S. INTELLIGENCE REPORTS SIGNS IRAN IS GETTING FOOD TO IRAQ**

U.S. intelligence has picked up evidence that Iran is allowing some food shipments into Iraq, and Administration officials said they expect Iran to help President Saddam just enough to prolong the gulf crisis without strengthening Saddam's hand.

The officials said it could be months and perhaps years before Iraq feels the full force of the international trade embargo imposed on it after Iraq's Aug. 2 invasion of Kuwait. If Iran agrees to an Iraqi request for a hookup of oil pipelines, one official said, it would allow the Iraqis "to survive the sanctions almost indefinitely."

Iran has not yet responded to that request, according to intelligence reports, but Administration officials said an Iraq-Iran pipeline carrying 200,000 to 500,000 barrels a day could be completed within 30 days.

A likely route, they said, would be from an Iraqi pipeline east of Az Zubayr in southeast Iraq to a large Iranian refinery at Abadan, a distance of about 25 miles across the Shatt al Arab waterway.

Such a step, for which Iran would probably charge a hefty premium, would provide Iraq with credits for the purchase, through Iran, of fresh supplies of food and medicine, the officials said....

Other high-ranking Administration officials said they do not believe Iran is seeking to break the U.N. embargo in a major way, but rather than Tehran, with a devastated economy, is trying to make money from its old enemy, Iraq.

(George Lardner, Washington Post, A18)

**IRAQI TANKERS**

Three fully loaded Iraqi oil tankers that left Iraqi waters last week in what Bush Administration officials said could be a blockade-evading effort docked over the weekend in occupied Kuwait, U.S. officials said Monday.

The U.S. military and intelligence agencies are keeping a close watch on the vessels, which several weeks ago took on more than 2 million barrels of Iraqi oil worth an estimated \$80 million, to see if they will try to elude warships blockading the Persian Gulf.

Some Administration and congressional officials said they believe the oil may be destined for Iran.

U.S. officials said they did not know why the tankers went to Kuwait or what they are doing there. "They're just sitting there (at the Kuwait dock)," said an Administration official who spoke on condition of anonymity. "It's not real clear what they're doing."

Asked if there was official speculation about what the vessels are doing in Kuwait, he said, "There are a lot of dumb guesses."...

Another official who receives a daily intelligence briefing said that there were a number of "wild speculations" about why the Iraqis had parked the vessels in Kuwait. Among them: The Iraqis would "spread oil in the water that would be burned if there is an amphibious attack...or the tankers would be set afire in the face of landing U.S. marines." (Knut Royce, Newsday)

**MITTERRAND PROPOSES PEACE PLAN**

U.N. -- President Mitterrand outlined a four-stage plan for Middle East peace Monday that appeared to differ in key respects from U.S. views on how to respond to Iraq's invasion of Kuwait and its use of thousands of foreigners as human shields against attack.

Mitterrand, who spoke at the opening session of the U.N. General Assembly's annual meeting, said: "If Iraq were to affirm its intention to withdraw its troops and free the hostages, everything would be possible.

"At a later stage, the international community could be called on to guarantee the withdrawal of Iraqi forces and the restoration of the sovereignty of Kuwait and the democratic will of the Kuwaiti people."

Mitterrand, whose country was once a major arms supplier to Iraq, did not give specifics about how this would be done, but his language left the impression that a promise by President Saddam to pull his forces out of Kuwait might be sufficient to end the tight economic embargo that the U.N. has imposed on Iraq....

In Washington Monday, President Bush held a raucous meeting with some 200 Arab American leaders and declared that he was "not going to yield one inch" on his conditions for a negotiated settlement of the Persian Gulf crisis.

"We want a peaceful solution, but we don't want to do it and undermine -- and I'm not going to do it and undermine -- the solid consensus that exists in the world," Bush said when pressed by the Arab-Americans to seek a dialogue with Iraq.

"We're not going to yield one inch on those provisions," Bush said, referring to the publicly stated aims of his gulf policy.

(John Goshko, Washington Post, A1)

**U.N. BLASTS SADDAM, OIL PRICES SOAR**

World leaders opened a U.N. General Assembly session Monday by condemning Iraq as a warlike state for its invasion of Kuwait, but President Saddam vowed to fight for "a thousand years" to keep the emirate....

President Mitterrand delivered the first of a series of condemnations of Iraq, warning that Iraq's aggression could lead to global anarchy. Soviet Foreign Minister Shevardnadze speaks Tuesday, and President Bush is to address the 160-member assembly on Monday.

(Laura King, Washington Times, A1)

**SADDAM'S THREAT TO DESTROY OIL FIELDS  
LARGELY UNFOUNDED, OIL EXPERTS SAY**

Saddam Hussein's threat to destroy Middle Eastern oil fields is mostly bluster, although Iraqi saboteurs or a lucky missile strike could cause some disruption of oil production in Saudi Arabia, oil experts and security consultants said Monday.

Saudi Arabia's refineries, pumping stations and loading terminals are highly visible, stationary targets, but they are heavily guarded and mostly well beyond the range of Iraqi artillery, the experts said.

Detonation of explosive charges Iraq has reportedly attached to wellheads in occupied Kuwait could put those fields out of commission for months or even years, they said, but the vast pools of oil below would remain intact....

Experts were unanimous in saying there is no possibility of a subterranean inferno that would destroy the region's vast reserves.

(Thomas Lippman, Washington Post, A13)

**MULRONEY: CANADA MUST OPPOSE IRAQ**

OTTAWA -- Amid mounting criticism that Canada is being drawn into an escalating role in the Persian Gulf conflict at the bidding of the U.S., Prime Minister Mulroney Monday said he would never choose neutrality in the face of Iraq's aggression.

Mulroney suggested that more Canadian forces would be sent to the region if needed, and he disclosed that in addition to three warships and a squadron of F/A-18 fighter-bombers that have already been sent to the gulf, Canada was providing aircraft to ferry troops of other nations there.

Mulroney, in an impassioned speech at the reopening of Parliament, invoked the memory of Canadian soldiers who died "on the beaches of Normandy and the hills of Korea." He said that while today's Canadian army is best known for its peacekeeping activity around the world, "Canadians have never looked for a free ride and we are not going to start today."

(William Claiborne, Washington Post, A20)

**HOUSE PANEL VOTES 70,000-PERSON CUT IN MILITARY PERSONNEL**

A House panel approved a cut of 77,000 people from the armed forces, conceding that a more significant reduction would be unwise while President Bush continues to send troops to the Persian Gulf.

Meeting behind closed doors Monday, the House Appropriations subcommittee on defense adopted the troop cut as part of its defense spending plan for fiscal 1991, said a panel member who requested anonymity. The lawmaker did not specify how many people each service would lose. (Donna Cassata, AP)

**PENTAGON PRESSES 'SOVIET MILITARY POWER' DESPITE REFORMS**

The Defense Department warned Tuesday in its annual report on Soviet military power that Moscow can still threaten the West with a vast high-tech arsenal despite political reforms and defense budget cuts.

The cover of the ninth annual edition of "Soviet Military Power" features a blown-up photograph of a Soviet Delta-4 Class nuclear missile submarine, plowing over the surface of the sea somewhere in the world.

But the back of the softcover book has smaller color photos of Soviet troops leaving Hungary and of a World War II Soviet veteran freely demonstrating against the Communist Party in Moscow, according to the caption....

Secretary Cheney said in a three-page signed preface that there is "vigorous internal debate and uncertainty" in the Soviet military. (Reuter)

**GORBACHEV IS GRANTED NEW POWERS****No Accord Reached On Scope Of New Economic Program**

MOSCOW -- The Soviet legislature, after failing Monday to reach agreement on an emergency economic reform program, granted President Gorbachev sweeping new powers allowing him virtually to rule by decree during the disruptive transition period to a market economy.

The Supreme Soviet's decision to delegate much of its day-to-day authority to Gorbachev masked its failure to agree on the content of the so-called 500-day program and a continuing disarray in the Kremlin over the pace and scope of economic change....

Powers voted to the president Monday include the right to issue decrees covering such diverse subjects as property, economic management, the financial and budget system, wage policy, price setting, and public order. (Michael Dobbs, Washington Post, A1)

**E. GERMANY DROPS OUT OF SOVIET-LED ALLIANCE****Ceremony Ends 35-Year Military Link**

BONN -- The Warsaw Pact, the once monolithic Soviet-led East European military alliance, began the final stage of its collapse Monday as East Germany formally renounced its membership.

East Germany's Disarmament and Defense Minister, pacifist clergyman Rainer Eppelmann, performed one of his last official acts in presenting his country's resignation to Gen. Pyotr Lushev, the Soviet supreme commander to pact forces.

(Marc Fisher, Washington Post, A14)

**U.S., ANGOLA AGREE ON FAMINE RELIEF**

JOHANNESBURG -- The U.S. and Angola announced Monday that they have agreed to create "relief corridors" into isolated areas of war-torn southern Angola where 250,000 people are said to be in danger of immediate starvation.

The agreement, disclosed in Luanda and Washington, will allow U.N. relief agencies, private volunteer groups and the Geneva-based International Committee of the Red Cross to transport emergency relief supplies across Namibia into territory controlled by the Angolan government and that held by UNITA, a U.S.-backed rebel group led by Jonas Savimbi.

"The two sides agreed on the need for prompt and efficient delivery of relief supplies to all affected populations in Angola," a joint statement said. (David Ottaway, Washington Post, A14)

**U.S. WANTS ACCESS TO PHILIPPINE BASES AFTER LEASE ENDS**

MANILA -- The U.S. wants access to its largest overseas facilities in the Philippines at the expiration of its basing rights, U.S. Ambassador Nicholas Pratt said Tuesday.

In an interview with radio station DZRH, Platt said "quite a lot" was accomplished in the four days of talks last week on the 1947 treaty on six U.S. facilities expiring on Sept. 16, 1991.

Platt said the discussions, which were adjourned until next month, "came to a general consensus on the direction" the two panels wanted to go....

Elaborating on the U.S. position, Platt said Washington wanted continued access after the phase-down period.

"I think that some of the specific functions that we're interested in maintaining access to at the end of the phase-down process are training in a place like Crow Valley and some training areas at Subic, the military air command flight line at Clark, which is essentially a big airlift capability and ship repair facilities at Subic," Platt said. (UPI)

**PHILIPPINE GUERRILLAS END TRUCE WITH AQUINO**

Philippine communist guerrillas Monday scrapped a cease-fire with President Aquino's government, and right-wing army rebels warned again that they would overthrow her administration.

The guerrillas accused Mrs. Aquino of secretly forging a deal with Washington to ensure the continued presence of U.S. military bases in the country and announced they would resume their insurgency on a bigger scale. (Reuter, Washington Post, A7)

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**SALVADORAN PRESIDENT SEEKS CONTINUED MILITARY AID**

Salvadoran President Cristiani, struggling to persuade a doubtful Congress that his government deserves continued U.S. military support, said Monday that he is prepared to accept a major reduction in military aid as long as it is tied to a cease-fire agreement by anti-government rebels.

In addition, Cristiani said he would name a "blue ribbon panel" of three prominent U.S. judges to advise his government on how to prosecute Salvadoran military personnel allegedly involved in the killing last November of six Jesuit priests.

(Al Kamen, Washington Post, A4)

EDITOR'S NOTES: "Saddam Grows 'More Dangerous,' U.S. Experts Say," a news analysis by Martin Sieff, appears in the Washington Times, A8.

"U.S. Views Threat By Iraq As Strategy To Split Critics," by Eric Schmitt, appears in the New York Times, A12.

"Hills Warns Global Trade Negotiations Could Collapse Over Farm Subsidy Issue," by Eduardo Lachica, appears in the Wall Street Journal, A18.

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## NATIONAL NEWS

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### WHITE HOUSE MUM ON TAX INCREASE ON RICHEST AMERICANS

The White House, possibly clearing the way for a budget deal by Friday's deadline, declined Monday to criticize a proposal to raise the income tax rate on the wealthiest Americans in exchange for a cut in the capital gains tax.

President Bush has said that if a deficit reduction deal is to be reached by Friday, he would allow automatic budget cutbacks of up to 40 percent to go into effect the following Monday....

The White House refusal to criticize the Dole proposal, which would raise the income tax rate on the richest Americans to 31 percent from 28 percent, was hardly an endorsement, and the idea was blasted by some Republicans on Capitol Hill.

But with less than a week left in which to strike a budget deal, even the lack of a White House comment about a proposed income tax rate increase is being treated as a significant step forward.

Democratic congressional aides privately expressed pleasure with both Dole's proposal and the White House's lack of criticism. These aides said Dole's suggestion amounted to an endorsement of the Democratic view that income tax rates should be raised on the wealthy in exchange for a capital gains tax reduction.

Many Republicans have adamantly refused to consider any tax rate increase. Even the White House budget chief, Richard Darman, declined to endorse the Dole idea outright, although some congressional aides said it was his idea to begin with.

"We're not shifting our position on anything," Darman said. "Why should we?" (Michael Kranish, Boston Globe)

### STILL NO DEAL AT BUDGET TALKS

Top congressional and White House budget negotiators reported some progress early Tuesday toward an agreement on a five-year, \$500 billion deficit reduction package.

"We're making progress on savings...cutting spending, but we're not quite there yet," Chief of Staff Sununu said as he and other Republican negotiators left the Capitol about 12:30 a.m. EDT after nearly four hours of talks with Democrats.

Sen. Dole said the group had made "some" progress but he declined to elaborate.

There was no indication from negotiators as the meeting broke up that any significant progress had been made on what Democrats have said is the biggest obstacle blocking an agreement -- President Bush's insistence on cutting the capital gains tax.

Negotiators planned to resume talks Tuesday afternoon.

(Bud Newman, UPI)

**ADMINISTRATION PREPARES FOR LAYOFFS  
AS BUDGET TALKS REMAIN UNRESOLVED**

The Bush Administration is preparing to furlough thousands of federal workers -- from air traffic controllers to White House spokesmen -- beginning next week unless budget negotiators reach a last-minute accord.

The five congressional and three Administration negotiators met again Monday night. Before the meeting, Democratic leaders suggested there might be an accord, at least in principle, by midweek. Administration officials, however, emphasized that substantial differences remain, though they acknowledged that negotiators are making progress.

In what amounts to a high-stakes game of chicken, the White House Monday renewed its vow to veto any congressional attempt to delay the automatic spending cuts slated to begin Monday, the first day of the new fiscal year.

If President Bush does not flinch, the impact will be immediate -- and not just on the paychecks of federal employees who will be told to stay home a day or two each week. "It's seven days to Armageddon," Rep. Gunderson warned on the House floor.

(David Wessel and Jackie Calmes, Wall Street Journal, A3)

**DEMOCRATS READY TO BEGIN EFFORT TO POSTPONE GRAMM-RUDMAN CUTS**

Democratic congressional leaders are beginning their effort to delay \$85 billion in imminent cuts in federal spending, despite a veto threat from the Bush Administration.

The House Appropriations Committee planned to vote on the measure Tuesday....

Negotiators from the two sides met in a back room of the Capitol until nearly 12:30 a.m. Tuesday, emerging to say they were still searching for a deal.

"We're making progress in cutting spending, but we're not quite there," Chief of Staff Sununu told reporters.

The major sticking point to a five-year, \$500 billion deficit-reduction deal has been over whether to slash the tax rate on capital gains....

The seemingly endless negotiations have left the government staring at the start of the new fiscal year next Monday with no budget, spending bills or other fiscal legislation in place.

"It's a game of chicken, that's all it is," said Rep. Conte.

(Alan Fram, AP)

**HOUSE GOP CONSERVATIVES DRAW LINE ON DEFICIT DEAL  
Tax Rise Opposed; Capital Gains Cut Demanded**

Conservative House Republicans, stung this spring by President Bush's abandonment of his "no-new-taxes" campaign pledge, said Monday they could not support a deficit-reduction package that does not include a cut in the capital gains tax rate or that raises personal income tax rates.

"Clearly, the majority of House Republicans would vote against such a package," said Rep. Armey.

It is largely the question of taxes that has stalled the budget talks between congressional leaders and the Bush Administration. The bargainers met into Monday night seeking a way to get the talks moving again....

"We're not only trying to put together something that makes public policy sense, but could be passed," Budget Director Darman said. "It's a very delicate process of coalition-building."

Conservative House Republicans, who felt abandoned by Bush when he said new taxes were necessary to reduce the deficit, now cling to the President's vow that the budget agreement must encourage economic growth.

"We can't find anything in the talks that has anything to do with growth except capital gains," said Rep. Frenzel. "That will be the key to a number of votes in the House."

House Republicans are also intent on holding the line on tax rates. "Any change in income tax rates becomes difficult to sell among House Republicans," said Rep. Gunderson. "I don't think [Sen.] Dole's comments were helpful to bringing the budget summit to a conclusion."  
(John Yang, Washington Post, A5)

**QUAYLE CALLS FOR QUICK ACTION ON BUDGET**

**SEATTLE** -- Vice President Quayle said Monday if the world can unite against President Saddam, Congress should be able to rally behind President Bush to break the current budget impasse.

"The time is running out to get this budget agreement," Quayle told a media round table as part of his Western states' swing on behalf of Republican congressional candidates. "It is not going to be helpful to anyone to have the Gramm-Rudman meat ax fall."

"The President has gone the extra mile. He has put everything on the table that the Democratic leadership insisted upon. What have we gotten in return? Nothing -- not one thing except a lot of talk. It's time to deal...wrap this up. The American people demand it."...

Quayle said efforts by Democrats to pass a continuation resolution delaying Gramm-Rudman cuts and "somehow kick this down the road till after the election" will further stir an "anti-incumbency feeling that has been developing for a number of months now."  
(Stewart Slavin, UPI)

**ABSENCE OF BUDGET PACT WOULD HALT NIGHT FLIGHTS  
Airlines To Lose Weather Data As Of Monday**

The government told the airline industry Monday that 250 weather stations will be closed at night beginning Monday if there is no budget agreement between Congress and the Administration. That would shut down all commercial airline service after 6 p.m. each day.

The National Weather Service, at a meeting with industry representatives and the FAA, said budget cuts required under Gramm-Rudman will force it to close all but its major national weather centers from 6 p.m. to 6 a.m. This includes the offices that provide local weather information to pilots.

"It will be devastating," said Jack Ryan, an official with the Air Transport Association, who attended the meeting. "It will be worse than the FAA plan. You can't dispatch aircraft without a weather report."  
(Don Phillips, Washington Post, A5)

**U.S. POSTS \$52.75 BILLION AUGUST BUDGET DEFICIT**

The U.S. posted a budget deficit of \$52.75 billion in August, a huge gain over the August 1989 shortfall of \$22.15 billion, the Treasury Department said.

But "\$25 billion of the August deficit reflects a shift of payments normally made in September into August to avoid Labor Day delays" of military pay, Social Security checks and other payments, the department said.

"This will affect September's results by \$25 billion as compared to last year," the department said Monday.

August's \$52.75 billion shortfall is the worst showing since a staggering \$53.35 billion in March and follows a shortfall of \$25.93 billion in July and a deficit of \$11.13 billion in June.

(Vincent Del Giudice, UPI)

**FED'S STINGINESS AGGRAVATES THE THREAT  
OF A LONG RECESSION, ECONOMISTS SAY**

The Fed's steady grip on credit is reducing any chance of skirting a recession and could prolong one if it occurs, according to Bush Administration and private economists.

The Fed's interest-rate policies haven't changed since midsummer. But economic statistics released since then suggest the economy is grinding to a halt. Employment growth is the slowest it has been since the 1982 recession. The housing and construction industries are in a deepening slump. Consumers, after borrowing and spending heavily throughout most of the 1980s, seem to have run out of steam.

Concerns about the economy, and the Fed's reluctance to ease rates, is also causing the stock market to plummet....

"Recession seems very likely unless something changes very promptly," says Robert Dederick, chief economist at Northern Trust Co. in Chicago. An easing of short-term interest rates by the Fed might prevent or cushion a recession, he said.

(Alan Murray, Wall Street Journal, A2)

**BUSH FOCUSES ON HISPANIC EDUCATION**

Hispanic leaders are overjoyed with President Bush's pledge to improve federal efforts to promote quality education for Hispanic Americans.

Bush, flanked by Secretary Cavazos and Secretary Lujan, used a ceremony Monday marking National Hispanic Heritage Month, Sept. 15-Oct. 15, to issue an executive order on educational excellence for one of the fastest growing minorities in America.

Stressing "too many Hispanic Americans are not getting the first-rate education they need and deserve," Bush said the executive order sets up an advisory committee to keep the education secretary abreast of ways to improve federal educational efforts.

The order, an outgrowth of an Hispanic task force report, also directs Cabinet agencies to work along with individuals and educational, business and community groups serving Hispanic Americans to increase participation rates of Hispanics in federal education programs.

Cavazos called the order "a demonstration of (Bush's) thorough commitment to bringing Hispanics into the mainstream of American life through education."...

Lisa Navarre, spokeswoman for the National Council of La Raza, said officials are encouraged by the order because the research and advocacy group, along with the Hispanic Association of Colleges and Universities, had been working for nearly two years to win a commitment from the Administration.

"On a political and general level, this is a very significant and symbolic act," said Navarre. "It shows an interest in the federal government to do something about the crisis in Hispanic education."  
(Tamara Henry, AP)

**BUSH SEEKS TO BOOST TURNER'S 'UNDERDOG' BID**

President Bush, in his only major appearance for a municipal candidate this fall, helped raise more than \$200,000 Monday for Republican mayoral nominee Maurice Turner, hailing him as the candidate best equipped to end "the crisis of confidence that grips the District Building."

Bush, speaking to a breakfast audience of several hundred Turner supporters at the Mayflower Hotel, described Turner as an underdog in the mayor's race, but said there was "no one more dead set on getting the deadwood out of city government and providing leadership to help heal Washington" than the former D.C. police chief.

Those who know Turner "call him tough, honest, concerned, committed, competent," Bush said. "Well, come November 6th, that's just one thing more I'd like to call him, and that is 'Mayor.'"

Turner, who at various stages of the mayoral campaign has sought to play down his affiliation with the Republican Party, issued a strongly partisan attack on the District's ruling political establishment, saying, "The Democratic leadership in the District has let us down."

(R.H. Melton and Mary Ann French, Washington Post, B1)

**WHITE HOUSE OBJECTS TO BILLS ON CLEANER FUEL**

The White House has decided to oppose both the House and Senate versions of plans to make oil companies provide cleaner-burning gasoline. Those requirements are a centerpiece of proposed revisions to the Clean Air Act.

In a letter dated Friday, the White House, which had not expressed a public position beyond saying that any new requirements should be worth the cost, said, "Both the House and Senate reformulated gas provisions are needlessly inflexible and present enormous implementation problems."

Both houses had approved unusually specific legislation about what steps would be required, reflecting frustration that past laws had failed to achieve the anticipated progress.

The letter, addressed to Rep. Dingell, continued, "Unless these provisions are changed, they will result in unnecessary increases in the price of gasoline to consumers and in potential supply disruptions, without producing commensurate environmental benefits."  
(Matthew Wald, New York Times, A24)

**TWO DEMOCRATS SAY 'AYE' ON NOMINATION OF SOUTER**

Judge David Souter's confirmation for the Supreme Court looked even more certain Monday after two key swing votes on the Senate Judiciary Committee tilted his way.

Sens. DeConcini and Heflin -- moderates whose votes often dictate the outcome of judicial nominations -- became the panel's first Democrats to reveal their position. A committee vote is likely Thursday.

"Judge Souter will not bring a scorched-earth philosophy to the court, but he will bring a sense of historic perspective and a clear-headed approach to the analysis of legal issues," Mr. Heflin said during a speech on the Senate floor.

(Dawn Weyrich, Washington Times, A3)

**CIVIL RIGHTS GROUPS URGE REJECTION OF JUDGE SOUTER**

A major coalition of civil rights organizations urged the Senate to reject the nomination of Judge David Souter to the Supreme Court.

The 180-member Leadership Conference on Civil Rights said in a two-page statement that Judge Souter hadn't shown "that he has a commitment to constitutional guarantees of individual rights and liberties."  
(Wall Street Journal, A24)

**DRUG WAR IN DISTRICT CRITICIZED**  
**Reports Calls Effect 'Pitifully Inadequate'**

At least 13 percent of the District's residents -- about 76,000 people -- have a drug problem, and city financing of programs to treat drug abusers has been "pitifully inadequate," according to a report released Monday by researchers at the University of the District of Columbia.

D.C. government drug-treatment programs have slots for 1,160 patients, far too few to serve the city's drug users, according to the report. There also are about 76,000 alcoholics in the city, but it is not known to what degree the two groups overlap, according to the researchers.

The report is the result of an 18-month evaluation of city-funded programs for drug treatment, education and referral. It said the programs have numerous problems, including laggard record-keeping, which prompted the authors to estimate some of the statistical findings in their report.

Emanuel "Dave" Chatman, chairman of the research group, which calls itself the Safe Streets Project, said its findings present "a sad, sad picture of the problem we're facing in the District...." "We just have to spend more money (on treatment) to fight this."

(Keith Harriston, Washington Post, B1)

**SENATE PASSES AGE DISCRIMINATION BILL**

The Senate voted overwhelmingly Monday to extend additional rights to millions of older workers, passing a compromise bill to bar age discrimination in employee benefit plans.

The bill passed 94-1 -- with Sen. McClure the only "no" vote -- after Sens. Metzenbaum and Hatch announced a technical compromise intended to allay GOP fears that the measure would threaten voluntary early retirement plans and unfairly burden employers. In addition, the compromise gave in to a Republican demand to exempt federal workers from the legislation. (UPI)

**HOUSE LEADERS TO SEEK TEMPORARY FUNDING FOR NEA**

House Democratic leaders will seek temporary extension Tuesday of the NEA -- the first clear signal they intend to wait until after the elections to vote on permanent funding for the beleaguered agency, according to Capitol Hill sources....

Tuesday, the House Appropriations Committee will extend the NEA until Oct. 20 at its present \$141 million funding level as part of an omnibus continuing appropriations bill, committee aides said. Another stopgap extension is anticipated to continue endowment funding beyond Election Day, aides said.

(George Archibald, Washington Times, A3)

**EDITOR'S NOTES:** "Democrats Hold Slight Edge In Governor Races," by Thomas Edsall, appears in the Washington Post, A8.

"'Slow Start' To Probe Of Delay On Silverado," by Kathleen Day, appears in the Washington Post, D1.

## NETWORK NEWS

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(Monday evening, September 24)

### DE KLERK VISIT

**NBC's Tom Brokaw:** With so much of our coverage focused on the Persian Gulf, the dramatic and too often bloody developments in South Africa have not received the attention that they might have in quieter times. Monday, South Africa moved back to the forefront when F.W. de Klerk became the first of that country's government in more than 45 years to be received at the White House. De Klerk's presence did not go unnoticed.

**ABC's John Cochran:** It did not. President Bush knew that President de Klerk's visit would be controversial, but instead of distancing himself from the South Africa, Bush gave him a political embrace.

(TV coverage: President and de Klerk in Oval Office.)

Lavish with his praise, President Bush said de Klerk is courageously trying to establish a constitutional democracy. Bush gave the white South African equal footing with black leader Nelson Mandela, even though Mandela has recently attacked de Klerk.

(**President:** "And I'm here to tell you that I have enormous respect for what President de Klerk and Nelson Mandela are trying to achieve together in pursuit of this principle, and it is not simply this president -- I believe, sir, it's the entire American people that feel that way.")

Well, maybe not the entire American people. One hundred and fifty protestors accused de Klerk of condoning violence against blacks.

(TV coverage: Protesters in front of White House chanting: de Klerk's hands are red, 800 dead!)

President Bush is taking a political gamble with his warm reception of de Klerk; Bush hopes to convert millions of American blacks to the Republican Party. Monday, Bush campaigned for the Republican candidate for mayor of Washington, Maurice Turner.

(TV coverage: President shaking hands with Turner.)

Bush hopes more black politicians all over the country will choose to run as Republicans.

(**President:** "I urge every citizen in the District of Columbia to get out and vote. Do not take democracy for granted.")

But many blacks believe Bush Monday welcomed a man who is not really willing to accept democracy, despite his promise of a new constitution.

(**de Klerk:** "There will be a vote of equal value to all South Africans.")

But de Klerk has not yet convinced members of the Congressional Black Caucus.

(**Rep. Gray:** "One vote, one value could mean a variety of things, not necessarily what we consider true democracy where it would be one person, one vote.")

But White House officials are satisfied with de Klerk's promises on voting, and they say if he makes good on other promises then President Bush may ask Congress early next year to lift at least some economic sanctions.

**Brokaw:** If the President appears to be too eager to withdraw these sanctions won't that just hurt him in the black community more than help him?

**Cochran:** Not necessarily. I don't think he wants to get too far out ahead of Congress on this. He has to consult with Congress by law on these sanctions; he'll try to get congressional leaders to approve this. It's like taxes: If the Democrats sign off on it, then President Bush figures he probably won't get hurt.

**NBC's Robin Lloyd** reports Winnie Mandela was formally charged in court Monday with kidnapping and assault; there was a strong show of support for the Mandelas at the courthouse. De Klerk has shown a reluctance to criticize his own security forces for alleged complicity on fueling factional fighting. He has discounted Mandela's charge that rogue elements in the police and the army are involved in the killings and he has thrown his full support behind the latest government crackdown. Relations between de Klerk and Mandela are at an all-time low.

(**Mandela:** "Mr. de Klerk must stop lecturing to us. He must put his own house in order.")

De Klerk may have no choice but to proceed cautiously; conservative whites are already voicing strong opposition to de Klerk's reforms. Even as de Klerk speaks of a new South Africa, many in his own government are busy enforcing the old South Africa.

**Brokaw** reports Nelson Mandela, in a BBC interview, strongly hinted that his organization would reignite an armed struggle against the government unless conditions improve soon. (NBC-Lead)

**ABC's Ann Compton:** President de Klerk was invited to the White House because he is the first South African president to begin dismantling the official policy of apartheid.

(TV coverage: President and de Klerk in Oval Office.)

He declared there is no going back now.

(**de Klerk:** "The process in South Africa is indeed an irreversible one.")

While some in the U.S. want economic sanctions to remain against South Africa until apartheid is eliminated, President Bush promised he will start lifting sanctions as soon as de Klerk completes four of the five reforms demanded by American law.

(**President:** "These conditions are clear-cut and are not open to re-interpretation, and I do not believe in moving the goalpost.") The Bush administration says South Africa will soon meet the conditions on release of the last political prisoners and even repeal of the laws separating black and white living areas. The problem is the state of emergency that remains in place. New violence has cost nearly 800 lives in recent weeks. Outside the White House gates, some black groups said that is why pressure must be kept on South Africa.

(**Rep. Dellums**, Chairman, Congressional Black Caucus: "Not only are we prepared to say that sanctions should not be lifted, we're prepared to go forward to challenge for even greater sanctions.") The Congressional Black Caucus even cancelled its meeting with de Klerk, saying it would send the wrong signal. President Bush is sending a signal of another kind: Recognizing progress, even when it is slow. (ABC-2)

**Rather:** President Bush welcomed the president of South Africa Monday, and praised him for what Mr. Bush called "dramatic progress toward ending racial discrimination. Mr. Bush's welcome for F.W. de Klerk matched the reception for Nelson Mandela last June, and it was a long-awaited breakthrough for the white minority government of South Africa.

**CBS's Wyatt Andrews:** After 45 years of being shunned in America, white South Africa returned Monday to an official Washington state of grace. President F.W. de Klerk, the man who released Mandela and who began talks to dismantle apartheid, came to collect the seal of approval President Bush had promised.

**(President:** "Who among us only a year ago would have anticipated these remarkable developments? Clearly the time has come to encourage and assist the emerging new South Africa.")

The high praise represents a White House decision to reward de Klerk for the reforms he's begun rather than punish him for the injustices which remain. Anti-apartheid activists, however, argued Mr. Bush -- just by meeting de Klerk -- gave too much of a gift too soon.

**(Rep. Dellums:** South Africa is no less of an apartheid regime, no less racist and repressive, no less violent and no more humane.")

**(Randall Robinson, TransAfrica:** "We would not have invited Adolf Hitler to visit the United States nor should we, before apartheid is abolished, invite F.W. de Klerk.")

De Klerk himself came here to shake off those visions of Hitler. The South African strategy is to admit there's too much violence, to admit the process is slow, and then to sell America his promises of a new South Africa.

**(De Klerk:** "A new constitution which will offer full political rights within the framework of internationally acceptable definitions of what democracy really is.")

Monday's symbolic pat on the back was everything for President de Klerk; he wanted and got almost nothing else. Even President Bush's goal of easing the economic sanctions against South Africa came up only sparingly, mostly because both leaders know Congress is in no mood to relax them anyway.

**CBS's Richard Wagner** reports from South Africa de Klerk's moves have won him a measure of important black support here.

**(Archbishop Tutu:** "I would give him full marks for courage and for taking initiatives that have surprised even us. I mean, we didn't think he would have gone as far as he has.")

**(Nelson Mandela:** "I regard him as serious in demanding a new South Africa and in announcing his intention of bringing about fundamental changes. But he clearly has got problems, serious problems.")

Despite all the obstacles, de Klerk and his major opposition are committed to change.

**(John Barratt, political analyst:** "There's no going back for him, and there's no going back for the ANC. If they do go back they will walk backwards into chaos.")

Monday, black and white officials met to take the first steps aimed at forming a common government to unite Johannesburg and Soweto; bringing together the country's largest black and white communities would be a major step in the creation of a new South Africa.

Rather: While President de Klerk was being honored at the White House, Nelson and Winnie Mandela were in court. A judge freed Mrs. Mandela without bail and agreed to delay her trial until next February. (CBS-Lead)

## IRAQ

ABC's Peter Jennings: Another day of resounding, and to some, confusing rhetoric from Saddam Hussein in Baghdad. After a weekend statement which fell on many ears as the most militant one he's given, threatening to attack Saudi Arabia and Israel even if it is the economic embargo that hurts his people. He said Monday that Iraqis would fight for a thousand years to keep Kuwait. It was another day of equally determined, although certainly less colorful language, in Washington. And not an iota of compromise in either capital.

ABC's John McWethy reports the first question President Bush was asked by a group of Arab Americans was why he does not at least try direct talks with Saddam Hussein -- what does the U.S. have to lose?

(President: "Others have tried. You've seen people calling for -- quote -- and Arab solution -- unquote, and that's fine, but they have failed because each time they've tried to do that they have struck out because of this man's insistence on remaining in Kuwait.")

The President again made it clear that it is Saddam Hussein who must agree to all American conditions before there is anything for the U.S. to talk to him about.

(President: "We're not going to yield one inch on those provisions that I spelled out.")

The President's sentiments were echoed by President Mitterrand, who told the U.N. General Assembly Monday that there seemed little hope of a negotiated settlement.

(Mitterrand: "Not one gesture, not one word, in fact, from the president of Iraq has given us even a glimmer of hope for conciliation.")

As for Saddam Hussein's latest threats, State Department spokeswoman Tutwiler said the remarks are just more of the same - - outlandish and outrageous commentary by the Iraqi leader.

(Tutwiler: "This is just another series, in our opinion, of seven weeks' worth of irresponsible statements.")

Late Monday, the U.S. found a way to take a diplomatic swipe at Iraq by prohibiting the Iraqi foreign minister from flying on a government plane to New York so he can go to the U.N. General Assembly. He's welcome to come, U.S. officials say, but he'll have to fly commercial and be treated just like any other commercial passenger.

Anthony Cordesman, national security advisor to Sen. McCain, says Saddam's speech Sunday was a threat that he could never implement. He simply doesn't have the military means; he doesn't have the kind of attack aircraft and munitions to attack the oil fields in the Gulf. He might be able to hit a few key facilities, but he has no way of making good on that broad and sweeping a threat. Saddam's Scud missiles only have an accuracy of two to three kilometers. He'd have to throw virtually all of his modern air assets in to attacking even one or two major oil loading or pumping facilities, and in the process he might lose his air force. -more-

Jennings: When Saddam Hussein makes headlines with the kind of rhetoric we heard over the weekend, you tend to say, perhaps he wants to negotiate.

Cordesman: I think that is more likely than he's ever going to make good on those threats.

Jennings asks Judith Kipper of the Brookings Institute if she detects a change in Saddam's rhetoric.

Kipper believes Saddam's speech over the weekend was qualitatively different. I think he's losing his nerve, he feels cornered, he's very fearful and he's lashing out. In the past, when he has made threats we haven't taken him seriously, as in the threat he made at the Baghdad summit when he said something would happen. I think we should listen very carefully, even if he can't make good on what he actually does threaten.

Jennings asks if we lose anything by not talking with Saddam directly.

Kipper believes we do. In this clash of cultures, the only way to know for sure if there is a diplomatic way out is to talk to Saddam Hussein eyeball to eyeball, and that can only be done possibly by senior Soviet and certainly by senior Americans.

Jennings reports Argentinean President Menem has fired one of his aides, who exported 140 tons of beef and medicine to Iraq. Press reports in Argentina said the beef was sent through Iran. Iran said Monday it had arrested 29 people for trying to smuggle food across the frontier. Iraq Monday declared the Kuwaiti Dinar invalid and ordered Kuwaitis to exchange it for Iraqi money on a one to one basis by the end of the week.

ABC's Chris Bury reports on Kuwaitis crossing into Saudi Arabia, who said Monday the Iraqis told them to become citizens of Iraq or leave. Iraq is destroying their national identity, they say, even banning Kuwaiti currency. There is less resistance to the occupation, one man says, because the Iraqi army has threatened to execute people at random whenever a soldier is killed. More than 200,000 Kuwaitis have fled to Saudi Arabia so far. The Kuwaiti government-in-exile is registering Kuwaitis for living allowances - up to \$1,600 a month for families. The royal family promises to pay its citizens indefinitely. Many Kuwaitis fear they are losing their country and feel there is nothing they can do to win it back.

Jennings reports President Bush was very forceful when meeting with Arab Americans on the subject of discrimination.

(President: "This is a sad irony that while our brave soldiers fight aggression overseas, a few hate-mongers here at home are perpetrating their own brand of cowardly aggression. And death threats, physical attacks, vandalism, religious violence and discrimination against Arab-Americans must end.") (ABC-Lead)

Jennings reports Saddam's threats against Middle Eastern oil fields sent the price of crude oil over \$38 a barrel Monday. (ABC-5)

**CBS's Dan Rather:** Warning signals Monday night from a bumpy economic road ahead and partly because of one man's war of words. Iraqi President Saddam Hussein threatened to strike first in the Middle East -- to strike Mideast oil fields and Israel if the international blockade begins to strangle his country. And on the oil market and on Wall Street Monday, the reaction was shock.

**CBS's Ray Brady** reports crude oil closed at his highest price in nearly ten years Monday. With Autumn bringing cool weather, home heating oil shot up another six cents a gallon. The homeowner who paid \$1,000 last year for heating oil now will pay around \$1,500 dollars -- and prices could go higher -- all based on Saddam Hussein's threat to attack Israel and the Saudi oil fields.

(**Peter Beutel**, oil analyst: "This is the worst possible time of the year in terms of home heating oil for Saddam Hussein to be increasing his threats.")

At the pump, a nationwide survey showed the average price of gasoline already at an all-time high -- more than \$1.38 a gallon. In the trading pits, the price for future delivery shot up another six cents a gallon. There is no shortage of oil, so the market is reacting to scare headlines.

(**Beutel**: "By October or November we could see gasoline prices trading as high as \$1.70 a gallon.")

On Wall Street, fears about the Middle East and the nation's weakening banking system sent stock prices down nearly 60 points; they're down more than 500 points since mid-July.

(**Alan Ackerman**, stock market analyst: "The higher energy prices go the lower equities will go.")

If the crisis is resolved without war, it would be a big break for the consumer, because you would probably see oil prices drop to where they were before Saddam Hussein got going, and you'd probably see a pretty good rally in the stock market.

**CBS's Bill Plante** reports from the U.N. that the Security Council prepared to impose an unprecedented air embargo. U.S. officials charge that Iraq has rounded up and his holding 93 Americans as hostages, including some with serious medical problems.

(**Margaret Tutwiler**: "We have repeatedly demanded that the Iraqis permit the immediate evacuation of all such individuals on humanitarian grounds.")

Passage of the air embargo and other new sanctions at Tuesday's meeting of the U.N. Security Council seems assured, as even President Mitterrand denounced Iraq's takeover of Kuwait.

(**Mitterrand**: "I say there is no compromise as long as Iraq does not comply with the views of the Security Council and withdraw from Kuwait.")

President Bush, while condemning violence against Arab Americans, continued to defend his policy of no negotiation until Saddam Hussein withdraws from Kuwait.

(**President**: "The objective is to see that naked aggression does not pay off, sir. That's what the objective is and that's why we are going to stay with that position.")

So far, support for Mr. Bush's position and the U.N. Security Council and the international community remains solid. The air embargo, expected Tuesday at the U.N., will be difficult to enforce since there are no plans to shoot violators out of the sky. But Washington hopes it will send Saddam Hussein a still-tougher message.

Rather reports Saudi Arabia has expelled more than 12 Arab diplomats suspected of spying on the U.S.-led military buildup in the Saudi desert.

CBS's Bob Simon reports from Saudi Arabia on that nation's oil refineries. They are protected from air attack by American Patriot missiles, but not as well guarded against terrorist attack. It was just revealed that 13 days ago authorities discovered two men trying to cut through the Aramco security fence here. The men escaped, but it was after an investigation Saudi Arabia decided to expel a number of Jordanian and Yemeni diplomats. (CBS-Lead)

Brokaw reports the foreign minister of Iran, at the U.N., declared his country's commitment to Security Council resolutions aimed at getting Iraq out of Kuwait. The State Department said Monday at least 800 Americans are still trapped in Iraq and Kuwait.

NBC's Gary Matsumoto reports from Baghdad on Americans in hiding there.

(American in hiding: "You wonder why we're still here; nobody has given us a reason why we can't leave. I honestly feel that my being here is not going to change Mr. Bush's attitude as to what he has to do. I believe we're known in the game as expendable.") (NBC-3)

#### SOVIET REFORM

Jennings reports the Soviet Parliament gave President Gorbachev what amounts to a free hand if he chooses to transform the Soviet economy by decree. He will have the authority to bypass parliament and issue orders forcing radical changes in the Soviet economic system. There is still no agreement on the exact form of those changes or how quickly they should be made.

ABC's Barrie Dunsmore reports from Moscow the new plan would scrap the socialist system.

(Nicholae Petrakov, economist: "If socialism is what Stalin created, then we want to drop that. We don't want anything to do with it. We want an efficient economy.")

The two main elements in the new plan are private ownership of property and a weakening of the power of the central government; government property would be sold off and the Soviet republics would be given greater control of their natural resources and the power to tax and spend. Shares in thousands of factories and shops would be sold to the workers and private investors to stimulate productivity and get more goods on the shelves. Even the GUM department store would go private. The reformers have no pity for government bureaucrats.

(Petrakov: "If a few thousand bureaucrats should lose their jobs, that will be their personal tragedy. In terms of society at large, that will be just and fair.")

Conservative politicians fear that the plan would give the republics too much power.

(Marshall Shulman, Columbia Univ.: "Even if the present reform plans are only imperfectly realized, this country is going to be fundamentally transformed from what it was. The hope lies, really, in the longer term. Undoubtedly in the short run, there will be a period of chaos.")

Jennings reports the finance minister of the Russian Republic Monday urged the central government to apply to join the IMF.

(ABC-7)

NBC's Bob Abernethy reports Monday's parliamentary decision puts Gorbachev on a collision course with Boris Yeltsin and with other republics which also want to get out from under central government control.

(Mikhail Bocherov, parliament member: "It is dangerous; it will lead to more conflicts between the center and the republics.")

A democratic group organized a protest against Gorbachev's new powers, but other Muscovites were supportive. A visiting American economist thinks the Soviet system will continue to fragment and fail.

(Ed Hewitt, Brookings Institute: "The system's just disintegrated. People are not taking orders any more. That's Gorbachev's problem: He issues orders now to people, but who's going to sit up and listen?")

Also Monday, the Supreme Soviet turned over to Gorbachev and a commission the difficult task of trying to make one acceptable economic reform plan out of the several competing proposals.

(Hewitt: "It's hard to know if you can even find a solution. This one may just be too hard.")

(NBC-4)

CBS's Barry Petersen reports Boris Yeltsin said Gorbachev had better not use his new emergency powers in the Russian Republic.

(Stephen Cohen, Princeton Univ.: "If he persists in that defiance, there will be a political crisis of enormous magnitude in the Soviet Union.")

Yeltsin and Gorbachev agree, however, that the solution is a free market. Transition to a free market economy is already well underway. Various state-owned enterprises have been privatized and are already showing signs of increased competitiveness and profitability.

(CBS-2)

#### CALIFORNIA GOVERNOR'S RACE

CBS's David Dow reports on the gubernatorial race between Pete Wilson and Diane Feinstein. With reapportionment, California's governor will help shape one-eighth of the House of Representatives -- 52 seats.

(President: "And that is what he must be: Governor Pete Wilson of California.")

So in the midst of a Middle East crisis, President Bush flew here last week to raise \$2 million for Wilson and he'll likely be back.

(Diane Feinstein: "The polls are even and he's called in the Big Guy and said, please help me.")

Despite the stakes, the candidates are battling voter apathy; there is little interest in the race.

(CBS-7)

#### CHILDREN'S TELEVISION/COMMERCIALS

Rather reports the Senate voted to limit commercials on children's television programs: 12 minutes an hour on weekdays, ten-and-a-half minutes per hour on weekends. A final vote by the House on this could come next week. President Bush opposes this legislation but hasn't said flatly whether he'll veto it.

(CBS-6)

**AIDS**

Rather reports the federal government Monday announced it is launching a comprehensive, long term study of how AIDS progresses in people infected with the deadly virus. HHS Secretary Sullivan called the project "unparalleled." (CBS-4)

**U.S. SURPLUS EQUIPMENT**

ABC's Bill Greenwood reports on federal supplies given to foreign countries, which last year was valued at \$135 million. Legislation has now been introduced in Congress to guarantee that federal charity begins at home. A 1986 humanitarian assistance law makes the equipment available to foreign countries as soon as the U.S. government decides it doesn't need it. American communities can't get their hands on such property until later, when it is formally classified as surplus. Defense officials insist domestic applicants are not being short-changed.

(Robert Wolthusis, Assistant Secretary of Defense: "We've only taken a small fraction of what's been available in the United States, and I think they can find the stuff if they go out and look for it.")

Critics say that's not so, insisting the best equipment goes abroad often leaving states with leftover junk.

(Rep. Rahall (D.-W.V.): "That's wrong. We ought to be taking care of American needs first. Yes, we're a world superpower, yes, we have responsibilities around the world. That's all fine and good, but that doesn't mean we turn our backs on our people here at home.") (ABC-4)

**DIET PILLS**

NBC's Robert Hager reports the FTC announced Monday it is investigating 15 different diet products and 14 diet services -- lose-weight-fast schemes. Young people have been abusing the products resulting, in some cases, in death. It is alleged the companies guarantee unreasonable claims about the effectiveness of their products. The FTC promised to crack down on those before-and-after photos of people who've lost phenomenal amounts of weight; investigators suspect some of the stories and photos are fake. (NBC-7)

-End of B-Section-

## EDITORIALS/COLUMNISTS

### TEXTILE BILL

Bush Should Veto Ill-Advised Measure -- "...President Bush has no realistic choice but to veto legislation to protect the textile industry.... Even if Bush's veto is sustained, the protectionist signal sent by Congress could seriously undermine the U.S. negotiating posture in the current round of international trade talks."  
(Ft. Worth Star-Telegram, 9/20)

Socketing It To The Consumer -- "...Besides the damage this bill would do to family budgets, it would undermine international trade talks in which the Bush administration is working to persuade other nations to lower barriers to U.S. goods and services. The best way to boost the American economy is by expanding exports, not by restricting imports."  
(Louisville [Ky.] Courier-Journal, 9/20)

Unraveling The Protectionist Skein -- "...Already one of the most heavily favored protected sectors of the economy, the domestic textile industry now enjoys an interwoven patchwork of tariffs and quotas that drive up the cost of imported goods.... If Congress insists on advancing such a market-closing measure, the President must defend the bipartisan logic of free trade."  
(Cleveland Plain Dealer, 9/17)

### TRADE TALKS

Right Timing For Mexico Trade Talks -- "With the threat of war in the oil-rich Persian Gulf, President Bush has wisely decided to accelerate efforts to forge a free-trade agreement with Mexico.... A U.S.-Mexico free-trade agreement will benefit both countries economically and make it easier to keep Mexico moving toward a more democratic government. It also will show Latin America our determination to build a stronger, more secure and more prosperous hemisphere for the future."  
(Chicago Tribune, 9/20)

Go For A Free-Trade Zone! -- "...Most of these [Latin American] democracies are doing their best to open up their economies. Mr. Bush's proposals recognize this. May they signal the beginning of more concerted U.S. interest in Latin America's future."  
(Miami Herald, 9/18)

### ANGOLA

Helping President Bush Get Out Of Angola -- "Why does President Bush persist in fueling a devastating war in a far-off country called Angola? This dirty little war -- a throwback to the Cold War -- doesn't fit a president who would like to be considered an architect of a new world order.... Mr. Bush seems to be having trouble fending off the restive right-wingers on the National Security Council and in the CIA. Congress should help him out by refusing to fund the war in Angola any longer."  
(Atlanta Constitution, 9/20)

## **FOREIGN MEDIA REACTION**

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### **DE KLERK VISIT**

#### **"Showing The Flag And Not The Finger"**

"The pace of change in South Africa has been so swift that it can easily diminish our appreciation of the distance we have already travelled. Thus President de Klerk's American trip tends to become just one more item in the national diary. The reality is different. The visit is uniquely important.... It is a giant step out of isolation."  
(Sunday Times, South Africa)

### **IRAQ**

#### **"Soldiers of God Vs. Soldiers of Satan"**

"Washington will drag the four big capitals by the hair to issue a resolution imposing an air blockade on fraternal Iraq. If it succeeds, there is nothing to be said except that the battle of all battles and our last war is close. The soldiers of God will be in one trench facing the soldiers of Satan, leading to an Arab, Islamic and human Armageddon."  
(al-Ray, Jordan)

#### **"The Major Cause For Instability"**

"The Gulf crisis has encouraged the Israeli government to adhere with greater determination to the argument that the major cause for Middle East instability is not the Israeli-Palestinian conflict but the conflict between Middle East countries armed to the teeth."  
(Haaretz, Israel)

#### **"Surprise Attack Against Saddam Hussein?"**

"For election-related reasons, Bush could be tempted to create a 'surprise' in October and launch an attack against Saddam Hussein. He will do it only if he is certain of victory. Up until now, Bush has been a cautious political leader."  
(Quotidien, France)

#### **"Running Out Of Options"**

"The longer Saddam Hussein holds out, the more effective his propaganda becomes. In the anti-Iraq coalition, the situation is just the other way around: It is difficult to imagine that this coalition will hold up until the embargo against Iraq shows any decisive results. The longer...this state between peace and war lasts, the weaker the solidarity front becomes."  
(Frankfurter Allgemeine, West Germany)

#### **"Bush Under Pressure To Present Some Kind Of Success"**

"The Americans' support of their administration's policy is dwindling since the pressure on Iraq is not showing any effects. Pressure is growing on President Bush to come up with some kind of success."  
(Sueddeutsche Zeitung, West Germany)

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# News Summary

OFFICE OF THE PRESS SECRETARY

WEDNESDAY, DECEMBER 5, 1990  
6 A.M. URUGUAY/3 A.M. EST EDITION

## TRIP NEWS

**BUSH HAILS URUGUAY PLAN FOR ECONOMY** -- President Bush, in the second stop of a five-nation tour of Latin America, Tuesday praised Uruguayan President Lacalle's "bold program" of economic redevelopment and said Uruguay's efforts to deal with its debt problem will pay dividends in the future. (Washington Post)

**BUSH BARS 'LINKAGE' IN CRISIS** -- President Bush said Tuesday he would not be "in a negotiating mood" when he meets with Iraqi Foreign Minister Aziz in Washington and ruled out any effort by President Saddam to link a solution to the Persian Gulf conflict to the Palestinian issue. (Washington Post)

## NATIONAL NEWS

**FED EASES BANK RESERVES TO SPUR LENDING** -- The Fed, worried about the financial health of the nation's banks and about lending cutbacks that are hurting the economy, Tuesday reduced the amount of cash and other assets that banks are required to keep in reserve. (Washington Post)

## NETWORK NEWS (Tuesday evening)

**GULF** -- President Bush suggested that the world cannot afford to wait a year or more for sanctions to work.

A European TV channel says Iraq may be ready to withdraw if it can keep the Ramal oil fields on the Iraq-Kuwait border.

**EDUCATION** -- ABC's American Agenda focuses on the President and education.

|                        |     |
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| TRIP NEWS.....         | A-1 |
| INTERNATIONAL NEWS.... | A-3 |
| NATIONAL NEWS.....     | A-7 |
| NETWORK NEWS.....      | B-1 |

## TRIP NEWS

**BUSH HAILS URUGUAY PLAN FOR ECONOMY  
President Pushes Latin Trade Program**

MONTEVIDEO, Uruguay -- President Bush, in the second stop of a five-nation tour of Latin America, Tuesday praised Uruguayan President Lacalle's "bold program" of economic redevelopment and said Uruguay's efforts to deal with its debt problem will pay dividends in the future.

On a visit to tout his trade, debt and investment plan for the region, known as the Enterprise for the Americas Initiative, Bush said he looked forward to completion of a framework agreement on trade between the U.S. and four neighboring countries here -- Uruguay, Brazil, Argentina and Paraguay -- who are in the process of establishing an open trading zone with their borders....

"I don't want this Enterprise Initiative to be just more rhetoric," Bush said after a meeting with Lacalle, who was the first Latin American president to call him to praise the proposal in June. "We want action.... The climate for this kind of action is so much better today that I think we will be successful to go along the course we've been discussing here."...

Lacalle said the decline of superpower dominance in the world opens up the opportunity for "a whole new time of much more equal relationship between the countries, big and small."

(Dan Balz, Washington Post, A1)

**BUSH BARS 'LINKAGE' IN CRISIS  
President Expresses Impatience With Anti-Iraqi Sanctions**

MONTEVIDEO -- President Bush said Tuesday he would not be "in a negotiating mood" when he meets with Iraqi Foreign Minister Aziz in Washington and ruled out any effort by President Saddam to link a solution to the Persian Gulf conflict to the Palestinian issue.

At a press conference shortly after his arrival here Tuesday afternoon, Bush also expressed growing impatience with U.N. economic sanctions against Iraq, saying that only the threat of military attack is likely to persuade Saddam to withdraw his troops from Kuwait.

Bush rejected calls by two former chairman of the Joint Chiefs of Staff and Sen. Nunn to give the economic sanctions considerably more time to work before resorting to war. He said Secretary Cheney and Gen. Powell did a "superb job" in describing to Nunn's committee Monday the dangers of waiting indefinitely....

"I've not been one who has been convinced that sanctions alone would bring him to his senses," Bush said.

Acknowledging that the sanctions are "having some effect" on Iraq's economy, Bush said Saddam still "has not gotten the message" that the world community is united against him.

(Dan Balz, Washington Post, A1)

## ARGENTINE REBELS' DEBACLE IS SAID TO BOLSTER MENEM

BUENOS AIRES -- The city returned to normal Tuesday after a one-day uprising by rebellious troops who intended to weaken President Menem's government but may have ended up strengthening it instead.

Workers quickly cleared the streets of barricades and armored vehicles in preparation for the scheduled arrival of President Bush Wednesday for a one-day visit. Bush and Menem plan to meet in offices just a stone's throw from the scene of some of Monday's most intense fighting.

Menem received widespread support from political leaders for his tough handling of the insurrection, which was the fourth since democracy returned in 1983. Rather than negotiate with the rebellious officers and soldiers, as former President Raul Alfonsin did on three occasions, Menem ordered them attacked....

The consensus seemed to be that the rebels had made a grave error with this latest attempt to undermine the civilian government. It became evident Monday that they had angered not only the public, but many of their fellow officers as well, even those who may have shared some of the rebels' complaints....

One the eve of the Bush visit, a small bomb exploded outside a Bank of Boston branch here and another explosive device was defused near a British bank in the city of La Plata, 40 miles away. But the bombs, which caused no injuries, were believed the work of leftist radicals rather than right-wing army colonels.

(Eugene Robinson, Washington Post, A22)

## INTERNATIONAL NEWS

## IRAQ SAYS ALL SOVIETS MAY LEAVE

MOSCOW -- Iraq Tuesday said it would allow all 3,232 Soviet nationals in the country to leave following Kremlin threats to use military force to protect its citizens from harm in any Persian Gulf military confrontation.

Soviet spokesmen reacted skeptically to the announcement by Iraqi's ruling Revolutionary Command Council, saying that they had not been informed officially of Iraq's decision. Moscow has accused Baghdad of failing to live up to earlier promises to release all Soviet citizens stranded in Iraq after the Aug. 2 invasion of Kuwait.... The Iraqi announcement Tuesday said that all Soviet citizens still in Iraq would be allowed to leave the country as of Wednesday, provided the Soviet government pays full compensation for breaking their work contracts.

(Michael Dobbs, Washington Post, A29)

## U.S. FIRMS REPORTEDLY AIDED IRAQI ARMS EFFORT

Congressional investigators say they have uncovered evidence that U.S. companies sold bacteria and an advanced computer for missile tests to an Iraqi institution specializing in nuclear and germ warfare research.

A House subcommittee has obtained information that bacteria were sold to Iraq as well as many other sensitive technologies that could be used to build unconventional weapons, the committee, chief counsel, Ted Jacobs, said Tuesday.

"We have obtained information on sales of bacteria to Iraq. We don't yet know what they were intended for, and we are finding it a struggle to get more information from the Commerce Department," Jacobs said.

According to a government source, the so-called biotoxins were exported under Commerce Department license to Saad 16, a giant military research complex for nuclear and chemical weapons and ballistic missiles in Mosul in northern Iraq. The source said a hybrid digital-analog computer, used to support wind tunnel tests for ballistic missiles, was also sold to the same institute in 1987 over the objections of the Defense Department.

(Reuter, Washington Post, A26)

## NATO COMMANDER ENVISIONS 'FIRE BRIGADE' ROLE

STUTTGART -- The NATO commander, Gen. John Galvin, is proposing that the Atlantic alliance adopt a new "fire brigade" strategy in the wake of the Cold War, preparing a force for rapid deployment to trouble-spots outside Europe like the current crisis in the Persian Gulf.

The four-star U.S. general said in an interview Monday that he would begin discussions of the plan this week with defense ministers of NATO at meetings in Brussels. Already, he said, "There is pretty good military agreement" among alliance officers that this is the way to go in the 1990s and beyond.

But it was unclear whether European governments, which in the past have resisted using NATO troops in conflicts outside Europe, will find it politically tenable to extend military operations to foreign regions.

(George Wilson, Washington Post, A29)

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## COURTROOM CLASH ON THE PERSIAN GULF

The crisis in the Persian Gulf has thrown into a federal court here a constitutional issue left unresolved since the Vietnam war: When does the president have the right to send troops to fight without congressional consent?

"If ever there was a case for judicial review of the (Constitution's) war powers clause, this is it," attorney Jules Lobel of the Center for Constitutional Rights told U.S. District Judge Harold Greene Tuesday. Lobel represents 54 House members who raised the issue amid the most massive U.S. military buildup since Vietnam, challenging President Bush's right to deploy troops in the Persian Gulf on his own.

At the same time, House Democrats overwhelmingly approved a non-binding resolution insisting that Congress give "affirmative approval" before the U.S. initiates offensive military action in the Persian Gulf.

Approved 177 to 37 in the Democratic caucus, the resolution is an expression of the desires of the caucus and has no practical effect.

(Tracy Thompson, Washington Post, A32)

TRADE TALKS SEEN CLOSE TO COLLAPSE  
U.S.: No Agreement Without Concessions

BRUSSELS -- For the first time since World War II, the U.S. is prepared to allow global free-trade talks to fail if its trading partners in Europe and Asia refuse to make major concessions, senior Administration officials said here Tuesday.

A senior American trade negotiator, Rufus Yerxa, said Tuesday that the four-year-old Uruguay Round of talks is "very close to collapse" in its final days because of the European Community's refusal to agree to a sharp cut in farm trade subsidies.

In a statement issued Tuesday night, the chairman of the talks, Hector Gros-Espiell, said negotiations are "in a very serious impasse" and "substantial breakthroughs" are needed within 24 hours in a number of areas, including farm trade.

President Bush underscored the U.S. negotiating stance Tuesday during his Latin American tour, saying the U.S. is flexible on the amount of cuts in agricultural subsidies the EC pays its farmers, but he insisted that the amount both be larger than what the Europeans have been offering and include categories of subsidies they have been unwilling to cut at all.

(Stuart Auerbach, Washington Post, G1)

## POLES SAY THEY WANT TO BUY U.S. WEAPONS

WARSAW -- The Polish government is considering buying sophisticated fighter planes, anti-aircraft systems and other arms to replace less capable equipment obtained over the past few decades from the Soviet Union, Polish Defense Minister Piotr Kolodziejczyk said Tuesday after consultations here with visiting Secretary Cheney.

The possible arms purchase, which must overcome hurdles in both Poland and the U.S., would likely be the first by a former Soviet ally in Eastern Europe. Other Warsaw Pact countries such as Hungary have expressed interest in obtaining Western arms, but not as bluntly as Polish officials Tuesday.

Vice Adm. Kolodziejczyk told reporters that the purchase of a dozen or so military aircraft such as the F-16 would be a potentially important step in enhancing Poland's military ties to the West, a goal Polish officials said became attractive hereafter the formation of a democratic government last year and the adoption of a new military strategy aimed at repelling aggression from any source.

(Jeffrey Smith, Washington Post, A33)

## GORBACHEV IS VOTED NEW POWER BUT PREMIER POST IS RETAINED

MOSCOW -- The Supreme Soviet approved Tuesday a package of constitutional changes strengthening President Gorbachev's executive powers but retaining the post of prime minister that last month appeared to be marked for elimination when the Soviet leader proposed the plan.

Gorbachev told the standing legislature that he planned to use his new powers to prevent the Soviet Union from falling apart and to ensure the fair distribution of food supplies over the winter. In replies to questions from deputies, he also promised a crackdown on pornography and tougher measures to protect law and order.

The president said authorities were planning to import 100,000 tons of meat and 1 million tons of milk monthly to maintain food consumption at last year's levels. Overall, he predicted food imports worth \$1.3 billion at the new commercial exchange rate between now and March.

On another front of the struggle for food supplies, Gorbachev promised to set aside 12 million acres of land to allow ordinary Soviet citizens to have private plots.

(Michael Dobbs, Washington Post, A20)

## NAVY FIRES 3 WORKING ON TOP JET

The Navy announced Tuesday that two admirals and a captain have been fired for mismanaging the service's top priority aircraft program, the A-12 "stealth" bomber.

The extraordinary action by Navy Secretary Garrett came as the Pentagon released a highly critical Navy internal report that documents "errors of judgment and failures of supervision" in the government's effort to supervise a program that is now at least \$1.3 billion over budget and 18 months behind schedule.

(Rick Atkinson and Barton Gellman, Washington Post, A1)

## PAN AM BOMBING, DEA PROBE NOT LINKED

The FBI has found no evidence that the terrorists who blew up Pan American Flight 103 two years ago took advantage of an undercover U.S. drug investigation to plant a bomb on the plane.

The Justice Department said Tuesday that the FBI inquiry, initiated last month as part of the FBI's overall probe of the midair explosion, produced nothing to substantiate "recent allegations" of a connection between the bombing and the operations of the DEA.

(George Lardner, Washington Post, A8)

## ERSHAD QUILTS AS LEADER OF BANGLADESH

NEW DELHI -- Bangladeshi President Hussein Mohammed Ershad resigned from office Tuesday night, the country's state-run television network reported, following weeks of mounting opposition protests, strikes and violence in one of the world's poorest nations.

Ershad plans to call a special session of parliament Saturday and has invited opposition leaders to name a caretaker chief executive who would govern the country until new elections are held, according to reports from the Bangladeshi capital of Dhaka.

(Steve Coll, Washington Post, A21)

## NATIONAL NEWS

## FED EASES BANK RESERVES TO SPUR LENDING

The Fed, worried about the financial health of the nation's banks and about lending cutbacks that are hurting the economy, Tuesday reduced the amount of cash and other assets that banks are required to keep in reserve.

The decision to cut the reserve requirement by about one-quarter should add close to \$900 million to bank and thrift institution profits next year. At the same time, it will increase the federal budget deficit by about \$600 million, Fed officials said.

Under Fed rules, each financial institution that accepts deposits must set aside a certain portion as a reserve that is either kept on hand as cash in its vaults or held in a non-interest earning account at a regional Federal Reserve bank. Since reserves held in either form pay no interest, the reserve requirement directly reduces bank profits.

In announcing its move, the Fed said it expects banks will now be in a position to make more loans to businesses and consumers. The prospect of higher profits should also help lift the price of bank stocks, which as a group have been clobbered this year by large operating losses that have resulted from real estate loans gone sour.

(John Berry, Washington Post, G1)

## GOP LEADERS SMOOTH DOMESTIC DIFFERENCES

Key White House and Capitol Hill Republicans, who have been feuding for weeks over the shape of President Bush's domestic program, sat down Tuesday for a closed-door discussion of their differences.

While the President was in South America, Chief of Staff Sununu and Budget Director Darman played host to the newly reelected House GOP leadership and the ranking Republicans on the House legislative committees.

Rep. Michel called it "a darn good give-and-take session." Rep. Gingrich, who has been arguing publicly with Darman over Gingrich's advocacy of a "new paradigm" reform program, said it was "generally positive, but there were no breakthroughs."

A Sununu aide said he was pleased that the discussion was "99 percent forward-looking, with no regurgitation of the arguments" that set off serious divisions between the House Republicans and the Administration during the October budget battle.

Sununu, who presided, asked the Republican legislators to offer their suggestions for topics and themes for the Jan. 29 State of the Union message and the budget Darman will submit on Feb. 3.

The result was a 65-minute discussion, ranging over the whole domestic agenda, but focusing on the shaky state of the economy and the need to be ready to counter expected Democratic policy initiatives in such areas as family leave, several participants said.

(David Broder, Washington Post, A23)

## HOUSE DEMOCRATS RETREAT ON REDISTRICTING FUNDS

House Democratic leaders Tuesday backed away from proposing a rule change that would have allowed lawmakers to accept unlimited contributions to pay costs related to the redrawing of House district lines after each national census.

Speaker Foley decided to withdraw the proposal, sponsored by Rep. Frost, after Democratic lawmakers began raising questions about it, according to leadership aides. "We're going to review the situation," Foley said Tuesday.

The change would have exempted from House limits contributions intended to pay for lawyers and consultants in the decennial congressional redistricting process.... The donations would have been disclosed as part of the annual congressional financial disclosures.

(John Yang, Washington Post, A23)

## PARENTAL CHOICE OF SCHOOLS: 'BEST WAY' TO GOALS

Secretary Cavazos Tuesday called various plans for broader parental choice of schools, including home schooling and private school vouchers, "the best way" to reach national education goals.

Cavazos announced the establishment of an Education Department unit and telephone hotline to promote parental choice, but predicted that states and school districts would have to continue such programs largely without federal funding. He said the Administration was "very seriously" considering allowing education block grants to be used for parental choice programs....

Cavazos carefully pointed out that he has promoted parental choice, now a stock position of the Bush Administration, since the Administration's earliest days.

(Kenneth Cooper, Washington Post, A23)

## FOR DEPUTY AT RNC, BENNETT LOOKS TO LONGTIME ASSOCIATE

Continuing the transition at the top of the RNC, the newly designated chairman, William Bennett, has asked Wendell Willkie, general counsel at the Commerce Department, to be deputy chairman of the party organization.

Sources said the title, a new one, was sought by Willkie. The job, the nuts and bolts operation of the RNC, is now held by Mary Matalin, the chief of staff. She is expected to leave her post in January, after the party's annual meeting.

Willkie is a longtime associate of Bennett and was chosen because of that relationship, not his knowledge of politics, the sources said.

(Ann Devroy, Washington Post, A23)

## NEARLY 25% OF U.S. HOSPITALS VIOLATE AIDS TEST GUIDELINES

In violation of the published recommendations of federal health officials and major medical organizations, one in four U.S. hospitals does not require the consent of patients before testing for infection with the AIDS virus and does not require patients to be notified if their tests are positive.

The numbers, which shocked AIDS experts interviewed on the findings, are contained in a survey conducted last year and published in Wednesday's issue of the Journal of the American Medical Association.

(Malcolm Gladwell, Washington Post, A2)

## NETWORK NEWS SUMMARY

(Tuesday Evening, December 4)

## GULF/CONGRESS

NBC's TOM BROKAW: President Bush isn't giving away anything now, and to hear him tell it, he won't give away anything at what he hopes will be a face-to-face meeting between Secretary Baker and Saddam Hussein. At a news conference in Uruguay during his South American tour, the President said he is in no mood to negotiate. (PRESIDENT BUSH: "I am convinced that Saddam Hussein, up until now at least, has not gotten the message. I've not been one who has been convinced that sanctions alone would bring him to his senses.")

Congress and the President, however, remain on separate tracks when it comes to sanctions, and especially when it comes to the President's authority to wage war.

NBC's ANDREA MITCHELL reports that Congress is serving notice on the President: Don't try to go to war without a formal declaration from us. It is fast becoming a constitutional showdown with the President.

(SEN. PELL: "I believe the Administration has a constitutional obligation to seek and obtain the approval of Congress.")

But the president and his Cabinet members have said that the Commander-in-Chief can go to war without Congress' permission.

(PRESIDENT BUSH, Nov. 30: "I know what it's like to have fallen comrades and see young kids die in battle. And it's only the President that should be asked to make the decision.")

But today, that view was challenged.

(SEN. MOYNIHAN: "Would you agree that in this situation, the President has that authority?")

ROBERT McNAMARA: "I do not believe any single human being should take this nation to war by his own decision, and that includes the President.")

McNamara has learned from the bitter experience of Vietnam. America has gone into battle 200 times, only five times after formal declarations of war. Congress was reminded today of what another Republican president, a military man, said during the Suez crisis in 1956.

(PRESIDENT EISENHOWER, Oct. 11, 1956: "This country will not go to war, ever, while I'm occupying my present post, unless the Congress is called into session and Congress declares such a war.")

Hearings also opened today in the House, where Democrats overwhelmingly approved a resolution telling the President they opposed military action. And 54 Democrats went to federal court today, seeking an order to stop the President from acting without Congress' approval. No immediate ruling from the judge.

(REP. KAPTUR, one of the 54: "Any person from my district is going to die in that conflict over there, that's war to me. And I want to have the right to vote on that.")

(STUART GERSON, Assistant Attorney General: "No court has ever granted the kind of release that's been granted here. That's what our point is, and that's what we explained to this court.")

And as one senior Administration official said, Congress can declare war, but only the President can wage war.

BROKAW discusses the subject with MITCHELL.

BROKAW: In fairness to the Administration, as the President and others have pointed out, if Congress feels so strongly about this, it can reconvene itself after all, and force the issue, can't it?

MITCHELL: Exactly. As the President said, within 20 seconds, they could call themselves back. The Democratic leaders of Congress do not want to do that. They have not wanted to face up to this themselves. (NBC-Lead)

CBS's DAN RATHER: Congress heard more calls today for President Bush to be patient in his confrontation with Iraq. But Bush, on an extensive tour of South America, said he doesn't agree, and he now doubts economic sanctions alone will force Saddam Hussein to give up Kuwait.

CBS's WYATT ANDREWS:

(TV Coverage: President Bush and Doro walking down Air Force One steps.)

The President suggested today, in the strongest terms yet, that the world cannot afford to wait a year or more for sanctions to work.

(PRESIDENT BUSH: "I can make clear that this is not going to go on forever. I think some worry very much about that. And it is not going to go on forever.")

(TV Coverage: President reviewing troops; shaking hands with unidentified officials.)

Two days into his tour of South America, the President is blaming this continent's economic depression on Saddam Hussein. Using the economies of Brazil and Uruguay as his backdrop, the President denounced the shock of higher oil prices, making clear he's keeping a running tally of what sounds like the economic grounds for war.

(PRESIDENT BUSH: "In Brazil yesterday, President Collor told me five billion is his estimated annual cost. And here in Uruguay, President Lacalle said the impact is substantial.")

From 5,000 miles away, Bush is trying to fend off suggestions in Washington that waiting is better than action and that upcoming talks with Iraq suggest any willingness to compromise.

(PRESIDENT BUSH: "I'm not in a negotiating mood, or anything of that nature. When I meet with Aziz, the message is, get out of Kuwait, in full compliance with all United Nations resolutions.") Bush is also promoting economic reform here, and fears that high oil prices will hurt the new free-market, pro-American governments recently voted into power.

(TV Coverage: Anti-American demonstrations, U.S. flags burned.) Anti-American sentiment and Marxist politics are still a factor here, and a prolonged recession might weaken the popularity of the governments attempting reform. Bush might be in South America, but his attention is on building momentum in the Gulf. Part of the President's tough talk, then, reflects the strategy of sounding convincing to Saddam Hussein. But the President is also newly confident that if direct talks with Iraq fail, he will have laid the groundwork for armed conflict. (CBS-2)

ABC's PETER JENNINGS: Democrats in the House have today endorsed President Bush's handling of the Gulf crisis, but they also demand Bush seek a declaration of war from Congress before launching any military operation.

ABC's JIM WOOTEN: He was a Cold Warrior for Kennedy, and one of Johnson's hard-eyed hawks, always telling Congress there was light at the end of the Vietnam tunnel. But a generation later, Robert McNamara was on Capitol Hill today, counseling patience and prudence in the Persian Gulf, warning the senators against slipping easily into war.

(MCNAMARA: "The point is, it's going to be bloody! They're going to be thousands and thousands and thousands of casualties, particularly for the U.S., but also for Iraq.") And, he urged them not to allow George Bush, by himself, to commit troops to combat.

(MCNAMARA: "I do not believe any single human being should take this nation to war by his own decision, and that includes the President.")

Such caution was welcome to the Democrats on the committee, who, like Sen. Moynihan, want to give sanctions a chance to work before opening fire.

(SEN. MOYNIHAN: "We have time. I don't see any hurry. What's the big hurry?")

Historian Arthur Schlesinger, like McNamara an adviser to past Democratic presidents, questioned the expertise of an Administration that had so recently embraced Saddam Hussein.

(SCHLESINGER: "When we are so wrong about the Middle East yesterday, and the day before yesterday, and the day before that, why in the world do we suppose we have suddenly got it right today, right enough to send thousands of young Americans to their deaths?")

The hearing was clearly stacked with witnesses supportive of the President's first troop deployment, his trade embargo, and his diplomatic initiative. But they were wary of anything else.

(MCNAMARA: "Who can doubt that a year of blockade will be cheaper than a week of war?")

The Senate Democrats who control these hearings seem determined to remind the President, the country, and perhaps even themselves, of the consequences of going to war without consent or debate. Secretary Baker will be the witness tomorrow.

CBS's BOB SCHIEFFER reports that the House Armed Services Committee also heard from experts who urged caution.

(REP. DURBIN: "We haven't received a clear and direct statement from the President or any member of the Administration that they would follow the Constitutional requirement of congressional approval before declaration of war.") (ABC-2, CBS-3)

#### GULF/WITHDRAWAL

BROKAW: In London tonight, a European television news channel is reporting Iraq may be ready to withdrawal if it is permitted to keep the disputed Ramal oil fields on the Iraqi border with Kuwait. In Washington, the State Department said it knows nothing of this report. (NBC-2)

#### GULF/HOSTAGES, EMBARGO

JENNINGS: Iraq said today that more than 3,000 Soviet citizens, mostly oil workers, will be allowed to go home starting tomorrow. Iraq says the Soviets must pay compensation for breaking their employment contracts. No reply to that yet from Moscow.

NBC's MIKE BOETTCHER reports that only one American could celebrate his freedom on a day when the Soviets could count their successes by the planeload. Implied threats and pressuring have won the Soviets' release, but the American had only his wife to thank for lobbying Iraq to free him. Meanwhile, Iraqi health officials say local hospitals are filled with sick children, and claim that more than 1,400 infants have died because of the U.N. embargo. Western embassies in Baghdad doubt the claim; medicines are exempt from the embargo, and they believe enough drugs have been donated to meet Iraq's needs.

CBS's ALLEN PIZZEY reports that Iraqi doctors insist the problems caused by the embargo are real.

(DR. RASAH SALAM, Pediatrician: "We are not getting it, so I don't know why you are not taking care. I am sure it has something to do with the embargo. But if we cannot get things into the country, how can we get them medicine?")

Tons of medical supplies have come in, donated by peace groups. Iraqi officials claim it is their only source of supplies.

(DR. FARAUQ AL-AROUSHI, Secretary-General of Iraqi Red Crescent Society: "If we want to buy medicine from other countries, we have to pay money to them. Most of our money is frozen in the bank.") But the Italians shipped in several tons of medical supplies, and a group of Italians held here were allowed to leave. Belgians did the same. Seven tons of U.S. aid hasn't gotten any Americans out, so far.

(SCOTT KENNEDY, Fellowship Reconciliation: "There's no quid pro quo, there's no deal that we've cut. Our feeling is we bring the medicines as a humanitarian gesture.") (ABC-3, NBC-4, CBS-4)

#### SADDAM/KING HUSSEIN

BROKAW reports that Saddam Hussein was meeting with Jordan's King Hussein. The king is reportedly still promoting the idea of talks between Iraq, Saudi Arabia and Kuwait. (NBC-3)

#### STEALTH/FIRING

JENNINGS: We begin tonight in Washington, where the Secretary of Defense has fired the admiral who was in charge of developing and deploying the Navy's Stealth attack bomber. In this day and age, when the status of U.S. military equipment has taken on a whole new meaning, the admiral and his two senior aides have paid the price of not telling the boss, Secretary Cheney, that the Navy's Stealth program was way behind schedule and way over budget.

ABC's BOB ZELNICK reports that last spring, Secretary Cheney recommended buying more than 600 of the Navy's A-12 Avenger carrier-based bombers, which enjoyed broad support in Congress and the military.

(SECRETARY CHENEY, April 26, to Congress: "We think we ought to go forward with the A-12, that it's a good system, that the program appears to be reasonably well-handled at this point.")

But less than a month later, the planes' manufacturers, McDonnell Douglas and General Dynamics, admitted that the program was already a year behind schedule and at least a billion dollars over budget. Last week, a Naval inquiry reported Cheney had been misled.

ZELNICK continues: The report said Vice Admiral Richard Gentz, head of the Navy's air systems command, and two other program supervisors, had been negligent in ignoring obvious problems with the A-12. Today, Navy Secretary Garrett ordered Admiral Gentz to submit his resignation and sent formal letters of censure to his subordinates.

(SECRETARY GARRETT: "It's an issue of accountability. Our people grow up with that understanding from the time they put on the uniform.")

The Navy report warns that poor oversight is common where offices serve as both salesmen and supervisors of weapons programs. Adm. Gentz and his colleagues probably received unusually harsh treatment because their actions embarrassed their boss, Dick Cheney.

(ABC-Lead, CBS-8)

#### WEAPONS STEALING

RATHER reports a federal judge in Florida ordered an AWOL army sergeant held without bond today because he is suspected of illegal trafficking in of large numbers of U.S. military weapons to white racists.

CBS's HAROLD DOW reports federal prosecutors say these arms and explosives amount to one of the largest illegal weapons caches ever uncovered. The explosives could only have come from the U.S. government, and authorities believe one hate group in particular during the last few years has had very few problems equipping themselves with these weapons and plastic explosives, the kind used in letter bombs. Authorities believe at the center of it all was Sgt. First Class Michael Tubbs of the Fifth Special Forces group. Until a month ago, he was in Saudi Arabia. The Army says security at weapons storehouses is good, and hasn't decreased even since the Saudi buildup.

(REP. SCHUMER: "The fact that some of those guns are stolen from the military is a shocking problem indeed. And yet, the military seems to have an attitude of hear no evil, see no evil, do no evil.")

(CBS-9)

#### DETROIT PLANE CRASH

RATHER: Investigators now are saying that Monday's fatal collision between two Northwest Airlines jets is just the latest deadly example of a mounting problem at the nation's airports. It turns out that well before this accident, federal officials expressed concern about the growing number of incidents on airport runways.

CBS's ERIC ENGBERG reports that improvements at managing planes in the skies have not been matched by improvements in coping with increasingly crowded runways and taxiways. The National Transportation Safety Board has been alarmed by a rising trend in cases where two planes mistakenly ended up on the same runway. Just a month ago, unhappy that the FAA wasn't moving fast enough, the safety board put ground collisions near the top of its list of safety worries. An improved ground radar system, if it passes its final tests in Pittsburgh, will go into Detroit and other cities over the next two years. But critics say the FAA has also dragged its feet on other, less costly safety improvements, like better signs and markers will help.

(CBS-Lead, ABC-4)

NBC's ROBERT HAGER reports that transcripts obtained by NBC News show that the pilots of the DC-9 were lost in the fog just before the accident. Northwest Airlines revealed today that the pilot in charge of the DC-9 cockpit had been off for five years recently, and returned to service only two months ago. This was his first unsupervised flight since. Meanwhile, the government is years behind in installing a new runway-tracking radar at airports, and in Pittsburgh, where it's being tried out, there have been big technical problems.

(NBC-5)

## FLIGHT 103

BROKAW reports that the Justice Department said today the FBI has found no link between the bombing of Pan Am Flight 103 two years ago and an undercover U.S. drug operation. Congress still plans to hold hearings on the possibility.

(NBC-6)

## NEWFOUNDLAND PLANE CRASH

JENNINGS reports that a congressional report today accused the U.S. and Canadian governments of bungling the investigation into a plane crash five years ago in Newfoundland which killed 248 U.S. soldiers by failing to investigate a possible terrorist connection. The report calls U.S. agencies grossly negligent.

(ABC-5)

## EDUCATION REFORM

JENNINGS: Last year, President Bush announced a set of national goals for education to be reached by the year 2000. Among them: preschool for all children; 90 percent high school graduation rates; the U.S. to become best in the world in math and science; every adult literate; every school safe and drug-free. Popular goals, easy for politicians to talk about. The trouble is the difference between rhetoric and performance.

ABC's BILL BLAKEMORE: What will improve our schools, challenge and excite students about learning? In September of last year, the man who said he would be the Education President held America's first education summit with the 50 governors in Charlottesville, at the University of Virginia.

(TV Coverage: President Bush walking up campus lawn.)

He went on the record about how bad America's school systems are. (PRESIDENT BUSH: "The status quo could scarcely be worse.")

They all hammered out six goals to be reached by the year 2000. They named a committee to figure out how to reach those goals.

They had a photo opportunity. Then they all went home.

(TV Coverage: Still photo of summit participants.)

And where is the promise of Charlottesville now? More than a year later, we're left with major questions. We still don't know how we're going to measure our success as a nation in reaching the six goals. It's not even clear who's going to lead, who's going to focus the nation on the hard job of restructuring school systems, and revive the momentum which had such a dramatic beginning here. President Bush has been almost invisible on education matters since Charlottesville.

(TV Coverage: President Bush walking into West Wing lobby.)

His Secretary of Education, Lauro Cavazos, is considered ineffective and uninspiring by most educational and political leaders.

(TV Coverage: Secretary Cavazos.)

BLAKEMORE continues: The White House has put its most senior officers on a new educational accountability panel, along with the leaders of Congress and six governors.

(TV Coverage: Chief of Staff Sununu and other Administration officials.)

This panel is charged with measuring how the nation is doing in reaching the six goals. But the year 2000 is now a year closer, and the chairman of the panel says it will be at least another year before they decide exactly how to hold our feet to the fire.

(GOV. ROY ROMER: "Governors and state legislators, some are well aware of what needs to be done, but they can't get the troops to follow.")

Is big change in education impossible? No. One state, Kentucky, is now restructuring everything from scratch. They've had to. Their Supreme court ruled Kentucky's entire education system just didn't work.

(DR. JACK FOSTER, Kentucky Education Secretary: "In a lot of ways, it's a whole lot easier if you do start all over again, because we have a legacy of so many bits and pieces left over from earlier traditions about education that just need to be wiped away.")

So Kentucky's leaders listened for 10 months to the ideas of experts from all over the country, and adapted those ideas to Kentucky's own particular needs. Then, Gov. Wilkinson led his legislature to bite the bullet, to vote their new education reform act into law, along with a way to pay for it all -- new school taxes. Now, the state has the most equitable school funding plan in the country, giving major new support to its poor schools. They've created an ungraded system for what used to be kindergarten through third grade, to give all young children a chance to develop at their own pace. They're retraining all their teachers in new, proven methods which excite children about learning. Each school will now be held accountable for how well its students perform, but each school will also have new freedom to decide how it will reach Kentucky's goals, and those of the nation.

(BETH STEFFEY, Director of Instruction: "Truly systemic change in the educational program. We're not tinkering here. We have systemically restructured an educational system.")

But only a handful of governors are trying to lead their states into such systemwide change, which they all said in Charlottesville was necessary. Most say they're doing reforms, but they're doing it piecemeal. In more than two years of American Agenda reporting, we've discovered there is hardly a problem in American education which has not been solved somewhere, making for kids who are excited for learning. The excuses are disappearing for any leaders who say we don't yet have the knowledge states need to adapt for their own restructuring. So why isn't it happening?

(TERRELL BELL, former Education Secretary: "I don't think we've had a clarion call from our political leadership. I think it has to come from the Oval Office, and from the governors in the statehouses.")

(TV Coverage: North view of the White House.)

(TV Coverage: Posters being printed.)

Without such political leadership, all these posters of the six education goals for the year 2000, which the government is running off for distribution to every school in the country, may not be worth the paper they're printed on.

(ABC-12)

## AIDS

JENNINGS reports that C. Everett Koop said his successor as surgeon general has been soft-pedaling the fight against AIDS. He said the Bush Administration in general and Dr. Novello in particular must do more to remind people the epidemic is not over, that people are still very much at risk.

ABC's MIKE VON FREMD reports on an AIDS clinic opened in rural Alabama today, only the fourth such clinic in rural America. The number of people with the AIDS virus in rural America is increasing seven times as fast as in the city, 37 percent last year compared to five percent in cities. Community opposition to the clinics remains high in many cases. (ABC-6)

NBC's ROBERT BEZELL reports on the controversy of testing hospital patients for AIDS, sometimes without their consent, in order to protect the doctors and nurses from contamination. Some states have laws governing HIV-testing and confidentiality, but most do not, and there is no national policy. The national Centers for Disease Control is trying to develop one which will balance patients' rights with health care workers' fears. (NBC-10)

## PORNOGRAPHY

CBS's RON ALLEN reports that the federal government is waging an aggressive assault on the pornographic movie business, staging more than 30 raids in recent months in the San Fernando Valley, an area dubbed the "porno-movie capital of the world." The campaign, sometimes using RICO laws, is an unprecedented crackdown on the adult video industry. The adult movie business says demand has never been higher, and insists that if driven underground, they will remain popular and available. (CBS-5)

## NEW HOMES

JENNINGS: No sign that the slump in the housing industry is even close to being over. Sales of new homes dropped another 3.5 percent last month. (ABC-7, NBC-8)

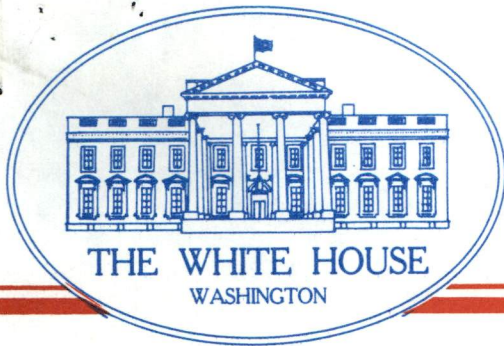
## BANK CREDIT

RATHER reports that in a move designed to ease the so-called credit crunch, the Federal Reserve said it is eliminating bank reserve requirements on some deposits, in order to encourage loans to credit-worthy borrowers. (CBS-10, ABC-8)

## SHUTTLE COLUMBIA

JENNINGS reports that astronauts on the Shuttle Columbia have fixed the computer problem which has kept the telescopes from locking onto distant galaxies. (ABC-11)

RATHER reports another frustrating day for NASA. The tracking system for the space telescopes is still working only in fits and starts. (CBS-7)



# News Summary

OFFICE OF THE PRESS SECRETARY

FRIDAY, FEBRUARY 1, 1991  
6:00 A.M. EST EDITION

## INTERNATIONAL NEWS

DeKlerk Calls For End To Apartheid -- President de Klerk Friday proposed the repeal of all major apartheid laws and promised to halt racial discrimination. (AP)

U.S. Says It Will Not Be Pushed Into Ground War -- President Bush and his commanders say they will not be drawn into a premature land battle in the Gulf war by Iraqi strikes against Saudi Arabia which the U.S. military rates as costly failures. (AP, UPI, Washington Times)

## NATIONAL NEWS

Bush To Propose Changes In '92 Spending Priorities -- President Bush plans to propose on Monday a sweeping reordering of the government's spending priorities in his fiscal 1992 budget, which Republicans hope will force a watershed debate over the focus and direction of federal programs. (Dallas Morning News)

Bush Ups Ante In Drug War -- President Bush, under pressure to hold the line on the federal budget, Thursday proposed an 11 percent spending increase in the war on drugs that will greatly expand drug treatment. (Washington Times, New York Times, Washington Post)

## NETWORK NEWS (Thursday evening)

**DESERT STORM** -- There was a massive air assault on Iraqi forces to keep them from coming into Khafji.

The President will have to make what members of Congress are already calling his toughest decision since the war began: whether to shift to a ground war..

America's war dead have started coming home.

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## **INTERNATIONAL NEWS**

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### **DeKLERK CALLS FOR END TO APARTHEID**

CAPE TOWN -- President de Klerk Friday proposed the repeal of all major apartheid laws and promised to halt racial discrimination.

But thousands of people marched in nationwide protests to demand the immediate end of apartheid.

"Should parliament adopt the government's proposal, the South African statute books will be devoid, within months, of the remnants of racially discriminatory legislation," de Klerk said in his address to the opening session of parliament.

However, he rejected calls for a multi-racial interim government. He said the white-led government will remain in power until a new constitution is negotiated with the ANC and other opposition groups.

De Klerk said the government will propose scrapping the last three pillars of apartheid. He said it will call for ending outright the Group Areas Act and the land acts, while modifying the Population Registration Act in advance of its abolition.

(Greg Myre, AP)

### **RIGHT-WING SOUTH AFRICAN MPs STORM OUT OF PARLIAMENT**

CAPE TOWN -- Right-wing Conservative Party members of parliament stormed out of South Africa's legislature Friday when President de Klerk announced plans to abolish remaining apartheid legislation....

In an unprecedented move, the CP members...interrupted de Klerk's speech and stalked out of the chamber. (Reuter)

### **ALLIED BOMBERS STRIKE SHIFTING IRAQI TROOPS**

Allied bombers Thursday attacked thousands of Iraqi troops moving through southern Kuwait. U.S. officials said they were uncertain whether the Iraqi forces were massing for a major ground attack or attempting to reorganize after an unsuccessful offensive into Saudi Arabia earlier this week.

One intelligence official described the Iraqi forces as remnants of two or three divisions of mechanized reserves who had been moved close to the Saudi border to reinforce a four-pronged attack that was repulsed earlier this week. The intense bombing Thursday appeared to disrupt the Iraqi troop movements, causing some units to retreat northward away from the border, another official added.

Marine Harrier jump jets joined a swarm of other attack planes in blasting what one pilot said were an estimated 800 to 1,000 tanks, armored personnel carriers and trucks caught in the open during an apparent effort to resupply Iraqi troops in Kuwait.

"It's almost like you flipped on the light late at night and the cockroaches start scurrying, and we're killing them," Harrier squadron commander Lt. Col. Dick "Snake" White said....

Pentagon officials said Thursday night that an Air Force AC-130 gunship was apparently shot down over Kuwait during an attack sortie. The plane...was carrying at least 14 people.

(Rick Atkinson & Dan Balz, Washington Post, A1)

**Allies Bomb New Iraqi Column -- Bases Used in Spain** -- To increase the number of B-52 bombing raids against Iraqi ground forces, the U.S. has been secretly basing some of its bombers in Spain and has obtained permission to use a British airfield as well, Western official said Thursday.

The use of the base in Spain, which was disclosed by administration officials, has been considered politically delicate because the Spanish government...has been trying in recent years to reduce the presence of American forces. Madrid also closely watches Arab sentiment because of Spain's historic links to the Muslim world, American analysts said....

In another unpublicized example of cooperation by Western European nations with the American war effort...Germany has provided German-made shells for American M1-A1 tanks in Saudi Arabia as well as artillery shells for British forces there, Pentagon officials said. (Michael Gordon, New York Times, A1)

#### SAUDI TOWN RECLAIMED; TRAPPED MARINES FREED

**WITH U.S. MARINES ON THE OUTSKIRTS OF KHAFJI** -- A fierce battle for this deserted coastal town ended Thursday when forces from Saudi Arabia and Qatar, backed by American artillery and air strikes, evicted Iraqi troops and tanks and freed two trapped U.S. Marine reconnaissance teams....

The [12] men were extracted from the town around noon Thursday, during the fight to reclaim Khafji....

Despite the apparent hit-and-run nature of the attacks this week, allied leaders were alert to the possibility that Iraq may be preparing a large-scale offensive, possibly to involve several divisions of armored troops. Lt. Gen. Boomer said in an interview that U.S. forces were observing "a lot of movement" among the Iraqis "in the last few days. We're watching very carefully to see if we can discern what he [Saddam] might try to do."

(Caryle Murphy, Washington Post, A1)

#### ALLIED TROOPS DODGE SNIPER FIRE, MINES TO SECURE KHAFJI

**DHAHRAN** -- Allied troops working to secure the border town of Khafji dodged sniper fire and mines while another Iraqi attack appeared imminent, according to pool reports arriving from the front Friday....

More than 12 hours after Saudi and U.S. military officials declared Khafji had been regained from invading Iraqis, multinational forces were still battling "sporadic fire" from Iraqi stragglers, said U.S. Army Col. Jack Petri.

Petri described Khafji as "pretty secure."

Four mechanized armored brigades were reported moving south toward the Kuwaiti border with Saudi Arabia, about six miles from the frontier town, military officers told pool reporters Thursday night....

"They lost 90 percent of their forces," Saudi Gen. Khalid Bin Sultan said, adding that 200 Iraqi troops were killed or wounded in fighting that began Tuesday night. "It is tragic that so many good people should be driven to their death by their leaders."...

Iraqi artillery rockets hit outside Khafji during the night and the crack of rifle fire indicated that snipers were active.

(Deborah Zabarenko, Reuter)

**U.S. SAYS IT WILL NOT BE PUSHED INTO GROUND WAR**

President Bush and his commanders say they will not be drawn into a premature land battle in the Gulf war by Iraqi strikes against Saudi Arabia which the U.S. military rates as costly failures....

"We don't want to be drawn in. I don't think he can draw us in," Gen. Kelly, speaking for the Joint Chiefs of Staff, told a Pentagon briefing Thursday.

"The bombing campaign is going very well.... It would seem to me that we wouldn't want to engage in a ground war right now. I think that really is upsetting our principal adversary," he said.

He said Iraqi attacks along the Kuwait-Saudi border in the previous 48 hours may have been aimed more at boosting morale than conquest....

Bush told Jewish leaders at the White House he was "not anxious at this point" to enter into a ground war, said Shoshana Cardin, chairman of the Conference of Presidents of Major Jewish Organizations, who attended the meeting.

"I think he feels there is more to be done (in the air war) before beginning a major ground attack," she told reporters....

She quoted Bush as saying, "There will be no intermittent cease-fire" in the war. (Michael Conlin, AP)

**Bush Said To Be Not Anxious For Ground War** -- ...Cardin quoted the President as saying "'The war is on target. The schedule is being met. They're (allied forces) achieving their objectives.'"

She also reported that Bush said that "there will be no intermittent cease-fire," adding that the President plans to "stay the course."

Cardin said that the leaders had a very productive and reassuring meeting.

"We told the President we commend the strength of his determination to remove evil from the world," she added. "This is a moral war, a just war. There is an evil individual inflicting danger and harm and we believe the course he is taking is the correct course."

Cardin said the Jewish leaders have learned that the U.S. alliance with Israel "is a credible one." (Helen Thomas, UPI)

**U.S. In No Hurry To Invade** -- The Bush administration said Thursday that it is not ready to send U.S. forces into Iraq or Kuwait.

"We're in no hurry to engage in a ground campaign," Vice President Quayle said at a London news conference with Prime Minister Major. "Perhaps Saddam Hussein would like to commence the ground war because he's been so unsuccessful in getting any of his air assets deployed." (Paul Bedard, Washington Times, B5)

**BUSH ASSURES AMERICAN JEWS ON GULF WAR POLICY AIMS**

President Bush assured representatives of American Jewish organizations Thursday that a U.S.-Soviet statement on the Gulf war represents no change in U.S. insistence that Iraq completely withdraw from Kuwait or in U.S. refusal to link the war to resolution of the Arab-Israeli conflict.

"We were told that [the statement] was expression of the long-standing position that the United States and the Soviet Union both intended to see a resolution [of the war] in accordance with United Nations resolutions," Shoshana Cardin, chairman of the Conference of Presidents of Major Jewish Organizations, said after separate meetings with Bush and Secretary Baker.

(John Goshko, Washington Post, A22)

**QUAYLE EXPECTS SADDAM HUSSEIN TO USE CHEMICAL WEAPONS**

LONDON -- Vice President Quayle said Friday he expected Saddam Hussein to use chemical weapons at some point during the Gulf war.

Quayle...said allied forces would retaliate overwhelmingly if he did so but refused to say whether they would use nuclear weapons.

Asked by a BBC radio interviewer whether he believed Saddam would unleash chemical weapons, Quayle replied, "Eventually he probably will. He has used them in the past. He has said that he will."

"He has the (chemical) capability on artillery and short-range weapons so our anticipation (is that) at some time, at his choosing, he will unfortunately use chemical weapons." (Reuter)

**U.S. DRAWING UP PEACE PLAN FOR POSTWAR MIDEAST  
Effort Would Address Arab-Israeli Dispute**

The Bush administration is crafting a broad postwar peace plan for the Middle East that would address the Arab-Israeli conflict, regional security, arms control and the economic disparities underlying the area's turmoil, according to administration officials.

A planning document examining options for a postwar peace effort has been sent to Secretary Baker. However, a State Department official said Baker has not yet made any decisions on the options developed by senior department officials....

"This is not a how-to document, but a big picture, a broad brush," said a senior administration official familiar with the planning. "It would be practical and politically smart" to sketch out the overall thrust of the administration's vision before the hostilities have ended, the official added. "We can't just say when the shooting stops, someone else should pick up the ball."

(David Hoffman, Washington Post, A23)

**LEVY LINKS PALESTINIANS, ARAB TALKS**

**JERUSALEM** -- Israel will not be willing to negotiate a solution to the Palestinian issue after the Gulf war unless it can simultaneously open direct, bilateral peace talks with Arab states, Foreign Minister Levy said Thursday.

Levy, outlining a five-point policy he has drawn up for a postwar settlement, indicated Israel would resist any move by the U.S. and Soviet Union to jointly restructure a comprehensive solution to the Arab-Israeli dispute, especially if the initiative involved an international conference.

Moreover, Levy insisted, no peace process would be possible unless the war ended in a total Iraqi defeat and the downfall of Saddam.

(Jackson Diehl, Washington Post, A23)

**WORDS OF CONCERN, PRAYERS FOR PEACE**

**Reflective Ecumenical Breakfast Offers Encouragement To Bush**

President Bush received clear if somewhat troubled words of encouragement Thursday for his handling of the Gulf war from the political and religious leaders of the National Prayer Breakfast....

Imam Abdullah Khouj, director of the Islamic Center, started the group off with a reading from the Koran. He quoted the conditions under which one Muslim can fight against another, and then prayed, "Oh God, send your mercy on those who die. Bless the sincere intentions of those gathering here today."...

Bush, who has not hesitated to defend the Gulf war in moral terms bordering on the religious, told the group he was chastised in a letter this week for not mentioning God in his State of the Union speech, other than his usual signoff of "God bless America."

"I should have made that clear: God is our rock and salvation," Bush said.

(Laura Sessions Stepp, Washington Post, A27)

**EGYPT'S PRESIDENT PREDICTS WAR OVER IN FEW WEEKS**

**NEW YORK** -- President Mubarak predicts that allied military forces will be able to drive the Iraqis from Kuwait within a month.

In a broadcast Thursday night on ABC's "PrimeTime Live," Mubarak said the air forces of the coalition are causing considerable damage to the Iraqi military.

"I think this way it may take three or four weeks, something like this," he said in an interview conducted Tuesday in Cairo.

"By using the air force to destroy most of the war gear -- unless there's something new which we don't know, it may take a longer time -- but I don't think in this way it could take more than one month," he added.

(AP)

**TURKISH PRESIDENT SEES WAR EXTENDING AT LEAST 2 MONTHS**

ANKARA -- Scaling back prewar predictions of a pushover allied victory over Iraq, Turkish President Ozal Thursday said "two months" or longer might be needed.

Denying "surprise" at Iraq's ability to absorb allied punishment from the air, Ozal invoked in an interview Iraq's accumulation "over the last 10 years of a sizeable military machine" to explain Baghdad's resistance....

Ozal expressed doubts that Saddam would agree to withdraw from Kuwait in return for an end of hostilities.

(Jonathan Randal, Washington Post, A26)

**POSSIBLE PEACE BID AFOOT AS ENVOYS ARRIVE IN IRAN  
Tehran Seeking Views On Ways To End War**

A senior Iraqi official arrived in Iran Thursday along with envoys from France, Algeria and Yemen in an apparent effort to discuss ways of ending the two-week old Gulf war.

A senior Iranian diplomat called the activity in Tehran "a unique opportunity" and said his country "would seek all the views of interested parties to see how we can work collectively to put an end to this crisis."

(Nora Boustany & William Drozdiak, Washington Post, A23)

**EFFORT TO FIGHT OIL SPILL FOUNDERS;  
SAUDIS SAY THEY LACK TIME, TOOLS**

Frantic efforts to fight the world's largest oil spill were falling apart Thursday as Saudi Arabian officials conceded that they don't have enough equipment or time to protect either drinking water or wildlife.

The huge slick, moving south along the Saudi coast, was rapidly overwhelming the biggest environmental mobilization in history, officials said....

About 12 million barrels of oil...have poured into the Gulf as a result of the war, an official of the Saudi Meteorological and Environmental Protection Agency said Thursday....

"This is the biggest thing that's ever happened, and we have no idea what we're going to be able to do," said the official, who asked not to be identifies....

The oil is proving a far greater threat than Saudi officials had earlier said. They said Thursday that they might have to shut some water plants because they don't have enough booms and skimmers. The Saudis' U.S. advisers said they concurred.

(Randy Lee Loftis, Dallas Morning News)

**ISRAELI PILOTS LACK KEY CODE, ATTACHE SAYS  
Defense Official Says Nation Cannot Attack Without IFF Data**

Israeli military pilots lack crucial electronic identification codes that would allow their planes to conduct an air raid on Iraqi targets without accidentally being targeted by nearby U.S. and allied warplanes, an Israeli military official said Thursday.

Israel "cannot attack" Iraq without first obtaining access to the codes because its pilots might not survive a flight through the crowded air corridors over Iraq...according to Admiral Ben-Shoshan, the Israeli defense attache in Washington.

(R. Jeffrey Smith, Washington Post, A24)

**PALESTINIANS FIRE ROCKETS AT ISRAELI SECURITY ZONE**

**SIDON** -- Pro-Iraqi Palestinians fired rockets at Israel's self-declared security zone in south Lebanon Friday for the fourth day running, security sources said.

They said at least 10 Soviet-designed Katyusha rockets were fired at dawn from guerrilla positions north of the nine-mile-wide buffer.

The sources said Israeli gunners and the South Lebanon Army militia retaliated by pounding villages in Iqlim al-Toufah, 25 miles south of Beirut and just north of the border zone. (Reuter)

**START NEGOTIATIONS SAID TO YIELD PROGRESS**

The U.S. and Soviet Union made progress this week toward completing the START treaty, but remained at loggerheads on Soviet compliance with the recently signed CFE treaty, administration officials said Thursday.

The Soviets offered a "package deal" to settle most the outstanding issues in the way of the START treaty, according to Soviet officials, but the U.S. has not yet formally responded. A U.S. official speaking on the condition of anonymity said the Soviet positions did not lay the basis for an easy compromise.

On several issues, the U.S. officials said, Soviet negotiators reconfirmed agreements that had been tentatively reached last December when Secretary Baker met then-Foreign Minister Shevardnadze in Houston. The moves this week followed a temporary suspension of some parts of the deal by the Soviet Foreign Ministry, apparently under pressure from the General Staff of the Soviet Armed Forces.

After Shevardnadze's December resignation, which may have been prompted partly by his disputes with the Soviet military, "they walked back [on] some of what we had agreed to at Houston," a senior U.S. official said. In the past few days, "they walked back partially on the walkback," the official said.

(Don Oberdorfer & R. Jeffrey Smith, Washington Post, A9)

**SOVIET GEORGIA FORMS NATIONAL GUARD  
IN SEPARATIST CHALLENGE TO KREMLIN**

**TBILISI, U.S.S.R.** -- Following a string of defiant gestures, the republic of Georgia's nationalist parliament voted this week to create its own army, signaling to Moscow that although it no doubt could crush Georgia's independence movement, the mess would be appalling.

From President Gamsakhurdia on down, the government boasts that its people are intemperate, armed and unwilling to relinquish the gains in autonomy made over the past two years.

(Marc Champion, Washington Post, A14)

**GORBACHEV HOLDS ONTO TOP PARTY POST DESPITE RUMORS**

**MOSCOW** -- President Gorbachev retained his post as Soviet Communist Party chief after a meeting of the party leadership, despite earlier suggestions he might step down from the post.

Vice President Gennady Yanayev sparked rumors that Gorbachev might quit as party general secretary when he was quoted Thursday as saying the party did not derive its strength solely from his leadership....

The meeting ended Thursday with Gorbachev still holding the top party post.  
(Reuter)

**YEUTTER: NEW HOPE ON TRADE REFORM**

The moribund round of world trade talks may be "on the verge of a major breakthrough," Secretary Yeutter said Thursday, although success remains far from assured....

During an impromptu session with reporters, Yeutter hailed the "very significant shift" in attitude in Europe.

"That gives...me a much higher level of optimism about the future of those negotiations. My personal judgement is we are on the verge of a major breakthrough on that exercise," he said, referring to the trade talks.  
(UPI)

**EDITOR'S NOTES:** "Global Fallout Feared If Japanese Avoid War Response," by Paul Blustein & T.R. Reid, appears in the Washington Post, A27.

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## NATIONAL NEWS

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### BUSH'S BUDGET PROPOSAL LIKELY TO STREAMLINE BENEFITS PROGRAMS, OFFICIALS SAY

The fiscal 1992 budget that President Bush sends to Congress next week is likely to seek only incremental increases in domestic programs and envisions saving more than \$50 billion over five years by streamlining benefits such as Medicare, farm programs, student aid and child nutrition, according to congressional and administration officials.

As much as \$20 billion of the savings is targeted to come from Medicare, about \$3 billion of it in the year that begins Oct. 1....

The savings in benefits programs included in Bush's proposal would come from making the programs more efficient, officials said. The savings would be used to reduce the deficit and to offset the cost of extended tax breaks that are scheduled to expire next year.

John Yang & Steven Mufson, Washington Post, A4)

### BUSH TO PROPOSE CHANGES IN '92 SPENDING PRIORITIES

President Bush plans to propose on Monday a sweeping reordering of the government's spending priorities in his fiscal 1992 budget, which Republicans hope will force a watershed debate over the focus and direction of federal programs.

Budget experts familiar with Bush's near-\$1.5 trillion budget proposal said the administration hopes to take advantage of last year's deficit-reduction agreement to eliminate or transfer to the states more than \$30 billion in domestic federal spending.

Up to \$17 billion would be freed from curtailed or eliminated programs and would be targeted for administration initiatives in children's health, education, science, research and repair of the nation's deteriorating highway system.

"That is a significant amount of the domestic dollars that are available," said Stanley Collender, a fiscal policy expert at the national accounting firm Price Waterhouse.

Sen. Gramm predicted a new tenor to the budget debate, saying: "The President's budget proposal is far from the usual. It represents a new blueprint for the American government."...

What really counts are the mandatory spending caps that will apply to both military and domestic discretionary spending programs....

"Most of the attention will be focused on how to allocate what is there," Collender said. "The decisions made will be ones that affect people directly." (Robert Dodge, Dallas Morning News)

**BUSH PROPOSES 11% INCREASE IN DRUG WAR SPENDING**

President Bush Thursday proposed an 11 percent increase in spending on the war against drugs and declared the administration has achieved the goals set in September 1989 when the first national drug control strategy was unveiled.

Announcing an updated strategy and new budget proposals for fiscal year 1992, Bush said the request to add nearly \$1.2 billion to the current budget of \$10.5 billion "persuasively demonstrates that our administration is committed to defending the menace of drugs."...

Officials at the Office of National Drug Control Policy were informed only Wednesday that the President, who has come under criticism for neglecting domestic issues, might want to announce the drug strategy Thursday.

Bush seemed to allude to that impetus in his remarks. "I expect some to wonder whether I am totally preoccupied with events halfway around the world," Bush said. "And I really wanted to take this opportunity to come over here to you who have done so much in this fight to let you know you're not alone."

(Ruth Marcus, Washington Post, A6)

**Bush Ups Ante In Drug War** -- President Bush, under pressure to hold the line on the federal budget, Thursday proposed an 11 percent spending increase in the war on drugs that will greatly expand drug treatment.

While federal reports have indicated that drug use and drug-related crimes are down, Bush said the new efforts must march ahead to reap victory by the year 2001.

Calling the reports "welcome news," the President said: "You might ask, can we lessen our commitment to stopping the scourge of drugs? Can we afford to look elsewhere, lose interest? Can we declare victory? And, of course, the answer is an emphatic 'no.'"...

Acting drug czar John Walters later told reporters that the budget request for 1992 will add \$156 million, or 10 percent, to the treatment program....

The new drug strategy includes spending for international anti-drug programs, construction of jails and increases for law enforcement.

(Paul Bedard, Washington Times, A1)

**Bush Proposes More Anti-Drug Spending** -- ...Independent drug experts and congressional critics asserted that while spending for treatment would rise by \$260 million in the President's plan, the proportion of the total budget designated for health-related problems would decline, to 30.3 percent from 31.2 in the current fiscal year.

"Despite its rhetoric to the contrary, the administration continues to short-change treatment and prevention programs that reduce the demand for drugs," said Sen. Kennedy.

Mathea Falco, an assistant secretary of state for international narcotic matters in the Carter administration...said Bush's drug strategy was "more of the same."

Falco said in a telephone interview from New York: "Its dominant focus is on keeping supplies from coming into the country and keeping them off the streets. It still does not recognize that reducing demand must be the first priority. We know that sealing the border is impossible, but the strategy continues to try to do it."

David Tell, deputy chief of staff of the administration's Office of National Drug Control Policy, said the increased funds sought by Bush would be used "across the board in all major functional areas." But the largest increase would go to domestic law enforcement...which would receive 14 percent more than in the current fiscal year. (Joseph Treaster, New York Times, A12)

#### 1991 DEFENSE BUDGET TO CONTINUE MILITARY CUTBACKS DESPITE GULF WAR

The Bush administration is readying a fiscal 1992 defense budget that would continue the cutback in military spending begun last year, despite the stepped-up war in the Gulf and recent setbacks in the Soviet Union's move toward democratic reforms.

The new spending plan, to be disclosed on Monday, is expected to propose cutting military outlays by a sharp 3.3% after inflation, reducing further the number of military personnel and canceling two key nuclear missile programs.

"We are anticipating peace," a senior Pentagon official said Thursday. In fact, he added, "We're banking on it."

(Melissa Healy, Los Angeles Times, A5)

#### SOCIAL SECURITY TAX MORE LIKELY TO BE CUT

President Bush wants to cut the capital gains tax rate, but a growing alliance of liberals and conservatives now believes a Social Security payroll tax cut has a much better chance of being enacted.

Not only is the proposal winning new bipartisan support in Congress, but it is getting strong backing from a number of politically disparate groups, including the AFL-CIO, the U.S. Chamber of Commerce and the Committee to Preserve Social Security.

Supporters say cutting the payroll tax has much stronger grass-roots political appeal than the Bush proposal to cut taxes on the profit from the sale of assets.

The White House, which actively opposed the payroll tax cut last year, is holding back to see if a groundswell develops, according to congressional sources, though presidential aides cite new polling data against the proposal.

(Donald Lambro, Washington Times, A4)

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**SENATE REFUSES TO SUSPEND BUDGET AGREEMENT**

Senate Democrats and Republicans...joined forces to keep the agreement intact despite the recession.

The Senate refused 97-2 Thursday to suspend the months-old summit agreement, although some key senators said they may change their votes if the recession lasts longer and becomes deeper than administration experts now predict.

Sens. Harkin and Wellstone were the only senators to vote for the resolution that would have suspended the summit agreement. The White House strongly opposed it. (Steve Gustel, UPI)

**LIMITED SDI PROGRAM MIGHT COST \$9 BILLION**

The revamped SDI program announced Tuesday envisions Patriot-like interceptors deployed with U.S. ground forces or aboard ships in crisis spots to turn away short-range missile attacks.

A senior Pentagon official, offering fresh details of the scaled-back...plan, estimated the cost of this project Thursday at \$9 billion. A separate project to defend primarily against long-range missiles would cost another \$32 billion.

Defense Department planning documents predict that an improved version of the Patriot could be deployed by 1993, with more advanced weapons a few years later.

(Warren Strobel, Washington Times, A3)

**REILLY INVOKING CLEAN AIR LAW  
TO CLEAR VISTA AT GRAND CANYON**

In the first use of federal law to protect scenic vistas within a national park, EPA Administrator Reilly has decided to order an Arizona power plant to stop polluting the air over the Grand Canyon.

The decision, which is expected to be announced today and is subject to agency review, is aimed at thinning persistent haze that on some winter days makes the canyon's vivid colors and spectacular rock formations all but invisible to a tourist standing on its rim....

Reilly had difficulty convincing some administration officials that merely improving views of the canyon was worth the costs -- estimated at up to \$2.3 billion -- of installing anti-pollution controls on the Navajo Generating Station 80 miles to the northeast.

He backed off the agency's original proposal to remove 90 percent of the sulfurous emissions from the coal-fired plant, accepting 70 percent as a compromise. The concession drew sharp criticism from environmentalists and National Park Service officers.

(Michael Weisskopf & John Lancaster, Washington Post, A1)

**FDIC, BANKS WEIGH BORROWING PROPOSALS  
Funds Would Be Used To Pay For Failures**

FDIC officials and banking industry leaders said Thursday they are considering proposals to borrow the money needed to pay for bank failures as a way to avoid directly asking taxpayers to bail out the bank insurance fund....

Thursday, for the first time, FDIC Chairman Seidman acknowledged that the fund could run out of money this year if the current recession drags on longer than expected and causes more banks to fail.

However, "There is no crisis here," Seidman emphasized. "At this point I don't see any likelihood that we will have to go to the taxpayer."  
(Jerry Knight, Washington Post, F1)

**Bleak Forecasts For The FDIC Are Challenged** -- L. William Seidman, the nation's top banking regulator, Thursday flatly contradicted forecasts that the bank insurance fund he manages would be insolvent within the next two years.

On the defensive against a growing chorus of criticism on Capitol Hill and mounting concern among administration officials, Seidman disputed suggestions that a taxpayer bailout would be required to keep the fund that protects bank deposits afloat.

The bank insurance fund would be "weak but solvent" under the "most widely held view on expected economic conditions," Seidman said at a news conference this morning. "There is no crisis here. What we have is sufficient to handle what we foresee now."

But Seidman...did hedge his prediction, noting that if the recession lasted longer than a year, a prospect he called unlikely, then the bank insurance fund might be insolvent by the end of the year.  
(Stephen Labaton, New York Times, A1)

**UNEMPLOYMENT TO KEEP RISING  
EVEN IF RECESSION MILD, ANALYSTS SAY**

The nation's unemployment rate, surging at its fastest pace since 1982, will jump higher in coming months even if the worst of the recession is over, many analysts predict.

More layoffs and hiring freezes -- already one million Americans have joined the ranks of the unemployed since last June -- are likely because unemployment is one of the last areas to be touched by a recession, economists said.

"In the early phases of recession, they're slow to lay people off, and when the economy is recovering, they're slow to hire them back because they're unsure of what's happening," said Elliott Platt, an economist with Donaldson, Lufkin & Jenrette Securities Corp....

"It takes a while to convince businesses that it's time to start hiring again," said David Wyss of DRI-McGraw Hill.

(Karen Ball, AP)

**1980s 'TERRIBLE' FOR AMERICAN CHILDREN**

The 1980s were a "terrible decade for children," with clear deterioration from 1980 to 1988 in their social and economic condition...according to a national study released Friday....

Nationally, there were substantial increases in the percentages of children in poverty, juveniles who are incarcerated, out-of-wedlock births and teen violent deaths. There was also an increase, though smaller, in the percentage of babies born at low birth weights, which lead to physical and mental impairments and sometimes death.

The only improvements were in child death rates, infant mortality rates and the percentage graduating from high school.

(Spencer Rich & Christine Spolar, Washington Post, A3)

**NEW WAR ON CRIME GANGS UNVEILED**

The Justice Department Thursday announced a strategy against organized crime for the 1990s that seeks to "eliminate the influence" of traditional La Cosa Nostra crime families and strike at emerging groups.

The strategy was outlined by Assistant Attorney General Robert Muller and Assistant FBI Director William Baker. It involves a prosecution team of 173 Justice Department lawyers and 800 FBI agents -- a manpower increase of more than 40 percent over last year.

(Jerry Seper, Washington Times, A3)

**SMOKING-RELATED DEATHS UP 11%  
TO 434,000 YEARS, CDC REPORTS**

More than 434,000 Americans died in 1988 from health problems caused by smoking, an 11 percent increase over the 1985 total, according to a report published today by the federal Centers for Disease Control.

(Susan Okie, Washington Post, A1)

**-End of A-Section-**

## NETWORK NEWS

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(Thursday Evening, January 31)

### GULF WAR

ABC's Peter Jennings: We begin again tonight with the first land battle fought in the Persian Gulf war, a psychological lift as far as Saddam Hussein is concerned, who calls it a thunderous storm in the Arab desert -- but a military defeat, as far as we know; what the U.S. Commander-in-Chief says was like a mosquito on the back of an elephant. Behind the rhetoric of the day, real concern about trying to stop 50-60,000 Iraqi men and hundreds of tanks apparently now moving down along the frontier. There are early reports of a real battle actually shaping up. We also learned today that a fairly large U.S. plane with more than a dozen people aboard is missing behind Iraqi lines. Two soldiers, a man and a woman, are missing along the front lines. As for that Iraqi offensive northwest of Khafji over the last couple of years, 11 -- not 12 -- Marines were killed. And two soldiers who were missing at Khafji have been rescued.

ABC's Bill Redeker reports on the battle for Khafji. Marines, who provided some backup support for Arab coalition forces, said they were frustrated the Iraqis were able to hold the city for more than 36 hours. The Iraqis were eventually chased back into Kuwait. The coalition forces are claiming victory and say they are holding 160 Iraqi prisoners of war. Still, an American officer in the area says the recapture of Khafji was extremely confusing as U.S., Saudi and Qatari forces tried to coordinate operations.

ABC's Jim Hickey reports on the air battle. By all accounts, there was a massive air assault on Iraqi forces to keep them coming into Khafji. There could have been too many planes, all jockeying for targets in seemingly uncoordinated bombing runs. Because of the crowded skies and competition for targets, some pilots said they began to run low on fuel and had to return to base without dropping their bombs.

ABC's Bob Zelnick reports from the Pentagon that U.S. officials say Iraqi troops fought poorly at Khafji. But officials here also say privately the Saudi forces displayed little initiative and required help from Marine units.

Jennings reports the Pentagon gave no comment on the statement by Baghdad Radio today that Iraq is holding female prisoners. Jennings examines the role of women in the combat zone historically and in the Gulf war.

Jennings reports a federal judge has ruled the Pentagon may require troops in the Gulf to take unapproved drugs to protect against possible germ warfare.

Jennings reports the Iraqis fired another Scud at Israel today. This time it landed on the occupied West Bank, which ironically means the Palestinians were the most in danger. Nobody was hurt. There is a debate in Tel Aviv about whether it is the people's patriotic duty to stay in town. (ABC-Lead)

NBC's Tom Brokaw: American military officials seem to be more confident than ever tonight that, overall, Operation Desert Storm is going very well. But another Iraqi ground attack may be coming soon. The Iraqis could be preparing for another run at the Saudi border near Khafji, which they gained and then lost to Arab and American forces today.

NBC's Brad Willis reports from Khafji on the battle.

NBC's Arthur Kent reports from Saudi Arabia that both U.S. and allied commanders say they would welcome more incursions by Saddam Hussein's tanks. Allied commanders say that aside from the Khafji incident, their forces responded well and are prepared for more probing by Saddam's troops.

NBC's Fred Francis reports the analysis at the Pentagon that if there is another incursion by Iraq, it is a desperation move in Baghdad. One senior official told NBC News, "These helpless attacks are an early indication that Saddam may be trying for one major land battle before calling it quits."

NBC's Ed Rabel reports on a surprise international conference in Iran on ways to end the fighting. Allowing Iraqi jet fighters to land here is interpreted by some military analysts as Iran lending a helping hand to Iraq. The new moderate Iranian leaders may see the moment as an opportune time to so influence events that after the war ends, Iran will emerge as the superpower in the region, according to top Mideast analysts. President Rafsanjani is expected to meet with reporters on Monday to answer questions about this peace conference and also about the Iraqi jets. (NBC-Lead)

NBC's Tom Aspell reports Iraqi television shows pictures of an Iraqi hospital in Basra. An Iraqi doctor says the hospital was damaged last Saturday. He says artillery shells and missiles hit nearby and patients were killed in their beds. Other videotapes made available today show extensive damage to another Iraqi town. There is nothing to suggest a military target in the pictures, but there is no independent confirmation of civilian casualties. Iraq's Revolutionary Command Council has claimed that towns all over the country have been damaged in allied air raids. There is no way for us to verify Iraqi claims that civilian areas are being deliberately targeted by allied planes. It is clear, however, that civilian areas are being damaged.

NBC's George Lewis reports from Dhahran on how Saudi Arabia reacted to the beginning of combat. The sudden influx of GIs, with the inevitable culture clashes, has taxed local hospitality at times. But the Saudis still profess a strong gratitude for the U.S. military presence.

-more-

NBC's Andrea Mitchell reports on the role of women in Desert Storm and the controversy surrounding the prohibition on combat roles.

(Rep. Schroeder: "The bottom line is the only thing they're protecting women from are career promotions.")

(Rep. Montgomery: "...Some women just don't have that strength.")  
But military women say women have acted in combat.

NBC's John Cochran: The White House and the State Department were still busy today with damage control in the aftermath of the flap with the Soviets over that joint statement on Mideast policy. Leaders of Jewish-American groups came to the White House today looking for reassurance that President Bush is not mixing his war goals with the Arab-Israeli conflict. On Tuesday, Secretary Baker and Foreign Minister Bessmertnykh issued a joint statement on the Gulf war. One sentence in particular set off alarms in Washington and Jerusalem: "In the aftermath of the crisis in the Persian Gulf, mutual U.S.-Soviet efforts to promote Arab-Israeli peace will be greatly facilitated." Prime Minister Shamir quickly complained he was not consulted about the statement. But Jewish leaders who met with President Bush were satisfied.

(Shoshana Cardin: "There is no change in policy. There will not be any imposition. Israel will not be dictated to.")

Everyone at the White House privately admits that the joint statement with the Soviets was very badly written, but they insist it was just a Jim Baker goof, not a nasty hint to Jerusalem.

Brokaw reports Marine officers have been visiting the homes of the fallen today.

NBC's Mike Jensen reports American companies are lining up to get a piece of the job repairing Kuwait. American companies will get most of the contracts. (NBC-3)

NBC's Roger O'Neill reports on people being called back to duty who are torn about going. A lieutenant colonel, retired after 25 years' service, is a doctor who believes his rural Kansas hospital will close if he is not there. There are at least 50 small towns across the country who are asking the military to let their doctors come home. The army has approved six hardship exemptions so far. (Sen. Dole: "If you lose your hospital in a small town like St. John, you might as well start rolling up Main Street.") (NBC-8)

CBS's Dan Rather: The U.S. military says allied forces have recaptured Khafji; that's after two days of fierce fighting against a stubborn Iraqi invading force. Tonight, new clashes are reported with a much bigger Iraqi force west along the Kuwaiti border. A large column of Iraqi armor said to have been moving toward the Kuwaiti border is being pounded by B-52s. Earlier, Iraq said it has captured male and female American soldiers. U.S. officials said they are looking for two missing soldiers, a man and a woman, whose military vehicle was found empty near the Kuwaiti border. Behind enemy lines, another U.S. plane shot down. It's believed to be a large electronic warfare craft with about 20 Americans aboard. In the battle for Khafji, the Pentagon says allied forces wound up destroying 42 Iraqi tanks and 35 other vehicles and took 161 Iraqi prisoners.

CBS's Scott Pelley reports on the battle for Khafji. The loss of Khafji and several failed attempts to retake it embarrassed the coalition. Today, U.S. commanders insisted only Arab ground troops were involved. But U.S. Marine ground troops were in the fight. At least 161 Iraqis were taken prisoner; the POWs say they were forced to fight against their will.

Rather: President Bush had his spokesman say today that the U.S. strategy on the ground in Saudi Arabia is exactly right. This came as Iraqi ground forces were said to be massing and on the move again in southern Kuwait and U.S. forces were in the sky again pounding Iraqi positions.

CBS's David Martin reports on how the war is going. The Pentagon says it is determined not to fight the kind of [ground] war Saddam wants to fight.

Rather: President Bush was quoted again today as saying it is not yet time to launch a ground war to force Saddam Hussein out of Kuwait.

CBS's Bob Schieffer says the time is drawing closer when the President will have to make what members of Congress are already calling his toughest decision since the war began: whether to shift the attack to the ground.

(Rep. Aspin: "The clear, predominant view of congressmen when you talk to them is let's just take the bombing campaign as long as we can.")

CBS's Bruce Morton reports the American dead have started coming home.

CBS's John Blackstone reports that thousands of people who believed their years of active military service were well behind them reported for duty today. They are members of what is called the Individual Ready Reserve. They are discovering what may have seemed like fine print when they enlisted is in fact a binding contract that is putting them back in uniform. The Army is making no apologies. Some are resisting.

Rather reports a British journalist who was detained by Iraqi troops wrote that he was beaten, stripped and deprived of food and even a toilet. Bruce Cheeseman said he was arrested during the first night of bombing in Baghdad by Iraqi troops who accused him of being an American pilot.

CBS's Doug Tunnell reports from Jordan that many foreigners are fleeing from Iraq to Jordan. Authorities say four Jordanians have died in allied air strikes while en route to the border. But there have been others. Many are missing and no one is keeping count. Eyewitnesses say allied jets now target almost anything that moves.

CBS's Peter Van Sant reports that night after night, affluent draft-age Kuwaitis go to discos, casinos and night clubs in Egypt. Aware that this constant partying is an affront to almost everyone, cameras and reporters are not allowed into the Kuwaiti night spots. When the 30,000 Kuwaitis living in Cairo were asked to pray for their country's liberation, just a handful turned out at local mosques. Embarrassed Kuwaiti leaders admit they have a disco problem. (CBS-Lead)

SDI

ABC's Dennis Troute reports on the results of SDI tests released today. The Pentagon says the results are proof that star wars technology can work. Star wars advocates are seizing on the success of their own tests and that of the Patriot to argue that anti-missile technology is both promising and necessary. They hope to get Congress to restore funding for the star wars program, but many analysts say the Scuds and even the Patriots are relatively primitive and cannot really show what star wars might or might not do.

(John Pike, scientist: "I don't think that the success of the Patriots against Scuds says anything about the ability of star wars to intercept nuclear missiles.")

Pentagon officials say there will be no better time to ask Congress to invest in one more unproven technology. And they point out that before the Gulf war, the Patriot was unproven too. (ABC-2)

Brokaw interviews scientists Daniel Graham, an SDI proponent, and John Pike, an opponent. Graham says the impetus toward defending against ballistic missiles given by Ronald Reagan was the reason the Patriot program really got started. Pike says the Patriot is entirely appropriate but the longer-range nuclear missiles aimed at the U.S. are going to be coming much faster and the warheads are going to be smaller. Also, even missing one of them would destroy a city. (NBC-5)

PAN AM/IRAQI NATIONALS

Jennings reports a civil rights group in New York City has taken Pan Am to court to try to stop them from keeping Iraqi nationals off Pan Am flights simply because they are Iraqis. The National Emergency Civil Liberties Committee says the Pan Am policy revives memories of the U.S. World War II internment of all Japanese-Americans. (ABC-5)

GULF WAR/ROUTE 83

Jennings introduces a series of occasional reports from points along Route 83, which divides the U.S. north/south nearly down the middle, on how people are affected by the war.

ABC's Tom Foreman begins in Minot, North Dakota, near the sites of many nuclear missiles. A lot of people around Minot will tell you this town supports the war. A few will tell you it raises all their old fears. But many believe this war, with its patriotism, will bring back an American spirit they think was lost long ago. (ABC-7)

#### ECONOMY

ABC's Stephen Aug reports Fed Chairman Greenspan says that if the war lasts past April, consumers could become so uncertain about the future that they would cut back even further on buying. Greenspan said that more than at any time in the recent past, the economy now is subject to changes in psychology. Greenspan says the recession is being made worse by lack of credit. He wants bank examiners not to be so critical, so bankers will agree to lend more. Members of the House Banking Committee agreed that businesspeople are suffering, even those who have good relations with their bankers. Greenspan faces opposition from other bank regulators who worry this could lead to more bank failures. (ABC-4)

NBC's Irving R. Levine reports on the warnings by William Seidman that the bank insurance fund is headed toward empty. The outlook is that the fund will run out if the recession runs through this year. At a closed meeting today, bankers heard a government plan for banks to pay higher insurance premiums to replenish the fund. But that could worsen the problem; the contention is that when you make a healthy bank pay more into the fund, the risk you run is that some of those healthy banks will be forced into insolvency. Officials say the cost of rescuing the FDIC won't fall on taxpayers unless the number of bank failures turns out to be higher than anyone now expects. (NBC-6)

#### DRUG STRATEGY

Brokaw: President Bush called for an 11% increase in spending to fight drugs. That would raise the total drug spending to almost \$12 billion.

NBC's Lisa Myers: To prove he isn't preoccupied with the Gulf war, the President briefly turned his attention today to a war here at home, the drug war. He said the big budget increase should secure victory.

(President Bush: "And I believe it persuasively demonstrates that our Administration is committed to defeating the menace of drugs and that that commitment is unswerving.")

The commitment to law enforcement also remains unswerving. It gets almost half the new budget. Bush says he's not changing strategy, because this strategy is working. According to the new report, the Administration's goal was to reduce overall drug use and casual cocaine use by 10% each. They're down 11% and 29%. The Administration also claims to have reduced the number of heavy cocaine users. But most experts challenged that, which is one reason the President today was emphasizing drug treatment.

(President: "I'm particularly proud of a new \$100 million proposal designed to expand our drug treatment capacity.") -more-



# News Summary

OFFICE OF THE PRESS SECRETARY

TUESDAY, FEBRUARY 5, 1991  
6:00 A.M. EST EDITION

## NATIONAL NEWS

**Bush Budget Seeks Few Major Changes** -- President Bush Monday unveiled a \$1.45 trillion budget for next fiscal year that includes an ambitious call to redirect federal spending but shifts few spending priorities and reflects the limits imposed by last year's budget agreement. (Washington Post, New York Times, Wall Street Journal, Washington Times, AP, UPI)

**White House Says Recession To Be Mild** -- Bush administration economists, appearing unshaken by the latest sign of a rapidly weakening economy, predicted Monday that the current recession will be short and mild with a rebound by midyear. (Washington Post)

## INTERNATIONAL NEWS

**Iraq's Armor 90 Percent Intact, Elite Guards Standing Firm** -- U.S.-led allied aircraft, flying a sortie a minute for nearly three weeks, have destroyed a tenth of Iraq's army equipment, according to allied military officers. (Reuter, New York Newsday)

**State Dept. Rebuffs Iran As Potential Peace Maker** -- The Bush administration has poured cold water on Iranian President Rafsanjani's offer to play broker between Iraq and the U.S. to end the Gulf War. (Scripps Howard)

## NETWORK NEWS (Monday evening)

**DESERT STORM** -- The U.S. says 27 of Iraq's 35 major bridges have now been destroyed, cutting supply routes to troops.

Analysts say they expect Saddam to again order some troops to go on the attack before U.S. troops are ready for their own offensive.

**SUDAN** -- Iraq has positioned combat aircraft and surface-to-surface missiles in the Sudan.

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## NATIONAL NEWS

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### BUSH'S \$1.4 TRILLION BUDGET HAS RECORD DEFICIT, DELAYS WAR ACCOUNTING

President Bush sent Congress a \$1.45 trillion budget that projects a record deficit at a time of recession while paying for the Gulf War only through March.

The President conceded tough economic times. "The longest period of economic expansion in history has been temporarily interrupted," Bush wrote in a budget introduction. "We can, we hope, return to growth soon -- and proceed on the path to a new era of expansion."...

Democratic congressional leaders called the FY92 budget inadequate, saying it only envisions a short war and proposed no programs to counter the recession. "They basically repeat a list of the same things that go back to Reagan," said Rep. Panetta....

Rep. Gephardt said Democrats would offer their own budget that would "concentrate on the fundamentals of economic growth, which I don't think this budget does."

Gephardt called Bush's proposal to grant the states \$15 billion to take over various federal programs "another twist at federalism." But Bush defended the plan.

"Some people call some of our proposals warmed-over federalism. They miss the point," Bush told a group of governors at the White House. "The point is you are on the problem-solving edge of this equation. You are better equipped to represent the diverse interests of the various states."

But, he added, "I am not naive. We are going to have to fight together to get this through the Congress." (Tom Raum, AP)

**Bush Budget Seeks Few Major Changes** -- President Bush Monday unveiled a \$1.45 trillion budget for next fiscal year that includes an ambitious call to redirect federal spending but shifts few spending priorities and reflects the limits imposed by last year's budget agreement....

Budget Director Darman portrayed Bush's new budget as a "reformist" one that would begin to shift benefit payments away from the middle class and toward the poor; stress "investment in the future"; turn over control over many federally funded programs to the states; and comply with the spending limits set by last year's agreement and intended to set the deficit on a downward pass....

Advocacy groups found the budget long on promises, but short on delivery. "Given the rhetoric, there's less than meets the eye," said Robert Greenstein, executive director of the Center on Budget and Policy Priorities, a Washington-based research group that focuses on poverty issues.

Many of the spending increases heralded in Bush's budget were modest at best. The budget documents shows Head Start funding going up \$100 million, for instance. But \$86 million of that is needed just to keep pace with inflation, making the effective increase just 0.7 percent....

While Darman's introduction boasts of making "a major contribution to the expansion and improvement of the transportation infrastructure," the proposed increases for highways would not be enough to maintain the current level of spending taking inflation into account. (Steven Mufson & John Yang, Washington Post, A1)

**Democrats Assail Bush Budget** -- Congressional Democrats assailed President Bush's budget, charging his priorities for domestic spending are deeply flawed and calling a proposed \$25 billion cut in Medicare spending "an insult to America's seniors."

"This is a cross-your-fingers, close-your-eyes, hope-for-the-best budget," said Sen. Sasser, while Sen. Kerrey characterized it as a "don't-worry, be-happy" proposal.

There was, however, surprisingly little congressional reaction to the FY92 budget, due partly to the absence of a large number of members and partly because last year's agreement on spending caps provides little flexibility.

Although Democrats praised Bush for recommending additional funds for some domestic programs, they sharply criticized him for pushing space and science programs and totally ignoring anti-recession measures that would aid the jobless....

Rep. Rostenkowski said the [Medicare] cuts were "provocative and unacceptable," adding, "These proposals are nothing more than an insult to America's seniors. That is why they are dead on arrival."...

"I think the size of this present [Medicare] request is most unlikely to find approval in the Congress," Speaker Foley said.

Predictably, Republicans found much to like in the budget.

Sen. Domenici said the "budget will show us a better way to do business" and called it a "great effort at limiting spending."

Sen. Roth: "The President's budget makes two good moves. It avoids new taxes and it works to spark economic growth and a competitive edge for the country." (Steve Gerstel, UPI)

**Democrats Fault Bush's Budget Plan** -- Democrats challenged the spending priorities of President Bush's budget Monday, even as both sides conceded in advance that last year's deficit-reduction deal leaves them little room for maneuvering.

Faulting Bush for lacking a real domestic program, Democrats proclaimed themselves protectors of Medicare and soft-pedaled their past calls for defense spending cuts out of deference to the Gulf war....

[President Bush] explicitly staked his fiscal and political strategy for reelection on the belief that both the war and the recession will end in the first half of the year, allowing him to expand in 1992 on the modestly financed domestic initiatives included in this year's budget....

The Bush cut that drew heaviest fire Monday from both Democrats and interest groups was the proposal to slice an additional \$25 billion off the fast-growing Medicare program....

Rep. Stark (D.-Ca.), chairman of the House Ways and Means Medicare subcommittee, said it was "like a Scud missile -- big, slow-moving and unsophisticated but with potential to do a lot of damage."

The Gray Panthers organization said the proposal "reflects the President's failed domestic leadership by not addressing the need for comprehensive health reform."...

Meantime, Democrats teed off on the most publicized feature of Bush's domestic program -- the suggestion that at least \$15 billion of federal grant-in-aid programs be wrapped into a package for the states to spend as they please.... Rep. Conyers (D.-Mich.) warned that "if states are given the discretion to determine any priorities they see fit, big holes may be cut in the federal safety net protecting the most vulnerable and least powerful among us." (David Broder & Tom Kenworthy, Washington Post, A5)

**Faced With Gulf War, Bush's Budget Avoids Bold Moves At Home** -- Confronted with the war in the Gulf, President Bush has prepared a budget that forgoes bold action at home.

Many of the proposals in the new budget are leftovers from previous years; others are innovative, but small. And as for plans to combat the recession, attack the record-high budget deficit of pay the costs of war -- they are nowhere to be found in the 2,026-page document.

Bush has made himself "a domestic shadow-president," says Sen. Sasser. "There's not a clear sense of direction." agrees Stuart Butler, director of domestic policy studies at the Heritage Foundation....

There are some political trinkets in this budget, many of them included with the 1992 presidential election in mind. For conservatives, there is a proposal to kill off 238 mostly minor government programs and a half-hearted endorsement of the capital gains tax [cut.] For liberals, the new budget offers a modest attempt to cut benefits to the wealthy and to give more to the poor. And although the President has attacked congressional pork-barrel spending, his budget includes vote-getting sewer projects for a half-dozen major cities.

But it is hard to find anything in the budget that could be construed as an overarching concept -- much less a vision -- of an economic or domestic policy.

(Alan Murray & David Wessel, Wall Street Journal, A1)

**President Submits Spending Package of \$1.45 Trillion** -- President Bush sent to Congress Monday a 1992 budget request of \$1.45 trillion that admittedly understates the cost of the Gulf war, offers no measures to combat the recession and seeks to redistribute some federal subsidies that now go to the most affluent.

The President's budget...tries to pull together the strands of his domestic policy into a semblance of a coherent whole, proposing selective increases in funds for education, children's health care, highways and scientific research.

It also reflects the most comprehensive effort yet to reshape the American military in the face of international political changes, although some major questions were left unanswered....

The initial reaction from some leading congressmen was cool, but they did not reject Bush's proposals out of hand....

Sen. Byrd expressed satisfaction that Bush was finally showing interest in programs that Byrd has championed for years. By investing in selected health, education, transportation and research programs, the Bush budget would "start to reverse the trends of past years," said Byrd.

And Sen. Nunn said Bush's military budget...was generally "the right way to proceed," in view of the diminished threat from the Soviet Union.

(Robert Pear, New York Times, A1)

**Bush 'Reformist Budget' Smallest Rise In 5 Years** -- President Bush Monday proposed a \$1.45 trillion "reformist budget" for 1992 that would hold spending increases below the rate of inflation and cut the deficit by \$37 billion....

Members of Congress...offered mixed reaction to the President's plan.

Democrats generally, but not totally, said it was inadequate. They deplored the lack of new spending to soften the impact of the recession. They also said the projected \$280.9 billion deficit could swell considerably if the war or the recession lasts beyond June....

Darman...tallied a 9.5 percent increase in programs for children. David Liederman, executive director of the Child Welfare League of America, scoffed at that and said Bush neglects children who are abused, neglected, abandoned and homeless....

The election-year "flexible freeze" also fulfilled a major campaign promise. But Bush offered no clues on how he would meet the legal requirement to cut the deficit by another \$213.4 billion for the two fiscal years following the 1992 presidential elections.

(Frank Murray, Washington Times, A1)

#### BUSH DEFENSE BUDGET SEEKS TO SCALE BACK SEVERAL WEAPONS

President Bush proposed a military budget of \$295 billion that scales back several weapons because of economic woes although they have performed well in the Gulf War.

But the budget for FY92 relies on those success in calling for a wholesale increase in spending for such sophisticated and controversial weaponry as SDI and the B-2 stealth bomber.

"We were often accused of buying super-sophisticated, high-tech \$600 toilet seats and hammers that cost \$400 and systems that basically didn't work," Secretary Cheney said.

"I think what the last few weeks have demonstrated very clearly to everybody who was watching...is that in fact, there were a number of very sound decisions made over the years."...

Speaker Foley said it would be "disingenuous" for the Bush administration to use the success of the Patriot to push for an increase in SDI spending. Foley said the Patriot is not an SDI-based weapon.

Rep. Bennett said several former chairman of the JCS and past defense secretaries have suggested a budget of \$3 billion for SDI.

"I can't see why the present war situation justifies a different point of view. My feeling is we should not extravagantly waste our money, especially in wartime." (Donna Cassata, AP)

#### PENTAGON SEEKS \$80 MILLION FOR PATRIOT MISSILE UPGRADE

LEXINGTON, Ma. -- The Pentagon is seeking \$80 million for short-term improvements to the Raytheon Corp.-made Patriot missile system, a company spokesman said.

The spokesman confirmed a Boston Herald report that quoted defense industry sources as saying the Pentagon wants the range, altitude and performance of the Patriot increased, and also wants it "more easily deplorable to contingency theaters." (UPI)

**CHENEY SAYS U.S. DEFENSE CUTS DEPEND ON MOSCOW**

U.S. plans to cut defense spending over the next five years depend on Soviet military policy, rather than the Gulf war, according to Secretary Cheney....

"The Soviet situation is still the number one threat that we face in terms of long-range strategic planning. I think the jury is still out on where the Soviet military is headed long term," Cheney said at a Pentagon news briefing....

"There's enormous uncertainty today about what's going to transpire inside the Soviet Union in the future. The developments in the last few weeks have been of concern not only to Soviets who were in hopes of reduced militarization of Soviet society and greater democracy, but to all of us who have anticipated in the West that we would see continued improvement, domestically inside the Soviet Union," he said. (Reuter)

**GOVERNORS WELCOME PLAN TO LET STATES RUN DOMESTIC PROGRAMS**

President Bush found a receptive audience in the nation's governors for his plan to send the states billions of dollars in domestic programs, but he ran afoul of congressional leaders and mayors.

The White House provided governors with few details of its proposal other than a list of more than \$20 billion in selected programs that could be transferred to the states.

The administration asked governors to choose programs worth \$15 billion or more from the list and to take full responsibility for running them with money from federal block grants....

Washington Gov. Gardner, a Democrat and NGA chairman, said the proposal is "something that is very attractive to the states" because it gives them more flexibility in spending. "There's a great deal of incentive for us," he said.

But opposition to the plan emerged immediately.

City mayors vowed to try and strike the \$3.1 billion Community Development Block Grant program from the administration's list....

"We think that would be a huge mistake," said Democratic Charleston, S.C. Mayor Riley. "If ever there is a classic example of, 'if it isn't broke don't fix it,' it's certainly the Community Development Block Grants."...

Louisville, KY Mayor Abramson said many state legislatures would spend the grant money on rural and suburban areas, rather than on the urban problems it was designed for....

Rep. Gephardt called Bush's plan "another twist at federalism, which adds nothing but confusion to the debate."

Rep. Panetta said the Bush transfer would conceal cuts in domestic programs, "handing the states...programs that they have already reduced...."

Republican Missouri Gov. Ashcroft said the changes would save states "about four million bureaucrat hours of paperwork."

(William Welch, AP)

**FINE PRINT SIGNALS COURSE BUSH GOVERNMENT WILL TAKE  
INTO ELECTION SEASON**

The mood and direction of a president and his government, characterized by which office gets more money and whose programs are cut, are frequently found in small print deep in the budget.

President Bush wants to add \$2 million to the cost of running his White House office, and spend almost all of it to hire 20 new permanent staff members. Those are people who would be coming on just in time for the presidential election season. The White House crowd, supported by a \$35 million budget, is scheduled to grow from 381, estimated for this year, to 401 next year.

And although Bush has been criticized for ignoring domestic policy, one of the fastest growing groups among his White House advisers is the Office of Policy Development. Under the proposal, the office that advises the president and assists him in long-range economic and domestic policy would grow from 36 employees to 51, and see its budget increased 20 percent, to \$3.7 million.

The Points of Light Foundation...is looking to grow a little brighter thanks to federal money.... For next year, the President is seeking \$7.5 million for an "entity to make direct and consequential service aimed at serious social problems central to the life and work of every American."

(Walter Pincus, Washington Post, A6)

**TACTICS AND NUMBERS**

**A Budget Intended To Counter An Image  
Of A White House That Courts The Rich**

In the budget they sent to Congress Monday, President Bush and his advisers tried to neutralize the political point the Democrats have developed in the Bush presidency: the argument that his administration favors the rich at the expense of the poor and the middle class.

Bush reintroduced his pet proposal to cut the tax on capital gains, a measure that would mostly benefit affluent taxpayers.

But, in an attempt to knock the Democrats off stride, the President offered several modest proposals to limit the government subsidies that well-to-do people receive through Medicare, student aid, farm price supports, school lunches and payments to veterans' survivors.

In some instances the money, no more than a few billion dollars a year, would be redirected to the poor; in other cases the proposals would represent overall cuts in programs.

(news analysis, David Rosenbaum, New York Times, A1)

**NEW SPENDING CEILINGS SEEN AS BUSH, GOP ADVANTAGE**

The deficit-heavy \$1.45 trillion budget that President Bush sent to Congress Monday will be fought out under a new set of ground rules that his allies say will work to the administration's advantage....

CBO Chief Reischauer...predicts that if there is a turnaround in the economy [by midyear], an easing of S&L costs and the budget caps are adhered to, by 1995 the deficit "will fall below \$100 billion for the first time in 15 years and below one percent of gross national product for the first time in 20 years."

But conservative critics of last year's budget compromise agreement between the White House and Congress sharply disagree. "In the overall scheme of things, this is a budget that is on automatic pilot," said Dan Mitchell, chief budget analyst for the Heritage Foundation.

"The spending caps apply to only the \$200 billion of the domestic discretionary budget and entitlements are still growing out of control," Mitchell said. "Richard Darman is the Saddam Hussein of the American economy."

However, the emerging view among Bush's allies and some independent observers on Capitol Hill was that this year the budget battle was going to be substantially different than in previous years....

"The Democratic agenda is driven by spending increases and new taxes," said a chief Senate GOP budget adviser. "The new rules aren't going to leave much maneuvering room and that's going to work to Bush's favor." (Donald Lambro, Washington Times, A5)

**BUSH BUDGET SHOWS FIRST ATTEMPT AT SETTING DOMESTIC AGENDA**

Although severely limited in resources and vision, the budget that President Bush submitted to Congress Monday was his first attempt at putting forward a domestic agenda for his presidency.

In seeking an increase of funds for science projects, as well as several projects that concentrate on children and the very poor, Bush sheds some light on his administration's spending priorities for the coming year.

However, the increases are so modest that they will probably have little impact on the range of problems they are trying to address, from poverty to a slowdown in the development of new technology. To make that sort of difference, Bush would have to make severe cuts in the defense budget, but because of the Gulf war, Bush is able to avert that kind of politically risky choice again this year.

"I think it's a politically correct budget for President Bush," said Thomas Mann, director of governmental studies at Brookings Institution.

"There are some programs there that he can point to as signs of a domestic agenda, but there's very little there to get excited about," Mann said....

"The lack of a domestic agenda will have dramatic resonance among suburban voters if the economy is in tough shape," said Kevin Phillips, a Republican political analyst. "If the Gulf war is over by [this] fall...people will be looking to the economy as the key issue to judge the President." (Stephen Kurkjian, Boston Globe)

**BUSH PROPOSES TRIPLING PART B MEDICARE PREMIUMS  
FOR WEALTHY SENIOR CITIZENS**

The Bush administration has proposed tripling Part B Medicare premiums for wealthy senior citizens, saying the government could help the poor more if it spent less on the rich....

Powerful seniors' lobbies here saw nothing fair about it, and warned the move would be the beginning of tailoring Medicare benefits to incomes.

"This would be the Trojan horse, the camel's nose under the tent," said Martin Corry, lobbyist for AARP. "It could be a matter of a year, if it took that long, before the administration or somebody in Congress for that matter would come back and say: 'OK, now that we've taken care of those making over \$125,000, how about \$100,000? How about \$50,000?'"

Bill Ritz, spokesman for the National Committee to Preserve Social Security and Medicare, said it seemed as if Medicare is jeopardized by federal budget writers every year.

"Once again Medicare's on the chopping block and this comes only a few weeks after we thought we had an agreement on Medicare for five years out," Ritz said. (Gregory Spears, Knight-Ridder)

**BUSH WOULD ALLOW SMALL RISE IN 1992 FARM, NUTRITION SPENDING**

Federal spending on farmers and nutrition programs for low-income Americans would climb modestly under President Bush's proposed 1992 budget, but some farm groups were thankful for small favors.

The White House proposed spending \$55.7 billion for the Agriculture Dept....

"There's more money than I expected," said Bill Biedermann, of Allendale Inc., an agricultural consulting firm. Farmers should be pleasantly surprised by a hefty proposed increase in a program that subsidizes U.S. farm export sales, he said....

Senate Agriculture Chairman Leahy blasted the proposed budget for failing to come up with enough money for programs touted by the administration, while House Agriculture Chairman de la Garza cited no specific faults. (Vicki Allen, Reuter)

**BUSH BUDGET SLIGHTS NEA  
Other Arts Agencies Would Get Increases**

In a 1992 budget request that asks for increased federal funding for federal arts and humanities agencies, the White House left one agency out: the beleaguered National Endowment for the Arts....

"It's too bad [NEA Chairman] John Frohnmyer's spouse isn't secretary of defense -- perhaps we'd have gotten it," said Rep. Carr (D.-Mich.), chairman of the Congressional Arts Caucus. "My hat's off to Lynne Cheney -- I think she's done a good job, but I just thought NEA could have gotten as much as NEH."

"I think probably what's happened is we're seeing the relative standing of individuals involved vis-a-vis the Office of Management and Budget and Darman and who's got good contacts at OMB -- not a reflection of national needs but who's a better infighter," [Carr said.] (Elizabeth Kastor, Washington Post, C1)

**BUDGET/BOSTON HARBOR**

Tucked at the bottom of page 1,011 in Part Four of the proposed 1992 federal budget is an italicized note ordering that \$100 million in federal funds be used to clean up Boston Harbor.

Now, Boston Harbor isn't the most serious environmental problem in the U.S -- but it is the most politicized....

By specifying that federal funding of its cleanup be increased fivefold next year, the administration has moved to protect Bush from any embarrassing commercials casting aspersions on his own competence during his expected 1992 reelection bid.

Every federal budget is at heart a political document, revealing a president's true priorities. This year's budget does more than that, offering a sort of skeletal fiscal blueprint of President Bush's expected 1992 reelection campaign....

The White House knows that the stronger Bush looks now, the weaker the field against him is likely to be as some Democrats choose to wait until 1996....

Budget Director Darman was surprisingly direct about the reasons for the federal largess. "We had decided in the course of last year that we really ought to separate out Boston Harbor and make sure that it got funded, because the President had made a number of statements in the campaign on that," he told reporters.

Oh, and by the way -- read his budget: No new taxes.

(Knut Royce, New York Newsday)

**U.S. GETS MIXED REVIEWS ON GLOBAL WARMING PLAN  
'Action Agenda' Lacks Carbon Dioxide Target**

The Bush administration Monday announced what it called an "action agenda" to combat global warming, predicting that it will cut emissions of some climate-warming gases to 1987 levels by the turn of the century.

But the plan, unveiled at the first day of a U.N.-sponsored conference on global warming remedies, is essentially a repackaging of policies devised for other purposes and contains no assurances that emissions will not resume growing after the year 2000.

Nor does the plan set targets and timetables for control of carbon dioxide emissions...that most of Europe, Japan and Canada have pledged to stabilize or reduce early next century.

Criticized by some European delegates as disingenuous, the plan was praised by other conference officials as a positive step for an administration that previously had talked more of scientific uncertainties than of remedies....

"If this is their program, it signifies a shift," said Mostafa Tolba, executive director of the United Nations Environment Program. "They are stabilizing" warming gases.

(Michael Weisskopf, Washington post, A3)

**WHITE HOUSE SAYS RECESSION TO BE MILD  
Budget Forecasts Rebound By Midyear**

Bush administration economists, appearing unshaken by the latest sign of a rapidly weakening economy, predicted Monday that the current recession will be short and mild with a rebound by midyear....

Both Michael Boskin...and Richard Darman...said the new forecast is similar to those of many private economists and slightly less optimistic than that of the Congressional Budget Office....

Boskin said the administration should get credit for the forecast's candor. "This will be the ninth post-World War II recession and this is only the second time...that an administration, Republican or Democrat, has forecast a recession prior to actually having the data on two negative quarters of real GNP," he declared.

"The projected recession is likely to be mild," Boskin said.  
(John Berry, Washington Post, D1)

**LACK OF FOCUS ON GULF, RECESSION  
COULD MAKE BUDGET IRRELEVANT**

President Bush's new budget all but ignores the Gulf War and portrays the recession in the rosiest light, two factors that could make the spending plan utterly irrelevant as Congress begins drafting its own budget....

In unveiling his own spending priorities, Bush has left himself open to the charge of being irrelevant, not so much for his priorities, but for his decision to ignore certain cold realities.

Bush decided to cast the recession in the most benign light possible.... He also low-balled the cost of the war with Iraq....

Speaker Foley questioned the \$15 billion estimate [of the war], saying it "places a great expectation" on significant contributions by the allies and "a fairly short war."

(News Analysis, Martin Crutsinger, AP)

**AMERICAN REVIVAL IN MANUFACTURING SEEN IN U.S. REPORT**

...A government report issued Monday suggests that the Rust Belt has staged a renaissance on the factory floor. Thanks to a wrenching contraction in payrolls and plants, productivity...climbed to a record level in 1990.

What's more, factories making everything from chemicals to cars now account for a robust 23.3 percent of the nation's GNP....

"I am not surprised at what we found," said Robert Lawrence, an economist at the Brookings Institution. "Fears of de-industrialization were overblown."

(Sylvia Nasar, New York Times, A1)

**6 PIPE BOMBS FOUND WIRED TO NORFOLK CHEMICAL TANKS  
Thousands Evacuated; Possible Link  
To War Terrorism Investigated**

NORFOLK, Va. -- Six pipe bombs were found attached to two giant chemical storage tanks here Monday, forcing police to evacuate thousands of residents of this port city that is one of America's largest military centers....

Authorities said no group had taken responsibility for planting the bombs. Bill Baker, assistant FBI director for criminal investigations, said it was too early to tell whether the incident might have been related to the Gulf war, but he added that "we have to keep that door open."

(Peter Baker, Washington Post, A1)

**AIDS STANCE STUNS OFFICIAL**

The Department of Health and Human Services was surprised last week that the American Medical Association opposed its plan to let AIDS-infected immigrants to enter the country.

Last month HHS officials had identified the AMA as one of more than a half-dozen professional organizations that endorsed its plan....

Dr. Lonnie Bristow, a member of the AMA board of trustees, said Monday the organization changed its position in December. The new position states that the "AMA agrees that HIV-infected individuals should not be permitted to immigrate."...

Rep. Dannemeyer, who opposes the admission of HIV-infected immigrants, has sent a letter to Budget Director Darman noting the confusion. "There may have been a misrepresentation of the position of the American Medical Association on this matter," he wrote, "and I am concerned that your staff may not have been fully informed of the correct AMA position prior to the approval of this rule."

(Joyce Price, Washington Times, A3)

**EDITOR'S NOTES:** "On Outside Looking In, Former Officials Rate Bush Budget," appears in the Washington Post, A17.

"Lawrence Eagleburger, The Calm Amid The Storm," by Lois Romano, appears in the Washington Post, C1.

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## **INTERNATIONAL NEWS**

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### **IRAQ'S ARMOR 90 PERCENT INTACT, ELITE GUARDS STANDING FIRM**

NICOSIA -- U.S.-led allied aircraft, flying a sortie a minute for nearly three weeks, have destroyed a tenth of Iraq's army equipment, according to allied military officers.

But the backbone of Saddam Hussein's ground forces, the Republican Guards, is standing firm and Baghdad says its troops are now waiting for the signal to launch a crushing offensive.

"Here are the Iraqi armies of right awaiting a signal for a crushing and devastating offensive that will sever the necks from shoulders," Iraqi Radio said late Monday night.

Eight-engined B-52 bombers swept against the Republican Guard six times Monday and other planes attacked the guards 26 times.

"The Republican Guard continues to get the focus of our attention," Maj. Gen. Robert Johnston told a news briefing in Riyadh.

A U.S. military officer told a separate briefing there was no sign yet of the elite force...cracking.

Another U.S. spokesman said allied forces had destroyed at least 300 of Iraq's estimated 4,500 tanks and 350 other military vehicles. French Armed Forces Chief of Staff Schmitt said this represented only 10 percent of Iraq's army equipment.

(John Baggaley, Reuter)

### **DESERT STORM/DAMAGE ASSESSMENTS**

Allied bombing raids have destroyed 15 percent of the Iraqi tanks inside the Kuwait theater of operations, "a long way" from the military's eventual goal of 50 percent, a defense official disclosed Monday.

The assessment, made over the weekend and based on allied bombing raids through the end of last week, indicates that an allied ground offensive any time soon would meet stiff resistance.

"If it takes 50 percent to make them [Iraqis] combat ineffective, then we still have a long way to go," said the official, a military intelligence specialist who asked not to be identified. He said the estimated 4,000 to 5,000 tanks in the Kuwait theater are particularly hard to hit because most are surrounded by sand berms and covered with sand bags....

He said that another indication that the bombing sorties are having a difficult time destroying Iraq's war-fighting capability is an estimate now that the bombing by B-52s of a huge munitions depot in Basra last week destroyed only 20 percent of the depot's munitions. The depot's explosion last week was described as having been of "volcanic intensity." Nevertheless, "Eighty percent of the ammo is still there," the source said.

(Knut Royce, New York Newsday)

**IRAQ HALTS FUEL SUPPLIES TO PUBLIC**

**NICOSIA** -- Iraq has halted fuel supplies to the public at the height of the winter.

Baghdad Radio Tuesday quoted a statement by the Ministry of Oil as saying the measure was effective from Feb. 4 and "until further notice."

It gave no further details on the measure that would largely affect heating oil supplies and follows a ban on the sale of gasoline two weeks ago. (Reuter)

**GOP SENATOR WARNS PRESIDENT ON GROUND WAR  
U.S. Should Press Air Strikes For Next Few Months,  
Maine Lawmaker Says**

A senior Republican senator warned the White House that many in Congress, including members of President Bush's own party, oppose turning to a ground war in the next few months to expel Iraqi troops from Kuwait.

Sen. Cohen said the administration should continue the current air campaign "for the next several months," rather than seek "a quicker, more rapid resolution of the conflict by going in on the ground."

The lawmaker asserted at a meeting with journalists that many of President Bush's supporters fear a ground war would be too costly in American lives. "I think there are more than you think on Capitol Hill and the Republican circles who think we ought not go to a ground war," he said. These opponents of a ground war don't want to move "unless and until [we reach] a point where they [the Iraqis] are so demoralized, so deprived of an ability to defend themselves, that we would suffer a minimum amount of casualties," he added....

Some of Sen. Cohen's colleagues on Congress disagree, though.... "We have been successful so far because we have given the military decisions to the military," said Rep. McCurdy (D.-Okla.), the designated chairman of the House Intelligence Committee. But he added, "I think the bombing has a marginal return after a while."

(Gerald Seib & David Rogers, Wall Street Journal, A24)

**STATE DEPT. REBUFFS IRAN AS POTENTIAL PEACE MAKER**

The Bush administration has poured cold water on Iranian President Rafsanjani's offer to play broker between Iraq and the U.S. to end the Gulf War.

"What's to mediate?" State Dept. spokeswoman Tutwiler asked rhetorically when asked by reporters about Rafsanjani's offer.

"The only mediation, in our opinion, that would be appropriate would be for the people who communicate with Saddam Hussein to convince him to comply with the 12 United Nations resolutions."...

Secretary Cheney said, "If someone can come up with a diplomatic resolution that achieves that objective [exiting Iraq from Kuwait], that would be fine, but frankly I don't expect it."

Cheney added, "I think that we're now in a situation, having embarked on the course we're on, that we will pursue military action until we have achieved our objectives."

(Walter Friedenberg, Scripps Howard)

**U.S. NOT COMPLAINING ABOUT STRINGS ON JAPANESE CONTRIBUTION**

The State Dept. said it has no complaints about the conditions that will likely be attached to Japan's pledge of \$9 billion to support Operation Desert Storm.

The Liberal Democratic Party government is expected to stipulate that the money be restricted to logistically support and that it not be used for the direct purchase of offensive military weapons.

Koji Kakizawa, a member of parliament who heads the Liberal Democrats' defense affairs committee, said in an interview: "As far as money is concerned, if it is used to buy arms or bombs, it means direct involvement in the war itself. That's the feeling of the Japanese people."...

"The government of Japan has said that it would like its contribution to be used for logistical support of our forces in the Gulf. We anticipate our needs for logistical support will exceed the additional funds made available by Japan. Therefore, we do not expect the issue of restrictions will be a practical problem," spokeswoman Tutwiler said. (Jim Anderson, UPI)

**GULF OIL SPILL FAR FROM WORLD'S WORST**

BOSTON -- The oil slick spreading across the Persian Gulf contains perhaps 24 million gallons of crude, which would make it far smaller than most estimates and well below the world's worst oil spill, an industry newsletter said Monday.

The Oil Spill Intelligence Report said in a news release that the slick...might contain 60 million gallons at most....

The Oil Spill Intelligence Report said interviews with "at least two dozen experts" who have analyzed publicly available data on the slick believe it is probably only two or three times as big as the Exxon Valdez spill. (Reuter)

**U.N. CHIEF CONDEMNS ALLIED AIR RAIDS ON IRAQ-JORDAN HIGHWAY**

U.N. -- Secretary-General Perez de Cuellar condemned the allied bombing raids that Jordan says have injured and killed Jordanian truck drivers on Iraq's highway from Baghdad to Amman.

"Jordan is an innocent victim of what is happening," Perez de Cuellar said as he entered U.N. headquarters. "This is something inadmissible, why Jordan has to suffer in a war in which it is not party."

"I do deplore these acts. Anything which affects Jordan is something that I strongly deplore."...

State Department spokeswoman Tutwiler said that the trucks were traveling through the war zone, "and more specifically through an area that has been the source of Scud attacks against neighboring states."

"Moreover, we have credible information that war materiel, including some related to Scud missiles, has been transported in convoy with civilian oil trucks." (Peter James Spielman, AP)

**U.S.: IRAQ EXPLOITING CIVILIANS  
Schools Allegedly Used As HQ;  
Planes Hidden Among Neighborhoods**

Relentless air attacks have caused Iraqi military commanders to seek refuge by moving their headquarters into schools, while some Iraqi military vehicles have begun traveling in civilian convoys for protection, U.S. officials said Monday.

As part of Iraq's effort to disperse its military, Baghdad has also attempted to hide warplanes in residential neighborhoods and reduce large congregations of tanks, armored personnel carriers and other vehicles, the officials added.

Gen. Schwarzkopf told reporters that allied warplanes will not bomb schools and other civilian facilities known to have been commandeered for military purposes....

Iraqis interviewed by Western news organizations Monday suggested that [the U.S. military's] assessment does not conform with their experience. In the Iraqi city of Najaf...residents told visiting correspondents that allied warplanes in a raid Jan. 20 damaged 50 houses during an apparent effort to destroy a telecommunications tower....

Resident Abbas Mohammed Witwit displayed his 10-year-old son who, Witwit said, had suffered more than 50 shrapnel wounds in the bombing, as well as his 3-year-old daughter, who had suffered a broken hand and head injuries.

"They [the Americans] talk about humanity and progress," Witwit shouted angrily. "So what did these innocent children do to them? There is an army in Kuwait. Go and fight them, not us."

(Rick Atkinson & Dan Balz, Washington Post, A1)

**SOVIET LAWMAKERS CONCERNED BY WAR,  
OFFICIALS WELCOME IRANIAN OFFER**

MOSCOW -- Soviet lawmakers expressed alarm at the Gulf War and the prospect that it could drive U.S.-Soviet relations back to a Cold War chill, the state news agency Tass said.

The report came hours after the Foreign Ministry welcomed Iran's offer to discuss peace prospects with Saddam Hussein. The Soviet Union said it would send an envoy to Tehran to help pursue the effort....

The international affairs committee of the national legislature agreed to ask the Soviet government to set up an "expert group to control the situation in the Gulf," Tass said....

Committee members believe U.S.-led forces are exceeding their U.N. mandate to drive Iraq from Kuwait, Tass said. It added that they fear this could strain East-West relations.

(Thomas Ginsberg, AP)

**EC MINISTERS URGE JOINT APPROACH  
TO SOLVING MIDDLE EAST DISPUTES**

**BRUSSELS** -- The European allies said Monday they would approach the U.S. about reaching a common approach toward a general settlement of Middle Eastern conflicts once fighting in the Gulf war stops.

On other issues, the 12 EC foreign ministers said Monday that they would lift all remaining sanctions on South Africa as soon as legislative action is taken by the Pretoria government to repeal the twin foundations of apartheid: the Land Acts and Group Areas Act....

The European ministers also welcomed Moscow's decision to hold a referendum in each of the Baltic states and "expressed the hope that this will favor the resumption of a meaningful and constructive dialogue" with the Soviet Union. But European food aid and other technical assistance to the Soviet Union will remain suspended until the European parliament meets later this month to reconsider whether to proceed with deliveries on the basis of the Baltic political situation.

Following discussions here about the Middle East in the postwar phase, Foreign Secretary Hurd said that a meeting would be scheduled with Secretary Baker soon to devise a joint U.S.-European strategy about how to deal with the Israeli-Palestinian conflict and future Gulf security issues.

(William Drozdiak, Washington Post, A14)

**REAGAN AND THATCHER TOUR PRESIDENTIAL LIBRARY, DENOUNCE SADDAM**

**SIMI VALLEY, Calif.** -- Ronald Reagan and Margaret Thatcher, warriors of the Cold War who now stand on the sidelines of global drama, joined together to condemn Saddam Hussein.

"What I can say about Saddam Hussein is he is a threat to civilization," Reagan said.

"Obviously we long for the day when the war is completed. Any tyrant must know this is the response" to expect, Thatcher said. "It's not peace at any price but peace for freedom and justice."  
(Jeff Wilson, AP)

**ISRAELI PLANES RAID BASES  
OF ARAFAT LOYALISTS IN SOUTH LEBANON**

**SIDON, Lebanon** -- Israeli warplanes blasted positions of guerrillas loyal to PLO Chairman Yasser Arafat in south Lebanon Tuesday, security sources said.

They said at least five people were killed or wounded in the strike on guerrilla targets near the port city of Sidon....

The sources said the Israeli planes struck at four positions of Arafat's mainstream Fatah faction....

They said Palestinian guerrillas responded with artillery fire and shoulder-held, Soviet-designed SA-7 missiles but failed to hit any of the Israeli planes.  
(Reuter)

**ANTI-U.S. HOSTILITY GROWS IN AMMAN**

**AMMAN** -- Worsening economic conditions, a shortage of gasoline and anger over concentrated allied bombing of Iraq -- which has resulted in Jordanian casualties -- are contributing to a mood of hostility toward Americans here that is believed to have prompted the State Department's warning for all Americans to leave.

Concerns about a Jordanian backlash have increased following a small spate of explosions in Amman that diplomats and local observers believe were bombs aimed at U.S. citizens....

A Western ambassador said of the anti-American mood here, "The demonstrations we have had so far have been inconsequential, but now we are dealing with a new situation."

(Nora Boustany, Washington Post, A14)

**TREASURY WORKER'S TRIP TO IRAQ WILL BE CHECKED FOR VIOLATIONS**

A Treasury Dept. economist's trip to Baghdad to protest U.S. military action will be checked for possible violations of economic sanctions against Iraq, a government official said.

"It will be looked into when he returns, if he returns," said Treasury Assistant Secretary for Public Affairs Bolton.

At issue is a trip that Anthony Lawrence took a few weeks ago with a peace group [during which he denounced the war as "an imperialist attempt to wrest the (gulf) oil resources"]....

Bolton said that sanctions of an executive order signed by President Bush on Aug. 3 prohibit U.S. citizens from buying goods or services from the Iraqi government or an Iraqi citizen. (AP)

**CHINA PUTS DISSIDENT ON TRIAL ON CAPITAL CHARGE**

**BEIJING** -- China put a leading dissident linked with the 1989 pro-democracy movement on trial Tuesday on the capital charge of attempting to overthrow the government.

A notice outside the Beijing People's Intermediate Court said proceedings against Chen Xiaoping, a 29-year-old university lecturer, began Tuesday morning, witnesses said. (Reuter)

**MANAGUA SAID READY TO DROP COURT CASE IN EXCHANGE FOR U.S. AID**

Nicaragua is ready to forego compensation for the alleged CIA mining of its ports in exchange for an increase in U.S. financial aid, an embassy spokesman said Monday.

Presidency Minister, Antonio Lacayo, President Chamorro's chief of staff, will make the proposal to U.S. officials during a five day visit to Washington that began Monday.

Lacayo and finance minister Silvio de Franco will also ask the IMF and other lending agencies to resume loans to Nicaragua.

(Reuter)

**EDITOR'S NOTES:** "General [Schwarzkopf] Describes Emotions of War," by Molly Moore, appears in the Washington Post, A1.

## NETWORK NEWS

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(Monday evening, February 4)

### GULF WAR

ABC's Peter Jennings: We begin with the daily summary of what we know about the war. The air campaign against Iraq and Kuwait is now running at one combat mission per minute. The Iraqis say the bombing campaign against Baghdad has become intense again; they are still generally quiet about casualties. Another 25 Iraqi tanks have been found in the open and reportedly destroyed. Six Marines have been killed in two helicopter crashes. Iran has offered to mediate an end to the war; not much enthusiasm in Washington for that. The Secretary of Defense said in Washington today it was always assumed a land war would be required to liberate Kuwait.

ABC's Bill Redeker reports from the combat zone on the allied air campaign. The U.S. says 27 of Iraq's 35 major bridges have now been destroyed, cutting supply routes to ground forces. Because of the difficulty of dislodging dug-in Republican Guards from the air, it is becoming apparent that the U.S. is getting ready to try to challenge the Iraqis on the ground. There are problems: There are not enough of the U.S.'s most sophisticated piece of artillery, the multiple-launch rocket system. Iraq has more than 3,000 artillery pieces, more than the allies. Iraq's well-fortified defense positions will also prove difficult. Also, land charges to clear minefields will not destroy some of Iraq's newest mines. The allies would really prefer no ground war at all. (ABC-Lead)

CBS's Dan Rather: Overview of the war at this hour: The concentration is on air attacks to soften up the Iraqi military for a possible allied ground offensive. A clear pattern of naval operations has emerged; it suggests possibly the largest amphibious operation since Inchon during the Korean War, or at the very least a feint of such a landing. Iraqi forces are lying low. American and allied warplanes are keeping up their relentless attacks inside Iraq and Kuwait with a steady shift to the south, to Kuwait. Reports from Baghdad and Basra tell of widespread devastation in both cities; a refugee from Basra is quoted as saying people there are collecting drinking water from puddles in the street.

CBS's Eric Engberg reports from Saudi Arabia on the war. The allied high command asserted today that the air war is so deadly that Saddam has resorted to moving his planes and other weapons into school yards, residential neighborhoods and possibly Mosques, taking advantage of the allied policy of sparing such areas.

(Maj. Gen. Robert Johnston, U.S. Central Command spokesman: "He can hide a select part, I guess, of his military capability, but he can't hide it all, and we will continue to scrupulously adhere to our policy, as we will not target civilian areas. I guess you could conclude that he has protected some of his assets.")

The surrender of several hundred second-line Iraqi troops last week has heartened U.S. commanders. While some of them fought well, one senior officer said they were badly fed, and convinced that their cause is hopeless.

(CBS-Lead)

## GULF WAR/PENTAGON

NBC's Tom Brokaw: Allied warplanes hit an Iraqi armored column, as President Bush says he will call the shots.

(President Bush, at governors meeting: "It's going according to plan. We are going to set the timetable for what lies ahead, and not Saddam Hussein.")

-- [NBC opening theme] --

As we approach the end of week three of the Gulf War, the Iranians now are trying to get involved as peace-brokers, while the allied air war continues without let-up. The Iranian offer remains just that, an offer to mediate.

NBC's Fred Francis reports on Pentagon concerns about possible Iraqi offensives. Analysts say they expect Saddam to again order some ground troops to go on the attack before U.S. troops are ready for their own offensive. Unlike last week's probing action with 500-600 men in four locations, it would not surprise Pentagon sources if Saddam sent at least 10,000 men into Saudi Arabia. More importantly, say the sources, lightly dug-in U.S. divisions would be unable to repel the attack immediately. But by the second day of the assault, the sources believe it would evolve into a killing zone. U.S. tanks would close on Iraqi flanks, artillery would block a retreat, and combat aircraft would destroy everything else left on the open desert. For Saddam, any length of time in Saudi Arabia, any U.S. combat deaths no matter how severe his own losses, would be a grand political victory. Secretary Cheney also warned that Saddam may use what is left of his air force for a massive raid into the south. The sources also expect Saddam to once again use environmental terrorism, dumping millions of barrels of oil into the Gulf. (NBC-Lead)

CBS's David Martin reports the Bush Administration made it clear today there is almost no hope for a diplomatic breakthrough which would end the war without further bloodshed.

(Secretary Cheney: "If someone can come up with a diplomatic resolution that achieves that objective [Iraq leaving Kuwait], that would be fine. But I frankly don't expect it. I think that we're now in a situation, having embarked upon the course that we're on, that we will pursue military action until we've achieved our objective and that of our coalition partners.")

For the first time, the U.S. had its battleship Missouri lob 2,000-pound shells onto some Iraqi command-and-control bunkers in Kuwait, which the U.S. confirmed were destroyed. Some units in the Iraqi army are reported to have been reduced to 50-75% effectiveness. Cheney said there is still no decision on when or even if to launch a ground offensive. (CBS-3)

NBC's Arthur Kent reports on allied attacks on Iraq. Air strikes have taken out more Iraqi supply dumps and command centers. Allied strikes have forced the Iraqis to change tactics with their materiel convoys, cutting them down in number. (NBC-2)

## IRAQI PLANES/SUDAN

Jennings reports the U.S. military says nearly one-third of Iraq's combat aircraft are out of action for the foreseeable future. But Iraq may have found another sanctuary for some of its airpower.

ABC's Karen Burnes reports on allegations that Iraqi airplanes are hiding out in the Sudan. Senior diplomatic and military sources from Europe and the Sudan tell ABC News Iraq has positioned combat aircraft and surface-to-surface missiles at strategic sites across Sudan. Sources say the aircraft are now hidden at two airfields. One Western relief official said he saw more than 20 Iraqi fighter jets at a restricted airbase north of the capital, Khartoum. According to Sudanese military sources, the missiles are positioned in Arous and Arkarut [phonetic], in hills across the Red Sea from Saudi Arabia. A former commander-in-chief of the Sudanese armed forces believes Saddam is stationing them there to be used at a later stage of the war. Another Sudanese general says missiles began to arrive after the Iraqi invasion of Kuwait, shipped from Iraq by sea to Port Sudan. Western relief workers say that in November and early December, they saw Iraqi ships in the harbor of Port Sudan, surrounded by intense military security. Military analysts say oil installations in western Saudi Arabia, 250 miles away, would be one likely target of the missiles and the aircraft, as would the Aswan Dam, Egypt's main source of power and water. Demonstrators in the Sudan have called for an attack on the dam in retaliation for Egypt's support of the West. President Mubarak has not confirmed reports of Iraqi weapons in the Sudan, but he has said if he's attacked he will respond harshly. Sudanese officials deny that there are Iraqi missiles or aircraft on their soil, but they do have a longstanding military relationship with Iraq. U.S. officials say they've received intelligence reports about an Iraqi presence on Sudanese soil, but they cannot confirm them, and they will not comment on the threat that might present. (ABC-3)

#### GULF WAR/IRAN

Jennings: President Rafsanjani said he'd be willing to open talks with both the U.S. and Iraq if it would help stop the shooting in the Gulf; no response yet from Baghdad. The White House was cool to the idea, saying the bottom line remains Iraq must leave Kuwait.

Rather reports the State Department said it would be open to any Iranian contacts, but closed to the idea of negotiating on Kuwait. President Bush had his spokesmen throw cold water on Iran's offer to mediate. Secretary Cheney was also frigid to the idea.

Brokaw: The Bush Administration was surprised by Iran's offer to help end the war, and publicly did not give it much attention.

ABC's John McKenzie reports on the Iranian role in the Gulf war. President Rafsanjani condemns both Iraq and the U.S. Today, he emphasized that Iran will remain neutral.

(Rafsanjani: "We will not get involved under any circumstances.") The president said the Iraqi planes in Iran will be kept there until the end of the war, and he denied they were part of any pre-arranged plan with Iraq.

(Rafsanjani: "The arrival of our planes was totally out of our control or choice. In the past, Iraq never told us that their warplanes would come to Iran.")

In several Iranian cities, anti-war rallies have quickly turned into anti-American rallies.

(Rafsanjani: "If American forces remain in the region, there will never be any security here.") (ABC-4)

CBS's Bob Faw reports on President Rafsanjani's news conference. He said Iran will remain as neutral as Switzerland was in World War II. He added he sent Saddam "ideas for peace" which he said could end the war. Iran's news agency quoted Rafsanjani as saying he was willing to see Saddam personally, and that "if Saddam accepts our ideas, we might prepare a peace plan." He did not give details. One foreign diplomat in Tehran said all the talk of neutrality is complete hogwash; the government, he said, desperately wants Saddam disposed of and hopes the U.S. coalition does its dirty work.

Meanwhile, diplomats in Tehran tell CBS News most of the Iraqi aircraft now in Iran flew there in orderly formations, and are parked off unused runways at military bases near Dezful and Hamadan. When CBS News asked to see the planes, Rafsanjani refused, but said three crashed and others were damaged. (CBS-2)

NBC's Ed Rabel reports on the Iranian diplomatic foray and prospects for Iranian hegemony in the region after the war. Rafsanjani suggested that there be direct talks with the U.S. on the Gulf crisis and prepared to receive the Kuwaiti foreign affairs minister. Rafsanjani said he is willing to resume official contact with the U.S. to stop the fighting. Rafsanjani was letting the world know Iran would be a power to be reckoned with in any post-war regional peace settlement. Kuwait is taking him seriously.

(Foreign Affairs Minister Nassar Mohammed al-Sabah: "We have announced...our deep appreciation for the...stand of the Islamic Republic of Iran of its neutrality.")

Iran stands to be rewarded with access to billions of dollars from Kuwait for its neutrality. The billions could help boost Iran into the Middle East powerhouse Rafsanjani promised. (NBC-3)

NBC's John Dancy reports on what the Middle East might look like after the war. Secretary Baker and his aides are already at work on a detailed plan; Baker will reveal parts of it when he testifies before Congress Wednesday. Many experts say Saddam could stop the war right now, and emerge a hero to the Arab masses for having taken the coalition's best punch. Secretary Cheney dismissed that idea today.

(Secretary Cheney: "I don't buy the argument that he's somehow winning by losing. I would argue that the United States and our allies are on the side of the majority of opinion in the Arab world.")

Countries like Israel likely would not accept a peace agreement leaving Saddam militarily strong. That's one reason why the U.S. is pushing a regional security force in the area, to control him if he stays in power. But key senators on the Foreign Relations Committee believe one goal of a peace conference must be to remove Saddam.

(Sen. Lugar: "The Saddam regime ought to go; but that is a personal judgment. I feel that there ought to be a disconnect, clearly, between Saddam Hussein and the military juggernaut that he expects he will use.")

But many experts feel the effort to crush Saddam will leave a legacy of hatred for the U.S. in the Middle East. The U.S. cannot expect a tidy peace, even if it wins a clear military victory. And even though the President has been promising to bring the troops home after a victory, the U.S., as the preeminent Middle East power, will have to remain there as a power-broker and peace-maker, and is prepared to play that role. (NBC-4)

## GULF WAR/JORDAN

ABC's Bill Blakemore reports on Jordanian reaction to the U.S. since the Gulf war. America was a model for Jordan's vigorous experiment in democracy. But now, long-term feelings about the U.S. seem to be undergoing a deep change for the worse.

(Kathy Khakeesh [phonetic], Jordanian anchorwoman: "Why have a 'New Order' after the war? Is this what he means by 'New Order,' destroying a certain region in the world and then moving on to a new order?")

Young Jordanians held a campus demonstration today against the U.S. One Jordanian government adviser suggested the U.S., by going to war, is getting short-term economic benefits in exchange for long-term hatred. The people in this region, he said, now see the U.S. promoting not democracy, but "might makes right." (ABC-12)

## JIDDA ATTACK

Jennings reports that Sunday night in Saudi Arabia's largest city, Jidda, gunmen attacked a shuttle bus carrying American servicemen. Nobody was hit, but two Americans were slightly injured by flying glass. The gunmen escaped. (ABC-5)

## HIGH-TECH WEAPONS

NBC's Robert Bazell reports from Martin Marietta Corp. in Orlando on U.S. smart weapons systems made there, including one called "Lantern" which allows pilots to see and bomb in the middle of the night. It is one of the best examples of computer-chip technology for the battlefield. Even though for many years there was a bitter fight in Congress on whether it should be built, the system has worked well in the Gulf. (NBC-6)

## GULF WAR/INNER CITY

NBC's Anne Curry reports on an inner-city Catholic priest from Chicago who used to exhort his parishioners to join the military as a safe haven from the streets. Now he feels tremendous guilt. (Father George Clements: "I say this: I would rather they stay here in poverty than go over there and face the possibility of losing their life.... I apologize to those people and I regret it very, very much, and I would feel it very, very deeply if any of those people I ever counseled comes back here in a bag.") (NBC-10)

## PIPE BOMBS

Jennings reports that two pipe bombs were found attached to two giant storage tanks a few miles from the world's biggest naval base in Norfolk, Va. One of the tanks held a million gallons of methanol, the other a chemical which could produce dangerous fumes if it caught on fire. There was no claim of responsibility, and the FBI has been put in charge of the investigation.

CBS's Rita Braver reports that the bombs were defused or detonated in isolated areas; no one was injured. There is speculation that the storage tank area became a likely terrorist target because of tight security at the nearby base. For now, investigators say they have no sure motive or suspects. (ABC-6, CBS-4, NBC-5)

## BUDGET PROPOSAL

**NBC's John Cochran:** The President's budget again calls for no new taxes. But this time, the President's men say he means it. Today, the President tried to steer clear of the kind of budget battle that led to his crack last year, "Read my hips."

(TV Coverage: President Bush jogging.)

This time, Bush hopes to avoid a serious budget fight, although he is again pushing for tax cuts rejected by Congress last year, cuts in capital gains, and a tax break for long-term savings accounts. The Bush budget would increase spending by 2.6 percent, well below the inflation rate.

(**OMB Director Darman:** "At the same time, it would shift public expenditures toward investment in the future -- in education, children, prevention of ill health, housing, infrastructure, research and development, and other areas.")

Bush also calls for modest spending increases for the war on drugs, space exploration and highway construction. Bush would reduce spending on farm subsidies, guaranteed student loans and Medicare, a potentially explosive issue, especially for the elderly. But the President told the nation's governors today he wants Congress to set aside \$15 billion for states to spend as they want.

(**President Bush, to governors' meeting:** "The point is, you are in the problem-solving edge of this equation, you are better-equipped to represent the diverse interests of the various states.")

The governors loved that kind of massaging. But even those Bush campaigned for complained that federal help is not enough.

(**Gov. Wilson (Ca.):** "We are now facing, in most of the states, a gap between revenues and expenditures that is unprecedented.")

Of course, the big unknown for everyone is how much the Gulf war will cost. The White House estimates that through the end of next month, America's share will be \$15 billion. But that figure is meaningless as no one knows how long the war will last. (NBC-7)

**NBC's Andrea Mitchell** reports on the congressional reaction to the budget proposal. Leading Democrats call this a close-your-eyes, cross-your-fingers budget. Congressional leaders said the President's plan is far too optimistic, especially about the cost of the war.

(**Sen. Glenn:** "You can't just fight a credit-card war out there and not pay for it by some means or other.")

Congress and the Administration had agreed to cut 521,000 active-duty personnel over the next five years, roughly the number of troops now deployed in Desert Storm. Few think that will now be possible. But the Pentagon hopes the war will build support for pet programs such as the Stealth and the Patriot and Star Wars. However, congressional opponents say a space-based defense system is a far cry from what the Patriots are doing in the desert. Also not likely to pass: domestic initiatives like cutting Medicare benefits while also reducing capital gains taxes on the wealthy.

(**Rep. Gephardt:** "In one stroke, the President, in this budget, creates the largest deficit in history; gives the wealthiest people in the country a huge tax cut; makes huge cuts in the Medicare program.") (NBC-8)

**Rather** reports the budget presumes a short, mild recession. Even while accentuating the positive, the budget outline includes a forecast of record-high federal deficits.

**CBS's Bob Schieffer** reports this year's whopper budget tops out at \$1.45 trillion. The Administration's people said today this year's emphasis is on reducing red ink.

**(Secretary Brady:** "Reducing the budget deficit by controlling spending must remain our number-one priority.")

Don't hold your breath for results: deficit spending this year could total a record \$318 billion. At best, the budget envisions holding the '92 deficit to around \$281 billion. That doesn't even count the full cost of the Gulf war. First reviews from Democrats were not raves.

**(Sen. Sasser:** "With war and recession staring us in the face, I would have to characterize this budget as a cross-your-fingers, close-your-eyes and hope-for-the-best-budget.")

The budget stresses the long view on the economy.

**(CEA Chairman Boskin:** "Looking at the longer-term, that we expect the economy to rebound by the middle of the year, we expect growth to pick up on the second half of this year into 1992.")

It counts on allies to pay \$51 billion of Gulf war expenses.

**(OMB Director Darman:** "The \$51 billion should be very close to sufficient, although it's impossible to be definitive at this point.")

**(Speaker Foley:** "It's obviously based on high expectations of very large contributions from other countries. I hope that that will prove to be realistic.")

**(Rep. Bill Richardson, on House floor:** "The Administration assumes our allies like Japan and Germany will contribute their fair share. If you believe these assumptions, I've got a dream vacation in Baghdad I'd like to sell you.")

While this budget admits record deficits this year and next, the Administration is already forecasting what Ronald Reagan once promised: balanced budgets -- after the next election. (CBS-5)

#### BUDGET/GOVERNORS

##### **CBS's Randall Pinkston:**

**(TV Coverage: President Bush at governors' meeting.)**

President Bush's budget may be getting mixed reviews on Capitol Hill, but at least one proposal is a hit with the nation's governors. Bush told them today he wants to give them federal money without federal red tape.

**(President Bush:** "The point is, you are in the problem-solving edge of this equation, you are better-equipped to represent the diverse interests of the various states.")

According to the plan, \$15 billion would be handed over to the states, which would have the power to decide how to spend the money within five broad categories: education, environment, social services, housing and law enforcement. One governor estimated that getting rid of complicated federal guidelines would eliminate about four million hours of bureaucratic paperwork in his state alone.

**(Gov. Ashcroft (Mo.):** "I think if we could avoid those kinds of bureaucratic overlays and the restrictions they impose, the benefit to the states and to the people, ultimately, would be monumental.")

The Democratic chairman of the Governors' Association also endorsed the plan, but predicted it won't be easy to convince Congress to give up control.

**(Gov. Gardner (Wash.):** "It's not going to happen without Congress. It's our job, if we're interested in this program, to go up and lobby it, and we intend to do so.")

Pinkston continues: Still, some governors say that after a decade of cutbacks in federal programs by the Reagan and Bush Administrations, the plan is too little, too late.

(Gov. Florio (N.J.)): "So it's nice to say that you're going to have more discretion to preside over a whole host of different programs that themselves have been reduced dramatically. It's trying to get 10 pounds of potatoes into a five-pound bag.")

Still, even for skeptics like Gov. Florio, it comes down to this: If there are federal dollars in the pipeline, governors would rather decide themselves where the dollars go. (CBS-6)

#### BUDGET/DEFENSE

Jennings reports President Bush wants \$195 billion for national defense for the next fiscal year, which does not include how much it will cost to fight the war in the Gulf. Bush hopes other nations will pay the lion's share; if they don't, he'll make a separate money request to Congress.

ABC's Bob Zelnick reports on the Pentagon budget. The Pentagon has used the success of its high-tech weapons in the Gulf to request a major increase in funding for SDI to defend against ballistic missiles. It also pointed to the performance of the stealth fighter to request four additional B-2 stealth bombers, at a cost of \$4.8 billion.

(Secretary Cheney): "If anyone has any doubts about Stealth, they ought to look at the performance of the F-117 fighter bomber that has played such a crucial role in striking key targets in our operations against Saddam Hussein's forces.")

The buildup in the Gulf showed the need for more cargo ships and planes to quickly transport heavy equipment, and the budget calls for more fast transport ships and accelerated purchase of the C-17 cargo plane. But despite the war, the overall Pentagon budget is down by about one percent, allowing for inflation. The number of active duty military personnel will be cut by 25 percent over the next four years, despite the fact that the Army is not yet confident enough of its combat reserve forces to assign them to the Gulf. The military plans to stop buying some of the weapons now playing prominent roles in the Gulf war, such as the Bradley troop carriers and F-15 Eagles. The Navy's last two battleships are scheduled to be retired. Surprisingly, the Pentagon did not ask for anywhere near as many Tomahawk cruise missiles and Patriot missiles as it said it would 10 months ago. Some critics say the Pentagon may try to pay for these weapons when Congress takes up funding for the Gulf war. That could free up money for some programs the Pentagon could not otherwise afford. (ABC-2)

#### BUDGET/HOUSING

Jennings reports President Bush's budget calls for the government to spend nearly \$1.5 trillion -- almost \$281 billion more than it will take in. On the domestic side, they say overall spending generally keeps up with inflation, and the Administration is calling it a reform budget for families and children.

ABC's Rebecca Chase reports on the housing budget. Most of the new initiatives for families and children are coming at the expense of existing programs for the poor.

**Chase continues:** The \$25 billion housing budget includes a \$1 billion increase in programs to help house the poor. The emphasis is on home ownership, resident management and conversion of public housing to private ownership.

**(Secretary Kemp:** "HUD's resources can best serve low-income Americans by increasing the opportunity for home ownership and choice, as opposed to building more government-owned, government-managed public housing projects.")

Critics point out the new initiatives are funded through cuts in other low-income housing programs.

**(Robert Greenstein, Center for Budget and Policy Priorities:** "While the manner in which we're providing housing aid will be changed, the amount of aid, the number of new households being assisted, would remain at historically a very low level.")

The Administration is also proposing a new initiative to help the homeless: a \$258 million program that combines shelter with supportive services, such as job training. But again, the funding comes from cuts in existing programs. One of the most controversial proposals may be the Administration's plan to transfer \$15 billion in federal programs to the states. Again, most of the proposed cuts come from programs to help the poor. For families and children, domestic spending remains relatively the same. Despite claims of reforming the budget to be more fair to the poor, programs that help low-income families are headed for some of the biggest cuts. (ABC-7)

#### BUDGET/HEALTH

**ABC's George Strait** reports on the health portion of the budget. Much of this year's budget reflects the "ounce of prevention is worth a pound of cure" maxim, especially where children are concerned. To prevent malnutrition, there is \$223 million more to expand the WIT program, providing food for 200,000 additional low-income women, infants and children. To prevent premature infant deaths, there is \$170 million for prenatal care to pregnant women in the 10 cities with the highest infant-mortality rates. But much of this money will be taken from the budgets of other programs, like health care for migrant workers and community health centers. The Administration denies those programs will be hurt.

**(Secretary Sullivan:** "We are always reallocating dollars within our department when we find new opportunities for new priorities.") To prevent further drug abuse, there is an additional \$99 million to pay for a 20 percent increase in drug treatment programs across the country. To pay for these modest programs and to counter the skyrocketing cost of Medicare, the Administration is proposing a \$3.2 billion cut in Medicare; seniors would have to pay for part of the cost of diagnostic tests, which are now free. There would be a big cut in the amount doctors are paid for their services, and hospitals that are research centers which serve poor patients will be paid a lot less for the care they give. Hospitals say it will be difficult to absorb more cuts.

**(Dr. Robert Heyssel, Johns Hopkins:** "If we had to cut back, as an example, our number of house staff, we would have considerable difficulty meeting the same standards of quality of care.") Congress is expected to resist the Medicare cuts directly affecting the elderly, but might agree to the cuts affecting physicians. Many members say the senior lobby has much more clout than the doctor lobby. (ABC-8)

**PRIME RATE**

Brokaw reports several top banks today joined the move in cutting their prime lending rate by half a point, which sent the Dow Jones up sharply in heavy trading to a six-month high. (NBC-9)

**GM LOSSES**

Rather reports GM says that over the next two years, it will cut 15,000 white-collar jobs. GM says the recession and economic turmoil caused by the Gulf crisis have eroded consumer confidence. (CBS-7, ABC-9)

**PLANE CRASH**

CBS's Richard Roth reports on the federal investigation of Friday night's Los Angeles International Airport plane collision. The findings so far point to an air traffic controller pressured by communications troubles on a busy night. But the investigation is also pointing to equipment, maintenance and design problems in the control tower. Critics say air control operations are not keeping up with technology. The National Transportation Safety Board will not comment on the criticism, and the head of the Controllers' Union says the system is safe, though not as safe as it could or should be. (CBS-8)

**WINNIE MANDELA TRIAL**

Jennings reports that the long-awaited kidnapping and assault trial of Winnie Mandela began today. Defense lawyers argued the charges on her and three co-defendants should be dropped for lack of evidence. Prosecution responds tomorrow. (ABC-11)

## **EDITORIALS/COLUMNISTS**

### **JOINT U.S.-SOVIET COMMUNIQUE**

**Baker's Confusing Peace Signal** -- "Did the Bush Administration really mean to offer Saddam Hussein a ceasefire in exchange for an 'unequivocal commitment' to withdraw from Kuwait? We hope not. Would such a commitment, even if accompanied by some Iraqi troop movements back across the border, be sufficient to fulfill the multinational coalition's war aims? Absolutely not.... Perhaps most damaging to the allied war effort, the U.S.-Soviet statement might have confused Americans about their country's aims just hours before Iraq began a new phase of the conflict..., bringing about the first U.S. ground troop combat deaths.... The statement was, however, correct to stress -- as did President Bush in his State of the Union message -- that the U.S. has no quarrel with the people of Iraq and is not bent on that country's destruction."

(Cleveland Plain Dealer, 2/1)

**Mission, Strategy And Message** -- "...Secretary Baker tripped over the diplomatic equivalent of a toe popper when, just hours before the President's State of the Union Address, he released a communique with Foreign Minister Bessmertnykh. The message seemed to reverse U.S. policy on several critical issues, and created some wholly unnecessary panic among the partners fighting Saddam.... There is no getting around the fact that the communique was inept. It sent mixed signals to citizens and infuriated our allies, and no matter how valiantly State Department officials tried to explain what it 'really meant,' they could not explain away the flaws in a hurried and shabby statement."

(Washington Times, 2/1)

**Joint U.S.-Statement Offers Chance To Avoid Gulf Ground War** -- "...The unexpected call for a cease-fire...suggested the last diplomatic possibility of stopping the war short of that ground offensive may not have been exhausted.... The truce proposal may indeed aim mostly at reassuring Moscow the U.S. does not want to obliterate Iraq. But the statement also could crack open the door for peace talks."

(San Francisco Examiner, 2/2)

**The Superpowers' Promising Offer** -- "Ambiguity being the intent of most diplomatic discourse, there should be no dismay about the varied interpretations given to a promising peace offer contained in the U.S.-Soviet communique.... The primary virtue of this superpower effort at public diplomacy is that it makes possible an immediate 'cessation of hostilities' on the basis of the limited war aims authorized by the U.N. Security Council.... The statement reflects Soviet anxieties that the logic of the conflict may lead to the utter devastation of Iraq, its dismemberment as a nation-state, and a legacy of vengefulness that could haunt all the members of the anti-Iraq coalition for generations.... The ambiguity that allows President Bush to say the communique signifies no alteration of U.S. policy also allows him to pretend that he has not wavered from seeking the decisive victory he promised in his State of the Union Address.... Bush ought to let the world know that the peace offer...represents the policy of the U.S. President."

(Boston Globe, 1/31)

Peace Feeler -- "...The first tentative offer of a cease-fire in the Gulf war came...and vanished as quickly and as quietly as it surfaced.... In any event, it was made utterly meaningless by Wednesday's Iraqi tank thrust into Saudi Arabia. But the ceasefire proposal ought to be examined if only to convince ourselves of its futility and its real political purposes.... The proposal was aimed less at Saddam than at the USSR's domestic audience and, to a lesser extent, the nascent U.S. peace movement." (Newsday, 1/31)

Diplomatic Shell Game -- "The joint statement by the U.S. and the Soviet Union concerning a need to resolve the Israeli-Palestinian conflict was diplomatic legerdemain: Now you see it, now you don't. Linkage, no linkage.... This statement will be seen by Saddam as proof that his assertion of linkage is paying off.... But nothing should stop the Soviets and the Americans one day in the future from trying to solve the Palestinian-Israeli problem. The joint statement is nothing more than a promise by the two nations to work together to help solve Middle East problems."

(St. Louis Post-Dispatch, 2/1)

Baker's Blunder? -- "In his zeal to give Foreign Minister Bessmertnykh something to take back to Moscow and to keep Soviet commitment to the coalition firm, Secretary Baker agreed to a joint communique that hinted at a concession by the U.S. on prosecuting the war and on linking the war to the Israeli-Palestinian dispute. In so doing, he not only signaled an unauthorized policy shift, but potentially put allied troops at greater risk.... In addition to blind-siding the President, Baker's misstep could possibly cost lives in the war should Saddam also interpret the communique as an offer for a cease-fire."

(Dallas Morning News, 2/1)

#### STATE OF THE UNION (cont'd)

Bush's State Of The Union -- "In his State of the Union Address, President Bush once again demonstrated the extraordinary capacity for international leadership that built and maintains the coalition against Saddam Hussein. But at the same time, he once again indicated that tackling the nation's domestic problems is not his strong suit. Perhaps if the war is won quickly enough, he will give the domestic side the concentrated attention it deserves.... Few other modern American presidents have demonstrated Bush's skills in international diplomacy. But at some point he will have to bring an equal level of determination to the nation's internal fractures and fissures if he wants history to remember him for breadth of accomplishment."

(New Orleans Times-Picayune, 2/1)

Rusty Rudder At Home -- "The big issue on the national and world scene is unquestionably the Gulf war, and on that, President Bush and his team at the Pentagon continue to display strong, steady leadership. Unfortunately, the President's State of the Union Address demonstrated a rusty rudder on his domestic agenda.... If the Bush White House is going to fend off Congress this year, it will have to develop a more serious vision of its own. Taking Democratic ideas, cutting them in half and calling them Presidential initiatives isn't leadership.... In the Gulf, the President is driving toward a definable objective, but at home he is turning the ship of state in a great, white circle."

(Detroit News, 1/31)

## **FOREIGN MEDIA REACTION**

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### **GULF WAR AIMS**

#### **"Finishing Saddam"**

"...Saddam remains in a position to lose Kuwait and still declare victory.... By posing as an Islamic nationalist who defied the might of the West and was only deprived of his stolen booty by an American-led coalition of 33 nations, Saddam may yet escape nemesis.... Such an outcome would be disastrous.... Eliminating Saddam has become as vital to the eventual peace process in the Gulf as the recovery of Kuwait." (Sunday Times, Britain)

#### **"Planning For Peace In The Middle East"**

"...The U.N. Resolution 678 does not authorize the dismemberment of Iraq nor the imposition of a political settlement on that country. As allied war aims expand, this reminder of their proper limits is timely. A broken Iraq could be a fatal source of instability as Iran, Turkey and Syria squabble over the pieces, and the attempt to determine a successor to Saddam could drag the West into a quagmire which its experience in Lebanon should have taught it to avoid." (Daily Telegraph, Britain)

#### **"Do Not Destroy Iraq"**

"President Bush has repeatedly affirmed that the U.S. is not seeking the destruction of Iraq, and we can believe it, since that would not be in the U.S. interest. It is essential for Washington to avoid the creation of a 'vacuum' in the Middle East which could be filled by countries like Iran or Syria, with destabilizing and unpredictable repercussions." (Corriere della Sera, Italy)

#### **"No To Destruction Of Iraq"**

"Freeing Kuwait from Iraqi occupation does not mean the destruction of Iraq and its people. Iraq is a brother Arab country.... We have to differentiate between the ruler of Iraq and the people of Iraq." (al-Wafd, Egypt)

#### **"Allies Should Specify Their War Aims"**

"Arab aims in this war should be limited to the liberation of Kuwait.... To pass this limit would be to set a precedent for other foreign troops...to overthrow a government and a regime, replacing it as they please." (al-Ahram, Egypt)

#### **"Time Is Not Working For Americans"**

"...Time is not working for the Americans and their allies. The longer the war lasts and the more the Iraqi civilian population is suffering from it, the higher will be the waves of anti-Americanism in the Moslem world.... The relaxed mood in the camp of the allies...is surprising." (Frankfurter Allgemeine, Germany)



# News Summary

OFFICE OF THE PRESS SECRETARY

WEDNESDAY, MARCH 13, 1991  
6:00 A.M. EST EDITION

## INTERNATIONAL NEWS

**News Report: PLO To Launch New Initiative** -- The PLO is dropping its demand to be treated as an equal partner in negotiations with the Israelis and will accept something less than the complete West Bank and Gaza Strip for a Palestinian state, Sky News reported Wednesday. (AP)

**Baker Heads For Syria After Talks With Israelis** -- Secretary Baker flew to Damascus Wednesday after talks with Israeli leaders and Palestinians that appeared to please all sides. (Reuter)

**Kuwaitis Agree To Allied Air Base** -- The U.S. and Kuwait have agreed to open an allied air base on Kuwait's Bubiyan Island, government officials in Kuwait City said. (Washington Times)

## NATIONAL NEWS

**Democrats Dumping Administration Crime, Civil Rights Bills** -- A week after President Bush urged Congress to turn swiftly to his domestic agenda, Democratic lawmakers are shoving aside administration proposals on crime and civil rights in favor of their own plans. (AP)

## NETWORK NEWS (Tuesday evening)

**BAKER TRIP** -- Secretary Baker, on his first official visit to Israel, received a full tour of the political, geographical and emotional strains on that region.

**PRESIDENT/MIDDLE EAST** -- The President will visit the Middle East sometime in the next several months.

**IRAQI UNREST** -- U.S. officials say Iraqi rebels are too disorganized to pose a serious threat to Saddam.

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NATIONAL NEWS.....A-9  
NETWORK NEWS.....B-1  
EDITORIALS.....C-1

## INTERNATIONAL NEWS

### NEWS REPORT: PLO TO LAUNCH NEW INITIATIVE

LONDON -- The PLO is dropping its demand to be treated as an equal partner in negotiations with the Israelis and will accept something less than the complete West Bank and Gaza Strip for a Palestinian state, Sky News reported Wednesday.

It said the new PLO stance is part of an initiative aimed at bringing Israel to the negotiating table and was outlined by Bassam Abu Sharif, chief political adviser to PLO Chairman Arafat.

Sky News said Sharif would formally announce the new initiative at a news conference in London on Thursday.

"If the Israelis like it, it could transform James Baker's chances of success in his current peace mission to the Middle East."

Sky News said Sharif had outlined four key points in a London interview:

-- The PLO would drop its demand to be treated as an equal partner in negotiations with the Israelis. Palestinians nominated by the PLO but not members of the organization would do the talking.

-- They would accept something less than the complete West Bank and Gaza Strip for their Palestinian state, compromising with the Israelis on where the borders would lie.

-- The state would be demilitarized for a transitional period. During this time the U.N. would be responsible for security.

-- It would not automatically be a PLO state headed by Arafat. The Palestinian people would hold democratic elections to decide their government.

(AP)

### BAKER ASKS ISRAEL FOR PEACE MOVES Range of Steps Suggested to Shamir

JERUSALEM -- Secretary Baker Tuesday pressed the government of Prime Minister Shamir to take specific steps that would engage the Arab states and Palestinians in a new peace process, including a fresh endorsement of U.N. resolutions calling for exchanging occupied territory for peace.

In meetings with Shamir and other Israeli leaders, Baker outlined a "range of different types of steps" that Israel could take, and Shamir was noncommittal, officials reported. Later, Baker urged 10 Palestinian leaders from the Israeli-occupied territories to get involved in the peace process, but they said they would not act without the participation of the PLO.

The discussions here, and last weekend with eight Arab foreign ministers in Riyadh, seemed to suggest that the Gulf war had left all parties open to new ideas for restarting the peace process but little consensus on how to do so. Baker's strategy is to persuade the Arabs to act in concert, with Israel trading concessions to the Palestinians for a process of detente with Arab states....

According to both Israeli and U.S. accounts, Baker is attempting to coax reluctant players back into the peace process by telling each side that their concessions could cause the other to move as well. But it is clear Baker has not yet persuaded either side to take the first step.

(David Hoffman & Jackson Diehl, Washington Post, A1)

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**Baker: 'Window For Peace' Opens**

**JERUSALEM** -- Secretary Baker opened talks with Palestinian leaders of Israeli-occupied territories Tuesday, ignoring their self-proclaimed affiliation with the PLO....

Separately, Baker asked Israeli leaders to consider a wide range of steps, including a freeze on building Jewish settlements in the occupied territories and commitment to trade "land for peace" to signal their readiness to make peace with the Arab states.

A senior U.S. official said Prime Minister Shamir "did not say no to anything that was presented" and asked for time to consider what steps Israel might take.

(Warren Strobel, Washington Times, A1)

**BAKER HEADS FOR SYRIA AFTER TALKS WITH ISRAELIS**

**TEL AVIV** -- Secretary Baker flew to Damascus Wednesday after talks with Israeli leaders and Palestinians that appeared to please all sides....

Baker's talks produced no breakthrough in the Arab-Israeli dispute.

But an Israeli source described Baker's talks with Shamir as "good and friendly" and the Palestinians were encouraged by hints from a U.S. official accompanying Baker that Washington might revive its stalled dialogue with the PLO....

But a senior U.S. official with Baker said conditions for resuming the dialogue would be tougher than before because of PLO support for Iraq during the war. (Reuter)

**BAKER VISITS GRAVES OF FOUR SLAIN WOMEN**

**JERUSALEM** -- ...The violent [slaying of four Jewish women] particularly anguished Baker, aides said. In the midst of his complex visit to Israel, he told his staff he wanted to slip away and pay private calls to the families of the victims. He was dissuaded from that, but decided to make an unannounced visit Tuesday afternoon to the graves where the four were buried.

The plan soon leaked...and the cemetery visit was the top story in the main Israeli TV news program Tuesday night. According to Margaret Tutwiler, Baker and his wife Susan were writing personal letters of condolence to each family.

Baker, who has been viewed by Israel as unsympathetic to its interests, delivered an unusually strong and emotion-laden speech Tuesday afternoon. "We must not allow the hope of peace to be extinguished by murderers and terrorists," he said. "You have built in this country the antidote to despair. Israel is living proof of man's hope and the ultimate triumph of good over evil."

(David Hoffman, Washington Post, A24)

**MUBARAK: PEACE TALKS PREMATURE**

**CAIRO** -- President Mubarak said Tuesday that more time, preparation and confidence-building measures between Israel and its Arab neighbors would be needed before an international peace conference on the Middle East could be convened.

"Any conference that convenes without proper preparation is doomed to failure," Mubarak said. "If we enter an international conference now everybody will reject it." (Washington Post, A24)

**KUWAITIS AGREE TO ALLIED AIR BASE**

**KUWAIT CITY** -- The U.S. and Kuwait have agreed to open an allied air base on Kuwait's Bubiyan Island, government officials here said Tuesday.

The Bubiyan base will place U.S. combat planes a short distance from Iraq's limited Persian Gulf ports....

Kuwaiti officials said the joint American-British base will be one of three established in the Gulf region as part of a broad new post-war security arrangement.

Allied air facilities also are to be set up in Oman and in either Bahrain or Qatar, said the sources, who talked about the base discussions on condition of anonymity.

(Rowan Scarborough, Washington Times, A1)

**JORDAN SEEKS TO REPAIR ITS RELATIONS WITH U.S.****Bush Has Not Responded To Hussein Letter**

Jordan's King Hussein, whose support for Saddam Hussein during the Gulf crisis deeply angered U.S. officials, has sent President Bush a letter seeking to repair the strained relations between the two nations, administration officials said Tuesday.

But as a sign of the continuing sense of disappointment with the king's behavior during the crisis, Bush has not responded, an administration official said, even though the letter was received almost two weeks ago....

"Clearly Jordan is interested in getting out of the corner it painted itself into," an administration official said. "That interest is reciprocated here."...

"We've been disappointed," another official said. "But they [the Jordanians] have played a constructive role for a long time, and people believe they can still play a constructive role."

(Dan Balz, Washington Post, A25)

**U.S. TO PRESS FOR RELEASE OF HOSTAGES****Baker Plans Appeal In Syrian Talks Today**

Attempting to build on unprecedented wartime cooperation between Washington and Damascus, Secretary Baker plans to ask President Assad in a meeting today to intervene on behalf of the six U.S. hostages and five others believed held in Lebanon, U.S. officials said Tuesday.

The Bush administration has received no authoritative information about the location or fate of the hostages or the prospects for their release in the seven-month period marked by Iraq's invasion of Kuwait and the subsequent military campaign to free the emirate, according to several officials.

But U.S. officials are hopeful that Syria, having supported the U.S.-led coalition effort against Saddam and being interested in further improving relations with the West, may now be willing to pressure the Iranian-backed Islamic fundamentalist groups suspected of holding the hostages.

(R. Jeffrey Smith, Washington Post, A24)

**SOME FEAR U.S. WILL MAKE SAME MISTAKES WITH SYRIA AS WITH IRAQ**

The U.S. learned -- the hard way -- the danger of cozying up to dictators when Saddam Hussein invaded Kuwait since August and flouted nine years of alliance with the West.

U.S. officials say they'll be more careful with Saddam's neighbor, President Assad.... But for now, the administration appears to have adopted the Arab maxim that "any enemy of my enemy is my friend."

Officials say they have few illusions about Assad, but they also view him as a key player in attempts to reduce Mideastern terrorism, obtain the release of Western hostages in Lebanon, provide a long-term deterrent to Iraq and bring about peace between Israelis and Arabs....

On the eve of today's visit to Damascus by Secretary Baker, officials said Syria took delivery of 20 launchers and two dozen North Korean-made Scud missiles which easily could reach Israel, possibly with chemical warheads....

Some observers fear the Bush administration will do the same with Assad as it did with Saddam....

"They pulled up next to Saddam Hussein, called him an ally, and pretended he wasn't a bad guy," said Jack Healey, director of the U.S. section of Amnesty International....

Healey said Syrian torture methods were so ingenious in their cruelty that Syria has become "almost a research center for torture."  
(Ruth Sinai, AP)

**IRAQI AMBASSADOR SEEKS ASYLUM IN SPAIN**

MADRID -- The Iraqi ambassador to Spain sought political asylum last week and is under police guard at an undisclosed location, a Foreign Ministry official said.  
(UPI)

**OPEC SETS 5% CUT IN OIL OUTPUT****Producers Seek to Shore Up Falling Price of Crude**

GENEVA -- OPEC agreed Tuesday to remove about a million barrels of oil a day from the world market -- a cut of almost five percent -- in an attempt to shore up prices that have been falling steadily since the end of the Gulf war....

OPEC members hope the production cut boosts the price of a barrel of crude to about \$21. But oil traders and analysts attending the meeting said the lower production ceiling was not likely to boost world prices significantly, or for very long, because it was insufficient to soak up a glut that is expected to grow with the end of winter and the eventual return of Iraqi and Kuwaiti oil to the world market.

(William Drozdiak, Washington Post, A1)

**AS PORT REOPENS, SCHWARZKOPF SCOOPS UP SANDY SOUVENIR**

**KUWAIT CITY** -- Gen. Schwarzkopf, making his first official visit here as the victorious commanding general of allied forces in the Gulf war, liberated some sand from a Kuwaiti beach Tuesday and warned Saddam Hussein against any attempt to restart hostilities.

In a separate development regarded as vital for the reconstruction of this ravaged country, allied and Kuwaiti officials formally reopened the port of Shuaiba, Kuwait's largest, after extensive mine clearing in the northern Gulf and cleanup efforts by U.S., British and Australian divers and ordnance experts.

Among the tons of Iraq munitions found in and around the port 26 miles south of the capital were half a dozen Chinese-made Silkworm anti-ship missiles stored in a school, U.S. military officials said. (William Branigin, Washington Post, A19)

**POLITICAL 'CHAOS' IN IRAQ DELAYING RETURN OF POWs, REMAINS**

**RIYADH** -- Political strife in Iraq is disrupting Red Cross efforts to return 14 allied dead from Baghdad and send hundreds of Iraqi prisoners of war back to their homeland, agency officials said Wednesday.

"There are a lot of problems, but when you put them all together, the political chaos inside Iraq is the main reason," said one of the officials, who spoke on the condition he not be named....

The delays in turn have put efforts to establish a permanent cease-fire between Iraq and the U.S.-led military coalition "more or less on hold," said a U.S. military officer, who also spoke on condition of anonymity. (Richard Pyle, AP)

**THREE ALLEGE BEATINGS, TORTURE BY KUWAITI INTERROGATORS**

**SAFWAN, Iraq** -- ...Three men who said they were among the most recent arrivals of hundreds of...prisoners expelled by Kuwaiti troops in the last few days spoke of torture and beatings at a Kuwaiti detention center in a school at Farwaniyah, a district north of Kuwait International Airport in Kuwait City.

Their accounts were the first confirmation of reported Kuwaiti reprisals against some Palestinians and other non-Kuwaiti residents suspected of collaborating with occupying Iraqi troops, and suggested that a climate of revenge has settled over Kuwait in the wake of the nearly seven-month Iraqi occupation.

(Nora Boustany, Washington Post, A1)

**IRAQI TROOPS REPORTEDLY HANG REBELS IN STREETS  
Refugees Say Opposition Losing Ground**

**SAFWAN, Iraq** -- Iraqi Republican Guards suppressing an uprising in southern Iraq have been hanging rebels from tank gun barrels in Basra and Zubair, according to Iraqi witnesses fleeing to this border town Tuesday....

[One witness] said scores of activists were being executed in this manner. Sources from relief organizations debriefing refugees heading toward Kuwait said they were told by one Iraqi that hundreds were killed in hangings....

Egyptian workers, peasants and Iraqis sympathizing with the opposition spoke of deteriorating conditions and a state of anarchy in a string of southern towns, with members of an anti-Saddam Shiite rebel group taking the law into their own hands and executing persons suspected of collaborating with the regime....

A top Shiite opposition leader, Mohammed Bakr Hakim, conceded in a statement issued in Beirut Tuesday that the revolt was "not an organized act." He maintained that "the dictatorship cannot be confronted [merely] by a popular revolution but by accurate and organized underground acts." (Nora Boustany, Washington Post, A24)

**SUMMIT WITHIN SIGHT AS CLOUD  
OVER U.S.-SOVIET RELATIONS BEGINS TO LIFT**

Only a few weeks after President Gorbachev irritated the White House with a futile effort to save Iraq from conclusive defeat in the Gulf war, U.S.-Soviet relations are on the upswing again and prospects for a superpower summit meeting by the end of June are improving.

As Secretary Baker heads to Moscow on Thursday for several days of talks, a once-formidable array of obstacles to a revived summit have narrowed to several key arms control issues, senior U.S. officials said....

"You could say the Gulf war has left the President lots of room to maneuver," one official said.

(Robert Roth, Los Angeles Times, A8)

**PLAN TO TRAIN ANTI-GADHAFI FIGHTERS FAILS  
U.S. Effort Involved 600 Libyan POWs**

A secret U.S. effort to train captured Libyan soldiers as commandos to fight against Moammar Gadhafi has collapsed, with some of the dissidents returning home and the U.S. paying Kenya to give refuge to the others, U.S. officials said Tuesday....

The Libyans originally were recruited for the operation in exchange for freedom from prisoner-of-war camps [after being captured during Libyan incursions into Chad] and were being trained as an anti-Gadhafi commando force at a base near Ndamena, the capital of Chad. They left the country after a Libyan-backed guerrilla movement won control of Chad last December.

(Washington Post, A20)

**WHITE HOUSE DERAILS PROPOSED SAUDI ARMS DEAL**

The Bush administration has derailed Saudi Arabia's proposed purchase of \$15 billion of high-tech U.S. weapons, and likely will submit only a scaled-back package to Congress.

In the face of increasing congressional opposition to the proposed arms sales, Secretary Cheney and other high-ranking officials have abandoned earlier promises to try to push the package through Congress quickly after the end of the Gulf war. Instead, the Saudi request has been put on hold, and it's expected to remain in limbo for at least several months until the White House hammers out a new policy for dealing with the general issue of arms sales in the Middle East.

Secretary Cheney acknowledged in a recent interview with a group of reporters that the overall \$15 billion proposal is dead, adding that the administration will "go back and review the bidding [to] see what is required" to protect Saudi Arabia's long-term security....

Another administration official said the review will focus, in part, on the larger issues of encouraging arms control in the Middle East and dealing with Israeli concerns about supplying Arab forces with the most sophisticated U.S. missiles and ground-attack planes.

(Andy Pasztor, Wall Street Journal, A16)

**U.S. TO ASK CHINA TO HELP REDUCE ARMS EXPORTS**

BEIJING -- The U.S. is seeking China's cooperation in efforts to control arms exports to the Middle East in the aftermath of the Gulf war, a senior U.S. official said here Tuesday.

"As we try to find some multilateral mechanism to prevent the inflow of weapons, China's going to have to be a player," said Richard Solomon, assistant secretary of state for East Asia....

In talks with Chinese officials, Solomon said, he had encouraging responses on several issues of common concern, including human rights problems and China's growing trade surplus with the U.S. He said, without elaboration, that he also offered "some ideas" for aiding the Cambodian peace process.

(Lena Sun, Washington Post, A26)

**YUGOSLAV REGIME BOWS TO PROTESTERS**

**Marxist Serbia Fires TV Officials, Frees Arrested Opponents**

BELGRADE -- The Marxist leadership of Serbia, Yugoslavia's largest republic, caved in Tuesday night to the power of a boisterously peaceful anti-government demonstration that by Tuesday evening had swelled to about 100,000 people in Belgrade's central Republic Square.

After four consecutive days of protests that constituted the biggest anti-communist street movement in Belgrade since World War II, the embattled regime of hard-line President Milosevic made a series of sweeping concessions that included the firing of five senior editors at state-run television and enactment of a law that guarantees objectivity in state media....

The government also agreed to the creation of a multiparty parliamentary commission to investigate the violence and to release scores of protesters arrested over the weekend. In response to the concessions, protest leaders said they would end the demonstration.

(Blaine Harden, Washington Post, A1)

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**S. AFRICA INTRODUCES LAND REFORM BILL  
Legislation Would Be Part Of Repeal Of Major Apartheid Laws**

CAPE TOWN -- The government introduced legislation Tuesday to begin opening up land- and home-ownership to all races and repeal laws that for eight decades have provided the basis for the rigid racial segregation of society here.

The legislation appears to meet many of the requirements of foreign governments for lifting economic sanctions imposed five years ago to force the white-minority government to dismantle the apartheid system. However, the proposed legislation rejects any redistribution of land to the victims of apartheid, as well as state intervention to redress the lopsided apportionment of 87 percent of the land to the country's...whites....

It thus places the government on a collision course with the ANC and other black groups over probably the most emotionally charged issue in the search for racial peace here. As one ANC official recently put it, "Land is the one area of economic life where white skin is an index of privilege and black skin of deprivation."  
(David Ottaway, Washington Post, A1)

**HILLS WARNS U.S. TRADE IS HARMED WITHOUT FAST-TRACK AUTHORITY**

U.S. Trade Representative Hills said Tuesday the Bush administration's ability to negotiate trade deals with other countries will be crippled if Congress fails to renew its authority to put those talks on a so-called fast-track.

Testifying before the House Ways and Means Committee, Hills said that congressional refusal to extend the administration's fast-track authority when it expires May 31 "would spell the death knell" for the current Uruguay Round of Trade negotiations by GATT.

Hills said many of the 107 nations that belong to the GATT are waiting to see if Congress grants the White House two more years of fast-track negotiating authority before they make any more deals aimed at lowering barriers to international trade.

"Our (trading) partners are waiting to see if we can still negotiate," she said.  
(Benjamin Shore, Copley)

**U.S., ALBANIA TO RESUME DIPLOMATIC RELATIONS AFTER 52 YEARS**

The U.S. and Albania plan to resume diplomatic relations on Friday after more than a half century of estrangement, both governments announced Tuesday.  
(Washington Post)

**BUSH COOL TO MULRONEY'S 'WORLD SUMMIT' IDEA**

President Bush appears ready to turn down today a bid from Prime Minister Mulroney for a "new world order" summit aimed at controlling traffic in military weapons by 1995.

Canadian diplomats have circulated to a number of nations their six-page proposal for a "gathering of world leaders under United Nations auspices to issue a statement of global political will."

Despite official silence here, the administration was understood to be unenthusiastic about Canada's plan, which was considered a structure instead of an answer.

(Frank Murray, Washington Times, A3)

## NATIONAL NEWS

### DEMOCRATS DUMPING ADMINISTRATION CRIME, CIVIL RIGHTS BILLS

A week after President Bush urged Congress to turn swiftly to his domestic agenda, Democratic lawmakers are shoving aside administration proposals on crime and civil rights in favor of their own plans.

Bush's version of the civil rights bill was alive for barely five hours after its introduction on Tuesday when the House Education and Labor Committee buried it and passed instead a more sweeping Democratic measure.

In both the House and Senate, Democrats signaled they were prepared to push their own gun-control bills, previously opposed by the President. They contended that Bush's anti-crime measures didn't do enough to limit firearms.

"It's not what the President has in his legislation that I oppose, it's what he didn't propose," said Sen. Biden....

Rep. Gephardt predicted action on the House floor by April or May. But he acknowledged that Democrats had not succeeded in blunting Bush's argument that it would lead to quotas....

Sen. Biden said Democrats are ready to support the top items on Bush's [crime bill] agenda, including reviving the federal death penalty and making it harder for inmates on state prison death rows to delay their executions. But these proposals will have only a minor impact on the nation's crime problem without provisions to ban assault weapons, hire more police and curb violence against women, Biden said.

"We can have a bill in 15 minutes, 15 days, not 100 days, if there is a willingness to deal with what's not in this bill -- assault weapons, available police officers and focusing on violence against women," he said.

(William Welch, AP)

### WOMEN FOCUS OF CIVIL RIGHTS BILL

Add "women's equity" to the political dictionary that made "quotas" the catchword of debate on a civil rights bill and its veto last year.

The two points were raised often Tuesday as civil rights leaders kicked off a grass-roots campaign to push their goals, two House panels passed bills embracing those ideals and Republicans warned of another presidential veto.

"I think that if people take a hard look at [the Democrats'] legislation, they would agree it would be good for the American people and we may be able to get enough votes to override the veto," Rep. Gephardt said....

"Congress can choose politics over good policy. It can choose to pass a quota bill, a political bill, a lawyers' bill, or we can pass legislation that takes a fair and reasonable approach to the very real problems of sexual harassment and racial discrimination," said Sen. Dole....

"Our bill will be signed by the President and HR 1 passed in the current form will not," said Rep. Michel. "He is committed, as he has been all through the years, to good civil rights legislation. He'll sign a good bill."...

"The quota issue is pure poppycock," Said Ralph Neas, executive director of the Leadership Conference on Civil Rights.

(J. Jennings Moss, Washington Times, A1)

**VETO MAY REMAIN BUSH'S KEY DOMESTIC POLICY TOOL**

A senior administration official called it "domestic show-and-tell" -- the latest in a string of efforts to prove President Bush has a domestic policy.

At a White House meeting Tuesday, President Bush asked each member of his Cabinet whose department deals with domestic issues to describe his or her most important initiative....

Even before the meeting began, however, White House spokesman Fitzwater signaled that the real thrust of domestic policy will be the same as it had been throughout Bush's presidency -- the veto.

Absent a compromise, said Fitzwater, Bush would veto a Democratic proposal requiring businesses to give parents time off for family emergencies; veto the Democratic version of civil rights legislation; veto legislation barring employers from replacing strikers permanently; and oppose several new benefits for veterans as well as a proposal in the Senate to reinstate IRAs.

Regardless of the political capital he is thought to have gained by his success in the Gulf war, Bush probably will spend more in the months ahead trying to stop legislation he doesn't want than signing legislation of his own....

"A large part of our agenda is stopping the Democrats from having the federal government take over yet more levels of control over people's businesses and people's lives," said one official who was asked to describe the domestic goals of the administration this year. "Of course you have to have something affirmative to put forward, but Republicans want less government -- remember?"

(Ann Devroy, Washington Post, A1)

**LEAGUE OF CITIES PROPOSES 'OPERATION URBAN STORM'  
House Panel Is Told Emergency Aid Needed**

People in the nation's largest central cities have incomes only 59 percent as high as those of people in the surrounding suburbs, leaving many cities financially crippled, the National League of Cities told Congress Tuesday.

"now that the liberation of Kuwait has been accomplished," said Ruth Messinger, Manhattan borough president in New York City, "my colleagues and I propose that the federal government immediately undertake the liberation of millions of Americans in our cities trapped by the tyranny of poverty, illiteracy, hunger, unemployment, crime and hopelessness.

"We propose, in short, Operation Urban Storm."...

"There is a difference between Kuwait City and Detroit, New York or Philadelphia. Kuwait has \$100 billion in its bank account to rebuild the country. But our cities are told the federal till is empty," Rep. Conyers said. In a later statement, he called for massive federal aid to the cities....

Conyers also called for restoration of revenue sharing....

"Last week we voted \$15 billion to fund an emergency in the Persian Gulf. I see no reason why we can't declare a cities emergency."

A spokesman for Rep. Horton said Horton supports the principle and will work with Conyers to develop a proposal.

(Spencer Rich, Washington Post, A3)

**MAJORITY OF SENATE WOULD RESTORE IRA DEDUCTIONS;  
WHITE HOUSE BALKS**

The Senate is firmly behind legislation that would restore fully deductible IRAs for all workers.

Sen. Bentsen announced Tuesday that he and 71 other senators - a veto-proof majority -- were introducing the bill....

Despite Senate support from a majority of both political parties, the bill faces obstacles other than the White House.

Rep. Rostenkowski is waiting to see how the provision would be paid for. "He doesn't think we should be spending money on tax breaks, least of all not for tax breaks for affluent people," said a Rostenkowski aide. (AP)

**MADIGAN SWORN IN AS AGRICULTURE SECRETARY,  
BACKS BUSH ON TRADE TALKS**

Edward Madigan was formally sworn in Tuesday as secretary of agriculture and joined President Bush in pushing for a hard line in international trade talks.

With the power-brokers of U.S. agriculture looking on, Bush lauded Madigan's farm policy expertise while stressing the importance of the trade negotiations....

"Maybe there's nothing farmers can do about drought and natural disaster, but America's farmers should not have to fight foreign-government subsidies that give our competitors unfair advantage," Bush told the audience at Agriculture Department headquarters. "I know that Ed will work just as closely as Clayton with our trade representative, Ambassador Carla Hills, to ensure that trade is free and fair."...

"The future of American agriculture is in fairer trade and access to foreign markets," Madigan said. "We (are)...within striking distance. I join the President in saying that I hope we see this through." (Tom Webb, Knight-Ridder)

**WHITE HOUSE BLASTS VETS' AID MANEUVERS**

The White House aimed its most caustic language yet at congressional opponents on Gulf military action Tuesday, suggesting some are calling for higher veterans benefits to dodge political injury.

"Generally speaking, what we've seen is an effort by a lot of members to get legislation in to get them on the right side of the issue here," press secretary Fitzwater said of bills to reward Desert Storm troops....

The spokesman was angered at the swarm of measures attached to two emergency requests to increase Defense Department spending....

Asked about the politics of such requests, Fitzwater said, "Well, I just think there are many members who think it's important that they be seen as supporting the veterans at this point."

(Frank Murray & Major Garrett, Washington Times, A4)

**WATKINS SEES VETO IF ARCTIC REFUGE NOT OPENED TO DRILLING**

Developing additional Alaska oil is so essential that President Bush may veto energy legislation that does not include opening a wildlife refuge to drilling, Secretary Watkins says.

Watkins told the Senate Energy Committee on Tuesday that it would be "a tragic mistake" not to produce oil along the coastal strip of the Arctic National Wildlife Refuge in far northern Alaska.

Drilling in the refuge is essential to "any kind of a viable energy strategy that makes any sense at all," Watkins said, adding that President Bush might veto an energy package that does not include it.

"It is that important," the secretary said....

Environmentalists argue that the region should be protected from further environmental harm and that oil from the refuge would do little to reduce America's reliance on imported petroleum.

"It would only extend our addiction to oil," said George Frampton, president of the Wilderness Society.

(H. Josef Hebert, AP)

**POLITICAL PRESSURE TO PREVENT INCREASED NATIONAL GAS TAX**

Political pressure, especially from the western states and the oil industry, will prevent any future increase in nationwide federal gasoline taxes at the pump, a senior Energy Department official said Tuesday.

"At this stage it may be one of those issues that is best dealt with at the state level," said Linda Stuntz, deputy under secretary of energy for plans and policy.

In a news conference following an address to the annual conference of the American Paper Institute, the official said taxes would have to be raised 50 cents a gallon to achieve any significant reduction in motorists' demand. (Walter Andrews, UPI)

**FCC LIKELY TO UPHOLD RERUN RULES  
TV Producers Seen Maintaining Control**

Over the objections of the nation's television networks, the FCC is expected to approve Thursday a new set of rules that essentially preserves Hollywood's dominance of the \$5 billion a year market for TV program sales....

Sources close to FCC Chairman Alfred Sikes said Tuesday it was not likely the vote would be put off.... The proposed rule changes have already been endorsed in principle by three of the five FCC commissioners, making passage all but certain.

That would be an embarrassing defeat not only for Sikes, who has supported the networks' position, but to the Bush administration as well. Administration officials have repeatedly stated their opposition to any rules which, like the current ones, prevent the networks from owning the entertainment programs they air or from sharing in the proceeds from the sale of reruns of shows.

(Paul Farhi, Washington Post, C1)

**LUJAN: EMERGENCY DROUGHT FOR CALIF. MUST COME FROM STATE**

**SAN FRANCISCO** -- Despite pleas from local politicians and urban water districts, Secretary Lujan says emergency drought relief for California must come only from Sacramento.

"The federal government has contractual obligations with water users which must be fully honored," Lujan said Tuesday in a speech.

He said the federal government is obliged to deliver water to agriculture, despite appeals from those who would divert supplies to cities and suburbs. (Jane Ganahl, San Francisco Examiner)

**COMPUTER CHECK OF GUN BUYERS IS SOUGHT****NRA Continues Campaign Against Waiting Period For Handguns**

The NRA has mounted a nationwide campaign on behalf of new legislation that would mandate instant computer checks of gun buyers as an alternative to a waiting period on handgun purchases....

A bill to be introduced today by Rep. Staggers would require the Justice Department to set up a computer dial-in system that could be reached by all firearms dealers within six months. But the NRA-backed proposal was denounced by gun-control supporters Tuesday as a "meaningless" plan that would take years and hundreds of millions of dollars to install.

"I do think it shows the NRA is running scared," said Rep. Schumer. "They need some kind of alluring-sounding alternative" to a waiting period. (Michael Isikoff, Washington Post, A4)

**'POLITICAL CORRECTNESS' BASHED FROM RIGHT, LEFT**

A conservative congressman and the ACLU joined forces Tuesday to fight the growing repressive climate of "political correctness" on America's college campuses.

Backed by the ACLU, Rep. Hyde introduced a 185-word bill to amend Title VI of the Civil Rights Act of 1964 to guarantee students the right to free speech.

"What I'm concerned about, what we're concerned about, is the fact that only politically correct ideas can be expressed on campuses," Hyde said at a news conference.

(Carol Innerst, Washington Times, A1)

**EDITOR'S NOTES:** "Bringing Home the FBI -- Byrd Engineered Move of Fingerprint Center," by Bill McAllister, appears in the Washington Post, A1.

"Low Key Supplants Grandeur For Bush," by Andrew Rosenthal, appears in the New York Times, A16.

"Did GB Mimic FDR In Gulf?" appears in the Washington Post, A26.

-End of A-Section-

## NETWORK NEWS

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(Tuesday evening, March 12)

### BAKER TRIP/ISRAEL

ABC's Peter Jennings: We begin tonight with a day in the Middle East that has required all the diplomatic skills that the Secretary of State, James Baker, is said by many to possess. He has been trying to convince the most right-wing government in Israeli history and the Palestinians living under Israeli occupation that they should both put their faith in the U.S. and face the future realistically. He told the Palestinians and Israelis the storm is over, it is time to pick up your lives and find hope for the future.

ABC's John McWethy reports on the trip. To help overcome Prime Minister Shamir's skepticism about a Secretary of State who waited more than two years to visit, Baker tried to show he understands and appreciates Israel's problems. Baker laid flowers on the graves of the four women who were murdered Sunday by a Palestinian. (Baker: "We must not allow the hope of peace to be extinguished by murderers and terrorists. Our pursuit of peace must continue.") Baker visited with recent immigrants from the Soviet Union and took a helicopter tour designed to show how quickly an Arab army could drive to the scene if the Israeli-occupied West Bank were not there as a buffer. But it was in the private meetings where Baker laid out for Shamir areas where Israel might consider making a gesture. They all centered on Israel's handling of the West Bank and Gaza, like arbitrary curfews, deportation of Palestinian activists, detention without trial, and Israeli settlements on occupied Arab land. An Israeli gesture in any one of these areas, officials argue, could immediately put pressure on Arab governments and Palestinians to make gestures of their own. Baker discussed the same problems in a meeting with Palestinian leaders.

(Baker: "I would hope that there would be additional flexibility on the part of all.")

The pitch to the Palestinians was that no one has more to gain by a settlement than they do, so why not try a gesture of their own, like condemning terrorism against civilians?

(Khalil Machshi, Palestinian activist: "We have a change of views. We think there is a positive attribute on the part of the United States Administration.")

American officials say Baker does not expect immediate answers from the Palestinians or the Israelis. What he wants is for them to consider how they can change things, and how everyone will lose if they do not.

(ABC-Lead)

NBC's Tom Brokaw: Secretary Baker, on his first official visit to Israel, today received a full tour of the political, geographical and emotional strains on that region. In what is the most daunting assignment of his diplomatic career, he came determined to find a path to peace. As NBC's John Dancy tells us tonight, the Baker mission still is viable after the first full day. That's a small victory.

Dancy reports on the trip. Baker threw a couple of fastballs. He suggested to Prime Minister Shamir that he consider giving up occupied territory in return for peace, and dropping some of the harsher measures against the rebellion in the occupied territories. This afternoon, Baker told Palestinian leaders from the territories that the U.S. is not interested in dealing with the PLO and that leaders of the eight Arab states he met with over the weekend would no longer sit down with Yasser Arafat, that he has lost legitimacy because of his support for Iraq during the war. One of the Palestinians in the meeting, Hanan Ashwari, says Baker is wrong. (Ashwari: "The real issue is whether the PLO is capable of representing, of leading, and of delivering. And they are. So whether you like their position on one issue or not or whether you feel they are a credit or discredited, to us they are legitimate. And we give them legitimacy.")

By tonight, Baker was feeling good about the talks.

(Baker: "I'm very encouraged by the meetings that I've had here.") Baker stopped at Karmiel, a new town in northern Israel that is absorbing many Soviet immigrants. There he delivered his own message to Israelis and Palestinians alike.

(Baker: "I would suggest that now it is time for all of us to take the Psalmists' advice: 'Seek ye peace, and pursue it.'")

There was one other encouraging sign from the White House today that things are going well in the peace process. The White House announced that President Bush will visit the Middle East sometime in the next several months -- something that wouldn't be possible if the process was foundering. (NBC-Lead)

CBS's Connie Chung: Secretary Baker today held two of the most important meetings of his Middle East peace mission: one with Palestinians from the occupied territories -- the first such meeting in five years -- and the other with the Israeli Prime Minister.

CBS's Bill Plante reports on the meetings. Intelligence sources said today that Israel's next-door neighbor and enemy Syria had just received about two dozen Scud-C missiles from North Korea, more powerful and accurate than the Iraqi Scuds.

(TV Coverage: Schoolchildren cheering Baker, waving U.S. flags.)

But as the Secretary greeted schoolchildren and new immigrants at a village in the Galilee, he was talking hope, rather than fear.

(Baker: "Everywhere, people are trying to pick up their lives and find hope for the future. The nations of the Middle East are, I think, very anxious to close the book of war and to open the book of peace.")

In meetings with Prime Minister Shamir, Baker discussed a list of possible initiatives. Sources say they included a U.S. promise to urge renewed Soviet diplomatic ties with Israel and a suggestion that Israel offer the Palestinians some hope that land captured in the 1967 war could be exchanged for peace. Baker did not ask the Israelis for answers. But in a later meeting with 10 Palestinians held at their request, he made it clear that the U.S. believes it has some leverage.

(Baker: "We intend to use whatever enhanced credibility we might have coming out of this crisis to work diligently for peace.")

In a visit his staff said was intended to be private, Baker went to the graves of four Israeli women who were stabbed to death by a Palestinian two days ago in Jerusalem. (CBS-Lead)

NBC's Ed Rabel reports on Israelis living in the West Bank. Schools there teach children that because of your Jewishness, this is your land -- always has been, always will be. Israel has no right to trade this land to the Palestinians for peace, the settlers say.

(Daniel Cohen, American-born settler: "I'm just looking that people would cease telling us that in order for there to be peace, we just have to get lost. We're not going to leave.... If they came to take us away -- again, I can't imagine such a thing happening -- but if they came to take us away, they'd have to carry us out.")

Plans call for 33,000 new residents in the next two years, making Israel as militant as the settlers about not giving up the promised land. (NBC-2)

Chung reports a White House spokesman said President Bush plans to visit the Middle East soon. No date has been set. (CBS-6)

#### JORDAN

ABC's John Donovan reports on post-war Jordan. Anti-American fever is lifting from the streets of Amman, and Jordanians are talking again about what is practical.

(Abdullah Touqan, adviser to King Hussein: "One has to be realistic, and one has to look forward in the future, and to Jordan's future, and to our future and the region's future. So the United States has always played a role, and always [will] continue to play a role.")

King Hussein set the tone in a speech last week. Jordan, he said, throws its arms open wide to all who wish to establish friendly relations. The anger that Jordanians felt toward the U.S. is not all gone, but people say they realize it is in Jordan's interest to have America's friendship -- though not entirely on U.S. terms.

(Rami Khoury, Jordanian journalist: "Certainly the government isn't going to go and jump into Jim Baker's lap and join the cash-register coalition. That's not going to happen.")

(Leila Sharaf, Jordanian Senate: "Again, it all depends on how the United States is going to manage the solution and the peace process, and how it's going to deliver, how much it's going to deliver.")

Meanwhile, Jordan's press, anti-American during the war, is tempering its tone, commenting favorably on President Bush's call for dialogue in the region. And while Jordanian television shows Secretary Baker visiting the region but not Amman, officials seem to think it best to take the snub in stride. (ABC-2)

#### KUWAIT/SCHWARZKOPF

NBC's George Lewis reports Gen. Schwarzkopf visited Kuwait City, meeting with the Kuwaiti leadership. He also collected a souvenir.

(Gen. Schwarzkopf, filling bottle with sand: "This is sand from the liberated beaches of Kuwait.")

Schwarzkopf's visit was kept low-profile because the Bush Administration wants to avoid any appearance of an occupying American army running things. Washington is promoting the idea that Kuwait is getting back on its own feet.

(Schwarzkopf: "First of all, I'm just happy to see that their city is liberated and that it's back in the hands of the Kuwaitis.")

Lewis continues: But a growing number of Kuwaitis don't think the place is in anyone's hands.

(Hameed al-Juwan, opposition leader: "The only thing that's happened is Saddam Hussein is kicked out. And that's all. And that's not enough for the Kuwaitis now, and not enough for the area and not enough for the peace.")

Those who endured Iraqi occupation are increasingly angry at leaders who fled and have now returned, but are waiting for someone else to clean up the mess. The Kuwaitis who stuck it out are now saying that the ruling family must restore constitutional freedoms.

(NBC-3, ABC-4)

#### KUWAIT

Jennings reports 2,000 Kuwaitis mobbed a government center, seeking permission to leave the country. One of those waiting called the ruling Sabah family incompetent, unqualified, unpopular and unwanted.

ABC's Sheilah MacVicar reports Kuwaitis say that since the Kuwaiti government returned, food is more scarce than during the Iraqi occupation. The Kuwaiti government has moved in thousands of tons of food, but some rotted before it could be distributed, and Kuwaitis who kept resistance alive through the occupation quietly say their government now ignores them. It took days to get fresh water trucked to the people, and there isn't enough to go around. Kuwait City is still without electricity; generators the government imported were not compatible with Kuwait's power supply. Kuwait's crown prince knows his people are unhappy.

(Crown Prince: "Well, I agree with the complaints of some of the Kuwaitis, and I say that I hope they view it alright just in a few days' time.")

The Kuwaitis know the ruling royal family has their own water delivered and generators for electricity, and some resent it. The leaders of Kuwait's democracy movement say the experiences of the last two weeks are just one more reason why the royal family must share power with the people.

(Dr. Ahmed Bashra, democratic opposition: "...The total collapse of efficiency over the past two weeks. Obviously, they're not competent enough to rule.")

More Kuwaitis than ever before, especially those who stayed during the occupation, say they will accept nothing less than more democratic freedoms.

(ABC-3)

Chung reports Kuwait's main seaport reopened today. U.S. and Soviet freighters docked with emergency shipments of food and water.

CBS's Martha Teichner reports tonight in Kuwait City there was supposed to be a demonstration: people holding a candle in one hand and an empty glass in another to demand the immediate restoration of electricity and water. It was postponed due to a shortage of candles.

(CBS-7)

ABC's Brian Rooney reports on the children being injured all over Kuwait City by explosives and ammunition left behind by the Iraqi army. Cleaning up the explosives may take months.

(ABC-5)

## IRAQI OPPOSITION

CBS's Peter van Sant reports on American troops still occupying southern Iraq. Gen. Schwarzkopf issued a final warning to Saddam Hussein, just in case he hasn't accepted defeat.

(Gen. Schwarzkopf: "Saddam Hussein had better know it's over. If Saddam Hussein makes the mistake of starting it again, then he's going to have a lot more trouble than he has on his hands in Iraq right now.")

But while Schwarzkopf proudly says the war is over, these Marines who helped liberate Kuwait City are questioning why their flights home have been delayed.

(Marine: "Everyone wants to go home. I mean, we're done. Our job's done. We accomplished the mission. We're ready to get out of here.")

The flow of soldiers back home has slowed to a trickle. The Pentagon said today U.S. soldiers are not coming home as soon as planned because there is still a possibility of renewed warfare. The growing unrest in Iraq, including a U.S. threat of retaliation if chemical weapons are used, is keeping the troops on alert.

(Pete Williams, Defense Dept.: "They will remain in some number or other -- and I don't know precisely what number, nor would we probably say -- until there is a cease-fire. Now, I can't predict when there'll be a cease-fire.")

For now, Marines who have been here since the crisis began are frustrated and just killing time.

(Marine: "We've spent our time in the desert. It's time we get back.")

(CBS-4)

Jennings reports that in Beirut, Iraqi opponents of Saddam Hussein who live outside Iraq met for a second day, trying to work out a common strategy for overthrowing him. There are still many differences between various opposition factions.

ABC's Bob Zelnick reports on the battles in Iraq. The rebellion in Basra, thought to have been put down days ago, has started again now that government tanks have left. Pentagon officials say that government forces appear to be gaining control of the Shi'ite holy cities of Karbala and Najaf, although there are reports violent opposition continues in two dozen other cities in the south and Kurdish villages in the north. But the rebels are outgunned; so far, almost all of the army and Republican Guards have remained loyal to Saddam. Administration officials say U.S. forces in Iraq will not become involved, as that would exceed the U.N. mandate and could bog them down in a Lebanon-style civil war.

CBS's David Martin reports U.S. officials say the rebels are too disorganized to pose a serious threat to Saddam. But Saddam's army cannot be everywhere at once.

(State Dept. spokesman Boucher: "Cities and towns where unrest has been suppressed by government forces often revert entirely or partly to control by dissident elements once heavier forces depart to deal with the unrest elsewhere.")

Iraq government released videotape showing Saddam still in control.

(TV Coverage: Video of Saddam.)

Saddam is expected to suppress his internal enemies. But he may end up ruling a divided country that looks more like a giant Lebanon than the Arab superpower it once was.

-more-

NBC's Stan Bernard reports that by many accounts, the battle for Basra is costing thousands of lives. Pro-Saddam forces have abandoned weapons, and many of the troops loyal to him -- probably including Republican Guard members -- have been taken prisoner. In Beirut, rebel leaders held up photos showing their control of Basra and claimed victory, claiming major Iraqi defections. The Kurds say they are in control of two mountainous northern provinces. Iraqi TV showed members of the Revolutionary Council touring southern towns to shore up support from Saddam loyalists, which some believe is a last gasp. (ABC-6, CBS-3, NBC-4)

Jennings reports Iraqi Ambassador to Spain Tawfiq has asked for political asylum. The Spanish Foreign Ministry says it is being considered. (ABC-7)

#### **TERRORISM/GREECE**

Brokaw reports an American Air Force sergeant was killed in Athens today when a remote control bomb exploded as he walked home. The left-wing Greek terrorist group November 17 claimed responsibility.

Chung reports there was no claim of responsibility. (NBC-5, CBS-5)

#### **U.N.**

NBC's Stephen Frazier reports on the renewed role of the U.N. in the 1990's. The U.N. agreed to confront aggression in the Gulf with a military response for three reasons: 1) The willingness of the Soviet Union to work with the other permanent members of the Security Council. 2) President Bush recognized the change in Soviet intentions, and partly because of his own experience as U.N. ambassador from 1971-73 he viewed the U.N. as useful for establishing the New World Order.

(U.S. Ambassador Pickering: "It is a partnership between the rule of law and the responsible application of force. It is, to put it bluntly, the right to say no.")

3) The skill of Ambassador Pickering, respected here for the Mideast expertise he gained while ambassador to Jordan and Israel. He held the coalition together for passage of more than a dozen resolutions intended to drive Iraq from Kuwait. Many at the U.N. believe the Security Council's success could be repeated. (NBC-6)

#### **OPEC**

ABC's Stephen Aug reports OPEC ministers meeting in Geneva agreed to cut production of oil by about a million barrels a day. The cut reportedly satisfies the U.S. and Saudi Arabia. The Saudis and the Bush Administration seem to agree that the price of oil should be high enough to encourage conservation and domestic production but low enough to encourage economic growth. The agreement is not expected to change gas prices, but should keep oil prices high enough that Saudi Arabia can pay off their war debt. Observers say Saudi Arabia now virtually controls OPEC. (ABC-11, CBS-2)

#### **TRADE DEFICIT**

Jennings: The trade deficit shrank last year to \$99.3 billion, the first time it has been under \$100 billion since 1984. (ABC-12)

**CIVIL RIGHTS/CONGRESS**

Chung reports Republicans and Democrats on Capitol Hill introduced rival civil rights bills, both aimed to fight job discrimination. Republicans say the Democrats favor hiring quotas. Democrats deny that and say the Republican version is too weak. (CBS-8)

NBC's Andrea Mitchell reports House Democrats were trying to regain political momentum with a civil rights bill, which will be the biggest domestic fight of the year.

(TV Coverage: President Bush and Republican congressmen in Cabinet Room.)

The Republican battle cry is quotas. The Democratic bill would outlaw quotas but strengthen a worker's right to sue for discrimination and win big awards. Republicans say employers threatened by lawsuits would start hiring by the numbers.

(Sen. Simpson: "Even though it was clearly said in the bill that there will be no quotas, it was obvious that there was little choice for the employer but to go to that to protect himself.")

The buzzword of quotas has worked before for Republicans. White, middle-class workers resented what they saw as Democratic efforts to give preferences to minorities, and showed their anger at the polls.

(Sen. Dole: "It's already backfired. You can already look at a couple of races that we may have won because of their insistence on quotas.")

So this year, Democrats are trying to wrap their proposal in the flag. They say their bill would give equal opportunity to the large number of blacks who fought in the Gulf. And they are trying to portray it as a women's bill, because it would give women the same right as minorities to sue employers for discrimination.

(Rep. Schroeder: "It opens a whole new door because for the first time it would allow damages for sexual harassment.")

Women like Patricia Swanson, who said she was fired when she complained about her boss at an Illinois car dealership.

(Swanson: "Two or three times a week, my boss would try to unhook my bra. He said it was a Christmas party ritual for him to feel all the women's breasts.")

It would also reverse recent Supreme Court decisions that rolled back civil rights law. Black Alabama police officer Sydney Williams was promoted after a lawsuit that could not be won under current law.

(Williams: "All that I wanted in my case was fairness and an equal chance to compete.")

Democrats may have enough votes to win the civil rights battle, but they could still lose the political war by alienating a crucial bloc of voters -- middle-class whites. (NBC-10)

**POLICE BRUTALITY**

CBS's Jerry Bowen reports on the aftermath of the videotaped Los Angeles police beating. Indictments are expected by week's end. Others have come forward with allegations of police brutality. In Washington, the Black Congressional Caucus met with FBI Director Sessions to demand a nationwide probe of police brutality.

(Rep. Conyers: "We're going to go not just to respond to the plight of this brother that was beaten, we're going to the whole question of police brutality in America.") (CBS-9)

**MEASLES IMMUNIZATION**

CBS's Susan Spencer reports on a Bush Administration plan to hold up welfare benefits to any parent whose pre-schooler has not had a measles shot. Measles rages at epidemic levels, mainly among the inner-city poor. From 1983 to last year, cases soared from 1,500 to over 26,000, the increase blamed partly on Reagan-era cuts in funding for vaccine programs.

(Dr. William Roper, Centers for Disease Control: "It's only right to say to parents, we expect you to do your part. We expect you to have your child immunized.")

The Bush Administration concedes getting a measles shot needs to be made easier for the poor, but thinks the threat of a missed check would really force parents to act.

(Secretary Sullivan: "What is under way is a question of what is the most effective way of assuring that we get all of the eligible children in for immunizations.")

But opponents insist punishing the family is not the way to do it.

(Rose Anello, Citizens Committee for Children: "If you're trying to achieve increased vaccination and vaccinate the children, vaccinate them at the welfare centers. But don't deny them benefits which they desperately need to survive.")

(Roper: "We're not trying to target poor families. Unfortunately, it's largely poor families right now that are not properly immunized.")

Other critics wish the concern had come sooner.

(Rep. Waxman: "An Administration that called for cuts in funds, which made it harder for poor people to be immunized, I think is hard-put to come in and say that poor people ought to be penalized for not being immunized.")

This year, the Bush Administration did ask for \$40 million additional dollars for immunizations, and it is expected to get every penny. But ideas of linking welfare checks to shots could have much tougher going on Capitol Hill. (CBS-14)

**STEROIDS/JUSTICE DEPT.**

Chung reports federal criminal charges were filed today against companies in AZ and CA selling illegal artificial steroids which had caused seizures and comas in scores of users. (CBS-12, NBC-7)

**IRAS**

Brokaw reports that 72 senators, bucking White House opposition, introduced legislation to make all Individual Retirement Accounts fully tax-deductible. Passage, we're told, is assured. (NBC-9)

**EXXON SETTLEMENT**

Chung reports Exxon and the government edged closer to a billion-dollar settlement over the Valdez oil spill. Sources say the deal would include Exxon's agreement to plead guilty to at least one criminal charge. However, the sources also say Exxon is having second thoughts about the settlement. (CBS-11)

Jennings reports the U.S. and Albania will re-establish diplomatic relations on Friday. (ABC-13)

## EDITORIALS/COLUMNISTS

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### DOMESTIC ISSUES

**It Is Now Time To Change National Focus** -- "...[A speech President Bush made to the American Society of Association Executives in Washington] is significant because it seemed to be a start in turning some of the nation's attention away from international affairs...and back to where more of it is required, domestic affairs.... Bush said that he would propose an 'opportunity action plan,' one that would include initiatives dealing with such matters as education, crime, jobs, homelessness and civil rights.... He pledged that the Administration will give hope to the hopeless among us. Some opponents chalked up the promises he made in the speech to so much rhetoric. Perhaps they are right.... His aides called Bush's remarks a 'framing speech,' with details to be filled in later. We trust they are right.... What we do know is Bush is in a much stronger position to lead." (**Fort Worth Telegram, 3/5**)

**Now George Bush Must Turn To Home Agenda** -- "...President Bush must move quickly, and with the same resolve he showed in the Gulf, to confront very real domestic problems. He has the elements in place: 1) The Bush 'empowerment' agenda...is infinitely preferable over the hodgepodge of special formulas and addictive welfare handouts.... 2) A sweeping reform of the financial services industry has been presented by the Bush Administration. Rarely has a piece of legislation been so worthy of passage as written.... 3) A recognition that the U.S. transportation infrastructure is collapsing.... 4) A good 'supply side' energy program.... 5) A clear-eyed recognition that as the nation gears down its military commitment, it must begin to invest in basic and applied science.... What Bush must now do is tie education to American competitiveness...and disabuse Americans of the notion that only higher taxes can buy them back into the promised land." (**Dallas Morning News, 3/5**)

**Bush Has The Clout To Sell A Domestic Program -- If He Can Come Up With One** -- "...President Bush must resist coasting for the next two years while his campaign staff assembles film clips of jubilant U.S. soldiers welcomed home with bands and bunting.... For the last two years, Bush has meandered only occasionally, and without enthusiasm, into domestic affairs. He's made lame attempts to be the 'Education President,' to clean up the environment and to vanquish the drug lords. His budget proposals so far this year have been equally flaccid.... Now, he's urging Congress to move quickly on a transportation measure that, at its core, simply reduces the federal share of highway spending, leaving states to pick up the slack. He calls for quick action on his anti-crime proposal, a clampdown on death-row inmates' rights that Congress already rejected. Bush takes this approach because it's politically safe." (**Newsday, 3/8**)

**The President Shines On The Hill** -- "...The President's address to Congress was notable for its commitment to tackle tough issues both foreign and domestic.... His call for a 'new politics at home' ought to be heeded." (**Christian Science Monitor, 3/8**)

**TRANSPORTATION PLAN (cont'd)**

**The Costs Of Building Roads** -- "In his address to a joint session of Congress last week, President Bush urged enactment of his \$105 billion transportation plan within 100 days. That may exceed the legislative speed limit.... The crumbling infrastructure has been talked about for a decade at least, and this plan looks like an effort to do something about it. But looks can be deceptive when it comes to complicated public-works programs. One thing that tempers some of the cheering at the state level is the new cost-sharing formula embodied in the Bush plan.... Some critics of the plan question its apparent acceptance of the country's car-culture status quo.... The Administration's plan includes criteria for distributing funds to areas according to their level of fuel consumption. Doesn't that pose the danger of rewarding lax conservation?"  
(Christian Science Monitor, 3/11)

**Bush Proposals Seem To Ignore Urgent Attention To Mass Transit** -  
- "President Bush's new transportation program recognizes one of the nation's most critical needs. Much of the road and bridge system is in decay or near decay. But mass transit needs, while primarily a local responsibility, are also immense. Congress may want to adjust some of the proposal's spending ratios.... The program would continue to provide aid for up to 90% of the cost of roadway improvements, but reduce to 60% from 80% the federal share of capital spending for mass transit.... Deep reductions in proportion of federal capital funds could hurt commuters and further erode highways by increasing the traffic on them."  
(Cincinnati Enquirer, 3/1)

**Shifting Gears On Highways** -- "...What Secretary Skinner came up with contains serious flaws.... Under the Skinner scenario, states would pay much more to build and repair roads. And older urban states such as Maryland would lose road funds due to a new formula that rewards underpopulated but large Western states and penalizes heavily populated smaller states. That makes no sense.... The budget cuts mass transit general revenue outlays by \$948 million, with inadequate growth in highway trust fund spending to compensate. Once again, the President would end operating subsidies for 147 urban transit systems.... With gridlock threatening the lifeblood of urban areas coast to coast, that's short-sighted.... Skinner should look farther down the road."  
(Baltimore Sun, 3/7)

**CRIME**

**America's Deadly Urban Battlefield** -- "In a speech last week, President Bush expressed what's been in the back of the minds of many New Yorkers: The battlefields in the Persian Gulf were safer for Americans than our own streets.... The President is right in placing anti-crime legislation at the top of his domestic agenda. Among the provisions of the proposed bill are measures that would end frivolous appeals clogging the courts, ease restrictions on the collection of evidence by police officers, toughen penalties for gun-related crimes and make the death penalty mandatory in certain cases. All these measures could help law enforcement. So could a revamping of the welfare system."  
(New York Post, 3/11)

**Longer Sentences A Temporary Fix At Best** -- "...Attorney General Thornburgh is a bailer, not a fixer.... The public, egged on by Thornburgh and others, continues to blame the crime problem on the fact that we go too easy on criminals, that the answer is to throw more people in jail for longer times. In other words, ignore the basic problem and bail. The irony is, the leak can be fixed.... A series of studies in New York prisons demonstrated that inmates who completed drug-treatment programs were far less likely to end up back in jail after release.... The study demonstrated that inmates who earn their high-school-equivalency degree are also less likely to commit new crimes." (Atlanta Constitution, 3/7)

**Wait To Buy A Handgun** -- "As expected, the Bush Administration's anti-crime package ignores proposals for a national waiting period for purchase of a handgun.... Attorney General Thornburgh takes the standard let's-not-stir-up-a-hornet's-next position that such matters should be decided by the states. In effect, that leaves public safety to local option. Never mind that every major law enforcement agency in the country supports the 'Brady Bill,' which requires a seven-day waiting period for a handgun.... We think Congress can distinguish between confiscating guns and preventing felons from procuring them. It should mandate a waiting period, with or without Administration support." (Scripps Howard, 3/12)

**Nation Needs Stricter Gun Laws** -- "'Our troops will not be asked to fight with one hand tied behind their back,' President Bush vowed back in January.... So why tie the hands of police officials in Bush's new drive to 'silence the guns here at home'? As Chicago Police Supt. LeRoy Martin said, following an anti-crime summit in Washington called last week by President Bush, big city police chiefs are 'all singing the same tune in the same pew' about the rising plague and proliferation of handgun violence. But Bush isn't even humming along. Stricter gun laws are a must in fighting gangs and violence.... At the very least, there should be a minimum national waiting period for the purchase of a handgun to start...slowing down the growing number of homicides that are linked to those weapons.... Untie the anti-crime warriors' hands, Mr. President. Do something about gun control." (Chicago Sun-Times, 3/10)

**Mr. Thornburgh's Gun Logic** -- "...As the police chiefs and top law enforcement officials in attendance at the summit session he convened later noted, Attorney General Thornburgh's strategy is something less than Schwarzkopfian.... The attorney general ignored years of requests from every major law enforcement organization in the country to do something about the supply lines to the 'enemy' -- that is, to support enactment of a nationwide seven-day waiting period for the purchase of handguns. Missing, too, from the plan was...tougher controls on semi-automatic, military assault-style weapons." (Washington Post, 3/8)

**Safe As Kuwait City** -- "The new self-confidence from the victory in the Gulf includes a recognition that we can take care of serious problems if we have the resolve to get the job done. It's up to Congress to decide if this time it's going to stand with President Bush or continue to let crime take its toll." (Wall Street Journal, 3/8)



# News Summary

OFFICE OF THE PRESS SECRETARY

TUESDAY, MARCH 19, 1991  
6:00 A.M. EST EDITION

## INTERNATIONAL NEWS

**Bush Rebuffs ANC Leader** -- President Bush sharply rebuked ANC leader Nelson Mandela for likening Iraq to the U.S. during a telephone call described Monday as long and angry.  
(Washington Times)

**Wiesel: Don't Force Israel's Hand** -- President Bush said Monday the U.S. wants "to seize the moment" to resolve age-old Middle East conflicts, stating the goal moments after Nobel Peace Laureate Elie Wiesel urged him not to pressure Israel into a settlement.  
(Washington Times, Washington Post)

**Soviet Vote Supports Two Rivals** -- Political rivals President Gorbachev and Boris Yeltsin both appeared Monday to be in a position to claim political victories in a nationwide referendum on the future of the Soviet Union, the first such vote in the country's history.  
(Washington Post, Toronto Globe & Mail, AP)

## NATIONAL NEWS

**Bush Signs Bill Improving Veterans' Benefits** -- President Bush signed legislation Monday that improves employment and health benefits for veterans who served in the Gulf during Operation Desert Shield and Operation Desert Storm.  
UPI)

## NETWORK NEWS (Monday evening)

**SOVIET REFERENDUM** -- Gorbachev and Yeltsin are both claiming victory in the Soviet Union's first-ever national referendum.

**MIDDLE EAST PEACE** -- Secretary Baker's trip may have demonstrated the administration's new clout, but it showed just as clearly how far the Middle East is from real peace.

**IRAQ/CEASE-FIRE** -- The President said members of the U.N. Security Council are about to start work on a permanent cease-fire.

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NATIONAL NEWS.....A-10

NETWORK NEWS.....B-1

FOREIGN MEDIA.....C-1

## INTERNATIONAL NEWS

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### BUSH REBUFFS ANC LEADER

President Bush sharply rebuked ANC leader Nelson Mandela for likening Iraq to the U.S. during a telephone call described Monday as long and angry.

"This is our position," the ANC deputy president told Bush during the call just days after a cease-fire began, according to a White House official who spoke on condition of anonymity.

"OK! This is OUR position," Bush fired back after hearing Mandela's litany and criticisms of what he called U.S. belligerence during the fighting, the official said.

"President Bush didn't like the ANC statement that put Iraq and the United States in the same unfavorable light. Mandela read him the statement. He was firm with Mandela about the about the Gulf and where he stood on it," the official added....

The brief report by Simon Barber in Monday's "Business Day" [which broke the story] was headlined "Mandela attacks U.S. during call to Bush." It quoted well-placed administration officials as saying Bush was stunned by what was described as "an attack on the U.S. triumph in the Persian Gulf."

According to the report, "Bush was said to have been visibly angered by Mandela's remonstrations."...

A knowledgeable diplomatic source in Washington said the episode was a not unexpected consequence of the President's bent toward telephone diplomacy.

"I don't think they're going to speak very often in the future," the diplomatic source said of Bush and Mandela, suggesting that there was a wide gap between talking informally with British Prime Minister Major and "someone who doesn't share European or North American business culture or diplomatic culture."

(Frank Murray, Washington Times, A1)

### BUSH, AFTER BRIEFING BY BAKER, SAYS U.S. WILL PRESS FOR PEACE

President Bush and Secretary Baker met Monday to review Baker's trip to the Middle East, and Bush later said the U.S. would do all it could to prevent the new climate for peace there from being lost.

Bush reported that Baker had returned from 10 days in the Middle East, Turkey and the Soviet Union more hopeful about the prospects for moving the peace process forward. "We're not going to miss this opportunity," Bush said.

But the President warned that he does not want the American people "to think you can wave a wand and solve all" the problems there.

Bush said the first priority in the region is to bring about a permanent cease-fire in the Gulf and that the environmental damage caused by Iraq's destruction of Kuwait's oil facilities was another reason the Iraqis must pay reparations as part of a cease-fire agreement....

Bush said there could be some action at the U.N. this week on a cease-fire resolution. "We've got to...get common ground between the coalition partners, but broadly speaking, people know what is required," he added.

(Dan Balz, Washington Post, A25)

**Wiesel: Don't Force Israel's Hand**

President Bush said Monday the U.S. wants "to seize the moment" to resolve age-old Middle East conflicts, stating the goal moments after Nobel Peace Laureate Elie Wiesel urged him not to pressure Israel into a settlement.

"I don't think the American people ought to think that you can wave a wand and solve all of these very difficult problems at once," Bush said, ticking off the Israeli-Palestinian standoff, Lebanon, and the overall Gulf security issue including Israel's relations with coalition Arab states.

"I think the climate for fulfilling some of these hopes is probably better than it's ever been," Bush said after Secretary Baker reported on his postwar visit to the Middle East....

"We are confident that persuasion rather than pressure, trust rather than suspicion, will continue to govern your relationship with Jerusalem, whose prophetic message of peace is at the heart of its legitimacy," said Wiesel, who presented Bush with the Elie Wiesel Humanitarian Award....

"Thanks to you, Mr. President, small nations feel more secure. Thanks to you, evil has been dealt a dramatic blow," he said....

Israeli ambassador Zalman Shoval said Monday, "No opportunity for peace in the area should be neglected, even where a country like Syria is concerned." (Frank Murray, Washington Times, A3)

**RESULTS SHOW GORBACHEV WINNING  
OVERWHELMING SUPPORT ON FEDERATION**

**MOSCOW** -- President Gorbachev's vision of a renewed Soviet federation won the approval of more than three-quarters of voters in the country's first referendum, the national legislature was told Tuesday.

Vladimir Orlov, chairman of the Supreme Soviet's referendum committee, said 82.2 percent of eligible voters cast ballots on Sunday. he said 77 percent voted "yes," although the total was higher in some individual republics....

Orlov said that nearly 90 percent of the voting districts from the Bering Sea to Byelorussia had reported their results by telephone to Moscow officials.

Despite the overall strong support for Gorbachev, the results were contradictory. He appeared to have won strong backing in rural and eastern republics but weaker support in key cities such as Moscow, Leningrad and Kiev.

In addition, voters in the Russian and Ukrainian republics endorsed not only the union but also measures that favor autonomy put on the ballot by the president's toughest critics.

(Ann Imse, AP)

**Soviet Vote Supports Two Rivals**

MOSCOW -- Political rivals President Gorbachev and Boris Yeltsin both appeared Monday to be in a position to claim political victories in a nationwide referendum on the future of the Soviet Union, the first such vote in the country's history.

Preliminary results from Sunday's balloting indicate that, despite strong opposition in Kiev, Moscow, Leningrad and other major urban centers, a clear majority of voters favored preserving the union. Gorbachev is now likely to use the results of the non-binding referendum to put pressure on all 15 republics to sign a new treaty that would give them limited sovereignty. The Kremlin would retain decisive power.

Six republics that favor outright independence -- the three Baltic states, Armenia, Georgia and Moldavia -- refused to participate in the balloting. Early vote counts showed that support for the referendum question was over 90 percent in the traditionally conservative Central Asian republics, 82 percent in Byelorussia and 70 percent in the Ukraine. There were no comprehensive figures yet for Russia or Azerbaijan.

But Yeltsin's apparent victory on an additional question on the referendum ballot in the vast Russian republic is likely to take some of the luster off Gorbachev's victory. Russian voters appeared to favor by an overwhelming majority the creation of a popularly elected republican president, a position that Yeltsin could win easily and use as an even stronger power base from which to challenge Gorbachev. (David Remnick, Washington Post, A1)

**Soviet Vote Not The Ringing Success Gorbachev Sought**

MOSCOW -- As an exercise in democratic nation-building, Soviet President Gorbachev's national unity plebiscite was not a ringing success....

Preliminary returns indicate that a majority of those who voted Sunday responded to his call for unity by voting "yes," but it was not the kind of big victory that would enable Gorbachev to deal with rebellious republics from a stronger political position.

On the contrary, reports reaching Moscow on Monday suggest that the plebiscite only heightened interethnic tensions in some areas, including six republics where governments organized boycotts of the vote.

Moreover, the voting was marred by numerous allegations of irregularities and fraud. Long-dead residents in the strike-bound Kuzbass coal-mining region reportedly were included on lists of registered voters....

The Soviet Interior Ministry rushed a detachment of security troops from the strife-torn Nagorno-Karabakh mountain district of Azerbaijan to the placid, sun-drenched boulevards of Kiev. Their mission was simply to vote "yes" for unity and "no" on a second plebiscite question posed by Ukrainian officials -- that the Ukraine should sign a new constitutional agreement with Moscow only on the basis of full guarantees of sovereignty.

(Jeff Sallot, Toronto Globe & Mail)

**WHITE HOUSE NOT ENCOURAGED AFTER FUTILE TALKS IN MOSCOW**

President Gorbachev is increasingly hamstrung by economic catastrophe and the growing influence of hard-line military officers, Bush administration officials believe after a weekend of largely unproductive talks in Moscow.

The twin pressures are resulting in a slowdown in the free-market economic reforms that Washington advocates and a bleak future for arms control, at least in the short term, they said.

Officials also left Moscow convinced that the Soviet Union has different ideas from the U.S. about the need for continued sanctions on Iraq and peacekeeping forces in the Gulf. Those differences could surface next week when the Security Council begins debating a cease-fire resolution....

Officials said the Bush administration has not written off the CFE pact or other arms control efforts. But they could not point to any promising signs.

"Nobody's looking for this around the corner," an official said. (Warren Strobel, Washington Times, A7)

**ARMY OFFENSIVE REPELLED, IRAQI OPPOSITION SAYS  
Rebel Spokesmen Dispute Saddam's Claim  
To Have Snuffed Out Insurgency In South**

**DAMASCUS** -- Iraqi Shiite Muslim opposition forces Monday claimed they have repelled a three-pronged attack by Iraqi government forces, disputing Saddam Hussein's claims to have crushed all resistance in southern Iraq.

Within four hours of the president's televised speech Saturday, government troops reportedly were driven from the city of al-Kut, about 100 miles southwest of Baghdad on the Tigris River, according to Bayan Jabour, representative of the opposition Superior Council for the Islamic Republic.

Speaking at a news conference here organized by the opposition's five-man joint-action committee, Jabour said guerrillas hold Karbala and expect government troops to retreat from the city of Basra within "the next two days." He added that the rebels have forced the army to withdraw from a key military camp....

So confident were the opposition speakers Monday that they pointedly said they needed no outside military help and would not ask for any in the future. (Jonathan Randal, Washington Post, A25)

**IRAQ REPORTED USING SOVIET MISSILES AGAINST REBELS**

**ATHENS** -- Troops loyal to Saddam Hussein have begun deploying Soviet-made FROG missiles against a strong insurgency in northern Iraq, and unrest in the south was spreading, Iran's official Islamic Republic News Agency said.

Quoting Iraqi refugees, the news agency said Monday that Iraqi government troops bombarded cities to the north and northeast of Baghdad with FROG surface-to-surface missiles, killing or wounding many people. (Ralph Joseph, UPI)

**BONN TO ASK ABOUT CUTTING WAR PAYMENT**

**BONN** -- The German government plans to send a delegation to Washington in the coming days to discuss whether the U.S. really needs the entire German contribution to the cost of the Gulf war.

The move comes as a result of a call by the German opposition Social Democrats for Bonn not to complete its pledged \$11 billion donation to the war effort. (Washington Post, A25)

**SENATE WEIGHS ARMS-SALE BAN  
FOR COUNTRIES OWING WAR AID TO U.S.**

The Senate is set to spend up to \$15 billion in taxpayers' money on the Gulf war, but angry lawmakers are also ready to hit hard at countries that have not delivered on pledges to pitch in.

In a bill up for debate today, senators would halt arms sales to nations whose war contributions to the U.S. have fallen short of their promises....

"If the promisor nation has money to buy arms from us, it can first use that money to fulfill its pledge to help defray some of our costs," Sen. Byrd wrote in a report accompanying the bill.

(Alan Fram, AP)

**NEW U.S. REGULATIONS RESTRICT EXPORT OF CHEMICALS,  
TECHNOLOGY TO GULF**

The Bush administration has issued regulations that restrict the export of chemicals, industrial equipment and missile technology to countries such as Iraq, but the action may be little more than symbolic.

Critics charge that without stronger international controls, warlords such as Saddam Hussein can easily get weapons-related technology from other countries.

Business representatives say the regulations will hurt American exports, even of such seemingly harmless items as peanut butter processors, thus worsening the U.S. balance of trade.

Moreover, while limiting the spread of missile technology, the restrictions ignore combat jet aircraft, which can wreak much greater damage at longer distances than missiles....

Critics of this piecemeal approach say it's likely to spur a new arms race in the Middle East as countries scramble to acquire long-range jets instead of missiles.

John Pike, an arms control expert with the Federation of American Scientists, said there was a "glaring inconsistency between very tight controls on some technology (for ballistic missiles), and yet a 7-Eleven approach to airplanes."...

"If you have to go through a lengthy licensing process at Commerce, then we're going to get locked out of a lot of business," said Randolph Stayin, a lawyer...[who] represents many manufacturers of food-processing equipment.

(David Evans, Chicago Tribune)

**HAVING HURRIED UP TO WIN, GIs NOW WAIT  
Logistical Puzzle of Pulling Out 545,000 Troops And Materiel  
Delays Return Home**

**HAFIR AL BATIN** -- With a huge American army of occupation still entrenched in Kuwait and Iraq, boredom and homesickness have become adversaries almost as formidable as the Iraqi army.

Known as Phase Echo, the redeployment of 545,000 U.S. troops participating in Operation Desert Storm officially began March 10. Military authorities say they hope to escalate the flow of returning soldiers until at least 4,000 a day are going home by early May, but the precise timetable remains a closely guarded secret -- and many troops have resigned themselves to being in the Middle East for months.

"There's something the whole world needs to understand," Lt. Gen. John Yeosock, commander of Army forces in the operation, said in Riyadh recently. "I've been pulling things over here at a max rate for six months, so don't think you can take it back in three days.... Forty or 50 ports throughout the world loaded [the materiel] to get it here but I will in essence be backloading it through two ports." (Rick Atkinson, Washington Post, A1)

**SHAMIR RULES OUT TALKS WITH PALESTINIANS BAKER MET**

**JERUSALEM** -- Prime Minister Shamir said Monday his government is not willing to talk with the 10 Palestinian leaders from the occupied territories who met here last week with Secretary Baker as part of Baker's efforts to stimulate a new Middle East peace process.

Shamir and several cabinet ministers also repudiated a statement made in Washington Sunday by Health Minister Ehud Olmert suggesting that Israel might be willing to negotiate with Syria about the Golan Heights....

The two statements, apparently made in response to pressure from hard-line members of Shamir's cabinet, appeared to confirm the government's continuing resistance to making any concessions in order to start a new diplomatic exchange in the region.

(Jackson Diehl, Washington Post, A25)

**SYRIA CONDEMNS SHAMIR, URGES U.S. TO PRESSURE ISRAEL**

**DAMASCUS** -- Damascus Tuesday condemned Israel's right-wing Prime Minister Shamir for ruling out the return of the occupied Golan Heights to Syria....

The official Syrian daily Tishreen urged the U.S. to press Israel to abandon its territorial claims for the sake of peace.

"If Arabs, rather than others, are called upon to confront the Zionist enemy's plans, the world community especially the U.S., should shoulder their responsibility in forcing Israel to abandon its expansionist plans," Tishreen said....

The paper reaffirmed Syria's view that any peace settlement in the region should be based on full Israeli withdrawal from all occupied Arab territories and the guaranteeing of the rights of the Palestinian people.

(Reuter)

**SHAMIR'S UNEXPECTED RESTRAINT**  
**Forgoing Retaliation Ended Long Tradition**

**JERUSALEM** -- In less than 36 hours following the first Iraqi Scud attack on Israel on Jan. 18, Prime Minister Shamir...led his right-wing cabinet to one of the most dramatic policy reversals in Israel's history: A decision to forgo retaliatory military action against Iraq....

One the crisis began, Shamir defied the conventional wisdom about his own political potential as well as that of his government. Within a few hectic hours, the prime minister scrapped longstanding Israeli security doctrine, rejected the demands of the hard-line hawks in his cabinet and, most significantly, yielded to appeals from a U.S. administration that previously had been unable to get its way with Jerusalem.

The story of the restraint policy thus offers an intriguing example for the Bush administration as it seeks to involve Shamir's government in a postwar Middle East peace process....

"Shamir surprised a lot of people because he showed that on some issues, he is willing to go very, very far to accommodate the U.S.," a senior U.S. official said. "But that his linked to the fact that on other issues, such as territory, he is not willing to budge at all."  
(Jackson Diehl, Washington Post, A21)

**ISRAEL BACKERS UPBEAT ON U.S. ATTITUDE**

The Bush administration, enjoying the domestic fruits of its successful prosecution of the war against Iraq, appears to be in better standing with American-Jewish supporters of Israel than it was a year ago.

The tone of the American Israel Public Affairs Committee's annual policy conference Sunday and Monday was palpably different from last year's.

"Definitely, the atmosphere is changed and upbeat, and missing the undercurrent of hostility toward Bush and Baker we saw at least year's conference," said B'nai B'rith International Affairs Director Dan Mariaschin.

"No question, every speaker we had has lauded the Bush administration," said Michael Glasser, a lawyer from Norfolk. "Bush is an American hero and a hero to AIPAC."...

AIPAC Executive Director Thomas Dine set the conference tone Sunday night, saying that "George Bush's crisis leadership was masterful and will be studied in the universities and think tanks for generations to come."

Dine also laid down some cautionary markers. He condemned the pursuit of "evenhandedness," saying it was wrong to equate democratic Israel with "despotic" Arab nations that promote international terrorism.  
(Ralph Hallow, Washington Times, A10)

**YUGOSLAV POLITICAL TURMOIL BROADENS  
Collective Presidency Rejects Action By Marxist Serbia Leader**

**BELGRADE** -- Yugoslavia's central government began fighting back Monday against an attempt by Serbian President Milosevic to disenfranchise the Yugoslav collective presidency, which commands the army and mediated disputes among this hybrid country's six constituent republics.

Speaking for the eight-member presidency, the republic of Macedonia's representative on the body, Vasily Tupurkovski, called Milosevic's action an "extremely serious" disruption in the decision-making power of the Yugoslav government and insisted that the Serbian leader's combative techniques would fail. "Nobody can legally block the work of the presidency," Tupurkovski said.

(Blaine Harden, Washington Post, A21)

**Yugoslav Leadership Shows Clear Sign Of Crumbling**

**BELGRADE** -- This nation's leadership crisis took a turn for the absurd Monday when a member of the embattled federal presidency refused to accept Serbia's refusal to recognize its authority.

Yet in a clear sign that the presidential authority has crumbled, the same official disclosed that the ruling body that is supposed to command Yugoslavia's armed forces had not been heard from the Communist-controlled high command for three days.

Yugoslavs continued to show up at their schools and factories despite the army leadership's angry warning Friday that it might take unilateral action after failing to get presidential permission for a state of emergency. (Carol Williams, Los Angeles Times, A12)

**ITALY TO SEEK EXTRADITION OF ACHILLE LAURO FIGURE**

Italian authorities said Monday they will ask Greece to extradite a Palestinian terrorist convicted in absentia in 1986 for plotting the hijacking of the cruise ship Achille Lauro.

Abdul-Rahim Khaled, 56, who was sentenced to life imprisonment for his role in the 1985 hijacking, was arrested March 5 in Athens during a police search of a friend's home that turned up dynamite and a gasoline bomb.

"He was arrested on something else and then we found out who he was," an Athens police official told the AP.

(George Lardner, Washington Post, A22)

**ISRAELI GENERAL PLEADS GUILTY TO FRAUD INVOLVING U.S. AID**

**JERUSALEM** -- Israeli military prosecutors have charged that several employees of U.S. defense contractors, including a manager of General Electric, conspired with an Israeli air force general to divert millions of dollars in U.S. government aid to their personal bank accounts, according to court documents published Monday....

The air force's former chief of equipment, Brig. Gen. Rami Dotan, pleaded guilty to 12 criminal counts, including bribery and fraud, and admitted to misappropriation of funds totalling \$12 million.

(Jackson Diehl, Washington Post, A21)

**U.S. ENVOY BACK IN KENYA REGIME'S DOGHOUSE**

**NAIROBI** -- And now, the affair of the "sinister" schoolbooks.

U.S. Ambassador Smith Hempstone is under attack here for donating a package of textbooks, including autobiographies of some seminal American black figures, to a dirt-poor government school during a tour of the Kenyan countryside in late January.

The books have been seized by the local police and termed "sinister" by the area's member of parliament. They have become the occasion for a new outburst of anti-U.S. rhetoric from the nominally pro-American Kenyan government. As before, the main target is the outspoken ambassador. ...

The latest outburst apparently heralds the beginning of a larger campaign. American diplomats here have already been warned by Kenyan government sources to expect a sustained barrage of criticism from lawmakers after parliament opens its 1991 session today....

Hempstone...appears to be a stand-in for what is really bugging the government of President Moi: American officials' increasing criticism of Kenya's human rights record and a congressional move to freeze American aid to the country for the same reason.  
(Michael Hiltzik, Los Angeles Times, A12)

**CONSERVATIVE SPECIALIST ON AMERICA IS NEW SOVIET ENVOY**

Viktor Komplektov, an experienced specialist on American affairs, is Moscow's choice as the new Soviet ambassador here, administration officials say.

His selection, due to be made public soon, puts a diplomat with a hard-line reputation in the key post as U.S.-Soviet relations are tested in the Middle East and the Baltics....

"He is generally viewed as somewhat humorless and as a hard-liner, even occasionally polemic," a U.S. official said.

(Barry Schweid, AP)

###

## NATIONAL NEWS

### BUSH SIGNS BILL IMPROVING VETERANS BENEFITS

President Bush signed legislation Monday that improves employment and health benefits for veterans who served in the Gulf during Operation Desert Shield and Operation Desert Storm.

Among other things, the new law requires health insurance carriers to reinstate coverage without imposing a waiting period and beefs up current re-employment protection for reservists on active duty for more than 90 days.

The law also provides more protection for families of service personnel who pay rent for their living accommodations and gives military doctors a break on malpractice insurance premiums.

Other benefits offer provisions to protect credit ratings and extend legal authority for families of those listed as missing in action. (UPI)

### THE TEMPTATION OF CUTTING SOCIAL SECURITY PAYROLL TAXES

When there's a penalty-free tax cut available, not many politicians are likely to say no.

That may present the White House with a dilemma this spring. An unlikely assortment of Democrats, conservative Republicans and business interests will be pushing for a cut in Social Security payroll taxes, and the administration opposes the move....

Sponsors in both parties are pushing the cut as an anti-recession measure, saying it would stimulate consumer spending and jobs.

Opponents, in and out of the administration, counter that cutting revenues now will force other tax increases later. They also argue the move could threaten future Social Security benefits....

Moynihan's measure would cut the tax rate by one percent on both workers and employers by 1996. At the same time, the wage base subject to the tax would go up annually, to \$82,200 in 1996. So wealthier Americans will be paying the lower rate on a bigger portion of the incomes.

GOP co-sponsors are less enthusiastic about the latter feature than about the rate reduction, and hostile to other proposals for even sharper increases in the wage base. "Once again, the pro-*envy* crowd wants to sock it to the rich," said Sen. Kasten.

(News Analysis, Walter Mears, AP)

### INFLATION SHOULD MODERATE THIS YEAR, ECONOMISTS SAY

Inflation, which surged in 1990 to a pace not seen in almost a decade, will be much better behaved this year, economists believe.

The Bush administration is counting on this forecast coming true and thus giving the Federal Reserve the maneuvering room to fight the recession with additional declines in interest rates.

Economists' predictions of a significant improvement in inflation is based on a belief that world oil prices will average [around \$20 a barrel.] (Martin Crutsinger, AP)

**TWO HILL LEADERS STRESS NEED TO ADDRESS POOR CHILDREN'S PLIGHT**

Two influential members of Congress Monday urged President Bush to make America's poor children his top domestic priority and offered some ideas about how to raise funds and restructure programs.

"If I were president, I'd focus on children. They've been in the dark cellars of policy debate for too long," Rep. Rostenkowski said in a speech to the National Association of Children's Hospitals and Related Institutions. "Their problems are stark. They cannot plead their own case...and kids are a good investment. If we help them today, they'll strengthen our economy tomorrow."

Rostenkowski said he is "not afraid" to consider new taxes earmarked especially for children's programs, but added that no revenue measure could move through Congress without the President's blessing.

Sen. Rockefeller, addressing the same group, said it was "fundamentally amoral" that children have become the poorest group in society and that one child in five is now growing up in poverty.

(Paul Taylor, Washington Post, A6)

**FDIC OFFERED MORE BORROWING AUTHORITY THAN IT SOUGHT**

The Bush administration is offering the FDIC even more added borrowing authority than it requested to stand behind the dwindling insurance fund for bank deposits.

The administration borrowing plan, which likely will be forwarded to Congress this week, would provide an additional \$25 billion if needed. That is \$10 billion more than the \$15 billion requested three weeks ago by FDIC Chairman Seidman....

"It's very good. They took our plan and they improved it," Seidman said Monday. "The fact that we're actually borrowing money and raising funds to pay it back at the same time is something that ought to appeal to all those who want to protect the taxpayer."...

Joseph Coyne, a spokesman for the Federal Reserve, said officials there had no immediate comment on the plan. However, a senior official, who spoke on the condition of anonymity, said the Fed board likely would reluctantly go along.

"Obviously we're not too pleased to be pulled into this," the official said. "And some people will raise questions about whether it's appropriate for us to be pulled into it. One question is: Why isn't Treasury financing it?"

(Dave Skidmore, AP)

**SULLIVAN'S SERMON: RESPONSIBILITY  
HHS Chief Stresses Individual Behavior  
In Countering Social Problems**

Secretary Sullivan disagrees with those who believe that the problems of the underclass can be alleviated only by greater investment in social programs.

Sullivan says social spending is but a part of the solution and in recent years has become the apostle of what he calls a "culture of character."...

"I couldn't be more supportive of the secretary" in emphasizing personal conduct and responsibility, said Eddie Williams, president of the Joint Center for Political and Economic Studies, a think tank on social issues affecting blacks. "I hope he keeps it up." Williams said Sullivan's message of responsibility "is consistent with the views of black leaders and black scholars."

"But in the same breath we also emphasize governmental responsibility. Government must play a role, and that role inevitably involves expenditure of dollars....

Douglas Besharov, resident scholar at the American Enterprise Institute and a specialist in children's problems and social indicators...said it is important for someone to [represent the viewpoint Sullivan has taken.]

"More people have to say what he's saying. We've had a discussion of only one side of the problem of the poor: 'social victimology.' The other side is some degree of personal responsibility. Both sides must be heard."

(Spencer Rich, Washington Post, A17)

**ALEXANDER TO DISCUSS WILLIAMS' CONGRESSIONAL APPEARANCE**

Barely in office, Secretary Alexander already is in a tug-of-war with a congressional committee.

The former Tennessee governor...is undecided about whether to allow Assistant Secretary Michael Williams to testify before a House Government Operations subcommittee on the Bush administration's policy on race-specific scholarships....

"He's been invited to testify. If he does not show up, we will subpoena him. We're hoping he'll show up voluntarily," said a congressional official, who asked for anonymity.

The official said the panel has information that the [ban on race-based scholarship] policy may have been developed by "an organization outside the government with influence inside the government." The source declined to name the organization, citing the sensitivity of the information....

"I'm not sure about whether he will appear before the committee," said Alexander. "There won't be much for him to say except that we're in the midst of developing the policy."

(Tamara Henry, AP)

**LOUISIANA GOVERNOR IS A NEW VIP IN THE GOP**

Republicans paraded their latest major convert, Gov Roemer of Louisiana, around the nation's capital Monday, touting him as a new standard-bearer in a politically realigning South.

Roemer was greeted with all the perquisites of a party in power: A meeting in the Oval Office with President Bush, a reception with top administration officials and a news conference in the shadow of the White House.

The governor, who announced last week that he was joining the Republican Party, said, "I do not come to trash" the Democrats. But he proceeded to describe the Republicans as the party "open to new ideas" and said he had tried for years to bring "economic sanity" to the Democrats.

Republicans tried to cast Roemer as the most visible of a wave of defections in recent years, saying that 237 Democratic officeholders have switched parties since President Bush took office. "I think it sends a message that's been sent for quite a while about which party better represents mainstream America, especially the mainstream in the South," said B. Jay Cooper, director of communications for the RNC....

But Ron Brown, chairman of the DNC, scoffed at the claims and professed to be unperturbed by a day that seemed choreographed to torment Democrats.

"The fact is there are more Democratic elected officials at every level now than there were in 1980 and 1988 -- more governors, more senators, more House members, and more mayors," said Brown. "So while they continue to talk about Republican realignment, there's just no evidence of that."

(Robin Toner, New York Times, A16)

**GROUPS CALL FOR SIX-YEAR CONGRESSIONAL TERM LIMITS**

Two citizens groups called for six-year term limits for members of Congress and 12-year limits for senators, and announced plans for ballot initiatives to accomplish that in at least nine states.

Group leaders said Monday momentum is gaining for the "citizen legislature" movement....

"We are well aware we're not going to get a lot of support from those in power," said Cleta Mitchell of Oklahoma, a director of Americans to Limit Congressional Terms. She said the activists focus on ballot initiatives rather than legislation.

"Congress has lost sight of its mission" by allowing large budget deficits, pork-barrel politics and hefty pay raises for members, said Paul Beckner, director of Citizens for Congressional Reform.

"Those who serve have turned (their offices) into a re-election machine," he said.

(Teresa Simons, UPI)

**DEMOCRATS PLAN DRIVE ON WASTE  
Government Evils Target Of Task Force**

Democrats have decided it is time to show the American public that they, too, care about the evils of waste, fraud and abuse in the federal government.

"Republicans have put us in a position that we appear as the party that only cares about spending. We need to change that perception. We have to show that we care about making programs work," said Rep. Dorgan, chairman of a new Democratic task force on government waste.

And, Dorgan added, "we have to be aggressive." With the exception of investigation of the Defense Department, "where we have been swaggering cowboys on waste," Dorgan said Democrats have been "wallflowers on everything else" when it comes to rooting out waste in government....

A Democratic House aide said he wondered how effective Democrats could be in taking up the waste issue. "The Democrats are up against a much bigger problem now: how to identify themselves with anything -- much less opposition to waste."

(Maralee Schwartz, Washington Post, A17)

**W. VA. PROJECT GROWS WITH BYRD'S PUSH  
Training Center Gets Big Tourist Facility**

Sen. Byrd, who had boasted that he would bring \$1 billion in federal projects to his state, has used his position to transform a modest proposal for a wildlife worker training center into what officials say will be a "world class, state-of-the-art" tourist attraction in West Virginia's eastern-most county.

Government officials say Byrd, chairman of the Senate Appropriations Committee, is the driving force behind the unannounced project that would have the federal government build a multimillion dollar tourist-oriented wildlife center near Harpers Ferry.

An official familiar with the project said it suddenly appeared in a mid-1989 Senate Appropriations report as a one-line, \$4.9 million appropriation for a "training center" for the Fish and Wildlife Service and since has grown to something that will cost more than \$60 million. (Bill McAllister, Washington Post, A1)

**GUESS WHO'S COMING TO LUNCH?  
It's Eazy-E Dinin' With The GOP to Hear  
the Rap of the Chief, Beyond Belief**

In an amazing twist of fate bordering on farce, a notoriously foul-mouthed rapper from Los Angeles named Eazy-E found himself in the huge and stuffy Omni Shoreham ballroom Monday afternoon, dining with 1,400 Republicans and the president of the United States.

Eazy-E was a perfect gentleman.

Attitude, it seems, is fickle. Comes and goes.

"I do support the President's policy in the Persian Gulf," Eazy said meekly after the fund-raising luncheon. "I'm not against anything, really, that he's doing."

As of last month, Eazy-E has been a member of the Republican Senatorial Inner Circle....

"Somebody from Texas invited me," he said politely. "A senator, I think."...

The National Republican Senatorial Committee had no immediate comment. But by late afternoon, an official statement was issued by Wendy Burnley, director of communications.

"This is clear and convincing evidence of the success of our new Rap-Outreach program. Democrats, eat your hearts out."

(Martha Sherrill, Washington Post, C1)

**EDITOR'S NOTES:** "New Education Chief Srtesses Commitment," by Karen De Witt, appears in the New York Times, A21.

**-End of A-Section-**

## NETWORK NEWS

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(Monday evening, March 18)

### SOVIET REFERENDUM

NBC's Katherine Couric: For the first time in its history, the Soviet Union has had a nationwide referendum, a vote on whether to keep that country together -- in essence, a vote on Mikhail Gorbachev's rule. Indications are that it will go Gorbachev's way. But what does that mean?

NBC's Bob Abernethy reports on the vote. The first partial returns showed a clear victory for Mikhail Gorbachev. The vote was non-binding, but a majority favored "preserving a renewed union of sovereign states." But six of the republics refused to participate in the vote. And in Moscow, the referendum carried by just barely 50 percent. Gorbachev called the referendum to get backing in his campaign to create a new union in which the republics would have more independence, but the central government would still be in control. Gorbachev and his supporters see a new union treaty as the first step to economic change.

Meanwhile, the big winner yesterday was Gorbachev's rival, Boris Yeltsin, whose fellow voters agreed that their republic, the Russian Federation, should have an elected president. Yeltsin would be the clear favorite in such an election.

Couric reports reaction to the vote in Washington was tempered, with the White House saying it wants to wait and see.

CBS's Ed Bradley: Mikhail Gorbachev and his chief rival Boris Yeltsin are both claiming victory as returns come in from the Soviet Union's first-ever national referendum.

CBS's Anthony Mason reports on the vote. Fifty-six percent of Kiev and 62% of Sverdlovsk, Yeltsin's home city, said no. The Central Asian republics were the most loyal to Gorbachev; he won nine out of ten votes in that area. In Moldavia, people gathered outside the government-set up polling stations, aggressively discouraging anyone who tried to vote. One man claimed Soviet officials invited him to stuff the ballot box. "They offered me as many ballots as I wanted," he said. (NBC-Lead, CBS-Lead, ABC-7)

### LITHUANIA

ABC's Ted Koppel reports Soviet troops detained the head of the Lithuanian Defense Ministry, reportedly for possessing a handgun. They released him 12 hours later on orders from Moscow. (ABC-8)

### E. GERMAN PROTESTS

Bradley reports East Germans are back in the streets, protesting the unemployment and poverty that have come with capitalism and Germany unity. Tens of thousands marched in several cities tonight, and vowed to be back every Monday until Chancellor Kohl brings them economic relief. (CBS-2)

-more-

**MIDDLE EAST PEACE**

**Bradley:** President Bush says he's determined to press for a breakthrough toward peace before the Middle East reverts to its status quo.

**CBS's Randall Pinkston:**

(TV Coverage: Secretary Baker outside White House.)

Fresh from an upbeat report from Secretary Baker on his talks with Mideast leaders, President Bush told a group of American Jewish leaders today that it's time to seize the moment in pursuit of a lasting peace between Israel and its Arab neighbors.

(**President Bush, with Jewish leaders:** "I think the climate for fulfilling some of these hopes is probably better than it's ever been, and I'm talking about on all sides out there.")

But in nearly the same breath, the President downplayed expectations for easy solutions to the Palestinian question, strife in Lebanon, and remaining problems in the Persian Gulf.

(**President Bush:** "I don't think the American people ought to think that you can wave a wand and solve all three of these very difficult problems at once.")

One reason for the President's caution: Israel's continued hardline stance on direct contact with Palestinians. Today, Prime Minister Shamir rejected talks with the same Palestinian leaders who last week met with Secretary Baker to discuss possible dialogue with Israel.

(**Rep. Hamilton:** "It gives you a sense of how intractable all these problems are. We have to be modest about all of this; we can't achieve miracles even though we've won the war.")

And that may explain why the President has not publicly floated any specific peace plan. Baker's trip may have demonstrated the Administration's new clout, but it showed just as clearly how far the Middle East is from real peace. (CBS-5)

**IRAQI UNREST**

**NBC's John Cochran:** The President said members of the U.N. Security Council are about to start work on a permanent cease-fire agreement -- and it won't be easy.

(TV Coverage: President Bush with Jewish leaders.)

The President admitted it will be hard to get coalition partners to agree on cease-fire details like reducing the flow of arms into the Gulf area.

(**President Bush:** "But there are a lot of other, there are a lot of other principle points. Iraq must pay reparations or pay damages. And the more one looks at the environmental terrorism that they embraced, that they brought about, the more the world understands that they have got to do something about that.")

The President said Iraq still has plenty of money, both to pay reparations and to help itself.

(**President Bush:** "And now we've got to see that they use their resources for helping their own people, and that's a little complicated, given the three areas of contest right now. Almost combat right now -- south up to the north, and then some in Baghdad itself.")

Saddam Hussein is taking his worst losses in the north, where Kurdish dissidents claim big gains. And today, the U.S. State Department confirmed Kurds apparently control large areas.

Cochran's report continues:

(TV Coverage: Secretary Baker outside White House.)

Secretary Baker left the White House after briefing the President. Bush then met with Holocaust survivor Elie Wiesel, who presented him with an award as a humanitarian.

(TV Coverage: Wiesel presenting award to Bush.)

Bush promised to press harder for peace throughout the Mideast.

(President Bush: "I think the United States is in a stronger position, a more credible position, to be the most important catalyst for peace. And that has been reinforced by what Secretary Baker has told me.")

The U.S. has also privately warned Kuwait to stop abuse of Palestinians accused of collaborating with Iraqi forces. Kuwaiti officials promised more protection. The U.S. says it wants to help the Palestinians in Iraq primarily for humanitarian reasons. But there's also a hope here -- a very faint hope -- that the Palestinians will show their appreciation by seriously working for peace with Israel. (NBC-2)

CBS's Jim Stewart reports from the Pentagon on the Iraqi unrest. The Kurds appear to be making some major gains in northern Iraq, and for the first time some of Saddam's best troops appear to be heading for that fight. Kurdish opposition leaders are also claiming that Saddam's forces have used tactical surface-to-surface missiles against five Kurdish towns in the region, but there has been no verification of the claim.

(State Department spokesman Boucher: "Heavy fighting between government forces and Kurdish dissidents, which continues in northern Iraq. Kurdish dissidents now appear to control large portions of predominantly Kurdish areas of northern and northeastern Iraq.")

And just two days after Saddam claimed his forces had smashed opposition in the southern portion of the country, more fighting was reported there as well, with particularly heavy damage in Karbala, home to Shi'ite holy sites.

(Boucher: "We can't confirm that. Unfortunately, both holy shrines in Karbala have been damaged in the recent fighting there.")

Saddam is getting no relief either on the diplomatic front, as President Bush pointed to continuing oil fires in Kuwait as more evidence of why Iraq must pay war damages.

(President Bush: "Iraq must pay reparations or pay damages. And the more one looks at the environmental terrorism that they embraced, that they brought about, the more the world understands that they have got to do something about that.")

Officials at the Pentagon have been saying for weeks that they believe Saddam has the military muscle to survive this, but the rebels show no sign of giving up. (CBS-3)

Koppel: As usual, there are conflicting reports tonight about the fighting by insurgent forces inside Iraq. Iraq today said it had crushed the revolt in the southern part of the country. Iraqi television showed pictures which it said were from the holy city of Karbala, showing a damaged hospital and people killed by what it called saboteurs.

(TV Coverage: Footage of damage.)

None of this can be confirmed independently.

ABC's Brian Rooney reports on accounts of the unrest by refugees' at the border with Kuwait. Two men said today that the Iraqi army used mustard gas against the rebels. They say they saw the bodies, which looked like they died from the gas because they'd been suffocated. Two other men say thousands have died in the southern cities. Refugees have little food or water and are suffering. They are getting little or no help -- not from the Iraqi government, nor from the occupying Americans. (ABC-3)

#### WEAPONS SALES

Koppel: The Bush Administration announced new plans today for helping sell American weapons overseas. It is something the U.S. did until the late 1970s, using government money to underwrite arms sales. That policy ended because too many customers didn't pay back their loans. Now, the Administration is trying to revive the system, to help revive the defense industry.

ABC's Bob Zelnick reports on the plan. With its budget shrinking, the Pentagon will stop buying a number of weapons systems, including M1 tanks and F-15 fighter planes. The companies that make them must then find customers overseas. To help them, the Administration has asked Congress to guarantee up to a billion dollars in loans from the Export-Import Bank to foreign governments so they can buy the weapons.

(State Dept. spokesman Boucher: "The program is designed to give U.S. defense exporters the same kind of opportunity that's given to other exporters -- in a sense, to level the playing field, vis-a-vis their foreign competitors.")

Most of the weapons the U.S. exports now go to NATO countries or special friends like Israel and Egypt. And President Bush has said he doesn't want another arms race in the Middle East. But many who oppose the Administration's proposal say it could do just that.

(Rep. Moody: "It can help fuel the arms race in the Third World, and the President would like to be able to sell, to subsidize with Ex-Im money arms sales to any country that he deems necessary in the national interest. Well, who's gonna be next year's Iraq?") Opponents also fear that channeling loan guarantees into military sales could create hardships for American companies trying to sell commercial jets, computers and other civilian products. (ABC-6)

#### KUWAIT/POLLUTION, REBUILDING

Koppel reports the pollution in Kuwait from the burning oil fields has reached its worst level ever. Visibility at high noon was limited to less than 500 yards, and the temperature was an unseasonably cool 60 degrees. (ABC-4)

Bradley reports that among those breathing the pollution were several U.S. congressmen checking on the prospects for economic recovery and democratic reform in Kuwait. Economic damage is now put at \$20 to \$30 billion, somewhat less than earlier estimates.

ABC's Jim Bitterman reports on the disparities in Kuwait City. In a city where running water is almost non-existent, there is one place it flows from golden faucets. In a country where the electric system is in shambles, there is one place where the lights burn all day long. That place is the soon-to-be home palace of the emir and his government. -more-

Bitterman continues: While the cleanup elsewhere is only inching forward, at the palace 4000 workers, some under the supervision of the U.S. Army Corps of Engineers, are working day and night to repair the damage and replace the stolen fixtures, right down to the last toilet-paper holder. The head of Kuwait's emergency recovery planning says everybody has a duty to do. But opposition leaders say privately that far more attention and money has been lavished on the comforts of the country's rulers than on the basic needs of the people who live here. (ABC-5, CBS-4)

#### NORFOLK/TROOP RETURN

Bradley reports Norfolk's Navy Base turned out today to welcome the first ship home from the Persian Gulf, the USS Sylvania with 430 sailors aboard.

(TV Coverage: Troops greeted by cheering crowds.)

The battleship Wisconsin and the carrier John F. Kennedy are expected to return to Norfolk next week. (CBS-6)

#### GULF SOLDIER/SHOOTING

Couric: Two weeks ago, President Bush said a U.S. soldier actually may have been safer in Operation Desert Storm than on the streets of his hometown. For one GI, just back from the Gulf War, the President, unfortunately, was right. Army specialist Anthony Riggs was helping his wife move to their new apartment in Detroit early today when someone approached him, shot him and killed him. He was 22 years old. (NBC-3)

ABC's Chris Bury reports on the shooting. Riggs was with the Army's Delta 343rd Patriot missile group, helping to man the Patriot system which protected Riyadh. He had just received two weeks' leave to visit his wife in Detroit. Just last night Riggs had joked with relatives about the danger of gunfire in Detroit, saying, "I just came back from where they were shooting missiles over my head. Those bullets ain't gonna scare me, not right now." So far this year, 128 people have been murdered in Detroit; 125 were killed in action during Desert Storm. (ABC-2)

CBS's Jacqueline Adams reports on the shooting. Welcome home. A new federal study confirms that young black men were safer in the sands of Iraq and Kuwait than they are on the streets of America's cities. This weekend, the number of homicides in Washington, D.C. topped 100. Most of the victims were black, most of them male. (Rev. Calvin Butts: "Discrimination still lives. Crime still lives. Homelessness still lives. Drugs still live. In America. And no matter what we did to Saddam Hussein, we have not won the victory at home.") (CBS-7)

#### L.A. POLICE BEATING

Koppel: The evidence is new, dramatic and devastating to those Los Angeles police officers involved in the March 3rd beating of that black motorist. The incident, as you no doubt have seen, was videotaped by a private citizen. The new evidence, released today by the L.A. Police Department, reveals graphically how the police officers involved told some of their fellow officers what happened.

ABC's Judy Muller reports on the evidence. On of the two officers who wielded the batons that evening relayed a message after the arrest to another car, saying, "Sounds almost as exciting as our last call. It was right out of 'Gorillas in the Mist.'" Response: "Ha ha. Let me guess. Who be the parties?" Car 1 again: "Oops. I haven't beaten anyone this bad in a long time." Car 2: "Oh, no. Not again. I thought you agreed to chill out for while." That transmission suggests the beating was not an isolated incident. On another transmission, the supervising sergeant said, "You just had a big time use of force. Big time."

Meanwhile, Police Chief Daryl Gates arrived at work to a rousing reception: hundreds of police department employees lined the route to Gates' office in support. The news media had been alerted at least a day in advance.

(TV Coverage: Pro-Gates demonstration.)

Gates said the demonstration reaffirmed his decision to stay on the job. Gates said he wishes Rodney King, the victim of the beating, the very best, adding:

(Gates: "I hope perhaps this will be the vehicle for really moving down the road to a good life instead of the life that he's been involved in for such a long time.")

King was on parole for a 1989 robbery conviction when he was beaten by the officers, who had no knowledge of that record.

Koppel: Late this afternoon, Chief Gates expressed concern that the remark about "Gorillas in the Mist" could be interpreted as a racial slur. (ABC-Lead)

CBS's Jerry Bowen reports the union that represents all Los Angeles policemen defended the other 11 officers at the scene of the beating, saying that by doing nothing, they did exactly as they were trained to do.

(Det. Cliff Ruff, L.A. Police Detective League: "Anybody who challenges the authority of superior officers is severely dealt with in a disciplinary system. We're a paramilitary organization, and we're taught to follow orders.")

But an expert on police behavior says the fact that the officers simply stood by suggests something more ominous.

(Jerome Stolnick, U. of Calif. at Berkeley: "It suggests that the police officers who are around watching this were expecting this kind of thing to happen, did not find it utterly offensive, and were prepared to lie about it.")

Transcripts of radio police traffic after the beating indicate officers were aware the altercation was not routine. "You just had a big-time use of force -- tased and beat the suspect of CHP pursuit big-time," said one unit. "Oh, well. I'm sure the lizard didn't deserve it -- ha ha," said the second unit. In another conversation, one of the officers who beat the man said, "I think he was dusted," an apparent reference to the suspect being under the influence of drugs, though there's no evidence to support that allegation. (CBS-9, NBC-5)

#### KHALED CAPTURE

Couric reports that terrorist Abu Khaled, wanted for the 1985 Achille Lauro hijacking, has been captured. Greek police said they have arrested him, and he may be extradited to Italy, where a court convicted him in absentia. (NBC-8)

**SCHOOL PRAYER**

Koppel reports the Supreme Court has decided to tackle the question: Is using the word God in an invocation at a public school graduation a violation of the Constitutional requirement of separation of church and state? One federal appeals court ruled it illegal, and another federal court ruled it legal. (ABC-9)

NBC's Carl Stern reports on the debate. The lower courts ruled that prayer to God during commencement ceremonies violated the separation of church and state, and the matter might have ended there. But five states and the Bush Administration urged the board of the school in question to appeal to the Supreme Court. Utah supplied \$10,000; the Bush Administration helped the school board find a big-name lawyer. That lawyer, Charles Cooper, says school boards have made prayers at graduation an American tradition.

(Charles Cooper: "Actually, I think this is a decision for the local school officials, the local representatives of the people to make; not the Constitution, and not the federal courts.")

But now, the highest federal judges will hear the case next fall, with a decision in time for the graduating class of '92. (NBC-11)

**UNEMPLOYMENT COMPENSATION**

Koppel reports the system which is supposed to protect the rising number of unemployed Americans is falling short: only 37% of America's jobless are receiving unemployment benefits, the lowest ever during a recession. Even those who are eligible are having trouble getting it.

ABC's Sheila Kast reports on the problem. In Indiana, claims are soaring, but the state has the same unemployment offices and staff it did during the 1982 recession. That's because the federal government cut back the money it sends states to run the offices, even though more than a billion dollars sits in a federal trust fund for just that purpose. Critics charge the government is not spending it in order to make the budget deficit look smaller. Congress is about to send the states a small part of the fund -- less than \$200 million. State officials see that as only a stopgap solution. And benefits for jobless workers often run out before they can find new jobs. In previous recessions, jobless workers could have been eligible for more benefits, sometimes a year's worth or more. But the rules were tightened during the 1980s, and unemployment in a given state must reach a much higher level before the state can qualify for the federal money which pays extended benefits. So far, only four states have.

(Rep. Downey: "It's a little hard to say to somebody who's exhausted their 26 weeks of benefits, 'Well, we're sorry, we're not gonna pay any benefits; there's only eight billion dollars in the account.'")

Strict new budget rules say the trust fund cannot be spent unless some other program is cut or the unemployment tax paid by employers is raised.

(D.J. Fribbon, National Association of Independent Businesses: "One of the last things you want to do in a recession is make hiring people more expensive.")

And many Republicans argue that this recession is not deep enough to justify a change.

**Kast's report continues:**

(Rep. Shaw: "This, I believe, the money that we have got to protect, so it will be there if we do get into a much deeper recession. With unemployment figures well up above six percent, that's a reason for concern, but it's not a reason for panic as yet.")

But workers running out of benefits are starting to panic.

(ABC-10)

**POLLUTION/GRAND CANYON**

NBC's Roger O'Neill reports on increasing pollution at the Grand Canyon. During winter, the canyon cannot be seen clearly through the haze 80 percent of the time. The EPA, after years of ignoring a never-used provision of the Clean Air Act, is now ready to enforce the law at Grand Canyon, and will force a nearby power plant, the biggest polluter, to clean up.

(Bill Rosenberg, EPA: "There is no question that the American public wants action, and we intend to provide that action.")

The EPA wants the plant to reduce its sulfur dioxide emissions by 70 percent by 1995. But at a public hearing in Phoenix today, the public said it wants a 95 percent cleanup. Visibility at the national parks is a national problem; more than 70 parks have views obscured by haze.

(NBC-6)

**CALIF. OIL SPILL**

Couric reports that off the California coast, a ship's anchor ruptured an underwater pipeline, fouling the exclusive beaches around Malibu and Santa Monica.

(NBC-10, CBS-11)

**MARIJUANA/PAIN**

CBS's Frank Courier reports on the issue of legalized marijuana to ease the pain of health problems. Mae Nutt, who some call the "Marijuana Grandma," is a volunteer at a Michigan hospital cancer ward. She provides marijuana to patients torn by nausea and weight loss from chemotherapy and wracked by pain from glaucoma. For 12 years she has been fighting to legalize it for the seriously ill. She lost two sons to cancer. One of them smoked away his pain with pot and convinced Nutt that the government's marijuana policy is wrong. Today, the government's war on drugs ignores the benefits of pot and classifies marijuana in the same league with heroin and LSD.

(Dr. Herbert Keber, National Drug Control Policy Office: "Marijuana does have many dangers. And there's no compelling need for it as a medicinal agent.")

The only exception is marijuana grown on one government-owned pot farm in Mississippi, available legally to fewer than 25 patients nationwide whose doctors petitioned the FDA. Thirty-four state legislatures have approved marijuana for greatly ill patients. But the laws are meaningless without federal legislation. Still, Mae is determined as she awaits a decision which will be made in the coming months by judges and politicians in Washington.

(Nutt: "I will never give up. I think the government's waiting for me to die so that they've got one less person to be bothered with. I'm not going to do it. I'm gonna stick around forever.")

(CBS-12)

## Eazy-E AND THE GOP

CBS's Bob Schieffer: If you're cool, you know the center of attention at Washington's National Airport last night was that hot new rapper, Eazy-E, whose rap is a little, well --

(Teenage girl: "It's a little on the dirty, 2 Live Crew side, but not quite to that extent. Not like abusing women. It has a couple swear words in it.")

(TV Coverage: Video of N.W.A. rap song.)

More than a couple, it turns out. And his biggest hit is so controversial the FBI protested. We couldn't broadcast it on a dare.

(Eazy-E: "The name of that record? '[Bleep] tha Police.'")

Which is why you might not have guessed that Eazy-E -- Eric Wright is his real name -- would be among this group of well-off Republicans who paid \$1,250 to become members of something called the Republican Inner Circle, who were waiting in line today to hear law-and-order man George Bush at a private, members-only reception.

(TV Coverage: President Bush in limousine.)

You would have been surprised because Eazy-E's group is not exactly the Voice of the Establishment.

(Schieffer: "What is your group now?" Eazy-E: "'N.W.A.'")

Schieffer: "And what does that stand for?" Eazy-E: "'Niggas With Attitudes.'")

So why was Eazy-E there? Mainly because he was invited. Like many Americans, he received a fund-raising letter from Sen. Gramm inviting him to join the elite Inner Circle -- for a thousand bucks, of course. In a follow-up note, Sen. Dole pointed out his fellow members would include Arnold Schwarzenegger and George Shultz. Before the Republicans realized it was a computer foul-up, Eazy-E just sent in the money, and was made an official member.

(Schieffer: "Do you think that Sen. Phil Gramm and the other members of the Republican Inner Circle know who Eric is and what he does?" Jerry Heller, Eazy-E's agent: "No, no, I don't think so. I think that probably they would be shocked to find out who he really is. But as for us, we're happy to be here.")

Whatever else all this means, Eazy-E says he thinks it's cool, and it does seem to underline one truth that applies to politicians of both parties these days: If you've got the money, they've got the time. Bob Schieffer, CBS News, just outside the Inner Circle.

(CBS-13)

## FOREIGN MEDIA REACTION

### MIDDLE EAST TRIP

#### "Baker Fails To Consign Arafat To The Dustbin"

"The Americans billed it 'new thinking,' but James Baker's trip to the Middle East turned out to be mostly the same old faces playing the same old game. Once again, a U.S. Secretary of State toured the region with an initiative to resolve the intractable Palestinian-Israeli conflict. Once again he asked the Palestinians who spoke for them. They said the PLO. He said come up with somebody else. It was back to square one, or nearly."

(Sunday Times, Britain)

#### "New Realities After The War"

"Baker...made a useful start last week by talking to Palestinians and not alarming Israel." (Financial Times, Britain)

#### "Millimeter By Millimeter Toward Peace"

"The different positions excluding each other did not change much. The 'window for peace' which James Baker claimed to have seen is still being kept shut by Premier Shamir, and President Assad does not even consider scrapping his weapons. If President Bush really wants peace, he must make himself the spokesman of the Palestinians, because only he has the power to push through a territorial compromise."

(Die Tageszeitung, Germany)

#### "No Breakthrough"

"...Although he did not achieve a direct breakthrough..., James Baker managed to bring about the acceptance of political priorities which could make a regional peace conference more realistic. However, in view of the Israelis' strict refusal to exchange land for peace and hold a dialogue with the Palestinians under PLO participation, much to Washington's dismay..., the window of opportunity was not opened far."

(Handelsblatt, Germany)

#### "Baker, A Disappointing Trip"

"...Secretary Baker gave the impression to his interlocutors that little has changed in the U.S. position on the Middle East. Baker discovered in Moscow that U.S.-USSR differences...may emerge on Mideast problems.... Previous line-ups may be resumed: Soviets on one side and Western nations on the other." (La Stampa, Italy)

#### "Baker's Successful Tightrope Act"

"After his meetings..., Baker now seems quite content, and even optimistic.... It is nice that Baker had such an impression from his difficult contacts. This means that the parties have given a 'chance,' if not to peace, to U.S. diplomacy through the person of the Secretary. Indeed, Baker's diplomatic ability and capability played a big role in this.... He succeeded in holding contacts masterfully, like a tightrope acrobat, even pleasing everybody and offending nobody."

(Milliyet, Turkey)

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**"Peace Is Not At Hand"**

"After a week of the usual intensive talks, (Secretary Baker) called on Arabs to end the boycott of Israel 'to pave the way for peace talks' rather than peace itself. But this call includes 'reciprocal' Israeli moves like halting deportations.... It seems a deal is possible if Israel agrees to reciprocate. That is where the buck stops."  
(Saudi Gazette, Saudi Arabia)

**"Bush's Two Scales"**

"President Bush, unlike his Secretary of State Baker, is weighing the Middle East crisis with two different scales.... He is putting the Israeli and Zionist interests above Arab interests and above concern for justice, respect and legitimate rights.... More surprising than Bush's position is the silence of all Arab governments, Egypt's. We heard no objection on Bush's statement denying a Palestinian state.... The stability sought by the U.S. in the Middle East will not be achieved until the Palestinian problem is settled. And a settlement is possible only through an independent Palestine state."  
(al-Wafd, Egypt)

**"No Change In U.S. Policy"**

"The French position on the Mideast, as expressed by President Mitterrand during his summit with Bush, was exemplary. Too bad it is not shared by the U.S. side, which tried to remind everyone that the U.S. resolution...did not indicate acceptance of a 'Palestinian state.'... There has been no real change in U.S. policy.... We had hoped for more from the U.S. President."  
(Le Temps, Tunisia)

**"Self-Determination And Chaos"**

"Palestinian Arabs in Judea, Samaria and Gaza have a right to have their political status clarified after having been held in limbo for so many years. But the world has to examine very carefully whether self-determination applied in this case might become the sort of tinderbox it now fears may emerge in Eastern Europe and the collapsing Soviet empire."  
(Jerusalem Post, Israel)

**"Arabs Are Prepared To Make Peace, Not Territorial Concessions"**

"...At best, the Arabs may have undergone a sobering-up process concerning the need to put up with Israel's existence.... If Shamir realized this, there are grounds for optimism. But if he thinks that the 'encouraging signs' discerned by Baker indicate that the Arabs are prepared to give up some or all of the occupied territories..., there is no point in going to the negotiating table. It would be better to start getting ready for the next war."  
(Davar, Israel)

**"Time For The U.S. To Heed The Arabs"**

"...Many have said the influence of the PLO is on the decline. But what organization other than that can represent Palestinians? The U.S. forced Iraq out of Kuwait. Now it should heed the Arabs, who have been asking for justice for the people deprived of their land for more than 40 years."  
(Asahi, Japan)

-End of News Summary-

## EDITORIALS/COLUMNISTS

### **OPERATION DESERT STORM**

The Civilized World Unites Against Hussein -- "Time ran out for Saddam Hussein Wednesday night.... Was the attack truly a last resort? Yes. Fully five months elapsed after President Hussein brazenly seized neighboring Kuwait in what President Bush termed an act of 'naked aggression.'... Rarely has a despot been given so many opportunities to change his mind.... The world could wait no longer.... A brave precedent has been set for cooperative enforcement of international law. No renegade nation can stand against a world united."  
(Dallas Morning News, 1/17)

What The Bombs Said -- "...Saddam Hussein could not have missed, or misunderstood, the messages that the rest of the world has sent him repeatedly since his troops devoured Kuwait last August. He surely cannot have missed the message delivered Wednesday night by the waves of bombers and missiles. It is a just message on behalf of honorable goals. They are not to destroy Iraq or to kill thousands of civilians.... They are to free Kuwait, as President Bush said gravely Wednesday night; to insure stability in the region; to avert Saddam's chokehold on the world's energy supply, and to manage the crisis in a way that establishes a resolute, decent precedent for maintaining collective security in the post-Cold War world."  
(New York Times, 1/17)

War -- "...The American people should unite not only in support of our fighting forces but in pursuit of the higher principles motivating our intervention.... This is not just a conflict over oil.... It is not just a struggle to restore a feudal emirate to power in Kuwait.... Rather, it is a fight for the rule of law in a world all too vulnerable to lawlessness.... It is a struggle for peace, stability and order.... This is a moment for prayer, for steadfastness, for belief in the rightness of our nation's cause. We go to war reluctantly but resolutely."  
(Baltimore Sun, 1/17)

Saddam Bears Blame For War In The Gulf -- "Today...the nation should have no doubt where the blame belongs. The villain is not a U.S. President thirsty for blood. Nor an oil industry hungry for profits. Nor a military eager to flex its muscles. The one to blame is a tyrant named Saddam Hussein who thumbed his nose at the world, daring its forces to attack.... The nation and its allies are fighting for a principle: that no nation has the right to erase another from the map. If the world failed to uphold that ideal, it would invite aggression."  
(USA Today, 1/17)

The Battle Begins -- "...The start of war does not...extinguish our conviction that President Bush switched too soon from embargo to war.... But Bush chose otherwise, concluding, as he told the nation, that 'only force will make him leave.' And he did so after Congress had passionately debated all the options and given him the clear authority to do so. Not even his critics will be able to say that he exceeded his constitutional authority.... This is a time to pray that nations will build a just and lasting peace on the ashes of this war."  
(Philadelphia Inquirer, 1/17)

The Bush Coalition -- "...Saddam Hussein's armor crushed Kuwait on August 2.... But something else happened on Aug. 2: President Bush ordered an economic embargo against Iraq. And he stated a clear goal: 'This will not stand.' George Bush hasn't stopped to look back since.... The effort alone has to stand as a remarkable exercise in political leadership. One might indeed differ with or oppose Bush's strategy in the Gulf, but we think he deserves admiration for his success in unifying the nation and world behind his policy.... All of this does not ensure success in the days ahead. But to the many people in the world who still look to the U.S. for leadership, it is reassuring to have been witness these past months to a President who has the political skills to achieve serious goals."  
(Wall Street Journal, 1/17)

The War Begins -- "...President Bush, to us, made a compelling case.... Questions about the U.S. share of the burden and the timing of the military action now begun will probably outlive the beginning of hostilities. But politically, these questions have been addressed in the best way...: over a period of months, Bush submitted his choices to two separate but worthy partners in policy, the U.N. and Congress.... The studied and common judgment was that Saddam had left no feasible and acceptable alternative to the fateful war now underway."  
(Washington Post, 1/17)

War -- "...As President Bush said Wednesday night, 'This conflict started on Aug. 2'.... Desert Storm is a counteroffensive, and Saddam Hussein bears full responsibility for its consequences. He left the world with no choice but to respond with massive force. Bush put it well in what was perhaps the best-crafted, most eloquent speech of his Presidency...: 'While the world talked peace and withdrawal, Saddam dug in.... Saddam met every overture for peace with open contempt.'... Given more time, Saddam only becomes more dangerous."  
(Richmond Times-Dispatch, 1/17)

War In The Cradle Of Civilization -- "...Saddam Hussein last August ordered his armies to invade and occupy Kuwait. They did so -- ruthlessly, committing horrifying atrocities in the process. Then Saddam annexed it to Iraq. Kuwait had been, as they say in police states, 'disappeared.' And the war began. All the diplomacy since then has been an act of forbearance on the part of the U.S. and other members of the U.N. who responded to the appeal for help put out by Kuwait's unlovely, but legitimate, government.... Saddam spurned every attempt. The allied attack was not really the start of the war. It was a counterattack."  
(Chicago Tribune, 1/17)

Waqing War With The End In Mind -- "...Let us be clear where responsibility for the collision with Iraq lies, first and foremost. It is Saddam Hussein who put himself and his people in their current precarious position, and it is he who rejected every single opportunity for extrication.... It is no wartime bluster to say that we fight for a just cause against evil personified.... Still, we must not allow ourselves to be swept up in a fury over punishing blows from Iraq, if any come, to expand our mission -- say, to destroy Iraq as a capable participant in the region's postwar affairs.... America has entered this war without anger but with purpose. We must fight it that way, too."  
(Atlanta Constitution, 1/17)

**Time To Close Ranks** -- "And so once again the dogs of war have been unleashed.... It is a sad, heartrending day for mothers, fathers, brothers and sisters.... Sometimes there is no other way, however.... Now is the time to put rancor behind and to close ranks behind the troops.... Saddam Hussein will be watching carefully for signs of American division, because it is his only hope.... President Bush did not start this war. Saddam started it.... This newspaper does not think American soldiers, sailors and airmen go forth in vain. We also don't think that those who pay the last full measure of devotion should die wondering whether their own people supported them. Our cause is just, our resolve fierce."  
(Detroit News, 1/17)

**A Fateful Decision** -- "There was a choice that had to be made between the patient pursuit of tough diplomacy and an early rush to arms. President Bush has made his choice.... Through the modern miracles of communication, we will now see the horror of modern war and sense its ancient cost in human lives.... At this moment we stand stunned, grief-stricken and dismayed.... The world will hold the U.S. accountable.... Many...will question Bush's assertion that there was 'no choice,' that 'the world could wait no longer.' That said, all Americans pray for our men and women in the field."  
(Boston Globe, 1/17)

**Now That War Has Begun** -- "...Now that the war has begun, the goal should be to end it within weeks and bring our soldiers back home by summer. That outcome is possible only if Saddam Hussein is forced out of Kuwait.... Toward that end, President Bush deserves the full support of the American people.... [However], this conflict is particularly tragic because the shooting may have been avoided and because U.S. survival was not at stake. America's military engagement in the Gulf became inevitable when Hussein and Bush over-personalized the conflict by trading insults, by demonizing each other.... Let's hope...Bush's objective is not to annihilate Iraq, but to persuade it to mend its ways."  
(Hartford Courant, 1/17)

**Don't Count On Quick Victory** -- "...We urge Americans to be prepared for the possibility -- even the likelihood -- that victory over Saddam Hussein will not be quickly or easily achieved.... We warn, too, against its corollary -- that if Saddam hasn't surrendered in a few weeks, we have made a woeful miscalculation and face an endless bloody quagmire. There is a large space between a lightning victory and a lengthy stalemate. Americans should know at the outset that the absence of the first doesn't mean the second."  
(New York Post, 1/17)

**The War Nobody Wanted** -- "...The time for debating the wisdom of war against Iraq is over.... Now there must be only one immediate concern: Driving Saddam Hussein out of Kuwait, God willing quickly and at minimal loss of life among the allied forces and the noncombatants.... There will be time later to examine this war's causes and its consequences.... For now, let all Americans resolve to agree on this: We're in it. Let's win it."  
(Miami Herald, 1/17)

**NEW ARMY REPORT WARNS OF HIGH U.S. CASUALTIES  
IN WAR WITH IRAQ**

A war to drive Saddam Hussein's army from Kuwait will probably be "hideously expensive" in terms of American lives, an ominous new assessment by the U.S. Army has concluded.

If, as Army experts predict, Iraqi forces don't buckle under a massive aerial bombardment, a protracted ground war will "exact a high price on the winners as well as the defeated," said a final draft of the report released Tuesday by the U.S. Army War College's Strategic Studies Institute.

U.S. ground forces "will be required to confront the Iraqi army and either dig or drive it out of Kuwait," concluded the 120-page report, written by Stephen Pelletiere and Lt. Col. Douglas Johnson, Middle East experts assigned to the war college.

The Iraqi military will fight for Saddam so long as he "respects their dignity," the report said.

"If they perceive that a military challenge from the U.S. threatens Iraq's vital interests, they will not hesitate to fight with great tenacity," it said. "They will wrap themselves around Kuwait and force us to pry them loose -- a hideously expensive prospect, in lives as well as in resources.

(Mark Thompson, Knight-Ridder)

**MIDDLE EAST EXPERTS PUZZLE OVER U.S. LONG-TERM GOALS**

The Bush administration, preoccupied with planning for a military showdown with Iraq, appears to have given insufficient thought to what would happen after a war, some Middle East experts warn.

"The question of long-term implications should be as important as how we are going to handle the immediate conflict," said Herman Eilts, director of international studies at Boston University and former ambassador to Saudi Arabia and Egypt.

"At the same time," he said, "I get the very distinct feeling that the people who are making the decisions...have not really had a chance to think very much in longer-range terms."...

James Akins, a former ambassador to Saudi Arabia, quoted a high government official in an Arab nation that is part of the anti-Iraq coalition as telling him that the upshot of any U.S. military strike against Iraq would be that the U.S. will be "cursed for the next 800 years" throughout the Arab and Muslim world....

"While Iraq will be defeated and suffer vast damage, it is important that Iraq be preserved and eventually rebuilt because to cut Iraq to pieces would create another power vacuum," said Robert Neumann, a Middle East expert at the Center for Strategic and International Studies and a former ambassador to Saudi Arabia. "That would give the upper hand to both Syria and Iran."...

I. William Zartman, a Middle East expert at the Johns Hopkins School of Advanced International Studies, said complete destruction of Iraq's military capability would create "a gaping hole" in the Gulf area and "we'll have Syria and Iran vying for leadership of the region, neither of whom has lasting interests that are coincident with ours."...

Eliminating Saddam may appear enticing, but would risk tremendous long-lasting enmity against the U.S. among Arabs, Zartman said.

(Marcus Stern, Copley)

**STAKE FOR BUSH: PRESIDENCY AND POLITICS**

President Bush Tuesday night confronted a decision that could change the face of domestic politics, the map of the Middle East, the realities of bigger-power relationships and the world economy for years or decades to come....

Nothing a President does so affects his reputation as his conduct of war....

The decision made by Bush...is likely to make or break his presidency as well....

"If the war is over in two or three weeks, he will be made, his re-election insured," said Arthur Schlesinger, historian and biographer of Franklin D. Roosevelt. "If the fighting lasts five or six months, casualties are high, terrorists roam the world, he's finished, in my view."...

"He thought he could overpower Saddam psychologically, but it hasn't worked," said James MacGregor Burns, a leading historian of the presidency. "Now he may have misgivings, like many presidents on the eve of war, but he's left himself no exit."

(R.W. Apple, New York Times, A1)

**PRESIDENT SEEN AS RESOLUTE SINCE AUGUST**

**'There Was Always An Inevitability  
About This,' Close Aides Say**

As the nation braced Tuesday for possible war, President Bush was described by friends and aides as unwavering in his resolve to implement a decision that he really made more than five months ago -- that the U.S. would take the lead in driving Iraqi forces out of Kuwait, if not by the threat of war, then by war itself.

"Given who George Bush is," said a close aide, "he made the intellectual decision quite easily that this was something worth going to war over. This week the abstract of August turned into the reality of January, but there always was an inevitability about this."

In recent days Bush has looked tired and preoccupied in his public appearances after having long seemed unaffected -- publicly at least -- by the Gulf crisis.

But a senior official and longtime Bush aide noted, "I think he has been prepared since he sent the first huge contingent there in August...for war.... The tension is actually a little less now than it was in the first few days" after that initial decision because "we were all petrified, the President included, that Saddam would attack before we were ready." The official added, "we're ready now, so that worry is off the list."

The image of Bush compiling a mental list of diplomatic and political moves and then crossing them off one by one is offered by several aides in describing the President's approach to the crisis over the past five months.

(Ann Devroy & Dab Balz, Washington Post, A1)

Engberg continues:

Justice Department officials say indicting the foreigners is more than grandstanding.

(Robert Mueller, Justice Department: "We have had problems in extraditing an individual from Colombia itself. If that person travels, we could very well obtain extradition from another country.")

The government revealed that BCCI's top brass worked to help Noriega hide \$23 million in payoffs from U.S. officials. While Justice Department officials say today's charges are another step in a well-run investigation, a congressional report chides all of federal law enforcement for not pushing harder.

(Rep. Schumer: "An undercover operation plan targeted at BCCI was recommended to top management officials at IRS in 1986. It was rejected.")

The congressional report finds no evidence that anyone in government was trying to protect BCCI. Rather, the critics say, many different agencies had a piece of the BCCI puzzle, but no one in Washington thought to put the pieces together.

(NBC-8, ABC-5, CBS-Lead)

**DRUG WAR**

Jennings: We return to the drug epidemic -- the difference between what they're saying about it in Washington and what is happening out in the country. It was two years ago today that President Bush called the problem America's gravest domestic threat, and he asked Congress for \$8 billion to deal with it. Today, the man who was supposed to carry out the Administration's campaign against illegal drugs said that there had been great progress. In fact, he actually said: The fog is lifting. But the weather report on the streets is not quite so encouraging.

ABC's Beth Nissen reports on the drug war.

(Gov. Martinez: "The point is, we've made tremendous progress, and it's no time to quit when we have those culprits on the run that sell drugs to American youth and American citizens.")

But in poor urban areas, the drug trade is becoming more entrenched. Washington admits a nation full of neighborhoods and 6 million hard-core users still need help. There is some sharper focus on treatment. The federal government is funding some promising programs, but such programs are rare and small. And despite calls for more treatment, there are few programs available to addicts who have no insurance. The Administration is not calling for treatment on demand, only blaming Congress for not approving the President's drug-control budget.

(TV coverage: President Bush in Oval Office.)

In turn, leaders of Congress blame the President. They say Bush has simply not made the drug crisis a priority.

(Sen. Biden: "The President has to say, looking into the camera, talking to the Congress: This is what I need and this is what we dare try. He has to do that in the same way he did in the Persian Gulf.")

And, critics say, the so-called war on drugs lacks a commander of Schwarzkopf proportions. They say Martinez has developed few new ideas.

(TV coverage: President Bush with Martinez.)

Nissen continues:

Leaders at the state and city level want more help converting those people for whom drugs is a way of life and a living, more help for people trying to recover from years of ruin, more help protecting a generation of children from becoming new casualties. (ABC-13)

Rather reports Martinez today said, "Victory is within our grasp." He offered no new figures to back up that claim. He also acknowledged there has been no major reduction in violent crime. (CBS-3)

## ECONOMY

Brokaw reports the Labor Department said worker productivity rose .5 percent in the second quarter. And the Commerce Department predicted business spending in new plants and equipment will rise only about 1.5 percent this year. (NBC-5)

## MEASLES EPIDEMIC

CBS's Edie Magnus reports health officials say the failure to get children vaccinated against measles is contributing to a resurgence of the epidemic. Measles has cropped up with a vengeance on the East Coast, primarily in inner cities, where many people struggle to get access to basic medical care. Critics charge the government isn't getting the message that public funds are needed to increase access for the poor. (CBS-13)

## BLACKS/CONSPIRACY

CBS's Richard Threlkeld reports on the belief held by some that a conspiracy is underway to rid society of blacks. In a recent CBS News-New York Times poll of blacks in New York City, six out of 10 said it might be true the government is deliberately making drugs available in the inner city to hurt black people. Almost a third said the AIDS virus might have been deliberately invented in a lab to infect black people. Those thoughts aren't limited to the man and woman on the street. Even some educated blacks think there's a conspiracy. (CBS-14)