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Watergate interrogator

SEN. LOWELL WEICKER, R-Conn. questions Frederick LaRue, former special assistant in the White House and John Mitchell's "right-hand-man" of the Committee for the Re-election of the President, as part of yesterday's Senate Watergate Hearings.

Cites 'budget for dirty tricks'

Mardian counters Mitchell

WASHINGTON (AP)—A former assistant attorney general and Nixon campaign official contradicted yesterday the Senate hearings testimony of at least four other Watergate figures and insisted he tried to get out of the cover-up as quickly as he could.

Robert C. Mardian testified he was told within hours after the Watergate break-in that John N. Mitchell had approved a budget for dirty tricks and that Mitchell didn't deny it.

Mardian said that, beginning the day of the break-in, "information was imparted to me bit by bit, much of it contradictory, which drew me inexorably into an intolerable, and, at times, unbearable situation of personal conscience—a situation in which I was precluded from acting according to the dictates of my personal desires or interests."

Mardian's testimony to the Senate Watergate committee was interrupted by reports relating to what turned out to be a hoax telephone call which at first fooled committee chairman Sam J. Ervin Jr., D-N.C., into thinking President Nixon had agreed to provide White House tape recordings.

The areas of contradiction between Mardian and others included whether burning of papers was suggested, whether he asked for FBI reports and whether he advised that Nixon committee cash be whisked out of the campaign.

Asked why the committee should believe him rather than others, Mardian declared: "The only answer I can give is that I have tried to testify to the best of my ability and belief."

Mardian said he had no recollection that campaign director Mitchell suggested the burning of critical papers at a strategy meeting held in Mitchell's apartment the evening of June 19, 1972, two days after the break-in.

Deputy campaign director Jeb Stuart Magruder and campaign aide Frederick C. LaRue have testified that Mitchell suggested the burning. Mardian, Mitchell and John W. Dean III, former White House counsel, said he did not, with all five persons at the meeting now heard from.

Mardian is scheduled to continue his testimony today.

Mardian is a builder in Phoenix, Ariz. He had been in charge of the Justice Department's Internal Security Division until May 1, 1972, when he joined the Nixon campaign as a political coordinator.

In a prepared statement at the start of his testimony, Mardian said he was told the morning of the June 17, 1972 Watergate break-in about the event.

A committee counsel, James Hamilton, asked: "Was there discussion that afternoon about a budget that had been approved for dirty tricks and black advance?"

"Yes, I believe that was told to me by

Mr. Magruder at the Airport Hotel," said Mardian.

Q. Did Magruder tell you who had approved the budget for dirty tricks and black advance?

A. He told me the budget had been approved by Mr. Mitchell.

Mitchell has steadfastly denied he approved any bugging operation.

Frederick C. LaRue, another campaign aide, wound up his second day of

testimony before Mardian took the stand and again recounted how at a meeting in Florida March 30, Mitchell deferred action on the bugging plan. Mitchell has testified he rejected the plan at that meeting and Magruder has said Mitchell approved it.

LaRue has pleaded guilty to a single count of conspiring to obstruct justice in the cover-up plot and is awaiting sentencing.

Palestinian attacks Israeli airline office

By PHILIP POPOULOS
Associated Press Writer

ATHENS, GREECE (AP) — A submachinegun-waving Palestinian seized 17 persons in a hotel lobby here yesterday after failing in an attempt to shoot up an Israeli airline office. He threatened to kill the hostages including four Americans; but let them go after being promised safe conduct to the Middle East.

The gunman was escorted to Athens Airport by the ambassadors of Egypt, Iraq and Libya and left aboard a flight to Kuwait.

The hostages, held more than five hours, were two young sisters from Texas, a couple from Davenport, Iowa, a priest, two Greek policemen and employees of the hotel.

"I am not afraid to die," the gunman told this correspondent in the hotel lobby. He kept waving his submachinegun with one hand and held a grenade in another.

"I have no desire to live," he said. "After I shoot these people I will pull the plug on a hand grenade and kill myself and everyone else around."

"You pass this on to the Greeks: If the deputy premier does not come to the hotel I will shoot the Americans first and then the priest."

The Palestinian spoke through an Arab-English interpreter who came after the gunman asked to talk to a foreign news correspondent. He demanded that Deputy Premier Stylianos Patakos escort him to the airport for safe conduct out of the country.

But Patakos refused. "I won't negotiate with every bum around," he said. It was after this that the three Arab ambassadors entered the picture.

The gunman, a slender, bony-faced man in his late 20s, declined to identify himself but said he came from "occupied Palestine," meaning former Arab land that is now part of Israel.

In addition to his submachinegun, a grenade in his hand and another in his pocket, the gunman had two revolvers, apparently taken from the Greek policemen.

As he left the hotel with the ambassadors, the gunman looked slowly around him, stared hard at the crowd gathered outside and then got into the car of the Iraqi ambassador.

The hostages inside the hotel immediately scattered.

Sharon and Diane Lewis, 20 and 18 years of age, from Sherman, Tex., emerged from the hotel.

"He demanded in halting English that we keep our hands up high," Sharon said. "My sister and I who are guests at the hotel, were simply terrified. I've read about many persons being held hostage, and my first impression was

not always to give in to their demands. "I didn't think he would really want to shoot anyone, despite his threats. He was a pure coward."

But during the conversation between this correspondent and the Palestinian under a marble stairway inside the hotel, the gunman seemed to be most menacing toward the couple from Davenport, Iowa, Christian and Anne Sweetman. Sweetman, 50, pointed out to the gunman that he was a pilot for an American oil company in Saudi Arabia. But this apparently did not prompt the gunman to ease up.

The drama began a few minutes before noon at the El Al office in central Constitution Square. An El Al security guard noticed a man with a submachinegun enter the outer door of the office. The guard triggered an automatic lock on an inner glass door.

The man then tried to batter in the door, but it held and he raced away down a side street into the Amalia Hotel. There he rounded up 40 hostages, but soon let all but 17 go.

Police surrounded the hotel, placed sharpshooters in strategic locations and then tried to negotiate with him, but failed because of language problems.

The gunman then asked to speak to a foreign newsman, and this correspondent was invited in. We talked through a hotel employee who spoke both English and Arabic. But first the employee searched me for weapons at the Palestinian's request.

Flashing a nervous smile the gunman began to berate Israel and American support of Israel, and displayed fury that he had been barred from entering the El Al office.

While he talked the gunman kept waving his submachinegun around, generally pointed toward the hostages, but once or twice held it steady at me. After our conversation, I took a cautious step away and said I would inform police of the gunman's demands. He didn't react so I walked out.

I looked back from the door and the Palestinian was still waving his gun.

A short while later the three Arab ambassadors arrived at the hotel and after a long conversation left for the airport with the Palestinian.

A previous attack on the El Al office took place Nov. 27, 1969. Two gunmen blew up the office, killing a 2-year-old boy. Several other persons were wounded.

Weather

Increasing cloudiness and warm today with showers developing this afternoon; high of 83. Cloudy with showers tonight and tomorrow. Low tonight of 65; high tomorrow of 76. Mostly cloudy and cool Sunday with a chance of showers; high of 76.

Distributor calls shortage 'real'

Editor's note: following is the second part of a series examining the gasoline shortage.

By PATRICIA STEWART
Collegian Editor

One local distributor contends the current gasoline shortage is part of a larger, more serious fuel oil shortage and could become critical if ignored.

"The energy crisis is very real. It's not artificial," Galen Dreibelbis, president of Nittany Gas and Oil in State College, told the Daily Collegian. "One of the worst things that can happen is if we don't believe it."

Dreibelbis, an independent distributor dealing mainly with City Service Oil Company in Baltimore, admits he is not a friend of the major oil companies. He does admit, however, that those companies have a real problem with the public's skeptical view of the gasoline shortage.

Dreibelbis said he believes the fuel shortage has resulted from several major problems: —unrealistic government restraints in the past; —natural gas shortage; —extensive use of oil to run electrical generators; —affluence of American society; and —devaluation and instability of the American dollar.

The present gasoline shortage, Dreibelbis said, was "precipitated by a fuel shortage last winter." The major oil companies knew the shortage was coming, he said, but the crisis came more quickly than they had expected, placing the Midwest in a critical situation.

He explained the companies do not have the refining capacity to produce all the heating fuel and gasoline necessary and turned to producing fuel because of the crisis last winter.

Normally, Dreibelbis said, reserves for fuel are stockpiled in the fall and reserves for gasoline are stockpiled in the spring. "When you break that chain of reserves, you're in trouble," he said.

Dreibelbis said he feels the shortage problem goes much deeper than last winter. He said he believes government controls have contributed to the problem, citing the freezing of natural gas well-head prices as much as 20 years ago.

"Natural gas is a very important part of our

energy smorgasboard," Dreibelbis said. He said the price freeze had a "double detrimental effect"—it caused a shortage of supply while creating an artificially low price for a quality product, thus increasing the demand.

"The affluence of our society" is also a major contributor to the energy crisis, Dreibelbis said. "We don't mind taking a drive on Sunday afternoon and burning 20 gallons of gas."

Because of the short supply of natural gas, Dreibelbis explained, "fuel oil, coal and electricity had to take up the slack."

Coal was not used extensively, he said, because of the undesirability of the burning process. Fuel oil and electricity were used mainly. Electricity was oversold and oil generators were needed to keep up the capacity, he said.

"Oil has been the scapegoat for everybody," he added.

Dreibelbis said that because of the natural gas shortage Con-Edison had used 400 million gallons of number two heating oil when previously they had not burned any. "That amount alone would have bailed us out of last winter's crisis," he said.

He said he feels the use of oil to generate electricity is especially harmful because the ratio of energy produced by burning oil in the home to usable energy produced by electrical generators is three to one, representing a loss in energy.

"Another problem is that our refining capacities in the continental United States don't allow for enough refining of sour crude oil," Dreibelbis said.

He explained that sour crudes are available, but because of the high sulfur content, they cannot be used because of environmental restraints.

The shrinking American dollar on the world market also adds to the situation, Dreibelbis said, adding that foreign oil markets likely will tell us, "You get your dollar straightened out, then we'll sell you some products."

Dreibelbis said that even if the dollar were stable, oil imports are not the entire answer. He explained that European fields have faced an energy problem for 15 years.

Dreibelbis is optimistic about the energy crisis. "I

think we can get out of it," he said, adding that the United States must watch its reserves and plan ahead for shortages.

Nittany Gas and Oil now supplies 11 stations in Centre and Clearfield counties, Dreibelbis said.

The company is supplied on a percentage of the amount purchased in the same month in 1972—80 per cent for March, April and May; 90 per cent for June; and 100 per cent for July.

"One hundred per cent sounds like we have all we want, which is not true," Dreibelbis said. He added that the company has been able "to find enough products on the open market to keep from putting restraints."

He said the company has been able to give its stations all the gasoline they needed and the managers could hold the prices down.

"We're in business to make an honest dollar," he said. "We don't want to do it at the expense of the consumer."

A spokesman at the State Gas and Oil Company of State College also said the company has received all the gasoline it's needed.

He said the company has dealt with Exxon out of Pittsburgh since 1938 and received more than enough gasoline to supply the 22 Centre County stations it services.

He said that Exxon had not enforced any sort of quota or percentage system and had not given any indication that the "shortage" would get worse in the future.

A spokesman at the third local distributor—Centre Oil and Gas Company in Bellefonte—said he does not like to make statements to the press because they always get "misconstrued, misconcepted and a few other mis-es."

He did say that he deals with the Texaco office in Pittsburgh.

Thomas Yeale, of the main office of Atlantic-Richfield in Philadelphia, said he feels the shortages this summer were "spot shortages resulting from the driving patterns in a particular area."

He said his company is distributing gasoline on the basis of 104 per cent of the total volume last year.

Prices rise despite economic controls

Gov't to enforce Phase 4

WASHINGTON (AP)—Phase 4 economic controls will be enforced by government accountants—not consumers who will have few clues as to whether price increases are legal.

Unlike the Phase 3 freeze, there is no requirement for merchants to provide customers with legal price ceilings, except at the gas pump after Aug. 12, and the meat counter, where ceiling on beef prices remains until Sept. 12.

The new regulations, announced Wednesday allow nearly all manufacturing and service companies to pass on dollar-for-dollar their cost increases since Jan. 1. They cannot, however, increase their percentage of profit.

It will be up to the Cost of Living Council and the Internal Revenue Service, augmented by 1,200 more employees, to see to it that the rules are enforced.

Spokesmen for the IRS and the Cost of Living Council yesterday said enforcing

Phase 4 will be more difficult than previous anti-inflation programs because the regulations are more complicated.

"The details of what to do and how to do it will be worked out as we get into it and see where we're going," an IRS official said.

Phase 4 unfreezes all prices by stages, starting yesterday with food, except beef, and the health industry. Most other sectors of the economy will be unfrozen Aug. 12 with the thaw to be completed by Sept. 12.

By that time most of the economy will be under strict but flexible controls.

Under the regulations, firms with sales over \$100 million will have to notify the government of price increases 30 days in advance. Companies with sales between \$50 million and \$100 million are required to file quarterly reports and those with under \$50 million, but with more than 60 employees must file annually. Firms with fewer than 60 employees are exempt.

These reports will serve as the primary way of determining whether price increases are within the legal limits.

Suspected violators will face intense audits from more than 3,000 IRS agents operating from 68 field offices around the country, an IRS spokesman said.

But gas prices see rollback

WASHINGTON (AP)—President Nixon's new Phase 4 price rules will force rollbacks of gasoline prices in some parts of the nation, the Cost of Living Council said yesterday.

But administration officials said Americans should expect prices on just about everything else to rise again soon, although not as much as they might without the tough and complex price-control system set to go into effect Aug. 12.

A day after the administration outlined Phase 4 and exempted the food and health industries from the 60-day price freeze, Treasury Secretary George P. Shultz sounded an optimistic note about the future of the U.S. economy.

"We are going to do better on inflation," Shultz promised. He told a group of foreign newsmen the new economic measures will significantly strengthen the dollar abroad and improve the U.S. economic picture.

George Meany, president of the AFL-CIO, issued a statement saying Phase 4 "spells more bad news for the housewife and consumer." Meany said wages remain under control, the cost of living is continuing up, interest rates have soared and profits "are out of sight."

Shortly after Shultz spoke, the Cost of Living Council released a mass of proposed regulations that will govern price increases in Phase 4.

The oil industry was put under a complicated and detailed set of new price ceilings that could mean lower gasoline prices at the pump in some areas.

Gasoline, home heating oil and diesel fuel were put under a ceiling that limits prices to the Aug. 12 price plus the Jan. 10 price markup used by the seller. The markup is the difference between what he paid for the gasoline and what he charges. Forcing use of a markup six months ago instead of a current higher one is expected to force some price rollbacks, said Walker.

In addition, crude domestic oil was put under a price ceiling of May 15 levels. In an extremely complex move, the council set up a system under which oil producers can escape the ceiling in some cases by expanding their production.

The idea of the system is to encourage more domestic production of oil and help relieve the current fuel shortage.



Butz on farm bill

SECRETARY OF AGRICULTURE Earl L. Butz in Washington yesterday spoke out against House action to ban food stamps for strikers, an amendment to the farm bill. The bill also would eliminate billions of dollars currently going for subsidy payments to farmers.

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