



A smiling Nancy
First Lady Nancy Reagan holds up a t-shirt during a ceremony aboard the USS America recently. She spots the child touring the carrier and learning about the Navy's drug and alcohol abuse programs.

Economy sluggish in 2nd quarter

By MARTIN CRUTSINGER
Associated Press Writer

WASHINGTON, D.C. — The economy grew at a sluggish 1.7 percent annual rate from April through June as a foreign trade hemorrhage continued to rob U.S. manufacturers of sales, the government said yesterday.

Faced with the latest bad news, the Reagan administration conceded that its initial forecast for 1985 growth would have to be revised downward, but Commerce Secretary Malcolm Baldrige insisted he saw signs of better days ahead.

However, private economists were not so optimistic, contending that the country's disastrous trading performance would continue to be a drag on growth for most of the year.

The Commerce Department announced that the gross national product, the broadest measure of economic health, grew at an annual rate of 1.7 percent during the second quarter following an even weaker 0.3 percent pace during the first three months of the year.

The two weak quarters mean that for the first six months of the year, the economy has expanded at a disappointing annual rate of just 1 percent — far below expectations of both private and government economists when the year began.

Baldrige told reporters the administration will be forced to revise downward its current 3.9 percent estimate for GNP growth for the full year.

While he refused to say what the new yearly figure would be, he predicted growth at a rate of 4 percent "plus or minus" in the second half of 1985.

"We see all the building blocks for increased growth," Baldrige said, citing low inflation levels, continued strong consumer confidence and low business inventories. "These factors are clearly going to be enough to overcome any drag on the economy from the trade deficit."

But many private analysts were less optimistic.

"At this point the factors dragging down the economy are more powerful than those pushing it up," said Jerry Jasinowski, chief economist for the National Association of Manufacturers. He said he did not expect any major upturn in activity until the final three months of the year.

Allen Sinai, chief economist for Shearson Lehman Brothers Inc., said the economy was likely to remain in a growth recession — a period of rising unemployment — but not a full-blown recession.

In another sign of weakness, the government said production at the nation's factories, mines and utilities increased a slight 0.1 percent in June, matching a revised 0.1 percent May increase.

Since last fall, industrial production has shown little improvement as domestic manufacturers have continued to lose sales to foreigners because of the strength of the dollar against foreign currencies.

A strong dollar has encouraged a flood of cheaper imports in this country while holding down sales of U.S. goods overseas. While hurting economic growth, the strong dollar has held down inflation.

The new GNP report said a price measure tied to the GNP rose at an annual rate of just 2.8 percent in the second quarter, far below the 5.4 percent pace in the first quarter.

The government said weaker than originally expected export sales were the main reason that GNP growth during the April-June quarter was revised downward.

Drought affects Eastern Pa. and New England

By The Associated Press

HARRISBURG — Drought conditions are still at emergency levels in the Delaware River Basin, even though heavy thunderstorms in the area's northern region have helped slow the drain on New York state reservoirs, a Pennsylvania official said yesterday.

"The southern portion of the basin did not receive as much rain, as evidenced by the flow of the Schuylkill River at Philadelphia, which is only 28 percent of its normal flow for this time of year," said Pennsylvania Environmental Resources Secretary Nicholas DeBenedictis.

A drought emergency is in effect for 16 eastern Pennsylvania counties, imposing restrictions on water use for up to 5 million people.

DeBenedictis said rainfall deficits in the basin have not improved and the accumulated precipitation shortfall since last August ranges from 10 inches in Lebanon County to 16 inches in Bucks County.

The winds and air masses that steer rainstorms have caused the water shortages such as Pennsylvania's all across the Northeast. They also have caused crop-wasting drought in the Dakotas and Montana, with a dry summer sun also parching crops and people in Minnesota, Iowa and Wisconsin.

Crop losses in one Wisconsin county alone are put at \$23 million.

Water-short Northeast farmers are paying the price now for what happened several miles overhead last winter and spring. Ken Bergmann, meteorologist with the Climate Analysis Center of the National Weather Service said yesterday.

Normally that time of year, upper-level winds at 30,000 feet steer huge rainstorms up the Eastern seaboard from their birth in the Southeast. But this past winter and spring, that pattern appeared far less frequently than usual. More often, it was shifted to the west, so storms formed in the Texas and Oklahoma area and moved toward the Great Lakes, Bergmann said.

Rainfall over most of the East Coast has been normal the last two months, he said, but the water deficit from the earlier dryness has not been fixed.

Mandatory conservation is in effect in the New York City area, 218 northern New Jersey communities and 25 in mostly eastern Massachusetts, where eight other towns have voluntary restrictions.

Despite heavy rain this week — up to 2.2 inches Monday and Tuesday — a month-old drought emergency remains in effect in New York City, largely because most of its reservoirs are 100 miles to the north. The city, for only the second time in history, is drawing water from the Hudson River — 100 million gallons a day.

Hundreds of inspectors are checking compliance with the drought emergency requirement that temperatures remain above 78 degrees in buildings cooled with

Law enforcement questioned

By CHRISTOPHER CONNELL
Associated Press Writer

WASHINGTON, D.C. — Civil rights lawyers charged yesterday that the Reagan administration has abandoned strict enforcement of the laws that forbid schools and colleges to discriminate by race, sex or handicap.

A House Government Operations subcommittee called Harry M. Singleton, the Education Department's assistant secretary for civil rights, to answer those charges and demanded records on school discrimination cases that Singleton has referred to the Justice Department.

Singleton suggested that the lawmakers would be showering him with praise if he realized how much progress he has made in eliminating backlogs in investigations by the Office for Civil Rights (OCR).

"You listen to the critics and you'd think we'd totally abandoned enforcement. Nothing could be further from the truth," the civil rights official said.

But Marcia Greenberger of the National Women's Law Center charged that schools and colleges are "backsliding" because "the message has been sent out loud and clear to schools all over this country that the government is not serious about enforcing these laws."

Singleton sparred with Rep. Ted Weiss, D-N.Y., chairman of the subcommittee on intergovernmental relations and human resources, over the OCR's failure to turn over copies of 22 or 23 cases it referred to the Justice Department for possible civil action.

Singleton said his office did not keep copies of those cases, except perhaps for "a ragging collection" of documents that individual OCR lawyers may have kept.

Weiss said, "My information is the testimony you have given us is not accurate." He demanded that Singleton check further with aides. Singleton repeated he suggested Weiss asked the Justice Department for the documents.

A disgruntled OCR employee, Antonio J. Califa, said "There has been a marked decrease in the office's vigor in enforcing the law." He charged the staff spends a lot of time "filling out management re-

Museum chemical leak is disputed

By ROBERT FURLOW
Associated Press Writer

WASHINGTON, D.C. — Smithsonian Institution museums, among the nation's most popular tourist attractions, will undergo safety inspections today after a report that electrical transformers there are leaking potentially hazardous chemicals, officials said yesterday.

"There's absolutely no hazard to the public," said Madeleine Jackson, assistant to the Smithsonian's public affairs director.

However, the Environmental Protection Agency announced it will inspect all 57 Smithsonian high-voltage transformers that use PCBs as a coolant.

The transformers are in museums — including the popular Museum of American History, Museum of Natural History and the National Air and Space Museum — that are visited by about 30 million people a year on the National Mall between the Capitol and the Washington Monument.

The inspection was sparked by Washington Post reporter that District of Columbia Fire Department officials had found one building's transformers leaking PCBs that they felt would be a major danger in case of fire.

"We're ecstatic that EPA is doing this," fire department spokesman Ray Alfred said yesterday, adding that he wished such inspections would be greatly expanded.

EPA has caused cancer in laboratory animal tests, and they are no longer manufactured in the United States. However, the EPA estimates that more than 100,000 U.S. buildings still have PCB-containing transformers.

Those transformers are generally kept away from the general public in secure vaults, as at the Smithsonian, greatly reducing any danger of direct contact. However, the EPA has recently become more concerned about what happens when PCBs burn — forming other chemicals, including powerful cancer-causing agents such as dioxins — and are carried through a building on soot from a transformer ruptured in a fire.

New EPA regulations, approved earlier this month, will require removal or special additional protection of such transformers in public buildings by the end of 1990.

"Any place where there would be a major PCB fire, there would certainly be a problem," said the Smithsonian's Ms. Jacobs.

However, she added, "The key is that we feel our equipment is maintained in such condition that the danger of fire is minimal."

EPA spokesman Dave Ryan said an inspection team based in Annapolis, Md., would "just inspect" the situation early this morning.

Another Smithsonian official, assistant secretary John F. Jameson, told employees in a memorandum yesterday: "The Smithsonian's transformers do not 'leak' PCBs in any quantity."

Burger battle ends in court

LONDON (AP) — The Battle of the Burgers between American fast-food giants McDonald's and Burger King ended in a London High Court on yesterday with each side claiming it had singled the other.

After five days of testimony, Judge John Whitford granted McDonald's an injunction barring Burger King from using an advertisement that knocked McDonald's bestselling burger, the Big Mac.

But the judge rejected McDonald's claim that Burger King, home of The Whopper, had maliciously implied McDonald's hamburgers were less than 100 percent beef.

Whitford said that from photos presented as evidence it was clear that the Big Mac was "quite a mouthful."

"It was described as McDonald's flagship product — but not with reference to the ease with which it can be sunk," the judge said.

McDonald's sued its arch-rival for alleged trade label over a three-month 1983 ad campaign in the London subway system.

Burger King had posted ads picturing a huge hamburger and the slogan, "It's Not Just Big, Mac." In smaller print, the ad described The Whopper and said: "Unlike some burgers, it's 100 percent pure beef."

McDonald's complained that Burger King used its product name to lure away customers and alleged that the reference to 100 percent beef was libelous.

In granting the injunction, Whitford said the advertisement could mislead some people into thinking the Big Mac was a Burger King product.

McDonald's, which has 168 restaurants in Britain, commissioned a Gallup Poll for the trial showing that 55 percent of 1,000 people surveyed thought the ad was for a Big Mac. Burger King, which operates 10 restaurants in Britain, argued that the poll was not valid.



Killing the whales
A Faroe Islander swings a gaff hook to pull in a pilot whale for killing with a knife. This scene of massive whale killing early this month provoked demands to the International Whaling Commission meeting in Bournemouth England for more stringent means to prevent the killings that have occurred in Europe for many years.

state news briefs

\$310 million surplus for Pa.
HARRISBURG (AP) — Pennsylvania ended fiscal 1984-85 with a \$310 million surplus, as an improving economy generated more income- and sales-tax revenues than expected, state officials said yesterday.

The state's general fund received \$8.87 billion in revenues, \$305.6 million more than expected, the largest such excess in state history, Revenue Department spokeswoman Pat Wood said.

Unspent funds and accounting changes brought the final surplus figure to \$310 million for the year ending June 30, she said.

Gov. Dick Thornburgh and state legislators cited surplus projections earlier this year in supporting tax cuts and spending increases later approved by the General Assembly.

According to the department, corporate net income tax collections in 1984-85 exceeded projections by \$123.4 million, or 15.2 percent, because of strong earnings by many companies.

Sales and use tax revenues were \$102.6 million more than expected while personal income tax collections were \$73.2 million above projections, the department said.

nation news briefs

Madonna turned down for co-op

NEW YORK (AP) — Being a material girl was not sufficient when rock superstar Madonna tried to get past the co-op board of the ritzy San Remo on Central Park to buy a \$1.2 million apartment.

The woman selling the apartment and the agent hoping to engineer the sale hinted yesterday that Madonna's image — her nude photos are in the current issues of Penthouse and Playboy — may have put off board members.

The 26-year-old pop sensation got the bad news Wednesday from the San Remo Tenants Corp., which did not make public its reasons for rejection.

"I don't know what they're doing but there's no reason why the young woman should not be living here," said real estate agent Phyllis Koch, who also lives in the San Remo. "Madonna is a sensational young woman ... tremendously talented. She works on a very high level and I would be pleased to have her as a neighbor."

Asked if she knew why the board turned Madonna down, Ms. Koch said: "I don't know who or why or what. The world is made up of people who have their own personal problems."

Chemical explosions kills two

LOUISVILLE, Ky. (AP) — A chemical storage tank ignited and ruptured yesterday afternoon, setting off a series of explosions that killed two people and forced about 100 people to flee their homes, officials said.

The fire and explosions at Borden Chemical Co. started around 2:15 p.m. and spread to several other tanks before firefighters brought the blaze under control about an hour later, said Jefferson County police Lt. Charles Cook.

He said two people were killed.

Site manager Chuck Stevens said a spark may have ignited methanol near a tank of varnish.

At least one person was severely burned, and residents of four nearby streets in southwestern Jefferson County were evacuated, said county police Lt. Charles Cook. About 100 people left their homes, and most were staying at a nearby church, he said.

Cook the immediate danger was over, and a spokeswoman at the plant said employees were expected to resume work at the plant last night.

FTC head up for budget director

WASHINGTON, D.C. (AP) — President Reagan is expected to choose a successor to budget director David A. Stockman by the end of the week, with Federal Trade Commission chairman James C. Miller III reportedly the leading candidate.

Some congressional sources said yesterday they had been told that Reagan had already decided to nominate Miller for the job, but the White House said no decision had been made.

"No one has been offered the job," spokesman Larry Speakes said. "The president has not made a decision, nor have there been any recommendations to him."

Speakes said White House chief of staff Donald Regan was still interviewing candidates and would probably make a recommendation to the president by the end of the week.

The spokesman said Regan's choice was likely to be announced at that time.

The congressional sources, speaking on condition they not be identified, said the administration was spreading the word that Miller would be named.

Stockman, budget director since 1981, is resigning Aug. 1 to join the New York investment banking firm of Salomon Brothers.

"There is a list and the list has been narrowed, but it includes a number of names," Speakes said.

Man becomes M.D. after crash

LOS ANGELES (AP) — Don't say "I can't" around Emmett Cox, who made lists of doctors who thought he wouldn't survive a horrifying bicycle crash. He endured 25 operations and became a doctor himself.

"I've used my own self-esteem and determination to get where I am today," said Cox, 35, intern of the year at Martin Luther King Jr. Medical Center. "I've had a lot of setbacks in my life, but I'm not going to let that get to me."

His determination also earned him a residency in the hospital's orthopedic surgery unit over dozens of other top medical students nationwide.

In August 1978, the only question was whether Emmett Cox II would live.

He was pedaling his bicycle near the St. George's Medical School in Grenada, where he was in his fourth semester. He collided with a school bus, crashing through the windshield. His friends thought he was dead.

His nasal bridge was gone. So was his forehead. His upper jaw was broken, his teeth showed to one side of his face. The outer covering of his brain was exposed, and a piece of glass was lodged in one eye. Hardly anything was left of his face.

Days later, he risked a look in the mirror. He thought he was hallucinating.

world news briefs

Riots kill 10 in India

NEW DELHI, India (AP) — Rioting claimed 10 more lives in Gujarat state, and student leaders there said yesterday they would call off the agitation against government policies that started the bloodshed four months ago.

The students also called for a nine-hour meeting with state officials that they would cancel a "fill the jails" campaign of inviting arrest, which had been scheduled for today.

Students from the upper and middle classes began demonstrating early this year against plans by the government of Gujarat, in western India, to increase the number of jobs and university places reserved for people of India's lower social castes.

Demonstrations led to riots, and the violence expanded to include pitched battles between the Moslem and Hindu communities that had little or nothing to do with the original protest.

More than 200 people have been killed and many times that number injured, including 100 since Wednesday night alone.

Most of the riots have been in Ahmedabad and Gujarat.

J.F. Ribiero, state police director, said indefinite curfews were imposed on several Ahmedabad neighborhoods yesterday and he ordered his men to shoot if necessary to stop looters and arsonists.

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