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SUBJECT: 6:30 pm wire report

TO: Heather Beckel (BECKEL_H) (WHO)
READ: UNKNOWN

TO: Dianna A. Pierce (PIERCE_D) (WHO)
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TO: Steven A. Cohen (COHEN_SA) (WHO)
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TO: David Leavy (LEAVY_D) (WHO)
READ: UNKNOWN

TO: Carola McGiffert (MCGIFFERT_C) (WHO)
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TO: Arthur L. Jones (JONES_A) (WHO)
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TO: David Seldin (SELDIN_D) (WHO)
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TO: Jeremy M. Gaines (GAINES_J) (WHO)
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TO: Kathy McKiernan (MCKIERNAN_K) (WHO)
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TO: Karen Finney (FINNEY_K) (WHO)
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TO: Virginia M. Terzano (TERZANO_V) (WHO)
READ: UNKNOWN

TO: Keith O. Boykin (BOYKIN_K) (WHO)
READ: UNKNOWN

TEXT:
PRINTER FONT 12_POINT_COURIER
THE WHITE HOUSE WIRE REPORT
6:30 p.m. edition
Monday, Jan. 24, 1994
Produced by the Office of News Analysis (6

-7151)

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AM

-Defense Chief, 1st Ld

-Writethru, a0665,990

Clinton Promotes Pentagon's No. 2, William Perry, to Chief

Eds: Adds 3 grafs at end with financial information,

companies he has worked for

With AM

-Perry Profile, AM

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By RON FOURNIER= Associated Press Writer=

WASHINGTON (AP) Filling an awkward gap in his national security team, President Clinton promoted the Pentagon's No. 2 man to defense secretary Monday. He lauded his nominee, William J. Perry, as "a real pro," a man "you can depend on."

The quick reaction from Congress was enthusiastic, with predictions Perry would win easy confirmation. Though he

is little known to the general public, senators dealing with military issues are familiar with him from frequent testimony at hearings.

Seemingly a reluctant warrior, Perry said he told the White House Saturday he could not say yes at that point because "I did not want to drive my family into a decision my decision without their support."

After a talk with Vice President Al Gore and then a meeting with family members, he telephoned the White House on Sunday to say he would accept an offer if one were forthcoming.

"I did not have to be persuaded to take this job," Perry said.

Perry, 66, is to replace outgoing Secretary Les Aspin, who announced his resignation under pressure from the White House last month. Clinton's first choice to take Aspin's place, Bobby Inman, withdrew last week in a news conference filled with complaints about attacks from columnists and lawmakers.

Despite Inman's shocker and comments from a handful of other job prospects that they were not interested Clinton said hiring a new Pentagon chief was easy.

"It wasn't hard to fill," Clinton said. "I asked Secretary Perry and he said, 'Yes.'"

Perry, who also served in President Carter's Pentagon, is a former engineering professor and mathematician, a key early supporter of stealth technology who was later proven right. Unlike Clinton, he is also an Army veteran, perhaps positioned to help his commander

-in

-chief improve relations with military leaders and wrestle with a shrinking Pentagon budget.

Republican as well as Democratic senators were quick to praise the nominee.

"A great choice ... a real professional with depth of experience," said Sen. Joseph Lieberman, D

-Conn., a

member of the Senate Armed Services Committee.

"I have worked well with Dr. Perry in the past and he has done a good job," said Sen. Strom Thurmond of South Carolina, the ranking Republican on the committee.

Clinton said he made the choice "based on his lifetime of accomplishments and his solid leadership at the Pentagon."

"He has the right skills and management experience for the job. He has the right vision for the job," said Clinton, who credited Perry with being on the "cutting edge of defense issues."

Clinton predicted Perry would reform Pentagon spending procedures, keep a tight reign on the shrinking defense budget and maintain the nation's strong military force.

He said many people have told him, "Bill Perry is real pro you can depend on him."

In contrast to Inman who said he needed to reach a "comfort level" with Clinton, Perry quickly endorsed his commander

-in

-chief. "I have a great respect for the way you have been guiding national security," he told the president.

Perry said the end of the Cold War offers "a window of opportunity" to reform the way the Pentagon spends its money, especially the rules under which it purchases goods.

"This is a time of great change, great challenge and great opportunity," Perry said.

The soldier, scholar and entrepreneur is described as an unassuming gentleman who quietly rose to the top of the Pentagon hierarchy.

Aides had said the president was seeking a "star" as his new Pentagon chief, a political celebrity. But pressure grew to make the choice quickly after the spectacle of Inman's withdrawal and announcements that several prospects, including Sen. Sam Nunn, D

-Ga., said they didn't want the job.

Aspin, who was eased out by Clinton, has agreed to remain aboard until his successor is confirmed. He was present for the announcement.

Besides Perry's concern about his family, he also said over the weekend that he wanted to make sure he would have adequate access to the president, said an administration official, speaking on condition of anonymity. A poor line of communication with the Oval Office hurt Aspin.

Perry is highly regarded in the military, with a reputation for managing unwieldy bureaucracies. He is credited with pushing the successful stealth aviation technology on Air Force officials who resisted it in the 1970s.

As deputy defense secretary, Perry has overseen the daily business of the Pentagon and traveled to Russia to promote the conversion of Russian weapons factories to non

-military production.

He managed to retain the respect of the military establishment while overhauling the way the Pentagon spends money on acquisition and research.

Clinton, angered in the past by leaks involving personnel decisions, snapped at reporters who suggested Monday that candidates had turned him down.

``The job was absolutely not offered to anyone else. Absolutely, categorically not offered to anyone else," Clinton said.

Perry was easily confirmed last February as deputy secretary, with the only problem being a report that he participated in Pentagon budget discussions while still on the boards of defense companies. He denied the claim.

Perry served in Carter's Defense Department, responsible for the purchase of weapons and all research and development. Before his return to government early last year, he worked for a San Francisco investment banking firm; a Menlo Park, Calif., consulting firm and as a professor of engineering at Stanford University.

The list of firms for whom Perry has worked or consulted reads like a who's who of the nation's major defense contractors: United Technologies Corp., Lockheed, Martin

-Marietta, Boeing Co., Grumman Corp., and TRW.

In his financial disclosure for 1992, submitted early last year, Perry reported \$481,571 in salaries and directors' fees. He reported assets, mostly stock holdings, valued at between \$1.3 million and \$3.5 million.

BC

-CLINTON

-DEFENSE 2NDLD (SCHEDULED)

CLINTON NOMINATES ASPIN DEPUTY AS DEFENSE CHIEF

By Steve Holland

WASHINGTON, Jan 24 (Reuter) - President Clinton nominated Deputy Defence Secretary William Perry Monday as the new replacement for Defence Secretary Les Aspin but only after Perry overcame objections from his family to taking the job.

In picking Perry for the position, Clinton hoped he had ended a troubled search for a defence nominee a week after former deputy CIA director Bobby Ray Inman withdrew from consideration with a diatribe against the Washington political culture.

Reflecting the difficulties Clinton has had filling the position, the 66

-year

-old Perry made the unusual disclosure at his announcement ceremony that he at one point rejected the job because his family did not want him to take it.

He said he left a meeting with Clinton Friday "fully prepared to take on the job" but talked to members of his family about it that night and informed the White House Saturday that if he "had to accept the job at that time, my answer would have to be no."

Vice President Al Gore told him to take more time to think about it and talk to his family. By Sunday, "I called the vice president back and said, 'If you still want me for your secretary of defence, I'm eager to serve,'" Perry said.

"I did not want to drive my family into my decision without their support, and so I wanted to wait until I had their full support for it," said Perry. He and his wife, Lee, have five grown children, three sons and two daughters.

White House officials went into damage control shortly after the announcement ceremony, telling reporters Perry had always wanted the job but he had to talk to each of his children about it and it took time to track them down, since two are in California, one in New York, and two in Washington.

"He never said, 'I don't want to take this job,'" said a senior Pentagon official who briefed reporters at the White House. "He kept on saying, 'I want my family to be comfortable.'"

Family members felt "life was simpler" without Perry in the top job and worried about the time and energy he would have to devote to it, the official said.

Ultimately Perry answered these concerns, and it was not until Monday morning that Clinton officially extended the job offer to him, White House officials said.

A bemused but relieved Clinton insisted he did not have trouble finding a replacement for Aspin, even though he admitted earlier in the day he had sounded out Georgia Democrat Sam Nunn, chairman of the Senate Armed Services Committee, to see if he wanted it and was told no.

"We had a very short list, and I quickly narrowed it to one. I had an interview with one person. I asked him if he'd take the job, and he did. I don't think that qualifies as difficult. Now, I have had some difficult positions to fill. This one wasn't," Clinton said.

Aspin's resignation was announced December 15 and White House officials made clear at the time he was being forced out as a result of U.S. military debacles such as occurred in Somalia and Haiti.

Inman's nomination announcement was marked by the Texan's disclosure that he only agreed to take the job after talking to Clinton and reaching a "level of comfort" with him.

Aspin was to have left by last Thursday but will now stay on until Senate confirmation hearings on Perry are complete. William Cohen, a Maine Republican on the Senate Armed Services Committee, said a confirmation hearing

could be held as early as next week.

Perry and White House officials said they foresaw nothing that could impede his confirmation. He went through the process a year ago to get his current job.

"He has the right skills and management experience for the job. He has the right vision for the job ... Bill Perry is a real pro -- you can depend upon him," Clinton told the ceremony.

Perry said his main tasks would be to maintain the readiness and morale of U.S. fighting forces and reform the way the Pentagon purchases equipment to save money.

REUTER

(complete writethru details, fuller quotes, reaction)

Clinton selects Perry to be defense secretary

By LORI SANTOS=

WASHINGTON (UPI) President Clinton announced Monday he will nominate Deputy Defense Secretary William Perry, "a real pro you can depend on," to be secretary of defense, replacing Les Aspin.

At a White House ceremony with Perry at his side, Clinton tapped the No. 2 man at the Pentagon just a week after retired Admiral Bobby Ray Inman abruptly withdrew his nomination.

"He has the right skills and management experience for the job. He has the right vision for the job," Clinton said. "Bill Perry is a real pro you can depend on him."

"I think he will do a remarkable job," the president added.

Perry, 67, a former Stanford University engineering professor, admitted he was at first a reluctant candidate for the job, saying he had to discuss it several times with members of his far

-flung family before accepting.

But he assured Clinton it would "be a real privilege" to serve if he is confirmed by the Senate. Aspin, who was forced out of the job late last year, said he would stay on as defense secretary until a successor was in place.

"Mr. President, I have great respect for the way you have been guiding our national security and I'm enthusiastic about the opportunity to help you guide it," Perry said.

After meeting with Clinton Friday morning, Perry said he was ready to accept the job but felt he had to confer first with his wife, Lee, and others among his five children and eight grandchildren.

"No, I did not have to be persuaded to take the job," he said, explaining that the next day he expressed reservations on his family's part to the White House and it was not until Sunday afternoon that he called Vice President Al Gore to say he would accept the job if

offered.

He was officially offered the post Monday morning.

Clinton also shook his head no to questions of whether anything in Perry's background might harm the nomination, such as failure to pay Social Security taxes on employees a problem that has sunk earlier candidates for Cabinet posts.

"Nothing has come up that I believe would cause me any problems in the confirmation process," Perry said.

And the president brushed aside suggestions that the job had been a difficult one to fill with Aspin's departure. After Inman's withdrawal last Tuesday, Clinton's informal overtures to several candidates were widely reported.

"We didn't go on a big search here," the president insisted. "We had a very short list, and I quickly narrowed it to one. I asked him to take the job and he did. I don't think that qualifies as difficult."

Clinton denied other candidates had refused the job, saying he had only sounded out Sen. Sam Nunn, the influential chairman of the Senate Armed Services Committee. He said he had offered the job to Nunn, D

-Ga.,

before taking office and checked just last week to see if the senator still was unwilling to take the post.

"It was categorically not offered to anyone else," he said.

He also denied that he had to force the job on Perry.

But as Perry's name surfaced as the leading contender for the job, some officials had argued he might not have the well

-polished political skills or the reputation to push the administration's case both on Capitol Hill and abroad.

Perry, however, is widely respected in Congress and at the Pentagon, and brings a diverse and distinguished background as a businessman, government official and high

-technology visionary.

Senate Democratic leader George Mitchell of Maine said Perry "has clearly demonstrated considerable policy and managerial expertise during his past year as deputy secretary of Defense," adding that he supports the nomination.

Nunn said he has known Perry for years and that he was a "solid" choice. He said he wants his committee to hold a confirmation hearing quickly.

Perry's "vision, his experience, and his judgment make him particularly well qualified to lead the Defense Department," Nunn said.

Perry told reporters he would closely adhere to the policies put in place by Aspin, including his "bottom

-up review" of current force levels, as well as elevating women in combat. He also said he had received a "full commitment" from Clinton to move forward vigorously on acquisition reform.

As deputy defense secretary, Perry has been responsible for the daily business of the Pentagon, and he traveled last year to Russia to discuss that nation's conversion of military factories to commercial industries.

He also played a key role in winning the recent agreement from Ukraine to begin dismantling their nuclear weapons.

During the Carter administration, he served as the Pentagon's undersecretary for research and development, where he overcame resistance to developing the laser

-guided bombs and F

-117 Stealth fighter that played instrumental roles in the 1991 Gulf War.

He also served two years in the Army beginning in 1946, and has experience as an executive in the military industry. He founded a military electronics company, E.S.L Inc., which he left after 13 years to work at the Pentagon.

Afterwards, he was a managing director of Hambrecht & Quist Inc., an investment banking concern in San Francisco, and later served as chairman of the Center for International Security and Arms Control at Stanford University.

BC

-USA

-PERRY 1STLD (MAN

-IN

-THE

-NEWS)

PERRY KNOWS ARMS AND WILL LEARN POLITICS - EXPERTS

(Eds: corrects spelling to Exon in 9th para)

By Charles Aldinger

WASHINGTON (Reuter) - It's just a short move down the Pentagon hall for William Perry to become defense

secretary, but he will find that political hot seat a far,
far cry from his current key job in the high

-tech shadows.

The deputy defense secretary said Monday said accepted
President Clinton's nomination to replace outgoing
Defense Secretary Les Aspin at ``a time of great change,
great challenge and great opportunity.

But Perry, 66, a soft

-spoken expert on how the
military designs and buys arms, has little experience in
political dynamite such as gays in uniform, Bosnia and
Somalia which forced Aspin to resign as secretary last
month.

He conceded that he even put the White House off
briefly on Saturday to give his family more time to help
decide if he wanted to step up to a job that few in
Washington seemed to want.

``I understand very well the demands of this job and
the strains that it puts on one's family," Perry said at
a brief ceremony in which Clinton announced his nomination
to replace Bobby Ray Inman, who withdrew his own
nomination for the post last week.

Members of Congress and private defense experts said,
however, that the former mathematics professor, who worked
previously at the Pentagon and private defense firms, has
the intelligence and integrity to easily rise from the No.
2 job at the Pentagon to the top post.

``He has all the right stuff to pull the Pentagon out
of its tailspin. He is practical, yet a lot more
far

-sighted than people realize," said Bruce Blair of the

private Brookings Institution.

As Aspin's deputy, Perry already has the experience of
quietly running day

-to

-day operations at the department
from behind the scenes. He has been instrumental under
Aspin in drawing tough reforms on how the military
procures weapons.

Democratic Senator James Exon of Nebraska, a member of
the Armed Services Committee, said the nation would be
``extremely well served" by Perry, who previously served
as undersecretary of defense for research under
President Jimmy Carter.

Analysts said the Pentagon was in dire straits because
of Bobby Ray Inman's withdrawal last week as Clinton's
initial choice to succeed Aspin and that Perry's integrity
would help heal rifts between the White house and military

over Clinton's push to admit homosexuals to the armed services.

``He has the right skills and experience for the job ... Bill Perry is a real pro. You can depend on him," said Clinton, noting that Perry had served in the Army and was instrumental in developing stealth technology at the Pentagon.

``The military likes him and this building likes him," one senior defense official told Reuters.

Perry, a native of Vandergrift, Pennsylvania, holds bachelor's and master's degrees from Stanford University and a doctorate from Penn State University, all in mathematics.

Most of his experience has been in the realm of management and technology, although he has played a large role in Aspin's "bottom

-up review" at the Pentagon to shape America's reduced military forces in the coming decade.

Perry, who is married and has five children, previously served as Executive Vice President of Hambrecht and Quist Inc., an investment banking firm in San Francisco specializing in high technology companies.

He was also a founder of ESL Inc. In 1964 and served as its president until 1977. Prior to that he was with Sylvania

-General Telephone and was the director of their electronic defense laboratories.

He has served as a director of FMC Corp., United Technologies Corp. and a several private companies.

Perry's wife, Lee, is an accountant. He has two sons living in the San Francisco Bay area, a son and daughter in the Washington area and another daughter in New York.

REUTRER CX

BC

-CLINTON

-DEFENSE

-CHOICE (NEWS ANALYSIS, SCHEDULED)
PERRY SMART, TOUGH BUT POLITICAL SKILLS DOUBTED
By Gene Gibbons

WASHINGTON (Reuter) - President Clinton's new nominee for defense secretary has legions of admirers in the Pentagon and Congress but even Bill Perry's fans wonder if he is politically suited for the highly demanding cabinet post.

``Perry's a techie. He has focused on defense

technology all his life, and does it very well. But he's an unknown quantity on the bigger strategic and political issues -- how to downsize defense, gays in the military, Bosnia, Somalia and things like that," said one defense expert.

A senior military officer said Clinton's nominee was "well respected by the uniformed side," but he added that Perry was "not known to be a compelling spokesman" on military policy.

One of the contentious issues the new defense secretary will have to face is reconciling U.S. military strategy with defense budget cuts that will make it hard, if not impossible, to staff, train and modernize the forces needed to implement the strategy.

"The services are going to be coming in asking for more money, and there isn't any more. So you're going to have this enormous firestorm, and the secretary will be right in the middle of it," the defense expert said.

In announcing that he had selected Perry, a soft

-spoken former professor, to replace Les Aspin as Pentagon chief, Clinton called him "a real pro" with "the right skills and management experience for the job."

Perry, 66, is currently the administration's number two defense official. His chance at promotion came after others spurned the opportunity to grab the nomination given up by retired Navy Admiral Bobby Ray Inman last week.

During Jimmy Carter's presidency, he was undersecretary of defense for research and engineering. Perry headed a defense firm before that, and earlier in his career, was the director of GTE

-Sylvania's electronic defense labs.

An analyst familiar with Perry's service in the Carter administration said Perry had singlehandedly spurred development of the Tomahawk cruise missile and "Stealth" fighter technology used in the 1991 Gulf War over Kuwait.

"He's very quiet, deceptively quiet and gentle. But he's very tough despite this calm exterior," this source said.

Perry is also believed to be easily confirmable. "He is smart, thoughtful and highly

-regarded on both (Democratic and Republican) sides of the aisle. He might be a diamond in the rough," said a congressional source.

But Clinton has been faulted for fielding a weak foreign policy team -- indeed, Aspin's forced resignation was supposed to be part of an effort to strengthen the lineup -- leading former defense official Lawrence Korb to question how Perry would improve things.

"Perry is a bright, capable guy. He's been a success in business and government. The question is, is he the person to round out Clinton's national security team -- can he take on the press and otherwise handle the public role of defense secretary?" Korb asked.

Although foreign policy is not now expected to be a major issue in this year's congressional election campaign, the turmoil in Russia, North Korea's suspected efforts to acquire nuclear weapons and ethnic strife around the world are but some of the things that could blow up at any moment.

"Perry would be a logical choice if President Clinton had a really strong secretary of state, but Warren Christopher does not fit that description. I think Clinton is asking for trouble politically with this nomination," said William Kristol, a conservative Republican operative.
REUTER

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-coatsre

SEN. COATS EXPRESSES CONCERNS
ABOUT NOMINATION OF PERRY
Eds: Sidebar to CLINT

-DEFENSE moving on national wire.

By JUDITH BARRA AUSTIN=
Gannett News Service=

WASHINGTON Sen. Dan Coats says William Perry has been a competent deputy at the Defense Department, but that doesn't mean he has the qualifications to run the show.

President Clinton Monday nominated the Pentagon's No. 2 person to be defense secretary. Coats is a member of the Senate Armed Services Committee, which will hold confirmation hearings on the nomination.

"Bill Perry is a very competent manager who has served in the No.

2 post and other posts at the Defense Department with distinction," the Indiana Republican said.

"But I wonder if a technocrat who has displayed the ability to manage can move to a completely different position the No. 1 post."

The defense secretary has "to go toe to toe with other agency heads for money. He has to go to the White House and ... say the proposed level of cuts won't fly. He has to go overseas and be a spokesperson for the world's most respected and mighty military. Bill Perry has not had this experience," Coats said.

He also said the job is made tougher by Clinton's lack of experience on military issues.

Coats said he was surprised that as competent as Perry has been at the No. 2 position, Clinton would pick him for secretary.

``We'll have to see what comes out at the confirmation hearings," Coats said.

AM

-Defense Appointments, 1st Ld

-Writethru, a0685,150

Three Assistant Service Secretaries Chosen By Clinton

Eds: Restores AP logo to dateline

With AM

-Defense Chief

WASHINGTON (AP) Besides picking a defense secretary Monday, President Clinton filled three other Pentagon vacancies.

He said he would nominate for Senate confirmation:

Gilbert F. Decker to be assistant secretary of the Army for research, development and acquisition. He has nearly 30 years of experience in complex electronics systems planning and manufacture, advanced composite materials and other specialties.

Robert F. Hale to be assistant secretary of the Air Force for financial management. He has been the Congressional Budget Offices's assistant director for national security programs for more than 10 years.

Sara E. Lister to be assistant secretary of the Army for manpower and reserves. She has served as general counsel of the Army, deputy general counsel of the Navy and deputy special assistant to former Defense Secretary Harold Brown.

AM

-State of the Union, 1st Ld

-Writethru, a0663,760

President Practices State of Union Speech

Eds: INSERTS three grafs after 9th graf pvs, The work, to UPDATE with comments by congressional leaders and White House pollster

By TOM RAUM= Associated Press Writer=

WASHINGTON (AP) President Clinton fine

-tuned and

practiced his first State of the Union address Monday, a speech aides said would emphasize the need to move this

year on health care, anti

-crime and worker retraining
legislation.

``He's still thinking themes" even though he has been through at least five drafts, an aide said.

In the nationally broadcast speech to a joint House Senate session Tuesday night, Clinton will reach out to middle

-class Americans with a strong pitch for federal action against crime while trying to rekindle interest in his universal health

-care plan.

?

? Senate Republican?Leader?Bob Dole of Kansas will deliver a Republican response, his office announced.

Although health care remains the prime priority of

Clinton in his second year, polls suggest that crime may be outpacing it as the major concern of most Americans.

``He won't be laying out the specifics of any new policy," said White House press secretary Dee Dee Myers.

``He'll be talking about health care, why that's important; crime, and how that affects us and what we need to do about it; welfare reform, a little further down in his speech, but not because it's less important. And he'll talk about his accomplishments from last year."

The president spent several hours working on the latest draft of the measure after getting behind him the major event of the day: announcement of his selection of William Perry to?succeed?Les Aspin as defense secretary.

The work included an initial practice session in the family theater of the White House, aides said.

Clinton previewed parts of the speech to House Speaker Thomas Foley of Washington and Senate Majority Leader George Mitchell of Maine. ``We hope and expect the president will stress the importance of crime legislation," said Mitchell. ``We expect to have major crime legislation on the president's desk early in the year."

Foley said that Clinton also indicated he would stress the importance of welfare reform, in addition to health

-care overhaul. ``I think they can (both) be taken up in the same session," Foley told reporters at the White House.

White House pollster Stanley Greenberg said Americans expect their leaders to deal with health care, crime and welfare legislation at the same time. ``They don't want them solved one by one. This is a choice that is not real."

Although Clinton's economic speech to Congress last February had many of the trappings of a State of the Union address, Tuesday's address will be his first official one.

Myers said the speech would run most of an hour.

Although presidents rarely announce major policy initiatives in a State of the Union address, Clinton's aides were portraying this as a pivotal one designed to build support for his second

-year initiatives.

The nation's improving economy and Clinton's recent improvements in public

-opinion polls have allowed the flexibility to move beyond the economic proposals that were the cornerstone of his presidential campaign.

In addition to health care, crime and welfare reform, the president is expected to stress ``worker retraining and lifetime learning and ...ideas about re

-employment,"

Myers said.

Clinton worked on the speech off and on during a weekend at the presidential retreat at Camp David, Md. He returned with a draft that was heavily annotated, aides said.

Principal speech writers on the address are Bob

Boorstin, a communications official who specializes in health

-care legislation; and David Dreyer, known for his deftness in penning major presidential addresses.

During his speech, Clinton will specifically endorse a proposal by Sen. Trent Lott, R

-Miss., included in a

Senate

-passed crime bill, requiring those convicted of three violent crimes to be sentenced to prison for life.

However, the legislation may be more symbolic than practical, since it requires that the third felony take place on federal property.

Dole, meanwhile, will get 10 to 12 minutes of air time to respond after the president finishes, spokeswoman Kristin Hyde said. Traditionally, all the networks cover the opposing party's message live as well as the presidential address.

The Kansas senator has given the GOP response to Clinton speeches on two other occasions: last February, when Clinton presented his first budget, and in August, to discuss its tax implications.

This time, Dole will probably focus on health care and crime, two of the biggest issues facing Congress as it reconvenes, Hyde said.

"I think everything's out there as far as the topics," Hyde said.

AM

-KS-

-Dole

-GOP Response, Bjt,0390

Dole To Deliver GOP Response To State of the Union Speech
By CURT ANDERSON= Associated Press Writer=

WASHINGTON (AP) For the third time in less than a year, Senate Republican Leader Bob Dole of Kansas will go head

-to

-head with President Clinton on national television Tuesday night.

Dole will deliver the GOP response to the president's annual State of the Union address to Congress. The Kansas senator will get between 10 and 12 minutes following the speech, scheduled to begin at 8 p.m. CST.

Live coverage of the GOP response will be offered on ABC, CBS, NBC, Fox and C

-SPAN.

Dole, who rehearsed his speech in his Capitol office Monday, will probably focus on the same major issues as Clinton: crime, health care reform, welfare reform, aides said.

"I think everything's out there as far as the topics," said spokeswoman Kristin Hyde.

Dole said Sunday he hoped Clinton's speech would endorse the Senate's version of the crime bill, which is tougher than the House version.

"That would prove he was one of these new Democrats," Dole said. "If he starts to waffle and back off of some of the tough provisions, then he's going to be in difficulty."

As for health care, Dole repeated the GOP line that it isn't a crisis but is more of a "problem" that shouldn't completely overwhelm Congress this year.

"We ought to take a look at it, do the best we can, but not spend all year trying to shove something ... down the throats of the American people, which would be a large overdose of government," he said on CBS' "Face The Nation" program.

Dole has given the GOP response to Clinton speeches on two other occasions: last February, when Clinton presented his first budget, and in August, to discuss the spending plan's tax implications.

Both times, he took a strongly partisan tone.

In the February speech, Dole responded to Clinton's call for sacrifice in order to bring down the federal deficit by saying the GOP would ``make certain that sacrifice isn't just a presidential code word for more taxes, more spending and more mandates from Washington."

In the August response, Dole gave out the main number to the Capitol and urged people to call with their views on the Clinton tax plan. More than 370,000 calls got through on the Senate side alone.

This year, Dole said, ``We come into this session not in a confrontational mode. ... I think we can work together on some issues."

Clinton promises quick action on more emergency aid
WASHINGTON (UPI) President Clinton is considering a request for more emergency aid for earthquake

-ravaged Los Angeles that could hit as high as \$6 billion, officials said Monday.

House Speaker Thomas Foley, D

-Wash., emerged from a meeting with Clinton to say any emergency supplemental aid for California would have to include ``several billion dollars."

But Foley declined to discuss the precise amount the president planned to request from Congress though he said lawmakers would be inclined to do ``whatever is necessary."

White House officials confirmed that Leon Panetta, Clinton's director of the Office of Management and Budget, was proposing an aid package to offset expected losses in the state that could run as much as \$6 billion.

One official said the amount was still under discussion but was likely to run higher than a reported \$4 billion-\$5 billion.

Clinton, after conferring with top aides in Southern California earlier in the day, said he expected to move promptly to ask Congress for additional funds for the area.

AM

-Whitewater

-Special Counsel,480

Fiske Reports to Work in Clinton Business Probe

By CAROLYN SKORNECK= Associated Press Writer=

WASHINGTON (AP) Special counsel Robert B. Fiske Jr. made a low

-key start Monday on a job that will include interrogating President and Mrs. Clinton under oath on their business dealings in Arkansas.

Among other things, he found out how to rent an office in Little Rock, Ark., while getting the government to pay for it. He also received a formal job application.

But he didn't get a drug test.

``It has to be a surprise," said one Justice Department official. Since some drugs clear out of the system relatively quickly, Fiske will be given a maximum of 48 hours' notice, said the official, who spoke on condition of anonymity.

As for the office space in Little Rock, which Fiske last week called the ``center of gravity" for the case, he will travel there Tuesday and be shown some selections by a local General Services Administration official.

GSA will handle details such as negotiating the lease and paying it, just as it does for most federal work spaces.

It was not clear how much room Fiske will need, how many lawyers he'll hire, how many office workers will be required. The GSA will get that information, but not the Justice Department, which will pay for it. Attorney General Janet Reno has said there were no limits placed on personnel or cost.

Fiske will be paid at an annual rate of \$107,000. The lawyers he hires might get more, up to a limit of \$115,700, the official said.

And in these days of ever

-tighter budgets, where will the Justice Department find the money? Nobody could yet say.

As for letting the public know what he's doing, Fiske seemed to be aiming for a news blackout. He has rebuffed all requests for interviews since a news conference last week where Reno announced his appointment.

Justice Department spokesman Carl Stern said his office would not prepare any releases for Fiske, in line with the need to keep the special counsel independent of the department. However, he offered to distribute any statements Fiske wants to release.

Fiske, a former Republican U.S. attorney who has charted a broad scope for his investigation, will pick up the Justice Department probe of whether depositors' money was diverted illegally from Madison Guaranty Savings & Loan, which failed in 1989, to Whitewater Development

Corp., a planned vacation home project in Arkansas, which also failed.

When Clinton was governor of Arkansas, he and Hillary Rodham Clinton co

-owned Whitewater with James McDougal and his now ex

-wife, Susan McDougal. James McDougal also owned Madison Guaranty.

Among the other things being investigated is whether the suicide last July of White House deputy counsel Vincent Foster was related to these matters.

AM Health Reform, 2nd Ld

-Writethru, a0626,810

Doctors Advertise Against Health Plans, See Loss of Control Over Care Decisions

Eds:Inserts 2 grafs after 5th graf, Meanwhile, Republicans ..., on White House meeting with insurers. Inserts new penultimate graf on delay in CBO study. Edits to tighten.

By CHRISTOPHER CONNELL= Associated Press Writer=

WASHINGTON (AP) The American Medical Association charged on Monday that the Clinton health plan and other bills before Congress would let government or insurance company bureaucrats, not physicians, decide what care patients get.

On the eve of the new session of Congress that could decide the fate of health reform, the doctors' association launched a new \$1.6 million print advertising campaign demanding a bigger say for doctors in health reform.

AMA leaders also expressed concern that ``giant, profit

-seeking corporations" could come to dominate the health system under the types of changes that President Clinton and others are pushing.

``We're going to be asking doctors all over the country to make information available to patients ... so that medicine's voice can be heard," Dr. James S. Todd, the AMA's executive vice president, told a news conference.

Meanwhile, Republicans kept up a drumbeat of criticism of the Clinton plan. Republicans on the Joint Economic Committee released a forecast by the minority?staff?economists that the White House bill would add \$1 trillion to the deficit by the year 2000.

Separately, three senior Clinton advisers Harold Ickes, Ira Magaziner and George Stephanopoulos held a peace

-making meeting with health insurers whose television ads have angered the president and Hillary Rodham Clinton. Bill Gradison, president of the Health Insurance Association of America, called the 90

-minute session
"very constructive."

But for now the insurers will keep running the "Harry and Louise" ads in a dozen cities complaining about Clinton's mandatory health insurance purchasing alliances,

Gradison said.

The AMA has its own prescription for achieving universal health coverage, antitrust reform, lower malpractice insurance premiums and other changes to ensure that doctors play a major role in "deciding how health care is delivered and paid for."

The AMA ad shows a doctor's hands on a patient's shoulder under the legend, "This is the moment of truth."

"Would you rather trust your life to an MD or an MBA?" asks the headline of the ad, which ran in The Washington Post and The Wall Street Journal and will appear in the three news magazines.

"There is a serious problem with the health system reform plans now being debated in Congress. They don't guarantee that your physician will continue to set the quality standards for medical care," it warns.

"That means government and insurance company administrators could end up determining which types of treatment are appropriate for patients like you. And which types of treatment you'll be denied.

"These bureaucrats may have good intentions. But they don't have the scientific knowledge and training to make such decisions," it said.

The AMA has already printed 1 million copies of a brochure for doctors' offices on how the Clinton health plan would affect patients and their families. It is planning another 1 million copies.

Dr. Lonnie R. Bristow, the chair of the AMA board, said the AMA is not ruling out the health insurance purchasing cooperatives that are at the heart of the Clinton proposal and some rival bills. But they need "certain safeguards," he said.

On corporate health giants, Todd said, "What we oppose is the bottom

-line mentality of some of these corporate entities where profits and dividends to the investors appear more important than the needs of the patients."

The AMA has 296,000 members, or almost half the nation's practicing physicians. The White House says that other doctors' groups with collectively more members including internists, family practitioners and

pediatricians are backing the Clinton plan.

On Capitol Hill, the Republican economists on the Joint Economic Committee charged the Clinton proposal has a \$1 billion

-a

-day shortfall that would lead inevitably to "some very unpleasant policy options" from huge tax increases to rationing of health care.

Administration officials scoffed at the analysis. "The assumptions underlying it are simply incorrect," said Kenneth Thorpe, a deputy assistant secretary of health. "There is no financing gap."

Meanwhile, completion of a study of the finances of the Clinton plan by the Congressional Budget Office was delayed a week until Feb. 8. The agency said it needed

more time.

National AIDS Policy Coordinator Kristine Gebbie told a House health subcommittee that millions of Americans with disabilities, AIDS or HIV, as well as American Indians and migrant workers, would benefit from the Clinton plan.

BC

-HEALTH REPUBLICANS 1STLD

REPUBLICANS CALL HEALTH PLAN "QUACK ECONOMICS"

(Eds: adds committee chairman's comment, 6th graf)

By Sue Kirchhoff

WASHINGTON, Jan 24 (Reuter) - House Republicans stepped up attacks on President Clinton's health reform plan Monday, issuing a report that asserted the proposal could force big increases in taxes and the federal budget.

White House officials immediately dismissed the study as a partisan attack full of erroneous economic assumptions.

"The Clinton plan will cost far more than is advertised and deliver far less than promised," said Representative Wayne Allard of Colorado, unveiling the study by Joint Economic Committee Republican economists, which said Clinton's plan could have a shortfall of about \$1 trillion over seven years.

In a preview of the tough debate ahead over health reform, Republican staffers warned the Clinton plan, which they called "quack economics" could lead to medical rationing.

"This is one of the most ridiculous studies I've ever seen," said Ken Thorpe, Deputy Assistant Secretary of Health. He said the GOP report used different economic assumptions than the White House and wrongly estimated private health spending.

Wisconsin Democratic Representative David Obey,

chairman of the Joint Economic Committee called the study a straight partisan hatchet job. "It is based on false assumptions and its predictions are absurd," Obey said in a statement.

The only major independent analysis of Clinton's plan to date, by the private firm Lewin

-VHI, said the basic financing structure of Clinton's plan worked, but would increase business costs more than the White House estimated and result in less deficit reduction than it forecast.

The Congressional Budget Office is expected to release its estimate of the plan in coming days. Its numbers will have a major impact on the final shape of any health legislation.

Clinton's plan for universal insurance would mandate that employers pay 80 percent of premium costs for workers while setting up state

-run alliances to sell insurance to consumers.

The White House would finance the plan by cutting the rate of growth of Medicare and Medicaid and increasing the federal tobacco tax. Competitive efficiencies and premium caps are also designed to hold down costs.

Monday's report underscores deep opposition to the White House plan by Republicans who call it Democratic tax and spend politics that would impose sweeping controls on health care.

REUTER

AM

-Packwood, Bjt,850

Federal Judge Rules Packwood Must Surrender Diaries To Senate

By LARRY MARGASAK= Associated Press Writer=

WASHINGTON (AP) Sen. Bob Packwood's personal diaries are "unquestionably relevant" to the Senate Ethics Committee and must be provided to the panel, a federal judge ruled Monday.

U.S. District Judge Thomas Penfield Jackson said he had to "balance Sen. Packwood's expectations of privacy ... against the Ethics Committee's interest in examining them for evidence of misconduct"

On balance, he said, the committee's subpoena for the diaries must be upheld.

Jackson found the diaries "unquestionably relevant ... to a constitutionally authorized and properly focused inquiry" by a committee with "jurisdiction to investigate allegations of misconduct ..." by members of the Senate.

The committee had been awaiting the ruling before deciding its next moves: whether to expand the probe to include job offers to Packwood's wife and whether to hold public hearings.

The panel is investigating the Oregon Republican for alleged sexual misconduct, witness intimidation and obstruction of the probe by Packwood's alleged alteration of the diaries.

Jackson ruled the subpoena did not violate Packwood's Fourth Amendment rights against over

-broad searches. The committee met legal standards of reasonableness, he found.

Nor, Jackson concluded, did the committee violate the Oregon Republican's Fifth Amendment right against self

-incrimination. Packwood lost that claim when the diaries were ``voluntarily committed to paper" before the committee sought them.

The Senate demanded the diaries in a lawsuit after Packwood disobeyed the subpoena arguing it violated his constitutional rights, by allowing the committee to ``rummage" through his most private thoughts.

Jackson acknowledged the diaries were ``extremely personal and private," but pointed out the committee already has agreed to respect private material not needed

for the investigation.

The subpoena was issued after the panel found entries that investigators said raised questions about whether Packwood used his office to aid lobbyists and businessmen who offered his wife a job. The committee wants diaries from 1989 to the present to decide whether to make the job offers part of the investigation.

The Justice Department has started a criminal investigation on the job offers and also has subpoenaed the diaries. Justice filed papers in secret that joined the Senate lawsuit for the diaries. The judge's ruling did not mention the department's demand.

``The judge's ruling has no impact on the Justice Department investigation right now," said department spokesman John Russell. ``What we filed, we filed under seal."

Bobbi Munson, Packwood's press secretary, said the senator would have no comment ``until the lawyers and the senator have a chance to look at it and interpret it."

Packwood's attorney, Jacob Stein, had no immediate comment.

One of Packwood's accusers, Julie Williamson, said she hoped that judge's ruling ``will remove an obstacle and move this case forward."

``Packwood has been stomping around Oregon saying all he wants is a fair hearing, but he's the one who's been

holding up the whole process" by refusing to turn over the diaries, Williamson said.

"He's just using a strategy that anything that keeps him in office for four more days is worth pursuing," she said.

Williamson said Packwood made unwanted sexual advances to her in 1969 while she was working at his Portland office.

Jackson set a hearing for Thursday to set procedures for the diaries to be provided. The court took custody of the recorded and transcribed materials last month after Senate lawyers contended the senator altered them while expecting a subpoena.

Hours before Jackson ruled, the Supreme Court passed up a chance to clarify whether targets of criminal investigations may refuse to surrender subpoenaed personal papers by invoking the privilege against self

-incrimination.

The justices, without comment, let stand a federal appellate court ruling forcing a man suspected of violating securities law to surrender his personal appointment calendar to federal investigators.

The committee is investigating allegations that Packwood made unwanted sexual advances to more than two dozen women, including Senate employees; tried to intimidate some of his accusers and use his staff to do the same; and attempted to obstruct the probe by altering the diaries.

Jackson said it "would be presumptuous" of him to find the Ethics Committee's action unreasonable, when the Supreme Court "sustained a more extensive and intrusive examination" into Richard Nixon's private papers and recordings in the Watergate probe.

The judge found the subpoena was "not impermissibly broad," as Packwood contended, "even though the diaries might prove compromising to Sen. Packwood in respects the committee has not yet foreseen."

Jackson emphasized the committee "proposes to conduct a focused ... limited review of a fraction of the diaries of most recent origin with many passages masked to protect the most vital of Senator Packwood's interests in privacy.

"The examination will occur in the presence of Senator Packwood's counsel, and the original diaries will be returned immediately to Senator Packwood, marked only to identify the entries perceived as relevant"

Jackson said it was "manifestly impracticable to leave to the subject of the investigation alone" the decision on what materials were relevant to the investigation.

-packwood

PACKWOOD MUST HAND OVER DIARIES TO SENATE PANEL

Eds: Note Ore. add

Graphic: Timeline on GGN

By ANNE SAKER=

Gannett News Service=

WASHINGTON A federal judge on Monday ordered Sen. Bob Packwood to give his diaries to the Senate Ethics Committee, rejecting Packwood's claim that doing so would violate his constitutional right against self

-incrimination.

U.S. District Judge Thomas Penfield Jackson told the Oregon Republican to comply with a Senate subpoena for journal entries from Jan. 1, 1989 to the present.

Those entries are evidence against him in an Ethics Committee inquiry.

The committee, Jackson said, is attempting to do the job, required of Congress in the Constitution, to "keep its own house in order."

He acknowledged that the material is "extremely personal and private in nature" but said the committee will review the diaries with respect for Packwood's "legitimate expectations of privacy."

Jackson scheduled a hearing Thursday for Packwood and the committee to choose a method for handing over the diaries. Packwood's office issued a statement saying the senator would have no statement on the decision because he and his lawyer Jacob Stein have not seen it.

However, Packwood had promised to appeal if Jackson

ruled against him. If Packwood does appeal, that would ensure that his travails will continue long after Congress returns to work on Tuesday.

"This is only the second act in a three

-part play that

will probably end up in the Supreme Court," said Stephen Hess of the Brookings Institution, a liberal

-leaning

Washington think tank.

The Senate Ethics Committee is investigating charges of sexual misconduct lodged against Packwood by at least 29 women. Packwood also is accused of trying to intimidate the women into silence when their stories were about to become public.

Also under inquiry are Packwood's 1990 efforts to use his influence with lobbyists to find work for his wife, Georgie, from whom he was divorced in 1991. The committee started looking into those activities after seeing earlier

entries of Packwood's diary.

In addition, the Justice Department has the diaries under subpoena for a criminal probe now before a grand jury. Department officials have said they will wait for the Senate probe to conclude before pursuing their investigation.

Jackson threw out Packwood's argument that handing over the diaries would violate his Fifth Amendment protection against self

-incrimination: ``The subpoena is not impermissibly broad, even though the diaries might prove compromising to Senator Packwood in respects the committee has not yet foreseen."

Packwood's case is the first time a federal judge has ordered a sitting senator to comply with a Senate subpoena.

The Ethics Committee began its inquiry in February 1993 after newspapers published extensive reports on complaints from women who said Packwood kissed, fondled and otherwise approached them inappropriately. The earliest incident occurred in 1969, when Packwood, 61, began his first term in the Senate.

In early October, Packwood gave a deposition to the Ethics Committee and mentioned his diaries. The committee immediately demanded to see them. Packwood initially agreed, as long as references to his family or other personal matters were shielded from view.

Committee lawyers started reading the diaries, but after two weeks, they told Packwood they believed the memoirs contained evidence of ``possible acts of criminal wrongdoing," in the words of panel Chairman Richard Bryan, D

-Nev. Those citations, Packwood said, concerned his requests for friends who were lobbyists to secure work for his wife in 1990.

Packwood balked at more reviews and suggested the real reason the committee wanted the diaries was to learn further of his recollections about the sexual peccadillos of other members of Congress.

The committee issued its subpoena, and when the senator again refused, Bryan demanded and got two days of Senate debate over whether he could proceed to court against Packwood.

On Nov. 2, the Senate voted 94

-6 for Bryan, and the case went to Jackson but not before Sen. Robert Byrd, D

-W.Va., told Packwood, ``It is time to have the grace to go." More than half a dozen other senators, including

Republican Nancy Landon Kassebaum of Kansas, have since joined the chorus.

During a Dec. 16 hearing, Senate counsel Michael Davidson told Jackson that Packwood apparently had been altering the diary. Cathy Wagner Cormack, a longtime Packwood employee, had been transcribing the diary from audiotapes since the senator began the journal in 1969. She told the committee that some tapes had obviously been dubbed over with new material.

When she questioned the senator about the changes, he acknowledged he taped over some portions because he was fearful the tapes would eventually be subpoenaed.

Jackson told Packwood to hand over the diaries to the clerk of the federal court, where they have been ever since.

Though Packwood acknowledged more than a year ago that he had caused offense to the women, he has steadfastly refused to resign. In fact, during a rare visit to Oregon two weeks ago, Packwood said flatly he would run again in 1998. An hour later, he said he had spoken too soon and that it was too early to talk about running for a sixth term.

ADD FOR OREGON POINTS

Republican Senator Mark Hatfield and Reps. Mike Kopetski, D

-Ore, and Peter DeFazio, D

-Ore., had no comment on Jackson's order. Rep. Elizabeth Furse, D

-Ore., could not be reached for comment.

Sen. Packwood ordered to surrender diary
By E. MICHAEL MYERS=

WASHINGTON (UPI) A federal judge ruled Monday that Sen. Bob Packwood must comply with a subpoena to allow Senate lawyers to examine his personal diary in an investigation of sexual misconduct allegations and possible criminal wrongdoing.

Packwood, R

-Ore., lost on all counts in the appeal to District Judge Thomas Jackson to reject the request for the subpoena on grounds that divulsion of the diary, tape recordings, and related documents would violate his constitutional rights to privacy and against self-

incrimination.

``In summary, the Ethics Committee subpoena commands the production of personal diaries of Senator Packwood

which are unquestionably relevant in some part to a constitutionally authorized and properly focused inquiry by a committee of the U.S. Senate having jurisdiction to investigate allegations of misconduct of a member of that body," Jackson ruled.

It was not immediately known if Packwood, 61, would comply with the order or appeal Jackson's ruling. Packwood's office said he would have no comment because he had not reviewed the decision.

Jackson set a hearing on Thursday to go over the procedures for Senate investigators to examine the diary, including screening out information involving Packwood's personal medical, legal, and private family affairs. The diary and other materials have been in the custody of the District Court pending the ruling.

Investigators earlier alleged that Packwood had altered tape recordings that are the basis of the diary in an effort to conceal information. A secretary who transcribed the tapes told investigators Packwood acknowledged doctoring the recordings.

Jackson said the Ethics Committee is acting within the law in demanding Packwood's diary because the information is relevant to the investigation. Jackson said Packwood cannot claim a constitutional right against self

-incrimination because he initially offered the diary to investigators as part of his defense.

More than 20 women have accused Packwood of unwelcome sexual advances during a period of more than two decades several alleged he sought to intimidate them from bringing the allegations before the Ethics Committee.

The committee started its investigation in December 1992, shortly after Packwood was elected to a fifth term in the Senate and after critics said he covered up the allegations to secure his election.

Packwood acknowledged to investigators that he has kept a diary since his initial election in 1969, and said it contained information relating to the sexual misconduct charges.

Packwood has apologized to the women, without saying what he did wrong.

He first allowed investigators to review the diary, but backed off when they said they had found information raising the possibility that Packwood had misused his office. Investigators say an entry in Packwood's diary indicates he may have asked a foreign corporation to get a job for his estranged wife after their divorce.

Packwood contends that the reach of the Ethics committee's subpoena exceeds its legitimate grasp by demanding that he divulge portions of the diaries that are not relevant to its investigation into allegations of sexual misconduct, witness intimidation, and misuse of

staff.

``This court, however, has no authority to restrict the scope of the Ethics Committee's investigation," Jackson ruled.

Jackson said Packwood's treatment by the committee, including efforts to protect his privacy in unrelated matters, ``appears to be far more solicitous" of his sensitivities than those afforded former President Richard Nixon's efforts to protect his recordings and papers.

Jackson said it would be ``presumptuous" for him to find the Ethics Committee's request unreasonable considering the ``more extensive and intrusive examination" of Nixon's documents.

AM

-US

-Bosnia, 1st Ld

-Writethru, a0654,780

France Wants Boundaries Imposed On Yugoslav Factions; U.S. Rejects Idea

Eds: Subs lead to delete reference to NATO. Subs 6th graf, Christopher said ..., with 1 graf on French not saying publicly who should impose boundaries.

By RITA BEAMISH= Associated Press Writer=

PARIS (AP) France proposed resolving the civil war in Bosnia by imposing borders on the Croats, Serbs and Muslims, but the idea was rejected by Secretary of State Warren Christopher, U.S. officials said Monday.

In Washington, President Clinton expressed pessimism that outside efforts could stop the strife in the former Yugoslavia.

``The killing is a function of a political fight between three factions. Until they agree to quit doing it, it's going to continue," Clinton said during a picture

-taking session in the White House. ``I don't think the international community has the capacity to stop people within the nation from their civil war until they decide to do it."

Christopher arrived in Europe to find the NATO resolve on Bosnia splintering just two weeks after a NATO summit reaffirmed a limited but unified policy. There were threats from France and Britain to pull their troops out of the U.N. force there, the French desire to force a political solution and confusion over the U.N.'s potential use of air power.

He told French Foreign Minister Alain Juppe that the idea of imposing borders ``logically could lead to the

suggestion of using troops" to enforce the solution, according to one U.S. official, who briefed reporters on condition his name not be used.

Christopher said the United States was not willing to commit troops to such an effort, and Juppe acknowledged

that, this official said. U.S. officials said the French sought U.S. reaction to their idea, but it was not clear what countries they thought should participate in imposing the boundaries.

But Christopher did agree to France's request for new talks among the allies to look for ways to reinvigorate the sluggish peace talks in Geneva, said the official.

From the U.S. point of view, any new pressure should be focused on the Bosnian Serbs, the "principal aggressors," the official said.

The French effort reflected increasing frustration over the 2

-year

-old war that has claimed 200,000 lives, but it was unclear whether they would continue to push for a forced solution.

One French official warned on Monday that unless the allies mount more political pressure for a settlement, France "will be forced to withdraw" its 6,000 troops, the largest contingent in the U.N. peacekeeping force. He spoke on condition of anonymity.

The British also are thinking about withdrawing their forces by summer, Defense Secretary Malcolm Rifkind said Sunday. He said British leaders are evaluating whether the military effort to bring humanitarian aid into Bosnia actually is prolonging the war by enabling factions to continue fighting instead of being forced to the peace table.

At the White House, Clinton said, there won't be a settlement in Bosnia "until the sides decide that they have more to gain from signing a peace agreement than by continuing the fighting."

Clinton said the Bosnian government, which recently has obtained weapons despite an arms embargo and has been able to retake some towns, seemed "most reluctant to sign a peace agreement at this time.

"But if they can work out something on access to the sea and protection of Sarajevo and then the Moslem enclaves to the east, perhaps we can still get an agreement."

Clinton said the option of NATO air strikes remains on the table.

But U.N. Secretary General Boutros Boutros

-Ghali is

questioning the will of the international community to use

force in Bosnia.

In interview in Monday's International Herald

-Tribune,

he also speculated that air attacks could escalate the war.

At the summit, Clinton and other NATO leaders reaffirmed a willingness to use air power to relieve besieged Sarajevo; open the airport at Tuzla, a key humanitarian aid point; and relieve beleaguered Canadian troops at the Muslim enclave of Srebrenica.

On Monday, Clinton called the NATO mandate for air strikes ``very narrow.

``I think it's also clear that the U.N. Secretary

General, who has a say in some of those decisions but not all of them, based on what the international law is now, is still opposed to it."

U.S. officials privately said they believe Tuzla airport will never be opened because a large commitment of ground troops would be needed to keep it open. But one authorized to brief reporters said the United States is waiting to see the plans for opening Tuzla that NATO leaders ordered from U.N. military leaders.

The rotation of Canadian troops out of Srebrenica, on the other hand, is likely to occur without the need for air strikes they said.

Meanwhile, U.N. military commanders have bitterly denounced the U.N. leadership and member nations for failing to supply enough support to stop the fighting.

BC

-CIS

-ARMS

-UKRAINE

KRAVCHUK PUSHES UKRAINE TO RATIFY NPT

By Rostislav Khotin

KIEV, Ukraine (Reuter) - President Leonid Kravchuk called Monday for Ukraine to join the Nuclear Non

-Proliferation Treaty, and parliament leaders drafted a resolution aimed at breaking two years of deadlock on the issue.

Acceptance of the resolution would mark a triumph for Kravchuk, who this month signed a deal with Russia's Boris Yeltsin and President Clinton on transferring Ukraine's nuclear arsenal to Russia for destruction.

``The president (Kravchuk) asked parliament in an official letter Monday to join the Non

-Proliferation

Treaty," Dmytro Pavlychko, head of the parliamentary commission on foreign affairs, said.

A draft parliamentary resolution, also obtained by Reuters, proposed a radical shift in policy over Ukrainian nuclear weapons inherited from the former Soviet Union.

It proposed joining the NPT as "a state which does not own nuclear weapons" and instructing the government to exchange memoranda on ratification of the START

-1 arms reduction treaty.

The draft also proposed canceling 13 tough conditions imposed by the Kiev parliament last November for ratifying START

-1.

This should be done "taking into account concrete steps which were made by the president and government ... and reciprocal steps made by the U.S. and Russia," the draft resolution said.

Parliament was due to reconvene Tuesday to debate the nuclear issue.

The deal gives Ukraine security guarantees and material compensation, including valuable uranium from the warheads.

Some members of the opposition attacked it as a betrayal by Kravchuk and vowed to torpedo it in parliament.

The 1,600 warheads represent the world's third biggest nuclear arsenal, although Ukraine lacks the capacity to fire them as operation control remains with Moscow.

Western governments have spent the past two years trying to talk Ukraine into giving up the arms, but have run into increasing resistance from Ukrainian politicians wary of neighboring Russia and determined to exact a price for their compliance.

When debating START

-1 last November, the parliament had affirmed that only 42 percent of the warheads and 36 percent of the missile

-launchers on its territory would be destroyed.

It also said it did not consider Kiev bound by the 1992 Lisbon protocol which required non

-nuclear states to adhere to the NPT.

Kravchuk had previously said he would wait until after parliamentary elections on March 27 and ask the new

legislature to debate the treaty.

REUTER

BC

-CIS

-RUSSIA

-IMF

RUSSIA OFFICIAL ASKS FOR IMF HELP SHAPING BUDGET

WASHINGTON, Jan 24 (Reuter) - Russia has asked the International Monetary Fund for help in shaping its government budget in hopes the action will free up \$1.5 billion in international aid, a senior Russian official said Monday.

“What we want to do is not wait for the (Russian) parliament to formulate the budget. We want the Fund to come now and work with us together,” Konstantin Kagalovsky, IMF executive director for Russia told Reuters.

International monetary sources confirmed that Russia's Prime Minister Viktor Chernomyrdin has invited an IMF team to Moscow and that it will be leaving this week.

MORE

MORE

AM

-Plutonium,610

Study Urges Better Accounting For Surplus Plutonium

By ROBERT BURNS= Associated Press Writer=

WASHINGTON (AP) The United States and Russia should openly declare how much plutonium they intend to keep for nuclear weapons, then put the rest in monitored storage, a new study commissioned by the White House concludes.

Such an arrangement unheard of until the end of the Cold War and the dissolution of the Soviet Union would be

part of a broader U.S.

-Russian agreement designed to prevent plutonium from falling into the hands of rogue nations.

Plutonium used in nuclear weapons is a long

-lasting,
highly toxic material.

The study was done by a specialized committee of the National Academy of Sciences, a non

-profit group chartered by Congress to advise the federal government on scientific matters. The committee members are mainly academics but

also include retired military officers and interest group executives.

The National Security Council requested the study; the Energy Department paid for it, along with the John D. and Catherine T. MacArthur Foundation.

The study estimated that as a result of the first and second Strategic Arms Reduction Treaties and unilateral U.S. and Russian pledges made in the past few years, 100 or more metric tons of plutonium are likely to become military surplus over the coming decade.

“The existence of this surplus material constitutes a clear and present danger to national and international security,” the study’s authors wrote. The biggest risk, they said, is that some of the material could be acquired by renegade regimes that could make nuclear weapons with it and threaten to use them.

The study said no options yet devised for controlling the plutonium can eliminate the danger. “All they can do is to reduce the risks,” the authors wrote.

In addition to the plutonium that was produced during the Cold War by the United States and the former Soviet Union for nuclear weapons, civilian stocks of plutonium produced in commercial nuclear reactors are growing by at least 60 tons a year, the study estimated.

It said that with relatively simple designs such as that used in the first American nuclear bomb dropped on Japan in 1945, a substantial number of nations could make nuclear explosives from plutonium derived from civilian reactors.

To address this problem, the National Academy study said, the United States and Russia should begin by establishing a new arms agreement with four main elements:

Each side declare its total stockpiles of nuclear weapons and plutonium; identify their locations; exchange operating records of the sites where weapon

-grade
plutonium has been manufactured, and set up reciprocal inspections of the sites.

Monitor each side’s dismantlement of nuclear weapons by counting warheads entering and leaving the dismantlement facilities and measuring amounts of bomb

-making materials
that are extracted. There currently is no such monitoring plan in place, although the United States is dismantling nearly 2,000 nuclear weapons a year and Russia has said it is dismantling at a comparable rate.

A mutual and verifiable halt to production of the key materials used in nuclear bomb manufacturing, including plutonium and highly enriched uranium. The United States is no longer making either product; Russia has halted production of highly enriched uranium, but is still

operating plutonium production reactors.

A mutually agreed method of reducing stockpiles of plutonium. The key to this, the study said, would be for both the United States and Russia to declare how much plutonium they will keep for weapons, then put the rest aside for storage or disposal. The excess should be under international controls, ideally with the participation of the U.N.

-sponsored International Atomic Energy Agency.

BC

-VIETNAM

-USA (SCHEDULED)

U.S. INTELLIGENCE DEBUNKS TWO KEY POW DOCUMENTS

By Jim Wolf

WASHINGTON, Jan 24 (Reuter) - The Clinton administration made public Monday a study debunking two controversial Soviet documents that suggest Vietnam held more U.S. prisoners in the 1970s than it acknowledged.

President Clinton had cited the long

-awaited
inter

-agency intelligence study's finding as a factor in his thinking about whether to scrap the U.S. trade embargo against Vietnam.

U.S. officials agreed at an interagency meeting last month to recommend that Clinton reward Hanoi for stepped

-up help in accounting for the 2,239 Americans still listed as Missing in Action from the war in Indochina.

But the documents, which surfaced last year from Soviet GRU military intelligence archives, had remained an obstacle, feeding doubts about whether Hanoi has been withholding information.

The documents quoted Vietnamese officials as saying Hanoi held hundreds more U.S. prisoners of war, or POWs, in the 1970s, by implication as bargaining chips to extract concessions from the United States.

The 10

-page study released Monday at the Defence Department represented a consensus of the Central Intelligence Agency, Defence Intelligence Agency and State Department's Bureau of Intelligence and Research.

``In our analysis of these documents, we encountered the same problems that we have experienced since the

beginning of the conflict in Vietnam: inaccuracies, inconsistencies, exaggerations and fabrications," the report said.

One of the documents, dubbed the "1205 report," purported to be a Russian translation of a secret speech given by General Tran Van Quang to the Vietnamese Politburo in 1972. It apparently was obtained by a Soviet

agent.

It stated that North Vietnam was then holding 1,205 U.S. prisoners in mid

-September 1972. Only 591 Americans were freed during "Operation Homecoming" the next year after the Paris peace accords were signed.

The other, fragmentary, report, quotes another Vietnamese official as telling a Vietnamese Communist Party meeting in late 1970 or January 1971 that Hanoi was holding 735 captured "American fliers" at that time.

The U.S. analysis judged parts of the "1205 document" that were unrelated to the POW

-MIA issue to be

"plausible," but said its POW information was "replete with errors, omissions, and propaganda that seriously damage its credibility."

In debunking the "735 document," the intelligence community said the figures just did not add up.

Even if one assumed that all Americans listed as missing in action prior to early 1971 had survived the incidents in which they were lost, the total number of prisoners that Hanoi could have been holding at the time could not have topped 470, the analysis said.

"If these documents are excerpts from actual speeches, it is possible the speakers exaggerated the figures for political effect," it added.

Clinton underlined the significance of the then

-unreleased analysis in a December 10 letter to Senator Bob Smith, vice chairman of a Senate panel that investigated the POW

-MIA issue.

"Given the serious potential implications of these documents, I am sure you would agree that we must accord them the most careful analysis in the context of all other known information," he wrote Smith, a New Hampshire Republican.

George Carver, a special assistant on Vietnamese affairs to three directors of central intelligence from October 1966 to October 1973, criticised the analysis as indicative of "a mindset to debunk" evidence suggesting Americans might have been left behind when the United

States pulled out in 1973.

"I think that they started out determined to try to disprove the Russian documents if there was any way they possibly could have done so," he said in an interview.

REUTER

BC

-MIDEAST

-TALKS

-USA 2NDLD (SCHEDULED)
IN GOOD

-WILL GESTURE, HUSSEIN MEETS JEWISH LEADERS
(Eds: Updates throughout)

By Alan Elsner

WASHINGTON (Reuter) - Israeli and Syrian negotiators held "positive talks" and Jordan's King Hussein offered an important gesture of reconciliation as Middle East peace talks resumed Monday.

The most important symbolic development of the day came in a meeting between King Hussein and some 30 American Jewish leaders, the first of its kind.

King Hussein sketched a future of fruitful economic cooperation between his country and Israel after they signed a peace treaty and said he was anxious to move ahead with the negotiations.

"I want to make it abundantly clear that as far as we are concerned we are moving. I certainly hope and pray that our efforts will also encourage others to move ... so we arrive at our objective of comprehensive peace," the King told the Jewish leaders, according to participants.

A Jordanian official said both sides had agreed to publicize the meeting. "It's a confidence

-building measure. This is the first time the King has met a big group of American Jews spanning the entire range of opinion like this," the official said.

The importance of the meeting lay in Hussein's spelling out a future of normal, peaceful relations with Israel -- something Syria has so far declined to do.

Israeli officials welcomed the meeting and said it would act as an example and set a standard for other Arab states to meet in their future relations with Israel.

In the talks themselves, Israel's chief negotiator Itamar Rabinovich met his Syrian counterpart, Mouwafaq al

-Allaf, at a secret location in a meeting which brought

the sides together after a four

-hour hiatus.

An Israeli official said the meeting lasted 90 minutes and began with Rabinovich offering Israel's condolences on the death Friday in a road accident of Bassel Assad, eldest son of Syrian President Hafez al

-Assad.

Allaf accepted the condolences and said he would pass them on. The meeting itself proceeded in a "good and positive atmosphere", the Israeli official said. He declined to elaborate further, saying Israel wanted to preserve the confidentiality of the talks.

Israeli officials also held talks with Lebanese and Palestinian officials. A team of Israeli experts on economics, energy, water and the environment arrived to begin more detailed talks with Jordan Tuesday.

The Israeli

-Palestinian talks are seen as of secondary importance since the sides are engaged in high

-level

negotiations elsewhere to break their deadlock on the implementation of an interim agreement signed last September.

The Israeli

-Syrian talks are still jammed on the twin issues of land and peace. Syria wants Israel to agree to withdraw from all of the occupied Golan Heights that it has been occupying since 1967.

Israel says it is ready for some type of withdrawal but will not begin discussing the details until it hears from Syria exactly what kind of peace it will get in return.

"We have not reached this point because even if we have a better idea of the Syrian concept of peace, this has not yet been conveyed to us specifically," Rabinovich said in an Israel radio interview Sunday.

Israel wants Syria to do precisely what King Hussein did in his meeting with the American Jews, that is spell out the kind of relations it has in mind.

In his remarks to the group, the king said Israel and Jordan would cooperate on a wide range of economic projects once they had signed a peace treaty.

Among these, he mentioned developing the Jordan rift valley as a joint economic zone, developing a common electricity grid, building a road linking Israel, Jordan and Egypt through the Israeli Red Sea resort of Eilat and developing joint tourism projects.

But he said all this was contingent on Israel reaching

a peace agreement with all its Arab neighbors.

REUTER

AM

-KS-

-Glickman

-Mideast, Bjt,0410

House Intelligence Chairman: Mideast Peace Now, or
Radicals Will Rise

By CURT ANDERSON= Associated Press Writer=

WASHINGTON (AP) The time for peace in the Middle East
is now or extremist Islamic groups will continue to gain
influence, Rep. Dan Glickman said Monday after a visit to
the region.

``If it's not done now, in five to 15 years radical
Muslim fundamentalists will dominate the Arab world,"
Glickman, the chairman of the House Intelligence
Committee, said in an interview. ``You will be in a
perpetual state of terrorism."

Arab

-Israeli peace talks have stalled, despite a
high

-profile boost Sept. 13 when Israeli Prime Minister
Yitzhak Rabin and Palestinian Liberation Organization
chief Yasser Arafat had a historic handshake at the White
House.

But Glickman, D

-Kan., said a weeklong visit to Israel,
Syria, Jordan and Egypt convinced him all sides are
serious about achieving peace.

For one thing, the fall of the Soviet Union has stopped
the flow of arms to some Arab nations, leaving the Israeli
military in a much stronger position in the region,
Glickman said.

``The communist help to the Arab world is gone," he
said. ``The Syrians know they'll never destroy Israel.
It's here, it's a reality."

Many Arab countries like Syria also want better
relations with the United States ``for economic reasons,"
Glickman said.

He credited Egyptian President Hosni Mubarak with being
the ``driving, catalytic force" that will bring all sides

together.

``He's done a lot to give the Israelis confidence that
their security isn't being threatened," he said.

Of particular concern to U.S. intelligence is the
influence of Islamic radicals such as the Hezbollah, which

Glickman said would try to derail the talks if possible.

``They're going to do everything they can to disrupt the peace process," he said. ``This is a move for raw power in that part of the world. They are having some success."

Glickman said he generally is satisfied with U.S. intelligence efforts in the Middle East, with the notable exception of the extremist groups.

``Our biggest flaw is that our human intelligence hasn't been able to crack some of the more radical elements," he said. ``It's hard to get people into those groups. You have to be in 20 years before they trust you."

All sides are looking to the United States to help broker the peace, Glickman added, but there is no talk of U.S. ground troops being involved.

``America is viewed as the only entity in the world that can have any role in securing and guaranteeing this peace," he said. ``We obviously have a great stake in securing the peace."

PM

-Packwood, 2nd Ld

-Writethru, a0635,430

Federal Judge Rules Packwood Must Turn Over Diaries
EDs: INSERTS 2 grafs after 5th graf pvs, bgng, 'Jackson set,' with comment from Packwood's press secretary.

By LARRY MARGASAK Associated Press Writer=

WASHINGTON (AP) A federal judge ruled today that Sen. Bob Packwood must turn over his diaries to the Senate Ethics Committee, which is investigating allegations of sexual misconduct, obstruction and witness intimidation.

U.S. District Judge Thomas Penfield Jackson acknowledged that the material sought by the committee was ``extremely personal and private in nature."

But he said the committee, which subpoenaed the diaries, will review the materials in a manner that ``respects Senator Packwood's legitimate expectations of privacy and is, therefore, reasonable" under the Fourth Amendment to the Constitution.

Jackson also said Packwood's diaries enjoyed ``no Fifth Amendment privilege against self

-incrimination."

Jackson set a hearing for Thursday to decide procedures for the diaries to be provided. The diaries currently are in the court's custody.

Bobbi Munson, Packwood's press secretary, said the senator had no immediate comment on the judge's ruling and would have none until he had reviewed it with his

attorney, Jacob Stein.

``There is no way of predicting when that will happen," Munson said.

The Justice Department also has subpoenaed the diaries for a criminal investigation of Packwood. Jackson did not address the department in his ruling, most likely because the department joined the Senate's lawsuit for the diaries by filing motions in secret.

Packwood already has given the committee copies of diary entries from 1969

-89. But his cooperation ended when the committee found entries that raised questions whether Packwood, R

-Ore., used his office to benefit lobbyists and businessmen who offered his wife a job.

The committee demanded the diaries to consider whether to expand its probe to include the job offers, which also are the focus of the Justice Department probe.

The committee currently is investigating allegations that Packwood made unwanted sexual advances to more than two dozen women; tried to intimidate some of his accusers and attempted to obstruct the probe by altering the diaries.

Jackson emphasized the committee ``proposes to conduct a focused ... limited review of a fraction of the diaries of most recent origin with many passages masked to protect the most vital of Senator Packwood's interests in privacy.

``The examination will occur in the presence of Senator Packwood's counsel, and the original diaries will be returned immediately to Senator Packwood, marked only to identify the entries perceived as relevant ..."

BC

-USA

-PACKWOOD 1STLD (SCHEDULED)

COURT BACKS ETHICS PANEL IN PACKWOOD DIARIES FIGHT

(Eds: New throughout)

By William Scally

WASHINGTON, Jan 24 (Reuter) - A federal judge ruled Monday in favour of the Senate Ethics Committee in its battle for access to Senator Bob Packwood's personal diaries.

The committee is seeking Packwood's diaries and tapes in its year

-long investigation of charges of sexual misconduct, intimidation of witnesses and a possible criminal violation by the Oregon Republican.

Packwood had defied a committee subpoena for the

diaries on the ground that handing them over would violate his constitutional rights to privacy and Fifth Amendment protection against self

-incrimination.

Federal judge Thomas Jackson rejected both arguments and granted the Ethics Committee's application for enforcement of the October 21 subpoena.

He ordered the parties to the dispute to appear for a conference on January 27 to settle on procedures for

producing the diaries for committee inspection.

The judge last month ordered that the diaries and tapes dictated by Packwood be handed over to court custody after Senate lawyers said some might have been tampered with.

There was no immediate indication whether Packwood's lawyers could appeal the judge's decision backing the Ethics Committee.

Packwood, 61, has been accused by more than two dozen women of making unwanted sexual advances over many years. He is also accused of trying to intimidate some of his accusers.

The Ethics Committee had been examining his diaries under an agreement that allowed parts to be masked.

But Packwood refused to continue the arrangement after the committee found evidence of a possible criminal violation -- that he might have pressured a lobbyist to offer his former wife a job at a time they were being divorced.

Packwood's lawyer argued in court that handing over the diaries would violate the senator's Fourth Amendment rights to privacy and his Fifth Amendment protection against self

-incrimination.

But Jackson said that while the diaries were acknowledged to be extremely personal and private and merited a high degree of protection, the way in which the committee would examine them respected his legitimate expectations of privacy.

He said the committee proposed a limited review of a fraction of the most recent diaries with many passages masked to protect Packwood's privacy.

The judge also said that Packwood enjoyed no Fifth Amendment rights to avoid surrendering his diaries, "the act itself presenting no risk of incrimination beyond that he has already reduced to written or recorded form."

REUTER

AM

-Gasoline Fumes,610
EPA Orders Fume Collectors on New Cars

By H. JOSEF HEBERT= Associated Press Writer=

WASHINGTON (AP) The Environmental Protection Agency directed automakers Monday to equip new cars with canisters that capture toxic, smog

-producing fumes during refueling.

The canisters will have to be phased in over three years beginning with 1998 models. Vans, specialty vehicles and small trucks will be given an additional three years to comply.

The EPA estimated the canisters will add \$10 to the price of a vehicle. But automakers have said costs could be closer to \$50 a car.

``Today's rule breaks years of gridlock," EPA

Administrator Carol Browner said. She said that when the canisters are fully phased into the driving fleet a process that likely will take a decade or more they will capture 95 percent of refueling emissions.

The action, taken under court order, ends a seven

-year battle with the auto industry, which had strongly opposed the canisters. Automakers contended it would be cheaper to equip gasoline pumps with pollution

-control devices. Big Oil fought that idea.

During his re

-election campaign in 1992, then

-President Bush directed service stations in parts of the country with the worst air pollution to install pollution

-control nozzles on gasoline pumps. Speaking four days before the Michigan primary election, Bush said he didn't want to burden the struggling auto industry with yet another environmental regulation.

But 10 months later in a lawsuit filed by environmentalists, a federal court said Bush's order had violated the 1990 Clean Air Act. The appeals court said the EPA must require the on

-board vapor recovery system. The Clinton administration agreed to comply with the court order without an appeal.

Browner, in fact, went a step further Monday, also requiring that increasingly popular vans, utility vehicles and small trucks not directly mentioned by the clean air law also have the canisters. The phase

-in for those
vehicles begins in 2001.

“We are fully committed to work with EPA to get the job done,” the American Automobile Manufacturers Association said in a statement. The industry group said the phase

-in schedule will provide time to develop dependable and safe emission control systems.

The automakers for years had argued that the canisters potentially were unsafe because of a possible fire. They maintained

a more economical and safer way to deal with refueling emissions was with the fuel pump nozzles.

After Bush's directive, thousands of service stations in urban areas with the worst smog pollution began installing the devices last year. Browner said those areas may begin to phase out use of the special nozzles once the on

-board canisters are in widespread use.

Browner said in an interview that she considers the on

-board canisters a much better system for controlling refueling emissions since it will cover automobiles in use nationwide and not just in urban areas with the worst smog.

“This is a huge step forward It's hard to point to another rule that will be as significant for as many people,” said Browner. When the canisters are fully phased in, they are expected to capture 95 percent of the volatile organic compounds and 300,000 to 400,000 tons of toxic emissions emitted during refueling nationwide, she said.

Richard Wilson, director of the EPA office of mobile source pollution, said the cost of the canisters is expected to be reduced because manufacturers already will have to make many of the needed design adjustments to meet other pollution control requirements.

The special canisters are to be installed in 40 percent of the new car fleet beginning with 1998 models, in 80 percent the following year and in all cars beginning with the 2000 models. A similar phase

-in will begin with light trucks, vans and specialty vehicles in 2001.

AM

-US

-Bosnia,780

France Wants NATO to Impose Boundaries In Yugoslavia; U.S. Rejects Idea

By RITA BEAMISH= Associated Press Writer=

PARIS (AP) France proposed that NATO resolve the civil war in Bosnia by imposing borders on the Croats, Serbs and Muslims, but the idea was rejected by Secretary of State Warren Christopher, U.S. officials said Monday.

In Washington, President Clinton expressed pessimism that outside efforts could stop the strife in the former Yugoslavia.

"The killing is a function of a political fight between three factions. Until they agree to quit doing it, it's going to continue," Clinton said during a picture

-taking session in the White House. "I don't think the international community has the capacity to stop people within the nation from their civil war until they decide to do it."

Christopher arrived in Europe to find the NATO resolve on Bosnia splintering just two weeks after a NATO summit reaffirmed a limited but unified policy. There were threats from France and Britain to pull their troops out of the U.N. force there, the French desire to force a political solution and confusion over the U.N.'s potential use of air power.

He told French Foreign Minister Alain Juppe that the idea of imposing borders "logically could lead to the suggestion of using troops" to enforce the solution, according to one U.S. official, who briefed reporters on condition his name not be used.

Christopher said the United States was not willing to commit troops to such an effort, and Juppe acknowledged that, this official said.

But Christopher did agree to France's request for new talks among the allies to look for ways to reinvigorate the sluggish peace talks in Geneva, said the official.

From the U.S. point of view, any new pressure should be focused on the Bosnian Serbs, the "principal aggressors," the official said.

The French effort reflected increasing frustration over

the 2

-year

-old war that has claimed 200,000 lives, but it was unclear whether they would continue to push for a forced solution.

One French official warned on Monday that unless the allies mount more political pressure for a settlement, France "will be forced to withdraw" its 6,000 troops,

the largest contingent in the U.N. peacekeeping force. He spoke on condition of anonymity.

The British also are thinking about withdrawing their forces by summer, Defense Secretary Malcolm Rifkind said Sunday. He said British leaders are evaluating whether the military effort to bring humanitarian aid into Bosnia actually is prolonging the war by enabling factions to continue fighting instead of being forced to the peace table.

At the White House, Clinton said, there won't be a settlement in Bosnia ``until the sides decide that they have more to gain from signing a peace agreement than by continuing the fighting."

Clinton said the Bosnian government, which recently has obtained weapons despite an arms embargo and has been able to retake some towns, seemed ``most reluctant to sign a peace agreement at this time.

``But if they can work out something on access to the sea and protection of Sarajevo and then the Moslem enclaves to the east, perhaps we can still get an agreement."

Clinton said the option of NATO air strikes remains on the table.

But U.N. Secretary General Boutros Boutros

-Ghali is questioning the will of the international community to use force in Bosnia.

In interview in Monday's International Herald

-Tribune, he also speculated that air attacks could escalate the war.

At the summit, Clinton and other NATO leaders reaffirmed a willingness to use air power to relieve besieged Sarajevo; open the airport at Tuzla, a key humanitarian aid point; and relieve beleaguered Canadian troops at the Muslim enclave of Srebrenica.

On Monday, Clinton called the NATO mandate for air strikes ``very narrow.

``I think it's also clear that the U.N. Secretary General, who has a say in some of those decisions but not all of them, based on what the international law is now, is still opposed to it."

U.S. officials privately said they believe Tuzla airport will never be opened because a large commitment of ground troops would be needed to keep it open. But one authorized to brief reporters said the United States is waiting to see the plans for opening Tuzla that NATO leaders ordered from U.N. military leaders.

The rotation of Canadian troops out of Srebrenica, on the other hand, is likely to occur without the need for

air strikes they said.

Meanwhile, U.N. military commanders have bitterly denounced the U.N. leadership and member nations for failing to supply enough support to stop the fighting.

AM

-Vietnam

-POWs,640

Pentagon Discounts Accuracy Of Russian Reports On POWs In Vietnam

By ROBERT BURNS= Associated Press Writer=
WASHINGTON (AP) Russian

-language documents indicating

North Vietnam held twice as many Americans as it released at the war's end are probably authentic but almost certainly incorrect, the Pentagon said Monday.

The documents were studied by analysts from the CIA, the Defense Intelligence Agency and the State Department's Bureau of Intelligence and Research.

"In our analysis of these documents, we encountered the same problems that we have experienced since the beginning of the conflict in Vietnam: inaccuracies, inconsistencies, exaggerations and fabrications," the analysts wrote in an assessment of the documents received from Russian archives last year.

One document, known as the "1205 Report," purports to be a Russian

-language translation of an official

Vietnamese report on American POWs held in the communist north in 1972. It was provided last April to the U.S.

-Russian Joint Commission that is investigating Cold War

-era POW and MIA issues.

The 1205 Report asserts that North Vietnam held 1,205 American prisoners in mid

-September 1972 compared with

the 591 Americans who actually were released in Operation Homecoming in early 1973. The implication is that Vietnam withheld a substantial number of POWs and has been lying about it ever since.

The Vietnamese government has denounced the document as a fabrication, as has Gen. Tran Van Quang, the supposed author of the speech reported in the 1205 Report.

The U.S. analysis of this document concluded that it was indeed produced by the former Soviet GRU, or military intelligence agency, but that the information contained in

it is not believable without further supporting evidence.

Citing "multiple incongruities" in the report, the U.S. analysts said that at most, 73 Americans not yet accounted for from Vietnam could have been held in addition to the 591 declared prisoners. That makes the claim of 1,205 prisoners "inconsistent with our understanding of how many Americans would have survived the events in which they were lost to become captives," they wrote.

"Our bottom line is that the document is not what the Russian GRU claimed it to be and the information

suggesting that more than 600 additional POWs existed is not accurate. We cannot dismiss the document as a complete fabrication, but we need more information to understand its origin and meaning."

A second document studied by the U.S. analysts is known as the "735 Report." It is a fragmentary Soviet GRU report that was provided to the U.S.

-Russian Joint

Commission on POWs and MIAs at a meeting in Moscow last September.

U.S. analysts said they believe the document is authentic not a fabrication as claimed by Hanoi but that its reference to extra U.S. POWs is not credible.

The 735 Report is a Russian

-language translation of the text of an oral report presented to a Vietnamese Communist Party gathering in late 1970 or early 1971. The speaker and the time and place of the presentation are not mentioned.

"We have no idea where the number 735 came from," the U.S. analysts wrote, adding, "It is possible the speakers exaggerated the figures for political effect."

The American analysts also dismissed as not credible the assertions by a CIA source identified as Dang Tan, a North Vietnamese medic who, in debriefings in Saigon in 1969, claimed that Hanoi held more than 800 U.S. pilots as POWs as of late 1967.

Dang Tan's assertion surfaced last May when a series of debriefing reports came to light in a CIA and State Department review of documents being declassified.

The U.S. analysts said not more than 574 American airmen could have been POWs as of September 1967, far below Dang Tan's figure of 800.

"He clearly embellished his reports with rumor and hearsay," the analysts wrote.

-TRADE

-JAPAN ISTLD

U.S., JAPAN SCRAMBLING TO WRITE NEW TRADE AGENDA
(Eds: Updates with Brown quotes, new deficit projection)

By Lyndsay Griffiths

WASHINGTON, Jan 24 (Reuter) - Senior U.S. and Japanese officials met Monday to try to resolve mounting trade tensions in time for next month's summit between President Clinton and Prime Minister Morihiro Hosokawa.

In line with a pledge dating back to last summer, the two sides want to come up with a slate of concrete agreements to help right the lopsided flow of transpacific commerce.

But the climate for striking deals before the February 11 leaders' meeting could not be worse, with Japan mired in recession and its government fractured by political upheaval.

The two sides -- close allies in diplomacy yet fierce rivals in economics -- held a day

-long session with ranking officials from ministry after ministry hauled in to thrash out the nettlesome new economic agenda.

"It's all the big shots who are meeting, and they will stay through Wednesday if need be," said a U.S. official.

With time short, the U.S. policy is to pile on pressure.

"We're going to keep pressing the Japanese government to take action to help overcome an unacceptably high trade deficit," Commerce Secretary Ron Brown told reporters Monday. "We have got to take tough and aggressive action."

Brown said the U.S. side would rethink its strategy to Japan if the two sides fail to agree on a new economic agenda.

He refused to detail what the new plan of attack might be or to reveal if punitive strikes were an option, stressing: "We are ready and willing to explore any vehicle."

The same tough message was issued Sunday, when Treasury Secretary Lloyd Bentsen told Hosokawa that his domestic problems notwithstanding, Washington wants meaningful change and would not make do with piecemeal deals.

"If we do not have credible agreements by the time of the summit, we would have to re

-examine the basis of the framework," Bentsen said on his visit to Tokyo.

"We will not settle for any cosmetic agreement."

At the heart of last July's so

-called framework, Japan agreed to engineer a ``highly significant" cut in its trade surplus and provide more market access for specific sectors.

Six months later -- and still no deals in sight. Nor is the Clinton administration holding its breath this week, saying the February summit is the real deadline.

``I've never known a negotiation that finished before it had to, and this is going to be no different. It's going to go right up to the last minute," U.S. Trade Representative Mickey Kantor said before low

-level talks opened at the weekend.

Scrambling nonetheless to beat the clock and come up with results, the working groups passed the baton to more senior officials, who were slated to meet at least through Tuesday.

A U.S. trade official said this week's agenda would cover Japan's compliance -- or lack of it -- with existing trade deals, its purchase of foreign cars and auto parts, access to its insurance market and government procurement practices.

U.S. trade officials have said further talks will probably be needed ahead of the summit, and Kantor himself has not ruled out a visit to Tokyo.

Kantor has named Japan his top priority this year as Americans chalk up a \$50 billion trade deficit with Tokyo. And Brown said that figure could swell to a staggering \$60 billion this year ``based on current trends."

While both sides have agreed the status quo must change, just how is the question. Sick and tired of empty promises, Clinton wants indicators to measure progress along the way, a stance Tokyo fears will lead to targets and managed trade.

Nor are the chances for compromise heightened by the new political upheaval in Tokyo, which has weakened Hosokawa and forced him to focus hard and fast on the homefront.

Swept to power last summer on promises to clean up corrupt politics, Hosokawa suffered a humiliating setback Friday when lawmakers defeated his political reform agenda. The crisis has created new cracks in an already fragile alliance and may yet force Hosokawa to resign or call elections.

The turmoil has also taken its toll on Tokyo stock prices, with the closely watched Nikkei average plunging 4.94 percent Monday in its biggest single

-day decline since August 1991.

REUTER

AM

-Mideast Talks, 1st Ld

-Writethru, a0629,350
Arab

-Israeli Talks Reopen Under New Format

EDs: SUBS pvs graf 2, beginning ``With participation,"
with 5 grafs of specifics on meetings; picks up pvs graf
3: ``Previous; deletes last graf

WASHINGTON (AP) Israeli delegates resumed talks Monday
with representatives from their Arab neighbors amid
unusual secrecy prompted by a desire to put progress ahead
of publicity, the State Department said.

On the front drawing most attention, Israel's
negotiations with Syria, the head of the Israeli
delegation, Itamar Rabinovich, reported ``it was a good
meeting in a positive atmosphere."

That suggested Syria may be amenable to Israel's
intention to step back from a deadlock over finding a
land

-for

-peace formula and focusing instead on security
measures near the border between the two countries.

Rabinovich opened the 90

-minute meeting expressing
condolences to negotiator Muwaffiq al

-Allaf for the death

of President Hafez Assad's son Bassel, who was killed last
Friday in a car crash in Damascus.

Israeli negotiator Elyakim Rubinstein arrived,
meanwhile, for a meeting Tuesday with Jordanian Ambassador
Fayez Tarawnee. Rubinstein brought with him experts on
water, energy, business and the environment.

Separate meetings at undisclosed locations were held
with Palestinian and Lebanese negotiators.

Previous rounds of discussions took place at the State
Department with large numbers of representatives from each
side. Daily updates on the proceedings were common.

Although the venue was not announced, officials said
Monday's talks the first since last September were held
about a mile north of the State Department in a hotel
district.

Acting State Department spokeswoman Christine Shelly
said the new format enables the parties to ``probe each
other's ideas in a very relaxed kind of way."

She also indicated that the administration backed the

idea of keeping the talks as private as possible.

“We have felt that they would be most productive if the emphasis was on making progress and not just on making publicity,” she said.

With Israeli officials meeting with Palestinians at other locations closer to the region, much of the attention here is on the bilateral talks involving Israel and Syria. The Clinton administration has been pushing hard for progress between those two longtime rivals.

Congressional report blasts Clinton health care plan
By MARY ANN AKERS=

WASHINGTON (UPI) The Clinton administration has grossly underestimated the cost of its health care plan, according to a report released Monday by Republican members of Congress's Joint Economic Committee.

“Unfortunately, the Joint Economic Committee study presented here today confirms our worst fears about the president's health care proposal,” Rep. Dan Miller, R

-Fla., said. “We can see that the financing is not, as Sen. (Daniel Patrick) Moynihan suggested, a fantasy it's a horror story.”

The report, prepared by the Republican staff director of the JEC and an economist from Texas A&M University, found the first seven years of the Clinton plan would generate a \$1 trillion shortfall in financing.

In other words, the gap between the administration's projected health care spending and the funds available to pay for it would exceed \$1 trillion in the first seven years of enactment, the study found.

Furthermore, the GOP staff study found that the ambitious benefits package included in Clinton's plan does not live up to his promise of Fortune 500

-quality
coverage.

In addition to promising top

-quality, high

-caliber
coverage for all Americans, the president has said his plan would ensure low premium payments for businesses and individuals, and would control health care costs without new broad

-based taxes or a deficit increase.

“In short, the four Clinton health care promises are

inconsistent and therefore unachievable simultaneously,” the report said.

Clinton's plan cannot provide Fortune 500

-quality coverage, the report said, because any universal health insurance program either must provide an average level of coverage less generous than currently enjoyed by Americans or else spend more money on health care than provided for in the president's plan.

The report concluded that if the Clinton plan is enacted, the nation would face one of four unpleasant results, or a combination of all four: a doubling of the federal budget deficit, large tax increases on individuals, large tax increases on businesses, or price controls and diminished health services.

Republicans also take exception to the administration's claim that its proposal will reduce health care spending by making the health care industry more competitive.

The JEC report "finds no persuasive reason to believe that implementation of the Health Security Act would lead to either less demand for health care or lower prices. In fact the very opposite can be expected."

"This paper raises disturbing questions," said Rep. Dick Armey, R-Texas, the ranking House Republican on the Joint Economic Committee. "It has been sent to members of the president's Cabinet for review and, hopefully, some answers."

The Congressional Budget Office, whose numbers are widely accepted by both parties and taken more seriously than others in the health care debate, is expected to release its final report on the Clinton plan Feb. 1.

BC

-CHINA

-USA 1STLD

CHINESE HUMAN RIGHTS STEPS INADEQUATE - CHRISTOPHER
(Eds: updates with U.S. briefing)

By Carol Giacomo

PARIS (Reuter) - China took new steps Monday to address U.S. human rights concerns but Secretary of State Warren Christopher said it was not yet enough to warrant renewing American trade benefits.

Christopher, who met Chinese Foreign Minister Qian Qichen in Paris, called their discussions "positive and constructive" and announced plans for more high

-level

contacts. They included a possible trip to Beijing by Christopher.

But while Qian said China would discuss for the first

time 235 specific cases involving jailed political dissidents and nine Chinese emigration cases raised by the Americans, he excluded 100 other cases involving Tibetans.

Christopher also said there was no progress on President Clinton's demand for the release of pro

-democracy demonstrators jailed in the 1989 Tiananmen Square crackdown.

There had been some speculation Monday's meeting might serve as an opportunity for China to announce plans for a new release of jailed dissidents, but that did not happen.

The two ministers, jointly addressing reporters at the Chinese embassy, said they hoped North Korea would agree with the International Atomic Energy Agency on procedures for inspecting Pyongyang's nuclear program to prevent the issue from going to the United Nations Security Council.

In announcing his decision last June to renew trade benefits -- called most favored nation (MFN) status -- for a year, Clinton said the next extension would depend on China showing "overall significant progress" in human rights.

He cited several specific areas, including "releasing and providing an acceptable accounting for Chinese citizens imprisoned or detained for the non

-violent expression of their political and religious beliefs."

A senior U.S. official told reporters that prisoner releases were a key criteria in Clinton's order and "today we had first indication those lists (of specific cases) are being taken seriously."

Qian reiterated Beijing's view that rights and trade should not be linked but said he would discuss them anyway.

"We had a very constructive and positive meeting," Christopher said after the talks.

He also stressed: "I would want to not mislead in any way. We have not in my judgment made enough progress to justify my saying there has been significant overall progress."

He added, without elaboration, that Qian "offered some information on family visa cases."

U.S. officials said Christopher told Qian that China must move quickly to satisfy U.S. concerns and not leave action until right before the June MFN deadline. He also cautioned Beijing against "backsliding" on rights in one area while moving forward on others.

The officials agreed that Undersecretary of State Peter Tarnoff and assistant secretary for human rights John Shattuck would soon travel to China for further consultations.

Shattuck will also hold more human rights talks with

Chinese officials in Washington this week. The State Department is due to release its annual human rights report later this week and it will be critical of China, U.S. officials said.

China, apparently beginning to take seriously U.S. threats to withdraw MFN, recently announced the release of two Tibetan dissidents and is discussing possible access to jails by the International Red Cross. Beijing has also

struck a deal barring the export to America of goods made with prison labor.

REUTER

AM

-US

-North Korea,320

Koreans Rebuff Nuclear Inspectors Again

By GEORGE GEDDA= Associated Press Writer=

WASHINGTON (AP) North Korea reaffirmed that International Atomic Energy Agency officials will not be allowed to carry out all the nuclear inspection activities they had planned, the State Department said Monday.

But spokeswoman Christine Shelly said the Clinton administration believes the North Koreans are negotiating in good faith with the IAEA.

She said that at talks Monday in Vienna, North Korea agreed to some IAEA inspection requests but she added that "a significant number of others" would not be allowed.

"The IAEA will not send an inspection team to North Korea unless there is full agreement on the safeguard measures which have been specified and have been judged necessary for a meaningful inspection," she said.

She expressed hope that the North Koreans will "accept the inspection in its entirety as the IAEA plans."

Her comments were similar to those made by IAEA officials following a meeting on Friday.

In talks with U.S. officials, North Korea last month agreed to permit full inspections at seven nuclear sites. Details were to be worked out between the North Koreans and the IAEA.

Shelly said she believes the North Korean rejection of the IAEA requests will be evaluated at an agency board meeting sometime in February.

The United States has been pressuring North Korea without success for 10 months to allow a resumption of IAEA inspections.

Nevertheless, Shelly said, "I think the fact that North Korea is in Vienna and is trying to work out the details with the IAEA is an indication that they are committed to finding a resolution to the problem."

Inspections could determine whether North Korea's nuclear program is for peaceful purposes, as Pyongyang

insists, or for developing nuclear weapons, as the United States and other nations fear.

U.S. intelligence agencies believe North Korea may already have developed at least one nuclear weapon.

BC

-USA

-STOCKS
BLUE

-CHIP STOCKS END LOWER
By Richard Jacobsen

NEW YORK, Jan 24 (Reuter) - Blue

-chip stocks closed slightly lower Monday as the market paused to catch its breath after its recent string of record closes.
The Dow Jones industrial average ended off 1.69 points at 3,912.79. It was only the Dow's fourth losing session of 1994 and ended a run of five new highs in the previous six trading days.

The Dow last ended in record territory on Friday at 3,914.48 on better

-than

-expected earnings reports. It shot up 47.28 points last week and gained more than 4 percent in the first three weeks of the new year.

In the broad market, declining issues led advances 1,200 to 903 on active volume of 297 million shares on the New York Stock Exchange.

The Nasdaq index was also the target of profit

-taking, closing down 3.63 points at 790.65 after reaching new highs in three of the previous four sessions.

Analysts said the market also reflected traditional investor caution ahead of the State of the Union address, to be delivered Tuesday by President Bill Clinton.

He said, however, he did not expect Clinton to make any announcements that would have a major impact on the market.

Weak overseas stock markets, including a 5 percent plunge in Tokyo's Nikkei stock index, also sapped investor enthusiasm here, analysts said.

Despite the lower finish overall, economically sensitive stocks continued their strong performance.

International Business Machines rose 3&3/8 to 58&5/8 on expectations that the computer giant on Tuesday will

report its first quarterly profit in almost two years.

NYNEX said it will cut its work force by 16,800 by the end of 1996 and reported a net fourth quarter loss of \$1.24 billion, or \$3.00 a share, including a \$1.4 billion after

-tax charge to cover the restructuring and \$74 million in other charges. The stock ended down $\frac{1}{4}$ to 39 $\frac{1}{8}$.

Apple Computer was the most active Nasdaq stock, rising $1\frac{5}{8}$ to 35 after announcing a deal with BellSouth for its Newton Message pad.

The Standard & Poor's composite index of 500 stocks was off 2.75 points to 471.97. The American Stock Exchange index was off 1.37 to 483.37.

The NYSE Composite index of all listed common stocks fell 1.37 to 261.75. The average share was down 18 cents.

The Wilshire Associates Equity Index -- the market value of NYSE, American and Nasdaq issues -- was 4,704.389, down 24.515 or 0.52 percent.

REUTER

RECORD TYPE: FEDERAL (RECONSTRUCTED EMAIL)

CREATOR: Kenneth R Chitester (CHITESTER_K) (WHO)

CREATION DATE/TIME:24-JAN-1994 12:16:00.00

SUBJECT: 12:30 pm wire report

TO: Heather Beckel (BECKEL_H) (WHO)
READ: UNKNOWN

TO: Dianna A. Pierce (PIERCE_D) (WHO)
READ: UNKNOWN

TO: Steven A. Cohen (COHEN_SA) (WHO)
READ: UNKNOWN

TO: David Leavy (LEAVY_D) (WHO)
READ: UNKNOWN

TO: Carola McGiffert (MCGIFFERT_C) (WHO)
READ: UNKNOWN

TO: Arthur L. Jones (JONES_A) (WHO)
READ: UNKNOWN

TO: David Seldin (SELDIN_D) (WHO)
READ: UNKNOWN

TO: Jeremy M. Gaines (GAINES_J) (WHO)
READ: UNKNOWN

TO: Kathy McKiernan (MCKIERNAN_K) (WHO)
READ: UNKNOWN

TO: Karen Finney (FINNEY_K) (WHO)
READ: UNKNOWN

TO: G. N. Lattimore (LATTIMORE_G) (WHO)
READ: UNKNOWN

TO: Lisa M. Caputo (CAPUTO_L) (WHO)
READ: UNKNOWN

TO: Aman, Sally J. (SALLY J. AMaN@EOP_OVP@CCGATE@EOPMRX) (DEFAULT)
READ: UNKNOWN

TO: Joseph W. Cerrell (JOSEPH W. CERRELL@EOP_OVP@CCGATE@EOPMRX) (DEFAULT)
READ: UNKNOWN

TO: Kukis, Heidi (HEIDI KUKIS@EOP_OVP@CCGATE@EOPMRX) (DEFAULT)
READ: UNKNOWN

TO: Payne, Julia M. (JULIA M. PAYnE@EOP_OVP@CCGATE@EOPMRX) (DEFAULT)

READ: UNKNOWN

TO: Lorraine A. Voles (VOLES_L) (WHO)

READ: UNKNOWN

TO: Jeffrey L. Eller (ELLER_J) (WHO)

READ: UNKNOWN

TO: R. Paul Richard (RICHARD_R) (WHO)

READ: UNKNOWN

TO: Virginia M. Terzano (TERZANO_V) (WHO)

READ: UNKNOWN

TO: Keith O. Boykin (BOYKIN_K) (WHO)

READ: UNKNOWN

TEXT:

PRINTER FONT 12_POINT_COURIER

WHITE HOUSE WIRE REPORT

12:30 p.m. edition

Monday, Jan. 24, 1994

Produced by the Office of News Analysis (OEOP 162, 6

-7151)

Index of wire stories:

Clinton to nominate Perry as Defense Secretary (AP)

White House opens check on potential Pentagon chief (AP)

Perry said willing to become defense secretary (Reu)

President preparing for State of Union speech (AP)

Clinton polishes State of the Union address (UPI)

Clinton refines speech, continues Cabinet search (Reu)

Dole to deliver GOP response to State of the Union
speech (AP)

U.S. continues talks with China on human rights (AP)

Christopher says Chinese human rights moves insufficient
(Reu)

Justices rule abortion protesters can be sued under RICO
(AP)

Justices refuse to hear former Maryland banker's appeal
(AP)

Justices let NPS remove wild horses from Missouri park
(AP)

BellSouth loses copyright case over Miami Yellow Pages
(AP)

Court rejects Illinois man's claim of malicious
prosecution (AP)

Ohio

-based labor union loses Supreme Court appeal (AP)

Supreme Court upholds Oregon tax on railroad cars (AP)
Russian premier says no funeral for new government
(Reu)
Talbot says patience needed in backing Russian reform
(AP)
Study urges U.S.

-Russia accord to reveal quantities of
bomb material (AP)
NJ Rep. Hughes won't seek re
-election (UPI)
Little progress made on human rights in Sino

-US talks,
says Christopher (UPI)

CNN Newshour (12 p.m.)

President to announce today that Perry will be Defense
Secretary
Major traffic delays at LA tries to return to normal
Christopher meets Chinese officials in France
Youngsters killed in Sarajevo mortar attacked buried
today

PM

-Clinton

-Defense Chief, 1st Ld, a0537,100

URGENT
Clinton to Nominate Perry as Defense Secretary
EDs: LEADS with planned announcement
By RON FOURNIER= Associated Press Writer=
WASHINGTON (AP) President Clinton plans to nominate
William J. Perry, the No. 2 man at the Pentagon, as his
next Secretary of Defense, White House officials said
today.
MORE

PM

-Clinton

-Defense Chief, 1st Ld

-1st Add, a0537,130
URGENT
WASHINGTON: said today.
The two official, speaking on condition of anonymity,

did not say when the announcement would be made. "It will be sooner, rather than later," one of the aides said.

Perry, who had expressed some reservations about the job over the weekend, is deputy secretary of defense and has been regarded as a front

-runner for the top spot since nominee Bobby Ray Inman, a retired admiral, bowed out last Tuesday with a blast at his critics.

Aides said they expected Clinton would make the announcement today, because they don't want the news to overshadow his State of the Union address Tuesday. The selection and confirmation of a new defense chief would fill and embarrassing gap in the White House's foreign policy team.

MORE

PM

-Clinton

-Defense Chief, 1st Ld

-2nd Add, a0553

-557,470

WASHINGTON: policy team

"He's a great choice. Perry's a real professional with depth of experience," said Sen. Joseph Lieberman, D

-Conn., a member of the Senate Armed Services Committee who confirmed the reports with Pentagon officials.

Perry is a respected military expert with a background in both academe and industry. He is credited with pushing the successful Stealth aviation technology on Air Force officials who resisted it in the 1970s.

Perry, 66, has managed to maintain the trust and confidence of the military establishment while taking on the unpopular task of overhauling how the Pentagon spends money on acquisition and research.

Perry served briefly in President Carter's defense department. Before his return to government early last year, Perry worked for a San Francisco investment banking firm; a Menlo Park, Calif., consulting firm; and as a professor of engineering at Stanford University.

The news came shortly after an senior administration official, speaking on condition of anonymity, disputed a New York Times report that cited Pentagon officials as saying Perry told White House Chief of Staff Mack McLarty on Saturday he did not want the Cabinet post.

Perry met with Clinton on Friday, but was not offered the job, the official said.

“They had a good conversation, about what he thought the job should be,” the official said. Clinton did not offer Perry the job at that point, but the president made clear he was a candidate, the official added.

The official said that the White House scheduled a “vetting meeting” for Saturday, which is a meeting with White House lawyers to begin their final background check.

Perry asked that that meeting be put on hold, because “he wasn’t ready to make a commitment” at that point, the official said. “It’s a big step and he wanted time to think about it.”

Vice President Al Gore met with Perry later in the day and told him to take his time with the decision, and emphasized that the administration wanted to consider him as a candidate, the official said.

“At that point, Perry realized that there was no reason not to let the process go forward. ... He met with the White House lawyers on Sunday,” the official said.

In addition to its embarrassment over Inman’s abrupt withdrawal, the White House has also been told by two prominent defense experts, Sen. Sam Nunn, D

-Ga., and former Republican Sen. Warren B. Rudman of New Hampshire, that they did not want to be considered for the job.

The White House forced Defense Secretary Les Aspin to announce his resignation last month. Aspin agreed to stay on until a successor was found.

Aspin’s troubled tenure included controversies over the Clinton policy on gays in the military and the deaths of U.S. humanitarian forces in Somalia.

PM

-Clinton

-Defense Chief, 500

White House Opens Check on Potential Pentagon Chief
By SUSANNE M. SCHAFER= AP Military Writer=

WASHINGTON (AP) White House lawyers have begun a final check into William J. Perry’s background and the No. 2 man at the Pentagon remains in the running for the top post, administration officials said today.

Perry is deputy secretary of defense and has been regarded as a front

-runner for the top spot since nominee Bobby Ray Inman, a retired admiral, bowed out last Tuesday with a blast at his critics.

A senior administration official, speaking on condition of anonymity, disputed a New York Times report that cited Pentagon officials as saying Perry told White House Chief of Staff Mack McLarty on Saturday he did not want the

Cabinet post.

Perry met with Clinton on Friday, but was not offered the job, the official said.

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``At that point, Perry realized that there was no reason not to let the process go forward. ... He met with the White House lawyers on Sunday," the official said.

Perry has since told the White House he wants to be considered as a candidate, but no job offer had been made to him as of this morning, the official said.

On Sunday night, the White House took the unusual step of saying that Perry was still in the running for secretary of defense after the New York Times report circulated that he had expressed misgivings about the job.

In addition to its embarrassment over Inman's abrupt withdrawal, the White House has also been told by two prominent defense experts, Sen. Sam Nunn, D

-Ga., and former Republican Sen. Warren B. Rudman of New Hampshire, that they did not want to be considered for the job.

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Perry is a respected military expert with a background in both academe and industry. He is credited with pushing the successful Stealth aviation technology on Air Force officials who resisted it in the 1970s.

BC

-CLINTON

-DEFENSE

PERRY SAID WILLING TO BECOME DEFENSE SECRETARY
WASHINGTON (Reuter) - Deputy Defense Secretary William

Perry has told the White House he would accept the job of defense secretary if President Clinton asks him to replace outgoing secretary Les Aspin, a senior Administration official said Monday.

``He would take the job if offered," said the official, commenting on a New York Times report that Perry had expressed strong reservations about accepting a post that has been wrapped in controversy since Aspin resigned last month.

MORE

BC

-CLINTON

-DEFENSE

-2 WASHINGTON

The official, who asked not to be identified, said Perry had expressed hesitation to the White House on Saturday, but had then talked with Vice President Al Gore, a personal friend, and ``has since told the White House he is willing to be a candidate for the job."

Perry, 67, an expert on the defence industry and a key player in military budget cuts, met with government lawyers on Sunday to begin the so

-called ``vetting process" of investigating his background and record, the official said.

Perry has been reported to be the leading candidate for the post since former Deputy CIA Director Bobby Ray Inman, who had been nominated by Clinton to replace Aspin, withdrew last week.

Clinton discussed the job with Perry on Friday and informed him that he was being considered.

White House Press Secretary Dee Dee Myers told reporters on Monday that it was ``highly unlikely" Clinton would name a replacement for Aspin before the President delivered his State of the Union speech to Congress on Tuesday.

REUTER

BC

-CLINTON

-DEFENSE

-PERRY

CLINTON SAID READY TO NAME PERRY TO DEFENSE POST

WASHINGTON (Reuter) - President Clinton was close to naming Deputy Defense Secretary William Perry to take over

from Les Aspin as Pentagon chief, and might announce his decision later Monday, administration officials said.

The officials, who asked not to be identified, said a noon (1700 GMT) meeting at the White House was expected to resolve the matter.

MORE

PM

-Clinton, 4th Ld

-Writethru, a0545,820

President Preparing for State of Union Speech

EDs: SUBS lede and grafs 5

-10 bgng, Clinton also, with

Clinton settling on Perry, picks up 11th graf pvs, In another

By RON FOURNIER= Associated Press Writer=

WASHINGTON (AP) After a weekend respite of pinball and cross

-country skiing, President Clinton got back to business today, preparing for a State of the Union address and finding a new defense secretary.

Aides kept Clinton's public schedule light so he could work on Tuesday night's speech to Congress. The president is expected to promote his anti

-crime program with the address, embracing a plan to send three

-time violent felons to jail for life.

Senate Republican Leader Bob Dole of Kansas will deliver the Republican response to Clinton's address, Dole aides said today. His talk will last 10 to 12 minutes and will likely focus on health care and crime, said Dole spokeswoman Kristin Hyde.

The Kansas senator has given the GOP response to Clinton speeches on two other occasions: last February, when Clinton presented his first budget, and in August, to discuss its tax implications.

Clinton also planned to cap his search to replace Bobby Inman as Defense secretary

-designate. Administration officials, speaking on condition of anonymity, said the president will name William J. Perry as his new defense secretary. The nomination of Perry, the No. 2 man at the Pentagon, was expected later today.

In another personnel matter, the appointment of a civil rights chief at the Justice Department could come at any time. Boston attorney Deval Patrick is Clinton's choice to

take the job he first offered to Lani Guinier, an administration official said Sunday, speaking on condition of anonymity. Clinton withdrew Guinier's name under pressure.

White House aides were busy Sunday putting the finishing touches on the State of the Union speech, which was expected to be short on specifics. Press Secretary Dee Dee Myers said Clinton will review his first year in office, set goals for 1994 and reiterate his key messages on a number of issues: Health care, welfare, crime, economic reform, education and foreign policy.

"The president wants to talk to the American people about what he has accomplished, to tell them how he is doing the objectives he laid out not only in the campaign but in the start of his presidency," Myers said.

With polls showing crime as voters' No. 1 concern, White House speech writers were making sure Clinton's tough

-on

-thugs plans don't get lost in the speech.

"Crime started out as a small component and got larger," said an aide who is helping draft the speech. "It's going to be a significant portion of the speech."

Clinton has supported a crime bill that includes 100,000 new police on city streets, boot camps for young, nonviolent offenders and a ban on some semiautomatic weapons. Expanding his gun control stance, the president recently asked the Justice Department to study whether gun owners should undergo the same type of licensing requirements as drivers.

Two administration officials, speaking on condition of anonymity, said Clinton is expected to endorse a proposal that would require lifetime jail sentences for people convicted of three violent felonies.

Clinton is not expected to detail in his Tuesday night message the type of "three

-time loser" measure he

supports. A narrow proposal in the Senate crime bill applies only to convicts who commit the final offense on federal property, but Clinton may not specifically endorse that measure, a third administration official said today.

In an attempt to focus on punishment, Clinton also will urge states to make prison stays conform more closely with sentences, the officials said.

Aides say Clinton is no hurry to replace Inman, who self

-deconstructed as Clinton's choice to take over for Defense Secretary Les Aspin. Aspin announced his resignation last month, but has agreed to remain aboard until his replacement is confirmed.

Clinton interviewed Perry Friday. Several other candidates on his short list including Sen. Sam Nunn, D

-Ga., and former Sen. Warren Rudman have taken themselves out of consideration.

Among the names the White House has been urged to consider are Norman Augustine, head of defense contractor Martin Marietta, and Sen. William Cohen, R

-Maine.

Retaining Aspin, who was eased out by Clinton, remains an outside possibility.

The president spent a rare weekend at the Camp David presidential retreat, telling C

-SPAN via telephone that he played pinball, attended church and went cross

-country skiing.

``I didn't set any Nordic records yesterday cross

-country skiing, but we had a wonderful time," Clinton said with a laugh.

Clinton polishes State of the Union address
WASHINGTON (UPI) President Clinton worked Monday on his first State of the Union address, which will focus on health care reform, crime, and welfare reform, his spokeswoman said.

The address will be delivered before a joint session of Congress Tuesday evening.

White House press secretary Dee Dee Myers said health care reform will be the centerpiece of his 9 p.m. EST televised speech. He also will stress the need for programs to deal with crime and welfare reform.

House Speaker Tom Foley, D

-Wash., and Senate Democratic leader George Mitchell, D

-Maine, was to meet with White House health care advisers Monday to discuss strategy for handling the controversial legislation.

Myers said Clinton would push for passage of the crime bill in the House. But she indicated the president will use broad brush strokes for a welfare reform program, because he is not yet ready to announce details.

The ``running theme" throughout his address will be values, she said.

Myers said there is a plan to avoid Clinton having troubles again with his TelePrompTer. Through a snafu, the last time he addressed Congress on health care, he found himself reading an old speech on his budget

-deficit
package.

BC

-CLINTON

CLINTON REFINES SPEECH, CONTINUES CABINET SEARCH

By Gene Gibbons

WASHINGTON, Jan 24 (Reuter) - President Clinton Monday put the finishing touches on his State of the Union address and pressed ahead with his search for a new defence secretary.

He also scheduled a conference call with federal officials in Los Angeles to review the progress of earthquake relief efforts and set up a meeting with civil rights leader Jesse Jackson on how to fight crime and drug abuse.

Clinton was to carry out his constitutional obligation to report to Congress and the country of the state of the union at 9 PM EST Tuesday (0200 GMT Wednesday).

White House press secretary Dee Dee Myers told reporters his speech had gone through "at least five drafts" since work began on it at Christmas, and that Clinton was still refining it.

He planned to focus his remarks on overhauling the health care system in America -- his top 1994 legislative priority -- and also discuss welfare reform and crime.

Myers said it was "highly unlikely" Clinton would name a replacement for Defence Secretary Les Aspin before Tuesday's speech.

His search, prompted by retired Admiral Bobby Ray Inman's decision last week to withdraw his nomination for the post, has become an embarrassment because several candidates have rejected the job.

Myers denied a report in Monday's New York Times that deputy Defence Secretary William Perry had told the White House he was not interested, and said he remained a candidate.

"The story is not true. He is, in fact, interested," a defence official said.

The official, who asked not to be identified, said Perry was "popular and well

-respected by the uniformed people." While in the Pentagon, he helped develop the Stealth technology that helped win the Gulf War.

``The only downside is that he's not known to be a compelling spokesman, so if you're looking for someone to get out there and defend the interests of the Pentagon forcefully or get the administration to sign on to things they're not disposed to do, he may not be the guy," the official said.

Pentagon sources said two other Washington figures were being spoken of as dark

-horse candidates for cabinet
post -- Maine Republican Senator William Cohen, who serves on the Senate Armed Services Committee, and the White House chief of staff, Thomas ``Mack" McLarty.

However, McLarty might be ineligible since he is leading the search for Aspin's replacement.

REUTER

PM

-KS-

-Dole

-GOP Response,0130

Dole to Deliver GOP Response to State of the Union Speech

WASHINGTON (AP) Senate Republican Leader Bob Dole of Kansas will deliver the GOP response to President Clinton's State of the Union speech, Dole aides said today.

Dole will get between 10 and 12 minutes to respond after the president finishes Tuesday night, spokeswoman Kristin Hyde said. Traditionally, all the networks cover the opposing party's message live, as well as the State of the Union address.

The Kansas senator has given the GOP response to Clinton speeches on two other occasions: last February, when Clinton presented his first budget, and in August, to discuss its tax implications.

This time, Dole probably will focus on health care and crime, two of the biggest issues facing Congress as it reconvenes, Hyde said.

``I think everything's out there as far as the topics," Hyde said.

PM

-Christopher, 6th Ld

-Writethru, a0519,640

U.S. Continues Talks With China on Human Rights

EDs: New throughout to UPDATE with details of talks, Bosnia developments, editing to shorten

By RITA BEAMISH= Associated Press Writer=

PARIS (AP) China has agreed to discuss the cases of 235 political prisoners for the first time, but after high

-level talks today Secretary of State Warren Christopher said overall human rights progress was still lagging.

He called his meeting with Chinese Foreign Minister Qian Qichen "an important step" to better U.S.

-China relations.

Improvement on human rights, including release of political prisoners, is a precondition to renewing China's favorable trading status, which benefits both China and U.S. businesses.

Christopher said China had agreed to respond in detail to the United States on 235 specific detainee cases, many relating to the 1989 pro

-democracy demonstrations in Tiananmen Square. Not included were 100 other Tibetan cases on which the United States is seeking information, officials said.

Qian also said Beijing would discuss the cases of nine relatives of dissidents who have been prevented from emigrating.

"We have not made enough progress to justify my saying there has been significant overall progress," Christopher said after a morning talks.

Qian, in a photo session before their talks, had told reporters, "We don't believe the question of human rights should be linked to the question of trade, but we are ready to discuss all these issues."

They agreed to intensify their contacts on human rights discussions, with Assistant Secretary of State John Shattuck traveling to China in February and Chinese Vice Minister Liu Huaqiu visiting Washington this week.

Christopher also pressed Qian to use China's influence with North Korea to further progress on inspections of North Korea's nuclear facilities, and raised concerns about forced population control in China.

Even as Christopher and Qian met, reports from Hong Kong quoted a U.S.

-based religious group saying that Chinese authorities have detained three Roman Catholic priests and two bishops who led prayers in defiance of the ruling Communist Party.

U.S. officials said they were unfamiliar with that case, but Shattuck told reporters that Christopher made clear to Qian the Clinton administration would not take kindly to any "slippage or backsliding on human rights

during the time that progress is being sought."

Before sitting down to the latest in a series of U.S.

-Sino meetings, Christopher also met with French Foreign Minister Alain Juppe, and rejected a French proposal to end the war in Bosnia by forcing warring parties into a settlement, according to senior officials.

The officials said Christopher pointed out that ground troops would be needed to enforce an imposed settlement and the United States was unwilling to commit troops.

In the annual U.S. evaluation of whether to renew the so

-called most favored nation, or MFN, status for China, Clinton has demanded that Beijing take a number of steps on the human rights front.

China has to comply by June when the MFN decision will be made.

Christopher told reporters Sunday that although Beijing has taken a few steps, "at the present time they have not met the conditions" laid out by Clinton.

"But they were not intended to meet it by January," he said, noting that there is still plenty of time before June.

Clinton, in an executive order last May, linked China's MFN renewal to performance in several areas. Among them: releasing all prisoners jailed for the 1989 Tiananmen Square protests, and protecting cultural heritage in Tibet, where the Chinese have instituted repressive policies against Buddhist monks and the Tibetan people.

So far China has taken modest steps releasing some political prisoners, promising U.S. inspection of prisons to assess whether they are violating a U.S. ban on prison

-made exports, and agreeing to let the Red Cross inspect prison conditions.

UPI Spotlight

Little progress made on human rights in Sino

-US talks

says Christopher

PARIS (UPI) U.S. Secretary of State Warren Christopher said little progress was made on the issue of human rights in China during talks with Chinese Minister of Foreign Affairs Qian Qichen in Paris. But Christopher added that other important steps had been made in strengthening relations between the two countries.

BC

-CHINA

-USA (SCHEDULED)

CHRISTOPHER SAYS CHINESE HUMAN RIGHTS MOVES INSUFFICIENT

By Carol Giacomo

PARIS, Jan 24 (Reuter) - China took new steps on Monday to address U.S. human rights concerns but Secretary of State Warren Christopher said it was not yet enough to warrant renewal of American preferential trade benefits.

Christopher, half way through talks with Chinese Foreign Minister Qian Qichen, called the discussions ``positive and constructive" and announced plans for more high

-level contacts, including a possible trip to Beijing by the secretary himself.

But while Qian agreed to discuss 235 specific rights cases raised by the Americans, Christopher said there was no progress on President Clinton's demand for release of pro

-democracy demonstrators jailed after the 1989 Tiananmen Square crackdown.

There had been some speculation Monday's meeting might serve as an opportunity for China to announce plans for a new release of jailed dissidents, but that did not happen.

The two ministers, jointly addressing reporters at the Chinese embassy, expressed the hope North Korea would agree with the International Atomic Energy Agency on procedures for inspecting Pyongyang's nuclear programme so the issue does not have to go to the United Nations Security Council.

In announcing his decision last June to renew trade benefits -- called most favoured nation (MFN) status -- for one year, Clinton said the next extension would depend on China showing ``overall significant progress" in improving human rights.

He cited several specific areas, including ``releasing and providing an acceptable accounting for Chinese citizens imprisoned or detained for the non

-violent expression of their political and religious beliefs."

Qian reiterated Beijing's view that rights and trade should not be linked but said he would discuss them anyway.

``We had a very constructive and positive meeting," Christopher said afterwards.

He also stressed: ``I would want to not mislead in any way. We have not in my judgment made enough progress to justify my saying there has been significant overall progress."

He added, without elaboration, that Qian ``offered some information on family visa cases."

There was also agreement that Undersecretary of State Peter Tarnoff and assistant secretary for human rights John Shattuck would soon travel to China for further consultations.

Christopher said Qian invited him to visit Beijing and he was giving this ``very serious consideration." Officials had said earlier such a visit could occur in March.

He gave little detail on the 235 human rights cases except to say ``the Chinese side has indicated they would meet with Shattuck to discuss 235 cases that we mentioned to them."

Asked about Clinton's demand for release of Tiananmen Square protestors, Christopher said: ``We haven't made any progress yet today."

China, apparently beginning to take seriously U.S. threats to withdraw MFN, recently announced the release of two Tibetan dissidents and is discussing possible access to jails by the International Red Cross. Beijing has also struck a deal barring the export to America of goods made with prison labour.

This was the fourth meeting between Christopher and Qian since the administration decided last September to pursue closer contacts with Beijing in an effort to reverse a steep slide in relations since the Tiananmen incident.

Since then, there has been a steady stream of high

-level contacts, including a meeting in Seattle last November between Clinton and Chinese President Jiang Zemin.

China, fast becoming one of the world's leading economies, has an \$18 billion trade surplus with the United States. Denial of MFN status would raise tariffs on Chinese exports to the United States and almost certainly prompt retaliation against U.S. goods, U.S. officials believe.

REUTER

PM

-Scotus

-Abortion, 1st Ld

-Writethru, 760

Justices Rule Abortion Protesters Can Be Sued Under RICO
EDS: ADDS reax and background throughout; also moving on general news wires

By RICHARD CARELLI= Associated Press Writer=

WASHINGTON (AP) Abortion rights advocates may use a

federal racketeering law to sue protesters who block women's access to abortion clinics, the Supreme Court ruled unanimously today. The ruling threatens Operation Rescue and other anti

-abortion groups with financial ruin.

The decision focused only on interpreting a federal law, but nevertheless is a big victory for the National Organization for Women, which took the case to the high court, and for the Clinton administration.

Lower courts had thrown out NOW's nationwide class

-action lawsuit that invoked the anti

-racketeering

law against Operation Rescue and other groups. Today's decision reinstated that lawsuit.

The ruling falls far short of resolving all legal issues surrounding anti

-abortion activities.

Just last Friday, the high court agreed to clarify sometime by July how far courts and local governments may go in restricting protesters outside abortion clinics.

That case pits the free

-speech rights of anti

-abortion

protesters against the rights of women seeking abortions and of abortion clinic employees to be free from harassment, intimidation and other illegal conduct.

The court in 1992 reaffirmed the core holding of its landmark Roe vs. Wade decision of 1973 that women have a constitutional right to abortion.

The focus of today's ruling was more on illegal conduct than on peaceful protest outside abortion clinics, and whether such conduct can lead to lawsuits under the federal Racketeer Influenced and Corrupt Organizations Act, called RICO.

Wendy Wright, a spokeswoman for Operation Rescue, called the decision ``a complete travesty of justice. The Supreme Court justices obviously do not understand how far

-reaching this case is.

``This opens the floodgates for RICO to be used against anybody who uses free speech in a way that offends somebody else, or freedom of religion or freedom of assembly," Wright said.

Eve Paul of Planned Parenthood said, ``We're delighted. NOW has to go back and establish the facts, that there were criminal acts. I'm sure NOW will be able to do

that."

In one sense, today's decision was hardly surprising. The Supreme Court consistently has refused to narrow how the broadly worded RICO law is applied.

Enacted in 1970, RICO was aimed at organized crime. But increasingly it is used in lawsuits involving just about any business dispute.

Writing for the court, Chief Justice William H. Rehnquist said RICO can be invoked to sue over ideologically motivated crimes, not just economically motivated crimes.

NOW and other abortion

-rights advocates contend that

Operation Rescue and others are engaged in a "nationwide campaign of terror" and, like mobsters, are violating RICO's ban on organized crime.

The law makes it a crime for "any person employed or associated with any enterprise in ... interstate or foreign commerce ... to participate in a pattern of racketeering activity."

Under RICO, a pattern of racketeering amounts to two or more "predicate acts" from a long list of underlying crimes, including extortion. NOW's lawsuit alleges that a coalition of anti

-abortion groups are engaging in extortion by use of harassment, assault, destruction of property and other illegal acts.

In his opinion, Rehnquist said, "We granted (review) to determine whether RICO requires proof that either the racketeering enterprise or the predicate acts of racketeering were motivated by an economic purpose. We hold that RICO requires no such economic motive."

If NOW's lawsuit is successful, it could cost Operation Rescue and aligned groups plenty. Those successfully sued under RICO's civil provisions must pay triple damages.

Rehnquist said today's decision allows NOW to "maintain this action if (Operation Rescue and others) conducted the enterprise through a pattern of racketeering activity."

But he added: "The questions of whether (those sued) committed the requisite predicate acts and whether the commission of those acts fell into a pattern are not before us. We hold only that RICO contains no economic motive requirement."

The court last year ruled abortion clinic operators cannot invoke the Ku Klux Klan Act of 1871 in suing those who block women's access to abortion clinics.

That ruling led to an effort in Congress to provide more federal protections for women seeking abortions. Both the House and Senate have passed the Freedom of Access to Clinics Act, and the legislation will be before a conference committee when Congress reconvenes.

PM

-Scotus

-State Secrets,520

Justices Refuse to Hear Former Maryland Banker's Appeal

By LAURIE ASSEO= Associated Press Writer=

WASHINGTON (AP) The Supreme Court today refused to hear the appeal of a former Maryland bank executive who says he lost his job for objecting to transactions he thought paid for illegal arms transfers by a CIA front.

The court, without comment, turned down Robert J. Maxwell's argument that he wrongly was barred from offering any evidence in a lower court about a possible connection between the bank and the CIA.

Maxwell's appeal said the government cannot invoke its privilege against disclosure of state secrets in trying to stop him from using information he got at work.

The appeal noted that Maxwell never had any secrecy agreement with the government.

Maxwell, a Shrewsbury, Pa., resident, worked for the First National Bank of Maryland from October 1983 to August 1985.

He handled the financial transactions of Associated Traders Corp., which a superior told him was a proprietary corporation of the CIA. Maxwell had no security clearance and never was asked to keep secret the information he learned.

His appeal said Maxwell became convinced that some of the transactions paid for illegal transfers of weapons and electronic equipment to Central America, Angola and Afghanistan.

Maxwell objected after he became concerned that he might be held criminally liable for illegal activity, but bank officials ordered him to continue handling the account, his appeal said.

"When he continued to object, his bank supervisors threatened his job security, his personal safety, and his family's safety, and they led Mr. Maxwell to believe that the CIA was behind the threats," the appeal added.

Maxwell resigned and later sued the bank and officials from ATC and the CIA. The lawsuit accused them of misusing Maxwell's name, abusive discharge and intentional infliction of emotional distress. ATC was dissolved on Aug. 10, 1988, the day before Maxwell sued.

The federal government invoked the state secrets privilege, and a federal judge barred Maxwell from seeking information or offering evidence that might confirm a CIA connection with the bank or ATC.

The judge dismissed the lawsuit, saying Maxwell could not prove his claims without violating the secrecy order.

The 4th U.S. Circuit Court of Appeals upheld the dismissal.

Maxwell's appeal said the ban on disclosing such information violated his free

-speech rights.

``When information that may otherwise be privileged is disclosed to another person who has no obligation to maintain its confidentiality, the privilege is lost, and that person may testify about it," the appeal contended.

Justice Department lawyers said that allowing Maxwell to make his allegations about the CIA in a trial would create a risk of disclosing state secrets because bank and ATC officials would have to respond.

``It is settled that the outright dismissal of a case may at times be appropriate if the plaintiff cannot prevail without disclosing privileged information," government lawyers said.

The case is Maxwell vs. First National Bank of Maryland, 93

-577.

PM

-Scotus

-Horses,0360

Justices Let NPS Remove Wild Horses from Missouri Park
Eds: Note Missouri interest.

By LAURIE ASSEO= Associated Press Writer=

WASHINGTON (AP) The Supreme Court today enabled the federal government to remove a band of wild horses from a Missouri national park despite local residents' protests that the animals are part of the park's heritage.

The court, without comment, rejected two residents' arguments the National Park Service violated its own rules in deciding to remove the horses.

About 20 horses roam a 24

-mile stretch of the Ozark
National Scenic Riverways, a 140

-mile strip of land along
the Current and the Jacks Fork rivers in southern
Missouri.

It is unknown where the horses came from, but they are believed to have descended from horses that had been set free or escaped from their owners at least four decades ago.

Park Superintendent Arthur Sullivan announced in May 1990 the park service was considering removing the horses because they were damaging crops and trails and had been

the target of harassment by visitors.

Sullivan decided the following year to hire someone to capture the horses and put them up for adoption.

Area residents Richard Wilkins and Roland Smotherman, both of Birch Tree, Mo., sued in federal court. They contended the horses were part of the park's unique scenery and that the park service did not adequately explain why it decided to remove them.

In June 1992, a federal judge barred the government from removing the horses. The judge ruled the park service did not prove the horses were harming the park.

The 8th U.S. Circuit Court of Appeals lifted the order last July. There was enough evidence to support the government's decision, the appeals court said, adding that the horses had trampled crops and created trails that were beginning to erode.

In the appeal acted on today, lawyers for Wilkins and Smotherman said the government violated its own rules by failing to consider residents' argument that the horses are part of the park's cultural heritage.

Justice Department lawyers said there was "ample evidence of the horses' destructive potential." They said park service regulations generally bar it from allowing livestock to run loose in national parks.

To date, the horses have not been removed from the park.

The case is Wilkins vs. Babbitt, 93

-636.

PM

-Scotus

-Yellow Pages,480

BellSouth Loses Copyright Case Over Miami Yellow Pages
By LAURIE ASSEO= Associated Press Writer=

WASHINGTON (AP) The publisher of the Miami Yellow Pages today lost a Supreme Court appeal of a case in which another company was accused of stealing the information in its book to print a competing directory.

The court, without comment, rejected the Atlanta

-based

publisher's argument that it owns a copyright to the names, addresses, phone numbers and other information in its phone book.

BellSouth Advertising & Publishing Corp., which prints the yellow pages for the Miami area, is one of more than 100 publishers across the country that compile more than 5,800 yellow pages directories.

Competition from other directories has become increasingly common, and some newspaper companies have

gotten into the phone book publishing business.

After BellSouth's 1984 Miami directory was issued, Donnelley Information Publishing used information from it to prepare a competing directory.

Donnelley took from BellSouth's Yellow Pages all business names, addresses, phone numbers, the kind of business and type of advertising the company used. Donnelley used the listings in its directory to solicit advertising for it.

BellSouth sued Donnelley in federal court, alleging copyright infringement and other claims. A federal judge in Miami ruled for BellSouth and barred Donnelley from using such information from BellSouth's phone book.

A three

-judge panel of the 11th U.S. Circuit Court of Appeals upheld that ruling, but the full appeals court reconsidered the case and reversed.

Donnelley acknowledged that BellSouth owned a copyright in its Yellow Pages directory as a whole. But the 11th Circuit court said Donnelley "copied no original element of selection, coordination or arrangement" by using the information it took.

Donnelley created its own headings for business categories instead of relying on those used by BellSouth, the appeals court added.

The Supreme Court ruled in 1991 that a telephone white pages directory is not entitled to copyright protection because no creativity goes into a decision to include all telephone subscribers in alphabetical order.

In the appeal acted on today, BellSouth's lawyers said yellow pages directories are different because they are not based exclusively on a geographical area but on the publisher's evaluations of shopping patterns.

BellSouth uses a general geographic area but also includes other businesses, of the type people would be willing to travel to. The publisher gives businesses one free listing and lets them buy additional listings under different categories. Listings are limited to businesses with business telephones; those using a residential phone are excluded.

Donnelley's lawyers argued copyright law protects only original material.

"If the elements copied are pre

-existing facts or data unoriginal to the compiler, they may be freely copied even if the compiler was the first to discover and record those facts," Donnelley's lawyers said.

The case is BellSouth Advertising & Publishing Corp. vs. Donnelley Information Publishing, 93

PM

-Scotus

-Malicious Prosecution, 560

Court Rejects Illinois Man's Claim of Malicious Prosecution

By LAURIE ASSEO= Associated Press Writer=

WASHINGTON (AP) The Supreme Court today refused to let an Illinois man press his claim that police prosecuted him maliciously and thus violated his constitutional right to due process.

The court, in a 7

-2 ruling, refused to reinstate a lawsuit filed by the man, who was charged with selling a ``look

-alike" drug after a police officer substituted his name for another man's name on an arrest warrant.

None of the six opinions in the case commanded a majority. But Chief Justice William H. Rehnquist wrote for himself and three other justices that Kevin Albright should have relied on the Constitution's ban against illegal seizures instead of its guarantee of due process.

``The (Constitution's) framers considered the matter of pretrial deprivations of liberty and drafted the Fourth Amendment to address it," Rehnquist said. ``Substantive due process (under the 14th Amendment) with its scarce and open

-ended guideposts ... can afford (Albright) no relief."

Today's ruling upheld a federal appeals court decision that barred Albright's lawsuit against the city of Macomb, Ill., and police detective Roger Oliver.

In September 1987, Oliver obtained a county grand jury indictment charging Albright's father, John Albright Jr., with selling a cocaine ``look

-alike" actually baking powder to a police informant.

Oliver found out that John Albright Jr., a retired pharmacist, was unlikely to have sold cocaine in a student transient hotel. He then replaced the name on the warrant with that of Albright's elder son, John David Albright, according to the lawsuit.

But John David Albright said he was in Chicago at the time of the alleged sale. Oliver conferred with the informant, who agreed with his suggestion that the younger son, Kevin Albright, might have been the one who made the sale.

Prosecutors then filed a criminal information and

arrest warrant against Kevin Albright. In testifying that Kevin Albright was the seller, Oliver did not disclose that he first accused the defendant's father and brother, the lawsuit said.

Kevin Albright was freed on bond, and an Illinois court dismissed the charge in June 1988.

He sued the police officer and the city, saying they deprived him of his constitutionally protected due

-process

rights. A federal judge dismissed the lawsuit, and the 7th U.S. Circuit Court of Appeals agreed last year.

Police are not liable under the federal Constitution for malicious prosecution, particularly when the defendant was never jailed, the appeals court said. Such cases can be brought under state law, it added.

The high court issued its ruling on different grounds.

Joining Rehnquist's opinion were Justices Sandra Day O'Connor, Antonin Scalia and Ruth Bader Ginsburg.

Justice Anthony M. Kennedy agreed with the court's judgment and wrote for himself and Justice Clarence Thomas that people cannot bring such claims under federal civil rights law as long as state law provides a remedy.

Justice David H. Souter agreed that the Fourth Amendment addresses Albright's claim and thus that a due

-process argument does not apply.

Justice John Paul Stevens wrote in dissent for himself and Justice Harry A. Blackmun that the ``due process clause of the 14th Amendment constrains the power of state governments to accuse a citizen of an infamous crime."

The case is Albright vs. Oliver, 92

-833.

PM

-Scotus

-Union Newspaper,440
Ohio

-based Labor Union Loses Supreme Court Appeal
By RICHARD CARELLI= Associated Press Writer=
WASHINGTON (AP) An Ohio

-based labor union seeking to
avoid publishing a dissident member's letter in its
official newspaper lost a Supreme Court appeal today.

The justices, without comment, left intact a ruling
that forces Local 18 International Union of Operating
Engineers to publish in its paper the letter, critical of

the union and its leaders.

Local 18 represents about 14,000 operating engineers, who operate cranes hoists, earth movers and hauling equipment, throughout Ohio and in four Kentucky counties.

The union publishes a newspaper, the Buckeye Engineer, that is designated as Local 18's official publication.

The dispute acted on today dates back to a 1984 Senate investigation of alleged employment

-referral

discrimination in the construction trade.

Ervin Shimman, a member of Local 18, testified at a Senate committee's hearings about alleged manipulation of his union's hiring hall a way to discriminate against those who disagreed with the policies of the union's leaders.

An article in the union newspaper referred to the hearings as "neither fair nor impartial," and to the testimony heard as "false or misleading."

Shimman responded by sending a letter to the union's business manager, who served as the newspaper's editor, and asked that his letter be published in the Buckeye Engineer.

Shimman sued after his request was turned down. The lawsuit alleged that the union had violated Shimman's rights by keeping him from expressing his views.

Federal labor law gives "every member of any labor organization ... the right to ... express any views, arguments or opinions, and to express at meetings of the labor organization his views."

A federal judge threw out Shimman's lawsuit, but the 6th U.S. Circuit Court of Appeals last June ruled that Local 18 must publish his letter.

Noting that the union's membership is geographically widespread and that members have no access to its mailing list, the appeals court said the newspaper "is the exclusive means of communication for members wishing to present an alternate point of view to other union members."

And because the Buckeye Engineer is paid for entirely from union dues, the appeals court said the newspaper "is literally owned in equal shares by the members whose union dues finance it."

In the appeal acted on today, lawyers for the union said the appeals court ruling violates its free

-press
rights.

Congress never intended federal labor law to impose "any general duty to facilitate much less finance any individual member's speech," the appeal said.

The case is Local 18 vs. Shimman, 93

PM

-Scotus

-Railroad Tax, 510

Supreme Court Upholds Oregon Tax on Railroad Cars

By LAURIE ASSEO= Associated Press Writer=

WASHINGTON (AP) States may charge a personal property tax on railroad cars even when other types of commercial property are exempt, the Supreme Court ruled today.

Ruling 8

-1 in an Oregon case, the court said states can deny railroads exemptions given to other kinds of commercial property without violating a federal law that bars tax discrimination against the rail industry.

“Property tax exemptions are an important aspect of state and local tax policy,” Justice Anthony M. Kennedy wrote for the court. For example, states grant tax exemptions to encourage pollution control, he wrote, adding that it was “standard practice” for states to grant similar exemptions to commercial entities for other beneficial purposes.

Oregon taxes railroad cars as personal property, while it exempts other types of business property such as agricultural machinery, business equipment and inventories and livestock.

The Oregon tax was challenged by eight companies that lease railroad cars to railroad carriers.

They said it violated the 1976 federal Railroad Revitalization and Regulatory Reform Act, which bars states from charging higher property tax rates on railroad equipment than other commercial property and says states may not impose “another tax that discriminates against a rail carrier.”

A federal judge upheld the Oregon tax in 1990, saying it did not target any particular type of taxpayer and thus was not discriminatory.

But the 9th U.S. Circuit Court of Appeals reversed and threw out the property tax on railroad cars. Any exemption given to other types of business property but not to railroad companies violates the law, the appeals court said.

Lawyers for the state told the high court that federal law gives states broad latitude to set tax policy to promote economic development and industrial growth. The standard set by the 9th Circuit Court would mean that states could not give a property tax exemption to anyone without also exempting all railroad property, state lawyers said.

The rail car companies said the law was aimed at stopping discrimination against railroad companies “in

all its guises." In Oregon, 67 percent of all commercial and industrial property is tax

-exempt while railroad property is not, they said.

The Clinton administration had contended the case should be sent back to lower courts to determine whether the state could justify its different treatment of railroad and other commercial property.

But Kennedy wrote that Congress did not indicate any intent to bar states from granting exemptions to some types of business property but not to railroad property.

Joining Kennedy's opinion were Chief Justice William H. Rehnquist and Justices Harry A. Blackmun, Sandra Day O'Connor, Antonin Scalia, David H. Souter, Clarence Thomas and Ruth Bader Ginsburg.

In a dissenting opinion, Justice John Paul Stevens said the case should be sent back to the appeals court for another look at whether the tax on railroad property is discriminatory.

The case is Department of Revenue vs. ACT Industries Inc., 92

-74.

BC

-CIS

-RUSSIA 2NDLD (SCHEDULED)

RUSSIAN PREMIER SAYS NO FUNERAL FOR NEW GOVERNMENT

By Ralph Boulton

MOSCOW, Jan 24 (Reuters) - Prime Minister Viktor Chernomyrdin, pledging no funeral for market reforms, met President Boris Yeltsin on Monday to try to resolve a political crisis that has shaken Western confidence in the government.

Chernomyrdin also suggested for the first time that he might seek deals with labour unions and industrial leaders to fix prices temporarily in a bid to rein in soaring inflation.

"The new government...has only just started work and people are already burying it," he told reporters, referring to widespread allegations that the cabinet was abandoning market principles. He gave no details of his talks with Yeltsin.

In Washington, the U.S. special ambassador and deputy secretary of state

-designate, Strobe Talbott, said in a written statement prepared for a hearing before a Senate subcommittee that Russia's government and its people "must recognise that controlling inflation is the priority

objective in protecting the basic welfare of the citizenry."

He said Russia's reformers were "down but not out" after last month's parliamentary election and the formation of a government which excluded key reformers.

Chernomyrdin met Yeltsin for 30 minutes before flying to the southern town of Oryol for talks with leaders of the nation's ailing farming sector. Soon after he returns on Wednesday, Yeltsin goes to St Petersburg to attend 50th anniversary celebrations marking the end of the World War Two siege of the port city.

"I have no disagreements with the president," Chernomyrdin said, speaking at a Moscow airport before leaving for Oryol. "There are none and I don't believe there will be any."

The resignations last week of reform architect Yegor Gaidar as economics minister and Boris Fyodorov as finance minister has given rise to concern in the West that Russia's reform programme might be changing radically.

Advocates of stronger state support for industry and agriculture now have the upper hand in the cabinet.

Chernomyrdin said his government was committed to tight monetary measures, but at the same time it would make cash available to support production -- a declaration that critics would reject as contradictory.

"The time has come to use non

-monetarist methods as well in solving our economic problems," Chernomyrdin said. This could include fixed prices and wages, agreed in consultations with unions and industry, for a certain period.

Chernomyrdin insisted there was no crisis and Yeltsin has made no public comment since the new cabinet was announced on Thursday. But questions arose over Fyodorov's replacement.

Swedish economist Anders Aslund, who withdrew as an adviser to Yeltsin after Gaidar and Fyodorov resigned, said on Monday Russia could be heading for disaster under its new government.

The same grim verdict came from Harvard University economist Jeffrey Sachs, who also quit as an adviser to Yeltsin. He wrote in a New York Times article, printed in Monday's International Herald Tribune, that the "Communist old guard" had reasserted its dominance.

Sachs, who also advised Poland on reform, said the departure of reformist deputy premiers Yegor Gaidar and Boris Fyodorov was a "serious setback for Russia's move towards democracy."

In Paris, French government spokesman Richard Duque said U.S. Secretary of State Warren Christopher and French Foreign Minister Alain Juppe agreed in breakfast talks on the need to continue to support political and economic reform "while being vigilant towards the development of

this country and particularly to nationalist tendencies."

Asked about a remark by a U.S. Treasury Department official on Sunday that the International Monetary Fund now seemed unlikely to release a promised \$1.5 billion credit to Russia, Duque said: "Aid to Russia is going ahead. I heard no one say it would be called into question."

Alexander Shokhin, appointed to take in Gaidar's economy post, came to Chernomyrdin's support at a news conference in Moscow. "Those who are stoking a media campaign under the slogan 'Sack Chernomyrdin' are obviously planning to topple him by the Spring and return to power," Shokhin said without naming anyone.

The atmosphere of Russian government has changed radically since a parliamentary election in December in which communists and nationalists, playing on discontent over poverty and jobs, won a dominant position in Russia's new legislature, the Duma.

Yeltsin's office said on Monday that the president, clearly seeking accommodation with the Duma to avoid another showdown with a legislature, had not yet signed any order accepting Fyodorov's resignation.

Fyodorov remains bitterly critical of the new cabinet.

"We may lose everything positive -- which is not much -- that was done in 1993," he said on television on Sunday night. He added policies likely to be applied by the new cabinet could send the rouble crashing to about 25,000 to the dollar.

Inflation, he said, could reach at least 30 percent a month by the middle of the year.

The rouble currently trades at 1,544 per dollar on the Moscow Inter

-bank Currency Exchange, having fallen almost 30 percent this year on concern about inflation and political uncertainty. It held its ground on Monday, surprising bankers who had expected the currency's downturn to resume.

REUTER

PM

-US

-Russia,480

Talbott Says Patience Needed In Backing Russian Reform

By JIM ABRAMS= Associated Press Writer=

WASHINGTON (AP) The administration's top Russia expert today urged "patience and steadiness" in U.S. policies toward the troubled Russian reform movement and rejecting suggestions the Russian effort had broken down.

"Many in the West are concerned that what has sometimes been called the second Russian Revolution has failed and that counter

-revolution has set in," said Strobe Talbott, special adviser to the secretary of state on the former Soviet republics.

``That is not our view," Talbott said. ``This is a long

-term process, and it will require patience and steadiness on our part."

Talbott and Brian Atwood, administrator for the Agency for International Development, testified before the Senate Appropriations foreign operations subcommittee on the state of Russian reforms following the strong showing of conservatives in parliamentary elections. They also discussed the future of U.S. aid programs to Russia and the other former Soviet republics.

The forces of reform, Talbott said ``are down but not out." He noted that one

-fourth of the labor force is now employed in the private sector and more than three

-fourths of small businesses and retail shops are now privately owned.

He said Russian President Yeltsin in his meeting with President Clinton in Moscow two weeks ago vowed to keep reform going ``fullspeed ahead." In exchange, Clinton promised the United States would push the G

-7 group of Western nations to intensify multilateral support for Russian reform, he added.

Subcommittee chairman Patrick Leahy, D

-Vt., pointed out that the administration was ``just beginning to commit a major portion of the \$2.5 billion" in aid to the former republics that was approved in the 1994 budget.

According to AID and Export

-Import Bank officials last week, only about \$42 million of that amount has been committed to contracts.

Talbott said many of the programs under the aid package are multi

-year, and resources will be disbursed over the next few years.

Leahy also warned against personalizing U.S. relations with Russia by reaching out only to Yeltsin and not to other democratic forces. ``We must not have a 'Shah of Iran' situation with a country with 20,000 nuclear weapons."

Talbott, who has been nominated to be deputy secretary of State, last month indicated a shift in U.S. policy, denied by Clinton and others, when he suggested that too much energy was being put into rapid reform and not enough on guaranteeing the social well

-being of Russian citizens.

He said today that since the December elections in Russia the State Department is putting greater emphasis on international programs that will help regions of the Russian Federation put in place viable networks of social services.

But he stressed: "slowing down is likely to prolong and worsen the pain and increase the threat of even more alarming political developments. Gradual reform is a prescription for hyperinflation and economic collapse."

PM

-Plutonium, HFR,500
For Release 11:30 a.m. EST
Study Urges U.S.

-Russia Accord To Reveal Quantities of
Bomb Material

By ROBERT BURNS= Associated Press Writer=

WASHINGTON (AP) As a step toward minimizing the security threat posed by excess plutonium supplies, the United States and Russia should reveal to each other how much of the nuclear bomb

-making material they possess, a
new U.S. study concludes.

The disclosure would be part of a broad new agreement designed to clarify not only how much plutonium is considered in surplus, but also to stop additional production and to find acceptable ways of reducing the existing stockpiles.

The study released today by the National Academy of Sciences estimated that as a result of the first and second Strategic Arms Reduction Treaties and unilateral U.S. and Russian pledges made in the past few years, 100 or more metric tons of plutonium are likely to become surplus over the coming decade.

"The existence of this surplus material constitutes a clear and present danger to national and international security," the study's authors wrote. The biggest risk, they said, is that some of the material could be acquired by renegade regimes that could make nuclear weapons with it and threaten to use them.

The study said no options yet devised for controlling the plutonium can eliminate the danger. "All they can do is to reduce the risks," the authors wrote.

In addition to the plutonium that was produced during the Cold War by the United States and the former Soviet Union for use in nuclear weapons, civilian stocks of plutonium produced in commercial nuclear reactors are growing by at least 60 tons a year, the study estimated.

It said that even with relatively simple designs such as that used in the first U.S. nuclear bomb dropped on Japan in 1945, a large number of nations could make nuclear explosives that "would be assured" of yields that would inflict great damage.

To address this problem, today's National Academy study said, the United States and Russia should begin by establishing a new arms agreement with four main elements:

Each side declare its total stockpiles of nuclear weapons and plutonium. identify their locations. exchange operating records of the sites where weapon

-grade

plutonium has been manufactured, and set up reciprocal inspections of the sites.

Monitor each side's dismantlement of nuclear weapons by counting warheads entering and leaving the dismantlement facilities and measuring amounts of bomb

-making materials

that are extracted. There currently is no such monitoring plan in place, although the United States is dismantling nearly 2,000 nuclear weapons a year and Russia has said it is dismantling at a comparable rate.

A mutual and verifiable halt to production of the key materials used in nuclear bomb manufacturing, including plutonium and highly enriched uranium. The United States is no longer making either product; Russia has halted production of highly enriched uranium, but is still operating plutonium production reactors.

A mutually agreed method of reducing the existing stockpiles of plutonium. The key to this, the study said, would be to minimize the time during which the plutonium in storage is in a form that is readily usable for nuclear weapons.

The study was done at the request of the National Security Council.

UPI Spotlight= N.J. Rep. Hughes won't seek re

-election

OCEAN CITY, N.J. (UPI) New Jersey Congressman William Hughes has announced he will not seek re

-election to an
11th term. The 61

-year

-old Democrat was first elected to
the House in 1974 and is the dean of New Jersey's
Congressional delegation.

RECORD TYPE: FEDERAL (RECONSTRUCTED EMAIL)

CREATOR: Kenneth R Chitester (CHITESTER_K) (WHO)

CREATION DATE/TIME:02-FEB-1994 15:34:00.00

SUBJECT: CORRECTED 3:30 p.m. wire report

TO: Heather Beckel (BECKEL_H) (WHO)
READ: UNKNOWN

TO: Dianna A. Pierce (PIERCE_D) (WHO)
READ: UNKNOWN

TO: Steven A. Cohen (COHEN_SA) (WHO)
READ: UNKNOWN

TO: David Leavy (LEAVY_D) (WHO)
READ: UNKNOWN

TO: Carola McGiffert (MCGIFFERT_C) (WHO)
READ: UNKNOWN

TO: Arthur L. Jones (JONES_A) (WHO)
READ: UNKNOWN

TO: David Seldin (SELDIN_D) (WHO)
READ: UNKNOWN

TO: Jeremy M. Gaines (GAINES_J) (WHO)
READ: UNKNOWN

TO: Kathy McKiernan (MCKIERNAN_K) (WHO)
READ: UNKNOWN

TO: Karen Finney (FINNEY_K) (WHO)
READ: UNKNOWN

TO: G. N. Lattimore (LATTIMORE_G) (WHO)
READ: UNKNOWN

TO: Lisa M. Caputo (CAPUTO_L) (WHO)
READ: UNKNOWN

TO: Aman, Sally J. (SALLY J. AMaN@EOP_OVP@CCGATE@EOPMRX) (DEFAULT)
READ: UNKNOWN

TO: Joseph W. Cerrell (JOSEPH W. CERRELL@EOP_OVP@CCGATE@EOPMRX) (DEFAULT)
READ: UNKNOWN

TO: Kukis, Heidi (HEIDI KUKIS@EOP_OVP@CCGATE@EOPMRX) (DEFAULT)
READ: UNKNOWN

TO: Payne, Julia M. (JULIA M. PAYnE@EOP_OVP@CCGATE@EOPMRX) (DEFAULT)
READ: UNKNOWN

TO: Lorraine A. Voles (VOLES_L) (WHO)
READ: UNKNOWN

TO: Jeffrey L. Eller (ELLER_J) (WHO)
READ: UNKNOWN

TO: R. Paul Richard (RICHARD_R) (WHO)
READ: UNKNOWN

TO: Virginia M. Terzano (TERZANO_V) (WHO)
READ: UNKNOWN

TO: Keith O. Boykin (BOYKIN_K) (WHO)
READ: UNKNOWN

TO: Joshua A. King (KING_J) (WHO)
READ: UNKNOWN

TO: Jonathan L. Kaplan (KAPLAN_JL) (WHO)
READ: UNKNOWN

TO: Denise E. Brown (BROWN_DE) (WHO)
READ: UNKNOWN

TEXT:
PRINTER FONT 12_POINT_COURIER

White House Wire Report
3:30 p.m. edition
Wednesday, February 2, 1994
Produced by the Office of News Analysis (6

-7151)

Headlines:

Clinton attends jobs panel (UPI)
White House says health plan to save states money (RB)
Getting it right-

-Germond/Witcover (KR)
Justice Dept. closes investigation of Brown (AP)
Justice ends Vietnam payoff probe of commerce head (RB)
Pentagon lawyer is top choice for justice job (RB)
Disaster funding applications surpass Hurricane Andrew (UPI)
Decision near on ending U.S. trade ban on Vietnam (RB)
Clinton to decide soon on lifting Vietnam embargo (UPI)
American executives ecstatic U.S. embargo to be lifted (AP)
Adams wraps up whirlwind U.S. visit (RB)
U.N. forces may have to share blame for shootout involving

marines (AP)

Japan to cut income taxes, levy new welfare tax (RB)

CNN Headline News-

-3:00 p.m.

-Harding quiets down after yesterday's slew of press conferences

-Perry testifies at confirmation hearings for defense post

-U.S. may end ban on trade with Vietnam

-Sec. of Commerce cleared on charges of illegal conduct

Clinton attends jobs panel

WASHINGTON (UPI) President Clinton took part in a daylong conference on the nation's unemployment situation. Sitting in on an afternoon session, Clinton heard firsthand accounts from people who have lost jobs and who Labor Secretary Robert Reich says now must be trained more effectively for re

-employment.

BC

-HEALTH

-STATES 2NDLD

WHITE HOUSE SAYS HEALTH PLAN TO SAVE STATES MONEY

(Eds: adds details, new throughout)

By Donna Smith

WASHINGTON (Reuter) - President Clinton's health care reform plan will save state governments an estimated \$53.6 billion over five years, an administration study released Wednesday said.

``We know that there are very substantial savings to states on this program," Kenneth Thorpe, deputy assistant secretary of Health and Human Services, said.

``A lot of it comes from the fact that we are providing universal coverage," Thorpe said. ``That is going to be a major source of savings because states today are spending a lot of their own money covering individuals who are uninsured through a variety of state programs."

States will save about \$40.3 billion from integrating recipients of Medicaid, which provides health coverage to the poor, into the new health alliances that would be created under the reform plan. The savings are estimated from 1996 through 2000.

States would save about \$11.1 billion in costs from a program to provide long

-term care for people with severe disabilities. But they would also be asked to contribute to the program and once that is taken into account, the savings are reduced to about \$7 billion, the study said.

The administration is hoping to ease fears among states that their costs will rise under the Clinton plan which would provide health care benefits to all Americans largely by requiring all employers to pay 80 percent of insurance premiums.

``We wanted to know what it is going to do to the states," Nancy

-Ann Min, associate director for health at the Office of Management and Budget. ``The numbers look good for them."

State governments can also expect to save on the costs of providing health care benefits to their own employees and on a proposal to have the federal government pick up 80 percent of the cost of insuring early retirees, Thorpe said.

The study estimates that states will spend some \$5.6 billion less to insure employees in 2000 under Clinton's plan, than if no reform is enacted. They also can expect to save about \$704 million in premium spending for early retirees, it said.

Thorpe said the amount of savings under Clinton's plan can vary from state to state depending on how generous their Medicaid and other programs are.

The administration is pulling together a state

-by

-state breakdown on those savings, he said.
REUTER

bc

-germond

-witcover 02/03 GERMOND
RELEASE: 02/03/94

TAKE 1 OF 1

FOR USE BY TRIBUNE MEDIA SERVICES CLIENTS ONLY
GETTING IT RIGHT

By Jack W. Germond and Jules Witcover

WASHINGTON President Clinton seems to have gotten it right at last with the choice of Deval L. Patrick of Boston to head the Justice Department's civil rights division.

At the most obvious level, he has chosen a lawyer with broad experience in the field and a reputation as a top

-flight litigator. More importantly, however, the president seems to have come to understand that there is simply no choice for that particular job that is going to be greeted with universal approval a fact of political life that might have deterred him from throwing Lani Guinier over the side last June.

Told that a conservative critic already had labeled Patrick "a stealth Guinier," the president responded hotly: "The truth is a lot of those people are going to be exposed because they never believed in the civil rights laws, they never believed in equal opportunity, they never lifted a finger to give anybody of a minority race a chance in this country."

If Clinton had shown the same hard edge after he nominated Lani Guinier, she might very well have been serving in the civil rights post for several months now. The president decided instead that the writings of his old friend Guinier on civil rights issues were too controversial for him to defend and dropped her, a decision that caused widespread muttering among black political leaders about his commitment on the issue.

In fact, there were members of the Senate Judiciary Committee, both Republican and Democratic, who said privately after the episode that Guinier might very well have been confirmed if, first, Clinton had given her strong support and, second, Guinier herself had been given the opportunity to discuss her writing in confirmation hearings.

Their view was that the articles that raised questions were the kind of academic musing one might expect from an academic like Guinier, a law professor at the University of Pennsylvania and one

-time colleague of Deval Patrick with the Legal Defense Fund (LDF) of the National Association for the Advancement of Colored People. Clinton also might have argued with some effect that the policy on civil rights is determined by himself and secondarily by

Attorney General Janet Reno and not by the head of the division.

The irony of Clinton now choosing another LDF lawyer was not lost on Guinier. "It's not surprising because I am in the mainstream of civil rights," she told The Washington Post.

That, of course, is exactly the point. The lines on civil rights issues have hardened once again over the last

10 to 15 years. It has become more politically respectable for conservatives to question positions that were essentially exempt from criticism when memories of the civil rights movement and the conditions that required it were fresh.

To some black leaders, Clinton seemed to be yielding to these new political realities when he withdrew Guinier without even a hearing. Indeed, it became clear that the president would have been more reassuring to those blacks if he had allowed the confirmation process to go ahead even if Guinier finally were rejected by the Senate.

Instead, the White House has been involved for months in trying to find a suitable replacement who would both be capable of handling the job at the Justice Department and getting through the approval process with minimal controversy. The first choice was John Payton, the corporation counsel for the District of Columbia and a highly respected lawyer.

But the discovery that Payton had failed to vote in several D.C. elections in the last few years raised questions in the Congressional Black Caucus, some of whose members had spent their youth trying to assure the right to vote for all Americans. It was obvious that such a history could be compromising for a nominee being put in a job that involves enforcement of the Voting Rights Act. So Payton was shelved before ever being nominated, and the search resumed.

The months required to produce Patrick suggests that the White House has taken special pains this time to get it right. After the recent embarrassment in trying to find a new secretary of defense, the last thing Clinton needs is another problem with a prominent appointee at Justice.

But the prospect always has been that any nominee who would be equipped for the post and acceptable to the black political leadership would evoke some howls from conservatives. Clinton now has come to recognize that reality and the fact that there are times a president has to make decisions that aren't universally applauded.

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-Brown

-Vietnam, 1st Ld, a0440,250

URGENT

Justice Department Closes Investigation of Brown

EDs: LEADS with Justice Department spokesman confirming Brown has been notified that investigation is closed

By MARCY GORDON= Associated Press Writer=

WASHINGTON (AP) The Justice Department has notified Commerce Secretary Ron Brown that it has closed its investigation of allegations that Brown accepted \$700,000 to help lift the trade embargo against Vietnam, government

officials said today.

The closure of the case would indicate that Brown has been cleared by the investigation. A government official, speaking on condition of anonymity, said Tuesday that a federal grand jury in Miami found no wrongdoing by Brown.

The FBI early last year began looking into the allegations. The Justice Department's Public Integrity Section has been overseeing the probe.

Brown previously had denied the allegations by Binh T. Ly, a Vietnamese

-American businessman, and had predicted he would be exonerated by the grand jury.

"I can confirm that the letter has gone to" Brown's attorney, said Justice Department spokesman Carl Stern.

The Commerce Department also said Brown was advised today by the Justice Department that it has concluded "a complete and thorough inquiry regarding allegations against the secretary."

In a brief statement, the Commerce Department quoted the Justice Department letter to Brown's attorney as saying, "No further investigation is warranted.

Accordingly, we are closing the investigation. We appreciate Secretary Brown's cooperation with the investigation."

"Secretary Brown has maintained from the outset that the allegations were baseless," the statement said. "He is pleased that the inquiry has fully and fairly exonerated him of any wrongdoing."

MORE

BC

-USA

-BROWN 1STLD

JUSTICE ENDS VIETNAM PAYOFF PROBE OF COMMERCE HEAD

(Eds: Combines takes, adds details)

By James Vicini

WASHINGTON (Reuter) - The Justice Department Wednesday notified Commerce Secretary Ron Brown it has found nothing to substantiate allegations he was offered a \$700,000 payoff to help lift the U.S. trade embargo against Vietnam, and Brown described the action as full exoneration.

Brown said he received a Justice Department letter stating, "No further investigation is warranted. Accordingly, we are closing the investigation. We appreciate Secretary Brown's cooperation with the investigation."

Brown said he was pleased that he had been "fully and fairly exonerated ... of any wrongdoing" and that "this matter has been brought to an official close."

The announcement that the investigation had been ended without any criminal charges being brought against Brown came just a few hours after President Clinton said he will decide in several days whether to end the embargo against

Vietnam, which dates back to the war that ended in 1975.

The investigation, publicly disclosed in August, stemmed from allegations made by a Vietnamese businessman, Binh Ly, living in Florida.

He charged Brown was offered in late 1992, right after Clinton won the presidential election, the payoff and payments of large royalties from Vietnamese oil and gas fields in return for helping end the embargo.

Brown, the Democratic party chairman before taking over as commerce chief, has confirmed he met three times in late 1992 and early 1993 with Ly's former business associate, but has denied discussing any payments.

Ly said the former associate who allegedly made the payoff offer was Nguyen Van Hao, the vice prime minister of the South Vietnamese government when it fell. Hao allegedly offered to pay Brown through a secret bank account in Singapore.

Ly also said he traveled to Vietnam with Hao to discuss Brown's participation in the scheme with high officials of the Vietnamese government.

Hao, who lives in Miami, has denied the story, saying Ly made it up in retaliation for being fired from the business venture.

Brown has repeatedly denounced the allegations as baseless and has maintained from the beginning that he would be exonerated.

As part of the investigation conducted by the Federal Bureau of Investigation and the Justice Department's public integrity unit, evidence was presented before a federal grand jury in Miami.

Ly, who passed an FBI lie detector test, testified before the grand jury last month while investigators questioned Brown in October.

Justice Department officials said most of Ly's account was based on second

-hand information and they also had doubts about his credibility.

REUTER

BC

-USA

-JUSTICE

PENTAGON LAWYER IS TOP CHOICE FOR JUSTICE JOB

WASHINGTON (Reuter) - Jamie Gorelick, the Pentagon's top lawyer, has emerged as the leading candidate for the Justice Department's second

-highest ranking post, administration officials said Wednesday.

They said Attorney General Janet Reno had settled on Gorelick, the Defense Department's general counsel, as the best choice for the job, but that final approval had yet to be received from the White House.

The job of deputy attorney general became vacant last week when Philip Heymann abruptly resigned, citing a clash in personality with Reno and a different management style.

The officials said Gorelick's appointment to the post could be announced by the end of the week, as Reno seeks to quickly fill a number of high

-level Justice Department vacancies.

President Clinton Tuesday nominated Boston lawyer Deval Patrick as the Justice Department's assistant attorney general for civil rights in his third attempt to fill a position that has been vacate for more than a year.

Gorelick, 43, previously a lawyer in private practice in Washington, D.C., helped advise Renoduring<her Senate confirmation hearings last year.

The officials said Reno was impressed with Gorelick during the confirmation hearings and in dealings with her at the Pentagon on issues such as drafting Clinton's policy to replace the longtime ban on gays in the military.

REUTER

Disaster funding applications surpass Hurricane Andrew
LOS ANGELES (UPI) Officials say 244,927 Los Angeles

quake victims have applied for federal disaster aid, surpassing the number who applied for federal help in the wake of Hurricane Andrew. In addition, more than 10,000 people have applied for unemployment benefits as a result of the Jan. 17 temblor.

BC

-USA

-VIETNAM 1STLD (SCHEDULED)

DECISION NEAR ON ENDING U.S. TRADE BAN ON VIETNAM

(Eds: New story, updates with Clinton quotes)

By Laurence McQuillan

WASHINGTON, Feb 2 (Reuter) - President Clinton, described by aides as ready to end the long

-standing U.S.

trade embargo against Vietnam, said Wednesday it is time to "do what's right" in relations with America's former enemy.

"I have not made a final decision, but we are reviewing it," Clinton told reporters at the start of a meeting with congressional leaders at the White House.

Although he said a formal decision would be announced "within the next several days," a senior administration official said it was "virtually certain" the embargo would be lifted, possibly by the end of the week.

The embargo against Hanoi dates to 1964, when the United States openly shifted to a war footing in Vietnam, and was expanded to cover the entire nation in 1975 when Saigon fell.

"This is an issue for the present day and we just have to do what's right," Clinton said.

The Chamber of Commerce said last week the embargo was penalising U.S. companies while competitors cashed in on Vietnam's "potentially lucrative market."

But a decision to end the embargo would spark outrage among those who believe Vietnam has not done enough to account for Americans listed as missing from a war that still weighs heavy in America's psyche -- and its foreign policy

-making.

White House spokeswoman Dee Dee Myers noted that an end to the embargo would still stop short of normalising relations between Washington and Hanoi.

"That is not under discussion at this point," she

said.

The 47

-year

-old Clinton, who participated in anti

-Vietnam War protests as a college student and avoided service in the military, said his own background has no role in the decision.

He noted that ``there are so many distinguished veterans who think that the embargo should be lifted."

The Senate last week approved by a 62

-38 vote a

resolution calling for ending the embargo, providing Clinton with the kind of broad political support needed to end the policy.

The key proponents of that non

-binding measure were

Senators John Kerry, a Massachusetts Democrat, and Arizona Republican John McCain. Both are Vietnam veterans and McCain was a prisoner of war for more than five years.

Embracing the policy followed by former President George Bush, Clinton has moved to ease the restrictions on Vietnam as Hanoi increased its efforts to account for more than 2,200 U.S. servicemen still listed as missing or unaccounted for.

Reports of the expected decision touched off a flurry of reaction. The head of the nation's largest veterans' group threatened political retaliation, while the man who led the drive for the Vietnam Memorial in Washington said it was time to let old wounds heal.

John Sommer, executive director of the 3.1

-million

member American Legion, said ending the trade ban amounts to breaking a pledge that the embargo would continue until there is a full accounting of missing Americans.

``Any political person who goes back on a promise has to answer to the voters," said Sommer, who is concerned that lifting the embargo would end U.S. leverage in trying to account for the missing Americans from a war in which more than 58,000 U.S. servicemen died.

But Jan Scruggs, who spearheaded efforts that led to creation of Washington's widely admired Vietnam Memorial and remains an activist for veterans affairs, said he supports ending the embargo.

``The drumbeat of history is moving forward ... It's in our own best interest," said Scruggs, who added that ending the embargo ``will help rather than hurt the POW

cause, with more and more Americans going to Vietnam, conducting business."

Representative Dick Armey, a conservative Texas Republican, said "there will always be some who find it objectionable, but in the real business of getting on with your real life, I think it's a move that would be accepted by the American people."

"We have some unfinished business with Vietnam," Armey said, referring to the missing servicemen. "And I think this is an opportunity to even further that effort."

REUTER

(complete writethru myers, perry comment)

Clinton to decide soon on lifting Vietnam embargo

WASHINGTON (UPI) President Clinton said Wednesday he had not made a final decision on whether to lift the trade embargo against Vietnam but that he expected to do so in the next several days.

His spokeswoman, Dee Dee Myers, also stressed that there was no consideration being given to normalizing relations with Vietnam.

"That's not under discussion at this point," she told reporters.

Clinton was asked about reports that he soon would lift the trade restrictions that have been in effect for 19 years.

"I've not made a final decision," he said. "I'll have a decision in the next several days."

And asked if it would be hard for him to make such a move because he had protested against the Vietnam War, Clinton replied, "Not really."

"The decision is up to the president," he said. "I'll just have to do what is right."

While business leaders have been urging that the trade ban be lifted to open up new Asian markets, the sticking point has been the U.S. demand for a full accounting of the fate of about 2,200 Americans missing in Vietnam since the end of the war.

Myers stressed that U.S. officials, including the president, feel "there has been some progress made" in the past year on that question.

William Perry, appearing before the Senate Armed Services committee on his nomination as secretary of defense, also said there had been "substantial improvements."

"I have talked to the commanders in the field overseeing this operation, and I have gotten their judgment that we have had substantial improvements in the last year in this area, and the judgment we could have further improvements by continuing to work cooperatively with the Vietnamese," Perry said.

Clinton also was consulting with MIA

-POW families and veterans organizations who are opposed to lifting the embargo until the Americans are fully accounted for.

The Senate last week voted 62 to 38 to approve a non

-binding resolution urging Clinton to lift the economic embargo against Vietnam.

AM

-Vietnam

-US,0588

American Executives Ecstatic U.S. Embargo About To Be Lifted

Eds: A on second reference is cq in graf 12. Also moved on general news wire

AP Photo HAN101

By BRUCE STANLEY= Associated Press Writer=

HANOI, Vietnam (AP) American business executives are hungry to enter Vietnam's lucrative market and were therefore delighted with reports Wednesday that President Clinton would soon lift the 19

-year

-old trade embargo.

Clinton said Wednesday he has not made a final decision, but administration officials say he is on the brink of eliminating the ban.

"I'm ecstatic that we're getting close," said James Rockwell, a Hanoi

-based consultant for several American companies.

He said U.S. firms would immediately begin to compete against foreign companies for contracts in Vietnam.

Thirty

-four U.S. companies have opened or soon will open offices in Hanoi and Ho Chi Minh City, formerly Saigon.

"It's been a long time coming, and we are thrilled," said Peter Ryder, president of Manolis and Company Asia Ltd., a U.S. real estate development and investment firm in Hanoi.

"It puts us in business," said Ryder, who is preparing to sign joint venture contracts with the Vietnamese worth \$50 million for an office building and residential complex in Hanoi. He also plans to invest another \$100 million in residential, office, sports and hotel complexes.

Virginia Foote, director of the Washington

-based
U.S.

-Vietnam Trade Council, said American companies could participate in \$6 billion in trade and up to \$3 billion in investment this year.

The American business community here has crackled for months with speculation about a possible lifting of the embargo.

In the last month alone, four congressional delegations visited Vietnam, and the Senate has passed a non

-binding
resolution urging the president to lift the embargo, in place since the end of the Vietnam War in 1975.

A spokesman for the Vietnamese Foreign Ministry said the government would have no immediate comment on the report. But Hanoi has been eager to see sanctions end as Vietnamese businesses also have much to gain from trade and investment with the United States.

Nguyen Quang A, chairman and chief executive officer of the 3C computer company, a designated dealer for Digital Equipment Corp., said that if the embargo is lifted 3C could expand its product line and boost sales with imports from the Massachusetts

-based computer maker.

"Some suppliers in the region or in Europe who ... take advantage of the embargo would not be happy," A said.

Companies from South Korea, Japan, France and Germany are free to do business here while Americans must wait on the sidelines.

President Clinton has said he will not lift the embargo until he is satisfied that Hanoi is cooperating fully in the effort to resolve cases of Americans still listed as missing in action from the war. A total of 2,238 Americans are listed as missing from the war.

In response to increased cooperation, Clinton relaxed the embargo last September by letting U.S. companies bid for work on projects financed by international banks.

At least one U.S. businessman welcomed the news, but reserved joy.

Giang Truc Tran is the only self

-employed
Vietnamese

-American business consultant with an office in
Vietnam.

``If (Clinton administration officials) are forced to
the wall to lift the embargo out of commercial interests,
then I'm sad about it," Tran said. ``But if they lift it
because of good will ... to enter into a new relationship,
then I'll be happy."

BC

-IRISH

-ADAMS 1STLD

ADAMS WRAPS UP WHIRLWIND U.S. VISIT
(EDS: clarifies that Hurd returned to Britain Tuesday
night)

By Arthur Spiegelman

NEW YORK, Feb 2 (Reuter) - Sinn Fein leader Gerry
Adams basked Wednesday in the glow of respectability he is
denied at home as his visit infuriated the British and
threw into question the firmness of the special Anglo

-U.S.
relationship.

As Adams' departure drew closer under the terms of his
special 48

-hour visa, he used his last hours on U.S. soil
to engage in a TV talk show duel with British Foreign
Secretary Douglas Hurd who ended a U.S. visit Tuesday with
a denunciation of him.

Hurd said in pre

-departure television interviews that

Adams, leader of the political wing of the IRA, was
misleading Americans into thinking he was some sort of
resistance leader while, in fact, he represented an
extremist party rejected by his own people.

Not so, Adams countered in TV interviews of his own.
He charged ``Douglas Hurd represents no one in Ireland"
and asked: ``What on earth is the British government doing
in our country?" He again accused the British of blocking
the peace process in Northern Ireland.

In Britain, Prime Minister John Major fumed that Adams
had thrown up a ``smokescreen of falsehoods and evasions"
and newspapers there said the act of admitting Adams into
the United States killed the special U.S.

-British
relationship.

Diplomatic experts said Republican presidents would not have given in to the powerful Democratic Irish

-American politicians pressing for Adams' admission, but that President Clinton needed the support of key senate figures like Daniel Patrick Moynihan and Edward Kennedy for his domestic programmes.

For his part, Clinton defended his decision to let Adams in, saying it would help the peace process, but rejected Adams' suggestion that the United States get involved in the issue.

Adams, who can appear on British television but whose voice is dubbed when broadcast there and, until recently, in Ireland, has in 48 hours appeared on more than a dozen TV interviews and news conferences to declare he wants an end to all violence and "Sinn Fein is not the IRA and the IRA is not Sinn Fein."

But while he denied membership in the IRA, Adams also described himself as "a man not without influence in Republican circles" and said that he could bring peace proposals to the IRA's leadership that others could not.

Aides declared his visit a rousing success and Adams declared himself overwhelmed by his reception. Even the police in New York were nice to him, he said, adding, "And that's something I am not used to back home."

A major goal of Adams' visit is to shed British accusations that he is a front man for the "terrorists" of the outlawed Irish Republican Army, which has been waging a guerrilla war to force Britain out of Northern Ireland.

The emotional high point of his visit came Tuesday night as hundreds of Irish Americans packed a New York hotel to greet him. Adams spoke of peace and reconciliation, but the loudest cheers were for his barbs against the British government.

He said that Ireland's only problem was that "it had been placed by God a little too close" to Britain. He also declared the conflict over Northern Ireland was entering its final phase and he expected to see "peace in our time."

Meanwhile, the head of Northern Ireland's moderate

Alliance Party, who appeared at a conference with Adams on Northern Ireland Tuesday but refused to share the stage with him, said it was a mistake to grant Adams a U.S. visa.

"I think actually that it was a mistake" to grant Adams a 48

-hour visa to attend a conference in New York,

Alliance chief John Alderdice told reporters.

“The upshot of it was that (Adams has) been able to get a huge amount of publicity without having made any concessions on the question of violence ...

“I fear that when he goes back home again, the hard men in the IRA (Irish Republican Army) will say to him that here is yet another thing which we've been able to achieve without giving anything at all in terms of the reduction of the campaign of violence, let's just keep on bombing and killing.”

REUTER

AM

-Somalia, Bjt,0669

U.N. Forces May Have To Share Blame for Shootout Involving Marines

AP Photo MOG101

By THOMAS WAGNER= Associated Press Writer=

MOGADISHU, Somalia (AP) Evidence is emerging that the deaths of eight Somalis in a shootout involving U.S. Marines might not have happened except for the poor coordination among the 25,000 foreign soldiers in Somalia.

The Marines say their convoy was returning fire from snipers when it drove around a corner and encountered an unexpected crowd of people waiting for a food handout. They say some of those Somalis had rifles and also began firing.

Somali witnesses offered a different version of Monday's shooting. They said there were no snipers and that the Marines did not fire until they came upon the crowd and panicked after mistaking the people for a mob trying to waylay the convoy. They said some Somalis then shot in self

-defense.

U.S. officials said the Marines did not know Saudi peacekeepers were at an aid center handing out food, an event sure to draw a crowd in Somalia's war

-wrecked

capital. The convoy could have taken a different route through the area, which the Americans consider one of the most dangerous in Mogadishu.

Despite criticism from relief workers and other U.N. troops, Saudi soldiers often distribute free food without notifying the U.N. commander or relief agencies, said Uli Schmid, a supply officer for the World Food Program.

That is what happened Monday, when hundreds of people lined up in the street outside a distribution center waiting to get flour, sugar and dates.

The commander of Saudi Arabian troops in Somalia, Col.

Ali Alghamdi, conceded Wednesday that a crowd jammed the street outside the food center. But he scoffed at the idea the Saudis should warn other peacekeepers before giving out food.

``We've never had any problem doing this before, and I have never heard any complaints," he said in an interview.

Alghamdi also disputed reports from some Somali witnesses that armed men guarding the Saudi food trucks joined in the shooting after the Marines began firing machine guns and grenade launchers. He said none of his soldiers or their Somali guards fired any shots.

No relief agency transports food in Mogadishu without hiring Somali guards with machine guns or being guarded by U.N. soldiers because the streets are full of bandits and other people with weapons.

In addition to the Saudis not informing anyone of their activities, a unit of 150 Bangladeshi peacekeepers guarding a nearby traffic circle saw the crowd in the street but apparently did not report it.

Even if they had, the Americans probably would not have gotten the word in time. The 22 Marines in the convoy of three Humvees and two cars are under American direction and are not part of the U.N. peacekeeping force.

Last month, the departing U.N. commander, Lt. Gen. Cevik Bir of Turkey, said U.N. humanitarian efforts would not succeed unless nations such as the United States were prepared to put their troops under direct U.N. command.

Early in the multinational intervention, Italian troops were criticized for referring all U.N. orders to Rome for approval. Other countries' troops also have acted independently of the United Nations.

That failing in coordination has been lamented by relief workers.

On Jan. 25, the World Food Program stopped shipping food outside Mogadishu after complaining that troops from Saudi Arabia, Morocco, Italy and India were not protecting its trucks. It said many soldiers assigned to guard its trucks, especially from Saudi Arabia, often failed to show up or abandoned them on the road.

``Lack of coordination in the U.N. escort forces has brought our food convoys out of Mogadishu to a standstill," said Schmid, whose agency trucked 43,800 tons of food from Mogadishu to other areas of Somalia last year.

``The many different armies are only loosely coordinated, and that is the source of many of the U.N.'s problems here," he said.

-JAPAN TAXES

JAPAN TO CUT INCOME TAXES, LEVY NEW WELFARE TAX

TOKYO (Reuter) - Prime Minister Morihiro Hosokawa Thursday proposed a \$49 billion income tax cut to inject life into the sagging Japanese economy, caught in its worst recession since the end of World War Two.

"In the next three years, we will see a tax revenue shortfall of 18 trillion yen (\$166 billion). This will increase household incomes and stimulate the economy," Hosokawa told a midnight news conference.

Hosokawa's government had been under pressure to unveil a fiscal stimulus package from home and abroad, both to give its economy a boost and also perk up demand for foreign goods.

Washington had clamored loudly for the tax cut as a way to increase demand for foreign goods, helping correct Japan's trade surplus with the United States.

U.S. Trade Representative Mickey Kantor is in Tokyo to forge a breakthrough in stalled economic talks ahead of the February 11 summit between Hosokawa and President Clinton in Washington.

Tokyo's economic stimulus package was viewed as key to the trade talks, since Japan had pledged to stimulate domestic demand under a U.S.

-Japan economic framework agreement and also open its markets.

But the economic program had been delayed while Hosokawa battled for a crucial program of domestic electoral reform to clean up Japan's scandal

-tainted political system.

After a devastating political loss on the reform package, a compromise bill was passed Saturday. Hosokawa then turned his attention to the economic package -- billed as the largest ever undertaken in Japan.

The income tax cuts total 5.3 trillion yen (\$49 billion) and take effect from January 1, 1994, Hosokawa told the news conference.

Japan's consumers will get an effective tax cut for the next three years, but Hosokawa said that on April 1, 1997, a current 3 percent consumption tax will be replaced by a 7 percent "people's welfare tax."

Japan needs short

-term stimulative measures to pull the economy out of its worst post

-war recession but it
also requires tough -- as well as painful and
time

-consuming -- changes in the social structure,
economists said.

Economists are also alarmed by the unprecedented
phenomenon of declining economic growth potential and a
low inflation rate.

“A gradual downward shift of our growth potential
coupled with subdued inflation will bring down nominal
growth rates,” Industrial Bank of Japan chief economist
Susumu Taketomi said. This means a shortfall of tax
revenues, lower sales and less personal income.

Japan's total package of economic measures is expected
to be the nation's largest and will total some 14 trillion
yen (\$129 billion), exceeding the 13.2 trillion yen (\$122
billion) package adopted in April 1993.

Hosokawa did not immediately confirm the total figures
in his announcement of the tax cuts.

The new package will include an additional 4 trillion
yen (\$37 billion) to build roads, bridges and sewers, and
income tax cuts totalling 6 trillion yen (\$55.5 billion).

Other measures include low

-interest government loans to
help small firms and home buyers.

REUTER

RECORD TYPE: FEDERAL (RECONSTRUCTED EMAIL)

CREATOR: Kenneth R Chitester (CHITESTER_K) (WHO)

CREATION DATE/TIME:03-FEB-1994 15:46:00.00

SUBJECT: 3:30 pm wire report

TO: Heather Beckel (BECKEL_H) (WHO)
READ: UNKNOWN

TO: Dianna A. Pierce (PIERCE_D) (WHO)
READ: UNKNOWN

TO: Steven A. Cohen (COHEN_SA) (WHO)
READ: UNKNOWN

TO: David Leavy (LEAVY_D) (WHO)
READ: UNKNOWN

TO: Carola McGiffert (MCGIFFERT_C) (WHO)
READ: UNKNOWN

TO: Arthur L. Jones (JONES_A) (WHO)
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TO: David Seldin (SELDIN_D) (WHO)
READ: UNKNOWN

TO: Jeremy M. Gaines (GAINES_J) (WHO)
READ: UNKNOWN

TO: Kathy McKiernan (MCKIERNAN_K) (WHO)
READ: UNKNOWN

TO: Karen Finney (FINNEY_K) (WHO)
READ: UNKNOWN

TO: G. N. Lattimore (LATTIMORE_G) (WHO)
READ: UNKNOWN

TO: Lisa M. Caputo (CAPUTO_L) (WHO)
READ: UNKNOWN

TO: Aman, Sally J. (SALLY J. AMaN@EOP_OVP@CCGATE@EOPMRX) (DEFAULT)
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TO: Joseph W. Cerrell (JOSEPH W. CERRELL@EOP_OVP@CCGATE@EOPMRX) (DEFAULT)
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READ: UNKNOWN

TO: Lorraine A. Voles (VOLES_L) (WHO)
READ: UNKNOWN

TO: Jeffrey L. Eller (ELLER_J) (WHO)
READ: UNKNOWN

TO: R. Paul Richard (RICHARD_R) (WHO)
READ: UNKNOWN

TO: Virginia M. Terzano (TERZANO_V) (WHO)
READ: UNKNOWN

TO: Keith O. Boykin (BOYKIN_K) (WHO)
READ: UNKNOWN

TO: Joshua A. King (KING_J) (WHO)
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TO: Jonathan L. Kaplan (KAPLAN_JL) (WHO)
READ: UNKNOWN

TO: Denise E. Brown (BROWN_DE) (WHO)
READ: UNKNOWN

TEXT:
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BC

-CLINTON (SCHEDULED)

CLINTON GIVES BLACK TEENS BLUNT TALK ON FAMILY

By Steve Holland

WASHINGTON (Reuter) - President Clinton ventured into a troubled Washington neighborhood Thursday and bluntly told black teen

-agers the best way to rebuild their families is to stop having children out of wedlock.

``The first thing you can do is make up your mind you're not going to have a baby till you're old enough to take care of it and until you're married," he said.

Clinton was speaking to the student body of Kramer Junior High School in southeast Washington's Anacostia

neighborhood, a world of poverty, drugs, gunfire and murder far from the staid political culture of the White House a few miles away.

Clinton's visit, postponed a week ago due to a sore throat, followed at a national prayer breakfast at which

83

-year

-old Mother Teresa of Calcutta condemned abortion.
Clinton supports a womans' right to abortion.

``Any country that accepts abortion is not teaching its people to love, but to use any violence to get what they want. This is why the greatest destroyer of love and peace is abortion," Mother Teresa told several thousand people gathered for the annual event at the Washington Hilton hotel.

Clinton, who heard Pope John Paul condemn abortion last August in Denver, Colorado, said after Mother Teresa spoke that ``we will always have our differences" and that ``we should all seek to know and do God's will even when we differ."

At the Kramer school, despair felt by many in the inner city was described by student body president Carlotta Harper, who introduced Clinton by saying students were ``surrounded by drugs, guns and such" and that his visit encouraged them to "take care of our bodies and try to stay alive."

Clinton's remarks on illegitimate children were prompted by student Robin Davis, who asked what her generation can do to restore family values.

``If you really want to rebuild the families, then people have to decide, 'I'm not going to have a baby until I'm married, I'm not going to bring a baby into the world I can't take care of, and I'm not going to turn around and walk away when I do it,'" he said.

Clinton said this would help keep people off welfare because ``one big problem is that people get on it because they start having children when they are children."

And he said it would help for young men to start talking to each other about responsibility, that they should not ``go out and father these kids when they're not prepared to marry the mothers, they're not prepared to take responsibility for the children and they're not even able to take responsibility for themselves.

``This is not a sport. It's a solemn responsibility," Clinton said.

The president's blunt talk was part of an overall message he has been making to blacks that they have to take responsibility for their actions, whether it be skyrocketing numbers of teen

-aged pregnancies or
black

-against

-black violence.

Asked by a student how to prevent the spread of AIDS, Clinton said government was spending huge sums on research and development on a cure but at this point, "the most important person in determining what happens to you and AIDS is you."

His visit followed a trip Vice President Al Gore made last week to Washington's Dunbar Senior High School, which was thrown into panic when a gunfight between teen

-agers

erupted in a third

-floor hallway and again outside.

"I don't want you ever to give up on yourselves," he told the students. "I don't intend to give up on you as long as I am president."

Raymond Johnson, 14, said afterward he believed Clinton's visit would "help a little bit" because he "gave us kids a sense of greatness."

But Ruben Jones, 15, said that what Clinton had to say "don't make no difference.

"There should be more jobs. I ain't seen them jobs," he said.

REUTER

AM

-Clinton,640

In Philosophical Mood, Clinton Tells Pols, Kids To Fly Straight

By RON FOURNIER= Associated Press Writer=

WASHINGTON (AP) Demanding more responsibility from teen

-agers, President Clinton told inner

-city students

Thursday that sex "is not a sport" and childbearing should be saved for marriage.

"The first thing you can do is make up your mind you're not going to have a baby until you're old enough to take care of it and until you're married," Clinton told a Kramer Junior High School student who wanted to know how her generation could improve the American family.

In a day filled with philosophical musings on responsibility and ethics, Clinton also told government officials at a prayer breakfast to "focus on others, not ourselves." He said politicians including himself sometimes are not humble, fair, honest or forgiving.

Clinton urged the officials to do their public work

under the guidance of their religious views, but acknowledged that can be difficult to do ``in a town where we all spend so much time obsessed with ourselves and how we stand on the totem pole and how we looked in the morning paper."

At the same breakfast, Mother Teresa sternly rebuked abortion

-rights advocates, although she did not mention Clinton by name. ``Any country that accepts abortion is not teaching its people to love one another," said the Albanian

-born Roman Catholic nun.

At the junior high school, Clinton used a talk

-show format to take a wide range of student questions. One wanted to know why Kramer didn't have co

-ed lunch. ``I don't know," Clinton said, laughing. ``But if I were you, I'd want it."

His remarks to the teens wove the theme of personal responsibility around a string of issues, including sex, AIDS and crime. It is a message he has targeted successfully to middle

-class voters in the past.

``No matter what I do, I can't live your life for you," Clinton said, promising to make government improve their lives as much as possible. ``I'll try to keep up my end of the deal, and I want you to keep up yours."

When a girl asked Clinton what her generation could do to ``restore family values," he said teen

-agers ``have to decide, 'I'm not going to have a baby until I'm married, I'm not going to bring a baby into the world I can't take care of, and I'm not going to turn around and walk away when I do it. I'm going to take responsibility for what I do.'"

He added: ``This is not a sport, this is a solemn responsibility."

Another student demanded to know what Clinton would do to ``solve AIDS." Clinton ticked off his plans to increase funding for research and treatment, but then came back to his core theme.

``Right now, the only thing we know that works with regards to AIDS is not to get it," Clinton said. ``The most important person in determining what happens to you and AIDS is you."

The responsibility theme extended to crime, with Clinton urging students to organize their neighborhoods

and classrooms against crime and suspicious activity.

He reiterated plans to put more police on the streets and take guns out of the hands of criminals. "No one should have to go to school afraid," he said.

But while demanding responsibility, Clinton also assured the students that they can trust their government to help improve things.

"Don't give up on yourselves, and don't give up on your country," he said.

Clinton promised to build better and safer schools with his Goals 2000 program, a package of education bills that will establish standards for the nation's schools.

Carletta Harper, president of Kramer's student government, told Clinton, "Your coming has encouraged us to take care of our lives and to try to stay alive."

PM

-Harding

-Clinton, 0183

Clinton: Harding Deserves Benefit of the Doubt
With PM

-Kerrigan Attack

NEW YORK (AP) As allegations swirl, President Clinton believes figure skater Tonya Harding should be given the benefit of the doubt, according to a former congressman who spoke with the president

Former Rep. Tom McMillen, D

-Md., told "CBS This

Morning" today that he and Clinton discussed the case Wednesday and "the feeling the president had (was) that Tonya should be given the benefit of the doubt."

"We talked about the presumption of innocence that our system is all about that someone is innocent until proven guilty," said McMillen, a former Olympic basketball player and co

-chair of the President's Council on Physical
Fitness.

Harding has not been charged and has denied having any advance knowledge of the Jan. 6 attack on rival Nancy Kerrigan. Harding has said that she learned days afterward that people close to her may have been involved.

A special committee of the U.S. Figure Skating Association is scheduled to recommend by week's end whether Harding should stay on the Olympic team.

BC

-HILLARYCLINTON national editors:TB

Illinois S&L case suggests Hillary Clinton had glaring conflict of interest in settling government lawsuit (HAS TRIMS)

By William Gaines and Gary Marx
Chicago Tribune

The special prosecutor appointed to scrutinize the business dealings of the president and first lady will focus on their role in an Ozark land development called Whitewater.

But there is another case buried deep in court records that could prove equally troubling to Bill and Hillary Rodham Clinton, particularly if Robert Fiske, the Republican special prosecutor and former U.S. attorney in New York, makes good on his pledge to publish a report on the Clintons' political and business relationships when the president was governor of Arkansas in the 1980s.

It involves a court case the first lady helped settle when she was a high

-powered lawyer in Little Rock, Ark., and the government was trying to sort out the problems of a bankrupt Illinois savings and loan.

The Illinois S&L case suggests that Hillary Clinton, as a private attorney, had a glaring conflict of interest. As an attorney for the Federal Deposit Insurance Corporation, she helped negotiate a secret, out

-of

-court settlement

-that ended the government's suit against a family friend and an influential benefactor of her husband.

But the political problems the case could pose for the president and his wife may go far beyond the narrow questions about the first lady's conduct as a lawyer, which she defends.

As in Whitewater, the Illinois case places the president and his wife once again in an association with an unsavory wheeler

-dealer who had strong personal ties to the Clintons and even stronger financial ties to the Clinton administration in Little Rock.

In Whitewater, the trouble stems from the Clintons' business relationship with James McDougal, the guiding force behind Madison Guaranty, an Arkansas savings and loan that went broke and cost taxpayers more than \$80 million. Fiske will examine whether Clinton or his gubernatorial campaign benefitted from McDougal's favorable treatment by a state agency in Arkansas when Clinton was governor.

In the Illinois case, the problem stems from the Clintons' friendship with Dan Lasater, a convicted felon whose high

-flying bond trading firm played a hand in the troubles of several savings and loans, including First American Savings and Loan Association, an Oak Brook, Ill., institution headed by another politician, Dan Walker, who occupied the governor's mansion in Illinois from 1973 to 1977.

It all started back in 1979 in an unlikely venue the Oaklawn Park racetrack in Hot Springs, Ark. Clinton's recently deceased mother, Virginia Kelley, had a passion for thoroughbred horseracing, and her box at the track was next to Lasater's.

An Arkansas native who grew up in poverty in Kokomo, Ind., Lasater started a hamburger chain when he was 19 and was wealthy by the time he met Virginia Kelley and Clinton's half

-brother, Roger Clinton, at the racetrack. In just over two decades, Lasater had sold his first hamburger chain; moved to Arkansas; founded the Ponderosa Steakhouse, a nationwide chain of 650 family restaurants; started a bond trading firm; and nurtured his love for horseracing.

The racetrack friendship soon blossomed into an introduction to Bill Clinton, who was trying to regain the governor's mansion after losing an election in 1980, according to a Clinton family friend.

By early 1983, Lasater had given Roger Clinton a job at his Florida horse farm; Bill Clinton had reclaimed the governor's mansion; and Lasater's bond firm had been added to a list of brokerage firms eligible to underwrite state bond issues, a classification that generated millions of dollars in business for his firm, according to published reports.

Over the next two years, the ties between Lasater and the Clintons grew stronger.

The Clintons benefitted from the relationship. Lasater contributed money to the governor's campaign; lent Roger Clinton \$8,000 to pay off a drug debt; sponsored fund

-raising parties at his offices; made his private plane available to the ambitious young governor for campaign jaunts; and encouraged his staff to donate to the governor's campaign, promising higher commissions to compensate for the donations, according to published reports. At one point in 1985, he also made his plane available to squire celebrities to a charity function organized by Hillary Clinton.

Lasater benefitted from the closer ties, too. In the summer of 1985, Bill Clinton successfully lobbied the

Arkansas legislature to approve a contract for Lasater to sell \$30.2 million in bonds for the new state police radio system. The contract netted Lasater's firm \$750,000, according to a report in The Los Angeles Times.

Meanwhile, Lasater spread his financial wings beyond Arkansas, signing deals to trade Treasury bond futures with several savings and loans, including Walker's First American. The S&Ls were trying to compensate for their money

-losing mortgage lending operations by engaging in the high

-risk deals being peddled by Lasater.

But things began to sour in late 1985, both in Illinois and in Arkansas.

At First American, Walker discovered that Lasater's bond firm didn't have the magic touch. According to court records, Walker's S&L lost at least \$361,572 in T

-bond

-futures trades made by Lasater's firm.

"They had general authority to trade, but they were supposed to call the (First American) operating officer each time they made a trade," Walker said in a telephone interview. "They did not do that."

Meanwhile, law enforcement officers in Arkansas had started picking up reports that Lasater had another problem: He was distributing cocaine to friends and business associates at swank parties he threw in Little Rock and Hot Springs.

Walker struck first, filing a 1985 suit against Lasater's bond firm alleging that the company committed mail, wire and securities fraud by using First American funds for unauthorized T

-bond futures trades.

Walker never got Lasater in court. First American was seized in 1986 by federal officials, who later charged the former Illinois governor with lending himself \$1.4 million in federally insured deposits. Walker was eventually convicted of bank fraud and perjury.

Federal officials also collared Lasater; they convicted him of cocaine possession and trafficking in 1986.

Meanwhile, the federal regulators who seized First American decided to pursue the savings and loan's \$3.3 million suit against Lasater to see if they could recoup some money for the American taxpayer, who funded the billion

-dollar bailout of hundreds of bankrupt savings and loans, including First American.

The government's deposit insurance fund hired the Rose Law Firm in Little Rock, where Hillary Clinton was a

powerhouse. Rose had successfully solicited the government's legal work on failed savings and loans in Arkansas months earlier.

The Lasater connection caused no end of problems for Bill Clinton. During his re

-election campaign for Arkansas governor in 1986, Clinton came under attack from his Republican opponent for steering state contracts to Lasater while Lasater was under investigatio

BC

-HILLARYCLINTON

----- AUTOBREAK (2)-----
trafficking.

Bill Clinton acknowledged being friends with Lasater but denied knowing about Lasater's drug activities. Clinton was re

-elected.

In 1987, Lasater went off to serve his prison sentence after giving Patsy Thomasson, another key Clinton supporter and Democratic Party activist, legal authority to manage his assets, according to court records.

Most of the Rose firm's S&L legal work was handled by Webster Hubbell, now the No. 3 official at the U.S. Justice Department. But the firm assigned the government's suit against Lasater to Hillary Clinton and Vincent Foster, the former deputy White House counsel who committed suicide last July.

In late 1987, court records show, Hillary Clinton and Foster negotiated a confidential settlement. Lasater paid the government \$200,000 in return for the dismissal of its \$3.3 million suit against him.

Whether Lasater got off cheaply at the expense of the American taxpayer depends upon his assets at the time and the strength of the evidence against him, legal experts say.

Nevertheless, Thomas Scorza, a former assistant U.S. attorney who teaches legal ethics at the University of Chicago, said Hillary Clinton's decision to represent the government in a lawsuit against Lasater raises serious questions about her professional conduct.

"A lawyer is required to represent the interest of their client zealously," he said. "There is a substantial question about whether an attorney was representing a client zealously if the opponent of the client is someone with whom the attorney had a political, financial and personal relationship."

"In looking at the settlement, were they (the Rose Law Firm) looking after Lasater's interests or the interests of the FDIC?" Scorza asked.

Hillary Clinton's office declined to respond to

specific questions about the case but issued a general statement defending her legal ethics. "Our view is that Mrs. Clinton, when a lawyer at the Rose Law Firm, acted with the utmost integrity and professionalism. I have no reason to believe otherwise," said her press secretary, Lisa Caputo.

To avoid even the appearance of a conflict of interest, Scorza said, Hillary Clinton should not have worked on the Walker S&L case especially because the final settlement was confidential.

The Chicago Tribune learned of the amount of the settlement from a February 1989 letter that Foster wrote to the FDIC; the letter was not part of the court filing.

There's no evidence in the court case that the Rose Law Firm or Hillary Clinton ever disclosed to their client, the FDIC, the ties between the Clintons and Lasater or Thomasson, who was representing Lasater's interests at the time of the settlement. Thomasson, who later became executive secretary of the Arkansas Democratic Party, is now director of the White House Office of Administration.

David Barr, an FDIC spokesman, said FDIC attorneys are trying to locate records on First American to see if the Rose Law Firm notified the FDIC about any potential conflict of interest.

(EDITORS: STORY CAN END HERE)

A law firm can be banned from receiving further work from the FDIC and the Resolution Trust Corporation, which disposes the assets of failed S&Ls, if it misleads FDIC officials about a possible conflict of interest, Barr said.

The First American case isn't the only problem for the firm, which Hillary Clinton left before her husband assumed the presidency.

The FDIC is trying to determine whether the Rose firm misled federal regulators about a potential conflict of interest when the firm represented the deposit insurance fund against the accountants who worked for Madison Guaranty. Hillary Clinton had represented Madison, the savings and loan at the heart of Whitewater.

In addition, FDIC officials are looking into the case of Home Federal Savings and Loan of Centralia, another failed Illinois institution, which is very similar to the First American case. It is not known whether Hillary Clinton was directly involved in the Home Federal case.

The Rose Law Firm represented Home Federal in a \$4.6 million suit against Lasater's company for unauthorized trading. But what is unusual about this case is that Lasater, too, was represented by an attorney with ties to Rose.

King Betz, former president of Home Federal, said he initially hired the Rose Law Firm because the claims in his suit were nearly identical to those in the First American case. He said that Vince Foster was the lead

attorney in the case and that he had no contact with Hillary Clinton. After the government took over Home Federal, it continued the case.

Meanwhile, though, Thomas Mars, a Rose attorney who had worked with Foster and Hillary Clinton in the First American suit against Lasater, left the Rose firm. Months later, he started representing Lasater against Home Federal, which was still represented by Rose.

Legal experts say the Rose Law Firm should have notified Betz and the FDIC about Mars' potential conflict of interest. Because Mars worked on the First American suit, he could have had inside information that gave him an advantage in negotiating a settlement for Lasater in the Home Federal suit.

(EDITORS: STORY CAN END HERE)

Betz says Foster never told him about Lasater's ties to the Clintons. He also failed to advise Betz about Mars' potential conflict of interest. Betz said Foster advised him to accept a \$250,000 out

-of

-court settlement in September 1989.

``We were told by the attorneys that we were not going to get any more (money)," said Betz, who agreed to the settlement. When told that Mars had previously worked with Foster and Hillary Clinton in the First Federal case, Betz said: ``He can't do that. He could have confidential information."

Mars denied any wrongdoing. ``There was nothing funny going on. Everything was always on the up and up. Everything was done in a business

-like manner," he said.

BC

-CLINTON

-HILLARY ISTLD

SECOND CASE MAY ATTRACT CLINTON INVESTIGATION

(Eds: recasts, adds details)

CHICAGO (Reuter) - Hillary Clinton may not have disclosed her close ties to a family friend when she settled a government lawsuit against him involving a failed Illinois savings and loan, the Chicago Tribune reported Thursday.

The report also raised questions about the fairness of the confidential \$200,000 settlement of the original \$3.3 million lawsuit arranged against the friend, Dan Lasater, in 1987 by Hillary Clinton and Vincent Foster while acting as attorneys for the Federal Deposit Insurance

Corporation.

The newspaper suggested that the Illinois case could prove as troubling to the Clintons as the Whitewater development investigation if the special prosecutor recently appointed to scrutinize that case makes good on his pledge to publish a report on the Clintons' pre

-White

House business and political relationships.

FDIC spokesman Andrew Porterfield said he was looking into the matter and told Reuters the agency had no immediate comment on the report.

Lasater, an Indiana

-born restaurateur who founded the Ponderosa restaurant chain, underwrote millions of dollars worth of bonds for the state ?while?Bill Clinton was governor and was a strong supporter and financial contributor to Clinton's Arkansas campaigns, the newspaper said.

The report described Lasater as a high

-flying figure on the Little Rock social circuit who made friends with Clinton's mother Virginia Kelley at the racetrack. He was convicted in 1986 of possession and distribution of cocaine. He also loaned \$8,000 to Clinton's brother Roger, allegedly to settle a cocaine debt, and gave the younger Clinton a job at his Florida horse farm, the report said.

The case involving Lasater raises further questions about potential conflicts of interest while Bill Clinton was governor of Arkansas and his wife was a powerhouse attorney at the politically

-connected Rose Law Firm in Little Rock, the Tribune said.

The report said Hillary Clinton's office responded to questions about her conduct while at the law firm by saying she ``acted with the utmost integrity and professionalism."

Special prosecutor Robert Fiske recently began an investigation into the defunct Whitewater land development in which the Clintons' partner was James McDougal, another Little Rock businessman and Clinton supporter who led the Madison Guaranty Savings and Loan into bankruptcy that cost taxpayers \$47 million.

Court records reviewed by the Tribune disclosed the confidential settlement of the lawsuit with Lasater, who allegedly made unauthorized and losing trades in highly risky Treasury bond futures contracts for the First American Savings and Loan, located in the Chicago suburb of Oak Brook, the report said.

The savings and loan, which was run by former Illinois governor Dan Walker, lost \$361,572 in Lasater's futures

transactions and was seized by federal regulators in 1986.

The government decided to pursue the savings and loan's \$3.3 million suit against Lasater and enlisted Hillary Clinton's law firm, it added.

Webster Hubbell, now the number three official at the Justice Department, handled most of the firm's work on savings and loans, but Hillary Clinton and Vincent Foster were assigned to the suit against Lasater, the newspaper said.

Foster was White House counsel when he committed suicide last July.

The amount of the \$200,000 settlement was discovered by the Tribune in a letter Foster wrote to the FDIC.

The Tribune quoted legal experts as saying the amount of the out

-of

-court settlement may or may not have been justified, depending on Lasater's assets and the strength of the evidence against him.

But the Hillary Clinton's participation on behalf of the government may have represented a conflict of interest, the experts said.

Commenting on the report Cornell University ethics law professor Charles Wolfram told Reuters there is not enough information available to know if there was a true conflict of interest on Hillary Clinton's part.

He said the amount of the settlement may have been perfectly reasonable and just because Lasater had a relationship with Bill Clinton does not mean the same applied to the first lady.

The situation, he said, seems to be ``perfectly opaque."

REUTER

AM

-Clinton

-Liar, Bjt,730

Scholar Defends Herself Against White House Claim of Lies
By TOM RAUM= Associated Press Writer=

WASHINGTON (AP) What's it like to be branded a liar by the White House?

New York scholar Elizabeth McCaughey says she's baffled at the administration's harsh attack on her critique of the Clinton health

-care plan. And grateful for the attention.

Trying to dispel a public relations headache, the White House now concedes it may have gone a little overboard in its 10

-page rebuttal to an article by McCaughey in the New Republic magazine.

The response, accusing her of lying and being "deliberately inaccurate," has brought McCaughey's piece wider notice and handed ammunition to Republican critics.

McCaughey, a constitutional scholar who has taught at Vassar College and Columbia University and written books on the Electoral College and on the history of the Constitution, says she is puzzled by the White House attack and stands by her work.

"I'm delighted that they responded," she said in an interview. "It's in the interest of the nation to have a debate over the facts, over the content of the bill and what it will mean to you if you're sick."

At the center of the storm is her article, titled "No Exit: What the Clinton Plan Will Do For You."

The author, a fellow at the conservative Manhattan Institute for Policy Research, suggests the Clinton plan would restrict people's choices of physicians, limit their access to specialists and deny new cures to those over age 65.

Her five

-page analysis in the generally liberal New Republic also suggests the administration has understated the cost of universal coverage.

The White House took strong issue with the article, using the word "lie" four times and phrases such as "this is ridiculous" and "deliberately inaccurate" in its rebuttal.

White House press secretary Dee Dee Myers defended the rebuttal on Thursday although she conceded that "perhaps the language was a little strong."

"But I think what's important is we're going to challenge people who misrepresent the president's plan," she said.

Senate Republican leader Bob Dole's has accused the White House of calling people liars simply for disagreeing with it on health care.

Clinton, asked about that earlier this week, told reporters: "Well, I hate to use that word, but the New Republic article was way off base and the New Republic didn't make total disclosure about the source of the article."

Andrew Sullivan, editor of the New Republic, suggested the White House had overreacted.

"I think they're angry at us because they're angry at themselves," he said. "The plan really isn't as good as it should be."

"I think that the accusation of 'lies' is simply untrue," Sullivan added. He said the author would respond to the White House charges in next week's issue. He also offered to hold a debate between the writer and White

House health care adviser Ira Magaziner.

For her part, McCaughey said she's busy writing her rebuttal to the White House rebuttal. She said the article was well

-researched and that she resents being called a liar.

``It's neither accurate nor particularly helpful," she said. ``I stand by everything I said in the article."

She noted she had even cited specific pages in the 1,364

-page Clinton health care plan so that readers could check things for themselves.

It isn't the first time Clinton and his aides have accused others of lying but in the past the accused have been political figures.

When then

-President Bush accused Clinton of raising taxes 128 times as governor of Arkansas, Clinton accused Bush of being ``just like Pinocchio" and ``incapable of telling the truth." His campaign accused Bush in a statement of ``intentionally lying to win the election."

Clinton also ran ads during the New York primary accusing former California Gov. Jerry Brown of lying about his flat

-tax proposal.

Steve Hess, a political scientist at the Brookings Institution, said the White House rebuttal ``reflects what happens when you take campaign techniques and tactics and move them into governance."

``In other words, create a war room and your opponents become the enemy. They don't just disagree with you, they don't have opinions. They are the enemy. I find that very disturbing coming from the White House."

BC

-IRISH

-USA

-GORE

GORE MEETS IRISH LEADER PLEDGED TO NON

-VIOLENCE

WASHINGTON, Feb 3 (Reuter) - Vice President Al Gore, in talks with Irish nationalist leader John Hume, urged all parties to the Northern Ireland conflict to reject violence and engage in political dialogue, the White House said Thursday.

Hume's mainly Catholic Social Democratic and Labour Party is the voice of non

-violent nationalism in Northern Ireland. Hume had been in New York attending a peace conference on Northern Ireland with Sinn Fein leader Gerry Adams.

?

? President Clinton's decision to grant Adams a visa for the conference, on the grounds his visit would encourage the peace process, has angered Britain.

A White House statement said Hume met Wednesday with Gore, and separately with National Security Adviser Anthony Lake.

The statement said Gore "reiterated our hope that the recently concluded conference on Northern Ireland hosted by the National Committee on American Foreign Policy in New York will encourage all who have yet to do so to reject violence and engage in political dialogue within the framework of the Joint Declaration."

The joint declaration is a framework for peace talks on Northern Ireland which was announced in December by the British and Irish prime ministers.

? "Vice President Gore underscored the firm U.S. belief that the Joint Declaration offers the best framework within which peace and reconciliation can be restored to Northern Ireland," the White House statement said.

It said Gore praised Hume's "steadfast commitment" to the peace process. "He (Gore) noted in particular the sacrifices of Mr Hume in his personal effort to leave no stone unturned in the search for an end to the violence."

Adams, leader of Sinn Fein, the political wing of the Irish Republican Army, has not formally embraced the joint declaration, saying he needs clarification of some aspects.

Talks, initially secret, between Hume and Adams last year helped to pave the way for the declaration, and Hume has been credited with adding considerable impetus to the peace process. Britain also revealed last year that it had had secret communications with the IRA on peace moves.

The Independent newspaper of London reported Hume met Senator Edward Kennedy in Boston in January to trigger a coordinated lobbying of President Clinton to give the visa to Adams, who had been denied one for the last 20 years.

Hume's view was that letting Adams come to the United States could help build on the joint declaration and move towards a settlement.

Adams wrapped up his whirlwind 48

-hour U.S. visit

Wednesday basking in the glow of publicity denied at home and promising new peace decisions soon but breaking no new ground.

REUTER

U.S. praises peace efforts in Northern Ireland

WASHINGTON (UPI) Vice President Al Gore told a political leader from Northern Ireland that the United States hopes recent efforts to end the violence there will succeed, the White House said Thursday.

Gore and White House national security advisor Anthony Lake met with John Hume, leader of the Social Democratic and Labor Party in Northern Ireland.

During the session, Gore praised Hume's "steadfast commitment" to peace in Northern Ireland, White House spokeswoman Dee Dee Myers said in a statement.

Hume is a Roman Catholic moderate who led an effort to get peace talks started among governments in London, Dublin and Belfast and the Irish Republican Army.

Hume was also in New York this week for a U.S.

-sponsored conference on Northern Ireland, also attended by Gerry Adams, the leader of Sinn Fein, the political wing of the IRA. President Clinton granted Adams a temporary visa to attend the conference, a move not well received by all British officials.

The White House put out a conciliatory statement after Gore met Tuesday with British Foreign Secretary Douglas Hurd. In that statement, the Clinton administration emphasized its special relationship with Great Britain.

bc

-baca

-resignation 02

-03

Bureau of Land Management's Baca Decides to Step Down from Post

To: National Desk

Contact: Kevin Sweeney of the U.S. Department of the Interior,
202

-208

-6416

WASHINGTON, Feb. 3 /U.S. Newswire/ -- Jim Baca, director of the Bureau of Land Management (BLM), today announced he will resign from his post. Dr. Michael Dombeck has been named acting director of the BLM; he is currently chief of staff to Assistant Secretary Bob Armstrong.

Baca's decision came one week after he was offered a different position within the Department of the Interior, the Cabinet agency that houses the BLM.

"Jim deserves credit for the good work he has done as director," said Interior Secretary Bruce Babbitt. "He brought vision and energy to a bureau badly in need of both. Its many employees now have a greater sense of mission and are now fully engaged in an effort to implement the principles of ecosystem management; that is a credit to Jim Baca."

"This personnel change in no way means a change in policy," said Secretary Babbitt. "In this Department the buck stops on my desk, and I remain as committed as ever to reforming our public lands policies. On grazing, in particular, for better or worse, I have been the primary architect and advocate of the Administration's policy; I will continue in that role."

"I had hoped Jim would stay on at Interior," said Secretary Babbitt. "Last week, I asked him to serve as Deputy Assistant Secretary. It was an important position, one that would have put his considerable talents to good use in pursuing reforms he and I both support."

"I have accepted his resignation because Jim and I have different approaches to management style and consensus building," said Babbitt. "That's not a statement about which style is the right one. It is, however, an acknowledgement that the management styles of the department's bureau directors need to mesh -- they need to work as one."

"It's my judgement that a very strong management team can become even stronger," said Babbitt.

Dombeck, who holds a doctorate in biological sciences, has spent most of his career with the BLM and the Forest Service. From 1989 through 1992, he served as science advisor and special assistant to the BLM director. Prior to that, he spent several years in various fisheries program offices within the Forest Service.

BIOGRAPHICAL INFORMATION FOR MIKE DOMBECK

Since the confirmation of Assistant Secretary for Land & Minerals Management Bob Armstrong in May, 1993, Mike Dombeck has served as Chief of Staff and as Acting Deputy Assistant Secretary. Before Armstrong's confirmation, Dombeck served as acting assistant secretary, overseeing policy for the Bureau of Land Management and two other bureaus. From 1989 until 1993, Dombeck worked as Science Advisor and Special Assistant to the BLM Director.

"Mike Dombeck exemplifies the kind of public servant this Department Values most highly," Armstrong said. "He has worked at the district, regional and national level in natural resource management agencies for sixteen years. He has shown a consistent standard of excellence and dedication to this Administration's goals to restore, enhance and protect wildlife and fishery habitat on America's public lands."

Dombeck grew up in rural northern Wisconsin's lake country, and worked for 11 summers as a fishing guide. The youngest of six children and the first member of his family to attend university, he went on to earn a doctorate in biological sciences from Iowa State University.

Before coming to the Department of the Interior, Dombeck worked for the U.S. Forest Service as National Fisheries Program Manager. Prior to moving to Washington, DC, he held a number of positions for the Forest Service in the West and Midwest. Dombeck has taught biological and physical sciences at the high school and university levels and has authored numerous technical articles.

A dedicated outdoorsman and conservationist, Dombeck resides with his wife and daughter in Vienna, Va.

From: BACA, JIM (JBACA)

To: Y:&1/4OFFICE31&1/4GRP&1/4EVERYONE.GRP

Date: Thursday, February 3, 1994 12:21 pm

Subject: My resignation

It is with great sadness that I have informed the President of my resignation as Director of the Bureau of Land Management at the Department of Interior.

My continued support of the President's agenda for positive change for the American people is unwavering. He is on the right track and deserves our support.

My great regret in announcing my resignation is for the dedicated professional employees of the Bureau of Land Management. My message to them is, as always, to base their decisions on sound science, integrity, fairness to the taxpayer, and foresight for future generations of Americans.

It is also my great hope that the people who believe in working toward a new western land ethic will continue to assist this administration. I will support them in every way possible as my family and I renew ourselves after a very exciting year in a very different environment.

I want you to know that the issues that brought me to Washington are still with us. It is crucial that mining law reform and grazing reform be successfully pursued.

Bobbi, Justin, Noelle, and I want to thank all of our friends and supporters in Washington, New Mexico, and the nation for their many letters and calls of support. We are not sure where we will end up, but we have a feeling it may be near the Rio Grande in our beloved Land of Enchantment.

-0-

/U.S. Newswire 202

-347

-2770/

PM NM-

-Baca Resigns, 2nd Ld

-Writethru, 530

URGENT

EDs: COMBINES previous urgent series; ADDS information on previous job offer, 3rd

-4th grafs; background, last three grafs; edits to conform, no pickup

By The Associated Press=

Jim Baca said today he will resign as director of the U.S. Bureau of Land Management.

The former New Mexico land commissioner had become the focus of

a battle between environmentalists and ranchers over the Interior Department's proposed reforms in the nation's grazing fees and regulations.

Baca, a favorite of environmentalists because of his strong views on protecting federal lands, said he was resigning with "great sadness (and)... regret."

Interior Secretary Bruce Babbitt last week offered Baca a job as deputy to Assistant Interior Secretary Bob Armstrong, helping him supervise three agencies.

Baca told Babbitt last Friday night he wanted to keep his BLM job.

"I made my decision, and they said it was my decision to make," Baca said at the time. "And I elected to stay at BLM."

He will be replaced by Michael Dombeck, Armstrong's chief of staff.

Babbitt said today the change in personnel "in no way means a change in policy."

"In this department the buck stops on my desk, and I remain as committed as ever to reforming our public lands policies," said Babbitt, who praised Baca for bringing "energy and vision to a bureau badly in need of both."

But Babbitt also made clear there had been disagreements between them over policy issues.

"Jim and I have different approaches to management style and consensus building ... (and) the management styles of the department's bureau directors need to mesh. They need to work with me," said Babbitt.

Baca's departure brought sharp criticism from environmental groups who charged that Baca had been forced out because of his strong views on protecting federal lands from commercial interests. He had been in the forefront of Interior's attempt to change grazing and mining policies on federal lands.

"We think this is a dreadful mistake," said Deborah Seas of the Sierra Club. "It's going to send a chilling

message to every political appointee. It says if you make waves, your head is going to roll."

Mike Fusco, field director of the New Mexico Cattle Growers in Albuquerque, said today he was glad Baca resigned but expressed doubt about Dombeck.

"I just would advise anybody to proceed very cautiously," he said. "We can't let our guard down. ... I still believe he (Babbitt) is stacking the deck in his favor."

"It's not a blessing for us. I don't see it that way at all. But at least we got a response from Washington."

Baca, who had served as New Mexico land commissioner in the 1980s, was elected again to the state post in 1990 but resigned last year to take the BLM job. He was state liquor director from 1979

-81 during Gov. Bruce King's second administration. In the mid

-1970s, he was King's press secretary during the governor's first administration.

He ran unsuccessfully for mayor of Albuquerque in 1985 and made an unsuccessful bid for Congress in 1988.

Prior to joining the King administration as press secretary, Baca had been a television newsman.

PM

-Logging

-Investigation 1st Ld

-Writethru,a0445,660

Administration Defends Logging Consultation With Environmentalists

EDS: New throughout to update with administration defending practice today, testimony, Rep. Miller comments; deletes outdated USDA comment; no pickup

By SCOTT SONNER= Associated Press Writer=

WASHINGTON (AP) The Clinton administration, accused of playing favorites with environmentalists, defended its efforts today to avoid lawsuits by consulting with conservationists before logging national forests in eastern Oregon and Washington.

? Republicans?claim the practice may be illegal and are demanding an investigation.

Assistant Agriculture Secretary James Lyons told a congressional panel there was nothing wrong with seeking advice from environmental groups before offering the federal timber sales.

"We'd rather work with those who are concerned about the sales to avoid challenges," Lyons told

the House Natural Resources subcommittee on national parks and forests.

“When I came into office, we were faced with a couple of options. We could move full

ahead and face the likelihood of litigation or we could consult with all reasonable parties. We elected the latter,” he said.

A series of internal Forest Service memos obtained by The Associated Press shows the agency has consulted with the Natural Resources Defense Council, a leading environmental group, on at least a dozen timber sales.

Kansas Rep. Pat Roberts, the top Republican on the House Agriculture Committee, along with Oregon Rep. Bob Smith and six other GOP lawmakers urged the Agriculture Department's inspector general Wednesday to launch an independent probe of the timber sales.

The memos, dated from Nov. 4 through Jan. 14, refer to some of the sales as “released by NRDC,” others as “not released by NRDC” and “sales needing review by NRDC representative.”

Smith said in a letter to Agriculture Secretary Mike Espy on Tuesday that the practice is “immoral if not illegal.”

The eight Republicans said in a letter to Agriculture Inspector General Charles Gillum that the memos indicate the NRDC has been given “virtual veto authority” over the timber sale program.

Lyons told the subcommittee that “clearly there is a misunderstanding about the process and what we are trying to achieve.”

Faced with the threat of lawsuits like the ones that have stopped logging of spotted owl habitat in western Oregon and Washington, Lyons said the department adopted a process to screen proposed timber sales for their impact on wildlife, rivers and old

growth forests.

“All interested parties were asked to comment,” he said. “These allegations that one party or another is getting preferential treatment is totally untrue. The allegation that we would turn management of national forests over to any interest group is ridiculous.”

Rep. George Miller, D

-Calif., chairman of the Natural Resources Committee, said he and House Speaker Tom Foley, D

-Wash., support the effort to try “to reach out to get these sales to market.

“The speaker has asked me to tell you he also supports your effort to reach out to all the communities on all these sales ... He is encouraged by your willingness to

talk to all the parties involved in that process," Miller said.

David Edelson, senior attorney for the NRDC in San Francisco, also confirmed communication with the Forest Service over the logging plans.

"There is absolutely nothing improper about the role we have been playing," Edelson said. "We are communicating our views to the Forest Service, but we have absolutely no veto power over timber sales (in eastern Oregon and Washington.) The agency is free to proceed with any sales they feel they want to."

The other signers of Wednesday's letter were: Jim Hansen, R

-Utah, Joe Skeen, R

-N.M., Craig Thomas, R

-Wyo.,
Barbara Vucanovich, R

-Nev., John Doolittle, R

-Calif., and
Wally Herger, R

-Calif.

The NRDC and 21 other environmental groups filed a formal notice of intent to sue the Clinton administration last spring, alleging illegal, excessive logging of old

-growth forests east of the Cascade Mountains in Oregon and Washington.

BC

-USA

-PERRY 1STLD

CLINTON DEFENSE NOMINEE ADVANCES IN SENATE

By Jim Adams

WASHINGTON (Reuter) - President Clinton's nomination of William Perry to be secretary of defense was unanimously approved Thursday by the Senate Armed Services Committee.

Chairman Sam Nunn, a Georgia Democrat, said he hoped the full Senate could confirm Perry later Thursday. All 22 committee members voted in favor of the nomination.

? Republicans had considered holding up Perry's nomination to force revision of the Defense Department's new regulations on homosexuals in the military but decided against it.

"We need him over there," said the committee's senior Republican, Senator Strom Thurmond of South Carolina.

Perry will replace Les Aspin, who resigned as secretary of defense after friction with Clinton's budget office over defense spending. Aspin resigned effective January 20 but agreed to stay on until his replacement was approved.

Thurmond said committee Republicans decided that rather than hold up Perry's confirmation they will hold up Senate confirmation of all other civilian defense nominees until they get the changes they want on allowing gays in the military.

The Republicans want the regulations to specify that although commanders may no longer investigate whether a service member is gay, they must investigate allegations of homosexual conduct.

The Republicans also want the term "sexual orientation" removed from the regulations. They say it is so vague that it might undermine the new policy requiring that no one can be barred from military service only for being homosexual but must be discharged for any homosexual conduct.

Nunn said he hoped Perry could be confirmed quickly because Perry is to give a major speech over the weekend at the Wehrkunde Conference in Munich, an annual conference of NATO defense ministers, and because next year's defense budget comes to Congress Monday.

Perry, 66, is now deputy secretary of defense.

He is known as the "father of stealth technology" because as an assistant defense secretary in the 1970s he promoted the radar

-evading technology that led to F

-117

fighterplanes used in the Gulf War and B

-2 stealth bombers
now being built.

REUTER

Senate panel recommends Perry confirmation

WASHINGTON (UPI) Less than 24 hours after his hearing, the Senate Armed Services Committee voted unanimously Thursday to recommend that the full Senate confirm William Perry as defense secretary.

With confirmation likely, Perry, who has served almost a year as deputy defense secretary, would succeed his boss, Defense Secretary Les Aspin, who announced he was leaving in December.

The favorable vote by the committee chaired by Sen. Sam Nunn, D.

-Ga., came less than a day after Perry's confirmation hearing, which was extremely friendly and relatively short.

Nunn said he hoped the full Senate would act on his committee's recommendation later Thursday.

Even before the vote, committee members of both parties had predicted quick and easy confirmation for Perry, 66, who also has taught engineering at Stanford University and served as a defense technology expert.

Aspin had been criticized in both Congress and the Pentagon for a slack managerial style and a flawed contribution to Clinton administration foreign policy in such crisis areas as Somalia, Haiti and Bosnia.

During his confirmation hearings, Perry conceded that the Pentagon's contribution to foreign policy had been "ineffective." He attributed the failing not to his subordinates, whom he called "outstanding," but to organizational problems.

Perry pledged to make reorganization of the Pentagon's foreign policy staff one of his first priorities. That staff, headed by Defense Undersecretary Frank Wisner, was largely an Aspin creation.

Perry, whose own foreign policy experience has been relatively limited, answered a number of questions and defended the administration's efforts to induce North Korea to accept U.N. inspections of its nuclear program.

The new defense secretary would also have to cope with a potential budget shortfall of \$20 billion in the five years after fiscal 1995 and the implementation of a number of Aspin initiatives, including greater opportunities for women and a new policy on homosexuals.

PM

-Sessions

-Foster, 1st Ld

-Writethru, a0556,270

Precede NEW YORK

Reno, Sessions Disagree Over FBI's Foster Probe

EDS: Leads with 2 graf to update with Reno statement; picks up 2nd graf pvs, The Justice

WASHINGTON (AP) Attorney General Janet Reno today disputed a claim by fired FBI Director William Sessions that the bureau was kept out of the investigation of deputy White House counsel Vincent Foster's death.

"I got the FBI as involved as they thought was necessary," Reno told her weekly news conference when asked about a New York Post report of Sessions' claim. "I don't know what he's talking about."

The Justice Department put the U.S. Park Police in charge of the investigation into Foster's apparent suicide. Foster's body was found in a park near the Potomac River on July 20 of an apparently self

-inflicted
gunshot.

Sessions had been fired by President Clinton the day before Foster's death.

A handwritten statement Sessions gave to the newspaper Wednesday said "the decision about the investigative role of the FBI in the Foster death was ... compromised from the beginning."

Sessions noted that there had been a long

-standing
power struggle within the FBI and the Department of Justice. He said Foster "was deeply involved in (the) relationships and events" involving the two groups.

One of those events included FBI actions during a controversy over the White House travel office.

When Foster's body was discovered, "the White House and Justice Department were clearly in a politically awkward position with the FBI Travelgate investigation in July 1993," Sessions wrote the Post.

PM

-Immigration, 1st Ld

-Writethru, 550

Eds: CORRECTS Hunter's first name to Duncan, sted Douglas, in 5th graf. Pickup 6th graf pvs: Immigration and

By MICHAEL J. SNIFFEN= Associated Press Writer=

WASHINGTON (AP) Attorney General Janet Reno unveiled a \$540.5 million, two

-year program today to crack down on illegal immigration across the Mexican border and to ease the path of legal immigrants to this country.

"This administration is committed to safeguarding America's proud history of openness to newcomers," Reno said. "But we will not permit this cherished tradition to be jeopardized by weakness in enforcing our immigration laws."

Flanked by six members of the California congressional delegation, including two Republicans, she told a Justice Department news conference that she would add 1,010 Border Patrol agents by the end of 1995 to the 3,461 who now police the 2,000

-mile border from San Diego, Calif., to Brownsville, Texas.

The extra border agents, 500 of them to be hired and 510 to be shifted from desk jobs, will be located at San Diego and at El Paso, Texas, where 65 percent of illegal immigrants are currently caught.

Rep. Duncan Hunter, R

-Calif., commended Reno for beginning to supply ``the resources for establishing a border for the first time." He said a total of 10,000 Border Patrol agents are needed along the Mexican border.

Immigration and Naturalization Commissioner Doris Meissner said the total need would be re

-evaluated after assessing the impact of the additional 1,010 agents.

``We have to close the back door ... to keep the front door open," said Rep. Romano Mazzoli, D

-Ky., chairman of the House immigration subcommittee, who also attended the announcement.

Of the money, \$172.5 million has been appropriated for this budget year. The remaining \$368 million for fiscal 1995 is to be requested in President Clinton's budget next Monday and would still have to be approved by Congress.

Reno's plan would double the number of Immigration and Naturalization Service officers and immigration judges to clear a backlog of 300,000 applications for political asylum. Now, only 45,000 applicants are processed each year.

The plan also called for \$15 million in grants to community

-based organizations and schools for civics and language lessons for immigrants seeking to become U.S. citizens. An additional \$2.5 million would pay for a toll

-free telephone line to dispense information about how to obtain U.S. citizenship.

Other proposals would improve the security of so

-called ``green card" work permits to make hiring of legal aliens easier.

These proposals were praised immediately by the Mexican American Legal Defense and Education Fund, which endorsed the overall plan. ``The administration's plan ... would help millions of Latinos and other immigrants become fully participating members of American society," the group said.

Other elements of the plan would supply Border Patrol agents with secure radios and mobile infrared scopes, install five miles of lighting east of the San Ysidro port

of entry in California and five miles of fences to block entry onto highways.

The administration would spend \$55 million to identify and deport 20,000 additional criminal aliens each year by expanding computer capacity to identify them in state prisons, holding in

-prison hearings before their release and deporting them as soon as their sentence is served. This program now is used in California, Texas, New York, Florida and Illinois.

Justice plans strategies for border patrols

WASHINGTON (UPI) The Justice Department says it wants to add 1,000 more officers to deal with problems along the U.S.

-Mexican border. About 400 more border patrol officers will be assigned south of San Diego, where officials report more than half a million illegal aliens are caught each year.

bc

-Immigrate

-Initiative

TO NATIONAL EDITOR:

FAIR: ADMINISTRATION ASSUMES POLITICAL POSTURE ON IMMIGRATION:

NO SERIOUS ANALYSIS, IGNORES STRUCTURAL PROBLEMS

FAIR Calls for Balanced, Comprehensive Enforcement Plan

WASHINGTON, Feb. 3 /PRNewswire/ -- In a letter to Attorney General Janet Reno responding to today's Justice Department announcement of the FY1995 Immigration Initiative, the Federation for American Immigration Reform (FAIR) criticized the initiative for not addressing the profound, structural problems that have rendered our nation's immigration enforcement system ineffective and called on the administration to develop "a balanced, comprehensive enforcement plan."

Structural problems not addressed by the plan include:

-- The asylum program continues to assume that persons from anywhere on the globe may enter the United States illegally for the purpose of applying for asylum. This concept is not sustainable.

-- The failure of the federal government to pursue a national federal citizenship database in order to detect false claims to U.S. citizenship. The only way immigration will ever be managed effectively is with the

development of a foundational document that insures persons are who they say they are.

-- The fact that it is unlikely that the FY1995 Immigration Initiative can be carried out without removing personnel from other important functions that are already functioning marginally. Interior enforcement is almost non

-existent.

-- The watering of the meaning of naturalization, and the acceleration of the process of subcontracting the administration of naturalization to private entities. The administration's proposal seems to sacrifice the meaning and integrity of naturalization in order to maximize the number of naturalization.

-- The need to have a balanced, comprehensive enforcement plan that includes: border enforcement, interior enforcement, employer sanctions enforcement, document/birth registry reform, streamlined and efficient deportation procedures, ample immigration judges, prosecutions for illegal entry and related acts, repeal of the Cuban Adjustment Act and related preferential provisions, reform and narrowing of substantive asylum law, and a dramatic reduction in the number of individuals immigrating to the United States.

FAIR Executive Director Dan Stein concluded the letter, "We believe that the nation has come too far in its concern about the scope and magnitude of America's immigration policies to accept the proposed FY1995 Immigration Initiative at face value."

He continued, "Even assuming the Department of Justice were to receive the total \$368 million requested, there are so many legal and structural problems that have accumulated over many years of class

-action federal litigation, statutory changes, administrative changes within INS, and unfathomable backlogs that have affected immigration enforcement that it is difficult to avoid asking the tough questions."

FAIR appended a list of these questions to the letter. To receive a copy of the letter, the questions, or more information, please contact Louisa Parker at 202

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/CONTACT: Louisa Parker of the Federation for American Immigration Reform, 202

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Clinton nominates Charles Cohen to NLRB

WASHINGTON (UPI) President Clinton announced Thursday he is naming Washington attorney Charles I. Cohen to serve on the National Labor Relations Board, pending congressional approval.

Since 1990, Cohen has been a partner in the Washington law firm of Ogletree, Deakins, Nash, Smoak & Stewart. He also was an attorney at NLRB, holding several positions from 1971 to 1979.

After his stint at NLRB, Cohen spent a decade at the Washington law firm of Vedder, Price, Kaufman, Kammholz & Day. During that time, Cohen was also a faculty member at the Catholic University of America's Columbus School of Law.

Clinton called Cohen "a respected attorney with years of experience on the NLRB staff."

BC

-USA

-FARRAKHAN ISTLD

U.S. MUSLIM LEADER SUSPENDS AIDE FOR REMARKS

(Eds: incorporates correction of day, adds Farrakhan attack on Jewish group)

WASHINGTON (Reuter) - Nation of Islam leader Louis Farrakhan said Thursday he had suspended an aide for making "repugnant" comments about Jews and other groups that stirred denunciations in Congress.

But he coupled his rebuke of Khalid Abdul Muhammad with an attack on a Jewish group, the Anti

-Defamation

League, which he called wicked, anti

-black and out to
destroy his organization by publicizing the aide's remarks.

"I found the speech after listening to it in context to be in manner repugnant, malicious, mean

-spirited and spoken in mockery of individuals and people, which is against the spirit of Islam," said Farrakhan, perhaps America's most outspoken Black Muslim leader, of the comments made by Khalid Muhammad.

"While I stand by the truth that he spoke, I must condemn in the strongest terms the manner in which those truths were represented," Farrakhan said.

Khalid Muhammad made his comments last year at Kean College in New Jersey, where he called Jews "bloodsuckers of the black community" and heaped other insults on them and on other individuals and groups including the Pope and homosexuals.

Farrakhan, an influential figure in some parts of America's black community who has stirred controversies of his own with past remarks about Jews, said he would not have had to publicly rebuke Khalid if he had not made his remarks in a public forum.

He called Khalid his student and follower.

But he added: "I ... have dismissed brother Khaled from his posts as minister, representative and national assistant (in Farrakhan's movement) until he demonstrates that he is willing to conform to the manner of representing Allah and the honorable Elijah Muhammad (founder of the Nation of Islam)."

He also urged a summit meeting of black leaders "to prevent a total rupture" between the leaders and his organization.

Khalid's comments, which have only recently drawn public attention, led the Senate Wednesday to vote a resolution of condemnation by a vote of 97

-0. They also forced Representative Kweisi Mfume, a Maryland Democrat and head of the congressional black caucus, to announce that the group of black lawmakers was distancing itself from Farrakhan.

Abraham Foxman, the head of the Anti

-Defamation League of B'Nai Brith (ADL), called Farrakhan's comments about his organization an example of "double think and hate" and denied that his group was anti

-black.

The ADL published drew national attention to Khalid Muhammad's remarks by running a full page ad in the New York Times.

REUTER

-USA

-SUPERFUND

WHITE HOUSE GIVES PLAN TO CUT WASTE CLEANUP

By Vicki Allen

WASHINGTON (Reuter) - The Clinton administration

Thursday offered its plan to reform the clean up of some 1,300 hazardous waste sites by cutting the litigation that has stymied the program.

Environmental Protection Agency Administrator Carol Browner in a news conference said the new Superfund plan would reduce time and costs to clean up sites, create a fairer scheme for sharing responsibility for the clean

-up costs, give communities more say in the projects, and remove barriers to redeveloping contaminated land.

``Those clean

-ups will significantly protect the public health of the one

-in

-four Americans -- some 73 million people -- who live near a Superfund site,"

Browner said.

With the bill, parties who contributed just small amounts of the contamination and parties no longer able to pay, such as bankrupt companies, would be exempted from liability.

Instead, to enable projects to get underway, the government would pick up those portions as part of the \$9.6

-billion five

-year package. That would be \$3 billion more than the program for the last five years.

The bill also would remove liability for developers of contaminated sites. Many have been leery of redeveloping the sites because under current law they can be held liable even if they did not own the land when the contamination occurred.

``Our proposal will provide less money for lawyers and more money for clean

-up," Browner said, adding that the plan would cut private litigation costs by more than 50 percent. And she said, the plan ``puts full responsibility where it belongs -- on major polluters."

The plan would establish a new insurance resolution fund, of \$2.6 billion to \$3.1 billion, to settle insurance claims stemming from waste that was dumped before 1986.

The fund would be financed by fees and assessments on insurance companies.

Browner said length of clean

-ups would be cut 10 to 20 percent, and costs would be cut by up to 25 percent.

The plan would establish national clean

-up standards, and specify certain standards for different situations. For example, Browner said, a site that will be used for an industrial plant probably would not need the same restoration as one used for a school.

Republicans on the House Energy subcommittee on hazardous wastes, which met immediately after the news conference with Browner and the bill's Democratic sponsors, complained the administration had shut them out of the process of preparing the bill. The said the administration took too long to come up with it.

REUTER

AM

-Perot

-United We Stand, Bjt,870

Perot: Gains in Recruiting Amid Growing Pains

By JOHN KING= AP Political Writer=

DALLAS (AP) In the painful aftermath of the NAFTA defeat, Ross Perot's followers found solace in looking ahead: "We'll remember in November." But 1994 isn't proving so simple for Perot or his organization United We Stand America.

A year after its founding, the group has made progress, picking state leaders, naming coordinators in all 435 congressional districts and building a core of dedicated activists.

Yet the progress has not come without growing pains: departures by disenchanted Perot backers; quibbling between the Dallas headquarters and some states over control; complaints among even some of Perot's biggest boosters that he is not consulting members enough before making pronouncements he attributes to the wishes of "the volunteers."

And there is the lingering anguish of failing to defeat the North American Free Trade Agreement.

"There are a lot of people in the organization who are very depressed," said Roger Henson, a leader in United We Stand's NAFTA fight. "It was like going to the Super Bowl. You don't get an award for finishing second even if you played the game of your life."

So as Perot brings United We Stand leaders to Dallas for a three

-day conference that opens Friday, both the Texas businessman and his organization are at a crossroads.

Both appear determined to reassert themselves and influence this year's elections but unsettled on how to do either.

Perot won 19 percent in the 1992 presidential election 19.7 million votes but his public standing has eroded steadily since. In December 1992, 33 percent of respondents in the NBC

-Wall Street Journal poll viewed Perot negatively; last month that number stood at 54 percent and just 23 percent had a positive view.

"People have tired of Perot," said pollster Andrew Kohut of the Times Mirror Center for the People and the Press. "He has revived himself before. But I suspect it will be a lot harder this time."

Perot promised in an interview the night of the NAFTA vote to make health care his next crusade. Two weeks ago, Perot said Clinton's plan was an "airplane with no wings" and predicted United We Stand would oppose it.

But many of the organization's leaders aren't so sure.

"That was more his opinion than the opinion of United We Stand," said Henson. "It sure is not black and white like NAFTA was to all of us."

Echoed Florida director Pat Muth: "Mr. Perot is our spokesperson. But it is what the people feel, and on health care we do not yet have a consensus."

Many Perot state leaders would prefer to stay out of the health care debate, at least for now, and will press at this weekend's meeting for the organization to return to the government reform agenda that anchored Perot's presidential campaign.

"The budget deficit, campaign finance, term limits, line item veto." That's the issues list rattled off by Bill Walker, the Texas United We Stand director.

Perot launched a new United We Stand membership drive the morning after the NAFTA vote on Nov. 17, and the state leaders say initial reaction was encouraging. "But it has flattened out somewhat," said Walker.

Perot has refused to release membership numbers, although some advisers privately toss around figures in the 3 million range. A key test comes in the next few months, as those who signed up at the start are asked to renew their memberships.

And United We Stand may be somewhat hamstrung in congressional races. It cannot directly endorse candidates because it would lose its tax

-exempt status, so its election plan is limited to hosting candidate forums and publishing report cards on issues important to local Perot supporters.

Indeed, those who caught the political bug while working for Perot cannot hold leadership positions in United We Stand and run for office. A handful are venturing out, almost all as Republicans.

Henson ran unsuccessfully as a Republican in last year's special Senate election in Texas and is trying again this year. Bill Turner, a former Perot leader in New Mexico, is seeking the GOP Senate nomination there. A Maine Perot campaign leader, Glenn MacNaughton, is seeking the Republican nomination to challenge Senate Majority Leader George Mitchell. And Orson Swindle, a top national Perot campaign adviser, is mulling a Republican campaign against Democratic Sen. Daniel Akaka of Hawaii.

As the campaign year unfolds, United We Stand state directors and other Perot loyalists say they will demonstrate more independence from the Texas businessman and the national headquarters in Dallas, relying instead on the local organization.

Such independence is viewed as critical if United We Stand is to avoid being viewed solely as a political vehicle for Perot.

Still, Perot loyalists shake their heads at suggestions of his demise, and promise that those who doubt their power will learn a lesson come November.

"The NAFTA vote was the first of three votes," Muth said. "The next is in 1994, and then in 1996."

Jobless claims, factory orders climb

By JEFF BATER= UPI Business Writer=

WASHINGTON (UPI) The number of jobless Americans filing new claims for unemployment benefits climbed to its highest weekly level in 1 & 1/2 years, while demand for factory goods hit a five

-year high in 1993, new data said Thursday.

Initial claims for jobless insurance rose by 59,000 the week ending Jan. 29 to a seasonally adjusted 422,000 the highest mark since July 1992, the Labor Department said.

The number of people seeking unemployment benefits has been sinking slowly in the past 18 months, and the steep ascent in new claims left analysts baffled. By itself, the jump was a negative, but experts caution that sweeping judgments about the nation's job market can never be made from a mere week's worth of figures.

"It's very confusing," conceded Paul Kasriel, an economist for Northern Trust in Chicago. "About the best we can say is there certainly are a lot of crosscurrents going on."

The week ending Jan. 22 saw icy weather in the East, a powerful earthquake in economically troubled Southern California, and the Martin Luther King Jr. holiday all of which shut some government offices where jobless people

file unemployment insurance claims.

Those closings may have created a bottled

-up effect,

resulting in a rush of unemployed scrambling to file for benefits and boosting the new- claims figure by 59,000 the following week, ending Jan. 29.

``They might not have been able to get to the unemployment office the previous week," Kasriel said.

Another, darker explanation that might have sour implications for the accelerating economy would not be the temporary bumps such as weather and holidays, but deeper

-rooted troubles like corporate downsizing, for example.

``We have had announcements of large corporate layoffs starting toward the end of last year and continuing into this year," Kasriel said. ``Some of this (59,000) increase could be attributable to these layoffs.

Still, the report of such a big jump in new applications for unemployment is inconsistent with other data that underscore a faster- growing economy rising consumer confidence, a strong manufacturing sector, a robust construction industry, companies seeking to hire workers.

``It's a big question-mark," Kasriel said of Thursday's report. ``I guess the safest thing...is to assume there's a lot of noise in them (the claims numbers) now but keep an eye on it if we don't see them go down in the next couple weeks."

In a separate report Thursday, the Commerce Department said new factory orders in December rose 1.2 percent to \$266.02 billion the fifth consecutive monthly rise.

Helping boost orders was sharp demand for electronic and other electrical equipment.

Commerce said new orders in 1993 jumped 5.9 percent to \$3.07 billion their largest increase since an 8.4 percent rise posted in 1988.

BC ENVIRONMENT

-USA

HOUSE EPA BILL RECONSIDERATION NOT SET YET

WASHINGTON, Feb 3 (Reuter) - Action on a bill to make the Environmental Protection Agency a cabinet department has not been rescheduled, House Speaker Thomas Foley said Thursday.

The House put off action Wednesday on the bill after members who want to curb the new department's powers voted

227

-191 against its consideration.

The vote was a protest against procedures blocking an amendment that would have required the new department to make an estimate of costs, risks and benefits of environmental regulations it proposes.

To bring the bill up again, supporters will probably have to allow a vote on the amendment.

"We haven't made a decision yet on rescheduling the legislation," Foley, a Washington state Democrat, told reporters. "We're going to have to see what we might do in the way of reconsidering the legislation."

?? The Senate passed a similar bill last year.

Supporters of the bill say elevating the EPA to the Environmental Protection Department would give environmental issues greater priority in the government and in international conferences.

REUTER

AM

-Space Shuttle, Bjt,0607

NASA's Sunrise Launch with Cosmonaut Opens New Space Age

AP Photos CSB103,104

With BC

-Shuttle

-Astronaut Thumbnails

By MARCIA DUNN= AP Aerospace Writer=

CAPE CANAVERAL, Fla. (AP) Discovery rose with the sun and launched a new space age Thursday, carrying the first Russian into orbit aboard a U.S. shuttle.

The head of Russia's space program praised the prompt, and perfect, liftoff, considered a prelude to a shared space station and maybe, some day, a joint trip to Mars.

NASA's chief was so excited he got goose bumps.

"We're going to change the whole way we look at space.

We're going to do it together, instead of competing," said NASA Administrator Daniel Goldin.

Discovery blasted off at dawn, piercing a clear sky on its way to a 218

-mile orbit. The rising sun gave the huge clouds of vapor left in the shuttle wake a pale orange glow.

Joining the five Americans on board for the eight

-day

science mission was cosmonaut Sergei Krikalev, who wore a Russian flag patch on the shoulder of his orange flight suit.

It's the first U.S.

-Russian manned mission since the 1975 Apollo

-Soyuz docking and the first time ever that astronauts and cosmonauts have been launched in the same spaceship.

In a statement from Moscow, Russian President Boris Yeltsin called the launch ``a vivid manifestation of ever

-growing cooperation and partnership between our countries and peoples."

``We are beginning to understand that we need to combine efforts to solve the complicated problems both on Earth and in space, for the benefit of our peoples and the entire world," Yeltsin said.

The Russians were treated to a rare, trouble

-free

-liftoff; even the weather was perfect.

``It is remarkable that this launch has been on schedule, and everything is well, going all right," Russian space director Yuri Koptev told the shuttle launch team in Russian. ``I hope that in our future cooperative projects, everything will be going as well, or right on schedule."

Koptev promised to return the favor early next year with a punctual Soyuz launch of a NASA astronaut to Russia's Mir space station.

Goldin later announced that astronaut will be Dr. Norman Thagard, with Bonnie Dunbar as his backup; they leave for Moscow in two weeks for a year of training. Dunbar's husband, astronaut Ronald Sega, coincidentally is aboard Discovery.

Atlantis is to make the first of up to 10 planned shuttle

-Mir dockings in mid

-1995, three months after

Thagard's arrival at Mir. Thagard and the Mir cosmonauts will return to Earth aboard Atlantis, which will leave new cosmonauts in their stead.

Construction of a joint station is expected to start in 1997 and be completed in 2001. Once it's built and the U.S. and Russian economies improve enough, ``it's on to Mars," Goldin promised.

Goldin said he's confident Russia's political and economic instability will not jeopardize the plans.

``Yes, there's turmoil in Russia," Goldin said. Nonetheless, ``we had about 18 to 20 launches and Russia had 40 during the peak of their maximum turmoil."

Discovery's crew members wasted no time getting to work.

Within several hours of reaching orbit, Krikalev and the others had begun medical and radiation experiments, powered up the on

-board laboratory, and checked the satellite in the cargo bay that's supposed to be released Saturday.

The satellite, called the Wake Shield Facility, will be used to grow thin, high

-quality semiconductor films in the ultra

-pure vacuum it creates as it hurtles through space for two days.

The mission is due to end with a Kennedy Space Center landing on Feb. 11.

BC

-SPACE

-SHUTTLE 4THLD

U.S. ASTRONAUTS AND RUSSIAN COSMONAUT IN ORBIT
(Eds: updates with Yeltsin comments)

By Beth Dickey

CAPE CANAVERAL, Fla (Reuter) - The space shuttle Discovery blasted off Thursday carrying five American astronauts and a cosmonaut on a mission Russian President Boris Yeltsin said highlighted cooperation between two former foes.

The 60th shuttle flight was the first jointly staffed mission by the United States and Russia since 1975 when Apollo and Soyuz capsules joined and their crews shook hands in orbit.

After Discovery's blast off at 7:10 a.m. EST, for eight days of commercially sponsored science and technology research, Yeltsin said in a message to the crew: ``Relations between Russia and the United States are being filled with trust."

He called the mission ``a manifestation of cooperation and partnership" between the two former enemies.

``We understand more and more that we must join efforts in resolving complicated problems on earth and in space for the good of our peoples, in the interests of all mankind."

Four hours after blast off the crew of five men and one woman began the methodical activation of a small cargo bay laboratory where they plan to conduct about a dozen experiments with seeds, rats and high

-tech materials in

the absence of gravity.

The experiments were devised by several of NASA's commercial space development centers, which are operated by universities and their industrial partners.

"Liftoff of Discovery on a bold new era of space flight between the United States and Russia," launch commentator Lisa Malone said after what appeared to be a flawless countdown.

Boris Ostroumov, deputy head of the Russian Space Agency, told a news conference in Moscow: "It was a successful launch, the first launch of a U.S. shuttle which we watched with anxiety."

Among the crew was 35

-year

-old Sergei Krikalev, the first Russian ever launched aboard a U.S. spaceship. "I hope it will open up a new kind of relationship and thinking," he said before the flight.

The flight, the first of eight for NASA this year, kicks off a cooperative venture in which the two countries plan to construct a global space station beginning in 1997.

Agreements concluded in December call for five Americans to pay extended visits to Mir, for 10 shuttles to dock there, and for Russia to be paid at least \$400 million for its partnership in the new space station project.

Before liftoff, Russian space agency administrator Yuri Koptev read a message to the crew from Russian Prime Minister Victor Chernomyrdin:

"Russia with enthusiasm joins the...space station project.

A very exciting moment has come and all our plans are becoming reality," Koptev radioed from the Kennedy launch control center.

National Aeronautics and Space Administration chief Daniel Goldin in a brief appearance before the 200

-member

launch control team said: "I'm feeling a little good today, and when the economy of our country and Russia's straightens out, it's on to Mars."

Krikalev is more experienced than any American astronaut, having logged a total of 15 months in orbit during two lengthy stays aboard the Russian space station Mir.

His prime role on the mission is to use Discovery's robot arm to capture the Wake Shield, an experimental satellite designed to manufacture superior

-quality

semiconductor materials as it flies behind the shuttle.

The astronauts will release the saucer

-shaped Wake

Shield on Saturday and Krikalev will pluck it from orbit about two days later.

In addition to Krikalev and co

-pilot Ken Reightler,

members of the crew are Charles Bolden, commander, and mission specialists Franklin Chang

-Diaz, Jan Davis and Ron

Sega.

REUTER

U.S. Chamber of Commerce won't support any health care plans

WASHINGTON (UPI) The U.S. Chamber of Commerce says it will not support President Clinton's health care plan or any other plan introduced into Congress so far. Representatives for the group told a House committee that none of the proposals strike a "proper balance of responsibilities among the potential funding parties."

BC

-USA

-AID

U.S. UNVEILS NEW POST

-COLD WAR FOREIGN AID PLAN

WASHINGTON (Reuter) - The Clinton administration unveiled a post

-Cold War foreign aid strategy Thursday aimed at supporting sustainable development among aid recipients and promoting prosperity through trade.

The reform is part of an effort to "open a new era in American foreign policy," Undersecretary of State Richard Moose told the House Foreign Affairs Committee.

The blueprint was unveiled at a time when foreign aid funds are being whittled down because of pressures on the U.S. budget and amid complaints that the annual aid bill has been based on outdated Cold War policies.

Congressional critics have long complained about the way foreign aid is given and the program's lack of focus, but Congress has for years persisted in earmarking some aid funds for programs favored by members.

Administration officials are now asking Congress for wide flexibility in administering the aid program.

Brian Atwood, administrator of the Agency for International Development, told the committee the bill was designed to tackle terrorism, to aid emerging democracies of the former Soviet bloc, and to address ethnic conflict, excessive population growth, environmental degradation and nuclear proliferation.

Instead of authorizing numerous and sometimes unconnected programs, the legislation sought to achieve interrelated goals such as sustainable development, promoting peace or promoting prosperity through trade and investment, Atwood said.

"The Clinton administration has identified sustainable development as the cornerstone of its development assistance efforts and also as a key element of foreign policy," he said.

These objectives were to be pursued by supporting developing countries' self

-help efforts, he said.

The United States also must be able to address problems in societies such as Somalia that had been wracked by war and respond to disasters, he said.

The bill also authorizes programs to establish or maintain markets for U.S. goods and services.

REUTER

PM

-Quake

-Federal Aid, 3rd Ld

-Writethru, a0561,790

Earthquake Relief Measure Heads for House Vote
EDs: INSERTS new 5th graf, bgng, As debate... to UPDATE
with quote from debate. Picks up 5th graf pvs: "We're
trying..." May stand for PMs

By DAVID ESPO= Associated Press Writer=
WASHINGTON (AP) In a concession to deficit

-conscious

lawmakers, House Democratic leaders sought passage today of \$2.5 billion in spending cuts to help pay for emergency aid to victims of last month's Los Angeles earthquake.

Speaker Tom Foley told reporters he hoped the cuts would ease passage of the \$8.6 billion aid package, scheduled for a vote in the House by evening.

Deficit hawks in both parties are trying to force more than \$10 billion in cuts to pay for earthquake aid and other spending contained in the legislation. As late as Wednesday, Democratic leaders were resisting any cuts, preferring to let the deficit rise instead by the full amount of the bill.

The Jan. 17 Los Angeles earthquake resulted in 61

deaths, damaged freeways vital to the region and caused an estimated \$30 billion in damage. The relief measure is the costliest in history, and previous aid packages have been financed by deficit spending.

As debate began on the House floor, support for the quake aid itself seemed overwhelming. Supporters outlined the toll of the earth's violent upheaval, and Rep. Jerry Lewis, R

-Calif., said, "Its very important for us not to get involved in a divisive debate about balancing the budget ... that in turn could slow down" assistance.

"We're trying to move this process forward," Foley said of the bill?that?congressional leaders hope to clear?for?President Clinton's signature by the end of next week.?The?Senate has yet to consider the measure.

In all, the bill contains \$8.6 billion in earthquake aid grants and loans; \$1.2 billion for Pentagon peacekeeping operations; \$435 million for additional cleanup of last summer's flooding and \$315 million to complete construction of a freeway damaged in a 1989 San Francisco

-area earthquake.

Under government accounting rules, the measure would add \$9.7 billion to the deficit, already forecast to be in the range of \$230 billion for the current fiscal year.

In addition to the controversy over spending cuts, Rep. Barney Frank, D

-Mass., was leading an effort to delete the Pentagon money.

At a Senate hearing, Sen. Barbara Boxer scoffed at the suggestion that some cuts should be found to help pay for the aid.

"When your house catches fire, you do not check to see if you have paid your water bill before you put out the fire," Sen. Barbara Boxer, D

-Calif., told a Senate appropriations subcommittee. "Yes, this Congress must explore better ways to budget for natural disasters, but not while people are still suffering."

But in the House, Foley's comments amounted to a concession that those wanting to finance the aid through deficit spending could not be certain of prevailing in a showdown.

"This is pay as you go," Rep. Tim Penny, D

-Minn., said Wednesday as he and a handful of deficit

-conscious lawmakers outlined their proposal for \$10 billion in

offsetting cuts. "This is a long list of programs that could easily be cut," he said of items ranging from foreign aid, mass transit grants, the Pentagon and "overhead" costs throughout the government.

Support for the aid itself appears overwhelming, and Penny and some of the other lawmakers seeking cuts said they would vote for the bill in the end, even if their attempt to shield the deficit fails.

One dissenter was Rep. John Doolittle, a California Republican, who said he would vote against the measure unless it is linked to cuts.

The second challenge to the measure's easy approval surfaced on Wednesday when Frank led opposition to the money for Pentagon activities in Somalia, Bosnia, Iraq where the United States helps enforce two no

-fly zones

and Haiti. Frank scoffed at the idea that the Pentagon needed extra funds for these purposes, noting an annual budget that already exceeds \$250 billion.

"I don't think the armed forces going into combat is an unforeseen emergency," he said.

The effort to strip defense money from the bill seemed unlikely to generate large numbers of votes, however. Many Republicans believe the Clinton administration has cut defense too deeply, and many Democrats are eager to pass the bill quickly.

The plan for cuts to balance the emergency spending enjoyed wider support, though. Led by Penny and Rep. John Kasich, R

-Ohio, Republicans and conservative Democrats narrowly missed late last year forcing House approval of a large round of spending cuts over the objections of the Democratic leadership and the White House.

The earthquake aid bill also includes a provision designed to bar illegal immigrants from receiving long

-term disaster relief such as Small Business Administration loans. There would be no prohibition on shorter

-term relief such as emergency medical care and shelter.

House considers quake aid for California

WASHINGTON (UPI) The House is considering a \$9.7 billion relief package aimed almost entirely at earthquake

-ravaged California. The bill also includes \$1.2 billion for U.S. military peacekeeping operations, and

about \$750 million to pay some costs related to last year's Midwest floods and the 1989 San Francisco earthquake.

PM

-Farmer Loans,290

Bad Debt Totals More Than \$4 Billion At Agency

By ROBERT GREENE= AP Farm Writer=

WASHINGTON (AP) The Agriculture Department today said 971 delinquent borrowers owe more than \$1 million each to the Farmers Home Administration, potentially costing the agency billions.

``There will be large write

-offs," agency administrator Michael V. Dunn told the Senate Agriculture subcommittee.

The delinquent borrowers owe an average \$2.3 million each for a total bad debt of \$2.2 billion, the agency said. With smaller delinquencies included, the total bad debt exceeds \$4 billion.

The agency has had to write off \$14.8 billion since 1984, he said.

Of the delinquent large loans, 110 of them worth a total of \$562 million are in California.

The subcommittee called the hearing because of a report last week in The Washington Post identifying several wealthy Californians who have owed millions of dollars for more than a decade.

Dunn said that since those loans were made, the agency has tightened its lending and collection practices.

The agency was created during the Depression to help farmers who could not get credit elsewhere.

But the agency has also dispensed emergency operating loans after disasters such as droughts and floods, which is how the wealthy Californians amassed their debt.

He also said that a loan servicing group, created in 1992, has cut the number of bad loans worth more than \$1 million from 1,078 to 971. Not all those people are necessarily wealthy borrowers, say family farm advocates.

Dunn said the agency has also begun hiring private companies to track down assets, such as farm equipment, the agency can seize to satisfy some of the debt.

BC

-SCIENCE

-CONTROVERSY (SCHEDULED)(EMBARGOED)
FIGHT ERUPTS OVER FETAL TISSUE STUDY

Release at 6 p.m. EDT (2300 GMT)

By Teresa Riordan

WASHINGTON, Feb 3 (Reuters) - Heated words are being exchanged among researchers over the first foetal tissue transplant study to be undertaken since the U.S. government lifted its five

-year funding ban on such research last year.

Critics acknowledge that the study is well

-designed, but some criticised the magnitude of the project while others assailed the ethics of it as well as the qualifications of the peer review committee that approved it while denying funding to four other studies.

The \$4.5 million grant to study foetal tissue transplants as a treatment for Parkinson's Disease is the most ambitious study of implants yet and is the first post

-ban foetal tissue study to be funded by the National Institutes of Health.

It was awarded last month by the National Institute of Neurological Disorders and Stroke to Curt Freed of the University of Colorado Health Sciences Centre.

Calling the study "premature," Hakan Widner, a foetal tissue transplant pioneer at Sweden's University of Lund, has written an unusual letter to the editor of the journal Science. It will be published in Friday's issue.

"We are concerned that the single large trial now funded may be viewed by the NIH, the NINDS, and others as the critical test of the therapeutic value of neural transplantation despite the fact that only one particular procedure is tested," Widner said in the letter written on behalf of the Network of European Central Nervous System Transplantation and Restoration.

John Sladek, chairman of the neuroscience department at the Chicago Medical School, told Science he was concerned that the Freed study will use just one of many possible transplant techniques and that if it doesn't work future funding for foetal transplants will be scarce.

"We legitimise foetal tissue transplants by getting a new president in the White House, and then we put all our eggs in one basket," Sladek said.

In an interview with Reuters, Freed responded that the funding of his grant does not mean that NIH will not fund other foetal tissue research.

"There was a lot of pent

-up enthusiasm for grants in this area because of the ban," said Freed, who made news in 1988 as part of a team that used private funding to

perform the first foetal tissue transplant on a human in the United States.

"I would hope there would not be pressure to mandate spending in a particular area of research regardless of the quality of the studies," Freed said.

President Clinton last year ended a five

-year moratorium on federal funding for research on foetal tissue.

The Freed study will transplant foetal tissue that produces a neurotransmitter which Parkinson's patients lack.

Other researchers attacked it for its plan to conduct surgery on some control patients without actually giving them tissue transplants.

"I think that's the most outrageous protocol I've heard of in my life," neurosurgeon Richard Penn of Rush Medical School in Chicago told Science. "We'd all love to do tests like this, but we all do them on our rats."

Freed countered that it would otherwise be difficult to gauge whether the transplants had resulted in true improvement in Parkinson's Disease, a progressive nervous disorder.

"The patients would not incur undue risk and would not forgo the possibility of a real transplant further on," he said.

Penn, who according to Science spoke for many unfunded researchers who were afraid to speak on the record, also criticised the NIH peer review committee.

"As far as I can tell, they didn't have a lot of clinical experience nor were there any eminent neurologists in Parkinson's Disease" on the study section that reviewed the grants, Penn told Science.

NINDS acting director Patricia Grady told Science that the institute is "still welcoming" other foetal tissue transplant proposals.

REUTER

REUTER

AM

-Wireless Revolution,530

Wonders of Wireless Win FCC Sanction

By RANDOLPH E. SCHMID= Associated Press Writer=

WASHINGTON (AP) Americans are a step closer to the day they can send and receive messages and faxes, make phone calls and be paged on a single, portable instrument.

The Federal Communications Commission passed a pair of rule changes Thursday that help clear the way for what many believe will be a revolution in wireless communications.

The changes illustrate how innovations in technology and marketing can create a new industry and create jobs,

said FCC Chairman Reed Hundt.

“Innovative and feature

-rich services" will be encouraged under rules changes covering mobile communications, said Ralph Haller of the commission staff.

These complex rule changes replace a patchwork set of mobile radio rules which include cellular telephone operations with a comprehensive set of regulations, the agency explained.

Under this framework, Haller said, companies would be able to develop services such as an individual telephone number that follows the holder anywhere in the country, with calls forwarded to that number.

And, he said, there is potential for developing a single portable handset that could provide such services as paging, digital messaging, voice communication and sending and receiving faxes.

Further refinements of the rules are pending and some companies now considered private message services would be shifted to commercial regulation, with a transition period of up to 1996.

In the second action, the commission set up rules for a series of new services known as narrowband personal communications services.

Unlike mobile radio and telephone service, which use a wider broadcast frequency, the newly approved service uses a set of 26 narrow frequencies to handle communications services.

These services are expected to include advance voice paging with the ability to acknowledge receipt of the page, two

-way messaging and other services.

If businesses are able to provide two

-way voice or other services on these bands, that, too, is all right, officials said. Fax service would also be allowed if the technology can be developed to permit it.

The channels will be auctioned and services could be under way within 18 months, according to the commission.

Under these rules, 11 channels will be used nationally: six in each of five large regions; seven in each major trading area and two in each basic trading area. Basic trading areas are metropolitan areas and cities, while major trading areas can include larger areas but not a whole region.

The five major regions and the major trading areas they contain are:

Northeast: Boston

-Providence, R.I.; Buffalo

-Rochester,
N.Y.; New York; Philadelphia and Pittsburgh.
South: Atlanta; Charlotte

-Greensboro

-Raleigh,
N.C.

-Greenville, S.C.; Evansville, Ind.; Jacksonville,
Fla.; Knoxville, Tenn.; Louisville

-Lexington,
Ky.

-Nashville, Tenn.; Miami

-Fort Lauderdale, Fla.; Puerto
Rico

-Virgin Islands; Richmond

-Norfolk, Va.; Tampa

-St.
Petersburg, Fla., and Washington

-Baltimore.
Midwest: Chicago; Cincinnati

-Dayton, Ohio; Cleveland;
Columbus, Ohio; Des Moines, Iowa

-Quad Cities; Detroit;
Indianapolis; Milwaukee; Minneapolis

-St. Paul, Minn., and
Omaha, Neb.
Central Region: Birmingham, Ala.; Dallas

-Fort Worth,
Texas; Denver; El Paso, Texas

-Albuquerque, N.M.; Houston;
Kansas City, Mo.; Little Rock, Ark.; Memphis,
Tenn.

-Jackson, Miss.; New Orleans

-Baton Rouge, La.;
Oklahoma City; San Antonio, Texas; St. Louis; Tulsa, Okla.
and Wichita, Kan.
West: Alaska; American Samoa; Guam

-Northern Mariana
Islands; Honolulu; Los Angeles

-San Diego; Phoenix;
Portland, Ore.; Salt Lake City; San Francisco- Oakland

-San
Jose, Calif.; Seattle and Spokane, Wash.

-Billings, Mont.

AM

-Information Highways,360
Senate Bill Would Overhaul Phone, Broadcast Policies
With AM

-Wireless Revolution
By DIANE DUSTON= Associated Press Writer=
WASHINGTON (AP) The federal law that has governed the
nation's telephone and broadcasting policy for 60 years
would get a major overhaul in legislation proposed
Thursday in the Senate.

The bill, which has bipartisan support in the Senate
committee that oversees communications policy, is intended
to foster competition among the telephone, broadcast and
cable TV industries while assuring that everyone get equal
access to new technologies.

This legislation goes further than similar legislation
proposed last year. It incorporates many of the ideas
expressed in the Clinton administration's "information
highways" proposals.

The measure will be on a fast track in the Senate, said
its sponsor, Sen. Ernest Hollings, D

-S.C., chairman of the
Senate Commerce Committee.

The House also is moving quickly to pass legislation
that would modernize government regulations in an effort
to keep pace with rapid changes in the private sector.

"I believe that Congress will approve major
telecommunications legislation this year," said Sen. John
Danforth of Missouri, ranking Republican on the Senate
Commerce Committee.

Interactive television, video telephones
and expanded computer communications will occur with or
without government involvement, officials agree. But
lawmakers want to make sure they are equally available to
the residents of the small hamlets of North Dakota as they
are to the multinational companies in New York City.

The Hollings

-Danforth measure would:

Require all telecommunications carriers to contribute to universal service, either through a cash payment or services.

Allow telecommunications carriers to engage in joint network planning and standardization.

Define all telephone service providers as common carriers and requires them to be able to connect with one another.

Remove court

-ordered restrictions against manufacturing by the seven regional Bell telephone companies.

Allow the Bell companies to create separate subsidiaries that could develop electronic information services, such as telephone directories, sports scores and weather reports.

Allow the Bell companies into long

-distance service under restrictions to be established by the Federal Communications Commission.

Under some conditions, allow telephone companies to provide cable TV service in the same region where they provide telephone service.

BC

-Update:

-Cooper

-to

-Add

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-Term

-Care

-to

Update: Cooper to Add Long

-Term Care to Health Reform

Program(Adding comments from Cooper, Rostenkowski, AARP lobbyist, Chamber of Commerce, Stephanopoulos)

Washington, Feb. 3 (Bloomberg) -- Rep. Jim Cooper

(D

-Tenn.), buoyed by big business' show of support for his health

-care reform plan, told senior citizens today that he's developing a long

-term care plan that may become part of his health reform package.

Cooper spoke to the American Association of Retired Persons a day after the Business Roundtable, a group of chief executives of major corporations, endorsed his health reform package over the one proposed by President Clinton.

The U.S. Chamber of Commerce, while not endorsing the Cooper plan, weighed in with its opposition to the Clinton proposal. "We have not yet seen any bill which we feel strikes anything like a proper balance of responsibilities among the potential funding parties," the chamber said. "We specifically cannot support the president's Health Security Act."

While the president's bill "has some good elements," the business group said, "it proposes such a burden of high employer premium contributions, rich benefits, and counterproductive regulation and new federal and health alliance bureaucracy, that we believe it cannot even be used as a starting point for (House Ways and Means) Committee markup."

Cooper Woos AARP

While the AARP hasn't endorsed a particular health reform proposal, Clinton has proposed programs that are particularly appealing to senior citizens, including a long

-term care benefit and prescription drug coverage for the elderly.

Cooper, who is selling his bill as a middle ground for compromise on health reform, said his long

-term care program will either be included in a new version of his bill or as separate legislation. He said it was "probably a mistake" that he didn't include it in previous versions of his bill.

Cooper's announcement before the AARP was clearly intended to bolster his support among a crucial constituency in the health

-care debate. "Long

-term care must be tied to health care reform to make it pass," said Judith Brown, chairwoman of the 33 million

-member senior citizens' lobby.

AARP members may be hard to win over. "I don't think (Cooper) knows very much about what (his long

-term care

program is) going to look like," said John Rother, a lobbyist for AARP. "Rep. Cooper still has a ways to go before he has a shot at getting any support from us."

Cooper had discussed the possibility of paying for long

-term care through a tobacco tax, Rother said.

Cooper, careful not to disturb his relationship with the White House, wouldn't discuss the Business Roundtable's vote of confidence with reporters. He continues to suggest that of the half

-dozen congressional

health reform bills awaiting action, his is the closest to the president's plan.

Rostenkowski Has Questions

Rep. Dan Rostenkowski (D

-Ill.), chairman of the House

Ways and Means Committee, said that while "Jim (Cooper) got a big boost yesterday" from the Business Roundtable, that endorsement isn't likely to affect the legislative process.

There are problems with both plans, Rostenkowski told the AARP. President Clinton has said he won't sign a bill that doesn't guarantee coverage to all Americans, and Cooper's doesn't do that.

Cooper, however, said insurance reforms and subsidies to the poor will take care of 80% of the uninsured by 1998. Achieving universal coverage is not as easy as turning on a light switch, he told the AARP, comparing his version to a dimmer switch. "Our bill turns it up to 80% bright immediately without blowing out any economic fuses," said Cooper, who believes mandated employer

-paid

coverage may cost jobs.

Rostenkowski expressed concern about the Clinton plan as well, in particular about the level of cuts in the growth of Medicare. "I don't think we should be financing new programs solely by constricting the Medicare program," he said.

The president has proposed cutting the growth of Medicare by \$124 billion over five years. Rostenkowski said he didn't know what the appropriate level of cuts would be.

Presidential adviser George Stephanopoulos, in an interview on CNN, denied that Clinton's plan is suffering from "negative momentum" as a result of the business groups' statements. A recent CNN poll showed that "well over 70%" of the public supports the president's plan, and many businesses do also,

Stephanopoulos said. Most large corporations already provide health insurance to their employees, and their costs would go down under the Clinton plan, he said.

``It's not impossible that at the end of the day we're going to work something out," since there are many similarities between the two plans, Stephanopoulos said.

-- Paul Heldman (202) 434

-1800 ngm (For more on health care reform: NI HCP. On Clinton: NI EXE. On Congress: NI CNG)

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PM

-Clinton

-Vietnam,0702

Clinton to Lift Trade Embargo Against Vietnam

EDS: Moving on general news wire as 2nd Ld

-Writethru

By RON FOURNIER= Associated Press Writer=

WASHINGTON (AP) President Clinton has decided to lift the 19

-year

-old trade embargo against Vietnam, an administration official said today, opening a new market to American goods and casting aside a remnant of the Asian war a youthful Clinton opposed.

The official, speaking on condition of anonymity, said the announcement was planned for 5 p.m. EST today at the White House.

The decision is sure to please American businesses hungry to enter the growing Vietnamese market. It will disappoint some veterans and families of MIAs, who saw the embargo as the best way to pressure the former U.S. enemy to help recover the remains of U.S. soldiers from the Vietnam War.

Senior administration officials, members of Congress and U.S. diplomats have advised Clinton to lift the ban. But some of his political advisers, including some close aides in the White House, have fretted about the political implications.

Clinton has said his college

-age protests against the Vietnam War would not make his decision politically onerous because ``there were so many distinguished

veterans who think the embargo should be lifted and there are people on the other side ... who are not veterans."

"This is an issue for the present day," he said Wednesday.

The announcement was expected to follow a meeting between the president and veteran's groups and families of U.S. soldiers missing in action from the Vietnam War.

"He wanted to explain his decision" to the people who are opposed to it, said a White House official, also speaking on condition of anonymity. "It was important that the president do it."

Vietnam Veterans of America said in a statement, "While we have opposed the decision to lift the embargo, we recognize that a historic chapter has now closed." The group pledged to work with the administration "to carry on the task of resolving the fate of America's POW/MIAs. Today's decision to lift the trade embargo leaves us no other choice."

Clinton received political cover last week when the Senate voted 62

-38, for a non

-binding amendment urging the White House to lift the embargo. Sen. Bob Kerrey, D

-Neb., who lost a leg in the war, announced his support for lifting the ban last week.

U.S. businesses have clamored for an end to the embargo, saying it locks them out of the potentially lucrative Vietnamese market. European and rich Asian nations already have invested hundreds of millions of dollars in the country and secured development contracts.

Veterans' organizations and family groups have opposed lifting the trade embargo, saying Vietnam isn't doing enough to help resolve the cases of American soldiers still unaccounted for from the war.

As the president pondered a decision, State Department spokesman Michael McCurry said normalizing relations with Hanoi was out of the question now.

"The only question that I'm aware of that's under consideration and discussion now and that the president indicated he's reviewing, is the question of the trade embargo itself," McCurry said Wednesday.

"Future questions about normalizing relations or moving to some different configurations for offices, is something I just don't think they're at a point where they're considering those issues yet," he said.

Washington imposed an embargo against North Vietnam in 1964. It extended the embargo to cover the whole country after South Vietnam fell to Communist North Vietnam in 1975.

Clinton has said he will not lift sanctions until he is

satisfied Hanoi has fully cooperated in the accounting of Americans listed as missing from the Vietnam War.

Assistant Secretary of State Winston Lord made a mid

-December visit to Vietnam, returning with a favorable report on Hanoi's cooperation in determining the fates of 2,200 U.S. servicemen missing from the Vietnam War.

There have been varying views among Clinton's aides on the potential benefits to the United States of lifting the embargo.

One of the officials said there had been considerable progress on the POW

-MIA issue over the past year, and that improving relations with Vietnam would help that process.

American firms poised to "invade" Vietnam

BANGKOK (UPI) Coke, Pepsi, Kodak and General Electric are among the U.S. companies poised to make a big splash in the Vietnamese market as soon as the U.S. government announces the lifting of its trade embargo against Hanoi.

Top executives from several U.S. firms were already in Vietnam Thursday in anticipation of U.S. President Bill Clinton's decision to open the vast new market to U.S. companies.

"If the embargo is lifted tomorrow we can go in right away," Kodak's Indochina sales manager, Anu Boonyathai, said in an interview. "A lot of American companies are making plans to go in."

Like Mobile Oil, General Electric and the perennial cola rivals, Kodak executives are already "pre

-positioned" in Vietnam to begin business as soon as it is legally possible.

Anu said Kodak has been planning its penetration into Vietnam for more than a year, stockpiling photographic supplies in the free port of Singapore and preparing marketing strategies similar to successful campaigns in Thailand.

He said the company's two proposed distribution centers in Hanoi and Ho Chi Minh City could be up and running as soon as March.

"We'll use the same strategy in Vietnam as we have in Thailand," he said. "We'll use TV, billboards and contests with prizes. The Japanese (photographic companies) have had a head start, but it's not too late for Kodak."

Anu said he expects Kodak to do 100

-200 million baht
(\$4

-8 million) in business in Vietnam during the first year after the trade embargo is lifted.

"Vietnam is a big market," he said. "In the past we had very good name recognition there. People remember us."

Pepsi

-Cola International, meanwhile, has begun a local advertising campaign featuring the beauty queen Miss Saigon.

Both Coke and Pepsi plan to begin bottling and sales of their products under joint venture agreements within days, perhaps hours, of the lifting of the embargo.

According to industry sources, Coca

-Cola currently has the edge in the brand name recognition battle with Pepsi because cans of black market Coke have been smuggled from Singapore to Vietnam for years.

AM NC-

-Vietnam

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Word of End to Vietnam Embargo Stirs N.C. Reaction

CHARLOTTE (AP) Many of North Carolina's 800,000 veterans and service personnel are angry that the Clinton administration is considering lifting a trade embargo against Vietnam while Americans are still missing there.

A decision from President Clinton is expected in the next few days, aides said Wednesday. He is likely to lift the ban in response to Vietnam's help answering questions about missing American soldiers.

Jerry VanDagna, a former infantryman who fought along the demilitarized zone in 1968

-69, said U.S. leaders are selling out to business interests anxious to trade with Vietnam. He acknowledged that the reopening of trade was inevitable, but said the government should wait until the fate of all Americans still missing is known.

"I have more of a problem with our government that didn't give an accounting for the men and boys who gave their lives," VanDagna, president of the Metrolina Vietnam Veterans' Association, said Wednesday. "It's very possible somebody could be alive there. I don't think we should do anything until it's completely searched out."

Some Vietnamese

-Americans also say they are troubled by

the rush toward trade.

“The trade embargo and human rights are tied together,” said Leon Nguyen of Charlotte, who leads the million

-member Vietnamese

-American Community of USA.

“Lifting the trade embargo without conditions is just like the free world surrendering to the devils.”

Companies from South Korea, Japan, France and Germany are free to do business in Vietnam while Americans must wait on the sidelines of what many believe could become a profitable new market.

North Carolina textile machinery makers are eager to upgrade Vietnam's 2,000 mills. Hanoi will spend \$4 billion over the next few years to modernize its textile industry. Vietnam desperately needs chemicals, fertilizers and transportation equipment products North Carolina now ships around the world.

Ingersoll Rand of Davidson has already quoted prices and is ready to sell compressors, pumps and spare parts to Vietnam the minute the embargo is lifted, The Charlotte Observer reported Thursday. J.P. Riviere, international sales manager for Rand's Air Compressor Group, estimates his company could sell \$5 million in goods to Vietnam the first year.

“Everybody is trying to figure out how to be ready to get in there,” said Wayne Cooper, president of Charlotte

-based Arcon Manufacturing Inc. The company would like to sell its grain silos to the Vietnamese.

VanDagna said he regrets that American business is able to pressure government into renewing trade with Vietnam.

“I served over there and feel for the families that don't have an answer,” he said. “But there's a lot of money to be had. Vietnam can make a lot of people wealthy.”

Washington imposed the embargo against North Vietnam in 1964 and extended it to cover the entire country after South Vietnam fell to its communist neighbor in 1975.

BC

-VIETNAM

-USA

-VETERANS (SCHEDULED)

U.S. VIETNAM VETS MUTED OVER RENEWED TRADE LINKS

By Robert Kearns

WASHINGTON (Reuter) - Bitter memories of Vietnam haunt

Dean,
a disabled veteran and tee

-shirt salesman who braves the
cold of
a February afternoon a few steps away from the stark
American memorial to ``the war that nobody won."

Huddled against the chill in a flag

-draped tent where
he sells military bracelets and Vietnam trinkets, Dean
broods about President Clinton -- a man who once said
Dean's war was not worth fighting and certainly not worth
dying in -- and the president's plan to resume trade with
Vietnam.

Clinton was expected to announce a decision to lift
the U.S. trade embargo against Vietnam late Thursday
afternoon.

Asked what he thinks about ending official animosity
toward the communist regime in Hanoi over 20 years after
the last known American soldier left Vietnam, Dean, who
gave only his first name, merely grunts his contempt
through thick cigarette smoke.

He offers a pencil to sign a petition that demands the
return, dead or alive, of more than 2,000 of his comrades
still unaccounted for after the war in Indochina and an
end to the "lies of both governments, U.S. and
Vietnamese."

Dean -- the unofficial sentry at the head of a path
that leads to the black granite wall of the national
Vietnam Memorial, on which are etched 58,191 names of
those killed in Vietnam -- is not alone in his disgust for
the trade move.

Mainstream veterans groups like the 3.1 million

-member
American Legion are upset at the move to embrace the
enemy.

Bruce Thiesen, the national commander, wrote Clinton
to urge him to personally review evidence that Americans
may have been in Vietnamese captivity after the war. Hanoi
maintains that it returned all U.S. prisoners in 1973
under the Paris peace accord that ended U.S. fighting in
the war.

By lifting the embargo, Thiesen wrote, ``you will also
have betrayed the missing servicemen, their families,
members of the active military services and millions of
Vietnam veterans who feel very strongly about their
brethren who have not been accounted for."

Clinton said Wednesday he would ``have a decision in
the next couple of days" about whether to lift the
embargo, imposed on communist North Vietnam in 1964 and
extended to the entire country after the fall of Saigon in
1975. Aides said then it was already a done deal.

While there may be scattered protests -- one is planned when Clinton visits Houston this weekend -- reaction to the news appears to be one of resignation to the inevitable.

In fact, some veteran activist are looking at the bright side. "It's the tide of history," said Jan Scruggs, the veteran who spearheaded creation of the Vietnam Memorial.

"Look at history. After World War II we immediately made allies of Germany and Japan," he said. "They have become close allies. Vietnam of course is not a Japan or a Germany. It's a small, impoverished country. But I think it's the right thing to do. Enough time has gone by."

Aside from healing the wounds, Scruggs and others think renewed ties might help solve the lingering nightmare that Vietnam may still be holding U.S. prisoners -- although U.S. officials say no credible evidence has yet been found to indicate that it is.

The reasoning is that tourists and workers for the oil companies and other businesses eager to do business in Vietnam will be able to roam around the country more freely and gain better information than the official U.S. government search teams that must deal with Vietnamese officials.

Others fear that any American still alive will be killed.

"They will be liquidated and their remains will never be found," says Greg Linscott, who is active in POW/MIA affairs.

"The abandonment and coverup will be complete," he said. "The governments of Vietnam and the United States will have successfully washed their hands of this issue. The POW/MIA issue will be dead."

Frank Tansey, who published a newsletter on POW/MIA issues, says that any American prisoners were likely shipped off to Laos in any event and new ties with Hanoi will not resolve the issue.

Tansey said that even if Americans get to "debrief" Vietnamese about possible sightings of other Americans, it is likely that Hanoi has coached them on what to say and the truth will remain buried somewhere forever.

REUTER

BC

-Kantor

-Hails

-Japanese

-Prime

-Minister's

Kantor Hails Japanese Prime Minister's Tax Reform Package

Tokyo, Feb. 4 (Bloomberg) -- United States Trade Representative Mickey Kantor said yesterday he supports the tax reforms enumerated in a package announced by Prime Minister Morihiro Hosokawa, Jiji press reported. Kantor also asked Hosokawa to expedite trade talks between the U.S. and Japan, the report said. Foreign Minister and Renaissance Party president Tsutomu Hata were to meet for a second time with Kantor today, Jiji said.

Kantor was in Tokyo in an attempt to lay the foundation for an agreement on a number of divisive trade issues prior to a Feb. 11 meeting between Hosokawa and President Bill Clinton. Japan's coalition government was at loggerheads on the details of the controversial tax package. -- Chester Dawson in the Tokyo newsroom (813) 3435

-1947-wa (For more on Japan, see NI JAPAN; for more on the US, see NI US or NI EXE; for more on trade, see NI TRD; for more economic news, see NI ECO; for more political news, see BBN45; for more press summaries, see BBN16)

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(complete writethru adding comments from hearing)

U.S. official says 'huge gap' between U.S., Japan

WASHINGTON (UPI) A "huge gap" lies between Washington and Tokyo in trade talks designed to crack open Japan's automobile market and sell more U.S. cars to its consumers, a Clinton administration official testified Thursday.

Jeffrey Garten, Commerce Department undersecretary of international trade, told a congressional panel that the two nations are far from any agreement and doubted an accord would be reached before a crucial summit next Friday between President Clinton and Prime Minister Morihiro Hosokawa.

Hours before Garten's appearance on Capitol Hill, U.S. Trade Representative Mickey Kantor emerged from the stalled trade talks in Tokyo and suggested sanctions against Japan could be unavoidable.

The automobile talks are only one part of overall trade talks between the world's two largest economies, but they are a critical segment. Failure to make a pact could result in trade sanctions and the withering of already prickly U.S.

-Japan relationships.

"I cannot say to you today that we are close to an

agreement," Garten told Sen. Carl Levin, D

-Mich.,
chairman of the Senate Subcommittee on Oversight of
Government Management.

``At the moment, there is a huge gap between our
positions. Concluding a meaningful agreement by next
week's summit meeting between President Clinton and Prime
Minister Hosokawa will be extremely difficult.

``We believe that it is better to have no agreement at
this time than to have one that fails to address the
underlying problems, or one that provides no way to
measure progress."

Measuring progress is the sticking point of trade talks
between the United States and Japan.

Washington generally wants Tokyo to agree to give a
specific chunk of the Japanese market to U.S. and other
foreign companies; it is looking for hard numbers
guaranteeing a certain amount of sales to non

-Japanese
firms.

Japan, however, has resisted this attempt at what it
calls ``managed trade."

While talks over market access and free trade have
droned on for years, the U.S.

-Japanese trade deficit the
gap between what the United States buys from Japan and
what it sells there has relentlessly widened.

Levin, who represents auto

-making Michigan, said more
than 50 percent of the deficit can be attributed to autos
and auto parts.

Lamenting futile efforts to crack open the Japanese
auto market, he called on the administration to get tough
with Tokyo and prepare to take action if talks don't yield
``specific commitments by Japanese manufacturers to
increase purchases of previously excluded U.S. products."

``That's the issue how to force open the Japanese auto
market," Levin said.

AM

-Japan

-Economy, Bjt,0727
Threat of Coalition Split Forces Hosokawa To Give on Taxes
AP Photo TOK106
By PETER LANDERS= Associated Press Writer=
TOKYO (AP) Prime Minister Morihiro Hosokawa bargained

into the early hours Friday trying to avoid a split in his governing coalition over a day

-old tax

-cut plan designed to boost Japan's ailing economy.

The dispute again delayed a government economic stimulus package, disconcerting investors who had expected it to be announced Thursday. The political turmoil also distracted from efforts to work out a new trade deal with the United States before a Feb. 11 deadline set by Washington.

Even Hosokawa's allies suggested he made a serious political blunder with his plan to cut income taxes but later raise the national sales tax.

Hosokawa announced the tax plan early Thursday, and his coalition's largest member, the Socialist Party, quickly threatened to quit unless the plan was modified, threatening the survival of Hosokawa's government.

A compromise appeared to be in the works, but it wasn't clear whether Hosokawa would give up on the proposed sales tax increase, opposed by the Socialists.

After a night of negotiations among leaders of the coalition parties, the Socialists' secretary

-general, Wataru Kubo, said that ``we'll probably be able to get something together" in talks scheduled to resume later Friday.

Hosokawa said he would accept any decision made in the talks, Kyodo News Service reported.

Japan's business community is struggling with the worst recession since World War II and has urged the government to do more to boost investment, consumer purchases and public spending. The Tokyo Stock Exchange's leading index slipped 0.37 percent amid the new uncertainties in the government.

Hosokawa's plan for a \$55 billion income tax cut is part of the stimulus package and also is aimed at satisfying American trade negotiators, who hope it will encourage Japanese consumers to buy more foreign goods.

But the Socialists denounced the other part of the tax plan: raising the national sales tax from 3 percent to 7 percent in 1997 to make up for lost revenue. They said the goal of the tax cut getting consumers to spend more would be undermined if people knew they would have to pay more taxes later.

Socialists and other coalition legislators also criticized the sudden way the decision was made. Some top government officials reportedly did not learn of the plan until a few hours before Hosokawa announced it at a 1 a.m. news conference.

``In the middle of the night and such an important

subject just who did he think he was talking to? The entire nation was asleep," said Takashi Wada, a television commentator.

Hosokawa also is under pressure to conclude a trade deal with the United States before he meets with President Clinton in Washington on Feb. 11. U.S. officials have hinted at punitive measures against Japanese goods if an agreement is not worked out to further open Japan's market to foreign business.

The prime minister talked with U.S. Trade Representative Mickey Kantor on Thursday, but Japanese officials did not report any progress.

Hosokawa's stumbling on the tax issue was an unpleasant surprise for American officials, who thought he was free to focus on trade after he won passage of a compromise package of anti

-corruption bills Jan. 29.

The attempt to push through a sales tax perplexed political analysts.

"You couldn't do anything that would be more insulting to the people," said Akira Yamagishi, head of the Rengo labor federation and a strong supporter of Hosokawa's coalition.

Like many other critics, Yamagishi took Hosokawa to task for labeling the proposed higher sales tax a "people's welfare tax" even while conceding the revenues would not be used for welfare.

The muddle was surprising because Hosokawa had shown a knack for gauging public opinion.

Public anger over the current sales tax hurt a preceding Liberal Democratic Party administration in 1989, helping the Socialists to make strong gains in parliamentary elections.

Hosokawa has won strong support in opinion polls for his effort to eliminate political corruption.

"Hosokawa probably figured he could go with (the tax hike) because his approval ratings are high," said Mamoru Naka, a professor at Tokoha Gakuen University. "It was a politically inept way of doing things."

AM

-BRF-

-Macedonia

-US,0193

U.S. Peacekeepers Reported in Brawl With Macedonian Police

SKOPJE, Macedonia (AP) Seven U.S. soldiers on peacekeeping duty in Macedonia were involved in a brawl with local police, a Macedonian newspaper reported Thursday.

The incident occurred on Jan. 28, when the soldiers, part of a United Nations peacekeeping force in the former Yugoslav republic, got into a dispute with several plainclothes policemen, the daily Vecer reported.

A U.N. official in Skopje, speaking on condition of anonymity, confirmed the incident. He said an exchange of abusive language between the two groups apparently led to the fistfight.

Macedonian authorities and U.N. commanders apparently hoped to avoid publicity about the incident, but ordered an investigation.

One of the policemen reportedly fired a gunshot that smashed the windshield of a U.N. vehicle used by the soldiers. No one was in the car, and no serious injuries were reported in the fight.

There are about 300 U.S. soldiers among 1,000 U.N. peacekeepers based in Macedonia to try to prevent any spillover of warfare from other former Yugoslav republics. Macedonia is the only former republic to have seceded from Yugoslavia without bloodshed.

BC

-MIDEAST

-USA

-PERES (PICTURE)

PERES CONFIRMS MEETING WITH ARAFAT MONDAY IN CAIRO

By Christopher Wilson

BOSTON (Reuter) - Israeli Foreign Minister Shimon

Peres Thursday confirmed he will meet Palestine Liberation Organization (PLO) leader Yasser Arafat in Cairo Monday.

Peres and Arafat will try to overcome the remaining obstacles to an Israeli withdrawal from Gaza and the West Bank town of Jericho. The meeting had originally been expected to take place Sunday.

Peres told reporters at a briefing in Boston that he expects Israel's September peace accord with the PLO to be fully implemented by the end of this year. But negotiations with Arafat are likely to be difficult ``because the agenda is long and the language is delicate."

He said the two sides had yet to agree on ``early empowerment" for the Palestinians, which involved such issues as education, health, taxes, tourism and commerce.

In addition, he said they must agree on the type of authority to be granted to Palestinians in any future form of self

-rule and on arrangements for future elections.

``We have reached an agreement on part of these issues, but do not yet have a draft agreement," Peres

said.

He said also that the issue of thousands of Palestinian prisoners still held by Israel was on the negotiating agenda.

"The matter of the Palestinians still in detention is no longer an issue of making gestures, but is the subject of negotiations," Peres said.

He disputed a United Nations figure that some 12,000 Palestinians prisoners were still being held by Israel, saying it was an "old figure" and that many old, young and sick prisoners had been released since the U.N. obtained the figure.

"It is on the agenda and I hope it will be resolved," Peres said. But he added: "We have a problem with missing (Israeli) soldiers -- five of them. And we are negotiating about this."

Peres, who has struck an upbeat tone on the peace negotiations throughout his current U.S. visit, said Israel was committed to achieving peace with the Palestinians, Jordan and, at some later stage, with Syria.

"I do not see any reason why we should not reach a complete agreement between the Jordanians and ourselves," he said. "The outstanding issues are of a nature that we can overcome them."

Peres earlier said Jordan had agreed in principle to host a conference with Israel on economic co

-operation
that would explore ways of turning the Rift Valley dividing Israel from Jordan into a "valley of peace."

On Syria, Peres said: "We feel the time has come, not only to our minds, but to the minds of many Syrians, to make peace."

REUTER

BC

-EUROPE

-ENLARGEMENT (SCHEDULED)

FOUR EU CANDIDATES POOL FORCES ON FARMING

By Janet McEvoy

BRUSSELS, Feb 3 (Reuters) - Austria, Finland, Norway and Sweden met on Thursday to seek common ground ahead of earnest negotiations on the most important part of their bid for membership in the 12

-nation European Union.

"We are negotiating separately but we have many common interests," Swedish Farm Minister Karl Erik Ollson told a news conference.

Key membership talks begin next Tuesday in Brussels and the EU must wrap up negotiations by March 1. But it

has given itself less than a month to deal with farming, the issue which could make or break attempts to extend the bloc to the Arctic Circle.

"We should remember that the agricultural sector is very complicated. There are lots of problems to be solved. We can say as such that the negotiations are starting now," Norwegian Farm Minister Gunhild Oeyangen told the same news conference.

"I hope there will be a breakthrough next week on this subject but we have to give clear signals to the Union that we are standing strong on our positions," Ollson said.

The three Nordic countries insist that once admitted to the Union they be allowed to continue cushioning their Arctic farmers, who work in harsh, remote conditions.

"For us the most urgent, the most important issue is clearly to define what kind of permanent support measures can be applied in Finland," the country's chief technical negotiator, Veli Sundbaeck, told the news conference.

Finland and Norway also reject out of hand an EU demand that they apply EU farm prices from day one of membership, compensating their farmers with cash from the national coffers.

They say that if their much higher prices were brought into line straight away their farmers would go out of business and that they should be eased into the EU's farm policy, just like the last new members Spain and Portugal.

They are also unwilling to foot the whole bill for compensating their farmers for losses on EU entry. "The question is who is going to pay for that," Oeyangen said.

Austria's farm minister, Franz Fischler, was also on hand, in his country's bid to seek special treatment for its Alpine farmers, who Vienna says also endure harsh conditions.

The EU will hold marathon talks with national farm trade experts from the four countries next week aimed at working out how the four will apply to the EU Common Agricultural Policy for different commodities.

The Union has also pencilled in crunch ministerial talks for February 21 and 22 and February 25 onwards to tie up the deal.

Some EU governments' reluctance to extend regional support earmarked for the EU's poorest regions to regions of Sweden could also prove a stumbling block when ministers next week, officials said.

Stockholm says it would reject membership if it failed to secure adequate support for its remote regions.

REUTER

Billy Graham delivers Clinton letter to North Korea

WASHINGTON (UPI) Evangelist Billy Graham has given North Korean President Kim Il Sung a personal letter from President Clinton impressing upon Pynogyang the importance of resolving a tense and potentially deadly standoff over

inspection of nuclear facilities, U.S. officials said Thursday.

Clinton became aware of Graham's trip, which was not his first visit to North Korea, and asked the Baptist minister to carry a two

-sentence letter to Kim, they said.

State Department spokesman Michael McCurry confirmed that Graham had delivered the letter ``in the last several days" and that he had received a response, but he declined to divulge the contents of either correspondence.

``He did carry a message from President Clinton to President Kim Il Sung," McCurry said. ``Rev. Graham indicated today there was a response and he preferred it be provided directly to the president."

McCurry said Graham, who is now in Hong Kong, had sent an aide to deliver the message.

A senior State Department official who had been informed of the message in Clinton's letter said it was a two

-sentence message that discussed the ``need to make progress" in negotiations over Pyongyang's refusal to allow international inspections of its nuclear facilities.

The official said it had no religious connotations.

``I don't believe it was a spiritual message," the official said under conditions of anonymity.

Pyongyang has refused to allow U.N. inspectors to resume checking North Korea facilities for evidence that plutonium and uranium used for civilian purposes had been diverted for weapons development.

Convincing North Korea to allow the regular inspections, and special audits at two nuclear waste disposal sites, has been the focus of intense diplomacy by the United States and the United Nations.

CIA?Director?James Woolsey and Secretary of Defense

-designate William Perry have said they believe Pyongyang has developed one crude nuclear device.

BC

-USA

-GUNS (SCHEDULED)

STUDENTS FEAR THEY WILL BE VICTIMS OF GUN VIOLENCE

By Robert Green

WASHINGTON, Feb 3 (Reuter) - A group of students, recounting vivid tales of urban violence, told Congress Thursday they lived in fear of guns because friends and family were being shot and killed, often in front of them.

"My cousin was killed just over one year ago. He was shot 16 times. I knew four other people who have been shot and killed by guns," Monique Malloy, a 16

-year old

Washington student, told a House Judiciary subcommittee hearing on children and crime.

Alicia Brown, 14, said five of her friends in Washington had been killed, including one who died as she watched.

"I heard gun shots. Then I saw Hank lying on the ground. He wasn't dead yet, but he was dying," she said. "It was terrible to see someone you know -- someone who used to make you laugh -- lying there, dying right in front of you."

Deseree Troy, 13, who was shot accidentally by a friend in Indianapolis, Indiana, said too many kids had guns.

"Why is it that we have to be afraid to go to school? I get scared that if I look at the wrong person the wrong way I might get shot or stabbed," she said.

Tiffany Cruz, a sixth

-grader from Brooklyn, New York

added: "I want to be able to go outside without being afraid." She mentioned the murder of her school principle two years ago when he was caught in the crossfire of a gang fight. Gunfire was common in her Red Hook neighbourhood, she said.

Janea Wells, 15, said she had been afraid to go out alone since a friend was shot 17 times and killed in front of her Washington home this summer as she watched.

Subcommittee chairman Charles Schumer, a New York Democrat, said the testimony demonstrated the need for strong anticrime legislation, including tougher gun controls.

"Thirteen children are murdered, killed by accident or take their own lives with guns every day," he said. "We must listen to these children. We must act. We must end gun violence."

He said representatives of the gun industry were in Washington this week urging members of Congress to vote against gun control legislation, including a ban on 19 types of semi

-automatic assault weapons in an anticrime bill passed by the Senate last November.

The bill, which is awaiting House action and is backed by President Clinton, would provide \$22 billion to hire 100,000 police and build more prisons and impose mandatory life sentences for anyone convicted of three felonies.

Schumer plans to introduce a separate bill requiring a national license for handgun buyers and that would limit handgun sales to one per person a month nationally.

Congress last year passed the Brady law over the opposition of the National Rifle Association to impose a nationwide five

-day waiting period for handgun sales to allow time for background checks on buyers.

The law, which becomes effective at the end of this month, is named for former White House press secretary James Brady, who was shot and crippled in the 1981 assassination attempt against then

-president Ronald Reagan.

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BC

-SOMALIA

-HOWE

U.N. ANNOUNCES HOWE WILL LEAVE SOMALIA POST

By Evelyn Leopold

UNITED NATIONS, Feb 3 (Reuter) - U.S. Admiral Jonathan Howe, the United Nations special envoy for Somalia, will be leaving his post shortly and a replacement has not been found yet, the United Nations announced Thursday.

Alvaro de Soto, a senior advisor to Secretary

-General Boutros Boutros

-Ghali, told a news conference Howe's deputy, Lansana Kouyate, would take over in the interim if a new chief of mission were not found before Howe leaves.

But Kouyate, who is currently conducting peace talks among the Somali factions and is Guinea's U.N. ambassador, will also be leaving Mogadishu in the forthcoming months. He has been named Assistant Secretary

-General in the New York

-based Department of Political Affairs.

No date for Howe's departure was given but it is assumed he will leave around or before March 31 when U.S. troops pull out of Somalia, leaving a scaled down U.N. peacekeeping force.

Howe, who is retired from the U.S. Navy, became Boutros

-Ghali's special representative in Somalia last March as the United States was preparing to hand over the military command to the United Nations.

Howe, who is said to have the secretary

-general's confidence, originally was to have stayed in Somalia for only three or six months. But he remained longer as troubles mounted between the United Nations and Mogadishu warlord Mohammed Farah Aideed.

The retired admiral led the United Nations and United States abortive hunt for Aideed, at one time offering a \$10,000 reward for his capture following the deaths of 25 Pakistanis in an ambush last June. Aideed's followers were blamed for the attack.

But after 18 Americans were killed last October, the United States convinced the United Nations to call off the hunt for Aideed. Howe then was left fairly isolated in separate negotiations the United States initiated with Aideed.

Meanwhile, the Security Council is drafting a resolution authorising a scaled

-down U.N. force of up to 22,000 troops after March 31. Boutros

-Ghali said he only has commitments for 16,000 soldiers so far compared to the 25,700 now in Somalia.

The latest drafts no longer contain calls for the United Nations to disarm the factions but asks them to assist if the Somalis honour their agreements to do so.

Howe and others have feared Somalia's civil war will escalate after U.S. troops leave in March.

In addition to the Americans, Turkey, France, Belgium, Norway and Germany, have said they would leave also.

..REUTER

AM

-Ivory Coast

-US,0515
Africa Stung by Absence of Top U.S. Leaders at Houphouet

-Boigny Funeral
AP Photo ABJ102
By MICHELLE FAUL= Associated Press Writer=
ABIDJAN, Ivory Coast (AP) Energy Secretary Hazel O'Leary will represent the United States at the funeral of Africa's longest

-serving leader, disappointing many who expected a more prominent American to pay him tribute.

The absence of many prominent Western leaders from this week's lavish ceremonies for President Felix Houphouet

-Boigny is a sign of the continent's diminishing influence in the post

-Cold War era.

Affectionately called "the Grand Old Man of Africa," Houphouet

-Boigny was a staunch ally of the West who had ruled this West African nation for all its 33 years of independence. He died Dec. 7.

There had been speculation in Ivorian government and diplomatic circles that President Clinton or Vice-President Al Gore would use the funeral to make his debut in Africa and meet the 30 African leaders expected to attend.

But on Wednesday, the U.S. Embassy said O'Leary was coming.

"We laid out a case for why it was important to send an appropriately high

-level delegation because it's more than a funeral. It's very symbolic, especially in the African traditions," embassy spokesman Terry White said today.

A decade ago, at the height of superpower rivalry, then

-Vice President George Bush attended the funeral of Guinea President Sekou Toure, who was infamous for torturing and executing his enemies.

"We pointed out that Bush attended Sekou Toure's funeral and that vice presidents go to funerals," White said.

Steven McDonald, executive vice president of the African American Institute, said the lack of prominent U.S. representation at Houphouet

-Boigny's funeral

"probably is an indicator, unfortunately, of a lessening of interest, a further marginalization of Africa, in U.S. policy circles."

Official delegations are to attend a requiem Mass in Yamoussoukro on Sunday. Houphouet

-Boigny is to be buried Monday.

Ivorian officials complained privately that Clinton's choice of O'Leary contradicted his promise to strengthen African ties with the United States, the continent's main export market. There was no official reaction to the composition of the U.S. delegation.

The former colonizer, France, is sending President Francois Mitterrand and Prime Minister Edouard Balladur.

Crown Prince Philippe of Belgium and Portuguese President Mario Soares also are expected.

But other Western nations are sending minor royalty and junior Cabinet members. U.S. diplomats said the American choice probably reflected Clinton's preoccupation with domestic matters. Gore also has attempted to redefine the often ceremonial role of the vice president.

However, some diplomats said Bush used contacts he made at numerous funerals to speedily pull together the alliance for the Gulf War. Former Vice President Dan Quayle also attended funerals.

Houphouet

-Boigny was a conservative capitalist who went against the tide of mainstream African politics, following the Western lead on relations with Israel and South Africa and supporting formerly U.S.

-backed rebels in Angola.

Two weeks ago, Ivorian Foreign Minister Amara Essy said: ``President Houphouet

-Boigny was a good friend of the United States. We expect the level of representation to reflect that."

BC

-VIETNAM

-USA (REPEAT)

CLINTON DECIDES TO LIFT VIETNAM EMBARGO

WASHINGTON, Feb 3 (Reuter) - President Clinton decided Thursday to lift the long

-standing U.S. trade embargo against Vietnam, administration officials said.

The White House said Clinton would make an announcement on the policy move at 5 p.m. (2200 GMT) in the Roosevelt Room.

MORE

BC

-VIETNAM

-USA

-2 WASHINGTON

White House spokeswoman Dee Dee Myers declined to confirm that Clinton would lift the embargo. But other officials said he would do just that.

``We just made the decision a little while ago,"

Myers said. ``We'll leave it to you to decide what it is."

On Wednesday, Clinton said he would decide in the next few days whether to end the embargo, saying it is time to ``do what's right" in relations with America's former enemy.

The embargo against Hanoi dates back to 1964, when the United States openly shifted to a war footing in Vietnam, and was expanded to cover the entire Communist

-ruled
country in 1975 when Saigon fell.
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