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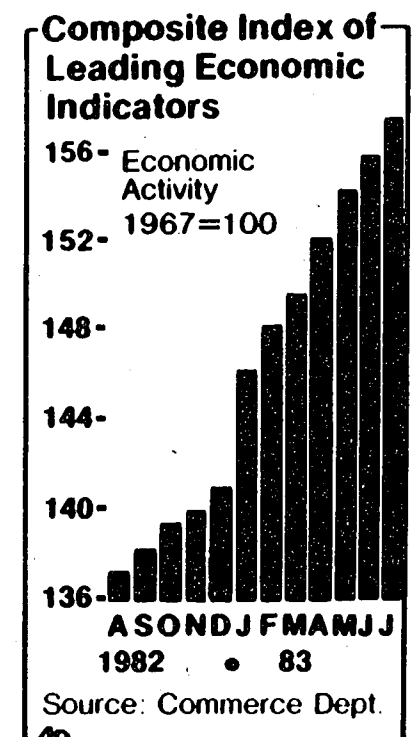
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Index shows slower growth in economy

By ROBERT BURNS
AP Business Writer

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 September.



The Dow Jones average of 30 industrial stocks, the most widely watched indicator of stock market trends, soared 21.2 points, to 1,216.16. It was the Dow's biggest gain since it rose 30.74 points on July 30.

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 spring.

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.

The Commerce Department also revised upward its estimate of the June index of leading indicators, to a 1.9 percent gain from the previously reported 1 percent gain.

In other economic developments yesterday: The government said the median value of single-family homes built in the last 13 years climbed \$3,600 between 1980 and 1981, to \$70,900. One-quarter of all homes 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.

El Paso Co. said its chemical manufacturing unit, El Paso Products Co., is laying off about 400 workers in Odessa, Bayport and Corpus Christi, Texas. Company president J. Virgil Waggoner said the cutback, "although regrettable, is the only way to keep our chemical manufacturing business in a competitive cost position."

Air France hijackers give up, none hurt

By HARRY F. ROSENTHAL
Associated Press Writer

TEHRAN, Iran (AP) — Arabic-speaking hijackers freed their last 15 hostages on an Air France jetliner in Tehran yesterday and then surrendered, ending a five-day ordeal during which they forced an American passenger to kneel on the tarmac for 45 minutes with a gun to his head.

French 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 diverted it to Tehran Sunday.

Dr. Clayton Thomas, 62, and his 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.

Reached by The Associated Press by telephone from Nicosia, Cyprus, Mrs. Thomas, in Tehran's Hyatt Hotel, said her husband was freed on July 31 and another meeting Monday between the Salvadoran peace commission and two other rebel leaders.

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

Successor to be chosen in party vote

By MARCUS ELIASON
Associated Press Writer

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 vote tonight.

The shift from the Herut Party's cabinet caucus to the 390-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 Shamir.

Defense Minister Moshe Arens 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 45-year-old Levy, who held out for a committee election and rejected Shamir's attempt to get him out of the race by offering to make him 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.

Outnumbers the Herut-dominated Likud bloc 50-46 in the 120-member Knesset, the Israeli Parliament, and can count on the two Shinui Party members to join the coalition if forms. Begin's coalition has 64 seats.

The Laborites were in touch with members of at least two of Begin's partners, the National Religious Party and TAMI, an ethnic faction representing Sephardic (Oriental) Jews. They have nine seats.

New leader may face coalition breakup

By ISAAC A. LEVI
Associated Press Writer

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 grassroots support than Shamir, and is fighting for the support of his party's four members in the Knesset.

Talking reporters Agudat Israel's commitment was to Begin only, he said, "We never signed any blank checks. Anything is possible."

They claimed the support of Knesset Speaker Menachem Savidor but said he could not attend their news conference for fear of impugning his impartiality as speaker.

Begin, meanwhile, delayed submitting his resignation to President Chaim Herzog, apparently until his party agreed on a successor. He and his Cabinet remain in office as a caretaker government until the new Herut leader — or Labor Party leader Shimon Peres — puts together a coalition.

As foreign minister, he proved to be an accomplished diplomat and was instrumental in the recent improvement of Israeli relations with black African and Latin American nations.

Levy immigrated from Morocco in 1957 when he was a farm laborer who made his mark in union politics and as a leader of the Sephardic community, which comprises 65 percent of the Jewish population. He is regarded as a pragmatist whose chief priority as premier would be to heal the national split over the war.

He would be Israel's first Sephardic prime minister and his young son, David, is a doctrinaire believer in Israel's right to the West Bank of the Jordan River as part of the Promised Land. He also refused to support the Camp David peace accords with Egypt when they came to a vote in the Knesset — contending that they gave away too much — the Sinai Desert — in return for too little.

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 function as prime minister and is the most respected 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.

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Stone having problems negotiating with rebels

By ISAAC A. LEVI
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 El Salvador's 46-month civil war.

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 peace.

He spoke with reporters after briefing interim President Alvaro Magana and other top officials for the three hours on the latest developments in his peace initiative.

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"We continue to respect the confidentiality of these meetings," Stone said. "I cannot help but express my gratitude for you."

Earlier, when Mission Control asked Commander Richard Truly how things were going, he exclaimed: "Shit, 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 access ports.

Draughon said that since a second alarm didn't occur, he decided the extinguishers weren't needed.

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 improve weather forecasting in India.

"The deployment was on time... and the satellite looks good," mission specialist Bluford reported as the payload spun away. He said the crew felt a "slight clunk" as the satellite was released.

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 2:41 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 aviation. Flood control, irrigation planning and disaster warnings are important benefits anticipated.

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 afternoon.

Bluford and Navy Lt. Cmdr. Dale A. Gardner, a mission specialist, yesterday completed a cell separation experiment that holds promise of new treatment for diabetes. 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, unbalanced object around.

Mission Specialist Dale A. Gardner gives a wave as he sits at the middeck controls yesterday during preparations for the launch of the Indian National Satellite.

Later, in response to a question, he said: "I just want to repeat and restate that we are fully in support of the approach of the Salvadoran peace commission, which is to offer a democratic process and elections to all Salvadoran 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 4 1/2 hours Monday and Tuesday said the United States "has no real desire to arrive at any agreement for ending the civil war in El Salvador."

The rebel leader, Mario Aguinaldo, said in a radio interview in Bogota, that the leftist political and guerrilla coalitions must be included 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 commission; Defense Minister Carlos Eugenio Vides Casanova and Roberto d'Aubuisson, president of the Constituent Assembly.

A Salvadoran source said Stone "brought with him the result of those meetings and discussed alternatives with government officials."

state news briefs

Medicine recalled on AIDS possibility
PHILADELPHIA (AP) — The American Red Cross is recalling almost 600 vials of a blood-clotting agent used to treat hemophiliacs because a donor whose blood was used in preparing the concentrate died of AIDS.

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 build skills.

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 representatives.

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.

Greece wants to restore Parthenon
ATHENS, Greece (AP) — The Parthenon, one of the glories of ancient Greece, has lost some of its glory over 2 1/2 millennia and the government has announced an ambitious project to restore some of the vanished luxury.

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.

stock report

Volume Shares	Issues Traded
93,456,000	1,947
Up 1,048	
Unchanged 397	
Down 502	
NYSE Index	94.89 + .92
Dow Jones Industrials	1,216.16 + 20.12

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.

The Dow Jones average of 30 industrial stocks jumped 20.12 to 1,216.16, for its best showing since it rose 30.74 points on July 30.

Today's Soft-Serve Special at Dairy Queen will be **BLACK RASPBERRY** Dairi Queen **brazier.** 230 Calder Way We Serve Pepsi-Cola

French 75's every Thursday night at the **Corner Lounge** Above The Corner Room

The Candy Cane BESIDES CANDY... We have a large selection of Gift Items: Packaged Teas, Packaged Jellies, Spices, Boxed Candies and mugs. 128 West College Avenue Next to the State Theatre

SPIKE'S BIRTHDAY SPECIAL Cheese dip & chips ONLY \$1.19 good for one/order with coupon only thru 9/7/83

You've heard about 8 cubic ft. Non-Frigidaire freezers for \$399.95. We have one twice the size — 16 cubic feet for \$399.95. That is a FRIGIDAIRE AND Frigidaire is the most energy efficient freezer in the industry. **Klabin's Home and Appliance Company**

FURTHER REDUCTIONS CHEAP THRILLS GOING OUT OF BUSINESS SALE Over 8,000 pairs of jeans still in stock

Jeans by Lee, Levi, Gitano & Chic..... **50% off** (men, junior, student and kids sizes)

Junior Dress Shirts, Sweaters, Turtle-necks..... **60% off** shorts, skirts and outerwear

Men's Sportscoats, Outerwear, Soft Luggage, Robert Bruce Sweaters, Dress Shirts..... **60% off**

Students' & Children's Cut Levis..... **50% off**

ONLY A FEW WEEKS LEFT!

Cheap THRILLS OPEN TONIGHT TILL 9:00. ALL SALES FINAL. LOCATED AT 118 W. College Ave. State College

THINK Matches don't start forest fires. People do.