Bush Suspends Talks With PLO

**Terrorism:** President warns the organization’s failure to denounce a splinter group’s raid on an Israeli beach.

By JAMES RIEHLE

HUNTINGTON, N.Y.—President Bush on Wednesday canceled the talks with the Palestine Liberation Organization (PLO) that had been agreed to by Secretary of State James A. Baker III last week.

Mr. Bush said that the PLO had failed to denounce a raid on an Israeli beach by a splinter group, the Islamic National Liberation Front. The group’s deputy leader, Heha Ibrahim, was killed in the raid.

The U.S. had announced the talks on Tuesday, but on Wednesday administration officials said that the talks had hit a dead end after the PLO refused to denounce the raid.

In a letter to Mr. Bush, the PLO chairman, Yasser Arafat, said that the group had not been responsible for the attack.

The suspension of the talks comes as a setback to Mr. Baker’s efforts to reach a peace agreement between Israel and the Palestinians.

Bush’s Deficit Plan Rely on Cuts in Benefits

By WILLOUGHBY WILSON

WASHINGTON—The Bush Administration’s proposal for a deficit reduction package includes cuts in social welfare benefits—some of them for the elderly and the disabled—but does not propose any new taxes.

The plan, unveiled last week, includes $115 billion in savings over the next five years, the White House said, through changes to Social Security and Medicare programs. It is designed to meet the goals of the administration’s budget plan, which was unveiled on February 15.

The administration is expected to present a detailed plan to Congress next week.

He Could Lose Top Post in Party, Gorbachev Admits

By MICHAEL FOLEY

MIAMI—President Mikhail S. Gorbachev, who has faced increasing resistance from his Communist Party, said he was prepared to accept a reduced role as leader of the party in the future.

Mr. Gorbachev, who was admitted to the hospital on Wednesday after developing a high fever, said that he had been advised to rest by his doctors.

The announcement comes at a time of increasing political uncertainty in Russia, where the Communist Party has been weakened by recent elections.

Costa Mesa Policy Could Spur Easing of INS Laws

By CARLA ROYER

Costa Mesa, Calif.—A new policy that allows immigrants to work in the United States without a visa or a green card could spur a easing of immigration laws.

The policy, which was announced last week, allows immigrants to work in Costa Mesa for up to five years, without a visa or a green card, as long as they pay a fee of $500.

The policy, which is modeled on the policy of Costa Mesa’s neighbor, Santa Ana, has been criticized by some as a way to attract cheap labor.

In an interview, the mayor of Costa Mesa, Mark A. Reber, said that the policy was designed to attract businesses to the city.

The policy is expected to go into effect next month.

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