

Volcker reappointed Federal Reserve head

WASHINGTON (AP) — President Reagan "kept his own counsel" on whether Paul Volcker would stay on as chairman of the Federal Reserve Board, even after a consensus among his advisers had settled on reappointing Volcker, administration officials say.



Paul A. Volcker

Once he made the decision to name Volcker to a second term, Reagan alerted the American public with what he termed a "flash" announcement during his Saturday radio speech.

Volcker was first appointed to the post as head of the nation's central bank in 1979 by then-President Carter. His first four-year term expires Aug. 5.

The president decided to reappoint Volcker during what one administration official described as a "process of talking it through" with his advisers over a period of days.

Volcker, 55, emerged as the leading candidate based on his experience and his high regard in Congress, the administration and the important business and financial community both in the United States and abroad.

The expiration of Volcker's term also comes at a critical economic time when inflation rates are down and the economy is rebounding from the longest recession since the Great Depression.

"His independence is well established," said the official, who would only discuss the situation on condition his name not be used. "There were other good candidates but he was the one who had the experience, the respect and credibility to carry it out."

Added another administration official, "It seemed the right thing to do at this time. A series of events pointed to keeping the man based on his experience." The official also

requested anonymity. The discussions of the Fed job didn't begin in earnest until after the seven-nation economic summit at Williamsburg, Va., on Memorial Day weekend.

Treasury Secretary Donald Regan advised the president he didn't have to make a decision before the summit, one official said.

On June 6, the president met with his top economic and staff advisers to discuss the appointment. Those attending included Regan, budget director David Stockman, and Martin Feldstein, chairman of the President's Council of Economic Advisers. Also attending were key presidential assistants James Baker, Edwin Meese, Michael Deaver and Edwin Harper.

That same day Regan met with Volcker, at Volcker's request, officials said. The two discussed the reappointment briefly but also talked about the need for economic growth without inflation and the international debt problem, they said.

At the president's meeting with his advisers, Regan was said to have discussed the background of previous Fed chairmen and the job's responsibilities. They include not only controlling the nation's money supply, but also dealing with the debt problem of the developing countries and banking deregulation.

In addition to Volcker, names mentioned were economists Alan Greenspan, Paul

Cracken and Milton Friedman; Fed vice chairman Preston Martin; banker Walter Wriston; and Beryl Sprinkel, under secretary of Treasury for monetary affairs. By one estimate, as many as a dozen names may have been tossed out.

It became clear as they talked, one official said, that Volcker had a certain experience that was needed at a "critical stage" to continue the fight against inflation and to work with the international debt problems and banking deregulation. He also had the administrative expertise to run the Fed system.

Early on, there was some talk that it might be good for the president to have his own appointee — rather than that of his Democratic predecessor — in the sensitive job if he were to run for re-election next year, said one official. "But the consensus was that the best politics (would be) a good economic recovery" and "a stable international situation," he said.

In the advisers' discussions, the list of candidates eventually narrowed to Volcker and Greenspan, who was chairman of the President's Council of Economic Advisers under President Gerald Ford.

A strong consensus then developed among the advisers for Volcker, said an official. Throughout the talks, Regan "kept his own counsel about how he was going to come out," he said.

The president decided on Volcker in the last 24 hours and then wanted to make the announcement quickly, before it leaked out, the official said.

From the very beginning, the president did not want to announce his decision while the stock market was open because the news might cause disruptions, he said.

A long-expected battle between two top GOP officials never materialized Saturday after a compromise was reached between the party vice chairman and the resigning chairman.

state news briefs

Asher: new state GOP chairman

GRANTVILLE, Pa. (AP) — Robert Asher, a political ally of Gov. Dick Thornburgh, is the new state Republican Party chairman, after a weekend show of will that belied talk of a political family feud.

Political observers believe the change in leadership could increase Thornburgh's power over the Pennsylvania delegation to the 1984 Republican national convention next year in Dallas, enhancing his position in helping a Reagan-Bush campaign, or his prospects for the national ticket if Reagan does not run for a second term.

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House, Senate working on budget

HARRISBURG (AP) — Both the House and Senate go to work this week on separate budget bills in an effort to get a state spending plan approved before the end of the fiscal year on June 30.

Dozens of amendments have been drafted by rank-and-file members to be offered during budget debate, but it is questionable how much impact those proposed changes would have.

If the budget process develops as it has in recent years, a six-member House-Senate conference committee will wind up drafting its own budget as a compromise between the two chambers.

With just 11 days left in the fiscal year, Senate Majority Whip John Stauffer, R-Chester, said he isn't optimistic that a budget can be passed on time.

Legislative leaders and Gov. Dick Thornburgh have said they will not support "stopgap funding" which means that if a new budget isn't in place by July 1, the state no longer will be able to pay its bills, provide paychecks to state workers or send out welfare checks.

The Senate is considering a \$7.4 billion budget.

nation news briefs

House may approve tax cut limit

WASHINGTON (AP) — With a strong push from its Democratic leaders, the House is virtually certain this week to approve a cap on this year's tax cut for individuals who earn more than \$50,000.

But while that chamber is poised to approve the cap, the Republican-led Senate, with President Reagan's support, will likely refuse to go along, and thus allow the approximately 10 percent reduction to take effect as specified in the 1981 tax bill.

As approved by the House Ways and Means Committee, the cap would limit the final slice of a three-year tax cut to about \$720 per couple and \$337 per single person.

Economy is continuing to boom

WASHINGTON (AP) — The last time the economy appeared to be booming, the Reagan administration swore it wasn't so. "But this time it is."

The Commerce Department will make its first public estimate tomorrow of how much the economy has expanded in the nearly finished April-June quarter. And that estimate could be as high as an annual rate of 8 percent, the best showing in five years.

The administration is already crowing, with Treasury Secretary Donald Regan saying that the revival will last through next year and that the president's economists will have to raise their official projections of 1983 growth for the second time since February.

Most economists — and administration officials speaking for the record — say a 6 percent rate is a safer bet. But even that would indicate the economy was rising strongly out of the 1981-82 recession, surging at the fastest pace since the first quarter of 1981.

Group pushing for TV ad monitors

WASHINGTON (AP) — A children's advocacy group is launching a bid to force broadcasters and cable operators to insert inaudible electronic signals in television commercials aimed at kids so parents can block them out.

"For years, broadcasters have been sloughing off their responsibility for directing ads to young audiences, claiming that it's the responsibility of parents to monitor their children's viewing," said Peggy Charren, the founder and president of Action for Children's Television, or ACT.

"Well, the technology is at hand to do that effectively," she added. "It's up to the Federal Communications Commission to give parents the chance."

ACT's proposal is contained in a petition that will be filed with the FCC today, Charren said. A copy of the petition, which is also supported by Public Advocates Inc., a public interest law firm in San Francisco, was released yesterday.

The 13-page petition calls on the FCC to require broadcasters and cable operators to insert a "Children's Advertising Detection Signal" in any commercial aimed at children. A TV set attachment could then be developed that would respond to the inaudible tones by blanking out the commercial. A similar tone would signal the end of the commercial and restore the normal picture.

world news briefs

Common Market vows closer unity

STUTTGART, West Germany (AP) — The Common Market stumbled crisis yesterday and agreed to the outline of a new plan to keep the European Community from bankruptcy.

They also signed a "solemn declaration" on closer European unity. After long hours of intense negotiating under the chairmanship of West German Chancellor Helmut Kohl, including two late sessions that ended after midnight, leaders of the 10 Common Market nations emerged with a plan that British Prime Minister Margaret Thatcher called "a solid basis for further development of the community."

Agreement on the outline for long-term financing came only after Britain won a rebate on its 1983 budget contribution, a pressing issue that threatened to torpedo the entire summit.

Thatcher said she was pleased with the decision to return the equivalent of about \$675 million to Britain, achieved only after "hard, tough negotiating" and a lot of British "pounding."

Kohl said there was "no cause for euphoria" as a result of the summit's work. He said some of the leaders would go home to face criticism. "But we were all here to make sacrifices and get an agreement."

Israeli doctors continue hunger strike

TEL AVIV, Israel (AP) — Israel's medical hunger strike spread to 1,000 public-health doctors in all 17 major hospitals yesterday. The fast is the latest tactic in the physicians' 2½-month-old dispute with the government over higher pay and shorter hours.

Two of the three surgical wards were emptied and patients were sent home at Soroka Hospital in the Negev Desert city of Beer-sheva, where doctors began the fast on Tuesday and some were reported unable to work. Emergency cases were being flown to hospitals in Jerusalem, said Soroka's director, David Ronen.

All women astronauts' hopes ride with lady now in space

By PAUL REICER
AP Aerospace Writer

SPACE CENTER, Houston — Perhaps nobody is watching the performance of Sally Ride more closely and with more self-interest than the seven women who stayed behind.

"What I do will probably reflect on them," acknowledged Ride in a preflight interview. "It is at stake; only one of the seven women has been assigned to an upcoming flight."

It took 22 years for NASA to send a woman into orbit and there are still some in the agency who are unconvinced that women belong there. How well Ride's mission goes, it's felt, could well determine the composition of future space flights.

Ride recognizes this and feels the tension. "The main pressure I feel is just to show that I'm capable of pulling it off," she told The Associated Press. "It's important to me, but I think it's also important to the rest of the women astronauts."

NASA selected six women astronauts, including Ride, in 1978, and

two more the following year. All are mission specialists, excluded from actually flying the shuttle to perform scientific experiments and other activities.

The women vie with one another and with 71 male astronauts in competing for seats on space shuttle missions. Aside from Ride, only Judith Resnik has been assigned a flight. The others are waiting and hoping.

Ride's mission, says astronaut Kathy Sullivan, may provide the final little push to topple emotional barriers against women in space.

A lot of people, said Sullivan, still feel "discomforted" about women in non-traditional roles, "whether in a schoolbus or flying a spacecraft." Ride's mission, she said, "will bring a very substantial demonstration, beyond all question, that it (the shuttle) works just as well with women aboard."

"Kepler's laws are not spontaneously violated, the spacecraft will not fall from the sky," she added. "Believe it or not, the instrument panel does not know if it is a male or female hand that flips the switches."

The women of America's space

corps are scholastically gifted and fiercely independent. Two are physicists, Rhea Seddon Gibson and Anna Fisher. The rest hold doctorate degrees in science or engineering. Ride got her PhD in geology. For Mary Cleave it was civil and environmental engineering. Shannon W. Lucid is a biochemist. Resnik is an electrical engineer and Bonnie Dunbar is a biomedical engineer.

Each, to a greater or lesser degree, overcame barriers to become astronauts.

Lucid, 41, so, the oldest of the group, said once in an interview: "The feminine revolution took two kinds of people. Some pointed out the problems to the establishment, and then others were ready to step into the jobs that were created. I was one of those."

Lucid is married and the mother of three. Cleave, a 5-foot-2 woman who jokes she was selected as an astronaut "in case they ever had a job for a midsize" gives an environmental explanation for the new role of women in space.



Sally Ride

Assassination attempted, 50 PLO guerrillas abducted

By TERRY A. ANDERSON
Associated Press Writer

CHYAUARA, Lebanon — Gunmen wounded a top military aide to Palestine Liberation Organization chairman Yasser Arafat yesterday and a radical PLO faction claimed it had kidnapped 50 members of Arafat's PLO guerrilla unit.

The shooting — which a PLO official blamed on mutinous guerrillas — and an overnight siege at a PLO battalion headquarters here deepened the crisis between Arafat and radicals who say he is too soft in dealing with moderate Arabs and the United States.

Li. Col. Ezzedine Sheriff, one of Arafat's top aides, was wounded in the legs and one arm in an assassination attempt at a Palestinian camp just outside Damascus, Syria, PLO officials said. The 67-year-old Sheriff, known as Abu Ziad, is head of the PLO's occupied-territories office in Damascus.

An Arafat aide in Damascus blamed "the rebels" within Fatah of the attempted assassination. Fatah is the largest of a half dozen Palestinian groups that form the PLO.

Sherif's teen-age son also was wounded in the ambush by what the officials said was more than 25 men. Doctors at the Palestinian-run Jaffa hospital in Damascus said neither victim was in serious condition.

In the United Arab Emirates, the newspaper Al Khaleej reported that a radical PLO group claimed it abducted a senior PLO military leader and 49 other PLO men in Lebanon's eastern Bekaa Valley.

The paper said a spokesman for the Popular Front for the Liberation of Palestine-General Command claimed the kidnapped PLO officials included Brig. Sultan, the overall commander of PLO artillery units.

It quoted the spokesman as saying the abductions were in retaliation for the Fatah kidnapping of four PLO-60 guerrillas, two of whom purportedly were killed while trying to escape.

The shooting of Sheriff and the battalion headquarters siege forced the third postponement of a series of crucial leadership meetings of Arafat's own Fatah faction.

Reagan: Education proposals changed since election campaign began

Education proposals changed since election campaign began

By MICHAEL PUTZEL
Associated Press Writer

WASHINGTON — President Reagan's proposals for improving American education changed abruptly about the time the White House decided to thrust the issue into the 1984 presidential campaign, a review of his public remarks shows.

Shortly after the publication in April of a hard-hitting report by the National Commission on Excellence in Education decrying the condition of learning in America, Reagan disengaged from the education policy of his administration and embraced the simple, straightforward tenets put forward by the commission. He ignored the part, however, that says the federal government has a major role to play in improving the schools.

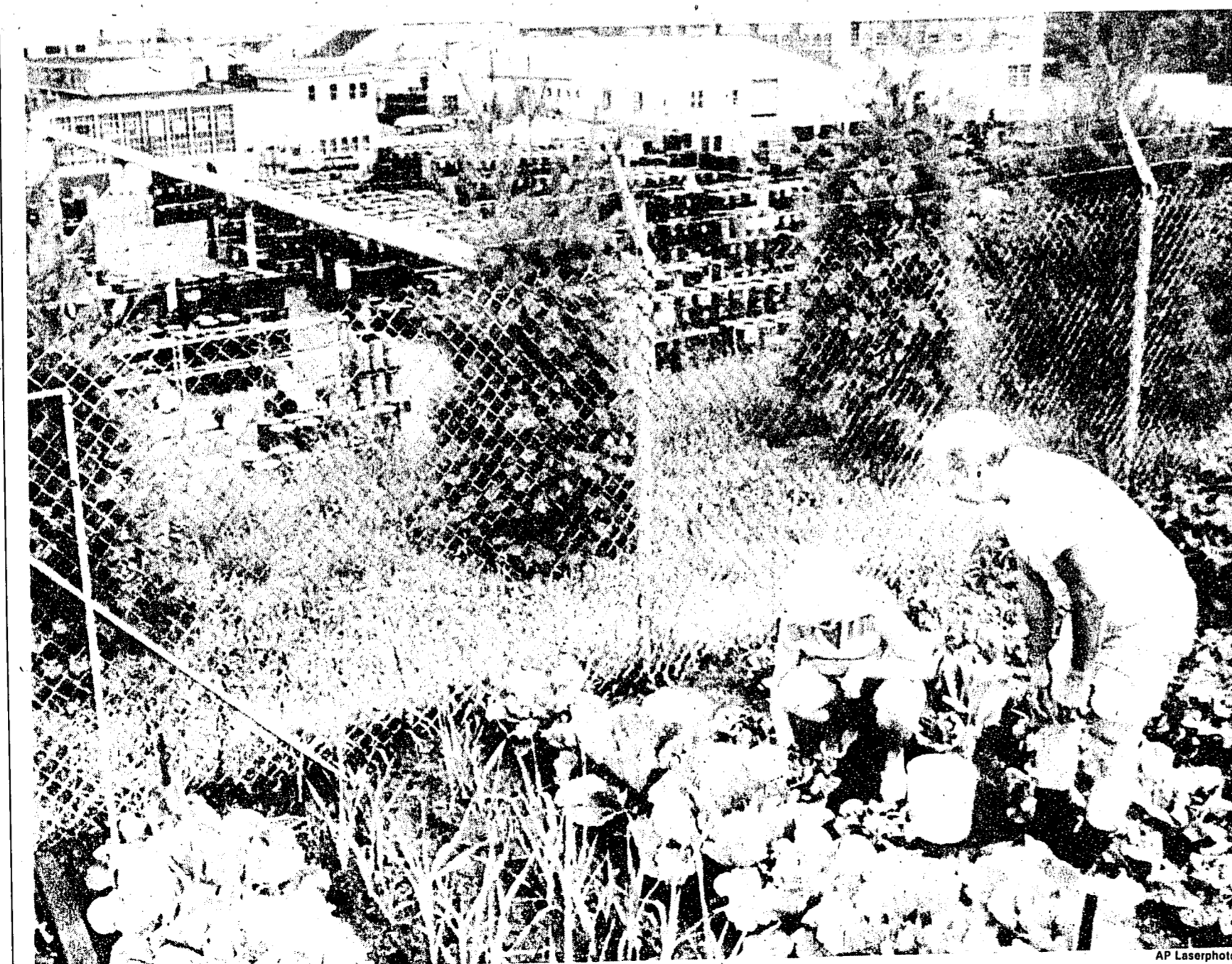
Now he has taken to the hustings to promote the new policy, and his would-be Democratic rivals are rushing to counter the Reagan offensive. Administration records beginning with the first budget-cutting plan Reagan unveiled a month after he took office show he repeatedly has sought to cut spending for the programs that provide federal aid to public schools and to students going on to college.

At one point last year, Reagan asked Congress to slash education programs by one third, from the \$14.8 billion appropriated in fiscal 1982 to \$10 billion for fiscal '83.

As he began the second half of his term, the president described a program of block grants, tax breaks and a constitutional amendment tailored to appeal to his conservative, long-time supporters.

"In 1983, we seek four major education goals," Reagan said in his Jan. 25 State of the Union address: "a quality education initiative to encourage block grants to the states; establishment of education savings accounts that will give middle- and lower-income families an incentive to save for their children's college education and, at the same time, encourage a real increase in savings for economic growth; passage of tuition tax credits for parents who want to send their children to private or religiously affiliated schools; a constitutional amendment to permit voluntary school prayer. God should never have been expelled from America's classrooms in the first place."

He sounded that theme again in March. In a weekly radio broadcast, Reagan decreed declining standards and federal interference in education and repeated the plea for a school-prayer amendment.



In the garden

Verna Fedorin, kneeling, and her husband, Michael, work in their vegetable garden yesterday in Clifton, N.J. The garden overlooks Clifton's Givaudan Plant

where officials announced on Saturday that measurable amounts of dioxin have been found.

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