

The Midland Reporter-Telegram

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Demonstrators' deaths mar Solidarity marches

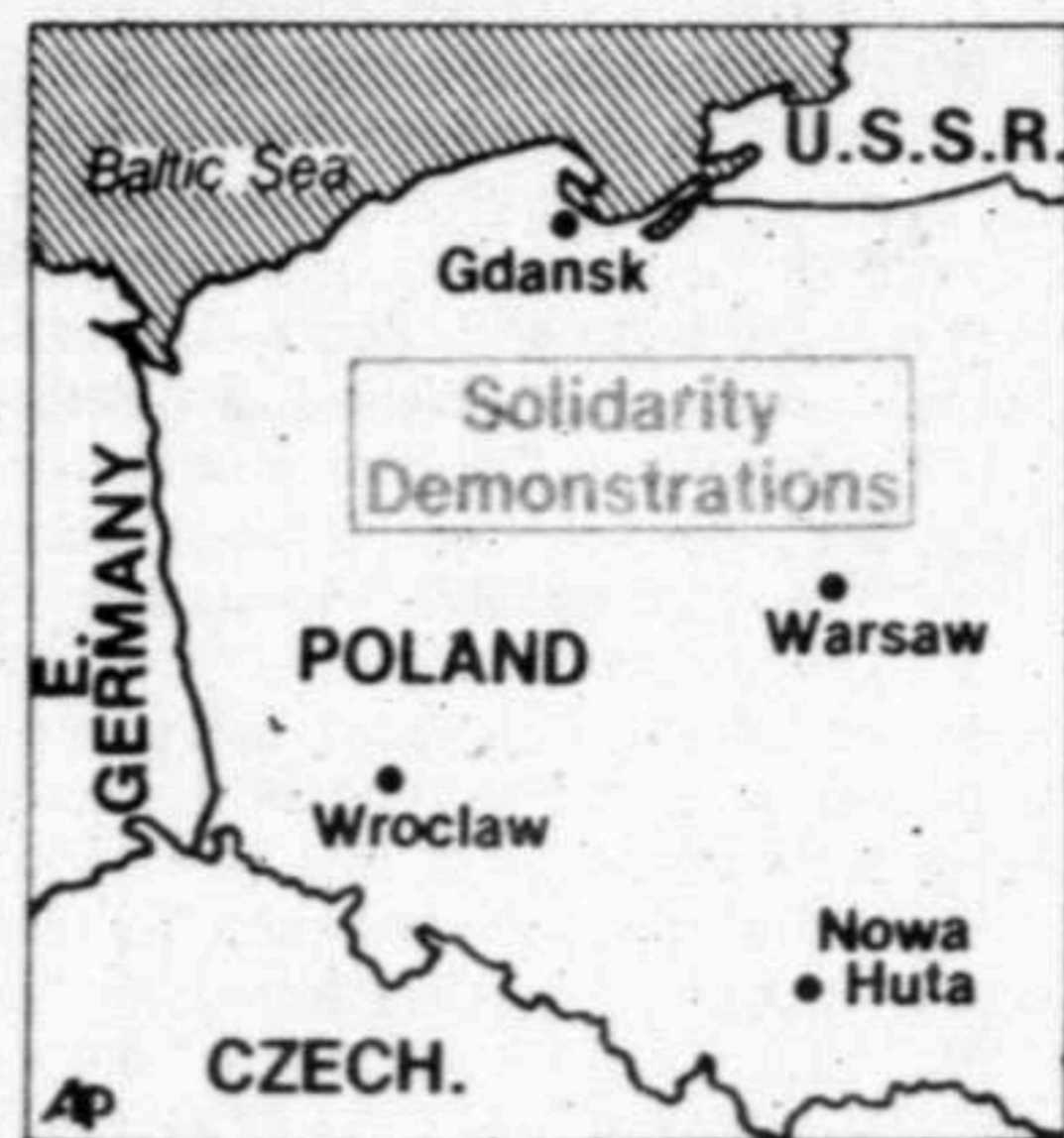
WARSAW, Poland (AP) — Police dodging bricks and firebombs fired on a crowd of demonstrators in the town of Lubin, killing two and wounding 12 in the most violent incident marking the second anniversary of Solidarity, the official PAP news agency said today.

Meanwhile, the wife of interned Solidarity leader Lech Walesa said after visiting him that he "was not of the opinion to turn out in the streets and fight. But the workers know that the law is not respected (by the authorities) and workers should fight with the appropriate measures." She did not specify which measures would be appropriate. Mrs. Walesa spoke to a reporter in Gdansk.

The report by PAP was the first announcement of fatalities in demonstrations in at least a dozen cities Tuesday. They were the first deaths caused by clashes between police and protesters since the early days of martial law last December.

PAP said three of the 12 wounded in Lubin were hurt seriously. Eleven police officers and one volunteer police reservist were also reported hurt.

"Investigations so far show that firearms were used because of the aggres-



sive behavior of the crowd, who were attacking the (government) forces with gasoline bombs, stones and bricks," Warsaw radio said in a report monitored in London.

Lubin, in southwest Poland about 40 miles from Wroclaw, was not mentioned in earlier reports about the rioting that erupted in at least 12 Polish cities on Tuesday. It is a copper-mining town of 67,000 people, where few incidents of unrest have been reported previously. Authorities responded to

Tuesday's deaths by imposing an 8 p.m. to 5 a.m. curfew on the town's youths and an 11 p.m. to 5 a.m. curfew on adults.

Similar curfews were reimposed in Wroclaw, Dzierzonlow, Bielawa, Klodzko and Swidnica, official sources said.

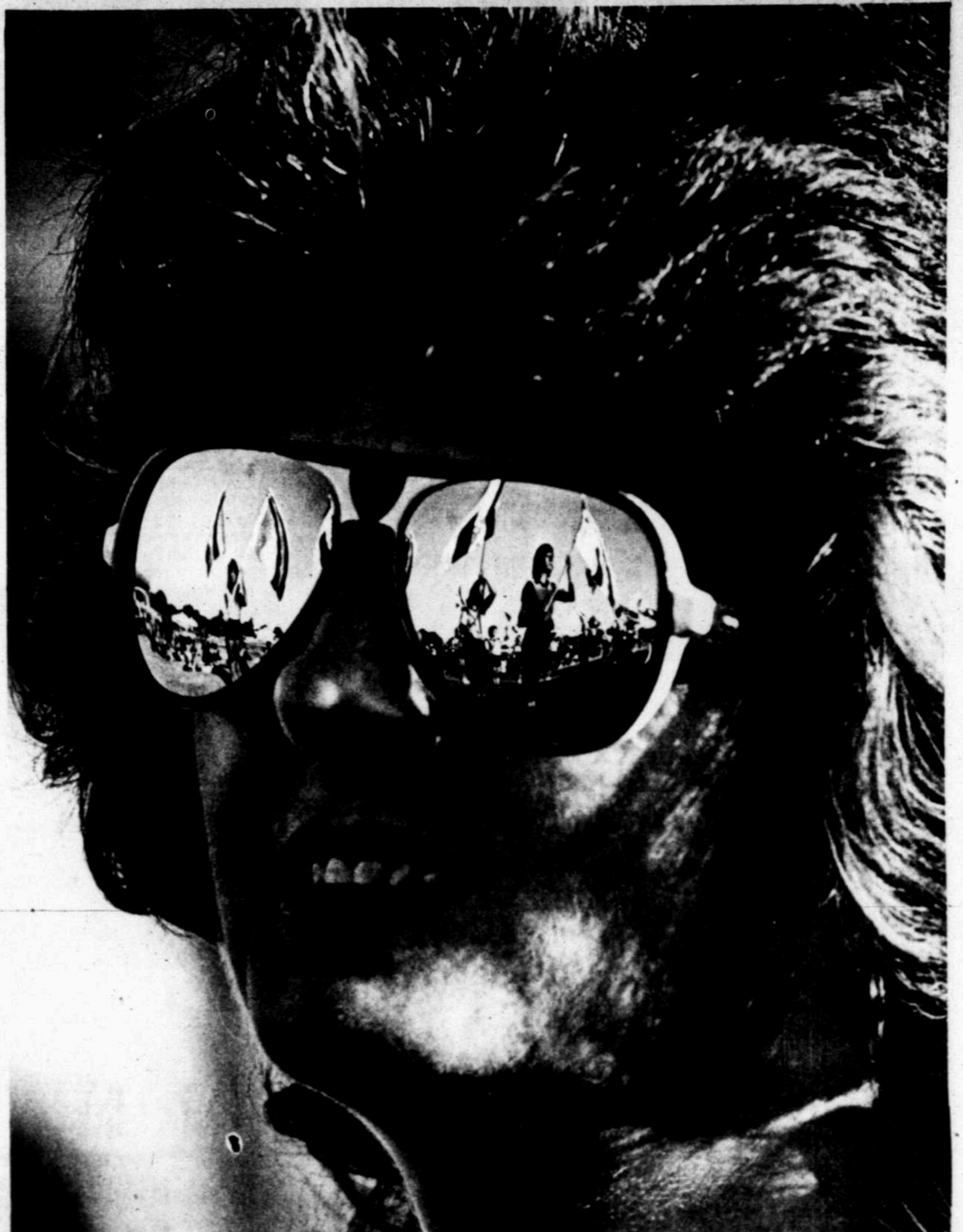
Warsaw radio, meanwhile, said police had arrested a "terrorist group" planning "political murders" in Katowice, southwest Poland's coal capital where protests were also reported Tuesday.

"In the apartment of one of the group's members... police found methodical instructions on killing people with specially devised bullets," the radio said.

The broadcast said the arrests were "terrifying evidence of the increasing ruthlessness" of political opponents.

The radio said the group planned to execute officials in public, sabotage state facilities and provoke demonstrations and riots by Solidarity members who failed to accept their conspiracy.

The state media hinted at a new crackdown by Poland's martial law regime, saying Poles will have to "pay" for the defiant demonstrations in support of Solidarity.



Mom's eye view

Members of the Lee High School flag corps and band are reflected in Marilyn Darnell's sunglasses during the Lee High School Chicken Feed and Pep

Rally held Tuesday night at the LHS Field House. Mrs. Darnell's son, John, plays football for Lee. See related story, Page 1C.

Staff Photo by Paul Gilbert

U.S. protests Cuban jamming of several radio frequencies

WASHINGTON (AP) — The State Department says Cuban jamming of at least five AM radio frequencies in the United States is another example of "Cuban disregard for international agreements and the rule of law."

The department declined to speculate about Cuba's motives but the broadcasts appeared to be related to an administration proposal for the establishment of a Florida-based station, Radio Marti, to broadcast to Cuba.

The Cuban broadcasts Monday night caused an outcry among the affected American stations. General Manager Abe Barron of WHO of Des Moines, Iowa, said, "This is the first firing in a radio war that the State Department has taken so lightly."

Music and both Spanish and English propaganda were heard on American stations ranging from Fort Lauderdale, Fla. to Salt Lake City, Utah.

In a statement late Tuesday, the State Department said the Cuban broadcasts were on several new frequencies, including some never mentioned by Cuba in a proposed plan that was rejected by an international broadcast conference held last fall in Rio de Janeiro.

"This is unfortunate evidence of continuing Cuban disregard for international agreements and the rule of law," the statement said. It added an American response to the Cuban action is under consideration.

The statement said Cuban jamming and interference has been going on for over 15 years and that Cuba attempted to stir up social unrest in the United States during the 1960's through a so-called Radio Dixie.

"The problem of Cuban interference, which is now assuming national proportions, needs to be addressed as a separate issue from Radio Marti," the statement said.

In New York, an informed diplomatic source said Monday's broadcast would not be repeated immediately and was meant as a "test and a warning" to demonstrate the interference the broadcasts could cause in the United States.

Session could make or break pipeline ban

By JOHN P. WALLACH
Foreign Affairs Editor
Hearst Feature Service

WASHINGTON — Secretary of State George Shultz will attend a special meeting of NATO foreign ministers on Oct. 2-3 in Ottawa that is quickly assuming proportions of a make or break session on the controversial Reagan embargo of firms supplying equipment to the Soviet natural gas pipeline.

State Department spokesman John Hughes, in announcing the Shultz trip, which will be his first since assuming office, said the unusual Ottawa meeting has been planned since President Reagan met NATO leaders in Bonn in June.

But the imposition of the first sanctions by the Commerce Department this week against Dresser-France, a subsidiary of Dresser Industries of Dallas, and against John Brown, a British company whose business is almost entirely dependent on imports of General Electric products, gives it urgency.

If the "temporary denial orders" intended to punish these companies for defying the Reagan ban stay in effect, the United States and its European allies may find themselves closer to an actual "trade war" than anyone would have thought possible a few months ago.

British Prime Minister Margaret Thatcher and Foreign Secretary Francis Pym have made a deliberate effort to avoid inflammatory anti-American rhetoric on the issue like that used by French Foreign Minister Claude Cheysson when he told newsmen the U.S. and France were "in the throes of a divorce."

For this reason, Shultz reportedly made a special plea to Reagan to exempt John Brown from the "full" denial order, which prohibits the British company from buying any goods or services in the United States.

Directors of the John Brown company, which employs about 10,000 Britons at a time when unemployment in Britain has reached record proportions, recently informed the U.S. Embassy in London that the multi-billion dollar concern would go bankrupt if the Reagan sanctions are imposed.

Shultz reportedly has been working behind the scenes in an effort to resolve the dispute before the November meeting of the GATT nations in Geneva where it is feared the European Common Market countries will seek reprisals by adopting protectionist tariffs against American farm exports.

William Brock, Reagan's special trade negotiator, said Tuesday that the Western allies must agree on a "whole new strategy" on East-West trade. "We have to find ways to reduce the amount of really strategic material that is going to the Soviets," Brock said.

If the NATO partners at the Ottawa meeting agreed to such restrictions in the future, it is possible that Reagan would reconsider the ban on U.S.-owned foreign companies, Hughes said. "I think the U.S. would be willing to discuss any proposals made by its allies" to resolve this crisis, he added.

Reagan meanwhile was described as resolute in his desire to maintain the sanctions until significant progress is made towards the lifting of martial law in Poland, the freeing of political prisoners there and the resumption of a real dialogue with the Solidarity free trade union movement.

Reagan's attitude is "one of regret and of sympathy for the companies involved," Hughes said, "but his policy is firm and he has made it clear he is committed to this policy."

"In the case of each violation the administration will indicate what appropriate action it will take," the spokesman said.

Penalties for violating the embargo include possible fines of up to \$10,000 for each American director of the foreign subsidiary as well as possible prison terms. "Obviously, the administration is concerned" about the impact of this growing crisis on transatlantic relations, Hughes said.

Center provides educational services

By HALLYE JORDAN
Staff Writer

About half of the staff at Region 18 Education Service Center spends an average of three days a week out in the field. Those 32 people will average 10,000 miles a year in-district traveling.

According to Dr. J.W. Donaldson, executive director, one year when the staff was somewhat larger, he figured they had traveled ten times around the world.

Region 18 is the largest of the 20 education service centers scattered throughout the state. It serves school districts in 19 counties and covers over 38,000 square miles. The districts range in size from Ector County Independent School District's 24,000 students to Terlingua's 24.

Last year, over 13,000 school employees participated in over 500 workshops scheduled by the education service center. That was a substantial increase from the number of workshops and participants during 1980-81 — and with a smaller staff, Donaldson pointed out.

"We are one of the few things that can do more with less," he said, grinning. "But we've got that rubberband stretched around us about as far as it can go."

Created by the State Board of Education in 1967, the 20 education service centers provide cost effective services

to 100 percent of the school districts in Texas. Operating the education service center on fewer funds from federal sources, Donaldson said there has been a cutback in the number of staff employees, revenue and expenditures and an increase in the amount of state and local funding over the past year.

The percentages of revenues generated for the 1981-82 year were 26 percent local, 29 percent state and 45 percent federal. This year, revenues will be 34 percent locally funded with 35 percent coming from the state and 31 percent coming from federal funds.

Revenues decreased from \$2,787,661 in 1981-82 to \$2,467,241 in 1982-83. Expenditures decreased from \$2,947,722 in 1981-82 to \$2,595,363 in 1982-83.

While the media lending libraries have operated by charging school district \$1 per student with the state matching that figure, Donaldson said this year school districts will pay \$1.50 while the state will continue to pay \$1. Private schools are charged \$2.

"With the exception of curriculum media and films, our primary function is to assist teachers and instructors in learning new skills," Donaldson explained.

The center allows school districts to share costs of often expensive workshops, lectures and training sessions. According to Donaldson, the center

provides services that many smaller districts with limited budgets could not afford.

"Our philosophy is that service available anywhere should be available everywhere," Marion Sell, deputy director, explained. "A person shouldn't be penalized because of where he lives."

"We have no regulated or mandated function," Donaldson said. "Ours is completely voluntary. If a school district can get services better or cheaper someplace else, we suggest that they do. We can put them in touch with the people that can best serve them."

"We don't just go out and put on a session," Vernon Stokes, assistant director, added. "We address it to their needs."

Providing assistance to local districts in curriculum and staff development has made the last two or three weeks of the summer the busiest for putting on workshops, according to Donaldson, although the planning began as early as December and January.

"During the month of June, we had 1,700 teachers in 40 or so workshops," he said.

"June through August is like Christmas to us," Sell added, laughing. Staff development covers many



Dr. J.W. Donaldson

(See CENTER, Page 2A)

Midlanders face substantial hikes in auto insurance rates

Austin Bureau

AUSTIN — The so-called "typical" motorist in the Midland area will be paying \$64 more for auto insurance as of Nov. 1, under new auto insurance rates approved by the State Board of Insurance.

That amounts to an increase of 16.9 percent over current rates, SBI reports. Statewide average increases are 14.8 percent. The 16.9 percent figure for Midland and Ector counties is the largest percentage increase in the state.

SBI bases its comparison figures on 1982 low-priced Ford, Chevrolet or Plymouth, not used in business but driven to and from work, with no male operator under 25, and no female operator under 21.

Those rates also reflect basic \$10,000/\$20,000/\$5,000 liability (the min-

imum required by state law), \$5,000 personal injury protection, \$50 deductible comprehensive and \$200 deductible collision coverage.

Average increases for bodily injury rates for the Midland area are 11.5 percent, while the average increases for

property damage are 23.1 percent.

For \$200 and \$250 deductible collision coverage combined, the average increase is 16.6 percent.

Those figures apply to the rating territory including Midland, Ector, Howard and Scurry counties.

Other area counties (with the exception of Tom Green) fall into another rating territory, for which the change for the "average" motorist would be \$31, or 9.1 percent.

Related story, Page 4A

INSIDE TODAY

Rescuers arrive

After his fading cries alerted a woman living nearby that he was trapped in an abandoned well, Curtis Decker, 16, of Longview was pulled from the 20-foot hole. He fell into the well Saturday evening as was rescued Tuesday morning.

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Classified.....2D	Markets.....10B
Comics.....12A	Obituaries.....6A
Crossword.....13A	Solomon.....11A
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Energy.....9B	TV Schedule.....13A

Weather

Fair through Thursday. High Thursday mid-90s. Details on Page 2A.

Service

Delivery.....682-5311
Want Ads.....682-6222
Other Calls.....682-5311

WEATHER SUMMARY

The Forecast For 8 a.m. EDT
Thursday, September 2
Low Temperatures



The National Weather Service predicts showers from the upper Mississippi Valley to the northeast.

Midland will continue to be dry, warm

If you're waiting for rain, you're out of luck. Midland is expected to continue to be dry and warm through Thursday, according to the National Weather Service at Midland Regional Airport. Tonight's low should be near 70 with southeasterly winds 5-10 mph. And the high Thursday is expected to linger in the mid-90s with easterly winds 5-15 mph. Tuesday's high of 96 fell short of the record high of 104 set in 1952 and the overnight of 70 low was a far cry from the record low of 56 set in 1955.

Midland statistics

WEATHER FORECAST
Fair through Thursday. Low tonight near 70 with southeasterly winds 5-10 mph. High Thursday mid 90s with easterly winds 5-15 mph.

NATIONAL WEATHER SERVICE READINGS
Yesterday's High 96 degrees
Overnight Low 70 degrees
Sunset today 8:13p.m.
Sunrise tomorrow 7:25a.m.
Precipitation none inches
Last 24 hours none inches
This month to date none inches
1982 to date 10.10 inches

LOCAL TEMPERATURES
4 a.m. 71
6 a.m. 73
8 a.m. 77
10 a.m. 81
12 p.m. 85
2 p.m. 89
4 p.m. 93
6 a.m. 96

SOUTHWEST TEMPERATURES
Albino 81
Denver 81
Amarillo 86
El Paso 86
Fl. Worth 86
Lubbock 86
Marfa 86
Odessa 86
Wichita Falls 102

Texas temperatures

City	High	Low	Pop.
Albino	100	77	00
Amarillo	99	77	00
Austin	95	68	00
Beaumont	90	75	26
Brownsville	96	77	00
Childress	97	72	00
College Station	95	77	00
Corpus Christi	91	74	00
Dallas	99	79	00
Del Rio	96	77	00
El Paso	95	68	00
Fort Worth	91	78	00
Galveston	91	78	00
Houston	97	72	00
Longview	99	79	00
Lubbock	91	65	00
Marfa	92	60	00
McAllen	97	78	00
Midland	94	70	00
Palacios	94	78	00
San Antonio	92	75	00
San Angelo	97	78	00
Shreveport	95	89	25
Stephenville	95	73	00
Texasarkana	94	75	00
Victoria	95	76	00
Waco	102	78	00
Wichita Falls	102	78	00
Wink	99	75	00

The weather elsewhere

City	Hi	Lo	Pre	Out
Albany	73	58	ra	
Albuquerque	82	63	cr	
Amarillo	82	66	cr	
Anchorage	58	49	14	cr
Asheville	72	66	ra	
Atlanta	85	71	12	cr
Atlanta/CT	76	71	ra	
Austin	99	77	cr	
Baltimore	89	71	ra	
Birmingham	90	71	36	cr
Bismarck	78	45	34	cr
Boston	81	52	cr	
Brownsville	96	77	cr	
Buffalo	73	58	ra	
Burlington	73	54	ra	
Chapel Hill	85	65	ra	
Charlottesville	80	60	cr	
Charlottesville/WV	79	69	35	ra
Charlottesville/VA	77	70	ra	
Chicago	83	54	cr	
Cincinnati	81	71	11	ra
Cleveland	77	66	ra	
Columbia/SC	86	70	cr	
Columbus	74	66	02	ra
Dal-FWth	99	79	cr	
Dayton	84	69	cr	
Denver	81	57	cr	
Des Moines	81	61	1.38	cr
Detroit	72	63	ra	
Duluth	59	56	31	cr
El Paso	95	68	cr	
Fairbanks	56	45	36	ra
Fargo	76	51	04	cr
Flagstaff	84	66	cr	
Great Falls	72	49	cr	
Helena	81	62	29	ra
Honolulu	87	77	cr	
Houston	94	81	cr	
Indianapolis	82	70	06	cr
Jackson/MS	80	75	cr	
Jacksonville	80	75	cr	
Juneau	55	52	32	ra
Kansas City	85	71	cr	
Knoxville	83	75	cr	
Las Vegas	101	70	cr	
Little Rock	82	78	cr	
Los Angeles	88	72	cr	
Louisville	86	71	29	ra
Lubbock	95	74	cr	

Texas area forecast

West Texas: Generally fair through Thursday except widely scattered thundershowers Panhandle tonight and southwest Thursday. Highs 90s to a few 100s. Lows near 80 mountains and northern Panhandle to mid 70s south. Highs Thursday upper 90s northern Panhandle to near 100 Big Bend.

North Texas: Partly cloudy with isolated thundershowers mainly east today increasing slightly Thursday. Mostly fair tonight. Highs 84 to 102. Lows 70s. Highs Thursday 80 to 101.

South Texas: Today partly cloudy and hot with widely scattered thundershowers mainly along the coast and southeast. Highs 90s to a few 100s. Tonight generally fair and warm. Lows 70s except a few 80s coast. Thursday partly cloudy continued hot with widely scattered thundershowers interior and coastal sections. Highs 90s except a few 100s southwest.

Friday through Sunday
West Texas: Isolated late afternoon, evening thundershowers southwest. Otherwise, generally fair, no important temperature changes. Highs mid 90s north, mid 80s south, near 100 Big Bend valleys. Lows lower 60s north to lower 70s south.

North Texas: Clear to partly cloudy, very warm. Lows upper 60s to mid 70s. Highs 90s.

South Texas: Scattered thundershowers coastal sections. Isolated afternoon, evening thundershowers elsewhere. Little change in temperature. Highs near 90 coast, mid to upper 90s inland. Lows mostly mid 70s, except near 80 coast.

Extended forecast

Friday through Sunday
West Texas: Isolated late afternoon, evening thundershowers southwest. Otherwise, generally fair, no important temperature changes. Highs mid 90s north, mid 80s south, near 100 Big Bend valleys. Lows lower 60s north to lower 70s south.

North Texas: Clear to partly cloudy, very warm. Lows upper 60s to mid 70s. Highs 90s.

South Texas: Scattered thundershowers coastal sections. Isolated afternoon, evening thundershowers elsewhere. Little change in temperature. Highs near 90 coast, mid to upper 90s inland. Lows mostly mid 70s, except near 80 coast.

Woman escapes from abductors

A 22-year-old woman escaped unharmed after being abducted near Midland High School late Tuesday morning. The woman told sheriff's deputies four men, two of whom were armed with knives, forced her into a car at 11:30 a.m. and drove around the east-side before stopping at a convenience store about 45 minutes later. The men had been drinking and apparently had stopped to get more beer when she managed to get away. The body of an apparent suicide victim found in Umler Park about 10:15 a.m. Monday has been identified as that of George Henry Nanoki, 30, of Mesa, Ariz. He had been shot in the right temple with a .22-caliber handgun, which was found nearby.

New abortion law requiring notification goes into effect

INDIANAPOLIS (AP) — A law requiring doctors to inform parents before performing abortions on girls under 18 went into effect today after a judge refused to block its enforcement pending a full hearing. A court fight by Planned Parenthood Federation of America, which hopes to have the law declared unconstitutional, was to continue today. On Tuesday, U.S. District Judge Cale J. Holder denied Planned Parenthood's request for a preliminary injunction to block enforcement of the law. "Under no circumstance," said Holder. "No. We have to hear the evidence in the case." Under the law, any doctor who performs an abortion on a minor without telling her parents first or getting a court waiver could face felony prosecution and penalties of up to eight years in jail and \$10,000 fines. The law doesn't apply to girls under 18 who are independent of their families or those who are married. Dr. Ralph Streeter of Indianapolis, testifying at the hearing Tuesday, said he opposes the new law because requiring parental notification can often cause problems for teen-age girls. "I think this (new law) would either send them out of the state or possibly open the door for illegal, unsanitary abortions," Streeter testified. The doctor, who performs 20-40 abortions every week at the Indianapolis Women's Center, also said that older patients sometimes provide false iden-

BIRTHS

MIDLAND MEMORIAL HOSPITAL
Aug. 30, 1982
Mr. and Mrs. Dennis Keith Mills, 4100 Dyer Circle, a girl.
Mr. and Mrs. LaWayne Udall Davis, 4900 Andrews Hwy., a girl.
Mr. and Mrs. Mauro Arenivas Zuniga Jr., 1002 E. 6th, Odessa, a boy.
Mr. and Mrs. Frank Randal Hunt, 2300 N. A St. Apt. 1502, a girl.
Mr. and Mrs. Michael Charles Jones, Route 6 Box 400 No. 85, a boy.
Aug. 31, 1982
Mr. and Mrs. Michael Douglas Hale, 1402 W. Tennessee, a boy.
Augustina Mata, Route 1 Box 98G No. 110, a boy.
Mr. and Mrs. John Rudolph Shields, 1709 S. Mineola, a girl.

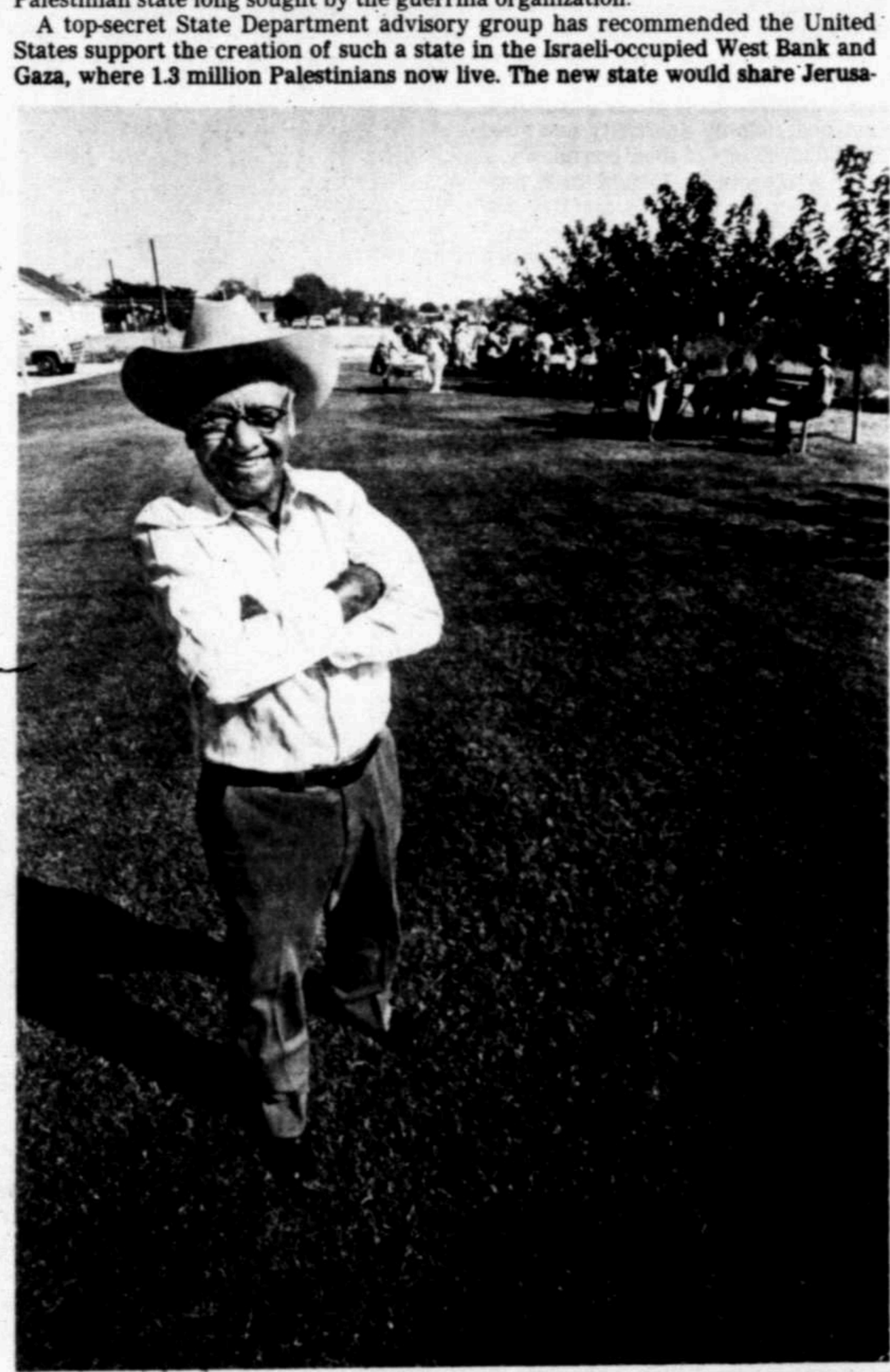
Last of PLO guerrillas leave Beirut

BEIRUT, Lebanon (AP) — The last 633 Palestine Liberation Organization guerrillas steamed out of the port of Beirut today, heading for exile in Syria and closing a page on the bloody turmoil that has shaken this nation for the past dozen years.

The boat left only three hours after Defense Secretary Caspar Weinberger arrived to thank the U.S. Marines who helping safeguard the PLO exodus. The last contingent of PLO fighters left on the Greek ship Mediterranean Sun for the Syrian port of Tartus. The Lebanese government said they were accompanied by 45 women and 33 children. Lebanon's state radio said PLO chief Yasser Arafat's top security chief Salah Khalef, code-named Abu Iyad, and chief of staff, Brig. Gen. Saad Sayel, also known as Abu Walid, were among the last batch of evacuees. It was the 14th and last evacuation boat that dispersed the guerrillas among eight Arab countries stretching from Marxist South Yemen on the Red Sea to Algeria on the northwest coast of Africa.

ON TUESDAY, the Syrian army completed a two-day withdrawal of its 3,000-man 85th Brigade, and two Greek ships — the Paros and Santorini — sailed for North Yemen with 480 men on each, PLO officers said. An estimated 15,000 PLO fighters, Syrians and Palestine Liberation Army troops have been evacuated under the U.S.-sponsored plan. In Greece, Arafat landed aboard the Greek ship Atlantis at a secluded yacht marina outside Athens and was welcomed by Prime Minister Andreas Papandreu and four ministers. Hundreds of police provided security. Arafat's official spokesman, Mahmud Labadi, told journalists that "we will be in Greece one or two days...From here he flies to Tunis." Arafat is expected to set up his new political base in the Tunisian capital, where the Arab League has its headquarters. The U.S. defense secretary flew here by helicopter and met immediately with U.S. presidential envoy Philip C. Habib at the residence of U.S. Ambassador Robert Dillon, five miles east of the city. There were no details on their talks. Weinberger was to meet later today with Lebanese President Elias Sarkis.

BEIRUT NEWSPAPERS reported that Weinberger's talks with Sarkis and Lebanon's president-elect Bashir Gemayel were expected to focus on strengthening the Lebanese army and on a process to bring about an Israeli and Syrian withdrawal from Lebanon in the wake of the PLO evacuation. The defense secretary was expected to lunch with U.S. Marines, who arrived here last week to join French and Italian troops in a peacekeeping force to oversee the withdrawal. Weinberger said Tuesday the 800 American soldiers could be withdrawn "very soon after" the pullout is completed. The next issue in the Middle East inevitably will concern the creation of a Palestinian state long sought by the guerrilla organization. A top-secret State Department advisory group has recommended the United States support the creation of such a state in the Israeli-occupied West Bank and Gaza, where 1.3 million Palestinians now live. The new state would share Jerusa-



Ramon Gavia, 84, stands in the park he planted and nurtured next to Casa de Amigos, 1101 E. Garden Lane. On Tuesday, he was recognized for his work when the people at Casa christened the park in his honor.

U.S. ready to impose sanctions on British company

WASHINGTON (AP) — The Reagan administration is ready to impose penalties on a British company that plans to ship pipeline equipment manufactured with U.S. technology to the Soviet Union.

A Soviet freighter in the port of Glasgow, Scotland, began Tuesday to load 500 crates of turbine parts produced by the John Brown Engineering Co. of Glasgow. The parts are intended for use in the trans-Siberian natural gas pipeline to Western Europe. State Department spokesman John Hughes said that "measured" and "appropriate" punitive action will be taken by the Commerce Department against John Brown as soon as a legal determination is made that the parts have been shipped, even though the exact nature of the penalty remains to be determined. In California, White House deputy press secretary Larry Speakes said no decision has been made about what action would be taken against the British firm. He said Commerce Secretary Malcolm Baldrige and Secretary of State George Shultz in Washington talked

with national security adviser William P. Clark in Santa Barbara by telephone Tuesday. The State Department said the form of the penalty will be similar to the temporary denial orders issued last week against two French firms — Dresser France and Cruessot-Loire — after they obeyed French government orders to ship compressors to the Soviet Union for use on the pipeline. The two companies were temporarily banned from buying U.S. products and technology. The Washington Post and Los Angeles Times reported today that the administration will impose only limited sanctions on the John Brown company. The New York Times said senior administration officials recommended to Reagan that the sanctions should be softened and should be the same for all nations defying the embargo. CBS News said the sanctions would be less severe against John Brown, and that the sanctions against the French companies would be lessened.

John Brown has been told by British Prime Minister Margaret Thatcher to ignore the American ban. In Glasgow, port officials said loading of the turbines, including parts made by the General Electric Corp., is expected to take four days. President Reagan wants pipeline construction stopped or slowed to bring pressure to bear on the Soviets because of their support for martial law in Poland, to prevent Western Europe from becoming overly dependent on Soviet energy, and to deprive the Soviets of the \$10 billion in hard Western currency the pipeline is expected to earn annually.

Three held for possession of unregistered firearms

An Odessa gunsmith, his girlfriend, and a companion who were arrested for possessing unregistered automatic firearms are awaiting arraignment in federal court in Midland. Arrested Thursday night at an Odessa motel as they were closing a firearms sale to an undercover special agent of the U.S. Bureau of Alcohol, Tobacco and Firearms (ATF) were John James Donnelly, 36, the gunsmith and a manufacturing engineer; Judy Ann Grimmer, 28, and Frederick Ray Cheyney, 29.

Donnelly, who does business as "Ballistik," allegedly converts semi-automatic firearms to automatic-firing weapons and fits them with silencers. He is being held in the federal ward of the Midland City Jail in lieu of posting a \$50,000 cash bail bond. Ms. Grimmer and Cheyney, who were released the day after their arrest under \$10,000 personal recognizance bonds, are to appear before U.S. Magistrate J. Michael Cunningham in a preliminary hearing at 9 a.m. Friday in the George Mahon Federal Building. In an alleged gun-sale arrangement made in a Lexington Motor Inn room, Donnelly is accused of offering to sell a Colt AR-15, 223-caliber rifle, converted to fire fully automatic and equipped with a silencer, and a silencer-rigged Ruger .22-caliber Mark I pistol for \$1,950 to ATF Special Agent Henry Murray. Neither silencer bore serial numbers, which are required by law. After checking the National Registration and Transfer Records, ATF agents found that no firearms were registered to Donnelly, under his name or in the name of his business, according to ATF agents. Donnelly also was charged with carrying a .38-caliber Colt Combat Commander pistol. Ms. Grimmer, whom agents say they had under surveillance when she allegedly delivered the rifle to Murray after Murray had placed a telephone call, was charged with carrying an AMT backup model .38-caliber, 9mm semi-automatic pistol in her purse. Federal court records reveal that ATF agent Murray had met with Donnelly and Cheyney to negotiate a firearms sale after a federal informant had told ATF of Donnelly's scheme of illegally converting semi-automatic firearms to automatic-firing weapons. In their 9 p.m. motel-room meeting, Donnelly and Cheyney allegedly offered to sell Murray the rifle and pistol for \$1,950. Thereafter, Donnelly made a telephone call. Elsewhere in Odessa, ATF Special Agent Charles Baylor, who had stalked out Donnelly's and Ms. Grimmer's residence, observed the woman "place what appeared to be a firearm" in a Jeep recreational vehicle and then drive to the motel. Once at the Lexington, Ms. Grimmer met Donnelly and Cheyney and handed to Donnelly "something in a blanket." Donnelly then re-entered the motel room, and the three Odessans subsequently were arrested for possession of illegal firearms.

Baltimore man acquitted of murder

BALTIMORE (AP) — A defendant who "rolled the dice" with his future by letting jurors decide his fate by a majority vote, rather than unanimously, has been acquitted of first-degree murder. After nine hours of deliberation Tuesday, a criminal court jury deadlocked 10-2 in favor of acquitting Larry House, 22, of Baltimore. Because of his decision to ask for a majority decision, the deadlock meant acquittal instead of a retrial. "He rolled the dice," his lawyer, Howard Margolies, said afterward. "He had the Bible with him and said he had prayed. He wanted to go with it." Prosecutor Michael C. Flannery, who

Baltimore man acquitted of murder

agreed to accept the majority verdict, said he thought he had a strong case and was amazed at the jury's decision. "Obviously, if I had thought there were 10 ignorant people on the jury...I wouldn't have gone for a majority jury," he said, adding that it is rare for a defendant to accept the option of a majority verdict. The victim, David Jones, was stabbed 12 times in the chest at his home in an impoverished section of the city last January. The prosecution said House told police that he and the victim's wife, Rose, planned the killing and he supplied the knife, but Mrs. Jones had actually committed the murder.

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Center provides various educational services

(Continued from Page 1A) is used by students and teachers every day. Also, Otis Burnett, data processing manager, heads a staff that does test scoring, payroll, finance and tax accounting, student scheduling and grade reporting, attendance accounting and computer assisted instruction for the school districts in Region 18. Carol Gruben, assistant director of special education, works in a department that assists in providing occupational and physical therapy, orientation and mobility and psychological services for the hearing and sight impaired and the severely handicapped.

Center provides various educational services

areas through workshops for reading, writing and math improvement, discipline/motivation/student services, gifted and talented, handicapped, science, social studies, bilingual education, migrant education and administrative/management. The staff also works in helping districts to receive accreditation, bus driver training, drivers education and adult continuing education services. In addition to the many workshops and training seminars the staff puts together, the \$1.5 million media library

Rep from

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Reporter hopes for stay from justice, governor

BOSTON (AP) — A reporter found in contempt of court for refusing to testify in a murder trial was hoping for a stay from a U.S. Supreme Court justice or a pardon from the governor after spending his first night behind bars.

Gov. Edward J. King promised Tuesday to "review the case thoroughly" today and consider attorney Thomas C. Troy's request for a pardon for Paul W. Corsetti. The Boston Herald American reporter was returned to jail Tuesday evening to serve a 90-day sentence.

"I believe right now I'm told the full due process of law has been exhausted by Mr. Corsetti's attorney," King told WBZ-TV. "So if I am the only avenue I think it's appropriate for me to review what has happened, review the recommendations and come up with a decision. I'll be doing that with my chief counsel."

U.S. Supreme Court Justice William J. Brennan Jr. could still grant a request for a delay of the sentence.

Corsetti, 33, was returned to jail Tuesday night after a 24-hour delay — granted Monday by a state Supreme Court justice — passed with no word from Brennan. "I feel like a man on a sinking ship with all the lifeboats gone, and I'm looking around for a helicopter," Corsetti said as the deadline passed.

The reporter was first returned to the Billerica House of Correction, where he had spent three hours Monday before being granted the temporary stay. He was then transferred to a smaller Middlesex County jail in Cambridge.

"Safety is the predominant factor in my mind," Troy said. "I'm not saying there is going to be any problem, but looming large in my mind is the possibility that someone might want to harm Paul Corsetti."

Middlesex County Sheriff Edward F. Henneberry said the transfer was also arranged to avoid disrupting the 570-inmate Billerica facility, adding that Corsetti was considered a low-risk prisoner. The reporter was housed alone in an 8- by 9-foot cell at the 58-prisoner Cambridge jail.

Asked if he had ever considered giving in, Corsetti said, "No. I never changed my mind. I believe what I did was right."

Corsetti was cited for criminal contempt in March 1981 after refusing to testify at a pre-trial hearing in the case of Edward R. Kopacz Jr., 21, of Lowell, who was accused of murder. Corsetti had written a story saying Kopacz, who was later acquitted, had admitted a role in the slaying.

Corsetti said he refused to testify about the interview because he had promised not to disclose the conversation in court. He contended that two police officers had the same information anyway.

He was jailed after the state Board of Pardon and Parole turned down his request for parole or a reduction in sentence. The board, which is advisory, also recommended that King not grant a pardon.

In asking the Supreme Court to intervene, Corsetti's attorney said an appeal was being prepared which "will present substantial questions of law and is not frivolous or taken for delay."

The legal questions will include "the scope and protection of a reporter's privilege under the First Amendment" and whether Corsetti was entitled to a jury trial, the motion said.

Official dismisses one of 11 charges against Noguchi

LOS ANGELES (AP) — Former coroner Thomas Noguchi's fight to win reinstatement got a boost from a hearing officer's decision to dismiss one of 11 charges against him, his attorney says.

Civil Service Commission hearing officer Sara Adler on Tuesday threw out a charge that Noguchi had publicly misrepresented a county Board of Supervisors' order limiting what he could say about the deaths of celebrities.

However, she rejected a request by Noguchi's attorney, Godfrey Isaac, to dismiss all 11 charges.

Ms. Adler heard five weeks of testimony from the county justifying the demotion. Isaac begins his presentation Tuesday.

William Masterson, the private attorney representing the supervisors, said Ms. Adler's decision to dismiss only one charge was a victory for the board.

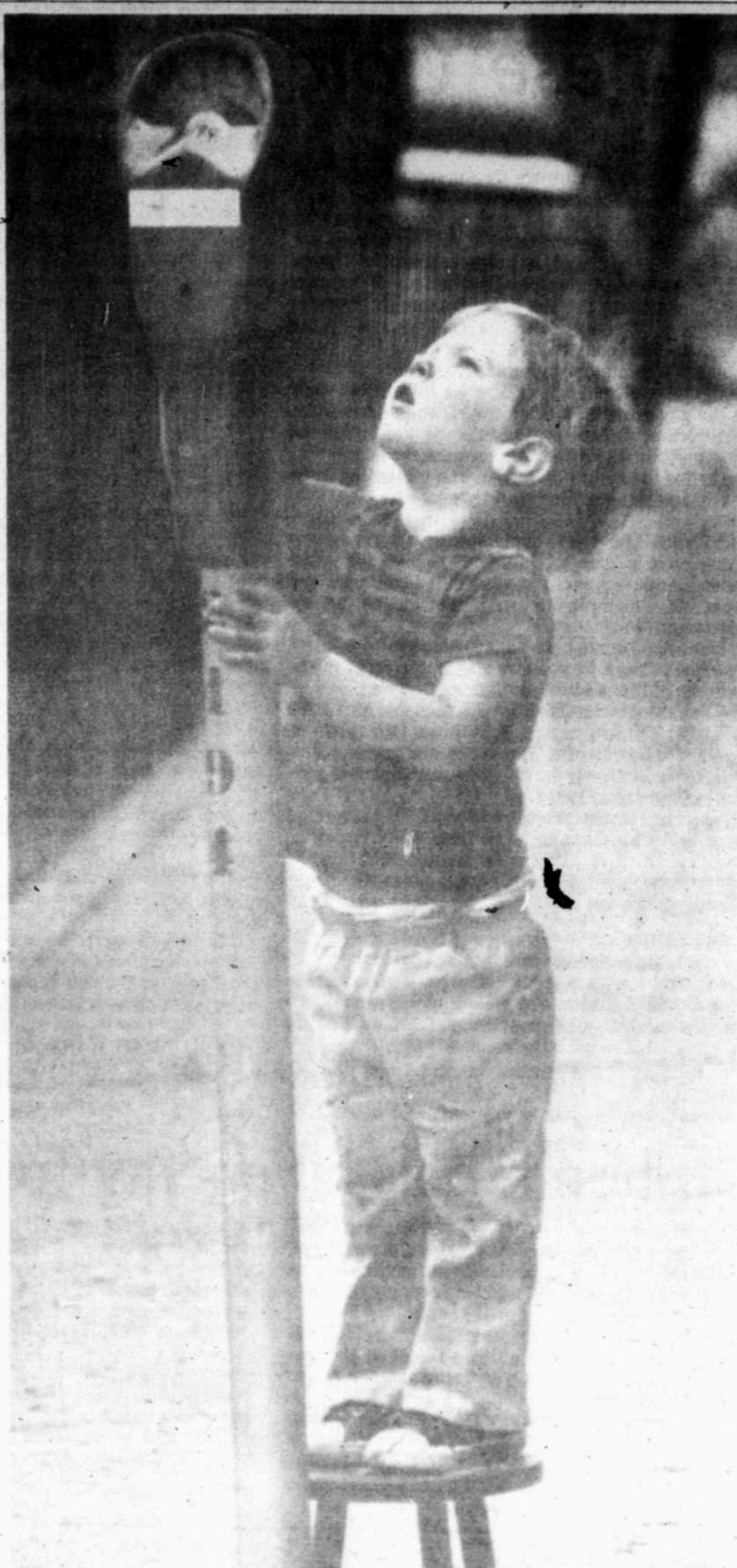
"I am, overall, very, very satisfied," said Masterson. "I felt that all the charges were appropriate and all substantiated, but the fact that only one out of 11 were removed is no concern to me at all. The fact that we lost just one is proof just how solid the other 10 are."

But Isaac called the dismissal "a major and significant defeat for those members of the Board of Supervisors who voted to demote Dr. Noguchi" and the beginning of "forward progress to victory and Dr. Noguchi's return to his permanent

position as chief medical examiner-corer."

He said the 55-year-old Noguchi, who was reinstated as coroner by the Civil Service in 1969 after the Board of Supervisors dumped him for making "erratic" public statements, was "very optimistic" about the outcome of the current hearings.

Noguchi was demoted in April by the board, which alleged he mismanaged the coroner's office, was frequently absent and sensationalized the deaths of celebrities.



AP Laserphoto

When Tuila Brink drives from Uniontown, Ohio, to visit grandson Jason Chalmers, Jason gets his stool so he can feed the parking meter outside his Columbus home, keeping grandma's car free of parking tickets. But the 3-year-old has another motive, too. He says he likes to watch the timer move after he drops a coin in.

Testimony continues on sending sex offender back to prison

TRENTON, N.J. (AP) — An obese sex offender who claims prison would endanger his health was seen in a casino without the cane and oxygen tank he used in other appearances, witnesses say.

The testimony Tuesday came before Superior Court Judge Richard J.S. Barlow Jr., who released 565-pound Joseph "Jo Jo" Giorgianni on Aug. 6 after one week in prison because evidence indicated that prison threatened his life.

After a public outcry, prosecutors asked that Giorgianni be sent back to prison to complete his original 15-year sentence. More arguments were scheduled today.

On Tuesday, two people told Barlow they recently saw Giorgianni gambling or watching prize fights at an Atlantic City casino on five occasions, and a doctor said Giorgianni's asthma is not as severe as claimed.

Also, a prize fight videotape showed Giorgianni in the background, barreling down a walkway without the cane and oxygen tank that he has brought to doctor visits and prison appearances, waving to

friends with a Panama hat and lighting up a cigar or cigarette.

The 33-year-old Trenton sandwich shop operator was convicted of carnal abuse and debauching the morals of a 14-year-old girl customer at the shop in 1978.

Giorgianni was seen four other times at The Sands last April and May — playing blackjack twice, walking the casino floor once and attending another fight — by Veronica Meszaros, a state Division of Gaming Enforcement investigator.

Giorgianni, who did not appear in court Tuesday, says he suffers from morbid obesity, chronic asthma, interruptions in

breathing while he sleeps, phlebitis, heart failure and hypertension.

His lawyer, E. John Wherry Jr., did not produce any medical expert to support these claims, relying instead on previous records.

Giorgianni has claimed prison life could imperil him because of the weak air conditioning at the Yardville infirmary and because he had to walk long distances to eat or go to the bathroom.

But on Tuesday, state officials testified there are staff doctors, nurses, psychiatrists, psychologists, dietitians and engineers who can handle Giorgianni's unusual needs.

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Ex-legislator wins nomination for Georgia governor

ATLANTA (AP) — Joe Frank Harris, a Georgia legislator for 18 years, brushed aside charges he would be a puppet for the powerful house speaker and defeated a better-financed opponent for the Democratic gubernatorial nomination.

In another primary battle Tuesday, Max Cleland, who headed the Veterans Administration during the Carter administration, unseated incumbent David Poynthress for the Democratic nomination for secretary of state.



Harris, 46, of Cartersville, placed second in the primary three weeks ago but defeated five-term Congressman Ronald "Bo" Ginn by about 70,000 votes in Tuesday's runoff.

With 2,242 of 2,247 precincts reporting, Harris had 497,862 votes, or 53.7 percent, to Ginn's 427,838, or 46.2 percent.

He faces Republican state Sen. Bob Bell of DeKalb County in the general election. Incumbent George Busbee, a Democrat, cannot seek re-election this year because he has already served two consecutive terms.

Cleland, a handicapped Vietnam veteran, was endorsed by the former president and was already known in Georgia politics for his unsuccessful 1974 race for lieutenant governor.

He will face Republican Nick-Reagan Belluso in the general election.

With 2,241 of 2,247 precincts reporting, Cleland had 432,452 votes, or 51.9 percent to 400,688 votes, or 48.0 percent, for Poynthress.

In other races, voters also chose Democratic and Republican nominees for eight of the state's 10 congressional districts.

During the three-week runoff campaign, Ginn charged that Harris would be a pawn of House Speaker Tom Murphy if he became governor. But Harris, speaking with reporters Tuesday before claiming victory, said his opponent's "desperation campaign backfired" because "people saw through it."

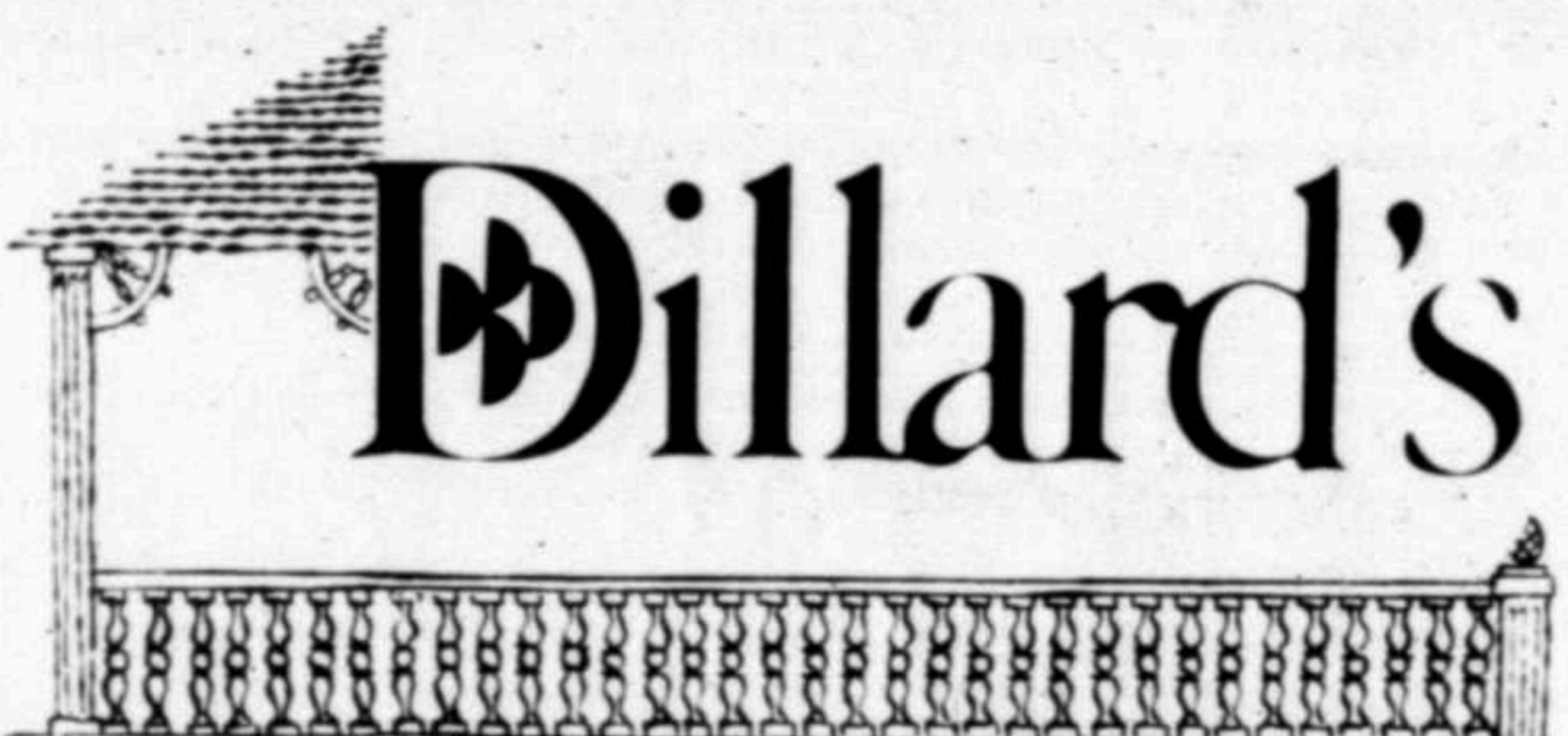
Harris, who emerged from obscurity months ago with a promise not to raise state taxes, won the runoff even though Ginn was better financed and enjoyed support from Georgia teachers and endorsements from four defeated gubernatorial candidates and many of the state's biggest newspapers.

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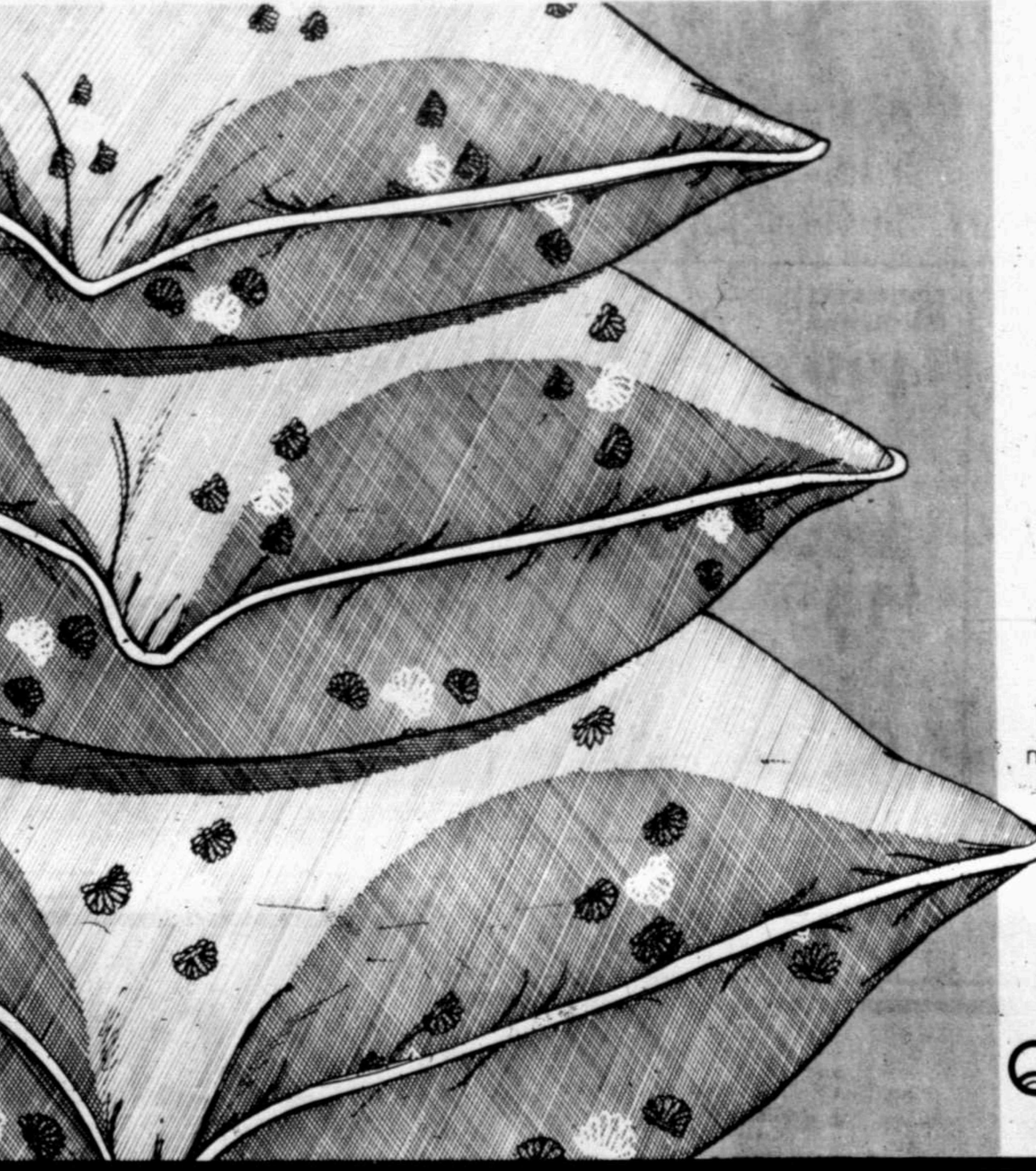
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DEATHS

Lonnie B. Floyd

FORT WORTH — Services for Lonnie B. Floyd, 72, of Fort Worth, father of Jimmy C. Floyd of Midland, were to be at 11 a.m. today in Birchman Avenue Baptist Church here, directed by Greenwood Funeral Home.

He died Tuesday in a Fort Worth hospital after a lengthy illness.

Other survivors include his wife, a son and six grandchildren.

D.K. McMullan

BIG LAKE — D.K. McMullan, 71, of Big Lake died Monday in a San Angelo hospital.

Services were to be at 2 p.m. today in Johnson's Funeral Home chapel with burial in Fairmount Cemetery.

He was born Oct. 4, 1910, in San Angelo and was a rancher in Crockett, Reagan and Brewster counties, and a member of First United Methodist Church in Big Lake and Masonic Lodge 1203. He was married to Allene Friend Oct. 7, 1934, in Big Lake.

Survivors include his wife, a daughter, Mrs. James "Doc" (Gayle) Dodson of Midland; two sisters, Mrs. Lewis Hershby of San Angelo and Mrs. Allen J. Watts of Midland; a daughter-in-law, Mrs. Leslie McMullan of Midland; and four granddaughters.

The family requests memorials be directed to West Texas Boys Ranch in San Angelo or a favorite charity.

Pearl Kelley Pittman

CRANE — Services for Pearl Kelley Pittman, 77, of Crane, were to be at 3 p.m. today in the Richard W. Box Funeral Home chapel in Crane, with the Rev. Stanley Wilson officiating. Burial was to follow in Crane County Cemetery.

Mrs. Pittman died Tuesday morning

in a Crane nursing home. She was born May 5, 1905, in Burns City to the late Dr. William and Nettie Kelley. She married Lacey Martin Pittman Jan 9, 1932, in Las Cruces, N.M. He preceded her in death Sept. 4, 1971. She was a school teacher and taught for 45 years before retiring in 1975. She was a member of the First Baptist Church of Crane and the Daughters of the American Revolution.

Survivors include two sons, Lacy M. Pittman Jr., of Midland, and C.T. Pittman of Henrietta; a sister, Edith Kelley Salyer of Crane; two brothers, W.E. Kelley of Odessa and Dr. J. Charles Kelley of Fort Davis; four grandchildren; two great-grandchildren and several nieces and nephews.

Brookie Anderson

LOVINGTON, N.M. — Services for Brookie Lee Anderson, 81, of Lovington, N.M., and formerly of Midland, will be at 10 a.m. Thursday in the First Baptist Church in Lovington.

She died Monday in Lovington. Mrs. Anderson was born Oct. 28, 1900, in Snyder and was raised in Midland, the daughter of the late R.D. "Dick" and Viola Lee, pioneer ranchers. She was married in August 1935 to the late W.A. "Bill" Anderson, a prominent registered heretofore breeder in Lea County, N.M.

Survivors include three brothers, R.D. Lee, Roy Lee and Giles Lee of New Mexico; four children, Mrs. Don W. Green of Midland, Malcolm S. Anderson of Greeley, Colo., John R. Anderson of Dallas; nine grandchildren; and five great-grandchildren.

The family has asked that memorials be directed to the Memorial Scholarship Fund, College of the Southwest, Hobbs, N.M. 88240, or to the American Cancer Society.

Chinese Communist congress opens

By VICTORIA GRAHAM

PEKING (AP) — China's Communist Party Vice Chairman Deng Xiaoping today opened the first party congress in five years and said it would propel the country along on its own course of modernization.

Red ceremonial flags flew in the vast central Tiananmen Square around the Great Hall and inside, banners proclaimed: "Long live the great Communist Party of China," and "Strive to create a new situation in all fields of socialist construction."

About 200 spectators gathered outside. Deng, 78, who holds the real power in both the party and the government, opened the meeting early today and told the 1,545 delegates that the nation's three major tasks in the 1980s are socialist modernization, striving for the return of Taiwan and combating hegemonism and safeguarding world peace.

"CHINA'S AFFAIRS should be run in our own way by our own efforts," Deng said. "While we value friendship and cooperation with other countries and people, we value more our own independence and sovereign rights."

"No foreign country can expect China to be a vassal, nor expect China to swallow any bitter fruit to the detriment of China's interests," Deng declared.

He apparently referred to U.S. arms sales to the Nationalist Chinese regime on Taiwan, which China considers to be one of its provinces, and revised Japanese history textbooks which gloss over Japanese atrocities in China from 1937-1945.

Deng, who has been criticized for his liberal foreign policy, said China should learn from other countries and draw on their experience in modernization, he said, "but mechanical copying and application of foreign experience and models will get us nowhere."

"THE CHINESE," he said, "must blaze a path of our own and build socialism with Chinese characteristics."

Deng said the 12th Party Congress would adopt a new party constitution and elect a new Central Committee, a Central Advisory Commission and Central Discipline Inspection Commission.

For the rest of the century, he said China must do three things:

- Restructure the administration and economic set-



AP Laserphoto

The 12th national Communist Party Congress opens in Peking today, the first in five years, in the Great Hall of the People. Deng Xiaoping,

younger, better educated and professionally competent.

- Build a socialist, spiritual civilization.
- Strike at criminal activities and economic corruption.
- Rectify the party work style.

The speech was reported by the official Xinhua news agency. Foreign reporters were not allowed to attend the Congress, expected to last 10 days.

DENG, CHAIRMAN of the Congress, declared it the most important meeting since the 7th Party Congress in 1945, which he said overcame wrong ideas in the party.

China's top leader, declared the Congress would propel the country on the course he has charted for modernization.

At the 8th Party Congress in 1956, he said, China embarked on an ambitious crash program of industrialization, but the party was not prepared and "we suffered serious setbacks."

It was a reference to the late Chairman Mao Tse-tung's disastrous economic policy, known as the "Great Leap Forward." The Great Leap was an effort to quickly industrialize the country and create people's agricultural communes. Deng had argued against Mao at the time, but lost.

Deng said the party's Central Committee in December, 1978, finally restored the correct policies. At that meeting, Deng announced his program of modernization and repudiated Mao's leftist idea of continuing and convulsive class struggle.

Afghan rebels hit enemy targets with tactical rockets

ISLAMABAD, Pakistan (DPA) — Afghan resistance fighters have acquired tactical rockets for their arsenal, are learning how to deploy them and have been hitting enemy targets with greater accuracy, Western diplomatic sources reported here Tuesday.

Observers said that the increased rebel rocket attacks are becoming a significant factor in the war being waged against the government and the Soviet troops supporting it.

The diplomatic sources said that close on the heels of a devastating rocket attack on a government rally in Paghman on August 19, in which several hundred rul-

ing Peoples Democratic Party workers and troops were believed to have been killed, the guerrillas rocketed the headquarters of the district commissioner of Shakardara, north of Kabul, last Thursday night and destroyed it.

It appears (rebel forces) have increased rocket capability and can hit targets 200 meters away with greater accuracy," the diplomats said.

They said that after firing their first rocket at the Shakardara commissioner's headquarters, the guerrillas appealed to the troops guarding it to join them.

About 20 soldiers did, bringing with them automatic

rifles, ammunition and crates of grenades, the sources said.

Daily sorties against suspected guerrilla hideouts in the Paghman area by government helicopters have been reported since the August 19 attack.

Evidently undaunted by such retaliation, resistance fighters appeared to have stepped up their activities in recent weeks. Gun battles were reported in various areas and even districts of Kabul, the national capital.

Recently the guerrillas struck in Mazar'E Sharif, in the north, and destroying the government printing press there.

Study urges U.S. support of Palestinian country

WASHINGTON (AP) — A State Department advisory group is recommending that the United States support creation of a Palestinian state in the West Bank and Gaza that would share Jerusalem as a capital with Israel.

With the Palestinian evacuation of Beirut ending, the recommendation is likely to be one of the main proposals studied by Secretary of State George P. Shultz as he re-evaluates long-term policy for the Middle East.

The study, by a top-secret State Department advisory group, caused a stir in Israel after it was leaked there last March, but has received little attention in the United States.

A copy of the 25-page study, obtained by The Associated Press, says a Palestinian state is virtually inevitable. If the United States and Israel help in the formation, they could avert control by pro-Soviet radicals bent on the destruction of the Jewish state, it says.

ISRAELI DEFENSE MINISTER Ariel Sharon claimed U.S. officials made a similar proposal to him during a visit here last week.

A State Department spokesman has denied U.S. officials made such a proposal to Sharon.

The study, which lasted nearly two years, was printed last spring in a classified, in-house State Department publication. Former Secretary of State Alexander M. Haig Jr. discussed the proposals with the chairman of the group and seemed receptive to the ideas, if noncommittal, sources said.

Israel flatly rejects the idea of a Palestinian state in the West Bank and Gaza, where some 1.3 million Palestinians now live under Israeli occupation.

In a related development Tuesday, ABC News reported that President Reagan plans to warn Israel that annexation of the West Bank would set off a "crisis of massive dimensions" in relations with the United States.

ABC, reporting what it said was the "main points...as now being drafted," said Reagan would warn that annexation would violate the 1979 Camp David peace agreements between Egypt and Israel.

U.S. POLICY HAS BEEN that the future of the Palestinians is something to be decided in negotiations under the Camp David agreements.

Shultz has made "the plight of the Palestinian people" one of his main concerns, although he still is working out a plan to address it, expected to be announced after next month's Arab summit conference in Morocco.

A source familiar with the study panel said "lots of things go into making up U.S. policy" and he was unsure what impact the recommendation would have. Hardline support for Israel remains in the U.S. Congress, although it was eroded by reaction to the invasion of Lebanon.

To the study group's surprise, the recommendation has been leaked abroad and widely read — and misinterpreted — by Israeli and Arab officials in the Mideast, said the sources, who asked not to be identified.

The sources said Israeli Prime Minister Menachem Begin chastised U.S. Ambassador Samuel Lewis, thinking the report was a "trial balloon" intentionally leaked to see the reaction it generated.

PALESTINE LIBERATION Organization Chairman Yasser Arafat received a copy of the study while he was still in Beirut. His reactions were unknown, sources said. Palestinian mayors on the West Bank have also seen the study — and misinterpreted it as promising it would be U.S. policy if they showed moderation, the sources said.

Although the strongest reaction to the study came from Israel, the group was made up of middle-level officials in the State Department, some of whom regard themselves as pro-Israeli and all of whom have reservations about the PLO.

"Just as other 'peoples' have done before them, the Palestinians today are struggling for one thing above all else: the status defined by the intangible but powerful ideas of 'self-determination' and 'sovereignty,'" said the study. "They will not rest until they achieve this, and in twentieth century political terms that means an independent state."

THE STUDY RECOMMENDS specifically:

—An elected, municipal government to run Jerusalem, although Israeli and Palestinian state agencies could have offices there. Holy sites in Jerusalem would be run by the respective religious organizations.

—An international authority to run the Palestinian state during a transition period, when residents would form their own democratic government.

—Withdrawal of Israeli military forces and creation of a Palestinian National Guard with light-infantry equipment, a small air force and a coast guard.

—Allowing Jewish settlers to remain in the West Bank.

"The Palestinians are probably going to get their 'sovereignty' whether Israel likes it or not," the panel said. "The only question is whether they will get it with Israeli concurrence and therefore a degree of protection for Israeli interests or without it and the tragic consequences that such an outcome implies."

James Brady attends musical at Wolf Trap

VIENNA, Va. (AP) — White House press secretary James Brady, making a public appearance days after his most recent hospitalization, attended a performance of "The Sound of Music" at Wolf Trap Farm Park near the nation's capital.

Brady, who was shot in the brain during the March 1981 assassination attempt against President Reagan, was accompanied by his wife, Sarah.

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SEC, Swiss agree to illegal trade crackdown

By ROBERT L. JACKSON
Los Angeles Times-Washington Post
News Service

WASHINGTON — The U.S. Securities and Exchange Commission, culminating months of negotiations, reached agreement with Switzerland Tuesday to clamp down on illegal insider trading through the use of secret Swiss bank accounts.

In a Memorandum of Understanding signed by both countries, Swiss law enforcement officials agreed to help the SEC identify anonymous investors who use privileged information and hide behind the anonymity of Swiss banking procedures to make illegal profits in the stock of U.S. companies.

The U.S.-Swiss agreement caps a long effort by John M. Fedders, SEC enforcement chief, to make significant headway against insider trading abuses, which have been a high-priority target of his investigators.

U.S. law already forbids corporate officials or their relatives or friends from using so-called "inside" or non-public information about an upcoming event, such as a takeover bid, to make quick profits by trading in a firm's securities.

The agreement calls for Swiss bankers to freeze the account of a U.S. client who comes under investigation by the SEC for suspected inside transactions. Until now, Swiss authorities

could not cooperate with SEC probes because insider trading was not a violation of the law in Switzerland and thus was not covered by the 1977 Mutual Assistance Treaty between the two countries.

The new pact is a "provisional measure," officials said, to be used until the Swiss enact their own law banning insider trading, which they are expected to do within the next two years.

SEC officials said an important case that led to the agreement was the takeover bid for St. Joe Minerals Corp. by Seagram Co.

In connection with the proposed takeover, the SEC charged last year that Giuseppe B. Tome, an Italian

investor, had misused advance information he had obtained from Edgar Bronfman, Seagram's chairman, to purchase St. Joe stock and options through a Swiss bank.

Although it was ultimately unsuccessful, the takeover bid sent prices in St. Joe securities skyrocketing, yielding Tome about \$2 million in profits, the SEC said.

Bronfman was cleared of any involvement in Tome's transactions. Tome's profits were frozen pending the SEC inquiry.

In another instance, a federal judge in New York last year froze more than \$5 million in stock market profits, at the request of the SEC, as a result of

alleged insider trading in the securities of Santa Fe International Corp.

Those transactions, channeled through Swiss banks by anonymous investors, occurred just before the announcement on Oct. 5, 1981, of a proposal by Kuwait Petroleum Corp. to buy the oil-drilling company for \$2.5 billion in cash.

At a news briefing Tuesday at the Swiss Embassy here, the SEC's Fedders said that the agreement represented "a new way of law enforcement cooperation between two nations interested in the U.S. capital market." Switzerland is "the sixth largest investor in the United States as a whole," said U.S. Ambassador Faith R. Whittlesley, who

was also present. Under terms of the joint memorandum, requests by the SEC for information will be made through the Department of Justice and the Swiss Federal Office for Police Matters to a three-member commission of inquiry to be appointed by the Swiss Bankers Association.

The commission will then ask the Swiss bank to submit a detailed report on the transaction in question. The bank is expected to freeze the account of its client up to the amount of profit realized in the questioned transaction, officials said.

The client must also be notified by the bank of the SEC's inquiry.

Automakers planning to hold line on prices of '83 models

DETROIT (AP) — Ford Motor Co. and Chrysler Corp. are expected to follow General Motors Corp.'s lead and hold the line on new-car price increases in the 1983 model year, industry analysts say.

GM on Tuesday announced its 1983 model prices — an average 1.9 percent higher on overall models than the current prices. But the announcement included price reductions on 38 models

and price freezes on another 26. The other 60 GM car models will go up in price an average \$357 to \$688.

Arvid Jouppi, independent auto industry analyst, said it will be the first time some new-model prices have been decreased nationwide since the Great Depression. He did not know, however, what kind of price decrease occurred in the Depression and in what year.

The move is meant "to promote an

early recovery in auto sales, while holding down inflation," a GM statement said. GM Chairman Roger B. Smith said the action will help GM's cars be competitive.

Auto analysts David Healy of Draxel Burnham Lambert Inc. in New York and John Hammond of Data Resources Inc. of Lexington, Mass., said the move will be copied by Ford and Chrysler. "They have no choice" but to follow

the industry leader, Hammond said.

But he added he was unsure how effective the pricing would be. Consumers likely to be shopping for a new car this year last were in the market four years ago, he said. New-car prices have risen 60 percent in that time, he said.

Ford spokesman George Trainor said the automaker was studying GM's announcement and "will try to respond in a competitive manner." Ford prices

usually are not released until just before model introduction in the fall, he added.

Chrysler spokesman Doug Nicoll said "we will be competitive," but would not elaborate. Chrysler prices are not expected to be announced until model introduction in the fall, he added.

GM's price cuts, ranging from \$250 to \$1,500 on base prices, are mostly on the automaker's smaller cars which have been selling poorly this year as gasoline prices declined and stabilized.

Base prices on full-size cars, luxury models, some midsize cars and the sporty Chevrolet Camaros and Pontiac Firebirds, which have been selling well this year, will increase, GM said.

So far in 1982, GM car sales are down 13.3 percent from a year ago despite dealer incentives during late summer and rebates and low interest rates earlier in the year. The 1982 models' prices were 6 percent higher than 1981 models.

Specifically, price cuts of \$250 will be applied to GM's mid-size models.

Chevrolet Celebrity, Pontiac 6000, Oldsmobile Clera and Buick Century, the statement said.

Price cuts of up to \$500 will be applied to subcompacts with comparable equipment: Chevrolet Cavalier, Pontiac 1000, Oldsmobile Firenza and Buick SK yawk.

A price cut of \$1,500 on the Cadillac Seville involves changes in standard equipment on the cars. GM spokesman Cliff Merritt said the automatic turn-on for headlights, aluminum wheels and special stereo speakers will be removed.

The Cadillac Cimarron price will remain the same but \$400 worth of equipment will be added, the statement said.

Prices of the subcompact and compact Chevrolet Chevette and Citation, Pontiac 1000 and Phoenix, Oldsmobile Omega and Buick Skylark will be unchanged.

The rest of GM's model line will go up in price, although the automaker gave no details.

Economic indicators seen pointing at improvement

By LORRAINE CICHOWSKI
AP Business Writer

Commerce Secretary Malcolm Baldrige joined private economists in hailing the government's latest report on key economic indicators as pointing to "solid economic improvement" in the coming months.

The upward-looking report came Tuesday, and the Dow Jones average of 30 industrial stocks responded by cracking the 900-point barrier for the first time in more than a year.

The Dow advanced 8.01 points to 901.31, its highest close since 901.83 on Aug. 25, 1981. Nearly four stocks gained in price for every one that lost on the New York Stock Exchange.

Economists said the Commerce Department's report that the Index of Leading Indicators jumped 1.3 percent in July indicates that overall national economic activity should increase substantially by the end of the year. It was the fourth consecutive monthly increase.

"I believe the leading index and the recent sharp drop in interest rates are paving the way for solid economic improvement," Baldrige said.

Jerry Jasinoski, chief economist for the National

Association of Manufacturers, called the report "encouraging evidence that economic recovery is about to get under way."

The index includes statistics from 10 separate categories and is intended to forecast future economic trends.

The Commerce Department also reported orders for manufactured goods rose 2 percent in July, the third straight monthly gain and the biggest increase since the end of 1980. Orders rose \$3.1 billion to a seasonally adjusted \$160.2 billion.

Although the 2 percent gain over June's orders was the largest percentage increase since December 1980, total orders still were 7 percent below the level in July 1981, before the recession began.

The Conference Board, a research group supported by business, reported meanwhile that plans for spending on plants and equipment plunged 22 percent in the second quarter from the previous three months.

The board said capital appropriations, which are authorizations to spend money in the future on new plant and equipment, fell to a seasonally adjusted \$20 billion.

Actual capital spending by the 1,000 largest manufacturers fell 2 percent from the first quarter to \$26.3 billion.

Lora Collins, an analyst for the Conference Board, said it was not surprising that manufacturers' spending expectations are weak.

"There has been virtually no net economic growth for three years, and manufacturing capacity utilization is under 70 percent, the lowest since early 1975," she said.

Social Security a ticking timebomb

By ARELO SEDERBERG
Hearst Feature Service

With the graying of America, the Social Security system is a ticking time bomb that could make the troubles of Chrysler or International Harvester seem like child's play.

If there are no significant revisions, the system might go bankrupt. And a "Catch-65" on revisions, which conventional wisdom usually translates into reductions, is the voting wallop of those over 65, in addition to persons about to retire.

Retired persons account for about 20 percent of all voters. It's little wonder, then, that a Reagan administration proposal last year to cut Social Security outlays by \$81.9 billion in 1982-86 was shot down by a resolution that passed the Senate 96-0.

Regardless of your age, you're affected by the problem. Everyone may crab about high income taxes, yet it's a little-known fact that more than half of American families pay less in income tax than in Social Security deductions. That group rose fivefold in the past decade, from \$374 a year in 1970 to \$1,975 in 1981.

Social Security is supplemented by private pension funds, of course, but it still is the giant of retirement money. It dispenses nearly four times what is paid out by pension funds.

If you still think of America as a nation of me-generation youngsters, forget it. It is now estimated that there is one retired person for every five workers. In 20 years, it will be one pensioner for every two workers. This is because of the slowdown in births, longer lives and earlier retirements. If you add government employee benefits, the annual outlay is \$200 billion a year — more than defense expenditures. As the government strives to cut its budget in the still-continuing battle against inflation, Social Security "entitlements" loom a major problem.

What to do? In a recent paper, one expert — Powell Niland from Washington University in St. Louis —

admitted that he hadn't a sure answer, yet he listed some suggestions.

A possible short-term solution would be to borrow from related programs that have surpluses, such as the Disability Insurance Fund or the Health Insurance Fund. Yet that would be a Band-Aid to heal a slashed throat.

The long-term problem is the heart of the mess. The current big swell in the population — those who are now about age 35 — will be retiring in less than 30 years. It could be that there won't be much Social Security money left for them.

Niland suggests that one partial solution could be an increase rather than a decrease in the retirement age, perhaps extending it to 68. In 1940, five years after Social Security came into being, the life expectancy at 65 was 12 years for men and 13.6 years for women. Expectancies now have doubled those figures.

One factor about Social Security that appears forgotten is that it was never intended to "take care of the retired." It was designed only to provide minimum income to be supplemented by private pensions and savings, yet its cushion allowed people to feel comfortable. Social Security provided only about 27 percent of all retirement and disability benefits 30 years ago, about half that of today.

The number of people covered has increased to about 90 percent of all employees. And with more women working, physical numbers have swelled. Meanwhile, savings for retirement have dropped sharply. With inflation raging, only suckers save long term.

So the monster lurches on. The warning here, however, is not to depend totally upon it. Current plans, such as the Individual Retirement Account, which permits a tax deduction up to \$2,000 a year and a tax deferral of income up to age 59, offer significant viable alternatives, especially for those me-generation youngsters.


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