Index shows slower growth in economy

Indicators

156- Economic

Activity

1967=100

ASONDJFMAMJJ

1982 • 83

Source: Commerce Dept.

prices, money supply and other

also revised upward its estimate

of the June index of leading indica-

tors, to a 1.9 percent gain from the

previously reported 1 percent

The government's Index of Leading Economic Indicators rose 0.3 percent in July, the smallest monthly gain since the forecasting gauge began rising last Septem-

The stock market, apparently heartened by the report, rallied despite a drop in bond prices. The Dow Jones average of 30 industrial stocks, the most widely watched indicator of stock market trends, soared 20.12 points, to 1,216.16. It was the Dow's biggest gain since it rose 30.74 points on

Separately, the Agriculture Department said farm prices rose 4.6 percent in August, the biggest monthly rise in more than three years. Agriculture officials attributed the price jump partly to the Farm Belt's summer drought. Economists interpreted the leading indicators report as evidence that the economic recovery which began late last year, slowed in July from the torrid pace of last

At Citibank in New York, economist Alan Murray said his bank estimated that the nation's economy continued to grow in July, but at a slower rate than earlier.

In other economic developments "The momentum of the recovery is clearly slowing as the econ-• The government said the omy shifts gears.'' Murray said He predicted that the nation's GNP grew at a 9.2 percent rate in the previous quarter.

Commerce Secretary Malcolm Baldrige, commenting on the 0.3 percent increase in the Index of Leading Economic Indicators, said, "this recovery's strong phase . . . is largely behind us,' adding that more moderate and sustainable growth likely will fol-

The forecasting gauge is a com- chemical manufacturing business oilation of a dozen forward-point- in a competitive cost position." He ing statistics covering; said the company had lost money manaufacturing, employment, for nine consecutive quarters.

 $_{ extsf{C}}$ Composite Index of \lnot Leading Economic

vote tonight.

said the committee vote would be by secret ballot. No matter who won, he added, "we will continue the policies that have been followed under Mr. Begin." Much depended on whether the popular 70-year-old prime minister

would give his blessing to either candidate. In the past, he has preferred Shamir, a 68-year-old comrade in the underground fight for Jewish statehood in Palestine. Supporters of each man claimed they were certain of victory. But the preliminary round went to the 45year-old Levy, who held out for a committee election and rejected

foreign minister. Shamir's supporters, in urging that the party leadership make the choice, argued that the longer the delay, the greater the risk that the opposition Labor Party would lure away enough Begin supporters to put together a majority and take over the government.

homes built in the last 13 years climbed \$3,600 between 1980 and Labor outnumbers the Heruthomes were built in that period. The median value of all single family homes, regardless of when built, was \$55,300 in 1981, up \$4,000 from the year before.

manufacturing unit, El Paso Prodmembers of at least two of Begin's ucts Co., is laying off about 400 workers in Odessa, Bayport and Corpus Christi, Texas. Company president J. Virgil Waggoner said the cutback, "although regretta ble, is the only way to keep our

Successor to be chosen in party vote

TEL AVIV. Israel - Foreign Minister Yitzhak Shamir and Deputy Prime Minister David Levy agreed yesterday to put their contest to succeed Menachem Begin to a party

The shift from the Herut Party's Cabinet caucus to the 930-member central committee appeared to boost Levy's chances, since he is stronger in the committee than among the senior party leaders, who overwhelmingly support Sha-

Shamir's attempt to get him out of the race by offering to make him

dominated Likud bloc 50-46 in the 120-member Knesset, the Israeli two Shiniu Party members to join any coalition it forms. Begin's coalition has 64 seats. El Paso Co. said its chemical The Laborites were in touch with

Associated Press Writer Jews. They have nine seats.

representing Sephardic (Oriental) tion of Lebanon. ham Shapira of Agudat Israel. made clear that Begin's successor would have to negotiate to retain the

commitment was to Begin only, he said, "We never signed any blank A new complication arose when four Begin supporters said they er a coalition. would not support any coalition that did not include both Likud and La-

Ben-Porat told a news conference tor, in 1948. only a broad-based "national unity Like Begin, he is a doctrinaire dim prime minister and its younggovernment" could reform the in- believer in Israel's right to the West est.

partners, the National Religious flation-torn economy and rescue the Bank of the Jordan River as part of They claimed the support of Knes- accords with Egypt when they came set Speaker Menachem Savidor but to a vote in the Knesset -contend-

party in the present coalition, Avra- said he could not attend their news ing that they gave away too much conference for fear of impugning the Sinai Desert — in return for too his impartiality as speaker. Begin, meanwhile, delayed sub- As foreign minister, he proved to mitting his resignation to President be an accomplished diplomat and Chaim Herzog, apparently until his was instrumental in the recent im-

immigrated to Palestine in 1935, munity, which comprises 65 percent was chief of operations of the Stern of the Jewish population. He is re-Likud members Dror Zeigerman Gang, the anti-British terrorists garded as e pragmatist whose chief and Yitzhak Berman and ex-Labor- who assassinated Count Folke Ber- priority as premier would be to heal ites Yigal Hurwitz and Mordechai nadotte, the Swedish U.N. media- the national split over the war.

party agreed on a successor. He and provement of Israeli relations with caretaker government until the new nations. Herut leader — or Labor Party Levy immigrated from Morocco leader Shimon Peres — puts togeth- in 1957 and was a farm laborer who

Shamir, a native of Poland who as a leader of the Sephardic com-

New leader may face coalition breakup

TEL AVIV, Israel (AP) — Here is a rundown of the Israeli political situation at a glance following Prime Minister Menachem Begin's decision to resign: CANDIDATES: The top candidates to succeed him are Foreign Minister Yitzhak Shamir and Deputy

Premier David Levy. Shamir, 68, has the backing of most of the ministers of his Herut (Liberty) faction in the ruling Likud bloc. Levy, 45, feels he has more grass roots support than Shamir, and is fighting for the election of successor by the 1.000-member Herut central committee, where he believes has a majority. LABOR PARTY: The opposition Labor Party scents a chance to put together a coalition and oust the Likud government. Its chances depend on swing votes in the 20-member Parliament. If Labor, which outnumbers Likud 50-46 in Parliament, can lure at least some of the

members of the ruling coalition to defect, Israel's next

prime minister could be Shimon Peres, leader of the

Labor Party and a former defense minister. Labor's Yitzhak Rabin, a former prime minister, could become the No. 2 man in the Israeli leadership. COALITION PARTIES: As has been the case since Israel won statehood in 1948, the National Religious Party (NRP) is the fulcrum of power. Its six members

is split between the hawkish nationalist wing which is loyal to Begin, and the dovish socialist-leaning wing. which would not mind joining Labor in a coalition.

Other swing votes are the ultra-orthodox Agudat Israel Party, with four votes, and TAMI, a three-man ethnic faction representing Sephardic Jews. Neither has shut the door on an alliance with Labor. A UNITY GOVERNMENT: The idea of a national

unity government invariably crops up in Israeli political crises. Labor and Likud would join forces in a coalition that would include as many other parties as possible. Four members of the present coalition are calling for a unity government. The National Religious Party's Yosef Burg, interior minister and at 74 the most veteran politician in Israel, is mentioned as the possible prime minister in such a government.

BEGIN'S STATUS: Begin is delaying his formal resignation until a successor is picked. He continues to figure in the Likud bloc. He has never publicly named his preferred successor, but if he wishes to pick an heir, his choice is sure to be acceptable to the entire party.

He spoke with reporters after briefing interim

these meetings," Stone said at Ilopango air force base, seven miles east of the capital, before taking off for Bogota for talks with Colombian President Belisario Betancur. Betancur arranged a meeting in Bogota be-

between the Salvadoran peace commission and two other rebel leaders. "At the same time, I know that the statements

'I know that the statements made yesterday by the FDR-FMLN during their press conference in San Jose seem apparently to reject their participation in the democratic process.'

reject their participation in the democratic proc-

want to repeat and reiterate that we are fully in support of the approach of the Salvador peace commission, which is to offer a democratic process and elections to all Salvador citizens.". Earlier Wednesday in San Jose, Stone said his meetings this week with Salvadoran rebel leaders were a "positive step" toward peace. A Salvadoran government source said they appeared "to have some substance."

However, one of the rebels Stone met with in Costa Rica for 412 hours Monday and Tuesday said the United States "has no real desire to arrive at any agreement for ending the civil war

radio interview in Bogota, that the leftist political and guerrilla coalitions must be included in a

commission; Defense Minister Carlos Eugenio Vides Casanova and Roberto d'Aubuisson, president of the Constituent Assembly.

A Salvadoran source said Stone "brought with

give up, none hurt TEHRAN, Iran (AP) — Arabic- er passengers at stops along the speaking hijackers freed their last way. 15 hostages from an Air France Dr. Clayton Thomas, 62, and his

Air France hijackers

jetliner in Tehran yesterday and then surrendered, ending a fiveday ordeal during which they forced an American passenger to kneel on the tarmac for 45 minutes

with a gun to his head. Iranian officials said five hijackers gave themselves up, but Air France and the freed hostages said there were four in the group that seized the jet Saturday on a flight from Vienna to Paris and the tarmac with a gun pointed at diverted it to Tehran Sunday. They released more than 90 oth-

55-year-old wife, Margaret Ann, of Brimfield, Mass., were among the eight passengers and seven crew freed in Tehran. They and the

others were unharmed and will fly

to Paris today.

Reached by The Associated Press by telephone from Nicosia, Cyprus, Mrs. Thomas, in Tehran's Hyatt Hotel, said her husband was his head Tuesday while negotia-

Stone having problems negotiating with rebels

Associated Press Writer

SAN SALVADOR, El Salvador — U.S. special envoy Richard Stone yesterday accused leftist rebel leaders of rejecting a democratic process to end E. Salvador's 46-month civil war and trying to seir e power if they do not get it by other means. Stone also accused the leftists of breaking the confidentiality of talks he held with them Monday and Tuesday in Costa Rica to explore ways to find

President Alvaro Magana and other top officials for three hours on the latest developments in his "We continue to respect the confidentiality of

tween Stone and leftist political leader Ruben Zamo a on July 31 and another meeting Monday

press conference in San Jose seem apparently to anywhere," he said.

-Richard Stone, U.S. special

groups fighting to overthrow the government. The FDR is a federation of outlawed leftist political parties that works closely with the

"If the FDR-FMLN intended to convey that impression — the impression that either they would have to be granted power or that they would seize it - I would expect that would be unacceptable here to the people of El Salvador as made yesterday by the FDR-FMLN during their it would be unacceptable to democratic people

The rebel leader. Mario Aguinada, said in a

provisional government if there is to be any chance of peace and free elections. President Reagan's personal representative met for three hours Wednesday with Salvadoran government leaders including Magana, Francisco Quinones, head of the government's peace

him the result of those meetings and discussed alternatives with government officials."

Shuttle launches satellite despite 'fire'

By HARRY F. ROSENTHAL

Associated Press Writer CAPE CANAVERAL, Fla. - Challenger's astronauts launched a triple duty satellite for India vesterday and were told by President Reagan that the space flight of America's first black astronaut demonstrates "we are in an era of brotherhood here in our land."

But the astronauts were later startled by the high, piercing sound of an alarm signaling the possibility of fire in an instrument bay. The alarm turned out to be false. Reagan also found inspiration in the part being played by Dr. William Thornton, who is aboard

the shuttle to learn why some astronauts get sick "Bill, at 54 the oldest astronaut ever to fly in space, you have an especially warm place in my heart." said the president who likes to joke about the fact that he is 72. "It makes me think some day I might be able to go along.'

The president was at his ranch near Santa Barbara, Calif., and the shuttle was 184 miles high, en route from Hawaii toward the West Coast on its 23rd trip around Earth. The astronauts were ending a day in which they made their \$8.36 million satellite delivery, the most important part of their six-day flight. "I caught you on the way to your bunks for

some well deserved sleep, so I'd better cut this short." said Reagan He told Lt. Col. Guion Bluford, the first black man to earn the gold pin that denotes an astro-

naut who has flown, that he is paving the way for "You are making it plain we are in an era of

as a role model for so many others and be so inspirational," Reagan said. "I can't help but express my gratitude for you." Earlier, when Mission Control asked Com-

mander Richard Truly how things were going, he exclaimed: "Shoot, we never had so much fun in our whole lives. There are three types of alarms on the shuttle, and flight director Harold Draughon said the one that sounded at 1:30 p.m. EDT "is the most attention-getting system on the spacecraft."

It reacts to gases produced by combustion, but is not a heat sensor. "It will detect things you can't see or smell or sense," Draughon said. The astronauts could have thrown switches to activate two fire extinguishers in the avionics bay, or used a hand-held extinguisher through

Draughon said that since a second alarm didn't confirm a fire. Truly decided the extinguishers The malfunctioning alarm had been used on the original, unpowered shuttle, Enterprise, and Draughon said it has a history of being overly sensitive. This was the first time such an alarm had gone off in flight

The flight director speculated that "outgassing" - a release of gas from electronic equipment — might have triggered the alarm. The satellite, which can handle more than 8,000 telephone circuits and beam television to receivers in 100,000 rural communities, will also im-

"The deployment was on time ... and the satellite looks good," mission specialist Bluford

crew felt a "slight clunk" as the satellite was

It was the sixth successful communications satellite launch for a shuttle crew. Bluford gave the commands that started the satellite spinning at 40 rpm for stability. At 3:49 a.m. EDT, he pushed a button that sprung the payload out of the cargo bay. Truly fired Challenger's engines so the ship

was a safe 12 miles away when the satellite's

onboard rocket fired 45 minutes later to propel it toward a parking space 22,300 miles above the equator south of India. INSAT is equipped to transmit weather photos every half hour, a boon to many segments of India's economy, including agriculture and avi-

ation. Flood control, irrigation planning and disaster warnings are important benefits antic-The requirement to deploy INSAT in a precise spot over the equator dictated the first night launch in the shuttle program and the unusual hours that have the astronauts working days

starting in late evening and ending in early Bluford and Navy Lt. Cmdr. Dale A. Gardner, a mission specialist, yesterday completed a cell separation experiment that holds promise of new treatment for diabetics. The test involved moving living cells through an electrical field. The astronauts' schedule for their third day in space, beginning in the wee hours today, called for them to put the shuttle's robot arm through its paces by lifting and moving a dumbbell-shaped,



controls yesterday during preparations for the launch of the Indian National

state news briefs

Medicine recalled on AIDS possibility PHILADELPHIA (AP) - The American Red Cross is recalling almost 6,000 vials of a blood-clotting agent used to treat hemophi-

liacs because a donor whose blood was used in preparing the concentrate died of AIDS. The Red Cross said the risk of hemophiliacs contracting AIDS -Acquired Immune Deficiency Syndrom — from the blood product was "highly unlikely." The recall is voluntary and "purely precau-

In Philadelphia, where 1,428 of the 5,592 vials were distributed, the recall began last Friday. Dr. William Sherwood, director of the Red Cross Pennsylvania-

New Jersey Regional Blood Service, aknowledged some of the concentrate had been administered to people in the area. He said those people — between two and 15 — had been contacted by their doctors and would be monitored.

College classes free to unemployed BETHLEHEM, Pa. (AP) — Unemployed workers will fill empty classroom chairs at the Northampton Area Community College this semester in a free program designed to restore self-confidence and

Tuition-paying students, who began school Monday, have until tomorrow to change their schedules, and then the unemployed will get a chance to fill the openings, said William Connor, dean of academic programs at the college. "In many classes, we had a number of empty chairs," said

Connor. "The logic was to take the seats and donate them to bona

fide unemployed people who may be having some concerns about their self-worth, their self-esteem. Although the school serves the Lehigh Valley, which has an unemployment rate of about 12.6, the program will be open to only Northampton County residents, Connor said Tuesday. Since local newspapers began running free ads Monday, more than 90 unemployed workers have called about the program,

nation news briefs

remain at the base for more than 24 hours.

Slain Marines returned to U.S.

DOVER, Del. (AP) - The bodies of two U.S. Marines killed in Lebanon arrived at Dover Air Force Base yesterday, and officials said they will be escorted to their hometowns by military represen-

The bodies of 2nd Lt. Donald Losey, 28, of Winston-Salem, N.C., and Staff Sgt. Alexander M. Ortega, 25, of Rochester, N.Y., arrived at the base outside the Delaware capital at 8:26 a.m. aboard a C-141 The men, part of the international peacekeeping force in Leb-

anon, were killed Monday morning in Beirut during fierce fighting between the Lebanese army and members of a Shiite Moslem militia. Fourteen other Marines were wounded. Staff Sgt. Shirlee Taylor, a base spokeswoman, said the aircraft carrying the bodies stopped for fuel in Frankfurt, West Germany. The flight was delayed about an hour because of strong head winds.

Base officials said the bodies of the Marines were not expected to

Citizens favor sales over income tax

WASHINGTON (AP) - By a 2 to 1 margin, Americans would prefer a new national sales tax over higher income taxes if soaring budget deficits force the government to find new revenues, according to a Gallup poll commissioned by a federal-state panel. The Advisory Commission on Intergovernmental Relations said yesterday the survey found that the income tax, considered by most economists to be the most progressive form of taxation, is

viewed by the public as the least fair tax it pays. The revolt against the income tax follows pocketbook interests, the survey also found, with higher income groups giving much more support for the sales tax than lower income respondents. Asked what would be the best way to raise federal taxes, if that becomes necessary, 52 percent of those polled chose a new national sales tax on all purchases other than food. Twenty-four percent preferred higher income taxes and 25 percent said they didn't

world news briefs

Greece wants to restore Parthenon

ATHENS, Greece (AP) - The Parthenon, one of the glories of ancient Greece, has lost some of its glory over 21/2 millennia and the government has announced an ambitious project to restore some of the vanished luster

Culture Minister Melina Mercouri announced yesterday that a way had been found to restore the temple without marring its famous silhouette with scaffolding. For eight years experts have been working out a plan to save the Parthenon and the Erechtheum temple, which share the summit of the Acropolis, high above Athens. In addition to the wear and tear of nearly 25 centuries, both monuments have suffered the modern

ravages of industrial pollution. Village burned, Chad blames rebels

N'DJAMENA, Chad (AP) — The government said yesterday that Libyan-trained rebels in southern Chad burned a village and killed at least two people in an anti-government raid last week. But missionary sources said government troops razed the village in a reprisal raid. Information Minister Soumaila Mahamat said a well-armed

rebel gang recruited, trained and supplied by Libya, crossed the border from the Central African Republic and burned down the Western diplomatic and military informants confirmed that rebel activity in the densely-populated southern region, Chad's economic heartland, has increased sharply since the beginning of the 17-day-old undeclared truce in the battle between government

and rebel forces in the north. However, Roman Catholic missionary sources said the village in question was burned down by government soldiers in a reprisal raid for alleged collusion between the villagers and the rebel gangs

based in uncontrolled forest areas across the border.

stock report

Sharpest rise in six weeks NEW YORK (AP) - Blue-

chip and technology issues led the way as the stock market rolled up its sharpest gain in six weeks yesterday. Trading picked up from its recent sluggish pace. The Dow Jones average of 30 industrials jumped 20.12 to 1,216.16, for its best showing

since it rose 30.74 points on The upsurge rescued August as a winning month for the Dow, leaving the average with a 16.94 gain from the last trading day in July.

93,456,000 ssues Traded 1,947 Up 1,048 Unchanged NYSE Index 94.89 + .92 Dow Jones Industrials

1,216.16 + 20.12

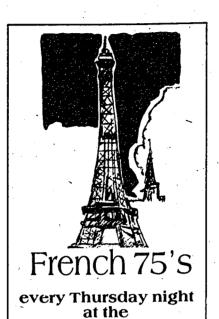
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