Clinton's Plan Includes Tax Raises for Individuals, Firms

By David Leonhard

WASHINGTON

Saying that the nation faces a fiscal crisis that could undermine future living standards, President Clinton Friday called for a business-friendly tax cut that will raise taxes for both individuals and corporations.

In a speech discussed at some length among Administration leaders Thursday the economic package is designed to stimulate the economy. But leaks about major parts of the package have raised questions about the Administration's capability to deliver a major tax cut.

Clinton talked at some length about the subject of tax increases rhetorically for most of his speech, but added: "We know that the tax cuts we're offering will tax increases for both individuals and corporations in the long run. That's the way to get the investment tax credit that we need."

Thursday, his language was more direct: "I will ask for an increase, as I said in the campaign, on the income tax of the wealthiest Americans and corporations," Clinton said, adding that because the deficit has worsened "I am now asking you to broaden the range of revenues which we seek" to include taxes on other people, as well. And in a statement released by House Majority Leader Richard A. Gephardt of Missouri, following a two-hour meeting between the president and House Democratic leaders, Gephardt asked to make a proportionate increase in the deficit reduction package.

President Clinton applauded the business leaders that have agreed with him to include cuts in federal spending that will be "real, definable and measurable, not imaginary." Aides conceded, however, that the administration does not follow through on an earlier statement by budget director Leon Panetta that spending cuts would form two-thirds of the deficit reduction package.

Aides say the president has not made a final decision on how large a deficit cut to seek. But they have not ruled out that the reduction will be less than the $1.45 billion deficit increase for this year. That goal, in turn, was less than his campaign pledge to "cut the deficit in half in half a century." The deficit cuts will be "very significant" in both size and scope, and will be large enough to reassure the public and financial markets that the president is serious about cutting the government's red ink, Clinton aides said. But, he added, "the markets aren't going to care about a specific number. What they care about is that it's real and that the deficit is heading in the right direction."

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Pipeline Blasted Again, Leaving Armenia Dark and Freezing

By Richard Beaudreau

LOS ANGELES TIMES

A pipeline supplying the only fuel to Armenia exploded again for the second time in a week, forcing beleaguered republic to shiver through the snowstorm without heat or light. The Armenian government said the pipeline had been struck by warplanes and heavy artillery launched a day earlier by Azeri forces in the undeclared war against Azerbaijan, seizing 11 settlements in the disputed mountain enclave of Nagorno Karabakh.

On Wednesday, the latest of about 2,500 deaths in five years of bloodshed, fighting between the former Soviet republics has plagued Armenia with three straight winters of miserable fuel shortages. At least 11,000 of Armenia's 3.4 million people have been forced into the cold in the second winter crisis in the same mountainous region of the former Soviet Union that bloodshed.

In Yerevan, the capital, where foible gas consumption had returned to prewar levels, the gas was used electrically powered water supplies and most telephones. "There's no electricity," one of Armenia's leaders said. "Our children are burning candles in the dark. In some areas, we have no gas and no electricity."

"We're back to the same old story," said one of the leaders of the Armenian Assembly of America, reached by telephone in Yerevan. "It's getting worse."

"What people are saying is that this is going to take a lot of money to fix," said one of Armenia's leaders. "We have to argue the case to the government that they're not going to do it again."

"The pipeline blew up both times in the south," said a government official in the capital. "It was hit by missiles." The official said the pipeline was "now in the right direction."

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Relief Workers, U.S. Officials Call Southern Somalia 'Another Farah

By David Sanger

WASHINGTON

In this continent's seemingly endless cycle of civil war and famine, relief workers, U.S. officials and others are calling strife-torn southern Somalia an "American Farah." Television pictures emerging from southern Somalia are eerily similar to the images that six months ago made Somali towns like Baido- ba and Belet Weyne synonymous with mass killings, raped women, enraciated people, the stick-like limbs, the hollow eyes of the malnourished child, the homeless mother carrying her infant.

The stories being recounted about southern Somalia by recent visitors also echo the horrors once heard about Somalia — hundreds of thousands of people in desperate need of food and relief aid. The current blockade of basic food and relief aid in the southern provinces is "the greatest regime that we have seen since I've been in Somalia," said Rep. Frank R. Wolf, R-Va., a member of the Select Committee on Hunger, who visited parts of southern Somalia this week. "There's no place in Africa now that is more critical in terms of famine."

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In the southern provinces, where food aid has been cut off for five months, the situation is "getting worse," said Yeltsin told reporters it was necessary to avert a political crisis that had the potential of hastening the power struggle expected following the last presidential elections for both branches in 1994 and presidential elections in 1996. The two-hour Kremlin session was the first substantive meeting between Russia's two most powerful politicians since a showdown last December. It followed a call by Yeltsin on the powers to resolve the conflict.

"I will ask for an increase, as I said in the campaign, on the income tax of the wealthiest Americans and corporations," Clinton said, adding that because the deficit has worsened "I am now asking you to broaden the range of revenues which we seek" to include taxes on other people, as well. And in a statement released by House Majority Leader Richard A. Gephardt of Missouri, following a two-hour meeting between the president and House Democratic leaders, Gephardt asked to make a proportionate increase in the deficit reduction package.