

## Weinberger proposes military budget cut

By FRED S. HOFFMAN  
AP Military Writer

WASHINGTON — Defense Secretary Caspar Weinberger surprisingly recommended yesterday an \$11.3 billion cut in proposed military budget authority next year, a step that he and President Reagan had once resisted tooth and nail. But Reagan declared: "I'm pleased... Cap did it!"

Weinberger credited the prospective scaledown to Reagan's "effective... anti-inflationary campaign," meaning fewer dollars were necessary for programs once thought to require greater spending. Despite that rationale, it appeared Weinberger had yielded to budget director David Stockman, other White House economic

advisers, and senior congressional Republicans who had been pressing for a significant trimming of the defense buildup so stoutly embraced by Reagan and his Pentagon chief.

Stockman, in fact, had been pushing for cuts in precisely the same ballpark — \$11 to \$12 billion for fiscal 1984 — as part of his quest to narrow what otherwise looms as a deficit approaching \$200 billion.

But Weinberger denied he had given in to pressure and pictured the reductions, leaving a still-record total of \$273.4 billion, as "long planned, ever since it was known how effective our anti-inflationary campaign has been."

Most of the rollback, Weinberger said, is attributable to lower fuel costs and prices for

many other items as a result of "sharply lower inflation rates," Weinberger said.

The rest, he added, would be reached by some unspecified personnel cost savings, postponement of some military construction in the United States, such as housing, and some other expenses, including training costs.

In Dallas, Reagan told reporters after a speech to a farm group that the new cuts would not set back "in any substantial way our defense program. That still remains a top priority — the security of our people."

He said the cuts are not "a ploy" and were not "intended to persuade Congress." But any further cuts imposed by Congress, he warned, "would be endangering the security of our country."

"I'm delighted with this \$11 billion," the

president said. "I'm accepting that gladly. Cap did it. I'm pleased with it."

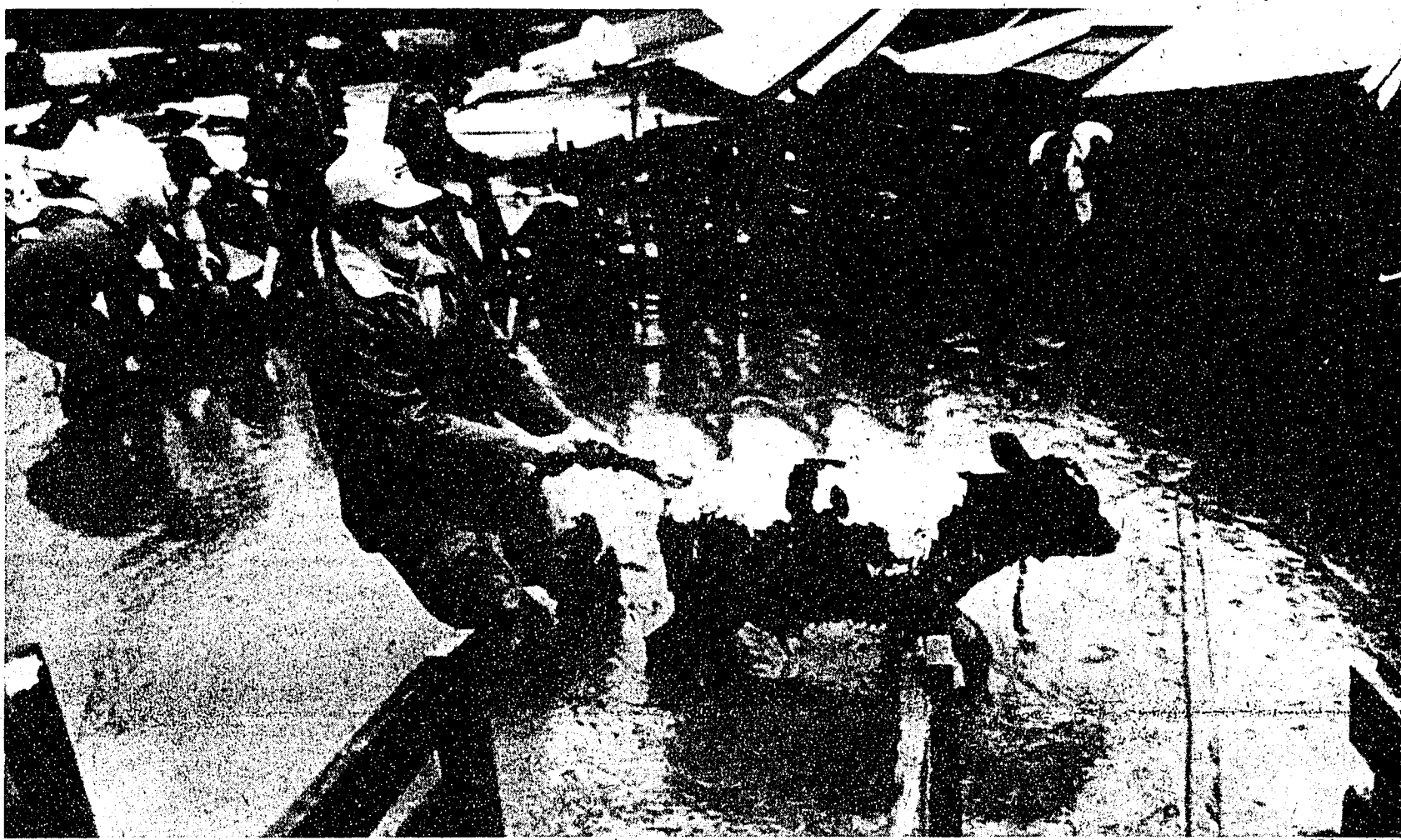
Deputy White House press secretary Larry Speakes said aboard Air Force One as Reagan flew from Dallas to Washington that the president "feels like this is a good-faith effort... "It's not a token, it's not a bargaining chip, it's not a high figure we'd be willing to come down on. It's an honest budget figure."

Speakes said the president and the defense secretary "met privately to work it out on Monday."

In effect, Weinberger agreed to the level of defense spending which Congress envisioned for 1984 when it passed the 1983 budget last year. That measure projected 1984 Pentagon authority at \$273.5 billion; Weinberger's proposal would actually put it at \$273.4 billion.



Caspar Weinberger



### Tug of war

Volunteers brave the muddy residue as they work to save calves that survived a huge mudslide that destroyed the animals' barn near Sedro Wooley in

northwest Washington. Han Hofman, 43, co-owner of the farm, was killed in the slide.

## Prime rate drops as interest rates continue to fall

By CHRISTOPHER LINDSAY  
AP Business Writer

NEW YORK — The prime rate hit its lowest level in 2½ years yesterday as the nation's major banks lowered it from 11.5 percent to 11 percent, continuing a downward march in interest rates that began in July.

Some analysts said they expected continued declines because of sharp drops in banks' costs of obtaining funds and of weak demand for business credit in the lingering recession. They disagreed about whether the prime would fall below 10 percent.

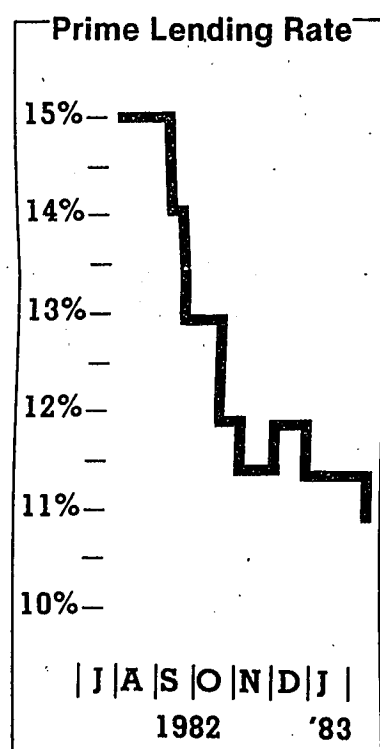
The prime rate has not been in single digits since October 1978, when it rose from 9.75 percent to 10 percent, heading for a record high of 21.5 percent in December 1980. Otto Eckstein, president of Data Resources Inc., a research firm in Lexington, Mass., predicted the prime would "bottom" at an average 10.85 percent in the first quarter of this year and rise to just over 12 percent by year's end.

David Jones, economist with the Wall Street firm Aubrey G. Lanston & Co., predicted the prime would drop below 10 percent by late March. It would come sooner, he said, except banks want to maintain a "cushion" between their cost of funds and the yield they receive from making loans.

Jeffrey Leeds, money market economist with Chase Manhattan Bank, which had been alone at an 11 percent prime rate since Dec. 28, said he expected further cuts in the prime. But he said they hinged on decreases in other interest rates, including the federal funds rate that banks charge on overnight loans among themselves, the Federal Reserve's discount rate on loans to banks and what market forces dictate banks have to pay on long-

term certificates of deposit, a source of considerable bank funds.

"I do expect market rates of interest are likely to decline further, but I don't know where the bottom is," he said.



The prime rate has dropped from 16.5 percent in mid-July, while the Fed's discount rate has been trimmed from 12 percent to 8.5 percent and the federal funds rate has fallen from about 15 percent to about 8 percent.

Leeds, echoing many economists, added that too much attention is paid to the prime rate, because a substantial number of short-term commercial and industrial loans are made at rates slightly and even considerably below the prevailing published prime.

## Guerrillas abduct Soviet officials

By RICHARD BILL  
Associated Press Writer

ISLAMABAD, Pakistan — Afghan guerrillas kidnapped 14 to 16 Soviet civilian advisers, including two women, in a daring, daylight raid in the northern Afghan city of Mazar-e-Sharif, Western diplomatic sources said yesterday.

They said immediately after the abduction last week, Soviet troops rounded up many of Mazar-e-Sharif's women and demanded to know the whereabouts of their husbands and sons. The Soviets freed the city's women several hours later, but the roundup threw residents into "turmoil," the sources said.

The sources added that they had no word on the fate of the advisers. There was no independent confirmation of the

abduction, the single largest such kidnapping reported in Afghanistan since the Kremlin poured an estimated 85,000 troops into the country three years ago to help the pro-Moscow regime battle anti-communist guerrillas.

It was not immediately clear in what capacity the advisers were serving. In the past they have helped on development projects in Afghanistan.

Mazar-e-Sharif, provincial capital of Balkh province, is only 30 miles south of the Soviet border. The city, located immediately south of Termez, the main Soviet supply route into Afghanistan, also has two major airfields, one of which serves as a military base.

A spokesman for the Jamiat Islami guerrilla group, which is known for its strong links in the north, said it was "entirely feasible" his organization was responsible for the kidnappings.

Mohammed es-Haq, reached by telephone in Peshawar, close to the Afghan border, said he knew of the abductions several days ago but decided against releasing the news to media representatives because he only had sketchy details.

However, he acknowledged the "probability" that the Jamiat group engineered the operation, which, he added, would have been conducted by Zabi Ullah, Jamiat's top guerrilla commander for the northern areas.

Azim Nasri, another spokesman in Islamabad, said he believed the Soviets were still alive and being held at a "secret place" across the border.

Nasri, citing information from Jamiat's military command, had little to add but said the Soviets may eventually be brought across the border to Peshawar for questioning.

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### weather

Mostly cloudy today with a chance of snow showers this morning and some sunny intervals this afternoon, high of 30 Degrees. Becoming partly cloudy and cold tonight with a low temperature of 18 Degrees. Partly sunny tomorrow with a high near 29 Degrees.

—by Craig Wagner

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## Pensions cited for sex discrimination

By MICHAEL J. SNIFFEN  
Associated Press Writer

WASHINGTON — The Reagan Administration told the Supreme Court yesterday that most pension plans illegally discriminate against women by paying them lower benefits than men simply because they live longer.

Solicitor General Rex Lee told the court in a written brief that Title VII of the 1964 Civil Rights Act prohibits the almost universal practice of basing different monthly pension benefits on actuarial tables showing the different life expectancies of men and women as groups.

The Justice Department's comments came in a case involving pension plans used by 3,400 colleges for some 650,000 employees, but the issues raised could affect millions of American workers and billions of dollars in pensions.

Lee noted that in 1978 the Supreme Court ruled against a retirement plan that required women to make larger

contributions than similarly situated men.

"Whether a woman contributes a greater amount of her compensation than a man for an equal benefit or contributes an equal amount for a lesser benefit, the use of sex-based actuarial tables in calculating periodic benefits results in the same discrimination," Lee said.

Pension plan operators have argued that the life expectancy tables produce a fair system because men as a group get paid the same benefits as women as a group. This is because in the United States women tend to live longer than men and thus, although their monthly benefit is smaller, their total benefit is about the same when viewed on a group basis.

The American Academy of Actuaries says that the life expectancy of women born in 1981 is 78.3 years, while men born in the same year are expected to live an average 70.7 years.



### Food bank

President Reagan is given a tour of the North Texas Food Bank in Dallas yesterday afternoon. Katherine Cain, president of the bank's supervisory board, guides the tour. The bank is a private, non-profit organization that distributes groceries to the needy.