

Bush offers defense, tax cuts

WASHINGTON — President Bush on Tuesday night proposed election-year tax cuts and business incentives to revive America's economy and pledged, "We're going to lift this nation out of hard times." In his State of the Union speech, Bush also outlined dramatic cuts in the U.S. nuclear arsenal.

The president challenged the Democrat-controlled Congress to back his economic programs by March 20 or face a political fight. Invoking Gulf War rhetoric, he vowed the recession "will not stand."

The centerpiece of his economic plan was a \$25 billion program to put more money in peoples' paychecks by lowering tax withholding rates - even though it would mean smaller refunds a year from now. It would increase take-home pay by an average of \$300 for more than 90 million wage-earners, the White House said.

In a nationally televised address, Bush discussed the benefits of a re-

duced military threat from the disintegrated Soviet Union. "The American taxpayer bore the brunt of the (Cold War) burden, and deserves a hunk of the glory," he said.

Bush said he would ask Russian President Boris Yeltsin on Saturday to agree to eliminate all land-based multiple warhead ballistic missiles. If Yeltsin agrees, Bush said, the United States will eliminate all MX missiles, reduce the number of warheads on Minuteman missiles to just one and cut the number of warheads on sea-based missiles by about one-third.

Over five years, the president proposed to cut defense spending by \$50 billion and use the savings to finance tax reductions.

Bush's plan also would freeze federal spending on most domestic programs at current levels.

The Democrats sought to portray the tax cuts certain to come in terms of haves versus have-nots.

The president openly acknowledged

that his election-year message to the nation would be read by many as a partisan theme for his campaign. The White House also hopes it will arrest his slide in the polls.

"I am doing what I think is right; I am proposing what I know will help," Bush said.

Recalling the allied victory over Iraq in the Persian Gulf War, Bush told Congress "we must stand together" to solve the problems at home.

"We can bring the same courage and sense of common purpose to the economy that we brought to Desert Storm," Bush said. "And we can defeat hard times together."

But on a political note, Bush challenged Congress to approve his proposals by March 20 or face a fight from the White House. "From the day after that, if it must be: the battle is joined," the president said. "And you know, when principle is at stake, I relish a good fair fight."

Presses stop for Bush to revise 1993 budget

WASHINGTON — President Bush on Tuesday put the finishing touches on his \$1.5 trillion budget for fiscal 1993, but its Wednesday unveiling was muddled by a dispute with congressional Republicans over proposals to boost some health-care taxes.

Presses printing the telephone-book-size budget were halted briefly, and part of the section previewing the administration's future health-care tax plans was deleted.

Bush's spending plan was expected to feature a collection of tax cuts aimed at helping to energize the comatose economy.

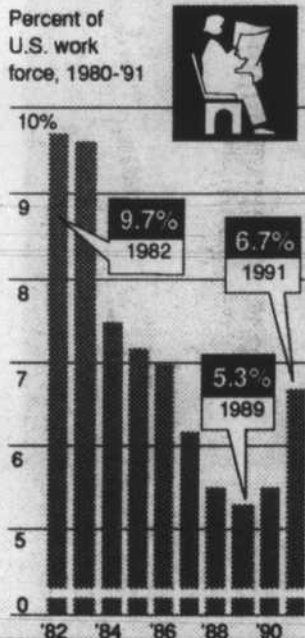
These were expected to include a several-hundred-dollar increase in the personal income-tax exemption for children, which is now \$2,300; a \$5,000 tax credit for first-time homebuyers; elimination of

the 10 percent luxury tax on part of the cost of expensive yachts and airplanes; and restoration of tax breaks for the real estate industry and for business investments.

Bush also was certain to propose slashing the capital gains tax paid on profits from the sale of property from its current top rate of 28 percent. Bush initially had been expected to propose dropping the top rate to 19.6 percent, but after conservative Republicans demanded a steeper reduction, the president was said to be considering an even deeper cut.

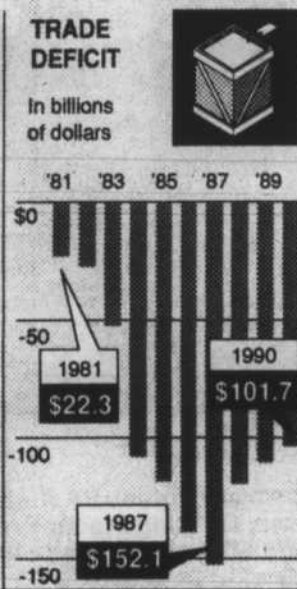
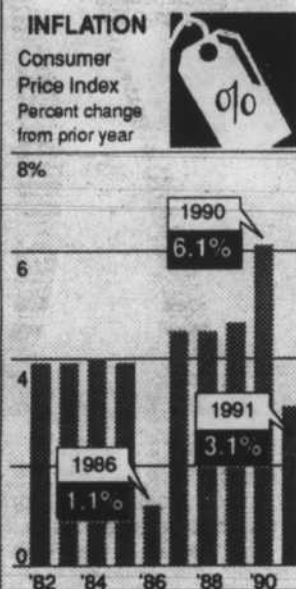
The budget also was expected to include a five-year, \$50 billion cut in defense spending. The B-2 Stealth bomber, the Seawolf attack submarine, and the production of new nuclear warheads were said to be among the victims of the Pentagon's shrinking budget.

UNEMPLOYMENT



Economic State of the Union

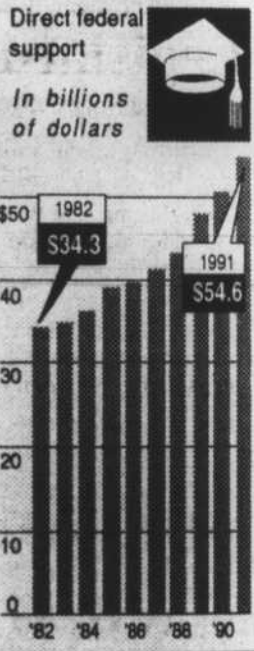
Profile of some key issues shaping the nation's status.



- ### TAXES
- Elements likely to be included in Bush's anti-recession package:
- Cut in capital gains tax.
 - Increase in families' personal exemptions by about \$500 per child.
 - Tax credits of up to \$3,000 for purchase of health insurance for the poorest Americans.
 - Tax deductions for middle-income earners for the first \$3,000 spent on health insurance.
 - Rollover of IRA funds into family savings accounts.
 - Tax credits for first-time home buyers.



EDUCATION



South African police arrest right-wingers

JOHANNESBURG, South Africa — Police arrested 10 white extremist leaders Tuesday in raids certain to enrage right-wingers, who have threatened violence to thwart government moves toward power-sharing with blacks.

Among those arrested on charges of public violence was the man considered South Africa's most militant right-wing leader: Eugene TerreBlanche, head of the Afrikaner Resistance Movement. He and nine associates in the neo-Nazi group were released on bail of up to \$36, and a court date was set for March 9.

The 10 men were arrested at their homes in pre-dawn raids reminiscent of sweeps in black townships during the state of emergency that ended in 1990. TerreBlanche complained that his 10-year-old daughter "had to endure the humiliation, with tears in her eyes, of seeing her father arrested in front of his family on his own farm."

In recent weeks, police also have arrested more than 10 other members of right-wing groups on suspicion of bombing schools and post offices to protest President F.W. de Klerk's reforms.

Many observers think the bombings are likely to increase if de Klerk pushes ahead with his promise to end apartheid and share power with the country's 30 million blacks.

Nelson studying withdrawal from waste compact

LINCOLN — Nebraska is studying a pullout from the five-state commission planning a regional nuclear waste dump, Gov. Ben Nelson said Tuesday.

"At this point I believe the commission has been nothing but a front for out-of-state generators of nuclear waste," Nelson said in an interview with The Associated Press.

Nelson commented after being shown transcripts of taped recordings which former compact director Ray Peery said he made during telephone conversations with other compact officials. Peery was sentenced to prison last week for stealing about \$800,000 in compact funds.

Nebraska was chosen in 1987 as the host for a concrete-reinforced warehouse to serve the participants in the Central Interstate Low-Level Radioactive Waste Compact.

Critics say an attempted withdrawal could expose Nebraska to millions of dollars in penalties. Those costs would be in addition to the state's continuing need for waste storage space of its own.

Peery has said Nebraska officials, under the administration of former Gov. Kay Orr and commissioner Norm Thorson, effectively volunteered to accept the project. Orr and Thorson have denied that allegation, as have other commission officials.

Nelson has asked Attorney General Don Stenberg to learn more from former Nebraska officials about the state's selection.

The calls cited by Peery were made on Friday, March 22, 1991.

After reading both transcripts, Nelson said: "Nebraska has begun to research the possibilities, the ramifications and consequences" of withdrawing from the compact.

Nelson and former commissioner Bill Hopper say the transcripts in total show the commission to be a vehicle for out-of-state waste generators.

"These show exactly what I believed before I saw them ... that some

of our fellow compact states were not dealing with us in good faith and that the generators were far too involved in calling the shots, using the commissioners from other states to do that," Nelson said.

Nelson said he had ordered research on withdrawal from the compact and on other options, including a review of the contract, before he saw the transcripts.

Commission Chairwoman Greta Dicus acknowledged Tuesday by telephone from Arkansas that the conversations occurred and that she was a participant. But she said Nelson's interpretation was wrong.

Israel, Arabs start peace talks

MOSCOW — Although marred by discord over the Palestinians, the Middle East peace effort took on a broader look Tuesday with an unprecedented meeting between Israel and Arab states to explore the region's future.

Such multilateral talks were the forum Israel sought to mesh itself with the Arab world by sharing water resources, expertise and environmental measures.

Arab participants used the occasion to emphasize demands that Israel surrender captured territory.

Israeli Foreign Minister David Levy said he was delighted that most of the Arabs came.

"This participation is unprecedented, and we'll know how to appreciate it," he said. "The term 'peace,' hitherto vague, was stated clearly."

The Palestinians defied the terms laid down by the meeting's co-spon-

sors, Russia and the United States, and brought a delegation stacked with members unacceptable to Israel.

Only three of the Palestinian delegates live in the occupied territories and thus meet Israel's terms. The others are from east Jerusalem or elsewhere in the Middle East.

Claiming the makeup of the Palestinian delegation was an attempt to slip the Palestine Liberation Organization into the process, Israel said it would shun Wednesday's conference meetings if the terms of participation were violated.

Secretary of State James A. Baker III faced the task of drawing the Palestinians into the talks while abiding by Israel's restrictions.

An official on the Palestinian team, speaking on condition of anonymity, said contacts were continuing late Tuesday and "we have a lot of hope we will participate."

Daily Nebraskan

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