

President's \$1.4 trillion budget has record deficit during war

WASHINGTON - President Bush sent Congress a \$1.45 trillion budget on Monday that projects a record deficit at a time of recession while paying for the Persian Gulf War only through March.

The president conceded tough economic times. "The longest period of economic expansion in history has been temporarily interrupted," Bush wrote in a budget introduction. "We can, we hope, return to growth soon."

He said he will send Congress a supplemental request to cover Operation Desert Storm in the coming weeks.

Democratic congressional leaders called the fiscal 1992 budget inadequate, saying it only envisions a short war and proposes no programs to counter the recession.

"They basically repeat a list of the same things that go back to Reagan," said House Budget Committee Chairman Leon Panetta, D-Calif.

In brief, Bush proposed:

- A spending increase of 2.6 percent over the current year, which will not keep pace with inflation, which is expected to reach 4.3 percent this year.

- A deficit of \$280.9 billion, at the same time he admitted this year's red ink will hit a record \$318.1 billion.

- Selected domestic program cuts, some rejected in past years, worth \$46.6 billion over five years.

As Bush presented his 2,029-page document, his top economic aides suggested that the recession probably began last August or September.

"The economy is in a recession. We expect it will be of short duration. We want it to get back on a

growth path," said Treasury Secretary Nicholas Brady.

Bush's budget for the bookkeeping year that begins next Oct. 1 seeks modest increases for the war on drugs, space exploration, education and highway construction. But it also seeks savings by slashing domestic programs, such as Medicare, guaranteed student loans, crop insurance and subsidies for wealthy farmers.

The \$318.1 billion shortfall projected for this year comes despite last fall's \$500 billion, five-year package of tax increases and spending cuts.

And it's more than three times the deficit Bush projected just a year ago and far surpasses the \$64 billion target of the Gramm-Rudman deficit-reduction law.

The Gramm-Rudman targets may be moot this year: war and recession are underway and both provide exemptions to the law.

Budget Director Richard Darman blamed the huge deficit on the recession and the cost of the savings and loan cleanup.

"By virtually any measure anyone has come up with, the pattern is for balance in the 1990s," he said, but added: "I know there is understandable skepticism..."

Bush hailed his budget as one that "lays the groundwork for a brighter future, protects our national interests, and helps create the conditions for long-term economic growth and prosperity."

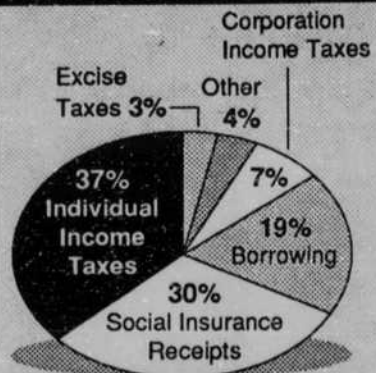
The budget only earmarks \$15 billion for the Persian Gulf conflict. And that figure was a so-called "placekeeper" in the overall budget but not in the Defense Department breakdown.

Darman said that amount along

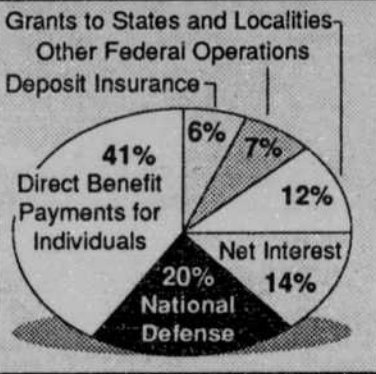
BUDGET BREAKDOWN THE 1992 BUDGET

Fiscal year 1992 outlay estimate: \$1.45 trillion

WHERE IT COMES FROM



WHERE IT GOES



with \$51 billion in pledges from Japan, Saudi Arabia, Germany and other coalition allies "should be very close to sufficient... if the war is a war of the type everyone is now assuming."

U.S. skeptical of Iran mediation

WASHINGTON - The United States reacted skeptically Monday to Iran's offer to mediate the Persian Gulf War, and President Bush declared, "We have to go forward and prosecute this to a successful conclusion."

"It's going according to plan," Bush confidently assured the nation's governors, summoned to the White House for briefings on the \$1.45 trillion federal budget he submitted to Congress.

The budget earmarks \$15 billion for increased military spending for the war.

Iran's President Hashemi Rafsanjani offered to meet Saddam Hussein for talks on ending the 19-day-old war. Rafsanjani also said he was willing to resume official contact with Washington in the interests of peace.

"What's to mediate?" State Department spokeswoman Margaret Tutwiler said. "The only mediation... that would be appropriate would be for the people who communicate with Saddam Hussein to convince him to comply with the 12 United Nations resolutions" demanding Iraq's withdrawal from Kuwait.

Defense Secretary Dick Cheney said, "If someone can come up with a diplomatic resolution that achieves that objective, that would be fine, but I frankly don't expect it."

White House press secretary Marlin Fitzwater said Iran "is not directly involved in this conflict and our interest is in getting Iraq out of Kuwait."

The United States and Iran severed relations after the 1979 seizure of American hostages at the American Embassy in Tehran. Tutwiler renewed Bush's offer two years ago for direct talks with authorized representatives of the Iranian government.

"We are going to set the timetable for what lies ahead," Bush said.

"I have confidence that we're doing the right thing, and I have confidence that it is going the way we planned," the president said.

"And there have been no surprises, and there will not be any quick changes,

What's to mediate?

Tutwiler
State Department spokeswoman

nor will I try to tie the hands of the military because I just feel we have to go forward and prosecute this to a successful conclusion," Bush said.

"I would not underestimate the amount of work that remains to be done," Cheney said.

The secretary refused to speculate about when a ground war might begin. "We have not established any sort of artificial timetable," he said at a news conference. "There is no drop-dead date... out there by which we feel we have to act."

Bush said he would send Congress a supplemental request to cover costs of the fighting. Budget Director Richard Darman said the administration hopes U.S. costs will not go much higher than the \$15 billion figure.

"They feel a substantial portion of the war costs are being paid by the coalition" of nations aligned against Iraq, Democratic Gov. Booth Gardner of Washington said as he left the White House. "But there are some costs for this country."

The administration defended allied bombing raids that Jordan says have injured and killed Jordanian truck drivers on Iraq's highway from Baghdad to Amman. U.N. Secretary-General Javier Perez de Cuellar condemned the attacks, saying "Jordan is an innocent victim of what is happening."

Tutwiler said the trucks were traveling through a war zone "and specifically through an area that has been the source of Scud attacks against neighboring states."

Oil spill may cause rationing, expert says

JUBAIL, Saudi Arabia - This desert kingdom will have to ration drinking water if a syrupy sea of oil spoils the blue lagoon that feeds the world's largest desalination plant, an engineer said Monday.

Saudi Arabia gets two-thirds of its water from its desalination plants, half of it from the one at this coastal city on the Persian Gulf.

If the world's largest oil slick manages to taint the Jubail plant, it would have to be shut down and a water shortage would quickly follow, said Mohammed Sulaiman, the engineer

in charge of defending the plant.

"We would not have normal production," he said. "We would have to ration water."

Workers are deploying an array of booms, skimmers, deflectors and filters at the mouth of the placid Persian Gulf lagoon to try to prevent the oil spill from hitting Jubail's desalination plant.

The slick had been lying idle about 80 miles north of this coastal city, but heavy winds Monday were expected to speed its progress south. The spill is now expected to reach Jubail

this week.

The desalination plant in Jubail supplies most of the water to Saudi Arabia's eastern province, including 80 percent of the drinking water for Riyadh, the capital. The plant produces 230 million gallons of drinking water a day by removing salt from the briny gulf water.

As combat jets flew overhead toward Iraq and occupied Kuwait, Saudi officials took reporters on a tour of the heavily guarded plant. Photographers were forbidden from taking

pictures of the gargantuan sprawl of entwined pipes and gaping intake ports.

Saudi officials consistently have said they are confident they will be able to protect the lagoon.

But environmental experts and Western officials are not nearly as optimistic. They say the oil, now a gell-like substance that could be two feet thick when it reaches Jubail, could splash over booms or flow under them, depending on wind and currents.

War divides

Vietnam peace leaders split

SAN FRANCISCO - Once brothers-in-peace who led anti-war protests during Vietnam, David Harris and Sam Brown now are painfully split on whether the United States should be at war with Iraq.

Brown, who at 26 organized the October 1969 Vietnam Moratorium that drew a half-million protesters to Washington, quietly and uncomfortably supports the Persian Gulf War.

Harris, a once-imprisoned "draft dodger" who symbolized Vietnam War resisters, says he'd go to jail again to protest the war against Iraq.

Brown calls war a "madman's game," but says Iraqi leader Saddam Hussein's "possession of nuclear, chemical and biological warfare facilities seems to be substantial just cause for the use of force."

Harris says he finds it "enormously depressing to find my country running down the same road it ran down 20 years ago."

Both men, who now have wives, children and mortgages, seem in pain, watching a war unfold less than two decades after they demonstrated for

peace from San Francisco to Washington, D.C.

"Every time I hear a parallel to Vietnam I blanch," Brown told The New York Times. "It's a wholly different situation that needs to be analyzed on its own merits."

After making those comments, Brown, coordinator for Eugene McCarthy's presidential campaign, heard from former anti-war buddies who questioned his judgment. Then he stopped giving interviews on the thorny subject.

"I think the war is much too complicated to be summarized by saying I'm for it or I'm against it," said Brown, now a 48-year-old real estate developer in Berkeley.

Harris, a former student body president at Stanford University who in 1970-71 spent 20 months in federal prison for tearing up his draft card, was among the first to call.

"It's not enough to say Saddam Hussein is a bad guy who must be stopped. There's a long list of bad guys we ought to fight in this world."

Bombs found on methanol tanks about 5 miles from naval base

NORFOLK, Va. - Pipe bombs were found today attached to two 3-million-gallon methanol tanks several miles from the world's largest naval base, authorities said. Two of the bombs were disarmed and experts were working to disarm the other two.

A one-square-mile area was evacuated, said police dispatcher T.A. Walker. The tank at Allied Terminals Inc., a commercial port, is in an industrial section along the waterfront, she said.

The tanks are about 5 miles from the Norfolk Naval Base, which has sent more than 35,000 sailors to Operation Desert Storm.

Bombs were found on one tank early this morning, and then two more bombs were found on an adjacent tank hours later. Both tanks hold 3 million gallons and were about one-third full, police said.

Security at the base had been tightened in the wake of Iraqi threats to commit terrorism because of the the Mideast fighting.

Tom Love, spokesman for the FBI in Norfolk, said the agency had not determined if the bombs were the work of terrorists.

Cathy Bulman, a city spokeswoman, had said the first two bombs found "look pretty sophisticated."

Lt. Cmdr. Mike Todd, a Navy spokesman, declined to say if the discovery of the bombs had resulted in heightened security at the base.

The first two bombs were discovered about 7:45 a.m. by an Allied Terminals employee who notified police; the other bombs were discovered some time later.

