# Clinton says Japanese trade war possible

WASHINGTON — The Clinton administration decided Monday to authorize sanctions against Japan on cellular phones, increasing pressure on the Japanese after the collapse of trade talks. President Clinton conceded a trade war could erupt but warned Japan it stood to lose the most.

'It's just not acceptable for the United States to continue on the same path" after last week's breakdown in talks, Clinton said.

U.S. officials from the president on down issued Tokyo some of the

quickly on last Friday's failed trade areas talks at a summit between Clinton and Japanese President Morihiro Hosokawa.

"We haven't ruled anything out," Clinton declared.

Administration officials who spoke on the condition of anonymity said the United States would announce the beginning of trade-sanction proceedings on Tuesday against Japan on cellular phones.

on Japanese-made instruments and strongest warnings yet, following up set the stage for sanctions in other Tokyo area. Motorola officials con-

Although the cellular-phone case, stemming from complaints by Motorola Inc., had been in the works for some time, the administration found it fit conveniently into its efforts to ratchet up pressure on Tokyo.

Clinton called it a "classic example" of the difficulties U.S. companies face in penetrating Japanese markets.

In 1989, Japan agreed to give The move could lead to high tariffs Motorola from one-third to one-half of its cellular phone business in the

centage of business under 5 percent.

On Tuesday, the administration will declare that Japan violated the agreement, the first step in a process that could lead to stiff tariffs on Japanese-made cellular phones, administration officials said.

And the Motorola decision won't be the end of the U.S. response, one senior official said. Many options are under review, not all involving sanctions, officials said.

These range from ordering a Jus- unfair trade practices of any nation.

tend Japan deliberately ignored the tice Department study of bargain, holding the company's per- anti-competitive practices of Japanese auto companies to giving closer scrutiny to tax records of Japanese companies. The United States is also considering bringing a broad com-plaint in Geneva against Japanese trade practices under the General Agreement on Tariffs and trade, officials said.

The administration could use a trade law not used since the the Bush administration that gives the president broad retaliation powers against

### Tax force considers welfare funding

WASHINGTON—The Clinton administration may finance new programs for training and child care by wringing billions of dollars from the welfare system through cost cutting and taxes on benefits, offi-

The administration's welfare reform task force is considering limits on federal cash payments to the growing number of elderly people who immigrate to the United States legally and then retire on Supplemental Security Income, a senior administration official said.

To pay for its overhaul of a welfare system that supports 5 mil-lion families with children, most of them headed by a single mother, the administration has decided it must find offsetting savings in other federal welfare programs.

But an advocate for the poor says the very cuts the administration is now considering could hurt the working poor and near-poor in order to help other poor women get

A senior administration official, speaking on condition of anonymity, said the task force is considering several options to pay for welfare reform, but that no decisions

"We are committed to a deficitneutral plan in which revenue from these options would be used to pay

for the new investments in child care, education and training," the

President Clinton's welfare reform legislation, to be introduced this spring, will seek to limit welfare benefits to single mothers to 24 months. Women would be given the training and day care they need to get a job and after two years, would be required to find a job in the private sector. Those who are left behind would be required to do community service work.

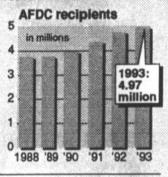
Among the cost-cutting options under consideration is a plan to cap emergency AFDC assistance, a program that helps poor families avert being evicted or having their utilities shut off. In the fifth year after the administration's welfare reform takes effect, the cap would save \$500 million.

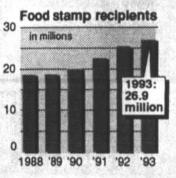
Also on the table is a plan to treat AFDC, SSI and food stamps as taxable income, much like unemployment insurance, so that a person who lands a job after being on welfare part of the year would pay taxes on those benefits.

The government could save from \$1.5 billion to \$5 billion in the fifth year of welfare reform, but advocates for the poor say such taxes undercut the administration's often-repeated promises to "make

#### Welfare crisis

The food stamp program and Aid to Families with Dependent Children have both increased in number of recipients since the





#### Clinton forecasts growth in economy WASHINGTON - President

Clinton used his first annual economic report Monday to proclaim his policies had put the country on track for

rising prosperity for years to come.

Clinton forecast that the economy would keep growing through the rest of this decade and the pace would be fast enough to meet his campaign pledge of 8 million new jobs during his first term. His administration, he told Congress, had replaced "drift and deadlock with renewal and reform.'

The 398-page report conceded that this optimistic scenario could be in danger if long-term interest rates suddenly start rising, consumer spending falters or weakness in such big overseas markets as Europe and Japan is more prolonged than expected.

The annual report predicted that the overall economy, as measured by the gross domestic product, will grow by 3.1 percent this year and 2.8 percent in 1995.

That outlook, upon which the president based his 1995 budget, is in line with private forecasters.

The 49th edition of the "Economic Report of the President" represented a sharp break from the past 12 Republican versions which had sung the praises of government deregulation and lower tax rates.

"For too long and in too many ways, our nation has been drifting,

Clinton said in a message transmitting the report to Congress. "For 12 years a policy of trickle-down economics built a false prosperity on a mountain of federal debt.

Clinton praised his \$500 billion deficit reduction plan, half of which comes from raising taxes, for putting the country on a sounder economic footing in just one year by lowering interest rates and thus spurring a boom in sales of big-ticket items such as homes and cars.

The Clinton document devoted several pages to attacking a key supply-side tenet, that cutting tax rates can result in higher tax revenues and that boosting tax rates on the wealthy can actually result in lower taxes as more income is sheltered. The report said a review of tax history proved these claims false.

The Clinton report sought to build a case for a more activist federal approach. It said the government must invest more in education, training and research to boost American produc-

One chapter in the book was devoted to building a case for Clinton's massive health reform program.

## Speedskater, luger fail to capture the Olympic gold

luger Duncan Kennedy.

A slip for Jansen, a skid for Kennedy—it was enough to deny both a first Olympic medal.

Jansen. slipped on the home turn Monday and watched his medal hopes disintegrate in the

500 meters. His Olympic career totals: 10 years, four Games, zero medals. He has one last shot in the 1,000 meter Friday.

WINTER

**OLYMPICS** 

Kennedy finished with his blue USA uniform and his bronze medal hopes in tatters after skidding out of control.

He hoped for a record-setting run and came up empty. Kennedy is 0-for-3 in the Olympics. Jansen said, "There's not really many more chances for me. I'll have

to live my life without an Olympic 500-meter gold medal. He wound up in eighth place Monday at the same rink where he set a world record in December, watching as Russian Aleksandr Golubey won in

an Olympic record 36.33 seconds. "It wasn't nerves," said Jansen, of West Allis, Wis. "I felt fine. ... Everybody knows I'm the best, but I wasn't

"It's a bit of a shock to me," he said. "I would have won by quite a bit if I didn't slip.'

The Norwegians picked up two

LILLEHAMMER, Norway — more medals before a crowd of 60,000 Valentine's Day brought nothing but on the cross-country skiing course. heartbreak for two guys who are used Norway has collected five of the first to it: speedskater Dan Jansen and 18 medals awarded, two gold and

three silver, the most of any country.
"I'm still in shock," said Kennedy,
of Lake Placid, N.Y., after his sled wiped out near the bottom of the Hunderfossen track. "I was going for the track record. ... I knew it was going to be tough to beat (Georg) and (Markus) Prock

Hackl of Germany and Prock of Austria repeated their one-two finish of Albertville as the German became the first man ever to repeat as luge winner. Armin Zoggeler of Italy finished third, while Kennedy's teammate Wendel Suckow was fifth after an impressive second day-the highest Olympic finish ever for a U.S. men's luger.

Kennedy said his sled turned "light and squirrelly" on a turn near the end of his run. He was focusing on the 1998 Nagano Games: "Life goes on.

I still want to go to Japan. Skier Tommy Moe, winner of America's first Alpine gold medal in 10 years, was in position for a second medal after finishing third Monday in the downhill portion of the men's combined. U.S. teammate Kyle Rasmussen of Angels Camp, Calif., was in second place, behind Lasse Kjus of Norway.

The combined medals are based on aggregate results of a downhill race and a slalom set for Feb. 25. Moe of Palmer, Alaska, finished fourth in both World Cup combined races this year and remains a definite medal threat.

More than 60,000 people, including Norwegian King Harald V, packed

## Fans, athletes shiver at coldest Olympics

LILLEHAMMER, Norway Fans risk frostbite. Biathletes' rifles are freezing to their cheeks. It's almost too cold to allow crosscountry ski races.

Lillehammer may look charming, but it's playing host to the most frigid Winter Games ever.

Temperatures overnight have been dropping to minus-10 degrees and only barely edging above zero during the day. The International Olympic Com-

mittee's research department confirmed what spectators could feel in their fingers and toes: This is the coldest Winter Games yet, colder on a sustained basis than the 1980 Olympics in Lake Placid.

Events have been canceled at other Winter Games because it was

the Birkebeineren Ski Stadium and

the surrounding course for the men's

30-kilometer race. The Norwegians

debut, upset fellow Norwegian and four-time medalist Bjorn Dahlie to

take the gold. The 22-year-old

Alsgaard finished 47.2 seconds ahead

of silver medalist Dahlie, who won

three golds and a silver in Albertville.
"I thought I had a chance to medal,

but only if everything worked 100 percent," the 22-year-old Alsgaard said. "But I never even dreamed of

In hockey action, Germany, 2-0,

sent host Norway to its second straight

Thomas Alsgaard, in his Olympic

finished 1-2 in the event.

winning the gold medal.'

defeat, 2-1.

too warm, too windy or too snowy, but never because it was too cold. So far, that record is holding -

Under international regulations, major cross-country races cannot start when the temperature is under minus 4. The temperature at Birkebeineren Ski Stadium at 7:30 a.m. Monday, three hours before the men's 30-kilometer race, was minus 18.

At 10 a.m., it was still below the limit, but officials queried the racers, got positive responses, and decided to start on time. When the first racer set off at 10:30, it was zero at the starting line, but still under minus 4 at one of the checkpoints on the course.

Race officials said they were

confident, based on the trend of previous days, that the temperature would rise during the race. But Norwegian team doctor Kjell Eystein Rokke said the start should have been delayed.

"Ski racing in very cold weather can lead to injury of sensitive wind-pipes," Rokke said.

Most of Norway's Olympic racers used asthma medicines, which make them less vulnerable to the effects of the cold, according to Rokke. On Monday, Norwegians took the gold and silver medals.

Dr. Ingar Lerem, chief medical officer for the Games, said several spectators at skiing events, as well as some nighttime merrymakers in downtown Lillehammer, have suffered frostbite.

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