

Clinton asks America to embrace tough plan

WASHINGTON (AP) — President Clinton, turning the nation to "a new direction," asked Americans Wednesday night to embrace a tough economic plan containing one of the biggest tax increases in history to curb massive budget deficits and finance his efforts to revitalize the economy.

"This economic plan cannot please everyone," Clinton said told a joint session of Congress. "If this package is picked apart, there will have something that will anger each of us. But if it is taken as whole, it will help all of us."

The plan is a mixture of \$246 billion in tax increases and \$253 billion in spending cuts over four years.

"Our budget will by 1997 cut \$140 billion from the deficit — one of the greatest real spending cuts by an American president," he said.

"If we do not act now," Clinton said, "we will not recognize this country 10 years from now."

He said the deficit would have grown to \$635 billion a year and the national debt would consume almost 80 percent of the gross domestic product.

"Tonight the American people know we must change," the president said. "But they are also likely to ask whether we have the fortitude to make those changes happen."

Clinton's plan would spread pain almost universally, although well-to-do people would be hit hardest. The administration braced for stiff opposition following a negative reaction from Wall Street.

The program would impose higher energy taxes on every household with income of more than \$30,000. The

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—Bill Clinton
President of the United States

administration calculated that would raise \$71.4 billion by 1998.

The tax would start next July at 2.5 cents a gallon for gasoline, 2.75 cents per gallon of heating oil, and 8.75 cents per thousand cubic feet of natural gas. It would increase over three years to triple those original figures. Income tax rates would jump significantly — from 31 percent now to 36 percent next year — for families with taxable income over \$140,000 and for individuals over \$115,000. A 10 percent surtax which Clinton had promised to impose on millionaires would be applied to taxable income over \$250,000.

A pay freeze would be put on the 3 million federal workers for a year; after that they would be allowed increases less than the rate of inflation. Clinton said congressional staffs should follow suit.

Taxes would be raised on Social Security benefits for retired couples earning more than \$32,000 and individuals earning \$25,000. Medicare payroll taxes would be required on all earnings, compared to the present \$135,000 limit.

Clinton said he had made 150 specific cuts in spending over four years totaling \$253 billion, including \$76 billion in Pentagon reductions and \$91 billion from pensions and automatic benefit programs.

In all, the package would cut \$496 billion from the expected deficit over four years, the largest such reduction

program in history.

Nevertheless, the deficit still would wind up in the \$200 billion range by 1997 and climb higher unless health care costs are contained.

While cutting costs in some areas, Clinton proposed spending increases totaling \$160 billion for construction projects, education and children's programs, job training, expansion of the earned income tax credit, extension of unemployment compensation and a variety of health-care programs.

Republicans denounced Clinton's plan as a massive round of tax hikes. GOP lawmakers wore buttons that said, "Tax and Spend. Again." and "It's Spending, Stupid."

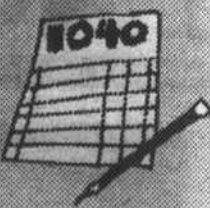
Delivering the Republican response, House GOP Leader Bob Michel said, "The American people would do well to remember: when you hear a Democrat call for taxes, do not ask for whom the tax rises — it will rise for you."

"Tonight the president mentioned a number of new programs that inevitably will cost considerable sums of money," Michel said. "Laudable as they may be, how do we pay for them? The president's answer is: more taxes on everyone."

Clinton said there "has been a lot of talk about the deficit but very few credible efforts to deal with it. This plan does. We will put in place one of the biggest deficit reductions and the biggest change of federal priorities in our history at the same time."

Clinton's proposed tax increases

REVENUE RAISING PROVISIONS	1993-98
1. Provisions that improve the fairness of the income tax system	
■ Increase tax rates paid by high-income individuals (1)	126,290
1. Add fourth bracket at 36% rate for taxable income over \$140,000 (joint returns), \$127,500 (heads of households), \$115,000 (single)	
2. Impose a 10% surtax on regular taxable income over \$250,000 (not applicable to capital gains)	
3. Increase in minimum tax rate to 26% for AMTI of less than \$175,000 and 28% for AMTI over \$175,000, increase AMTI exemption to \$45,000 (joint returns) and \$37,500 (single)	
4. Extended itemized deduction limitation and personal exemption phaseout scheduled to expire for 1996 and 1997, respectively.	
■ Repeal Health Insurance wage base cap	29,162
■ Reinstate top estate tax rates at 53% and 55% (2)	2,785
■ Reduce deductible portion of business meals and entertainment from 80% to 50%	16,089
■ Deny deduction for club dues	1,177
■ Deny deduction for executive pay over \$1 million	646
■ Reduce compensation that can be taken into account for purposes of benefits and contributions under qualified retirement plans to \$150,000 in 1994 (1993 cap is for \$235,840)	3,645
■ Disallow moving deductions for meals and real estate expenses	1,675
2 Provisions affecting businesses	
■ Increase corporate tax rate to 36% for taxable income over \$10 million (phase-out benefit of 34% rate beginning at \$15 million) (1)	30,592
■ Deny deduction for lobbying expenses	978
■ Require securities dealers to mark-to-market (3)	4,446
■ Prohibit double-dip related to FSLIC assistance (4)	1,720
■ Extend corporate estimated tax rules	4,685
■ Limit 936 credit to 65% of compensation	7,010
3 Provisions affecting international businesses	
■ Reform foreign tax credit for oil multinationals	1,798
■ Transfer pricing compliance initiative (enhanced penalty provision)	3,800
■ Royalties in passive basket of foreign tax credit, 100% R&E allocation	1,769
■ Enhance "earnings stripping" rules	579
■ Repeal deferral for excessive accumulated foreign earnings	700
4 Energy provisions (5)	
■ Modified BTU tax	71,443
■ Extend gasoline tax currently scheduled to expire on 9/30/95	7,873
5 Compliance initiatives	
■ Service industry non-compliance initiative/TIN validation	6,351
■ Modified substantial understatement penalty	1,971
■ Miscellaneous	1,142
TOTAL TAXES	\$326.3 billion



WORLD WIRE

China releases prominent student leader

BEIJING (AP)—China released the most prominent student leader of China's 1989 democracy movement and two other dissidents Wednesday in what appeared to be a gesture to President Clinton and the Olympics movement.

Wang Dan, who was No. 1 on the wanted list issued by police after the crushing of the democracy movement, was freed along with

another student leader, Guo Haifeng. Zhu Hongsheng, a 76-year-old Catholic priest from Shanghai, also was released.

The early releases came just two weeks before a high-level delegation from the International Olympic Committee is to visit Beijing, whose leaders have made clear their strong desire to be host of the Summer Olympic Games in 2000.

Fire kills 7 children who were left alone

DETROIT (AP)—A fire killed seven children ages 9 and under who were left home alone and were trapped by bars on the windows of their two-story wooden house Wednesday, officials said.

The victims, all apparently related, were found in one room and apparently had pushed a dresser up to a window in an attempt to

escape, Battalion Chief Harold Watkins said. He said the windows had padlocked burglar bars on them.

The children were asphyxiated by smoke, Fire Marshal Richard Milliner said. The fire started in the kitchen, said city arson investigator Capt. William Peck. The cause wasn't immediately known.

Editor In Chief

The 1993-94 editor in chief formulates editorial policy, determines guidelines for the daily operation of the newsroom, hires the senior editorial staff, helps determine the content of the editorial page and prepares the editorial salary budget. Applicants must have one year of newspaper experience, preferably at the Daily Nebraskan, and submit clips when applying. The position begins August 1, 1993 and lasts until May 6, 1994.

The position pays \$975/month (except December and May) and reports to the UNL Publications Board. The editor must enroll at UNL for at least six credit hours during each of the two 1993-94 semesters and

maintain a minimum 2.0 GPA.

Applications are available at the Daily Nebraskan office, basement of the Nebraska Union, and must be returned by 3 p.m., Feb. 18, 1993.

Daily Nebraskan

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U.N. halts most aid in Bosnia

SARAJEVO, Bosnia-Herzegovina (AP) — Serb tanks bore down on a key western suburb Wednesday as U.N. officials halted aid operations and accused Bosnia's warring factions of using food as a political weapon.

The Serb offensive on the last defensive lines was an apparent attempt to capture more of the capital before peace talks resume Friday in New York between Serbs, Croats and Muslims.

The Muslim-led government has blocked U.N. food aid from reaching Sarajevo, accusing of the United Nations of ignoring besieged Muslims in eastern Bosnia. Convoys to the region have been halted by ethnic Serbs.

"I really regret that I have to take this decision because we have been trying to help the victims, the ordinary people, and we cannot do that," Sadako Ogata, the U.N. High Commissioner for Refugees, said in Nairobi, Kenya, in announcing the

aid cutoff in Sarajevo and eastern Bosnia.

The action could increase pressure on officials in Sarajevo. If the city began handing out food again, warehouses would be emptied in eight to 10 days.

In eastern Bosnia, an estimated 100,000 Muslims are trapped by Serb sieges. The aid cutoff also will hit some Serb-dominated towns.

Bosnian radio reported battles throughout the republic and claimed 20 people were killed and 60 wounded in an air raid on Muslim-held Cerska, an eastern town. In Kaménica, near Cerska, Bosnian Serb authorities said they unearthed 23 bodies from what they called a mass grave of massacred Serbs.

The Serbs and Muslims blamed each other for the break in U.N. aid.

Mrs. Ogata said aid shipments would not resume without guarantees from all parties to safeguard and allow passage of food convoys.



Soldiers say racism rampant in Army Alaska

ANCHORAGE, Alaska (AP) — Troy Scott says he gave up living out of an Iowa bus locker to join the U.S. Army. It was love at first salute.

That was six years ago. Before he received the Good Conduct Medal and numerous other awards and citations.

Now Scott, 28, wants out, claiming the sergeant made a racial remark before firing the grenade. He and a number of other blacks charge racism is rampant at Fort Richardson in Alaska.

"I've lost total respect for the

Army," Scott said.

Staff Sgt. Rufus Deon Bell isn't sure he wants to give up his nine-year career. But after a court-martial acquittal on what he deems a trumped-up bribery charge, he knows he wants out of Alaska.

The leadership of the 6th Infantry Division (Light), based at Fort Wainwright near Fairbanks, denies allegations of institutional racism within their command.

Scott, an explosives technician, said the word "nigger" was freely used by one of his unit leaders and that

a colonel who used to head his battalion once said Scott and his wife "are smarter than the average colored people."

Bell, a driver, says a former company commander falsely charged him with offering a \$300 bribe in April to a fellow non-commissioned officer over a failed physical fitness test.

Bell, who was later acquitted, maintains the charge was devised by his company commander to free up for one of his aides Bell's slot for an NCO school. The Army had no comment on that claim.

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