



Mideast troops pull back

BY BARRY SCHWEID
ASSOCIATED PRESS

SHARM EL-SHEIKH, EGYPT — Moving to curb the bloodshed on the West Bank and Gaza, Israeli Prime Minister Ehud Barak and Palestinian leader Yasser Arafat ordered military commanders to separate their forces at three flash points in the weeklong confrontation, a U.S. official said Thursday.

The orders were issued simultaneously by Barak and Arafat, even as the death toll mounted, during 10 hours of discussions in Paris with Secretary of State Madeleine Albright, said senior American mediator Dennis B. Ross.

In Washington, President Clinton said Albright's talks with Arafat and Barak were productive. "They made clear commitments, which they communicated to their people, to shut this violence down."

He said those commitments now must be honored.

"The most important thing is to stop people dying and then to get back to the negotiating table," the president said.

Clinton reiterated he would be available around the clock if the Israelis and Palestinians resume peace talks. "It's obvious that, on both sides, there are still underlying anxieties and fears and misunderstandings," he said. "We've got to just get beyond this. We've come too far."

As Albright flew to this Egyptian resort for talks with Egyptian President Hosni Mubarak and Arafat, Ross told reporters, "Both sides were very clear in terms of each trying to focus on key flash points, trying to avoid trouble in those areas, and effecting a separation in those areas," Ross said.

The three flash points are the Netzarim junction in northern Gaza, Joseph's Tomb in Nablus on the West Bank and the Circle area of Ramallah, also on the West Bank.

Barak flew home from Paris amid Israeli reports of a breakdown of efforts to defuse tensions.

"As a result of a certain position of France, this did not contribute to creating the appropriate atmosphere which would have made it possible to initial the security understandings," said Danny Yatom, Barak's political and security adviser.

Barak and Arafat failed to agree on a formula for investigating the causes of the renewed fighting. Arafat wanted an international inquiry, while Barak preferred a joint Palestinian-Israeli probe, said a senior U.S. official, speaking on condition of anonymity.

Albright said the Paris talks produced progress toward restoration of order. Barak and Arafat agreed to work to end the violence, she said, and CIA Director George Tenet will assist them. "The best

thing here is to make sure there is calm," she said.

Mubarak, who has a reputation for evenhandedness and moderation, said he hoped wisdom and reason would prevail.

But, he said, "No peace can be durable if any party was coerced to surrender his rights and if Muslim sanctuaries in Jerusalem were undermined."

He spoke on the 27th anniversary of the 1973 war between Egypt and Israel.

Mubarak called for an Arab summit this month to deal with "the worsening situation in the Palestinian territories and to discuss the future of the Middle East peace process," Safwat al-Sherif, Egypt's minister of information, told reporters.

Egyptian Foreign Minister Amr Moussa angrily denounced Israel for what he termed "the shooting of the children" and called on Barak to prohibit all visits by Israeli officials to a key site in Jerusalem that is sacred to Muslims and Jews. The new wave of violence began after Likud leader Ariel Sharon's visit to the Temple Mount and Al Aqsa mosque compound.

"Such a visit by Mr. Sharon should not happen again, by Sharon or any other official or nonofficial because of the seriousness of the situation," Moussa said.

At a joint news conference with Albright, Moussa said Barak should have

"The best thing here is to make sure there is calm."

Madeleine Albright
Secretary of State

attended the Sharm el-Sheikh meeting. "What is going on in Jerusalem is unacceptable," he said.

Israeli Transportation Minister Amnon Lipkin-Shahak, one of the negotiators in Paris, had told Army radio in Israel earlier that Arafat had instructed his people in the field to stop the violence.

"It's a considerable step which could permit a return to calm, I hope with all my heart, in Gaza, the West Bank and Jerusalem," French President Jacques Chirac said in Paris. "On the fundamentals, progress was made and measures drawn up aiming to a ceasing of the violence, which was obviously a pre-condition to the resumption of the necessary and inevitable peace process."

It wasn't clear how the shaky verbal agreements would translate on the ground. The Israeli army withdrew 23 tanks Wednesday from the outskirts of Nablus and planned to pull back additional tanks from outside Ramallah on Thursday. Israeli officials said they were waiting to see if Arafat kept his commitments to contain the violence from the Palestinian side.

"I really hope that (both sides' promises) will be implemented today in the field, and then we will see things calm down in the field today," said Lipkin-Shahak.

At least 65 people have been killed and more than 1,800 others have been injured in the violence of the past week, most of them Palestinians.

The Paris talks were described as intense, and Palestine Liberation Organization official Laila Shaheed said Arafat stormed out — only to be stopped when Albright literally called guards to shut the residence's gates to block him.

Nabil Shaath, a top Arafat aide, said the Palestinian leader was angered by the Israeli and American refusal to set up an international inquiry into the recent bloodshed in Israel and the Palestinian areas.

U.N. Secretary-General Kofi Annan, who joined the talks late in the day, agreed to work with the Americans to devise a formula acceptable to both the Israelis and the Palestinians for such an investigation, a U.N. official said.

NEWS BRIEFS

VP candidates prepare for debate in Kentucky

DANVILLE, Ky. (AP) — Dick Cheney and Joseph Lieberman square off in a campaign debate Thursday night to sell their White House tickets, their own leadership credentials — and perhaps deal with the echoes of scandal raised and dismissed by their bosses two nights earlier.

After days of practice, the Republican and Democratic vice presidential nominees meet here at Centre College for their one, 90-minute debate of the campaign.

Vice President Al Gore and Texas Gov. George W. Bush still have two presidential debates before them, on Oct. 11 in Winston-Salem, N.C., and Oct. 17 in St. Louis.

Former CIA spies say agency promised lifetime benefits

SEATTLE (AP) — Lawyers for two Cold War spies who claim the CIA reneged on a promise of lifetime financial support say their case has been bolstered by a document in which the agency admits it "has an obligation" to give some defectors cash for life.

The spies are a former foreign diplomat and his wife, now living in the Seattle area, who agreed to cooperate with the CIA if the agency would help them defect to the United States.

As part of the deal, the couple say, they were promised benefits including a permanent yearly stipend of up to \$27,000.

But in 1997, the agency cut off the money, leaving them impoverished and with increasing medical bills.

Driver files suit against employee of "Puffy" Combs

NEW YORK (AP) — Sean "Puffy" Combs' former driver has filed a \$3 million lawsuit claiming one of the rap mogul's employees forced him to drive through red lights after a nightclub shooting last December.

Wardel Fenderson, 40, says in court papers filed Wednesday that he picked up Combs, actress Jennifer Lopez, and Combs' bodyguard, Anthony "Wolf" Jones, outside a nightclub on Dec. 27.

Three people were shot in the club, allegedly by Jamal "Shyne" Barrow, 20, a rapper who had come to the club with Combs and Lopez. Barrow has been charged with attempted murder.

N.Y. Daily News names new editor

NEW YORK (AP) — Robert Sapio, a 31-year veteran at the Daily News, has been named senior managing editor.

The promotion makes Sapio the third-ranking news executive at the paper, behind editor in chief Edward Kosner and executive editor Michael Goodwin. Sapio, who was named editor of the Sunday edition earlier this year, will continue to oversee the Sunday and Monday papers.

Sapio, 50, joined the Daily News in 1969 as an office boy in advertising before moving to the news side as an editorial typist, taking dictation from reporters in the field.

He later became a copy editor and rose through the ranks from assistant news editor, to executive news editor, deputy managing editor, executive editor, and then Sunday editor.

Yankees still alive

OAKLAND, Calif. (AP) — Hold off those premature obituaries for the New York Yankees. The two-time defending World Series champions are very much alive, thanks to Andy Pettitte's near-flawless pitching and a radically revamped lineup.

Pettitte allowed five hits in 7 2-3 scoreless innings, surviving a goofy pratfall by second baseman Luis Sojo, and the Yankees defeated the Oakland Athletics 4-0 Wednesday night to tie their best-of-five AL division series at 1-1.

Congress renews AIDS prevention, treatment legislation

HIV infections factor in funding for first time

BY JIM ABRAMS
ASSOCIATED PRESS

WASHINGTON — Congress has agreed to provide more than \$1 billion a year for AIDS prevention and treatment in a bill that, for the first time, factors in HIV infection as well as AIDS cases in determining how federal money will be distributed.

The legislation, which the House passed 411-0 Thursday and sent to the president for his signature, reauthorizes for five years the Ryan White CARE Act, which expired when the new fiscal year began Oct. 1.

The sponsor, Rep. Tom Coburn, R-Okla., said the emphasis on AIDS victims rather than those infected with HIV has been "devastating."

"While our attention was placed on AIDS, the virus silently spread through communities of color and more and more women became unknowingly infected," he said. Every year some 40,000 Americans become infected with HIV.

Rep. Mike Bilirakis, R-Fla., chairman of the House Commerce health subcommittee, said about the new funding formula, which will go into effect in 2005, "By targeting resources to the front line

of the epidemic, we will be able to reduce transmission rates and ensure the necessary infrastructure is in place to provide care to HIV-positive individuals as soon as possible."

Supporters say the new funding distribution will mean more money for programs that help infants, women, minorities and people in rural areas. But it met some resistance from lawmakers representing districts with gay men, who were the first to be significantly affected by the AIDS epidemic and who feared losing funds.

Rep. Nancy Pelosi, D-Calif., said she supported the bill after weeks of negotiations to lessen the adverse affect on her San Francisco district.

The original bill approved by the House would have cut the city's funding by nearly \$40 million over five years. She said in the final compromise the negative impact on San Francisco was reduced to only 15 percent, about \$7.5 million, over five years.

The legislation specifically approves \$20 million for programs to reduce HIV transmission from mothers to their babies and \$30 million for programs to encourage those infected with HIV to notify their partners. It requires those receiving Ryan White funds to join counseling programs.

The AIDS bill was first passed in 1990, the year 18-year-old Ryan White, a hemophiliac from Indiana who contracted AIDS after receiving a transfusion of tainted blood, died.

Hole in ozone layer grows to record size, covers Chilean city

BY RAY LILLEY
ASSOCIATED PRESS

WELLINGTON, NEW ZEALAND — The hole in the ozone layer over Antarctica stretched over a Chilean city when it ballooned to a record size last month, the first time it has reached a population center, scientists said Thursday.

Previously, the hole had only opened over Antarctica and the surrounding ocean.

Citing data from the U.S. space agency NASA, atmospheric research scientist Stephen Wood said the hole covered 11.4 million square miles on Sept. 9 and 10.

For those two days, the hole extended over Punta Arenas, a southern Chile city of about 120,000 people, exposing residents to very high levels of ultraviolet radiation. Too much UV radiation can cause skin cancer and destroy tiny plants at the beginning of the food chain.

Wood is a researcher with New Zealand's respected National Institute of Water and Atmospheric Research.

Dr. Dean Peterson, science strategy manager of the Antarctica New Zealand research group, said Wood's findings showed a city being exposed to the ozone hole for the first time.

"The longer it gets, the greater the chances of populated areas being hit by low ozone levels," said Peterson, who was not involved in the study.

Peterson said smaller spots of low ozone could affect Argentina and even the tip of South Africa, Australia or New Zealand.

"The hole won't grow to that size," he said. "But as it breaks apart, fingers of low ozone, or filaments as we call them, will go over major land mass areas. Those

New regulation closes loophole in Medicaid

BY JANELLE CARTER
ASSOCIATED PRESS

WASHINGTON — Twenty states that have used a Medicaid loophole to inflate how much they are spending for medical services and generate large federal reimbursements will soon have to operate under tighter restrictions. A proposed federal rule issued Thursday aims to eliminate the gap and save the government billions of dollars.

"We cannot stand by while billions of taxpayer dollars are used without the accountability that federal taxpayers deserve," said Health and Human Services Secretary Donna Shalala. "However well-intentioned some states may have been, the practice today clearly constitutes an abuse of the Medicaid system."

Sen. William Roth, chairman of the Senate Finance Committee, who has called on the administration to act for months, declared the proposal "inadequate."

"The regulation permits the scam to continue while only modestly attempting to contain its magnitude," the Delaware Republican said.

States involved are Alabama, California, Illinois, Indiana, Iowa, Kansas, Massachusetts, Michigan, Nebraska, New Hampshire, New Mexico, New York, North Carolina, North Dakota, Oregon, Pennsylvania, South Carolina, Tennessee, Washington and New Jersey.

Several states apparently used the loophole unchecked for years. After

a number of other states began taking advantage of the loophole last year, the government in July wrote states and asked that they stop the practice.

Use of the loophole apparently cost the government \$2 billion in the last fiscal year alone. The Congressional Budget Office recently estimated that more than \$127 billion will be lost over the next decade unless the practice is ended.

States apparently won't feel an immediate crunch from the regulations. The proposed rule phases out the extra payments over five years, and no funding would be reduced in the current fiscal year, which began Oct. 1.

Federal officials would continue a higher payments level for public hospitals, which often serve considerably more lower-income patients.

States and health-care providers now have 30 days to comment on the proposed rule. A final regulation will be published afterward.

"We recognize that states will need time to adjust to these changes," said Michael Hash, acting administrator of the Health Care Financing Administration. But, he added, "By making these changes, we will help to preserve the public trust in the Medicaid program, which provides health-care services to millions of Americans."

The administration said it would also support congressional action to increase the Medicaid payments hospitals receive.

Here's how the loophole works:

The Medicaid program, the government's health care program for the poor, is a joint project, with the federal government paying at least 50 percent of the costs. States with larger poor populations get a larger share from the federal government. States set the amount they will pay health providers, but the federal government provides a cap for payments.

Under the loophole, a state could charge the maximum amount for services at a local or county-owned facility even though the services may actually cost substantially lower. The additional money is then transferred back to the state and used for a number of projects.

Many states have used the extra money for health-related projects, but federal officials said others have used the extra money to fill budget gaps, reduce the state debt and even pay for education programs. Because there is a loophole in the law, such practices are not considered illegal.

The regulations have been anticipated for months by anxious states.

Just Monday, Sen. Richard Durbin, D-Ill., and the Rev. Jesse Jackson met with Shalala and White House chief of staff John Podesta over the issue. Illinois has received \$500 million a year in excess payments that it has used in its health care budget.

The Clinton administration has been roundly criticized by Republicans, who say the administration has promised since May to deal with the situation.

Time Warner, EMI cancel \$20 billion music merger

ASSOCIATED PRESS

LONDON — Time Warner Inc. and EMI Group have called off their \$20 billion joint venture in the face of opposition from European regulators, removing a major obstacle to Time Warner's larger combination with America Online Inc.

The Warner-EMI deal would have created a giant music company, reducing the number of major record companies in the world from five to four. European regulators had expressed concern that the new company would have had a dominant position in the markets and in the emerging area of

online music distribution.

The two companies offered several concessions, but in the end they were not sufficient. Those remedies were reported to have included the sale of Virgin, a major music label acquired from British mogul Richard Branson in 1992 for \$960 million, as well as parts of the companies' music publishing business.

Time Warner said in a statement that the two companies have "terminated their current agreement" but have also agreed to pursue a new combination that would be agreeable to the regulators.

"The withdrawal of our application allows additional time to re-

assess regulators' concerns and to pursue solutions simultaneously in Europe and the U.S.," said Eric Nicoli, chairman of EMI.

"We have been, and will continue to be, flexible in responding to the European Commission's concerns," he said. "However any concessions that are ultimately made must be consistent with our shareholder value objectives."

The proposed deal would have created a 50-50 joint venture representing 2,500 musicians and accounting for 2,000 new albums a year. It also would have been in a very strong position in delivering music online through Time