

Reagan economic outlook grim

By OWEN ULLMANN
Associated Press Writer

WASHINGTON — In an uncommonly pessimistic outlook for 1983, the Reagan administration is predicting the slowest recovery from a recession since World War II, with unemployment staying above 10 percent.

The still-internal forecast, confirmed yesterday by administration sources, is more bearish than nearly all the major private forecasting firms and marks a complete reversal from the administration's decidedly optimistic — but wrong — economic predictions of the prior two years.

In 1981 and 1982, the Reagan administration had been ridiculed by private economists and the financial community for making rosy predictions beyond the range of reasonable expectation. This time, President Reagan's new chief economist, Martin S. Feldstein, has insisted that the

administration issue an honest forecast to regain its economic credibility.

The new forecast, prepared as part of the fiscal 1984 budget plan President Reagan will send Congress Jan. 31, predicts the economy — after adjusting for inflation — will grow at an anemic rate of only 1.4 percent on average for all of 1983, compared with 1982.

By comparison, first-year recoveries from the previous seven post-war recessions typically have shown growth rates of 4 percent or more.

Because economic growth is expected to be so slow, unemployment is predicted to decline only slightly from its current level, now at a 42-year high of 10.8 percent.

In early 1981, the administration predicted the economy would grow 4.2 percent in 1982 and 5 percent in 1983, with unemployment averaging 7.2 percent in 1982 and 6.6 percent in 1983.

As it turned out, the economy contracted by

about 1.7 percent in 1982, the sharpest decline since 1947.

At his news conference Wednesday night, Reagan said the economy "is getting better, not getting worse," but he conceded unemployment would be slow to recede.

According to the forecast, the jobless rate will remain above 10 percent by the fall of 1983 and above 9 percent in the fall of 1984, when Reagan will be facing re-election should he decide to seek a second term.

Reagan, who took office when the unemployment rate was 7.4 percent, had campaigned for the presidency promising to create jobs. Instead, the country has been in a severe recession throughout most of his presidency.

According to the forecast, unemployment will not recede to 7 percent until 1988.

Soviet bloc nations reveal peace plan, call for negotiation

By LARRY GERBER
Associated Press Writer

PRAGUE, Czechoslovakia — The Soviet bloc unveiled an encyclopedic package of peace proposals yesterday calling for an East-West non-aggression treaty and negotiations on virtually every phase of military activity.

Warning that the threat of nuclear war is increasing and that mankind would not survive one, the 24-page declaration adopted by the Warsaw Pact's biennial summit conference Wednesday said:

"The Warsaw Treaty member states are not seeking military superiority over the NATO states and have no intention to attack these states or any other country in or outside Europe.

"NATO member states also declare that they have no aggressive intentions. In these conditions there should be no reasons preventing the member states of either alliance to undertake corresponding mutual commitments of the international law character."

The declaration appeared to contain no proposals that had not been made at one time or another in the past. But it wrapped up a comprehensive package of Communist ideas for lowering military tension.

Its keystone proposal for a non-aggression pact, first made by the Warsaw group in 1958 and then rejected by the North Atlantic Treaty Organization, called for the two rival alliances to "conclude a treaty on the mutual non-use of military force and on the maintenance of relations of peace."

"The core of the treaty," the declaration continued, "could be the mutual commitment of the member states of both alliances not to be the first to use either nuclear or conventional weapons against each other and therefore, not to be the first to use against each other any military force at all."

It said the treaty should also include a commitment not to use force against countries outside the

two alliances, that other "interested" European nations could participate in the drafting and could sign it, and that all other nations of the world could adhere as equal parties.

The British and West German governments said they would study the declaration carefully before commenting. But the French Foreign Ministry said another non-aggression pact was redundant.

Turning to individual issues between the Soviet bloc and the Western alliance, the Prague declaration called for:

- Immediate adoption by all other nuclear powers of the unilateral Soviet commitment not to be the first nation to use nuclear weapons.

- "Resolute activation of ongoing talks and resumption of interrupted talks on the entire range of questions of ending the arms race, and persevering and patient work to reach agreements on reduction and elimination of weapons, particularly nuclear weapons."

- A mutual quantitative freeze on Soviet and American strategic (long-range) nuclear arms and the "maximum possible restrictions on their modernization."

- The drafting of a program of stage-by-stage nuclear disarmament and agreements to end the development and production of new systems of nuclear weapons and the production of means to deliver.

- Fresh impetus to talks to prohibit all nuclear weapon tests, prohibit and eliminate chemical weapons, ban neutron weapons, prohibit deployment of all weapons in outer space and prohibit radiological weapons.

- New efforts "to substantially lower the present level of conventional arms and armed forces both on a global scale and in individual regions" and to limit the sale and supply of conventional weapons.

- "Fresh efforts on an international scale for the dismantling of foreign military bases and the withdrawal of troops from foreign territories."

Dow Jones average rises to 1,070.92

By The Associated Press

NEW YORK — Stock prices soared to record highs yesterday in the heaviest trading in two months amid what analysts described as increasing confidence in the outlook for an economic recovery.

Buyers flocked to oil, metals, chemical and other basic industrial issues which would stand to benefit especially from a rebound from the recession.

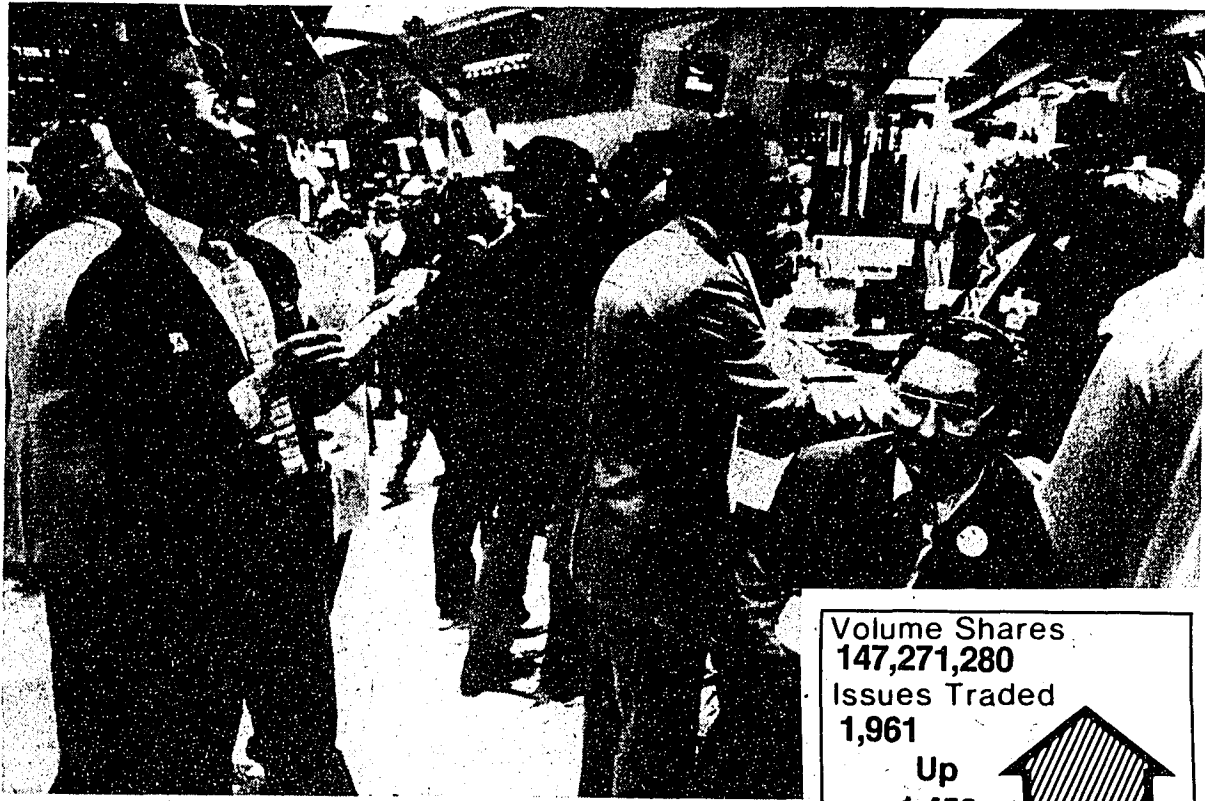
The Dow Jones average of 30 industrials jumped 26.03 to 1,070.92, topping the previous closing high of 1,070.55 it reached on Dec. 27.

Volume on the New York Stock Exchange came to 129.41 million shares, the ninth largest total ever and the heaviest since a record 149.35 million were traded last Nov. 4.

After recent stirrings of life in housing, retailing and auto sales, analysts said many professional investors were growing increasingly convinced that recovery would soon begin to spread through the economy.

"People feel they can't wait until there's hard evidence of an improvement," said Hugh Johnson at First Albany Corp., a regional brokerage firm. "They're afraid the stocks will be long gone by then."

One bit of support for recovery hopes was provided by Labor



The New York Stock Exchange was bustling yesterday as the market surged upward to new record highs.

Department figures showing that new claims for unemployment compensation had declined in four of the last five reporting weeks.

That gave rise to speculation that monthly unemployment statistics due to be released this morning might show some measure of improvement.

Typical of the showing in basic-industry stocks was Aluminum Co. of America, the day's most active issue, which jumped 2 to 31½ in trading that included a 2.5 million-

share block at that price.

Among other metals stocks, Ammax gained 1¼ to 25¼; Kaiser Aluminum 1½ to 17¼; Asarco 2½ to 33; Alcan Aluminum 1¾ to 28½, and Inco 1 to 13.

In the chemical group, DuPont climbed ¾ to 40½; Dow Chemical 2 to 29; Hercules 1½ to 29½, and Union Carbide 3 to 56.

Among energy issues, meanwhile, a rally that began early this week continued.

Volume Shares	147,271,280
Issues Traded	1,961
Up	1,450
Unchanged	208
Down	303
•N.Y.S.E. Index	83.71 + 1.95
•S.&P. Comp.	145.27 + 3.31
•Dow Jones Ind.	1,070.92 + 26.03

Research continues for herpes immunization

By MIKE NETHERLAND
Collegian Staff Writer

While the human race has long since been immunized against the horrors of smallpox and the crippling effects of polio, the future is bleak for immunization of the 20 million Americans afflicted with the various strains of the herpes simplex virus.

Efforts to eradicate the virus have met with little success. Medical science is frustrated by the virus's latency characteristic — the ability to go into hiding when conditions do not favor its reproducing

activity.

The virus, for unknown reasons, withdraws through nerve fibers to ganglia near the spine and brain. Thus far, drugs designed to kill herpes are not effective when the virus is latent.

When conditions are favorable for reproducing or replicating activity — some doctors say even stress or changes in emotional states tend to bring the virus out of latency — the victim panics.

When the virus begins replicating, cells of the genital region and of mucous membranes are killed wholesale, building up

unattractive sores called lesions.

Because the public is increasingly more informed about herpes, the lesions cannot be passed off as a simple acne blemish or with "I don't know what it is."

Many people know what a herpes lesion is and, more importantly, they know that when lesions are present the virus are contagious.

People are further frustrated when they finally decide to go to their physician and hear, "I'm sorry. There is nothing I or anyone can do for you. But not to worry. Your lesions will be completely healed in

two or three weeks."

This is when people turn to the marketplace. Profits are, by and large, the best incentive to produce anything. And with a potential market of 20 million Americans and countless others, the profits are there for the taking.

Ads in nationally circulated magazines and newspapers solicit everything from outright cures and treatments to therapy and encounter services.

The companies placing these ads, however, are not open to solicitation and thus information about them is restricted to

an address.

University virologist John Dougherty, who is engaged in herpes experiments and who analyzes herpes samples from the Ritenour Health Center, is confident that a cure is unlikely. He doubts the effectiveness of a proposed vaccine being developed by researchers of the British drug manufacturer Burroughs Wellcome, called Acyclovir.

The company, located at Research Triangle Park, N.C., is a unit of the London-based Wellcome Foundation Ltd.

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weather

Cloudy and turning windy and colder, with occasional snow showers this morning, and a few sunny intervals later today. Temperatures will fall after a morning high of 32. Partly cloudy windy and cold tonight with a chance of snow flurries, low of 18. Partly cloudy and cold tomorrow night, low in the teens.

—by Craig Wagner

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Search team alerted for satellite crash

By R. GREGORY NOKES
Associated Press Writer

WASHINGTON — The government's Nuclear Emergency Search Team is on standby alert to rush to any area in the United States where a falling nuclear-powered Soviet spy satellite might crash, the State Department said yesterday.

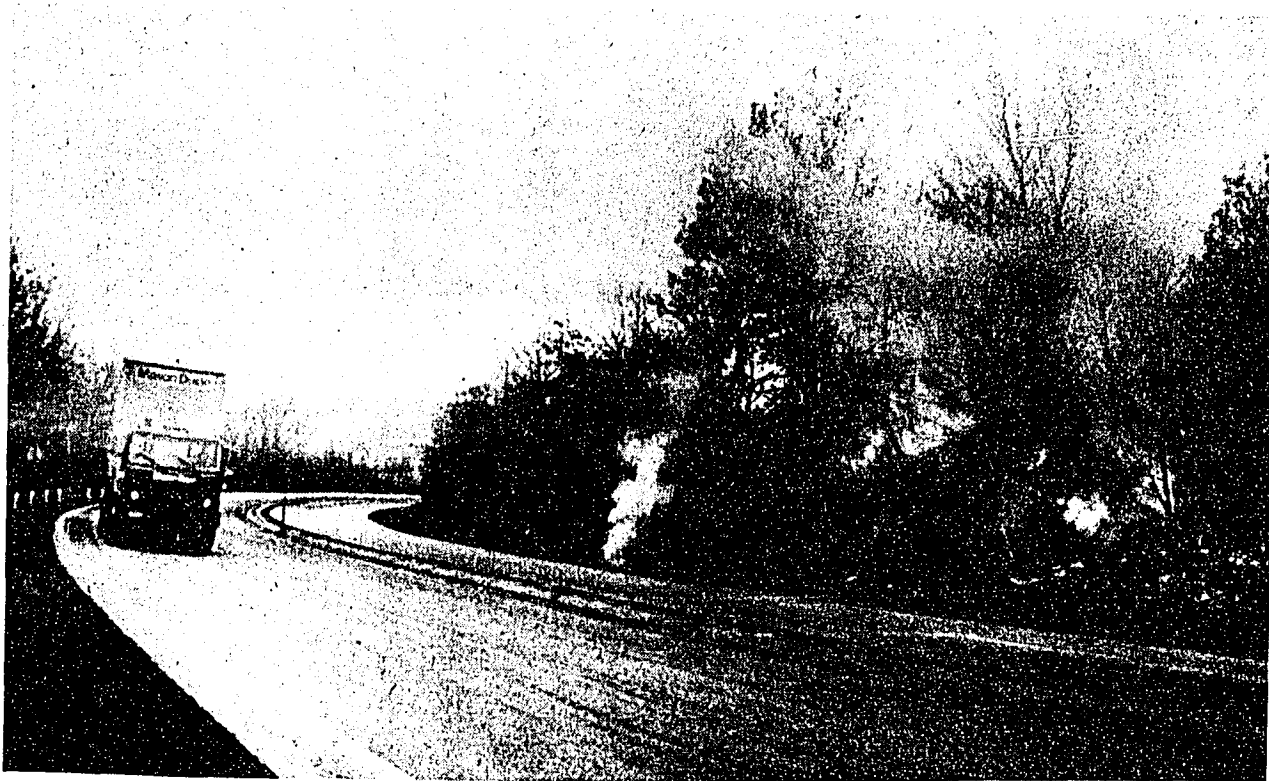
John Hughes, the department spokesman, said there is a "70 percent chance" the satellite will fall into the ocean. He said the nuclear fuel probably would burn up in the upper atmosphere and any danger would be from radioactive debris.

Hughes disputed a Soviet claim that the satellite was not falling. While that would be "a happy development," Hughes said, the United States believes otherwise. He said U.S. officials are in contact with the Soviets through

regular diplomatic channels to express their concern and to try to learn more about the condition of the satellite and its trajectory. "They say it may not come down," Hughes said. "Our information is different and we want to talk about that with them and of course we want to make known our concern."

In Moscow, Vladimir Kotelnikov, first vice president of the Soviet Academy of Sciences and a member of the board of the State Committee for Science and Technology, told reporters, "Look, we are making experiments, operations which have been envisaged. There is no danger, we have no alarm about the fate of this satellite."

He made the comment in answering a question drawn from a box of questions submitted by reporters at a news conference for two Soviet cosmonauts.



Mine fire

Highway and natural gas company officials in Centuria, Columbia County, have begun around-the-clock surveillance of state Route 61, where an underground mine fire is threatening a 6-inch gas pipeline and the borough's major thoroughfare. Temperatures in boreholes on both sides of the highway shot past 600 degrees Wednesday, indicating the fire had moved beneath the highway.