

World and Nation

Bush announces budget for 1991

From Associated Press reports
 WASHINGTON — President Bush on Monday sent Congress a \$1.23 trillion budget for fiscal 1991 that keeps new spending below inflation and recognizes "remarkable changes" in the world by scaling back defense and rewarding emerging democracies.

Bush called the spending plan an "investment in the future."
 But Democratic leaders in Congress pounced on it as a "standpat budget" and challenged its claim to halve the federal deficit to \$63.1 billion.

Fights loomed with the Democratic-controlled Congress on a range of fronts: Bush's desire to cut Medicare and capital gains taxes, to close military bases he considers outmoded and, on the other hand, to preserve some expensive weapons.

Bush would increase spending on space, education, the environment and

the war on drugs. Losers, this year, are Medicare, college student loans, farm subsidies, energy conservation grants and mass transit.

The president's budget for the fiscal year that begins Oct. 1 calls for \$36.5 billion in spending cuts and other deficit-reducing measures.

The budget projects a 7-percent increase in revenues, to \$1.17 trillion, without a general tax increase and just a 3-percent boost in overall spending — more than a percentage point below the current rate of inflation.

Bush proposed defense spending of \$292.1 billion, a cut of 2 percent measured against inflation, while boosting foreign aid to Eastern Europe, the Philippines and Latin America.

On the domestic front, his budget would leave in place the Social Security tax increase that took effect earlier this month. But it honors Bush's 1988

campaign pledge to propose no general tax increase.

Still, the budget recommends \$15.6 billion in lesser tax increases and a \$5.6 billion increase in user and service fees — most of them recycled from Reagan budgets and previously defeated in Congress.

The budget calls for "family savings" accounts under which families could save up to \$5,000 a year and pay no tax on interest on deposits held for seven or more years.

"With an eye toward future growth, and expansion of the human frontier, the budget's chief emphasis is on investment in the future," Bush said in a brief message to Congress accompanying the 1,569-page document.

But Sen. James Sasser, D-Tenn., called it a document of "low aspirations. ... It predicts huge fiscal problems ahead and then goes on to propose

no change in course."

And House Majority Leader Richard Gephardt, D-Mo., said, "I think it's a standpat budget," but he said lawmakers would "take it very seriously" rather than pronouncing it "dead on arrival" as Democrats had done with several Reagan budgets.

Bush's budget director, Richard Darman, opened the annual budget battle by proposing a truce. "We fully expect to negotiate with Congress over priorities," he said.

Bush's budget asserted it was meeting the \$64 billion deficit target for fiscal 1991, under the Gramm-Rudman budget balancing law, "with specific and defensible measures — and without gimmicks."

However, critics claimed the administration's prescription for getting the budget deficit down to \$63.1 billion relies on accounting gimmicks.

Former East German leader awaits trial

From Associated Press reports

EAST BERLIN — Erich Honecker, who ruled East Germany for 18 years until his downfall in October, was released from a hospital Monday and arrested immediately to be tried for treason, the national prosecutor said.

Plans to put the former Communist Party chief and three members of his

Politburo on trial in March were announced by Prosecutor Hans-Juergen Joseph at a session of Parliament where Premier Hans Modrow offered a grim account of the state of the nation.

The action against Honecker, 77, indicates the strength of a backlash against corruption in Honecker's Stalinist regime.

Economic problems and widespread unrest have forced Modrow, the embattled Communist premier, to move the country's first free elections up from May to March 18 and bring the opposition into a coalition that will govern until then.

Honecker was recuperating at Charite Hospital from surgery performed Jan. 8 to remove a malignant kidney tumor. He was arrested as he left the hospital and taken to Rummelsburg Prison in East Berlin, the official news agency ADN reported.

It said Dr. Peter Althaus, director of the hospital's urology clinic, considered Honecker too ill to be imprisoned. Bild, a mass-circulation West German newspaper published in Hamburg, reported last week that Honecker would be arrested and kept at a prison medical facility. ADN did not say whether Rummelsburg had a hospital.

A dozen once-mighty Politburo members have been swept up in the

anti-corruption campaign. In Parliament, Joseph said 23 officials from the former government were in jail.

Honecker, ousted Oct. 18, is accused of leading the nation to the brink of economic collapse through mismanagement and the misuse of power for personal enrichment.

Joseph said Erich Mielke, Guenter Mittag and Joachim Herrmann, former Politburo members, also faced trial for treason.

Treason previously carried a maximum penalty of death, but East Germany abolished capital punishment last year.

Modrow's speech to Parliament explaining the decision to hold earlier elections and govern with the opposition painted a bleak picture of conditions in East Germany.

He said mounting challenges to authority threatened the government's existence.

Soviet government statistics indicate industrial failures

From Associated Press reports

MOSCOW — New government figures have confirmed what Soviet shoppers already know: Most industries in 1989 failed miserably at fulfilling President Mikhail Gorbachev's promise of more consumer goods.

A diplomat who spoke on condition of anonymity said what little increase there was in consumer goods could be attributed to inflation, a greater emphasis on producing alcohol and imports from the West.

Wheat farmers had a good year, but they were about the only ones in agriculture, according to statistics.

Realtor swindles funds

BALTIMORE — A real estate agent dubbed "Robin HUD" said Monday she tried to help as many poor people as she could before getting caught for embezzling at least \$4.75 million in housing funds from the government.

Marilyn L. Harrell smiled through-out a hearing in U.S. District Court, where she pleaded guilty to charges that she stole money from the U.S. Department of Housing and Urban Development and lied on her tax returns and to federal officials. Her trial was to have begun Monday.

"I thought I'd get caught a long time ago," Harrell, 46, said after the hearing. "I'm sorry for what I did. I figured I was history and would help as many as I could before I went down."

Harrell, who claims she gave millions to charity because she is a born-again Christian, said she had decided to plead guilty as part of a plea agreement because she did not want to spend taxpayers' money on a trial.

She pleaded guilty to stealing government property and failing to report income for taxes.

News in Brief

Computer aids patients

NEW YORK — Depressed patients who were treated by computer during an experiment improved as much as those who consulted a human therapist, suggesting an economical treatment for a condition afflicting millions.

Computerized therapy may one day help roughly a third of people with depression if further research bears out its promise, said researcher John Greist.

Depression strikes about 10 million Americans within any six-month period. Human therapists can now treat only a fraction of that number, but using computers might let them reach more, said Greist, a psychiatry professor at the University of Wisconsin Medical School in Madison.

Computerized treatment could be provided day and night at a cost of perhaps only 50 cents an hour, he said. And unlike a human therapist, a computer "doesn't have bad days."

Troops guard civilians

SRINAGAR, India — Exotic Kashmir, a tourist paradise of house-boat hotels and Mogul gardens from whose name the English made "cashmere," has become a war zone of separatism and religious enmity.

Military jeeps carry senior government officials and civil servants around Srinagar in these dangerous days, as soldiers and paramilitary troops try to stop a campaign of violence by Moslem separatists in the Kashmir Valley.

A spokesman for the Jammu-Kashmir state government said the situation was peaceful and "absolutely normal" in Srinagar, the state's largest city.

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For the Record
 In Thursday's Career Corner box on the business page, the incorrect date was given for the resume drop. Today is the last day to drop resumes, and the open sign up is Feb. 14. The DTH regrets the error.

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