

Seattle Times
12-4-80

Food fund for world's hungry set

WASHINGTON — (UPI) — President Carter signed a bill yesterday to establish a government reserve of food grain to help alleviate world hunger.

However, Mr. Carter said the bill carries two troublesome features — requiring waiver of all interest due the government on 1980 and 1981 wheat and feed grains in the farmer-owned reserve, and authorizing a commodity loan program for alcohol processors. He said he hoped the next Congress would delete the two

provisions.

"Four years ago, one of the chief priorities of my administration was the establishment of an International Food Security Reserve, a reserve of food grain to be held by the government to help alleviate hunger around the world," he said.

Mr. Carter said that for the past three decades the government has appropriated funds each year to buy grain and other foods to ship to needy people abroad. When crops were poor and grain prices were increasing, he said, "the amount of grain our dollars could buy declined just when help was needed most."

"This new authority will make our dollars more effective," he said. "We can purchase when production is abundant and hold until needed."

El Salvador

Nun Implicates Salvadoran Army

UNITED NATIONS (AP) — A Roman Catholic Maryknoll nun said yesterday the army of El Salvador was involved in the murder of three American nuns in that Central American country last week.

"We are fairly certain at this point that the military ... was involved in some way in the killing of our sisters," said Sister Peggy Healy, one of a group who briefed U.N. correspondents on the situation in El Salvador.

She had worked with two of the victims, Maryknoll Sisters Ita Ford and Maura Clark of New York City. They and Ursuline Sister Dorothy Kazell and American social worker Jean Donovan, both of Cleveland, Ohio, were found shot to death Thursday alongside a road between San Salvador and its airport.

The four women had disappeared after arriving in the country two days earlier. President Carter sent a team to El Salvador to investigate the case.

A reformist military-civilian junta ruling El Salvador is holding out against forces on the left and right trying to gain control of the country.

Little PI

12-10-80

"APRIL'S BULGE WORST IN $4\frac{1}{2}$ YEARS, Nation's
Inventories Jump 1.3% as Sales Slump 3.3%"

P. D 1, Seattle P-I, 6/12/80

WASHINGTON (AP) - Inventories of the nation's manufacturers, retailers and wholesalers jumped 1.3 percent in April as sales slumped 3.3 percent, the government said yesterday.

April's inventory rise of \$5.9 billion to a seasonally adjusted \$445.2 billion follows a 0.9 percent increase in March, a figure revised from an original estimate of 0.6 percent, the Commerce Department said.

The inventory bulge is the greatest since December 1975, Commerce Department figures show. Not since then has the inventory-to-sales ratio stood as high as April's 1.51 figure. That ratio measured only 1.44 in March, the department said.

"This shows that the recession is for real. The degree of increase is a measure of how rapidly the economy has deteriorated in a very short time over and above declines that business expected and planned for," said Lee Phillips, senior economist for Data Resources Inc., the Lexington, Mass., forecasting firm.

During the last recession, the inventory-to-sales ratio peaked at 1.65. The ratio indicates how many months it would take to sell existing stock at the current sales rate.

Inventories are watched carefully because they hint at future business activity. As inventories rise, businesses tend to cut back production and lay off workers.

The Commerce Department report showed that inventories in the auto industry continued to shrink somewhat, falling 1.2 percent despite a protracted sales slump. But inventories rose for durable goods, building materials and home furnishings, reflecting the housing downturn.

The report showed that manufacturers' inventories rose 1.7 percent in April, on a seasonally adjusted basis, to \$242.6 billion. They had risen 1.4 percent in March.

Retail inventories in April rose 1.1 percent to \$110.3 billion, after rising 0.3 percent in March.

Wholesale inventories, which had remained virtually the same in March, increased 0.6 percent in April to \$92.3 billion.

Overall sales in April were down more than \$10 billion to \$295.6 billion, the department said. They had fallen more than \$4 billion in March.

Manufacturers' shipments fell 4.1 percent in April; retailer sales were down 2.3 percent, and wholesaler

shipments declined 2.9 percent, figures showed.

Phillips said the sharp downturn was "not surprising."

"Despite a very careful eye by business to control their stock, consumers stopped purchasing very fast because of high interest rates and credit controls," he said.

Phillips said businesses now must decide whether to liquidate very quickly, which would drive the recession deeper, but possibly shorten its duration.

If businesses hold on to inventories, however, this could lengthen the downturn. It also could increase business borrowing and force interest rates up, he cautioned.

Dixy's War Chest Nears \$500,000

By Mike Layton
P-I Olympia Bureau

OLYMPIA — Gov. Dixy Lee Ray is nearing the half million dollar mark in the money race this election year, far ahead of four political opponents who want her job.

Latest reports to the Public Disclosure Commission, due last Tuesday, show that Ray, a Democrat, has raised \$432,555 so far in this campaign.

She has lagged slightly behind King County Executive John Spellman, however, in dollars collected during the latest reporting period, since May 10.

Republican Spellman took in \$77,307, most of it from his \$35 per person sports night fund-raiser at the Kingdome, to give him a year's campaign total of \$195,265.

Ray's re-election committee raised \$73,030 last month, the largest share of it from a \$100-a-head fund-raiser in Tacoma to which state agency directors and their employees contributed heavily.

Ray's expenditures are higher than her rivals, too, due chiefly to a large and well-paid campaign staff. Campaign Director C. Montgomery "Gummi" Johnson drew \$10,000 in salary during the past month.

Johnson has collected \$35,000 of the \$75,000 he is to be paid for running the campaign and has contributed \$100 to the campaign himself.

Altogether, Ray's committee has spent \$305,594, leaving her with a surplus of \$100,106, the reports show. Johnson has not yet spent any of her money on TV or radio spots or other advertising, the most expensive costs in any campaign.

After Ray and Spellman, the other runners in the race, Sen. Jim McDermott, D-Seattle, House Republican Speaker Duane Berentson, Burlington, and Republican Secretary of State Bruce Chapman, lag behind.

Chapman has raised a total of \$170,699 for the entire campaign and spent \$167,012 on staff, but also for a strong TV blitz last month.

For the latest period, however, he raised only \$21,674 to Berentson's \$20,151, and McDermott's \$17,637.

Chapman's campaign got a shot in the arm yesterday at a "pledge breakfast" at the Olympic Hotel when he raised \$11,475 in cash and pledges. Big contributors to most of the campaign are in many cases the same ones who

usually give to political candidates.

The Council for Economic Progress, a restaurant group hedging its bets, gave Spellman \$300 and \$250 to Chapman. The same group has given Ray \$2,250 during the course of this campaign.

Ray's friend and adviser Taul Watanabe, vice president of Burlington Northern Railroad, kept his position as her number one contributor with a \$500 gift during the latest period, for a campaign total of \$3,900.

Organizations with which Watanabe is associated also gave. One, Auto Warehousing Co., has contributed \$2,250 to Ray and another, Auto Processing Co., gave \$2,100.

Ray's personal staff and agency directors have given heavily. Her legal aide, H. B. "Jerry" Hanna, has contributed \$800. A number of her key appointees have given \$1,000 or more.

Among Ray's other big contributors are George Weyerhaeuser, who gave \$850 in the latest period for a campaign total thus far of \$3,850. Irving Levine and Sons, Bellevue, gave \$1,800.

Chapman has received "in kind" contributions of \$10,449 from Mr. and Mrs. B. G. Greer, Kirkland, for "transportation" and another \$5,075 from Paul Schell for "hospitality."

Tom Alberg, Seattle, has contributed \$3,018 to Chapman's campaign.

McDermott's largest contributors are Margaret and John Mykut, Seattle, who have given him a total of \$1,150. Two political action committees, one of Washington doctors, gave \$550, and another of marine engineers, gave him \$300.

Spellman's biggest expenditures include rental of the Kingdome for his fund-raiser, \$5,436, and \$4,000 to Bob Walsh and Associates for arranging the affair.

Spellman recently received \$3,000 from PULSE, the political arm of the Washington Education Association, the teacher lobby which had earlier contributed to McDermott.

James Massart, Seattle, gave Spellman \$500 and the Massart Lumber Co., gave another \$500.

Berentson's largest contribution, \$3,500, is from Dan's Dairy, Burlington. He has a number of contributions of \$1,000 from property management and investment companies as well as from the Atlantic Richfield Oil Co.

"INDIANS CALL DECISION ON CIGARETTE SALES 'A FINANCIAL DISASTER'"

P. A 14, Seattle P-I, 6/12/80

By John O'Ryan

A U.S. Supreme Court decision upholding the state's right to collect cigarette and sales taxes on reservation smoke shop sales to non-Indians represents "a financial disaster" to the tribes, spokesmen said yesterday.

"The Puyallup Tribe should apply for disaster assistance," said Joe Bowen, legal officer.

"The 7,000 people the tribe serves were just becoming self-sufficient — now we are on the backs of the taxpayers."

He said smoke shop income on the reservation was used to finance tribal ceremonies, fishing enhancement programs, social programs for the elders, and health and education programs for children.

"Loss of this money will be devastating," he said.

Bob Satiacum, Puyallup tribesman who operates a large Indian store just off I-5 near Tacoma, said the smoke shops contributed about half the \$2½ million budgeted annually for the tribal programs.

Satiacum said Indians undoubtedly will ask the Supreme Court to restudy its decision. If this does not bring a favorable verdict, the Indians should appeal to the World Court or the United Nations, he said.

The court decision wipes out a \$1.90 per carton price advantage for non-Indian cigarette purchasers. Such purchasers have bought smokes in Indian stores instead of non-reservation stores and supermarkets. With no price advantage to present to non-Indian customers, the smoke shops are bound to lose much of their business, Indians said.

Ken McCloud, treasurer of the Nisqually Tribe, said reservation smoke shops have been bringing about \$60,000 per year into the tribe's coffers.

Loss of income from the shops would have a double impact, because the \$60,000 has been used to obtain matching funds from government sources.

"We have been using this money to purchase land adjacent to our existing reservation, and resettling families on it," McCloud said.

"Last August, we resettled 14 Indian families on the reservation, in addition to 16 families resettled two years ago. Additional land purchases have been scheduled, and there are families waiting to be resettled."

"Loss of the smoke shop income would mean the end to this land purchasing program. We have no way to replace this income."

The Nisqually Reservation is located between Lacey and Yelm, on the lower Nisqually River, adjacent to Fort Lewis.

Spokesmen for the Lummi and Suquamish tribes, both of which have either tribal-operated smoke shops, or smoke shops operated by members of the tribe who pay a substantial tax to the tribe's coffers, did not want to comment on the court decision until they had a full text.

The full text had not arrived in the state yesterday. It was expected today or tomorrow.

But Lawrence Goodrow, administrator for the Suquamish Tribe on Bainbridge Island, said:

"If this decision would cause our smoke shops to close — it would really hurt the tribe economically."

Cutting back on tribal programs would also cause loss of jobs on reservations, all spokesmen said.

In Olympia, deputy state attorney general Edward Mackie said the Supreme Court decision would mean about \$15 million in additional tax collections for the state.

Mackie said that he had not yet received a full text of the Supreme Court decision, but it appeared that the court had upheld the state's right to collect the sales tax and cigarette tax on reservation sales to non-Indians.

He said the issue of whether the state can collect taxes on reservation sales of liquor to non-Indians is now before the Ninth Circuit Court of Appeals in San Francisco.

Mackie said the circuit court recently announced that it would not rule on the liquor case until the Supreme Court had ruled on the cigarette case.

The Supreme Court's decision on the cigarette case could conceivably influence the circuit court's decision on the liquor tax issue.

Satiacum raised the issue that the Supreme Court decision on cigarette taxes might not apply to "Medicine Creek Treaty" tribes in Western Washington.

He said the Supreme Court ruled on a case in-

volving the Colville Indian Reservation, and the Colvilles operate under a different federal law, and a different treaty with the U.S. government.

He said the Colvilles and

other tribes have surrendered certain jurisdictions, including law enforcement on their reservations, to the government, but the Puyallups have not.

At any rate, Satiacum

said he had no intention of closing his shop, and other shop operators on the reservation feel the same way.

"It will take a long time to thresh this matter out," he predicted.

P-I News Services

NEW YORK — Most oldsters, pummeled and bruised by inflation, prefer self-reliance to welfare and food stamps, a survey detailing "Trials and Triumphs of Aging in America" reported yesterday.

Self-reliance displayed by most 60-plus Americans, the study said, appears to be linked with their "general distrust of government."

"The majority doesn't think the government can be trusted to do what is right," the report said.

The study, sponsored by Americana Healthcare Corp. and conducted by Research and Fore-

casts Inc., New York, did not include the 45 percent of the oldsters in nursing homes. It aimed at the 95.5 percent "hanging on" in the mainstream.

An indication of self reliance: only 12 percent of those surveyed applied for food stamps, disability or other special government funds last year — Social Security, an earned benefit, excluded.

That doesn't mean 98 percent of the elderly have spare change jingling in their pockets. Even 41 percent of those with incomes over \$16,000 a year are cramped by inflation.

The report smashed the stereotype of whimpering, foot-shuffling, sour-faced golden-agers huddled in rockers before television sets.

It said Americans 60 and over watch no more television than people in general. The majority watches three hours a day or less.

The 60-and-up set includes "enjoyers," 27 percent; "survivors," 53 percent, and "casualties," 20 percent.

"Enjoyers" live the promise of the golden years traditionally anticipated, but women make up less than half this group (46 percent) though they are 58 percent of the

population.

"Survivors" enjoy some but not all of the support system needed for a sense of well-being — and women are 61 percent of this group.

Women are also in the majority, 74 percent, among the "casualties" — chiefly because they tend to have no spouse of perceived equal physical capability or a high sense of financial security.

Contrary to some notions that the elderly are for the most part sickly and weak, the 60-plus crowd said it is generally healthy. Half consider themselves in good or excellent health. A majority said they have no severe physical difficulties.

The only significant widespread physical difficulty that senior citizens report is losing strength in their limbs, and that is reported by only a minority.

Other findings:

—About two-thirds have strong self-images and always feel useful. And more than half have a high degree of optimism about life.

—Chronological age is not a factor in determining a sense of

well-being and optimism.

—Well-educated oldsters reported much better health and economic security than others.

The survey scientists consider their findings, based upon evening telephone interviews with over 500 individuals, believed to be a representative sample of Americans 60 years of age and older. The sample did not include, however, elderly citizens who are institutionalized or those without telephones.

In Washington yesterday, Congress took a look at different aspect of old age in America.

Three elderly witnesses, identified only as X, Y and Z, told a congressional panel of physical abuse and mental harassment they suffered from their families and guardians.

Dr. Suzanne Steinmetz, an expert on problems of the elderly, said the witnesses represented an aspect of abuse that only recently gained publicity.

Like child and spouse abuse, mistreatment of older people often occurs within the family, she said, and therefore is less likely to be reported.

The abusers are not usually psychopaths but people "as normal as you and I," she told a joint House-Senate Committee on Aging.

And, in Durham, N.C., doctors at Duke University Medical Center said the very old make up an elite group of people. A study is under way there to learn more about mental health factors affecting the group.

"The very old are members of a kind of elite group — the survivors who have outlived their life expectancy. And so, by definition, they are superior individuals," said Dr. Erdman Palmore, professor of medical sociology at Duke Medical Center.

On the other hand, Palmore said, the very old require a disproportionately large share of the medical service resources of the country.

Palmore and two of his colleagues, Drs. Hsioh-Shan Wang and John Nowlin, will conduct a five-year study of the very old to learn more about them. The study, supported by a \$555,000 grant from the National Institute of Mental Health, is the first of its kind, said Palmore.

'Miracle Cure' Chemical Has Them Lined Up and Waiting

By Gil Bailey

They are lining up by the hundreds, some standing in line an hour-and-a-half or more.

"We're about to run out," Ralph Hale said yesterday at B. J.'s Smoke Shop on the Puyallup Indian Reservation. "We have some coming in tonight and we should have an unlimited supply next week."

The supply is of dimethyl sulfoxide — DMSO — a concoction that some say is a miracle remedy for arthritis, bursitis, gout and lots of other aches and pains.

But DMSO can only be sold for medical purposes legally in two states — Oregon and Florida. And there is more than one kind of DMSO — one of drug quality and one for industrial use.

"We are selling the purest DMSO we can get, but it is one grade below that for medical use," Hale said, noting the smoke shop advises that it is

selling it only for "non-medical use."

"I don't know," he replied when asked the difference between medical-grade and non-medical grade DMSO.

The Seattle office of the Food and Drug Administration has sent the smoke shop DMSO to Los Angeles for tests. After the results of the tests are received, the FDA's head office in Rockville, Md., will make a decision on whether the shop can continue to sell the substance.

Crown Zellerbach produces the chemical from its pulp mills as a byproduct.

"It costs about \$18 a gallon for the drug-quality DMSO," said Carol Eckert, a spokeswoman for Crown Zellerbach, who added that drug firms who buy DMSO then further treat the chemical. Drug-quality DMSO is sold in 55-gallon drums to drug firms only, she said.

"Industrial-use DMSO is generally sold at a lower rate," she added.

The smoke shop is selling its DMSO for \$16.95 a half pint.

Because the chemical is being sold commercially on an Indian reservation, the jurisdiction over the sale is unclear. The state of Washington has only limited legal authority on the reservation and officially the chemical is not being sold for medical purposes.

It is legal to use it as a solvent.

Crown Zellerbach sells almost 100,000 pounds of it a year for that purpose, according to Ron Weber of the firm's San Francisco office.

In Florida and Oregon, DMSO is available only with a doctor's prescription. FDA maintains the chemical hasn't been proven safe.

The chemical also is used by veterinarians to treat animals. Before prescribing DMSO, vets must inspect the animal or require the owner to sign a form pledging that the DMSO will be used only on an animal.

France Sends Troops to Quell Cult's Revolt in New Hebrides

A 2 PE 6/12/80

PORT VILA, New Hebrides (AP) — French riot police arrived yesterday to help put down a New Hebrides revolt mounted in part by cultists who believe a World War II GI is the messiah and will emerge from a volcano with refrigerators, radios and other goods for believers.

The cult, called the John Frum Society, believes Frum, who may never have existed, will deliver to the island of Tanna all the 20th century goods that had been sent by their ancestors but were intercepted by the white men around the time of World War II.

The cultists are among native groups and French planters involved in two weeks of rebellion as this Pacific island chain 850 miles east of Australia approaches independence scheduled for July 30.

Britain also ordered a 250-man Royal Marine commando unit to the islands, to arrive Saturday.

The joint decision to send troops came hours after the rebellion in the New Hebrides moved from the island

of Espiritu Santo to Tanna, 300 miles away.

On May 28, natives armed with bows and arrows seized Santo, the main town on Espiritu Santo. Rebel leader Jimmy Stevens, a former bulldozer driver with 25 wives, declared an independent republic of Vemarana and forced the evacuation of government officers and more than 1,000 Commonwealth residents.

Stevens has support from some French planters as well as from a group of American businessmen, allied as the Phoenix Foundation, who envision the island as a tax-free capitalist paradise with no government restrictions.

On Tanna, officials said, several hundred political protesters attacked government offices; a moderate opposition leader, Alexi Yalou, was killed by a shotgun blast, and a policeman was injured when rioters stormed a local jail and released 29 prisoners.

Yalou's death was the first reported since the New Hebrides rebellion

began. On the same day the trouble in Espiritu Santo erupted, British police fired on rioters in Tanna who tried to dynamite police vehicles.

The islands' chief minister, Walter Lini, had asked Britain and France, which have ruled the New Hebrides for 74 years, to use military force to restore authority.

British Foreign Secretary Lord Carrington said yesterday in London that independence could be delayed if the revolt continues because "it would not be proper to hand over independence" while the islands are "in a state of insurrection."

Andrew Stuart, British residence commissioner here, said the attack on the jail and an attempt to close the Tanna airport by dynamiting the runway was coordinated with the revolt on Espiritu Santo. Stuart said it was not known who killed Yalou with a shotgun blast. He said Melanesian policemen who were defending the government offices do not carry shotguns.

By Joel Connelly

Two work stoppages have idled more than 4,000 workers and are adding at least \$1 million a day to the cost of the Washington Public Power Supply System's five nuclear plants.

The combination of walkouts and layoffs has come as the WPPSS staff prepares to mail out a budget estimate of more than \$15.9 billion for the plants — an increase of more than \$4 billion over the \$11.8 billion budget approved by WPPSS last July.

The 1981 budget represents a nearly fourfold increase over initial cost estimates of \$4.1 billion given during the early 1970's.

The latest labor strife at the plants shows no sign of ending.

"I talked to Neil Strand (WPPSS' acting managing director) and he said this looks like a matter of several weeks," said Jim Thompson, Tacoma City Light Superintendent and WPPSS labor committee chairman.

Strand will brief members of WPPSS' labor committee at a meeting today; the WPPSS executive committee will receive an additional briefing tomorrow.

Two major disputes are involved. One has shut down almost all work on three WPPSS nuclear plants at Hanford; the other has idled about 30 percent of the work force at two other plants being built near Satsop in Grays Harbor County.

In the week-old Hanford dispute, contractors have fired more than 4,000 workers. The workers are represented by a half-dozen crafts unions — the Teamsters, operating engineers, carpenters, boilermakers, pipefitters and electricians unions.

The unions have refused to recognize a locally organized Hanford Contractors Association as bargaining agent for contractors working on the WPPSS plants.

In turn, the Hanford Contractors Association has declined to accept terms of labor agreements the unions have negotiated with the region-wide Associated General Contractors.

"This is not a strike. The crafts are being terminated by the contractors because of alleged labor disputes," said Jim Worthington, a spokesman for the unions.

The Hanford Contractors Association did not return phone calls requesting comment on this dispute.

As a result of the dispute, only about 20 percent of the 5,400-member work force at three WPPSS plants — WNP-1, WNP-2 and WNP-4 — were on the job at Hanford yesterday.

At Satsop, picketing by the Laborers International Union has halted work by the J.A. Jones Construction Co., which is pouring concrete in a reactor building, an idled about 30 percent of the 2,000-member work force.

WPPSS officials could not give an exact estimate of cost increases due to the labor disputes.

"The usual estimate is \$1 million a day for a full shutdown at Hanford," said WPPSS spokesman Rags Nowakowski. The estimate for a complete curtailment of work at Satsop is \$500,000 a day.

WPPSS has often stayed above the fray in labor disputes, arguing that these are matters for resolution by contractors and unions.

"We are not directly involved except that the plants are affected," Nowakowski said yesterday.

But Thompson appeared to sympathize

with the contractors position. "It is my understanding the unions are reluctant to negotiate with the HCA; few if any of the unions have agreed to sit down," he said.

The WPPSS projects have had a rocky history of labor relations. A dispute between contractors and pipefitters halted work on WNP - 2 for six months during 1978.

In November of 1978, work on WNP - 2 was halted for six days when 1,000 plumbers and pipefitters walked off the job. A month later, work was halted again in another dispute.

A year ago, WPPSS sued three Hanford construction unions, charging that illegal walkouts in the spring of 1979 had pushed up costs by \$12 million.

Last November, a dispute over which union should operate a hydraulic boom crane led to a pitched battle between 100 Teamsters and 30 Ironworkers, who tried to enter the gate at WNP - 1 to operate the crane.

A four - day work stoppage hit plants WNP - 1 and WNP - 4 two months ago, idling 4,000 workers.

Thompson said yesterday he hopes the labor disputes will be settled rapidly. "We have enough delays without labor delays," he added.

In addition to the cost increases of more than \$4 billion — which were first disclosed by The Post - Intelligencer in late March — completion dates for the five nuclear plants were recently moved back 12 to 16 months. The first plant slated for completion, WNP - 2, is running more than five years behind its original schedule.

The trouble - plagued WPPSS — construction arm of the state's public utilities — may have a new managing director selected by the end of June. Strand was forced to resign by the WPPSS executive committee in February, but has stayed on in an acting capacity.

The choice was to have been made by April 15, but it has taken more than two months longer to narrow down an initial list of 200 applicants and prospects.

"We are now down to the short hairs and short strokes," joked Stan Olsen, Snohomish County Public Utility District commissioner and chairman of the selection committee.

Olsen has refused to release the names of prospective nominees. But sources inside WPPSS said the competition has narrowed to two definite finalists; with the selection committee still looking at a few other names.

Several oft - mentioned candidates have apparently been removed or taken themselves out of the running. These include former Bonneville Power Administrator Don Hodel; former Seattle City Light Superintendent Gordon Vickery; and Los Angeles Department of Water and Power chief Lou Winnard.

One man who still "figures in the competition," according to a WPPSS source, is Charles Luce. Luce is a onetime Walla Walla lawyer who was named Bonneville Power Administrator by President Kennedy. He went on to become chairman of Con Edison, the giant New York utility.

P. A 5, Seattle P-I, 6/12/80

By Timothy Egan

Ignoring warnings from President Carter that the cities will have to stay on budget diets, 300 of the nation's urban leaders satiated themselves with resolutions yesterday calling on the federal government to pump billions of bucks into the country's job-hungry big cities.

The resolutions passed on the final day of the U.S. Conference of Mayors in Seattle represent billions in aid requests. Most passed with little debate.

As the dust from President Carter's departure Tuesday cleared over the highly political gathering, criticism of Carter's budget cuts picked up again.

Mayor Richard Hatcher of Gary, Ind., the new conference president, told those in the half empty Olympic Hotel ballroom that the mayors would not stand by as "silent partners" with Carter during a time of federal budget cuts and recession because deep social unrest awaits untended cities.

The mayors "must not be blinded to the fact that there are hundreds of urban Mount St. Helens building up pressure on the streets and in the homes of America's cities," Hatcher said.

His speech underscored what many called the basic "contradiction" of the mayors' stance throughout the five-day conference.

On the one hand, the city officials have been blasting the federal government and Carter for budget cuts that they said were killing the recession-plagued big cities. Yet, when Carter defended his urban programs and offered the mayors no new aid, they praised his speech and Democratic mayors gave him a unanimous endorsement.

"I don't see why this (the mayors' seemingly contradictory stand on the president's urban policy) should be seen as doubletalk," Hatcher said in response to a question at a closing press conference. "I think the mayors are being as sincere as they can. There isn't that great of a difference between what the mayors want and what the president wants."

Mayor Charles Royer, one of Carter's staunchest backers, said Democratic mayors' "support for the president isn't just a gosh-he's-the-only-one-we've-got kind of thing. It's more than lukewarm."

Hatcher's speech, during which he contended that social unrest in big cities today was like that which precipitated the urban riots of the mid '60s, moved at least one mayor to tears.

Milwaukee Mayor Henry Maier, who after five terms has been called the "dean of mayors," had tears rolling down his cheeks after Hatcher's speech.

No one, said Maier, "has described the current situation in our cities as good as he just did."

Royer, meanwhile, won a resolutions victory even as he lost a key piece of legislation in the Seattle City Council this week.

At Royer's request, the mayors passed a resolution calling on the federal government to pay about 90 percent of the disaster aid relief being sought in the wake of the Mount St. Helens devastation.

"We don't know precisely at this point what the federal response is going to be," Royer said. Noting that the volcano could continue erupting for years, he said, "Our federal disaster laws were not written with volcanic eruptions in mind."

Gov. Dixy Lee Ray has already signed an agreement committing the state to paying 25 percent of the disaster relief, but she is trying to get that changed to something similar to Royer's resolution.

Royer said he had not discussed the resolution with Ray. It was introduced on behalf of the mayor of Yakima, he said.

While that resolution passed faster than a steam vent eruption, a Royer-backed request for a study of Seattle's involvement in the Washington Public Power Supply System got soundly voted down by the Seattle City

Council this week and another piece of legislation was sent back to the drawing board.

The mayors narrowly voted down consideration of a resolution that asked for increased national defense spending, even at the expense of pressing urban needs.

They also passed the following resolutions:

- A measure urging creation of a national recycling and resource recovery policy.
- A plan for a billion-dollar-plus youth employment package.

- An anti-recession package, calling for massive new aid for economic stimulus in cities hardest hit by the recession.

The resolutions will be lobbied in Congress and with the president's staff this year by mayors' conference representatives. "You'd be amazed at the number of mayors' conference resolutions which become policy," Hatcher said.

As the mayors passed out compliments on the closing day, Royer was praised for being the host of "one of the

best conferences we've ever had" according to Robert McGaw, mayor of Rockford, Ill. "And I've been to quite a few of these things," McGaw said as he scrambled to catch a plane.

But at least one mayor, who was mugged near a Seattle restaurant Tuesday night, may not share that feeling.

Mayor Marguerite Holcomb, of Muskegon, Mich., had her purse snatched late Tuesday, losing \$125 dollars and some credit cards. The purse was recovered, police said, but some of the money was gone.

"House, Senate Compromise on Budget While
Deficit Grows", P. A 7, Seattle P-I, 6/12/80

New York Times

WASHINGTON — House and Senate conferees broke their deadlock yesterday and approved a federal budget for 1981 with slightly less emphasis on defense than was in an earlier agreement opposed by the Carter administration and rejected two weeks ago by the House.

In addition, the conference com-

mittee raised the estimate of the 1980 deficit by \$400 million, to \$47 billion. Several private analysts said they expected the climbing budget gap to reach more than \$50 billion by the end of the fiscal year on September 30.

The new budget proposals received quick voice vote approval from the Senate, which sought to ensure that the House would go along in a

vote scheduled for today. That likelihood should be improved by expected support from the Carter administration, which was divided in its decision to oppose the first agreement. Yesterday's compromise includes \$300 million more in domestic spending in fiscal 1981 than the first agreement.

Although the 1981 budget is still portrayed by Congress as balanced, the rapid weakening of the economy

in recent weeks has made a deficit of \$20 billion or more a virtual certainty. As agreed today, the 1981 plan includes \$613.6 billion in spending and a \$200 million surplus.

House Speaker Thomas P. O'Neill Jr. said he "can't conceive of having a balanced budget in the second resolution with unemployment jumping."

The recession is also expected to worsen the 1980 deficit, projected 17

months ago at \$29 billion. At present, that budget includes \$572.7 billion in spending and a \$47.0 billion deficit.

The decision to increase the 1980 deficit yesterday reflected extra spending over the present and next fiscal year of \$1.8 billion, according to the administration estimate, as a result of the Mt. St. Helena volcano, the Miami riots, the influx of Cuban refugees, the Grand Island, Neb., torna-

does, and various other disasters.

For both 1980 and 1981, congressional and administration economists privately acknowledge that revenues are overestimated and expenses are underestimated.

Despite the larger unstated deficits, the new plan still reflects a cut of about \$10 billion in spending from levels that would otherwise have prevailed in 1981.

Carter Policy Called 'Mad'

WASHINGTON (AP) — A leading Republican economist said yesterday the policies being followed by the Carter administration at a time of growing recession are "virtually insane."

George P. Shultz, secretary of labor and of the treasury under President Nixon, said this also could be the year of double digit unemployment to go along with double digit inflation and interest rates.

Shultz, interviewed on the NBC program "Meet the Press," said he did not believe President Carter's fiscal 1981 budget will be balanced and that in reality it will run a deficit "above \$50 billion."

Shultz, a member of Ronald Reagan's economic advisory committee, agreed with Reagan's pledge of a tax cut.

"I think we should have a reduction in taxes now," Shultz said.

Shultz also predicted growing unemployment. "I think right now unemployment is probably around 8.5 percent ... in the middle of May it was 7.8 percent ... I think it's certainly going to get above 9 percent and it may very well be that this will be a year in which we have double digits in three dimensions. We've had double digit inflation ... double digit interest rates and it is conceivable that we'll have a double digit unemployment rate."

Shultz said he did not favor a government bailout of the Chrysler Corp. "I think that was a mistake." He said the American automobile industry had been regulated to death but that regulation was only "partly" to blame for Chrysler's troubles.

Government price control on gas, he said, kept the price of gas for American drivers at about half that paid in the rest of the developed world. While motorists elsewhere sought small, gas-efficient cars "consumers in the United States preferred larger cars" because of the cheap price of gas.

Shultz said a Reagan presidency would try to set out long-term economic goals and that Reagan "would do things intended to release the energies of the enterprises of this country."

Carter's budget, he said, contains "a gigantic tax increase" and that the detailed credit controls imposed by the administration "were a bad mistake."

"I think the policies that are being followed by our government right now are virtually insane," Shultz said. "There's no way to balance the budget when we have a recession of the dimensions we are starting into right now."

Expert Says Synthetic Fuel Now Competitive

LOS ANGELES (UPI) — The cost of producing alternative fuels has become competitive with imported oil as a result of OPEC's latest price increases and that has been the long-range goal of OPEC nations, Dan Lundberg, publisher of the Lundberg Letter, said yesterday.

In a wide-ranging interview, Lundberg said the OPEC nations have had a strategy of trying to reach parity with the costs of oil from shale, oil from tar sands, liquified coal and gas from coal, among other alternatives.

"Any analysis of OPEC should include their actual target," Lundberg said. "Their goal is to achieve parity between their form of energy — crude oil — and alternative energy."

"And those alternatives are mostly what we can do with coal."

The recent price hikes, with surcharges, will bring the price of OPEC oil to about \$36 per barrel, he said, and that is in the range of production costs of other energy sources such as oil shale, tar sands, liquified coal, coal gasification and fuels from organic material.

The United States may have been led to its own energy independence by OPEC pricing, he said.

"OPEC nations know that the reason

we use their crude oil is that it has been so much cheaper than liquified coal, for example. Their goal has been to achieve parity and behind every meeting they have held, there has been that determination," Lundberg said.

"Anything less than parity means the exploitation of their finite resources," he said.

Also, Lundberg said, for the first time, the OPEC nations in the recent meeting in Algeria abandoned their policy of using a "floor" price of crude oil and instead adopted a "ceiling" price, which he called an "extraordinary development."

OPEC for years has successfully exerted a floor under which none of the 13 member nations lowered the price, he said. "But the significance of the Algiers meeting is that they did not establish a floor, but instead a kind of ceiling."

"It is the price established by Saudia Arabia before the meeting."

Lundberg said Saudia Arabia raised its price only slightly, to \$32 per barrel, but below the price agreed on by the other nations.

"That reflects a kind of free market to sell below the agreed upon OPEC price for the first time since the oil embargo," he said.



JACK ANDERSON

Senator Travels With the PACs

A 10 PE 6/16/80

WASHINGTON — The road to Capitol Hill is paved with good intentions. Once a newcomer arrives, though, the good intentions have a way of dissipating.

I've caught a freshman senator, Donald Stewart, D-Ala., in a classic case of good intentions gone bad — with a lot less publicity than attended the announcements.

When Stewart arrived here in January 1979, to replace the late Sen. James Allen, he told a Washington Post reporter he was forswearing future campaign contributions from special interest groups. He acknowledged that he had accepted \$164,000 from certain "political action committees," but said that was it. No more.

"I'm not saying that kind of money is bad," he explained. "I know I took it and I don't feel any more commitment to those that gave it. What bothers me is, that money doesn't reflect individual participa-

tion or building a strong base. If you depend solely on special interests, you're cheating the system."

Since this public-spirited pronouncement, however, Stewart has accepted \$2 additional PAC contributions of about \$160,000, bringing the total he has accepted to more than \$300,000. Most of the contributions parallel his Senate committee assignments—the traditional route for special interest largesse.

—Stewart has received \$78,000 in re-election campaign donations from corporate and other special-interest groups affected by actions of the Senate Banking Committee, on which he sits.

—Of this sum, bank and savings-and-loan PACs alone have given Stewart \$33,500. Even Sen. Jake Garn, R-Utah, who is widely regarded as the bankers' voice in the Senate, received only \$11,150 during the same period of time.

—Labor groups with direct interest in Banking Committee activities have given Stewart \$85,300.

—Stewart has received \$23,500 from insurance industry PACs (including \$11,500 from American Family Life Insurance Co., a leading purveyor of controversial cancer policies). Stewart is chairman of the Banking subcommittee on insurance.

—Stewart has accepted \$54,150 from political action committees interested in legislation before the Agriculture, Nutrition and Forestry Committee, of which he is also a member.

When my associate Tony Capaccio called Stewart's office to inquire about the strange demise of the senator's good intentions, an aide said Stewart had simply changed his mind a couple of weeks after the Post interview. He said the turnaround had been printed somewhere, but he couldn't remember where.

Stewart later confirmed that "I simply changed my mind," but said he didn't know if the change had been publicly reported. It has been, now.

When the president signs a bill into law, the sponsoring agency or member of Congress traditionally is given the pen (or pens) used in the signing. So last April, when President Carter signed the General Accounting Act of 1980, he turned the pen over to Comptroller General Elmer Staats.

The General Accounting Office archivist asked for the mildly historic pen, but Staats, who is retiring this year, said he wanted to keep it himself. The GAO's request for another pen was rejected by the White House, which said the supply of pens is running low.

Yakima Tribe May Quit Water Study

C10
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6/19/80

YAKIMA (AP) — The Yakima Indian tribe has threatened to withdraw from a \$1 million feasibility study of new irrigation reservoirs in the Yakima River Basin.

The study, which was authorized six months ago, has been delayed as tribal leaders have expressed concern that it eventually might lead to the loss of control of water resources on the Yakima Reservation.

"There is no guarantee in the contract between the federal government and the state of Washington that we will be able to exercise our treaty rights as we have exercised them," said Johnson Meninick, chairman of the tribal council.

Meninick said that unless the language in the contract is changed to guarantee the tribe's water rights and administrative authority over any reservoirs built on the reservation, the Yakimas will neither support nor participate in the study.

"We don't want to do the study without them," said William Hallauer, director of the Washington state Department of Ecology. He said the tribe's participation was crucial.

"I suppose it boils down to the fact that the Yakima Tribal Council members were concerned about aspects of sovereignty. They wanted to be sure the state of Washington wasn't in the position of running affairs of Indian water on the reservation. But I think those fears have been calmed," said Hallauer.

Meninick disagrees. "We'd like to rewrite the contract between the state and the federal government to better protect our treaty rights."

If the study shows the project is feasible, the reservoirs would make available new water supplies for as many as 30,000 additional acres and supplemental water for 70,000 acres of existing irrigated land.

"INFLATION LOSES SOME OF ITS STEAM LOCALLY",

p. A 1, Seattle P-I, 6/24/80

By Pamela S. Leven

Inflation continues to gallop ahead in the Seattle metropolitan area, but at a slower clip than during the last year.

Led by housing, fuel and public transportation costs, prices in the Seattle-Everett area rose 2.4 percent during April and May, which works out to an annual rate of 14.4 percent, according to the U.S. Labor Department's Bureau of Labor Statistics.

The consumer-price index had soared 3.3 percent in the previous two months, racking up the biggest two-month gain in 33 years.

Prices at the end of May were 17.5 percent higher than a year ago. Prices at the end of March were up 17.8 percent over the end of March 1979.

Statistics for the entire nation will be released later today by the Labor Department.

A basket of goods and services

that cost \$10 in 1967 in the Seattle-Everett area now costs \$24.96. In March the same bundle cost \$24.38.

The bureau compiled a special index showing that the prices in Seattle and Everett for all items except shelter (which includes rental and purchase costs) would raise the \$10 shopping list to \$22.80. This is 12.8 percent more than last year and 1.2 percent more than two months ago.

The Bureau of Labor Statistics has come under fire by businesses and industries who base wage increases on the index. Critics complain that the high cost of new housing, which is not an everyday purchase item, knocks the index upward.

"We appear to be following a pattern of reduction and the national pattern is showing some relief for the consumer," said Dennis Fusco, regional economist at Seattle-First National Bank. Outstanding price rises "seem to be confined to a pattern where the

heat is most intense, housing and energy. Food has tended to hold down the rate of inflation."

Eating a fried egg at home and going on a clothes-buying spree would have put a smaller dent in your pocketbook in May than in March. But traveling to the doctor from your new home by bus, ferry or car, then going to a show after getting spruced up at the hairdresser might have burned a bigger hole in your wallet than two months ago.

Fuel prices have climbed 4.5 percent in the last two months, and have spiraled 45.4 percent since May 1979. Housing costs soared 23.7 percent over the year and 3.6 percent since March 31. Transportation picked up 18.6 percent during the year and 1.5 percent over two months.

Housing price rises "have slowed down quite a bit in the last couple of months because of excess inventory and difficulties in financing," said

real estate consultant Tim Fahey of Property Dynamics. The average new home price is now \$74,250, down 1.3 percent from December when it peaked at 75,313. Today's price is 4.28 percent higher than the \$71,200 cost last June, he said.

Even rent increases have tapered off. Fahey surveyed 28 buildings on the Eastside in the last six months and found only three where the rents had gone up.

In the area of public transportation, fares for buses and state ferries were boosted 25 percent.

Medical care costs, led by professional services, went up 13.2 percent over the year.

On the positive side, declines as high as 38 percent were posted in some clothing items, and the prices of meat, poultry, fish and eggs slipped 2.3 percent since March. Clothing prices advanced 5.4 percent over the year.

By Joel Connelly

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The Washington Public Power Supply System failed to detect "deficiencies" in key safety devices at one of its nuclear plants, and has not made necessary repairs even when problems were pointed out by federal inspectors, the U.S. Nuclear Regulatory Commission has told WPPSS.

The federal agency also said in a letter that the nuclear plant WNP-2 "as built, is incapable of withstanding the shear forces" brought on by an accident. The agency's letter to WPPSS was obtained by The Post-Intelligencer.

The regulatory commission told the supply system that it must make "major repairs" before WNP-2 — its nuclear plant closest to completion — can be licensed to generate electricity.

The statements were made in a series of letters and reports outlining deficiencies in construction work and record-keeping at WNP-2. The packet was sent to WPPSS last week after the NRC slapped the supply system with \$61,000 in fines.

WPPSS managers could not be reached for comment yesterday. Acting managing director Neil Strand was "not available" and assistant director for technology Duane Renberger was "all tied up," said WPPSS spokesman Rags Nowakowski.

Glenn Walkley, president of the WPPSS board of directors, said, however, that federal inspectors were probably correct in their findings.

"If you're out driving 70 miles an hour and the cop picks you up, you don't have any argument," said Walk-

ley. "I don't think the NRC would come out with accusations unless they have the goods."

WPPSS is the construction arm of the state's public utilities, including Seattle City Light. It is building five nuclear plants, three (including WNP-2) at Hanford in Eastern Washington and two at Satsop in Grays Harbor County.

In its letters to WPPSS, the NRC said the supply system did not have adequate inspection procedures for spotting shoddy work on the WNP-2 project.

"The failure to detect such deficiencies until this late date represents failures of not only the contractor's quality program but also those of the . . . Construction Manager and the Washington Public Power Supply System," wrote the NRC.

"Compounding these conditions is that significant deficiencies in the shield wall were identified to you in November 1978. As of October 1979, these had not been adequately investigated nor an effective corrective program developed."

Many of the NRC's complaints centered on the sacrificial shield wall — a key safety device in nuclear power plants.

The shield wall "is like a concrete sandwich" around a nuclear reactor, said George Spencer, chief of the NRC's Reactor Construction and Engineering Support Branch for the West Coast.

"It acts as a shield against release of radiation," Spencer added. "It also supports structural steel and laterally

Back Page, Column 2

J. Connelly, "NUCLEAR OFFICIALS SAY WPPSS PLANT IS UNSAFE(N-plant at Hanford "is unsafe"), Seattle P-I, 6/24/80, back page

From Page A-1

supports the reactor vessel in case of an earthquake."

The NRC had pointed out defects twice in meetings with WPPSS during 1978, wrote Victor Stello, Jr., director of the NRC's Office of Inspection and Enforcement.

But when federal inspectors returned to WNP-2 between November of 1979 and last February, they found "defects which require major repairs and analyses before the structures can be declared acceptable for service," said an NRC letter.

"Notably, the sacrificial shield wall was constructed and certified correct by your contractor although the upper and lower sections of this structure were not properly welded together," wrote Stello.

In the last instance, WPPSS has blamed contractors for its difficulties. Last month, it filed a \$120 million lawsuit against the Seattle-based Leck-enby Co. and five other firms. Leck-enby has said it does quality work,

the federal agency said yesterday.

"We keep finding things as quickly as they correct them," said Spencer. He added that "a whole series of NRC inspections" is currently under way at the plant.

While repairing the sacrificial shield wall "is not so big a job," there is no telling what the NRC will come up with next, Spencer added.

The plant could be delayed by repair work, but also if WPPSS doesn't have its paperwork in order. "Things could really bog down" if documentation on safety features isn't there, said Spencer.

"There is question as to whether all the documentation that should be drawn up is there," he added.

Problems with the sacrificial shield wall and pipe whip restraints — which hold pipes in place if they break — could be only the beginning of WPPSS' problems, however.

The "pattern and seriousness of non-compliance" on shield wall construction has caused the NRC to question if other work at the plant has

and that WPPSS is making it a scape-goat.

But according to the NRC, there were "significant problems" in WPPSS' own quality control program between 1976 and 1978, when the shield wall was being built.

WNP-2 is the first of five WPPSS nuclear plants slated for completion. Utility officials say it is vitally needed to prevent an electrical shortage in the Northwest.

But the project has been plagued by delays and cost overruns. Its price-tag was estimated at \$397 million in the early 1970s but has soared to \$2.4 billion, according to WPPSS' 1981 bud- get.

The project is slated to begin operation early in 1983, more than five years beyond its original scheduled completion date.

The NRC's critical findings — plus additional inspections going on at WNP-2 — could mean still further delays in plant completion, officials of

been "properly accomplished," said a letter to WPPSS.

The NRC's Stello said yesterday that, initially, WPPSS has been asked to take "a long, hard look" at its own construction work.

"We're asking them to see if there's something that was overlooked," said the NRC enforcement chief. Asked if the NRC would subsequently do its own inspections, Stello said: "Most certainly."

In a separate report, a review panel of five NRC inspectors said WPPSS must provide "adequate assurance" that safety-related work is properly done.

"Escalated enforcement action consistent with NRC policy should be effected to assure that the licensee takes the necessary corrective action," wrote the NRC inspectors.

While strongly critical, NRC officials did have one compliment about WPPSS. They said supply system managers are more responsive to problems than they used to be.

"I think the project (WNP-2) has a young management who have inherit-

ed a situation that is not comfortable to deal with," said Spencer.

But the NRC said only two other plants in the country have been as sternly dealt with. Last month, the NRC recommended a \$100,000 fine against builders of the South Texas Nuclear Project. It found 22 violations of federally mandated construction procedures, compared with 26 at WNP-2.

"In terms of severity, what we've done at WNP-2 is well above the average plane," said Stello. "We have a lot of nuclear plants under construction and haven't taken this kind of action on the vast bulk of them."

Officials stressed that WPPSS must get its repair work, paperwork and project supervision in order if WNP-2 is ever to produce a kilowatt of power.

They said the next NRC inspection — expected to be completed in about a month — will tell a lot about what kind of delays are expected and how much work is yet to be done on WNP-2. The plant is officially 84 per- cent complete.

'Rescuer' Seeks House Seat

SPOKANE (UPI)— George Bible, 38, Spokane, who gained notice recently by volunteering to form a group to free the U.S. hostages in Iran, yesterday announced his Republican candidacy for Congress.

Bible will run against former independent-turned-Republican Mel Tonasket and John Sonneland in September to see which will oppose incumbent Democrat Tom Foley for his 5th District seat.

Bible told a news conference he is making his bid out of "utter frustration" over the direction the country is taking.

Toward that end, Bible promised to take a hard-line against what he considered "mealy-mouthed politicians" . . . "two-bit dictatorships" such as Iran . . . and those who would "walk over or spit on the American flag."

Swift Kick at Military: We Need Raises, Not 'Gizmos'

By Stephen Ponder

Congressman Al Swift said yesterday that the Pentagon's budget is too fat with money for expensive and possibly unreliable weapons systems at a time when members of the armed services badly need pay raises.

The Second District Democrat, speaking to the Anacortes Chamber of Commerce, said Congress has just approved the biggest peacetime increase in defense spending since World War II but military spending priorities are "upside down."

He said military personnel at nearby Whidbey Naval Air Station "are forced to bag groceries at the local Safeway to put food on the table. And we spend so little on maintenance that planes stand idled or cannibalized for lack of spare parts."

At the same time, Swift said the Pentagon budget is fat with "super-sophisticated gadgets plagued with reliability problems or incredibly expensive items of highly questionable value, such as the MX missile."

The MX program, he said, carries a \$35 billion price tag and calls for building underground tracks in Nevada and Utah for the mobile-launched missile. He said both the United States and Russia have a nuclear deterrent balance, which makes it likely that the world's next major military conflict "will be a battle of conventional weapons rather than nuclear throw weights."

Swift said changing defense priorities can't be achieved by "just hurling money at the Pentagon." Our conventional forces are out of shape, he added.

"We need some new approaches to how we spend our defense dollar," he said.

The purpose of a military pay increase above the level of civilian federal em-

ployees is to "stop the alarming hemorrhaging of mid-level technical and managerial personnel." He also said the spending of money on maintenance of present equipment should come before the "purchase of every Buck Rogers gizmo dreamed up."

Although Swift did not mention President Carter, his remarks were critical of the nation's foreign policy.

"For too long, our foreign policy has been like a cork in the ocean — bobbing aimlessly in a sea of unrest," the former Bellingham broadcaster said. "It's time to coordinate our foreign policy with our defense policy. A clear, consistent foreign policy will help our defense posture abroad as much as rushing to haphazardly spend billions."

Department. My question is: Do you agree with the way we try to handle the decommercialization issue in the legislation?"

Scott: "No, I guess our testimony says we do not."

Breaux: "What would you suggest?"

Scott: "That the tribes and the state be allowed to work out an agreement at a table, sitting down and talking out the issues."

Scott said he was confident that the State Game Department, responsible for managing steelhead, could "handle" the issue in an "appropriate way" with the tribes. (The Game Department and the State Game Commission have made no secret of their opposition to continued commercial steelhead fishing by Indians.)

Breaux: "Is . . . one of the reasons we are here considering legislation, because the various groups have not been able to agree on this particular issue, among others?"

Scott: "Among all others, yes."

Breaux: "Do we just pass a bill authorizing a lot of money and send it to Washington (State)?"

Scott: "Sure, why not?"

Breaux: "Because it would not pass."

Breaux, obviously irritated, noted that "you have a bill giving the State of Washington \$157 million . . . But you do not even have a position on what the state wants. Or am I missing something?"

Scott: "If we want to have an increased harvest, we need to allow tribes to take steelhead. Without any commercial taking by the tribes, we would not have any enhancement . . ."

Representative Don Bonker, Olympia Democrat and a strong proponent of decommercializing steelhead, interrupted: "That is a fairly revealing statement. The governor's position is to support the taking of commercial steelhead. So, your position is fairly similar to the Indians' position on this issue."

Bonker asked Jack Ayerst, chief of fisheries management for the Game Department, whether "the governor (is) saying one thing and the department (is) saying something else." Ayerst replied: "It puts us in a difficult position to respond to a question like that."

On June 6, Governor Ray sent a letter to Breaux saying:

"It appears there may be some misunderstanding on my position regarding steelhead trout. I believe that recreational use of the steelhead resource now provides the greatest overall benefit to the state, and future enhancement should accrue to sport fishermen.

"We must recognize, however, that steelhead are important to certain Indian tribes and, therefore, care must be taken not to threaten the passage of this important legislation and inhibit the development of productive working agreements

between the state and the tribes."

The governor said a few "minor modifications" in the bill's language would satisfy her concerns over the Indians and make the steelhead sports fishermen happy. That seemed to put her at odds with Scott's earlier testimony.

Moreover, while the governor's letter said she thought the recreational catch of steelhead was of the greatest benefit to the state, she suggested a change that appeared to make it possible for tribes to use federal funds to enhance the steelhead runs they fish commercially.

Several staff aides who have worked on the legislation said the governor's proposed changes were unclear. After reading her letter, Bonker said the governor's position is "a reversal, absolutely. In the questioning of Scott, the governor opposed any attempt to decommercialize steelhead."

Representative Mike Lowry, who has opposed Bonker on the steelhead issue, studied the governor's letter and said, "I don't know what the hell the governor's position is."

Representative Joel Pritchard said the letter "seemed to be a change from the testimony." But he wouldn't characterize it as a new position because he felt Scott had "been thrown into the lion's den" at the committee hearing and perhaps said things he didn't intend to.

Asked by a reporter to clarify her stance, the irritated governor said: "Go back to the original testimony." Asked to expand on that statement, she said, "I don't intend to get embroiled in it." She said the statements Scott made "were perfectly straightforward and totally consistent with the position the state has taken, which has never changed a bit. Under some very persistent questioning, as he told me, he may have put things a little more strongly than intended, but I think that is of no consequence."

Asked if the legislation should tie resolution of the steelhead issue to funding for enhancement programs, the governor said:

"The steelhead has always been a sport fish. Under the original treaties, as interpreted by Judge Boldt and supported by the U.S. Supreme Court, certain Indian tribes do have an original right to take steelhead for commercial uses."

Asked whether federal funds should be used to enhance steelhead runs for commercial purposes, she replied: "No." She added:

"(The) only people that can take steelhead for commercial purposes are those Indian tribes that have a treaty right to do it. Otherwise, it is not a commercial fish, and I maintain that. My testimony is clear. If you will just read the testimony, that is our position and we reiterate it."

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by Dean Kato
Times Washington Bureau

WASHINGTON — Several congressmen and their aides who have worked on fisheries legislation say they are having trouble figuring out where Governor Ray stands on the subject of the Indian commercial fishery for steelhead trout.

The issue is among those addressed in legislation designed to resolve controversies over the state's fisheries and to beef up sagging salmon runs.

The controversy stems largely from the 1974 decision of United States District Judge George Boldt, which upheld the treaty guaranteeing Indian tribes in Western Washington the opportunity to catch half the harvestable salmon and steelhead returning to traditional off-reservation fishing grounds.

One result of the decision was that Indians began fishing commercially for steelhead, something the state had forbidden them to do previously. The Indian fishery set off bitter protests among non-Indian sport fishermen. The decision also led to cuts in the non-Indian commercial salmon fishery, triggering more protests.

Several federal and state efforts to work out compromises ended in failure.

Then last month, the Senate unanimously passed a bill sponsored by Senator Magnuson. The bill is aimed at defusing the controversy by providing \$157.5 million to enhance salmon runs for all fishermen. There isn't much dispute about that.

But the Magnuson bill has drawn the wrath of many tribes, because it would forbid the use of federal funds to enhance steelhead runs for commercial fishing by Indians.

The bill offers a kind of carrot-and-stick approach. The carrot is the money that would be used to enhance salmon runs, presumably allowing Indian tribes as well as non-Indians to catch more. The stick is that they would have to negotiate an enhancement plan with the state that would include some kind of commitment by the Indians to "minimize" commercial fishing for steelhead.

Without that agreement, there would be no enhancement money either for the state or the tribes. The tribes and members of Congress are still dicker over that language.

The governor's position is important because the state is the other party that must agree with the Indians before any comprehensive enhancement plan can be implemented.

Last February, the Senate Commerce Committee held hearings in Seattle on an earlier version of

enhancement legislation. That version, proposed by the Carter administration, did not try to discourage commercial steelhead fishing by Indians. During the hearings, Governor Ray testified:

"... There are thousands of sports fishermen in Washington who love to fish for all too few steelhead. On the other hand, a number of tribes have economic dependence on the commercial harvest of steelhead, and federal and state courts have upheld a treaty right to these fish. The proposed legislation provides for enhancement of steelhead, and we have suggested that the available harvest be at least doubled. Whether federal legislation can be framed to deal further with these competing interests and rights in a manner that is fair to all parties is a most difficult question."

Magnuson, who ran the hearings, told the governor: "I don't understand the section of your testimony regarding steelhead." She responded: "We recognize that there are tribes whose economic health depends on the commercial harvest of the steelhead that come into their reservation waters."

She then indicated she would not favor "modification" of the right of treaty tribes to fish commercially for steelhead, "in view of the dependence of some of the tribes on that steelhead harvest."

Magnuson then wrote his own bill, the one that passed the Senate unanimously. On May 28, a House fisheries subcommittee held hearings on a slightly modified version of Magnuson's bill. Randy Scott, fisheries liaison representative for Governor Ray, testified on her behalf.

He noted that in February the governor had called for doubling the steelhead catch, and that there wasn't much disagreement on that. "But the question of who should reap the benefits of the steelhead resource continues to be the source of an unrelenting controversy" between sports fishermen and Indian tribes, Scott said. He said he hoped the House would pass a bill that would "be flexible enough" to allow continued and even increased Indian harvest of steelhead.

When Scott finished his testimony, Representative John Breaux, Louisiana Democrat and subcommittee chairman, asked him if the state felt "there should be an eventual decommercialization of the steelhead." This exchange followed:

Scott: "I think what we are trying to say in our testimony is that (the issue) should be negotiable: Something worked out in a comprehensive enhancement and management plan."

Breaux: "You do not agree with the way the legislation tries to handle it, or do you agree?"

Scott: "I guess you could say that, from my point of view."

Breaux: "I will nominate you for the State

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Energy wisdom

From the mouths of youngsters, some energy tips for Uncle Sam

by Patricia McCormack
United Press International

Energy-saving tips in "Dear Mr. President" essays entered in a National Energy Foundation competition reveal children's innermost solemn thoughts on conservation — and may give Jimmy Carter and the nation's energy czar some new ideas.

But adopting some as part of a national energy policy may pain

people.

For instance, Lawrence Morizio, of Brooklyn, N.Y., a winning seventh-grader, comes through as a hard man. A few of his proposals:

- Federal legislation that requires all electrical appliances have timers. The appliance would shut itself off after a predetermined period. If the appliance is being used and shuts off, the

person simply resets the times and the appliance runs for the prescribed time. If it goes off and isn't in use, it stays off.

- Every appliance must reduce its cycle by at least 10 per cent in 1981 and 15 per cent in 1982. Example: If your dishwasher has an average 40-minute cycle from beginning to end, by 1981 it must reduce the cycle to 36 minutes, in 1982 to 34 minutes, and so on. "We can use this method for toasters, washing machines, dryers and refrigerators, too."

- Develop a gas-metering system for automobiles similar to the postage meter. Americans can purchase gas stamps for their meters on a monthly basis. As they purchase gas, they spend their gas stamps. Once their allotted amount for a given period

of time, 30 days, is gone, they cannot refill their meter. This will make drivers ask themselves, "Is this trip necessary?"

Essayists predicted how an energy-depleted society will affect their life-style in the future.

"At the rate we are going," one wrote, "a tank of gas could cost about \$50 by 1985. That would leave only the wealthy with enough money to own a car."

"I will not be able to travel. I will not ever see other countries, due to prohibitive airline rates pushed up by higher fuel rates."

"My home will be dimly lit, thanks to the cost of electricity. I will be cold in winter because of a lack of fuel. Things, in general, will be as they were for the early Colonists."

Another hardliner on energy, William McKinley, also of Brooklyn, wrote:

"I would outlaw all the idiotic electrical appliances. For instance, the electric hot-dog warmer, popcorn poppers, doughnut makers, yogurt makers, electric knives, electric toothbrushes and, especially, the electric tweezer!"

"Heaven, help us. We are a nation of helpless fools who can't even brush our teeth without the help of electric ups and downs!"

Other excerpts from essays in the contest sponsored by the N.E.F., a nonprofit organization trying to make schoolchildren more aware of energy-related changes that will affect their future:

- "Only now has it become

clear that we the children have been done in by the past."

- "I care about what happens today because I am part of tomorrow."

- "In the year 2000 a lot of people won't even know what energy was because we will be all dried up by then."

- "Think about this letter carefully. Remember a United States with no lights is better than no United States. You see, Mr. President, I am 13 and would like to live to be 14."

- "Mr. President, I feel you are doing the best you can but you have great potential to do better than you already have. If you don't do any better with energy, someone will come from behind you and swipe your job from under you."

Big Bend Community College at Moses Lake has turned down a \$1,000 gift from the federal government because the paperwork involved would cost more than the grant.

The federal Department of Energy last month sent the community college a check for \$1,000 for technical assistance under the institutional-buildings-grant program.

Dr. Howard Fryett, the college's dean of administrative services took a look at the

paperwork required to qualify for the grant and decided it wasn't worth the trouble.

In a letter to Jack B. Robertson, regional energy department representative in Seattle, Dr. Fryett said, "I am sorry to inform you that we are unable to accept this grant and have therefore enclosed your check for \$1,000." He said the labor costs would exceed the grant.

Fryett said the paperwork included 12 institutional assurances, nine special applica-

tion certifications for the technical assistance and energy-conservation measures, five independent technical-assistance certification requirements, five energy-audit-certification requirements, financial-status-report requirements, nine general assurances and certifications, requirements under the Office of Management and Budget, requirements of a federal-management circular and the notice-of-grant award.

Court Asks Views on Military Retiree Pay Split in Divorce

WASHINGTON (AP) — The Supreme Court yesterday asked the government's views on whether military retirement pay is subject to a state's community property laws.

The justices said they want to hear what the Justice Department thinks about an Alaska Supreme Court ruling that blocked a divorced woman from collecting one-half the benefits of her ex-husband's military pension.

The Alaska court ruled that Congress never intended military pen-

sions to be subject to community property laws and to be shared by divorced spouses.

Similar rulings have been made by the supreme courts of Arkansas and Colorado, but the highest courts in seven other states — Arizona, California, Idaho, New Jersey, New Mexico, Texas and Washington — have ruled that military pensions are divisible in a divorce.

Leroy and Joanne Cose were married in 1954, five months after Cose joined the Army. He retired as a lieutenant colonel July 1, 1975, and the couple was divorced in Anchorage Oct. 29, 1976.

A trial judge in Anchorage ruled that Cose's retirement pay of \$1,100 a month was community property that should be divided. Cose appealed to the state Supreme Court, which ruled that Congress never has shown any intention of letting divorced spouses

share in a military pensioner's benefits.

The state court relied heavily on a 1979 Supreme Court ruling, called *Hisquierdo vs. Hisquierdo*, in which the justices said California's community property law could not apply to retired railroad workers' pensions.

In seeking help from the nation's highest court, Mrs. Cose's lawyer, Max Gruenberg Jr. of Anchorage, argued that the *Hisquierdo* ruling was limited to the special wording of the Railroad Retirement Act and should not apply to military pensions.

"With the increasing number of divorces nationwide and the large number of retired servicemen, the issue arises with great frequency in all states," the appeal said. "Because of the thousands of divorces that will continue to be affected annually, the issue is of sufficient importance to warrant (review)."

The Hanford Nuclear Reservation in Eastern Washington is a top candidate for selection as a multi-billion dollar storage site for nuclear power plant wastes. This article concludes a series on study of the Hanford site, opposition to it, and what the state can — and cannot — do to stop it.

By Joel Connelly

Q. Where does the U.S. Department of Energy store radioactive fuel rods from nuclear power plants?

A. Anywhere it wants to.

It may sound like a variation on the old where-does-a-gorilla-sleep joke, but this is the message coming loud and clear from the Carter Administration and the Energy Department.

The state of Washington should be listening, for there's a strong likelihood the federal government is about to choose Hanford in Eastern Washington as a permanent home for at least part of the nation's nuclear plant wastes.

There's not much the state can do to stop it, if a \$300 million study shows that Hanford's basalt rocks can stand the heat and chemical reactions of "spent" but highly radioactive nuclear fuel rods.

"It's assumed that if Congress wants to preempt us and site it, they can do so," said Ed Flescher, an attorney for the state House of Representatives.

President Carter, in a recent message to Congress, offered states "a continuing role in decisionmaking" on siting, design and construction of a repository — but only if they agree to go along with it.

"State consultation and concurrence will only lead to an acceptable solution to our waste disposal problem if all the states participate as partners in the program I am putting forth and not as adversaries," Carter's message said.

With Washington a prime candidate for a multi-billion waste storage project, the state is left with the job of trying to supervise what it cannot stop.

Carter has appointed Gov. Dixy Lee Ray to a 17-member state Planning Council whose job it is to "advise" the federal government on radioactive waste management.

In a press conference last year, Ray called Hanford "a very logical place" to put a national or regional waste repository.

"If there were to be a national site, which I think there will not be, because there are more likely to be regional sites, I would not be opposed (to Hanford)," Ray said.

She has also named a three-person liaison committee to keep track of the Basalt Waste Isolation Project, the Energy Department's effort to prove Hanford a suitable site for a repository.

The committee consists of State Sen. R. Ted Bottiger, Senate Energy Committee chairman; State Rep. Ron Duniap, R-Bellevue; and Jack Woods, director of the state Energy Office.

The panel travels to Hanford every three months for a briefing on the project. "I've been down in the tunnels three times now," said Bottiger.

"We spend all day over there and, in a sense, see what they want us to see," he added. "But we are free to ask whatever questions we want and they seem eager to provide us with the information."

There's also an informal liaison. State Rep. Ray Issacson, R-Richland, is a scientist with Rockwell-Hanford, which is doing the waste site study for the Energy Department. Issacson has sent reams of information to his colleagues.

While state officials visit every few months, the Energy Department is working full time to develop Hanford and other

sites around the country as storage sites.

The department points to growing difficulties at nuclear power plants, where existing underwater storage pools are filling up with spent fuel rods.

"The DOE has a national problem and responsibility for finding a solution. We have an obligation to the country to find a site . . . so success to us is finding one or more sites," said Dick Goranson, manager of the Hanford basalt project.

Critics charge the Energy Department is in a hurry to bail the nuclear industry out from one of its many problems.

"Their overriding priority is to assure survival of the nuclear option. The attitude is to do whatever they can as quickly as possible to demonstrate a 'solution' to the waste problem," said Dr. Thomas Cochran, a scientist with the anti-nuclear Natural Resources Defense Council.

Energy department studies are likely to single out two locations, the Nevada Test Site and Hanford Nuclear Reservation, according to another NRDC scientist, Dr. Terry Lash.

Lash predicts that salt domes under study in Mississippi and Louisiana will be "the least likely to prove acceptable . . . If the DOE tries to proceed with a salt dome site, I believe they will be denied a license."

Asked about Hanford, Lash added: "It's Energy Department property in a pro-nuclear state. This is what makes Hanford as well as the test site in Nevada very appealing."

The Energy Department rejects part of Lash's charge. While optimistic about its basalt study at Hanford, the DOE says it does not yet have enough information about any storage site to judge feasibility.

But the department does look favorably on Hanford for another reason.

"The people around Hanford have seen more benefits accrue (from nuclear power). They are more knowledgeable about potential dangers. This isn't entirely the case at other sites under study," said Jeff Neff, program manager of the Richland-Columbus office of the National Waste Terminal Storage Program.

Those involved with the Energy Department's study scoff at opponents' worries about the intense radioactivity of materials to be stored.

"There are risks," said Raul Deju, basalt project director for Rockwell-Hanford. "There were risks when we sent a man to the moon. But we can mitigate these risks. We safely sent a man to the moon."

Issacson argues that a storage site would cause no danger to human health. He says natural background radiation, in soil and rock, is greater than anything the nuclear industry releases into the environment.

"The genetic effects, the question of mutants — why, I have an abstract that thick to show that all this talk is nonsense," said Issacson.

But critics point to other evidence that the federal government has been a sloppy steward of radioactive waste.

Frequently cited are leaks totaling more than 450,000 gallons from tanks used to store existing military waste from nuclear weapons production on the Hanford Reservation.

Dr. Dan Metlay, a University of Indiana political scientist who has studied the waste problem, says it would cost \$20 billion to clean up the federal government's past mismanagement of nuclear waste at Hanford and elsewhere.

"We've been burying waste here for 35 years and nobody's been hurt by it," said Issacson.

That may be true, replied the NRDC's Lash, but a national or regional waste

repository would make Hanford a much hotter place than it already is. "The quantity of waste, in terms of toxicity, is very large," said Lash.

In contrast to Hanford's early days — when waste disposal was a secondary consideration — the Energy Department insists it is doing a comprehensive job of study before any siting decision is made.

The DOE must also share responsibility for selection of a site with other agencies such as the Nuclear Regulatory Commission and Environmental Protection Agency.

But State Rep. Dick Nelson, D-Seattle,

a former Hanford scientist, suggests the legislature should appoint an "independent review panel" to go over the energy department's findings.

Assuming the basalt study is successful and Hanford confirmed as a storage site, only one possible obstacle to a waste repository remains: A statewide campaign is seeking to put a nuclear waste initiative on the Washington ballot this November. Its sponsor, the Washington Environmental Council, says it has collected 30,000 of a targeted 160,000 signatures.

The initiative would prohibit anyone

from transporting nuclear waste into Washington, or storing any waste beyond what's already here.

But federal law "would probably override" the initiative, said the campaign's legal advisory, attorney Mickey Gendler.

"Congress could pass a law tomorrow saying that no state could interfere with the siting of a repository, and that would take precedence," said Gendler.

However, Gendler said that — if the initiative is passed — the Energy Department might not be able to proceed without authorization by Congress.

Now Jarvis Aims At Income Tax

Cox News Service

LOS ANGELES — Howard Jarvis, the crusty old man who sparked California's tax rebellion two years ago, is back to lead another drive — one which would cut state income taxes in half.

On June 3, the same day as the state's presidential primary, California voters will decide whether to amend their constitution to slash annual revenues by about \$5 billion. The outcome will be watched well beyond its borders to see whether the national grass-roots movement which so far has inspired nine states to follow California's lead in limiting taxes or spending will prosper in the 1980s.

Most people in government are against it, as they were against Jarvis' earlier crusade to cut local property taxes, known as Proposition 13.

California Gov. Edmund G. Brown once argued that the state would fall apart if property taxes were cut. When the voters disregarded his warning, and the state continued to prosper, Brown did an about-face and embraced Jarvis I.

Yet Brown now opposes Jarvis II, known to its detractors as "Jaws II," in mock-honor of its motor-mouthed chief advocate. For having deserted him, Jarvis brands the governor as "gone soft in the head."

Under Jarvis II, the maximum income-tax rate in the nation's most populous state would fall from 11 percent to 5.5 percent. A couple with two children and taxable earnings of \$25,000 a year would thus

find themselves with about \$300 more in their pockets, after allowance for higher federal tax payments.

Lower-income taxpayers would get the largest percentage decreases under the plan, which appears on the state ballot as Proposition 9. But the anti-9 forces call Jarvis's plan "a massive give-away to the wealthy" because some 55 percent of the tax cut would go to the 15 percent of the taxpayers who earn \$30,000 a year or more.

As the debate over the fairness of the tax cut and the shape of California's finances continues to swell, the 76-year-old Jarvis is having a ball as he tours the state and cuffs its unhappy bureaucrats. In fancy restaurants, diners stand up and applaud as he enters. On airplanes, stewardesses rush forward to plant kisses on his sagging jowls.

Big Surge In Auto Sales Is Forecast

DETROIT (AP) — Most U.S. automakers will see "a dramatic industry recovery" by 1983, a new Wall Street analysis predicts.

Over the next three years there will be a "sustained surge" in sales as the companies turn out new fuel-efficient cars "far superior" to present models, according to David Eisenberg, analyst for the brokerage firm of Sanford C. Bernstein & Co. Inc.

Higher prices for all cars and a comeback of larger cars with improved mileage will mean soaring profits for General Motors Corp. and Ford Motor Co. and "fairly large" profit growth at American Motors Corp., according to Eisenberg's analysis distributed by the brokerage firm.

"Chrysler's situation is virtually without hope," Eisenberg said, although the company can recover somewhat through the 1981 model year with government help.

By 1983, Chrysler's financial situation should be "far worse than it is today," he said.

"Accordingly, a merger or a joint venture with a foreign automotive company, or perhaps even Ford, seems inevitable."

Ford's North American operations, now losing \$826 per car, will be close to breaking even in 1983 but still will be subsidized by overseas profits, Eisenberg predicted. Chrysler's demise "would dramatically improve Ford's domestic profitability."

Sales of the four U.S.-owned companies should swell 46 percent from 10.8 million in the United States and Canada this year to 15.8 million in 1983.

Eisenberg's profit projections through 1983 say:

—GM's profits will rise from a depressed \$775 million this year to \$6.64 billion in 1983, or from \$2.55 per share to \$22.05 per share compared with \$12.24 in prosperous 1978.

—Ford will climb from a loss of \$94 million this year to profits of \$2.66 billion, or from a per-share loss of 80 cents to \$20.85 profit per share against \$12.42 in 1978.

—Chrysler will lose \$824 million this year (the company has predicted \$750 million) and not make profits on cars and trucks through 1983. Other operations and the absence of income taxes

will give Chrysler a \$253 million profit in 1983.

—AMC profits will rise from \$26 million this year to

\$129 million, or from 65 cents to \$3.25 per share against \$2.07 in 1979, the best recent year.

Draft Battle Grips Senate

By Kingsbury Smith
National Editor, The Hearst Newspapers

WASHINGTON — A David and Goliath battle is under way in the Senate over the planned registration this summer of young men for possible military draft.

The role of the biblical David is being played by Sen. Mark Hatfield, who is leading the underdog fight to block the Carter administration's draft plan.

A crucial stage of the struggle is near in the Senate Appropriations Committee, which is considering the administration's request for \$13.3 million to finance the estimated cost of registering young men aged 19 and 20.

President Carter already has the authority to impose registration. He needs the money to fund it. The Democratically controlled House of Representatives has approved the financing appropriation. The decisive battle is now being fought in the Senate.

With dogged determination, Senator Hatfield is striving to block the funding of the registration plan with amendments in the Appropriations Committee and, if he fails there, with threats to filibuster against it on the floor of the Senate.

On May 6 he lost by eight votes in the committee an amendment to limit the financing to revitalize the Selective Service Committee, ruling out registration at any set time in the future.

The trim-looking handsome liberal Republican from Oregon says he is convinced registration is intended by the Carter administration to lead to the actual drafting of young men.

He is opposed to the draft not because he thinks the all-volunteer system is presently satisfactory but because he believes it is not in the best interests of America's security to force young men to serve in the armed services in peacetime.

He believes a volunteer who is adequately compensated for his service to the country will prove to be a far more dedicated and efficient soldier than one who has been compelled against his will to join up.

He therefore favors better compensation for volunteers as an incentive for recruiting and re-enlistment. He believes there should be a combination of compensation incentives, not just across-the-board pay raises for the military, although he recently co-sponsored such legislation only to have it "shot down."

He favors compensation for skilled military personnel comparable in terms of value to what they would receive in private industry. That would not necessarily mean the same salary, but could, for example, include such fringe benefits as assurance of free college education for soldiers or their children. The latter, especially, would be an incentive for re-enlistment, since it could be dependent on the length of time served in the military.

The senator recalled that this educational incentive was proposed last month by Gen. Edward C. Meyer, Army chief of staff, who feels that the draft would drive young people into the other services in order to avoid being drafted into the Army.

Under General Meyer's plan, the government would pay for the college education of the children of any man or woman who remained in the service for 15 years.

"That would be a great incentive for reenlistments," Senator Hatfield said. "The Army now recruits people with the promise of skilled education, but after being trained, many of them leave for better paying jobs outside the military."

"You cannot build an efficient, economical military organization on the rate of turnover you have under the draft system. The draftees get out just as soon as they can. They have been coerced into joining and most of them remain unhappy about it. They just mark the days on the calendar until they can get out. During the Korean and Vietnam wars we had a turnover of between 80 and 90 per cent with the 2-year draftees."

"Let's say it costs \$20,000 or \$25,000 to train a soldier. By the time you have finished training him, you don't get more than about a year-and-a-half service out of him before he opts out. You could not operate a business with that system."

One amendment the senator has pending would provide for a check-off on the registration forms for conscientious objectors. "The administration doesn't want this," he said. "They have a study, which they didn't want released, that indicates as many as 50 per cent of the young men may register as conscientious objectors. There is talk about doing away with the right to be a conscientious objector, but I believe that would be a constitutional issue that would go right up to the Supreme Court."

While Senator Hatfield recognizes that the administration presently has the votes to ram the registration funding legislation through the Senate, he believes he can turn the tide if he gets enough public support through mail to both Democratic and Republican senators.

"As of today, the administration does have a sufficient number of votes to get the funding authorization passed," he said. "But that support is fast eroding. Four Democrats supported my amendment last week. I intend to keep stalling and I hope to delay a final vote until there is enough support to block registration."

The dynamic, 57-year-old senator, who is serving his third term, succeeded in getting letters of opposition to registration from President Carter's three main challengers for the presidency: Republican front-runner Ronald Reagan, Sen. Edward M. Kennedy, D-Mass., and Rep. John B. Anderson, of Illinois, who is running as an independent. He submitted these letters to the Appropriations Committee and also reported that he had been assured by former President Gerald R. Ford that, he too, was opposed to draft registration.

More Bald Eagles Sighted

WASHINGTON (UPI) — Sightings of the bald eagle, America's national symbol, have increased by 35 percent in a year, the National Wildlife Federation reported yesterday. Washington had more sightings than any other state outside of Alaska.

William S. Clark, director of the federation's Raptor Information Center, reported sightings of 13,127 eagles in the January count — up 3,400 from 1979. Only 9,689 eagles were sighted during the January 1979 eagle census. A total of 1,623 sightings were reported in Washington.

The census, the second of its kind, was conducted by the wildlife organization from January 2-20.

"We attribute the higher count mostly to the fact that our survey was more intensive this year, with more participants, better coordination and coverage of more area," Clark said, adding it may not indicate growth in the endangered eagle population.

Clark said the bald eagle is considered "endangered" in 43 of the continental 48 states and "threatened" in the remaining five. The eagle is not found in Hawaii and is considered plentiful in Alaska, Clark added. No sightings were reported in Rhode Island, Vermont or West Virginia.

"This year's figures do seem to indicate that we are not losing ground . . . we are especially encouraged by the number of young and immature birds sighted."

The census is taken in January, Clark said, because eagle movements are at a minimum and more eagles can be spotted at that time of year. He said 75 to 80 percent of the bald eagle population in January is from Alaska and Canada.

The survey also included four Canadian provinces where 124 eagles were sighted.

VIEW FROM THE TOP

Will we always have inflation?

MARINA v. N. WHITMAN, Vice President, Chief Economist; General Motors Corporation, New York — I think so. We will continue to face inflationary pressures and the need for strong, effective policies for a long time. But that does not mean double-digit inflation. With the proper containment policies and some good luck, we ought to get it down to single-digit range in five years.

It began with President Johnson trying to finance his Great Society programs without paying for them directly with increased taxation, so we wound up paying for them through inflation. For the last 10 years, the government has been paying its bills by increasing the money supply beyond its real growth — it is always harder to break old habits than start new ones. Sure, there are those who benefit from inflation, particularly the foreign oil producers. There are even people in this country who are getting rich under inflationary conditions. But they are in the minority; the majority are being victimized by it.

OTTO ECKSTEIN, President, Data Resources, Inc., Lexington, Mass. — The rest of our lives is a long time. Certainly inflation will be with us for the next 10 years — down from the present highs in 1981 and about 6 or 7 per cent in 1990. To really end it would take such massive unemployment, stringent price controls and incredible luck in finding new energy sources, it's highly unlikely.

It all began with Lyndon Johnson's guns-and-butter policies and we've been abusing the economy since. We've lost control of the federal budget and the money supply. While it's impossible for the average person to protect his or her savings today, I don't see this as the end of the American Dream. Our future can be bright; if our standard of living declines in the 80's, it's our own — and our politician's — fault. We're educating engineers, scientists, managers, teachers and specialists galore. This human capital must inevitably increase productivity which will rout inflation.



MARTIN FELDSTEIN, President, National Bureau of Economic Research, Cambridge, Mass. — There is no reason we have to. The only thing that keeps inflation up is bad policy. If the government sticks with a tough policy, we'll be out of this by — no, I won't put a date on it. I'd only be guessing how the politicians will act. There is no reason we couldn't be back to where we were in the early 60's, essentially zero inflation, by the end of the decade. That should be the goal. Other countries, notably Germany and Japan who have also suffered OPEC-shock, have managed to check inflation.

Productivity? It has little or no effect on it. Whether we have 1 per cent or 3½ per cent productivity growth will have little effect on the inflation rate. It is simply a matter of how our politicians behave in the next five years.



WALTER W. HELLER, Regents Professor of Economics, University of Minnesota, Minneapolis — It will be with us, I believe, for at least as long as I live. With powerful labor unions, producer groups, farm groups and business constituencies all wanting a bigger slice of the pie, we get an economy where inflation is endemic and occasionally epidemic. Many things have changed. Aside from oil, we're bidding higher and paying more for all of the earth's shrinking resources.

In the past, recessions meant inevitable wage and price decreases. During recent slow-downs these just kept rolling along. Productivity and savings are down. People, protected by government guarantees and not apprehensive about the future, save less and spend more. Strong policies and resolute leadership could hold inflation at 6 or 7 per cent sometime during the decade. Without them look for 9 to 10 per cent.

(Address questions and comments to *The View from the Top*, c/o Newsroom, *The Seattle Times*, P.O. Box 70, Seattle, WA 98111.)



Region's economy feels the pinch of recession

SEATTLE TIMES 4/26/80 B 12

by **Boyd Burchard**
Times business reporter

The regional economy obviously is not going unscathed in the national recession, as some were predicting a short while back.

Housing, forest industries, fisheries and related operations are getting it in the neck.

On the other hand, aerospace, commercial building, tourism, shipbuilding, railcars, paper products, electronics, scientific equipment, chemicals, paper products, printing and publishing and other key segments of the economy still are going strong.

"Without question," observed Ralph Davis, retiring chairman of the Economic Development Council of Puget Sound at yesterday's annual membership meeting, "business is generally quite good."

Certainly, despite the scattered dark clouds glooming some areas, the overall economic climate is a far cry from the "Boeing recession" days of the early 1970s which caused area leaders to form the E.D.C. to deal with the crisis by promoting diversified industry expansion and attracting new outside investment.

And fortunately, the E.D.C. still is in place with nine years of experience and an impressive record of accomplishment in its on-going job-development mission.

One thing we've learned after many decades of up-and-down economic cycles accompanied by stop-and-go efforts at job development, Davis noted, is that such development efforts must never be relaxed.

As pointed out by Gordon Sweany, 1979 president and new chairman, the E.D.C. has played

an instrumental role in creation here of more than 8,000 direct jobs of diversified nature followed by a like number of indirect jobs.

New capital invested in the process exceeded \$500 million. About 40 per cent of what E.D.C. calls its "success accounts" are in the primary manufacturing sector — twice the region's present overall average.

At the end of 1979, E.D.C. charts show, more than 925,000 persons were at work in the Puget Sound area — up more than 230,000 since 1969.

That's the bright side of the picture. The duller part is that unemployment was as high at the end of 1979 as at the end of 1973. Today, there are some 16,000 more jobless than at this time a year ago.

Our unemployment rate has exceeded the national average in recent months and is growing.

Despite upcurving department-store sales in inflated dollars over the 10 years, such sales have shown a decline of more than \$30 million in real dollars over the decade.

Housing starts, mirroring the up-and-down volatility of the area economy in the past 18 years, are sharply down this year.

In manufacturing, the E.D.C. charts show, jobs are just reaching the level of 12 years ago, although diversification is greater.

Population in the four Central Puget Sound counties is just under 2 million — up 160,000 since the E.D.C. was born in 1971. And more people are coming. About 40,000 new driver's licenses were issued in just the five months ended last March.

S. & L.s hard-hit but future outlook good

by **Stephen H. Dunphy**
Times business editor

The savings-and-loan industry is going through its most severe cyclical downturn at the present time, but the long-term outlook for the industry is good, the head of the Federal Home Loan Bank said here yesterday.

Jay Janis, chairman of the bank's board, said that if the industry adds up all its assets and liabilities the total comes out clearly in favor of the assets.

"Savings and loans have a long, proud history," he said. "We may shrink in size (during the downturn) but we'll come out stronger in the end."

Janis spoke to a group of the bank's "shareholders," made up almost entirely of executives of the region's savings-and-loan institutions. The Home Loan bank acts as a regulator of the industry and functions much like a central bank for the thrift institutions.

Savings and loans are facing some rough times as high interest rates dry up the housing market and the high cost of money put a pinch on earnings. Some S. & L.s are actually reporting losses for the first time in their history because of the situation.

Janis echoed other forecasters on the depressed state of the housing market, saying that starts this year probably will be less than 1 million, the most severe slump in housing since World War

II. As recently as 18 months ago, housing was zooming along at a rate that would have produced 2 million starts.

He said he believed interest rates have peaked, noting that short-term rates have declined dramatically in the past few weeks. He said that by fall he thought it was possible that mortgage rates would be down around the 12 per cent level.

Adding weight to that assessment was an announcement from the government yesterday that it was decreasing to 13 per cent the mortgage-interest ceilings for single-family mortgages insured by the Federal Housing Administration and Veterans Administration.

The move, the first such decrease in almost four years, is intended to open up the homeownership market to more families. The new rate is a one percentage point drop from the record high rate of 14 per cent set April 3.

Janis said that the new rollover mortgages — 30-year mortgages with interest rates that can change with the market — will become an important tool for lenders, but he did not think that it would replace the fixed-rate mortgage.

Janis said the "pipeline" for housing has been almost depleted because of the high rates. He noted that unemployment in the construction industry went from 10.8 per cent to 13 per cent in March.

matters.

"If foreign producers expect to maintain a share of this market it would be economically necessary to produce cars in this market," Miller said in an interview.

Attention is sure to be focused on auto imports in Congress this spring because lawmakers must approve an emergency allocation of \$1.1 billion to replenish the depleted Trade Adjustment Assistance fund. The fund has been drained in large part by payments to auto workers idled because of Japanese imports.

All the talk and some visits to Japan by various officials may be having some results. Nippon Denso, the largest parts manufacturer in Japan, said recently it would expand its plant in Los Angeles for the assembly of air conditioners for Toyotas sold in the United States. Instead of making 10 percent of the air conditioners there, the company said, it would increase its output to supply 25 percent of American-sold Toyotas.

Similarly, Datsun announced it will build a plant in the United States to produce about 120,000 light trucks a year. This decision, prompted partly by a move to end a loophole in Customs Bureau enforcement of truck tariffs, may be the forerunner of Datsun auto production in this country. Toyota, meanwhile, has undertaken a voluntary cut-back in its export sales.

Honda, Japan's fifth largest auto maker, already is building motorcycles in a Marysville, Ohio, plant and will produce cars there starting late in 1982.

The Japanese government and Japanese auto firms generally argue that they are not to blame for jobless American auto workers.

"The basic problem is the failure of U.S. management to compete," maintained a Japanese Embassy official.

The U.A.W., however, intends to keep up the pressure. It plans a rally of 1,000 jobless auto workers in Washington early in May to dramatize the rise in imports and its demand for relief.

"IMPORT LIMIT ON CARS UNLIKELY THIS YEAR",
Seattle Times, 4/26/80, p. C 2

by William J. Eaton
Los Angeles Times

WASHINGTON — Rising unemployment among American auto workers is causing Congress to take a hard look at the surge in imports of Japanese cars, but legislative proposals to limit the influx seem doomed to failure in 1980.

That is the consensus of key members of the House and Senate as well as officials of the United Auto Workers, who are spearheading the drive to curb imports of the increasingly popular Japanese vehicles.

While legislated quotas appear highly unlikely, there is a growing climate favoring voluntary restraint of United States sales of the imports rather than risking official action in later years.

There also is pressure on the Japanese by the U.A.W. and influential American lawmakers to build plants in the United States to manufacture cars or spare parts and provide more jobs in the depressed auto industry.

In recent months, foreign cars have accounted for 27 per cent of American sales, with Japanese output getting more than 22 per cent of the market. In 1979, 45 per cent of Japan's auto exports were sold in the United States and its share of the market soared from 2 per cent in 1969 to 17 per cent last year.

The surge in Japanese car sales came as the American industry was caught unprepared by a dramatic turnaround in consumer preferences for small cars. That coincided with the fast rise in gasoline prices and the cutoff of Iranian oil production a year ago.

Because of the shift in consumer choices and the devastating effect of high interest rates on car sales, American firms have been closing plants and laying off workers in droves. Auto assemblies last month were 25 percent below the figure for one year ago.

U.A.W. spokesmen say that 170,000 auto workers employed by General Motors, Ford and Chrysler are on indefinite layoff and another 80,000 have been placed on short-term layoffs. That number seems sure to rise as the 1980 model year ends and the economy slows to a recession pace.

As a result of such developments,

U.A.W. President Douglas A. Fraser has altered the union's historic free trade policy to ask Congress for a law requiring that Japanese cars sold in the United States have up to 75 per cent "local content." If adopted by Congress and signed by President Carter, this would force the Japanese firms to buy parts or materials from United States firms, a move that would expand employment in the auto industry.

Mr. Carter, however, has taken a strong stand against any restrictions on Japanese imports, arguing that to raise trade barriers would be inflationary and hurt efforts to conserve gasoline.

"The automobile imports from Japan help keep prices down in this country and they help us reduce our use of fuel," C. Fred Bergsten, assistant Treasury secretary for international affairs, said in a recent interview.

"It would be insane for the United States to restrict imports of automobiles," Bergsten said.

But Fraser argues that a "local content" law, which is now in effect in 31 countries, would preserve the competition from foreign automakers and not adversely affect American workers.

The Japanese, Fraser said, must realize that the exploitation of their advantage in the auto market could "well result in an over-reaction of protectionism."

The union has not received the backing of the auto industry in its quest, however. General Motors Chairman Thomas A. Murphy, for example, recently told GM stockholders he is against the U.A.W. plan.

"The United States has the freest major automotive market in the world," Murphy said. "We should be holding it up as a model for other nations — not asking for protectionist legislation that would invite retaliation abroad just as we have made a good start toward developing a significant export business."

Murphy said, however, that he would welcome Japanese investment in auto plants in the United States. That also is the position taken by Secretary of the Treasury G. William Miller, the administration's leading spokesman on trade

Oregon nuke laws challenged in Calif.

SALEM, Ore. — Oregon apparently won't be affected by a federal judge's ruling that states do not have any authority to regulate nuclear power plants, but state officials said yesterday they aren't taking any chances.

Gov. Vic Atiyeh said Oregon will join California in asking the United States 9th Circuit Court of Appeals to overrule a district court judge who said earlier this week in Sacramento that the federal government has sole authority to regulate the nuclear power industry.

"It is my position that to let these federal court decisions stand would amount to an unwarranted interference with the state's rights and rights of Oregonians to determine their own destiny," Atiyeh said.

"Oregon should be allowed to set more stringent standards than those set by the federal government," Atiyeh said.

State energy officials said the state apparently does have that right under a unique pact signed in January with the federal Nuclear Regulatory Commission.

"WPPSS NUCLEAR POWER PLANT TWO YEARS BEHIND
SCHEDULE", Seattle Times, 4/26/80, P. D 14

RICHLAND — The Washington Public Power Supply System says none of its five nuclear projects will be operational before January, 1983.

Board members meeting here said the agency's No. 2 plant at Hanford is to begin operating then. It had been scheduled to go on line in September, 1981.

Other revised completion dates are No. 1 plant, June, 1985; No. 3, June, 1986; No. 4, June, 1986; and No. 5, June, 1987.

Neil Strand, outgoing managing director, said the revised estimates could be changed again.

The board's financial consultant, Blyth Eastman Paine Webber, warned that the long-term bond market is becoming saturated.

The board approved a plan to convert about half of its 30-year bonds to short-term bonds. By going to short-term, 6-year bonds, the supply system can save \$110

NORTHWEST

Times staff and news services

million in interest costs, a Blyth Eastman spokesman said.

In periods of soaring inflation, buyers want the short-term bonds, which do not tie up money for so long.

Leaded gasoline going the way of the big cars that burned it

Goodbye, old-fashioned leaded high-test gasoline. It seems fewer and fewer motorists want you any more.

"Leaded premium demand is almost nil . . . and it is going down," said Tom Liberti, spokesman for Standard Oil Co. (Ohio).

Liberti said that Sohio is phasing out the sale of leaded premium gasoline at its 300 BP Oil Inc. service stations in six Eastern states and the District of Columbia.

It will replace the fuel with more unleaded premium gasoline or with diesel fuel, Liberti said.

And the president of Texaco Inc., John McKinley, also said this week the company is discontinu-

ing the sale of leaded premium gas at many stations.

Texaco is "considering" totally replacing leaded high-test with unleaded premium gas or unleaded gasohol — a mixture of 90 per cent unleaded gasoline and 10 per cent grain alcohol, he said.

The BP and Texaco phaseouts are the latest in a series of similar moves by oil companies as a progressively larger number of new cars, whose air-pollution control equipment is damaged by leaded fuel, take to the highways.

According to the American Petroleum Institute, refiners' deliveries of unleaded gasoline in the first quarter rose 7.5 per cent from levels of a year ago even though overall gasoline deliveries

slipped by 8.4 per cent in the period.

Last year, unleaded gasoline accounted for 40.3 per cent of United States gasoline demand, up from 34.3 per cent in 1978, the industry organization's statistics indicate.

Among other oil companies beginning the phaseout of leaded high-test gasoline are Exxon Corp., Standard Oil Co. of California, Standard Oil Co. (Indiana) and Mobil Corp.

Liberti said while the end of leaded high-test BP gasoline sales has yet to be ordered for the company's Sohio and Boron service stations, "if there is no demand, it is a safe assumption there won't be leaded premium."

Gas hits \$1.26 a gallon

WASHINGTON — (UPI) — The average price for all grades of gasoline nationwide is now \$1.26 a gallon, up 1.6 cents over the past month, the American Automobile Association said Thursday.

The increase, the smallest monthly rise since last November, does not reflect an anticipated hike of 10 cents a gallon due to President Carter's new oil import fee. That increase is expected in May.

The A.A.A. reported that gasoline remained plentiful and readily available in most parts of the

country, with more service stations open nights and weekends.

Average nationwide fuel prices reported are:

—Full-service: \$1.29 for premium; \$1.24 for regular; \$1.28 for unleaded.

—Self-service: \$1.27 for premium; \$1.20 for regular; \$1.25 for unleaded.

—Diesel: \$1.12.

—Gasohol: \$1.30.

The highest state average was for full-service premium in New York state at \$1.36, and the lowest was \$1.17 for self-service regular in Texas.

Costs of operating car are climbing

by James Mateja
Chicago Tribune

For every \$1 you spent to buy your new car, it will cost you an added 50 cents a year to keep driving it. That means in about two years you will have paid as much out of your pocket to simply operate the machine as you did to purchase it in the first place.

Those are the findings of the latest survey by the American Automobile Association on the cost of owning and operating your car.

According to the study, prepared by Runzheimer & Co., of Rochester, Wis., management consultants who specialize in auto expenses for businesses, the owner of a mid-size 1980 car will spend \$3,176 a year or 21.2 cents a mile to own and operate it.

The \$3,176, or 21.2 cents a mile, average compares with an expense of \$2,690, or 17.9 cents a mile, a year ago.

In compiling the cost statistics, Runzheimer based its findings on a 1980 Chevrolet Malibu four-door sedan equipped with a 229-cubic-inch V-6 engine, automatic transmission, power steering, power disc brakes and radio.

The car would be driven 15,000 miles a year and be financed over a 48-month period. Insurance was calculated on a pleasure use category with the vehicle driven less than 10 miles one way to work and with no youthful driver.

Runzheimer breaks down the costs into fixed

and variable. The variable costs include gas and oil, maintenance and tires. The fixed costs include insurance; license, registration and taxes; depreciation, and finance charges.

The sharp rise in the cost of owning and operating a car is attributed to increases in gasoline expenses among the variable costs, and boosts in insurance, depreciation and finance charges among the fixed costs.

Using the 1980 Malibu as an example, Runzheimer said the gas and oil cost rose to 5.86 cents a mile in 1980 from 4.11 cents a mile in 1979. Depreciation, meanwhile, jumped to \$1,038, or by \$96 over the \$942 in 1979, and finance charges rose by \$127 to \$423.

The subcompact will cost \$5.25 per day in fixed costs and seven cents a mile in variable costs against \$7.06 a day in fixed costs and 10.6 cents a mile in variable costs on the full-size car.

At \$5.25 a day, then, 365 days of driving totals \$1,916 in fixed costs, and the seven cents a mile over 15,000 miles of driving adds another \$1,050 for a total of \$2,966 for the year or 19.8 cents a mile overall.

With the full-size car, an Impala or an LTD, the daily fixed cost of \$7.06 totals \$2,576 in a year's time, and the 10.6 cents a mile adds another \$1,590 for a total of \$4,166 or 27.8 cents a mile.

The compact car would cost \$3,439 a year or 22.9 cents a mile from \$6.01 in fixed and 8.3 cents a mile in variable costs, while the mid-size model runs \$3,689 a year or 24.6 cents a mile from \$6.45 in fixed and 8.9 cents in variable costs.

Bill seeks to defer ban on saccharin

WASHINGTON — (AP) — A Senate Labor and Human Resources subcommittee approved a bill yesterday to allow diet sodas and other products containing the artificial sweetener saccharin to remain on store shelves until June 30, 1981.

The health subcommittee adopted the legislation by voice vote and the parent committee is expected to take it up in a few weeks. The House passed the legislation last summer.

The measure would extend a congressional moratorium which was imposed in mid-1977 and has blocked a plan by the Food and Drug Administration to ban saccharin use on grounds that it is a possible cancer-causing chemical.

Groups representing diabetics, diet-control clubs and the soft-drink industry have lobbied against any government action to halt sales of the food additive.

The F.D.A. said in March, 1977, that it planned to prohibit saccharin from being used in foods because of studies linking it to cancer in laboratory animals.

Such a ban is automatic under a federal law prohibiting the marketing of any food additive "found to induce cancer when ingested by man or animal."

However, Congress intervened and kept the prohibition from taking effect with an 18-month moratorium that expired May 23. The F.D.A. didn't move ahead to take saccharin products off the shelves in the interim because of the prevailing sentiment in Congress against banning the additive.

Carter, Mobil reach compromise on \$45 million in overcharges

WASHINGTON — (AP) — The Carter administration announced yesterday it has reached a compromise with Mobil Oil Corp., which has agreed to forgo \$30 million in permissible price increases to make up for more than \$45 million it reportedly overcharged its customers.

Jody Powell, White House press secretary, said the President's Council on Wage and Price Stability had decided to accept the petroleum giant's argument that a third of the overcharges were a result of Mobil's agreement to build up supplies of home heating oil when the government asked it to.

Official sources, who asked not to be identified, said the administration had repeatedly rejected that argument in its discussions with company executives following a finding announced last March that Mobil had violated the administration's voluntary price guidelines for refined-oil products.

The settlement, which means Mobil will not raise gasoline and other prices as much as it otherwise might, probably won't be noticed by consumers. The company will not roll back any prices as a result of the agreement, and the increases it agreed not to implement in the summer amount to a penny or less a gallon.

The settlement does, however, reinstate Mobil

as a potential competitor for major government contracts, a right it lost when it was found in noncompliance with the guidelines. It did not lose any such contracts during the two months it was arguing with the government over the pricing standard.

The council earlier announced settlements with Phillips Petroleum, which agreed to forgo increases amounting to the full \$8.8 million in excess profits it was accused of making, and Ford Motor Co., which was accused of violating the administration's wage standard. In the Ford settlement, the company agreed to hold down pay increases for top management, which it was expected to do anyway as a result of declining profits.

On March 28, President Carter singled out Mobil for a public rebuke, saying: "It is difficult for me to understand Mobil's position at a time when compliance is so important to the administration's anti-inflation efforts." But yesterday, the White House took a more conciliatory line.

"The council," Powell said, "accepts that Mobil had endeavored to interpret and apply the price standards in good faith and that honest differences of interpretation caused the council and Mobil to arrive at different conclusions..."

Following are a number of government programs and how they waste your tax dollars. The author is a veteran Washington journalist. This article concludes the series excerpted from his book, "Fat City."

by Donald Lambro
Independent News Alliance

WASHINGTON — Not all government waste is on a grand scale. Some of it is quite small. But those "little things" add up to many millions of squandered dollars you worked hard to earn.

For example, how would you like to spend your summer vacation for \$39.50 a day for two, in a huge log cabin with beamed ceilings, a great stone fireplace, and a magnificent view of Jackson Lake in the midst of Wyoming's Grand Teton National Park?

Or would you prefer spending the winter in a seashore house in the Virgin Islands for \$8.50 a

night? You can — if you are a government V.I.P.

The bargain-basement rates being charged to our top-level bureaucrats are, of course, subsidized by taxpayers who would pay many times these amounts if they used comparable lodgings in these splendid vacation settings.

Do the V.I.P. rates at least provide for the maintenance and operation of these places? "We would be lucky if we broke even," says the National Park Service director, William Whalen.

Here are some other examples of these little things that add up:

— In one of the most elitist and self-indulgent acts by public servants, at least seven cabinet secretaries employ personal government chefs to cook breakfast and lunch. It is one of the least excusable expenditures in Washington today. All the secretaries work in buildings with large employee cafeterias where regular department workers eat. If de-

matic. So why do they need 94 elevator "operators"? Patronage, that's why. For pushing the automatic buttons for members and visitors to the Capitol, the operators are paid \$9,536 a year. They work six-hour shifts, but are paid for eight hours.

— In 1978, the Botanic Garden supplied congressional offices with more than 3,300 plants, regularly replacing those that die or wilt. Floral centerpieces are also supplied — more than 1,000 a year — as are huge tropical palms. Estimated total cost: \$40,000 a year.

— At least 175 federal officials in Washington are being driven to and from work in chauffeured government cars, although only 22 of them are entitled to this luxury by law. This is one of the government's least defensible and most wasteful expenditures. The cost of government chauffeurs averages about \$25,000 a car. The average annual operating costs of these immaculate, polished cars is another \$2,800. Cost: \$4.8 million a

year.

— The Japan-United States Commission, enacted by Congress in 1975, is financed out of a U.S. Trust Fund of \$30 million that originates from Japanese repayments for U.S. facilities built in Okinawa, which were turned over to Japan, and for other postwar U.S. aid. The commission duplicates routine work by the State Department and other government bilateral programs, as well as by private nonprofit organizations and individuals. Cost: \$2.4 million a year.

— There is nothing more outrageous and arrogant than the use of enlisted men as personal servants by our military brass. There were more than 1,700 military servants employed in 1973, but Congress has gradually trimmed that down to about 300 now. It is still 300 too many. Cost: \$4.5 million a year.

— Smallpox has been wiped off the face of the earth. Other than a case reported in the United States in 1963, there hasn't been an

outbreak in this country since 1947. Yet the Office of Smallpox Eradication continues to exist within the Center for Disease Control in Atlanta. Its own officials say it should be abolished. Cost: \$1.2 million.

— Here is a politically self-indulgent congressional idea on which to spend the people's money: The declared purpose of Ethnic Heritage Studies is to make public-school students more aware of their own ethnic heritage as well as the cultural backgrounds and customs of their ethnic groups. The obvious purpose is to curry political favor with ethnic voters — for \$2 million a year.

— The National Board for the Promotion of Rifle Practice trains civilians to shoot small-caliber military weapons at a cost of \$704,000 a year.



FAT CITY

How your taxes are wasted

partment heads are so busy that they must eat in their offices, or in adjoining dining rooms, as many of them argue, then let them have cafeteria food sent up. As for breakfast, let them eat at home before they leave for work, like the rest of us.

— According to the Architect's Office, all the elevators in the Capitol and the adjoining congressional office buildings are auto-

(Excerpted from "FAT CITY: How Washington Wastes Your Taxes," copyright, 1980, by Donald Lambro, published by Regnery-Gateway, Inc., South Bend, Ind.)

A Rift Over 'Family' Delegate

KENNEWICK (AP) — The removal of a Kennewick woman from a delegation to the White House Conference on Families has created sparks between officials working on the conference and groups supporting the concept of the traditional family.

On March 24, a state ad hoc committee selected nine representatives, including Delores Gilmore, to attend a national families conference in Los Angeles in July.

Because of complaints that her name was misinterpreted, Gilmore's appointment was reviewed. She and two others were left off a revised list of delegates.

Gilmore said she may sue to re-

gain her appointment.

Dick Westgard, a state official coordinating Washington's role in the conference, said Gilmore misrepresented herself on her resume, a document used in the selection process.

Gilmore denies she misrepresented herself and said she feels her political leanings may have been the real issue. She said she helped to get 2,000 conservatives to the 1977 International Year of the Woman conference in Ellensburg.

Colleen Kelleher, a member of the ad hoc committee from Ellensburg, objected to the review and said any misrepresentation was unintentional.

Another member of the committee, Thelma Jackson, Olympia, said

Gilmore was removed from the list because the group was led to believe Gilmore was Hispanic, handicapped and of low income, and later learned she was not.

Kelleher responded that Gilmore's selection was based only on the fact she is handicapped. Gilmore has multiple sclerosis.

Gilmore said she refused to check the box indicating her race, writing that such a question was illegal. "I still could be Hispanic, for all you know," she said. She said the committee learned of her handicap from someone else. Mrs. Gilmore, whose husband works, said she marked the box showing no income because she is not employed outside her home.

Low Point For Auto Industry

AP 4/25/80 (10)

DETROIT (AP) — The number of autoworkers on open-ended furlough next week will jump to its highest point so far in the year-long industry slump — nearly 184,000, according to company reports yesterday.

The total number of workers laid off in the five producing companies, including those out for a week or two, increases to 214,460, about 9,000 less than the worst point since the auto industry encountered hard times.

The total exceeds 200,000 for the sixth time this year, but remains well below the more than 300,000 furloughed in the 1975 recession. But there have been widespread predictions that industry idleness this summer will exceed 300,000.

Scheduled car production this week, meanwhile, was 11 percent above last week's level but 30 percent below the same week last year, a trade publication reported.

This week, indefinite layoffs reached 169,550, plus uncounted thousands in supplier companies. Another 22,850 were temporarily idle — a figure which will rise to 30,500 next week.

The Big Three companies started announcing heavy new layoffs last week because of slow sales. The new totals reflect those cutbacks, the companies said.

General Motors Corp. said it would have 90,300 layoffs next week, the most since layoffs began last summer. This week, GM had 82,000.

The No. 1 producer will send home 12,750 for a week or two against 10,000 this week.

Ford Motor Co.'s indefinite layoffs will jump from 43,200 to more than 49,100, also its worst figure.

Ford also will idle 17,750 workers compared with 7,650 this week.

Chrysler Corp. said it would operate all its U.S. assembly plants next week. This week, Chrysler had 1,700 employees temporarily idled.

Chrysler said it now had 42,200 employees indefinitely furloughed against 42,000 last week. That figure does not include those in one plant closed early for retooling.

American Motors Corp. will restart its Toledo, Ohio, Jeep plant, leaving it with no temporary layoffs. AMC reported no change in its 2,350 indefinite layoffs.

Volkswagen of America has no layoffs.

Canadian plants reported about 18,500 layoffs, of which 10,000 were open-ended. Those plants employ about 65,000 workers.

U.S. plants slated 150,112 cars this week against 135,697 last week and 215,724 in the same week of 1979, said Ward's Automotive Reports.

Truck production was scheduled at 32,827, 56 percent more than the 21,007 produced last week but 59 percent below the 81,042 produced in the same week last year.

Giant Satellites Could Harness the Sun's Power

CORVALLIS, Ore. (UPD) — Gigantic satellites — four miles wide, eight miles long and weighing 100,000 tons — could be in use by the year 2000 to help solve the energy crisis, scientist-author J. Peter Vajk said yesterday.

Vajk, the main speaker for Engineers' Spree Day at Oregon State University, said immense quantities of "free, constant" solar energy are available in space.

Vajk, author of the book 'Doomsday Has Been Cancelled,' said one such satellite could produce more than twice the energy of Grand Coulee Dam.

The satellite would collect solar energy, convert it to electricity and beam it back to earth to a receiver-antenna farm covering an area five miles across, he said.

Vajk said a solar satellite would weigh about the same as an oil tanker and could produce energy for 30 to 100 years.

"How else can we get that kind of

power on the ground?" he asked. "The only other reasonable option this nation seems to have in terms of known technology is by burning coal. But if we provide the same amount of power by burning coal, we're talking about mining, transporting and burning 100,000 tons of coal every day for 30 to 100 years.

"So if you ask me which is the most difficult problem — launching a 100,000-ton solar satellite or burning 100,000 tons of coal — I submit that coal burning is," he said.

"The additional problem with coal is that for every 100,000 tons you burn, you end up with 10,000 tons of ashes, residues and sticky goo, not to mention the stuff that flies in the air and contains some of the most carcinogenic properties known to man."

Vajk is senior staff scientist at Science Applications Inc. in Pleasanton, Calif.

Voice of the People (letters to editor): "In
Defense of Using Pesticides", P. B 3, Seattle
P-I, 4/25/80

Your editorial "Is Weed Killer
Worth the Risk?" on Sunday, March
23, seriously jeopardizes the use of
pesticides by the agricultural indus-
try.

We do not and cannot afford
to use pesticides indiscriminately. We
get it wrong, however, when we see
important chemical tools eliminated
from use because of the wrong or
unfounded reasons.

Your suggestion "maybe dande-
lions are the better evil," indicating
we should not use pesticides to con-
trol weeds, were to be put in practice
it would require 30% more land to

produce the food we currently pro-
duce.

We share your concern for the
women in the Ashford area whose
pregnancies ended in miscarriages. We
do not believe, however, that 2,4-D or
2,4,5-T are harmful when properly
used and we do not believe that their
use contributed to the problems in
Ashford.

We know there are some people
who have zero-risk philosophy. Your
suggestion to remove pesticides (2,4-D
in this case) from the market, until
researchers can assure us they are
safe, indicates you share that philos-

ophy. I know of nothing that is 100%
safe, do you? There are carcinogens in
your food and the air you breathe.
Unfortunately, they are also produced
within and by your body. To send it up
saying can be hazardous to one's
health.

HERB STREUL,
President,
Washington State Farm Bureau

"WPPSS APPROVES MORE DELAYS FOR COMPLETION OF 5 N-plants"

P. A 11, Seattle P-I, 4/25/80

By Joel Connelly
P-I Staff

RICHLAND — Additional delays of 12 to 16 months in completion of five nuclear plants were approved without debate yesterday by the Washington Public Power Supply System's board of directors.

The delays mean that the first of the five plants, WNP-2, won't begin operation before January 1983 — six years behind its original schedule.

The WPPSS delays have increased to better than 50 percent the chances of a Northwest power shortage by 1983, according to an estimate last week by the Pacific Northwest Utilities Conference Committee.

The second nuclear plant, WNP-1, is scheduled to be operating by June 1985; two more plants, WNP-3 and WNP-4, are to be completed in mid-1986, and WNP-5 by June 1987.

The completion dates represent a substantial retreat from WPPSS schedules announced less than a year ago which pegged WNP-2's operation date as September 1981, followed by WNP-1 in 1983.

WPPSS is the construction arm of this state's public utilities, including Seattle City Light. Its five nuclear plants, being built at Hanford and Satsop, represent the largest construction project ever undertaken in the Northwest.

Even some nuclear critics have said that power from the WPPSS plants is urgently needed to make up a power deficit looming in the Northwest — a region used to cheap, abundant hydroelectric power.

But the WPPSS projects have been plagued by cost overruns, inflation, changing federal regulations, labor strife and incorrect estimates of man hours needed to complete vital work.

Frank McElwee, WPPSS assistant director for projects, said yesterday that WPPSS may have to revise its present estimates of how close the projects are to completion, meaning that the building may take longer or be more expensive.

Another WPPSS official, Lindy Sandlin, explained how, after it is estimated that a project is, for example, half finished, the estimate could be revised downward.

"Project No. 1 starts out 62 percent complete," said Sandlin, "but with a significant man-hour increase in work yet to be done — five million man hours in this case — raises the question: will this cause the completion percentage to go down?"

WPPSS directors — public utilities commissioners from around the Northwest — also were given the latest WPPSS staff estimate of budget increases.

The previously announced costs total more than \$15.6 billion, a whopping increase over the \$11.8 billion budget approved a year ago.

Costs have soared 360 percent over WPPSS initial cost estimates of \$4.1 billion. WPPSS has objected to use of the \$4.1 billion estimate, saying a "more realistic" starting point is the first official cost estimate of \$6.6 billion.

WPPSS chieftains took all the bad news in good humor yesterday. WPPSS board president Glenn

Walkley even joked about the presence of the organization's lawyer on his left.

"At the head table we have Mr. Quigley to keep us out of jail," he joked.

There was a bit of good news for WPPSS yesterday. The Supply System has maintained its A-1 bond rat-

ing with Moody's Investment Service, meaning it can borrow money to finance nuclear plants at the lowest possible interest rate.

I think we can all be proud of sustaining our rating," said WPPSS acting managing director Neil Strand.

WPPSS sent a 10-man

delegation to four cities in the East last week to argue its case with investment services.

But WPPSS will still be paying a lot more for the money it borrows. Like all its other costs, interest rates have soared during the past year.

A year ago, WPPSS was the debt yesterday. They voted to issue intermediate and short-term bonds to replace about half of the 30-year bonds WPPSS has been selling.

The refinancing package was approved after Blyth Eastman warned WPPSS that there are not enough long-term borrow-

able to sell 30-year bonds at interest rates under 7.5 percent. "We'll probably see an interest rate of 10 to 10.5 percent at present rates," said Don Patterson of Blyth Eastman Paine Webber, financial advisers to WPPSS.

WPPSS directors decided to spread out a little of

ers to pay its nuclear bills.

"There is no other municipal entity in this country that has a financing program of the scope of the Supply System," said Patterson.

WPPSS directors were presented with an elaborate bound book explaining the

new financing program, as well as a shorter, simpler booklet.

The booklet used cartoons to explain the bond-sale program to WPPSS' chieftains. One showed a bond buyer holding long, intermediate and short-term WPPSS bonds and saying: "I'll take a million of each."

Marianne Means, "SAY SO LONG TO THE LITTLE GUYS", Seattle P-I, 4/25/80, P. B 2

WASHINGTON — President Carter has just become, by his own admission, the first Democratic president since Franklin Roosevelt to preside over a nationwide recession — and one deliberately of his own making, at that.

The political implications of this development are uncertain, but potentially devastating for both the president and his party.

The lower and middle-income men and women most likely in hard times to find themselves out of jobs or accepting lower pay because of the fear of unemployment have been relying upon the Democratic Party for protection ever since Roosevelt rescued them and their parents from the Great Depression. Their support has periodically been eroded by other major social issues, but they have remained the core constituency of the Democratic Party.

It has been an article of faith that Democrats fight for the little guy and full employment. All three modern Republican presidents produced tem-

porary recessions and confirmed that long-standing view.

Now Carter has broken the traditional Democratic mold. He claims that inflation hurts the poor and elderly and working class more than increased unemployment will. He says that a recession is the only way to stop inflation. He also says that the recession will be both brief and mild.

Based upon the accuracy of his previous economic predictions, however, there is no particular reason to believe what he says.

Ironically, it is Ronald Reagan who stands to gain the most from this — Reagan, of all people, a conservative Republican associated with heartless policies designed to make the rich richer and to heck with everyone else. In one of his favorite lines, Reagan ridicules Carter "for believing that too many of you are unemployed." This is upside-down politics, enough to make an old-fashioned Democrat's head reel.

In state after state, large numbers of blue-collar workers have crossed



party lines to endorse Reagan. This trend can be expected to continue when the contest narrows down.

The economic issue as the cutting edge of the campaign has been a late bloomer this year. It was deflected for several months by the Soviet invasion

of Afghanistan, the capture of the hostages in Iran, and the unfolding foreign policy drama carefully orchestrated by the White House.

It never really became a major factor in the Republican primaries, because all the candidates offered

budget plans that varied somewhat in detail but very little in philosophical thrust. And although Sen. Edward Kennedy has pounded away at Carter for failing to control inflation, the Democratic primaries have turned principally on other factors. Essentially, Kennedy has not been accepted as a credible Democratic alternative on economic issues because he is viewed as a big spender — anathema in a time of budget-cutting fervor.

Now, however, as the smoke begins to clear and the battle comes into sharper focus, the economy appears to be taking on increasing voter importance. The president's abrupt measures to tighten credit and balance the federal budget are pinching. And somehow the discomfort seems all the more outrageous because it comes from a Democrat.

When Carter campaigned against President Ford in 1976, he decried what he called the "intolerably high unemployment rate." It was then close to 8 percent, almost exactly the unemployment rate the president's economic advisers now predict as a result of the recession they all agree is upon us.

Now the roles are reversed, and Reagan is campaigning against Carter with almost the same words of criti-

cism that Carter leveled at Ford. Reagan adds his own drastic economic solution of slashing federal government regulations and transforming the entire tax structure with a 30 percent across-the-board cut. But what he says he will do seems much less important by voters than the fact he simply holds out hope for a different approach.

It is not clear how Anderson will capitalize upon the economic issue as an independent candidate; so far he has sounded like a liberal activist on some issues and an orthodox Republican conservative on others. But the degree to which he is taken seriously could depend upon his ability to convince voters he could control inflation without imposing a recession.

The president is gambling that the worst of the recession will be over by the fall and that voters will forget it in their pleasure at a reduced inflation rate. Not having fully anticipated the inflationary spiral, he applied a drastic remedy in hopes of quick results.

Even if it works, the psychological scars will remain, and Reagan and Anderson will keep the memories jogged. The president may then find himself praying for another international crisis to once again supersede domestic concerns.



JACK ANDERSON

Small Farms No Longer Backboned

PL 4/25/80 B-2

WASHINGTON - For 60 years, the Curtises have farmed a 1,120-acre patch on the dry prairies of Montana. They have triumphed over hail, drought, disease and other natural enemies. But today, economic forces more devastating than any natural pestilence may wipe them out.

For six decades, the Curtises have been part of the American family farm tradition, the backbone of America's food supply. In 1975, Pete Curtis bought the family farm from his father. He wants to pass it on to one of his five children - if he doesn't lose it to his creditors.

This uncertainty about the Curtis legacy hasn't been so ominous since the Great Depression, our country's last economic holocaust. The Curtises pulled through the scourge of the 1930s; they may not survive the squeeze of the 1980s.

There are hundreds of thousands of farmers in the same predicament as Pete Curtis. Small family farms,

although they still make up 80 percent of America's 2 million farms, are in jeopardy.

If small farmers like Curtis go under, they will be replaced by great agribusinesses - some still owned by families, but some owned by investment companies more interested in tax shelters than in working the soil. A conglomerate has already gobbled up some of Pete's neighbors.

With the decline of the family farm, a part of America will die. The loss would be more than nostalgic. There is evidence that small farms, in which the families working the land care for it because they own it, produce higher quality agriculture than do the agribusiness monsters.

To tell the story of America's current economic upheaval, I have sent reporters crisscrossing the country, looking behind the headlines and statistics to find the real faces of Americans struggling to maintain their way of life.

Pete Curtis isn't the Montana farmer's real name. I agreed to use a pseudonym to protect the one Curtis commodity which isn't mortgaged to the hilt: simple, human dignity. While his name isn't real, his story is all too true.

Curtis is caught in the economic cross currents. His farm costs are spiraling up, but his grain prices are drifting down. Yet the biggest problem for farmers like Curtis isn't the cost-price squeeze; it is the interest rates that have rocketed out of orbit.

The Curtis land is mortgaged three times, including a loan through the Farmers' Home Administration, the "lender of last resort." In 1975, when Pete bought the farm to keep it in the family, he paid \$1,530 in interest. In 1978, he paid \$19,000 in interest on loans to keep the farm alive.

"All that's keeping us going is the paper increase in land values," he told my reporter James Grady. "We mortgage the increase to keep going, but

that can't last forever. The only hope of keeping alive is that paper value, but hell, that paper value don't do any good. You can't borrow your way out of trouble forever."

Pete anguishes for an improved price for grain. New loan programs, he said, will merely stave off disaster a little while longer. "It's a wicked thing," Pete said of the economic cycle that is beating him down as surely as a hail storm. "You just can't fight it. I love the farm. Been born and raised on it. But I don't know what I'll do."

Pete figures he can keep going "about one more year. Then I'll probably have to sell. A guy's gotta get out while he's still got a little left to start over." He looked wistfully through the farmhouse window upon the family acres where this summer he may see the golden, ripening wheat swaying in the warm summer wind for the last time.

Gasoline, crude-oil supply at record high

NEW YORK — (UPI) — The nation had a record-high supply of gasoline on hand for the second-straight week in a row.

And crude-oil inventories reached an all-time high last week while refinery use dropped slightly, the American Petroleum Institute reported yesterday.

"U.S. refiners have been operating at a lower-than-normal capacity because inventories are so enormous," a petroleum analyst said. "The refiners still have been

able to build up gasoline supplies in anticipation of the heavy summer-driving season because motorist demand has been down sharply."

Refinery utilization declined to 77.7 per cent of capacity last week, well below the 87.6 per cent rate a year ago, the institute said.

But gasoline stocks climbed to a record 283.3 million barrels last week. Crude-oil inventories swelled to a record 364.6 million barrels.

By Kingsbury Smith
National Editor,
The Hearst Newspapers

WASHINGTON — There is growing concern in Washington that the United States may be heading into a war-like showdown with Iran over the American hostages that could lead to grave consequences.

This concern is evident in Congress, among the Foreign Diplomatic Corps and even within the government.

The concern is based on the widespread belief that the president has maneuvered himself into a dangerous corner with his public threat to order military action against Iran if economic and political sanctions fail to achieve any meaningful progress toward release of the hostages by mid-summer.

It is now generally assumed that military action would involve the aerial mining of Iranian ports to cut off oil exports and blockade trade with that country.

Iranian terrorists holding the hostages in the American Embassy in Tehran have threatened to execute them if the United States resorts to military action.

President Carter has indicated that if any of the hostages are executed, he will order drastic retaliatory measures. It is believed these would include aerial strikes by planes from the U.S. carriers in the Indian Ocean against the oil fields and other Iranian military targets.

Whatever military action is taken would, in effect, bring about a de facto state of war between Iran and the United States. Russia might use such action as a pretext to invoke its 1921 "Treaty of Friendship" with Iran which gave it the right to move in militarily if a third country, by attacking Iran, created "a threat of danger to the frontiers of the Soviet Union."

Soviet military intervention in Iran, with its threat to the Persian Gulf oil supplies to the West and Japan, would almost certainly lead to a direct confrontation with the United States.

Even if the Soviets did not intervene militarily in Iran as a result of American military action against that country, it is feared that a mining blockade of Iranian ports could push the Ayatollah Khomeini into the arms of Russia. His revolutionary government would have nowhere else to turn for aid if the American blockade brought Iran to the brink of economic collapse. That the Kremlin would welcome the opportunity to become Iran's benefactor is self-evident.

These are the potential dangers that have caused deep concern about the president's virtual commitment to

military action if the hostages are not released within the next couple of months, or definite progress toward their release is not being made.

This concern has been openly expressed by both Democratic and Republican members of Congress as well as European allied leaders. Sen. Robert C. Byrd, the Democratic majority leader, said this weekend he thought "there has been entirely too much glib talk about military action."

Sen. Henry M. Jackson, D-Wash., has made it clear he is strongly opposed to military action, at least in the near future.

N.Y. Republican Sen. Jacob Javits said he thought this was not the time to be talking about military action.

"We must proceed very carefully for two reasons," he said, "First, because there is no need at this point to endanger the lives of the hostages.

Secondly, we must proceed carefully so as not to unite the entire Moslem world against us."

Sen. Javits believes the steps which President Carter has taken to apply economic and political sanctions against Iran should have been taken immediately after the Americans in the embassy were seized and held as hostages.

He thinks those sanctions, if strongly supported by America's allies, may still succeed in getting the hostages released, and he doubts that military action would get them released unharmed.

The president is seen as gambling on the hope that the threat of military action will prompt the more moderate leaders of the Iranian revolutionary government, such as President Bani-Sadr, to persuade Khomeini to order the release of the hostages.

However, Western European and Arab envoys in Washington discount the likelihood that Khomeini will be moved to release the hostages by either threats of military action or an American blockade of Iran. On the contrary, they think the ailing, 80-year-old Islamic zealot would welcome war with the United States and martyrdom.

Obsessed with hatred of America for having supported the shah, he has called on the Moslem world to join with Iran in a holy war against the "Great Satan," as he describes the United States. His response to the president's threat of military action was to urge the Iranian masses to "learn to fight," with the assurance that they would "gain eternal bliss" by fighting "the U.S. aggressors who are fighting God."

Convinced that American military action would not secure the release of the hostages, but would risk pushing Iran into the arms of Russia and bringing the United States and the Soviet Union to the brink of nuclear confrontation, the European allied leaders have publicly and privately been urging President Carter to refrain from carrying out his threat.

West German Chancellor Helmut Schmidt, while appealing for sympathetic understanding of America's "bitterness and frustration" over the continued holding of the hostages, said Sunday that pleas for understanding were not "pleas for irrational behavior."

"We must not slide into a conflict without wanting one," he added.

Car sales off 33.5%

Compiled from news services

DETROIT — The Big Three automakers have reported mid-April car sales off 33.5 per cent from the same period last year.

It was the grimmest 10-day-sales report of the year and brought evidence that weakness is spreading across all model lines. Previously, the market strongly favored small cars.

The General Motors Corp., the Ford Motor Co. and the Chrysler

Corp. reported combined sales of 138,534 United States-built cars from April 11 to April 20, a decline of 33.5 per cent.

There were eight selling days in the period this year and nine last year.

Car sales were at their lowest daily rate since 1975.

G.M. sales of 90,996 units were off 27.7 per cent, Ford sales declined 42.6 per cent to 33,851 cars, and Chrysler sales of 13,687 units were off 41.8 per cent.

New Foe for Foley

E.J. McCray of Spokane, an airline employees union official, has announced he will run as an independent for the 5th District congressional seat held by eight-term incumbent Tom Foley, D-Wash.

McCray, 57, is regional director of the Airline Employees Association, which includes ticket agents and ground crews.

Besides McCray, Foley will face challenges from more familiar faces, Mel Tonasket, Inchelium, Ferry County, and physician-businessman John Sonneland, Spokane.

Tonasket ran twice as an independent against Foley. Sonneland, who ran for the Republican nomination two years ago, was eliminated by fellow Republican Duane Alton.

By Stephen Ponder

Consumer prices surged upward at record or near-record rates locally and nationally during the first part of 1980, fueled mainly by the higher costs of housing and gasoline, the government reported yesterday.

The U.S. Bureau of Labor Statistics' Consumer Price Index indicated that prices jumped at nearly a 20 percent annual rate from January to March in the Seattle-Everett area. In the 12-month period ending in March, prices rose 17.8 percent — the highest 12-month jump since after the end of World War II.

An item that cost \$1 in a Seattle store in 1967 cost \$2.43 last month, according to the Consumer Price Index. Nationally, the 1967 dollar is now worth 41.7 cents.

Overall, the government reported inflation continued at an 18.1 percent annual rate during March. Price increases were reported in nearly every economic category, from food to clothing.

Although economists disagree whether the Consumer Price Index accurately reflects the actual impact of higher prices on consumers, there was agreement that even with a slowing economy, prices will continue to go up for some months to come.

The latest boost in the CPI nationally indicated a record decline in the average worker's purchasing power in the last 12 months.

The buying power of a married worker with three dependents fell 0.8 percent in March and declined by 7.9 percent in the last year — the steepest 12-month drop in the 16 years the Labor Department has been keeping such records. Average after-tax earnings in March were \$201.62 a week nationally, up nearly \$11 from a year before.

But due to inflation, the department said, that money could only buy \$84.04 worth of goods in 1967 dollars.

However, the boost in the Consumer Price Index also triggered a 14.3 percent cost-of-living increase for Social Security recipients and raises for workers with escalator clauses in their labor contracts.

The Social Security increases, which take effect in July, will increase the average retired worker's benefits by \$41 a month, from \$289 to \$330. The minimum benefit will jump from \$133.90 to \$153.10, while the maximum benefit will go from \$572 to \$653.80 a month.

Larry Kenney of the Washington State Labor Council, said no overall figures were available on how many local labor contracts were tied to the Consumer Price Index, but two large contracts involve electrical workers at utilities like Puget Power and Seattle City Light, as well as Machinists Union members at the Boeing Co.

Bruce Hanchett, regional commissioner of the Labor Department in San Francisco, said housing and transportation accounted for most of the Consumer Price Index jump in the Seattle-Everett area this year.

Housing costs jumped at a 23.4 percent annual rate, based mainly on higher purchase prices and mortgage costs, along with home maintenance, heating and furnishing costs, he said.

However, local economists say there has been less impact on local consumers than the index indicates because fewer

people are buying houses.

"The average consumer is not buying a new house every other month," said Susan Doolittle, an economist at Rainier National Bank.

"The effect of home purchase costs and mortgage interest rates is felt by only those households that actually do purchase and finance a home in the month concerned. Many persons are not really affected by that inflation if they have not changed residences," agreed Belinda Pearson, economist for Seattle-First National Bank.

Persons not buying a residence, however, are being hit by rent increases, a local survey indicates.

A tentative sampling of apartments being prepared for the semi-annual Seattle real estate research report indicates rents jumped in the September-March period.

The sampling indicates that the rent of a studio apartment in Seattle increased from an average of \$169 a month in September to an average of \$185 in March; the average cost of a one-bedroom apartment from \$219 to \$239, and the average cost of a two-bedroom apartment from \$279 to \$304 a month.

The Consumer Price Index indicated that transportation costs, mostly gasoline prices, went up at an annual rate of 25 percent during the January-March period.

The Auto Club of Washington, which samples gasoline prices on a weekly basis, said that during the week of Jan. 10, Seattleites paid an average of \$1.09 a gallon for regular, \$1.15 a gallon for premium and \$1.14 for unleaded.

The Auto Club's current report is that prices are averaging \$1.23 for regular, \$1.31 for premium and \$1.27 for unleaded.

Energy costs were included as part of home expenses in the Consumer Price Index, and more price increases are likely. Most major electrical utilities have rate increases pending, and Washington Natural Gas Co. sent its customers a notice with their current billing that gas rates went up 15 percent April 1.

Food and beverage prices went up at the lowest rate in the Seattle-Everett Consumer Price Index, although the rate of increase was higher nationally.

Rainier National Bank's Doolittle said the Consumer Price Index probably overstates the inflationary impact on the consumer because of its emphasis on 1972 buying habits but prices have definitely jumped locally since the first of the year.

"We would say it would be more like 12 percent," Doolittle said, up from an estimated 8 to 10 percent at the beginning of the year.

Sea-First's Pearson said the CPI figures do not reflect that consumers have changed their buying habits to cope with soaring prices.

However, she added, "that doesn't mean the rate of inflation is acceptable — it's still double-digit by any measurement."

Pearson said the slowing of the economy, both nationally and locally, should eventually reduce inflation.

"It becomes harder for businesses to raise prices because of consumer resistance and, when times are tough, businesses make special efforts to find ways to improve productivity. This makes it possible for the price trend to stabilize," Pearson said.

"THE RECESSION: HOW WILL WE KNOW?"

Seattle P-I, 4/24/80, p. B 4

NEW YORK (AP) — The recession is coming, economists say.

But how is a recession defined? Here are some questions and answers about the meaning of the word "recession" and what such a period entails:

Q. What is a recession?

A. Two consecutive periods of declining gross national product — the national output of goods and services — marks a recession. The official arbiter of recessions is the National Bureau of Economic Research, a private organization based in Cambridge, Mass.

Q. How many recessions has the United States gone through in recent years?

A. The United States has had six recessions since 1948, with the last occurring in 1973-1975. Four of the recessions lasted 10 or 11 months, one lasted eight months and one stretched on for 16 months.

Q. What kept the economy going for so long after the last downturn?

A. The brokerage house of Goldman, Sachs & Co., in a new report, says that even after adjusting for the effects of inflation, 1975-1979 "was an unusually long period of increasing wealth among consumers."

"We believe that this was the major contributor to the surprising strength of consumer expenditures," says

the brokerage house. It notes, however, that the savings rate for individuals fell because their "saving objectives were being met by the appreciation in the value of their asset values, most notably homes."

That situation appears to have changed. A nearly seven-month-long tightening of credit by the Federal Reserve helped slow the increase of housing prices and cut stock prices, trimming both consumers' net worth and their ability to cash in on their paper gains, Goldman, Sachs says.

Q. Why, if the gross national product rose in the first quarter, are economists predicting a recession?

A. GNP, after accounting for inflation, rose 1.1 percent in the first quarter after gaining 2.2 percent in the last three months of 1979.

"The numbers for the first quarter were unduly influenced by the unusually mild weather experienced in the United States this past winter," says a Manufacturers Hanover Trust Co. report.

But the bank says with overall industrial production, and output of construction goods, autos and other consumer items off in March, "it is clear ... that the economy weakened progressively throughout the quarter."

Q. Is there a typical recession?

A. Rutgers University economist Geoffrey H. Moore,

a member of the National Bureau of Economic Research business cycle dating committee and a former director of business cycle research at the bureau, says "we've never had an 'average' recession."

Writing in The New York Times, Moore says employment "has become steadier in recessions" over the years because the nation has been shifting toward service industries that are less vulnerable to economic downturns.

"In manufacturing and construction, the risk of losing one's job is greater than in the service industries such as retailing or education," and two-thirds of the nation's workers hold service jobs today, against the one-third in service positions in 1929, he says.

Q. Are there other differences among recessions?

A. The current U.S. slowdown is not being matched by simultaneous economic contractions abroad, as was the case in the last recession. For now, at least, the down-here-up-there situation means U.S. exporters probably will continue to enjoy healthy sales abroad.

Moore also notes that some economic indicators have turned in widely different performances in the six recessions since 1948. GNP has fallen by as little as 1 percent and as much as 6 percent, and industrial production has dropped by up to 15 percent, although the smallest decline was 7 percent and the average fall 11 percent.

U & I reports loss for year

SALT LAKE CITY — U & I, Inc., reports that it sustained a net loss of \$658,000 for the fiscal year which ended February 29.

"Generally flat agricultural prices and a leveling off of frozen-french-fry consumption" were among the factors which caused the loss, said Rowland M. Cannon, president and chief executive officer of the company, said.

Cannon said the firm also ex-

perienced higher than normal one-time costs during the fiscal year because during that period that U & I switched from its traditional business of refining sugar from sugar beets to its new role as a farming and food-processing operation.

This is third fiscal year in a row that U & I has reported a net loss. Losses in the 1978 and 1979 fiscal years resulting from a slump in sugar prices prompted the company to get out of the sugar-beet-refining business.

However, Cannon said the company's stockholders earned a profit of 25 cents per share on "continuing operations" in 1979, while they lost 41 cents per share this year.

U & I announced it was withdrawing from the sugar-beet industry in November of 1978. Since then, the company has concentrated its efforts on farming and food-processing operations in Washington State, said Cannon.

"NADER GROUP THREATENS TO FORCE OPEN MEETINGS IN CHRYSLER
LOAN", p. E 28, Seattle Times, 4/24/80

WASHINGTON — (UPI) — A Ralph Nader group charged yesterday that the government board overseeing \$1.5 billion in loan guarantees for the Chrysler Corp. has been meeting behind closed doors in violation of law. Congress Watch, a Nader lobbying group, said unless the board

agrees by today to open its next meeting or make a record of the session available, it will seek a court order halting further meetings.

But Everard Munsey, Treasury Department spokesman, said the Chrysler Corp. Loan Guarantee Board is exempt from the sun-

shine law, which requires most government agencies to hold open meetings and notify the public first.

"The board is dealing with a very complex set of issues involving negotiations and propriety information and could hardly be

conducting that in open meetings," he said.

Congress approved \$1.5 billion in loan guarantees for Chrysler on the condition the corporation find \$2 billion in private financing.

The board is made up of five government-agency heads.

Anderson announces bid for presidency as independent

WASHINGTON — (UPI) — Representative John Anderson announced today he will run for the White House as an independent candidate because American voters should not have to make a choice between Ronald Reagan and President Carter in November.

Anderson, Illinois Republican, the one-time model conservative who became more liberal during his 20 years in Congress, said he was ending his campaign for the Republican nomination.

"I have chosen, after careful deliberation, to pursue an independent course toward the presidency of the United States," Anderson told a news conference at the National Press Club.

He said he is running as an independent because it is clear he cannot win the nomination of the Republican Party, which is dominated by conservatives alienated by his liberal stance on social issues.

But he said he will remain a Republican.

Anderson last spring announced his G.O.P. candidacy for the White House, but he was not given

much chance because his liberal voting record in recent years has alienated conservatives who control the Republican Party.

The 58-year-old Anderson finished second in five G.O.P. primaries and won 56 national-convention delegates, but his staff has conceded for weeks he cannot win the Republican nomination.

Both parties this year are worried about the effect of an Anderson candidacy on the election, with the consensus now being that he would hurt President Carter more than Ronald Reagan because his appeal is closer in ideology to the President's.

Anderson acknowledges he faces an uphill fight in an independent race, including the effort to get his name on the ballot in all 50 states and to raise the funds needed to finance a credible campaign.

Recent polls show Anderson getting 17 per cent to 21 per cent of the vote in a three-way race with Mr. Carter and Reagan — the likely Democratic and Republican nominees.

Food-stamp benefits may end on June 1

Los Angeles Times and Times staff

WASHINGTON — Food-stamp benefits for nearly 22 million Americans will be cut off June 1 unless Congress acts within three weeks to provide an extra \$2.6 billion for the program, Department of Agriculture officials said yesterday.

The Carter administration, deeply concerned over possible disruption of the program, especially in an election year, is mobilizing to urge quick approval of the funds.

(June food-stamp benefits for 260,000 persons in Washington State could be affected. About \$8 million in food stamps are being distributed in the state each month. The average monthly benefit is \$29.)

Because of complex parliamentary procedures involved, Congress may miss a May 15 deadline for action to avoid a cutoff directive from the Department of Agriculture to the states.

In an unusual bipartisan alliance, Senator George McGovern, South Dakota Democrat, and Senator Robert Dole, Kansas Republican, have teamed to support emergency approval of \$750 million to assure food-stamp benefits through June 30 while Congress considers the bigger sum.

The shortage of funds arose because Congress seriously underestimated the rise in food costs and the number of Americans who would apply for the special subsidy, officials said.

In a 1977 revision of the food-stamp law, Congress placed a \$6.2 billion ceiling on outlays for the program in the fiscal year 1980, which ends September 30.

But the Department of Agriculture has been warning the lawmakers for months that the funds would not last beyond the end of May and that an extra appropriation would be needed.

The Senate, responding to the alarm, has approved a bill to remove the ceiling, but the measure is still pending in the House. In addition, both the Senate and House must amend their budget resolutions to authorize the extra \$2.6 billion in spending, and then each must approve a separate appropriations bill.

"It appears very unlikely that Congress will act on all three (measures) by May 15," Department of Agriculture officials said.

Postal Service paradox: Higher fees, less service

REMEMBER the talk about how the Postal Service could become financially self-sufficient if it were taken out of politics and made an independent government corporation?

Well, it's been 10 years since Congress converted the old Post Office Department into the quasi-independent Postal Service and the deficits have been piling up, with few exceptions, ever since.

The federal treasury has had to make up the difference between revenues and rising costs, the latter growing rapidly partly because of inflation in the price of such items as gasoline to fuel mail-delivery vehicles.

Mail users have been paying more, too. The price of a first-class stamp rose from 13 cents to 15 cents in mid-1978. Now, the service is proposing an even steeper hike — from 15 cents to 20 cents — by early next year.

Higher stamp costs would be in addition to additional curtailments in mail service, such as a proposed reduction in deliveries to five days a week.

It seems unlikely that all of the agency's woes can be blamed on inflation. Part of the problem seems to rest with a management structure that needs overhaul.

But legislation to increase federal subsidies to keep postal fees down and to revamp the Postal Service management is said to have little chance of approval in Congress this year. One reason is the budget-cutting mood shared by many lawmakers.

Thus, the outlook is for a continued paradox: Paying more and more in postal fees for less and less service.

"BALANCED BUDGET CLEARS 1ST HOUSE OBSTACLE"

Seattle Times, 4/24/80, A 16

WASHINGTON — (UPI) — The House Budget Committee's balanced spending plan for fiscal year 1981 got off to a smooth start on the House floor yesterday, clearing its first obstacle on the course toward approval.

The House voted, 249 to 153, against Republican attempts to open the budget to an onslaught of amendments. Then it agreed, 261 to 143, to stick with a carefully crafted Rules Committee plan to allow action on only 10 amendments.

The votes prevented a full-scale assault on the budget resolution on the House floor in the next few days.

"This budget marks a departure from past years," Budget Committee Chairman Robert Giaimo, Connecticut Democrat, said at the start of debate.

"It is not a 'spending as usual' budget. It is not loaded with fiscal sweeteners to please this

group or that group or this member or that member."

Giaimo called the plan a "lean and tight budget that calls for substantial spending cuts."

Some Republicans charged the budget is being balanced through higher taxes rather than spending cuts.

Representative Bob Michel, Illinois Republican, who wants to make more cuts in the 1980 spending plan that must be approved along with the 1981 budget, labeled the budgetary process the "fudgetary process" as he argued for a more open debate.

The Democratic leader, Jim Wright of Texas, urged approval of the Budget Committee's \$611.8 billion spending plan, which cuts \$16.9 billion from President Carter's most recent re-estimate of his January budget.

"This is a balanced budget of which none of us needs be ashamed," he said.

Wright noted the bill was the "first truly bipartisan budget" written by the committee — of which he is a member — since the federal Budget Act was passed in 1974.

The budget still will come under attack from liberals who want to increase funding for domestic programs and from conservatives who hope to cut domestic spending further and add money for defense.

The Senate is expected to begin its budget debate next week.

Meanwhile, President Carter told more than 30 House members from rural districts yesterday he would be willing to support a budget amendment to add \$500 million for use by older cities, but would resist other budget additions that might undo a balanced 1981 budget.

Consumers aid sellers in gas-fee fight

Ed ACEP/mae v. F.I. #12976.0

WASHINGTON — (AP) — Consumer organizations joined gasoline marketers in an unorthodox coalition yesterday to oppose President Carter's 10-cents-a-gallon gasoline fee.

Labor and rural organizations also allied themselves against the measure in a joint news conference here with Democratic Representatives Toby Moffett of Connecticut and James Shannon of Massachusetts.

In a series of statements, the participants charged that Mr. Carter's plan to impose a fee on imported oil and pass it through to gasoline prices is really a disguised, and perhaps unconstitutional, tax.

Shannon has introduced a resolution in the House, opposing imposition of the fee.

Carter signed a proclamation last month imposing a fee of \$4.62 a barrel on imported oil.

The administration said the cost would be focused on sales of gasoline through an existing regulatory program called "entitlements."

The fee would raise \$10 billion a year.

The consumer groups objected that the fee would be a new financial burden on those least able to pay. And the marketers objected that many independent gasoline sellers would be unable to pass the fee through to motorists because of advantages enjoyed by larger companies under the federal regulations.

SEATTLE TIMES 4/24/80

Prison to restore Indian sweat lodge

WALLA WALLA — Gov. Dixy Lee Ray has agreed to allow Indian inmates at the penitentiary to resume Native American religious ceremonies, says Mel Tonasket of the Colville Federated Indian Tribes.

Indian prisoners had been holding sweat-lodge ceremonies for more than a year when their lodge was dismantled during last summer's lockdown.

Governor Ray promised during a meeting last week with Indian and Chicano leaders to allow resumption of the religious prac-

tice, Tonasket said Tuesday.

Prison Supt. James Spalding said he has selected a site in the prison industrial area for erecting a new sweat lodge.

"SENATORS WANT TO RESTORE FUNDING OF OIL RESERVE",
SEATTLE TIMES, 4/24/80, F 1

WASHINGTON — (AP) — A bipartisan group of senators sought yesterday to rescue the dormant Strategic Petroleum Reserve from congressional budget-cutters.

Senator Henry Jackson told the Senate that completing the projected 500-million-barrel stockpile is vital to the nation's security.

The oil stored there also "increases in value and is the only inflation-proof commodity except for the gold stored in Fort Knox," Jackson added.

Jackson, chairman of the Sen-

ate Energy Committee, gave his support to a measure by Senators Bill Bradley, New Jersey Democrat, and Robert Dole, Kansas Republican, to restore fully the funds needed to buy oil for the reserve.

The reserve is in salt caverns along the Gulf Coast and designed to provide emergency embargo-proof supplies of oil. Funding was deleted by House and Senate budget committees in the drive for a balanced budget.

The federal budget is expected to be taken up in the Senate next

week when it leaves the House.

The Bradley-Dole proposal would restore \$2.3 billion for such purchases in the 1981 budget and set aside a similar amount for the remainder of the present fiscal year.

Because of ground rules for House debate, there was no procedural way a similar move could be accomplished in the House.

However, sentiment in both chambers for completing the behind-schedule petroleum stockpile was high.

Representative John Dingell,

Michigan Democrat and chairman of the House energy and power subcommittee, said he would press for full funding of the reserve when the Energy Department's authorization bill is considered by the House.

The reserve was authorized by Congress in 1975, but only contains 91 million barrels — which would replace about 13 days' worth of imports. Each barrel contains 42 gallons of oil.

No oil has been put in the reserve in more than a year.

Because of the high cost of oil,

the Carter administration said it wants to await the return of a stable market before resuming purchases.

"STEEL PACT RULED WITHIN GUIDELINES: 2

24.7 PCT. PAY BOOST IN 3 YEARS"

SEATTLE TIMES, 4/24/80, p. G 14

WASHINGTON — (AP) — The Carter administration's anti-inflation agency said yesterday that the three-year steel-industry wage agreement was "substantially lower" than the administration's voluntary wage guideline.

The Council on Wage and Price Stability said its calculations showed that wage and fringe benefits would increase an average of 7.65 per cent annually, or 24.7 per cent for the three-year life of the agreement.

"The three-year increase is substantially lower than the 31.3 per cent maximum allowed by the standards," the council said.

The administration's wage guidelines allow increases ranging from 7.5 to 9.5 per cent annually. When compounded over three years, the guidelines allow wage- and fringe-benefit increases totaling 31.3 per cent.

The United Steelworkers and the nation's biggest steelmakers signed their

agreement last week. The agreement covers 286,000 workers and will set the pattern for 170,000 workers employed by smaller steelmakers.

Industry and union officials estimated the contract would boost wages and benefits 30 per cent to 40 per cent over three years. However, those estimates assumed for the purpose of computing future cost-of-living raises that inflation would continue at 10 per cent or higher rate for the next three years.

The wage-price council estimates the worth of the package by assuming that inflation, as measured by the Consumer Price Index, will increase 7.5 per cent annually over the life of the contract. That assumption has been retained even though the Carter administration expects inflation to run at a 13 per cent rate this year and a 9 per cent rate in 1981.

The steel contract provides wage hikes of 60 cents an hour and 24 cents an hour in pay differentials over the three years. The

cost-of-living formula would yield an additional \$2.60 an hour if inflation averaged 11 per cent a year through 1983.

The council said it did not count the cost of providing pension benefits for present retirees in estimating the contract cost, though the steel agreement includes significant improvements in that area.

"Published estimates of the settlement cost appear to include the full cost of improved pension benefits," the council said.

Sailors forced on welfare rolls in California

ATLANTA TIMES C-14 4/24/80

MOFFETT FIELD, Calif. — (AP) — Uncle Sam is not paying his sailors enough, so they are lining up to collect his food stamps and even trying to get welfare at one base where they are forced to live in expensive neighborhoods.

Of 25 petty officers who gathered recently to air their gripes at Moffett Naval Air Station, 10 said they considered themselves qualified for welfare, and half said they were eligible for food stamps.

Moffett has a referral service for sailors who want food stamps, and officials said about \$1,800 in stamps are redeemed at the commissary each month.

All 25 of the disgruntled petty officers said they would quit the Navy if they could leave without penalty.

"Why not?" said Petty Officer 1st Class John Gilbert, an eight-year veteran who earns about \$200 a week before taxes. "This is working welfare."

The problem is a combination of low pay and the high cost of living in the high-technology Santa Clara Valley, where most of Moffett's 5,000 personnel are forced to find housing because of a lack of accommodations on the base.

Enlisted people who have just signed up for a second four-year hitch earn \$626 a month before taxes. If they live off base, they receive a housing allowance of \$140. With a family, the allowance is \$209.

But two- or three-bedroom apartments in the area rent for more than \$400, and the Navy's compensation for off-base meals is just \$3.21 a day.

Sailors at Moffett makes ends meet either by having working wives — 85 per cent, according to 1978 Navy study — or by moonlighting on outside jobs. Of 30 people asked in one interview, all but one held a second job.

Conferees agree on energy board

SEATTLE TIMES 4/24/80

WASHINGTON — (AP) — A congressional conference committee snapped a two-month deadlock yesterday and agreed to create a new federal board with powers to speed construction of high-priority energy projects.

The compromise agreement to create a five-member energy-mobilization board marks a major victory for President Carter's energy policies.

The board is designed to overcome local resistance to various kinds of nonnuclear-energy-producing facilities. The projects frequently are blocked by the opposition of local residents or environmentalists.

The compromise is a companion measure to a synthetic-fuels proposal that still is pending before a separate House-Senate conference committee.

Some members of the conference panel said they felt betrayed by the lack of a firm stand by the President on environmental issues related to creating the board.

The conference panel had been stalemated by proposals to waive federal environmental laws that might block construction of synthetic-fuel plants, oil refineries or other projects that might pollute the air or water.

The board, first proposed by Mr. Carter last summer, would have the powers to force local, state and federal agencies to meet deadlines for making decisions on a wide variety of nonnuclear-energy projects.

"AFTER A DECADE AND \$4 BILLION OUTLAY, A
COLOSSAL FAILURE", Seattle Times, 4/24/80,
p. A 15

by Donald Lambro
Independent News Alliance

WASHINGTON — For decades, the government prohibited railroads from cutting unprofitable and under-utilized passenger lines. Rate-making and other major decisions had to be sanctioned by the government. Railroads were told what to do and when to do it.

Because of this crushing regulation, U.S. rail service began to die. Then, in 1970, Congress, in a desperate attempt to "save the railroads," created Amtrak, the National Railroad Passenger Corp., to take over the mess it had made. Ten years later, rail passenger service is still hovering near death.

Congress established Amtrak fully convinced that failing rail lines could be made profitable once more, if only enough money was poured into them. After more than \$4 billion and a decade of experimentation, the result is now painfully obvious. In virtually every respect, Amtrak has been a costly and colossal failure. The evidence is documented in many reports and studies.

At the beginning of 1979, the Transportation Department made a major study of Amtrak's operations. That study contained these startling findings:

— An estimated 75 per cent of all intercity travelers and commuters used the train 35 years ago. Today, Amtrak carries fewer than three-tenths of 1

per cent of the nation's intercity travelers. If ridership tripled, the railroads would serve only one intercity traveler in 100.

— Some of Amtrak's major passenger trains averaged a mere 25 passengers on any given day in 1978.

— It will cost taxpayers about \$6 billion in continued operating subsidies over the next five years if Amtrak is continued.

— Amtrak is less energy-efficient than the automobile. It would have to average more than 140 passengers on its trains in order to be competitive with the auto for energy use, and more than 400 people to compete with the bus.

— Taxpayers are now paying nearly twice as much as an Amtrak rider for each passenger ticket. For every 59 cents a rider pays for a ticket, the government must shell out \$1.

Said a Carter-administration position paper: "Given such an extensive subsidy, it would in many cases be cheaper for the government and more energy-efficient for everyone if the government gave — free of charge — airline or bus tickets to these Amtrak passengers."

Amtrak's annual deficits have been incredible. Not one of its routes has been able to cover operating costs. Its operating deficit totaled \$153.5 million in fiscal 1972. By fiscal 1977, that figure had more than tripled, reaching an estimated \$521.6 million. By 1978, Amtrak's deficit for the year was \$578 million — representing about \$2 in tax subsidies for every \$1 in fares. By fiscal 1979, Congress had authorized a total subsidy of \$755 million to cover Amtrak's costs. Annual subsidies are now nearing \$1 billion.

However, Amtrak supporters still maintain that, while it may not be profitable, the government should continue supporting it because, of all other

modes of transportation, Amtrak is the cleanest and most energy-efficient.

Both arguments, though, are disputed by most reputable studies on the subject. A 1978 General Accounting Office report stated:

"The trains on all 11 routes reviewed consumed more energy in fiscal 1977 than would have been consumed if every passenger had used an automobile."

Washington is uniquely unqualified to make hard, business-minded decisions. Too many bureaucrats, congressmen, and committee chairmen have too many special constituencies to satisfy.

Amtrak's subsidies should be terminated; its equipment and rail properties should be sold at auction to the highest bidder. The railroad industry must be totally deregulated, except for safety requirements. Tax incentives should be enacted for passenger railroads to make this capital-starved endangered species attractive to new investors. And the government should reform railroad labor laws to ease unfair labor practices that unnecessarily raise operating costs.

Complete removal of the government from the rail-passenger business would, in the long run, be the cheapest and most efficient way of providing rail transportation to those places that need, want, and can support such services.

(Excerpted from "FAT CITY: How Washington Wastes Your Taxes," copyright, 1980, by Donald Lambro, published by Regnery-Gateway, Inc., South Bend, Ind.)

Son of W.P.P.S.S.

The recent announcement that several public utilities are now opposed to the regional power legislation pending before Congress should come as a great sense of relief to ratepayers.

It is amazing that we were ever expected to sit idly by and watch while our Northwest birthright of cheap, abundant hydro power went the way of the Arabs' oil — priced out of existence by foolish bureaucratic bungling such as this regional power bill, W.P.P.S.S. "kamikaze" economics, and the unauthorized B.P.A. purchase of unneeded nuclear power. SEATTLE TIMES A15 4/24/80

The Northwest regional power bill was never desired by the public or the Congress. It was written and promoted by industry to give private corporations an undeserved claim to power developed at public expense, as well as the unlimited use of public credit through B.P.A. rates — already climbing in anticipation of this "ripoff" legislation.

Moreover, there is no way this bill can be amended to avoid creating a new government bureaucracy at a level beyond effective control of the public or elected officials. It is an insult to our intelligence to keep insisting "we" need this legislation.

After four years of Congress battling this "Son of WPPSS" trying to devour our public power — how many more times do we have to say, "No"?

—Richard Dildine,
1211 6th St., Anacortes

"POWER BOOM OVER, The Cheers Have Stopped For BPA",
Seattle P-I, 4/21/80, p. A 3

Few people know what it does, but the Bonneville Power Administration supplies a great deal of the Northwest's electricity — and determines what people pay for it.

This article concludes a series on the federal agency and its influential boss, Bonneville Power Administrator Sterling Munro.

By Joel Connelly

The Bonneville Power Administration was an agency with a populist mission when it was created by Congress in 1937.

Its task was to distribute — indeed, to find a market for — the abundant hydro-electric power from federal dams then being built on the Columbia River.

For many years, the BPA was part booster and part Santa Claus. It promoted dams and helped establish public utilities — doing battle with private power companies — and campaigned to bring the aluminum industry to the Northwest.

Nowadays, however, the cheering has stopped. Power is no longer abundant. Its price is soaring. And the BPA, as the key supply agency, is under fire.

"It has an impossible responsibility. The BPA is physically hooked up to everyone using power in the Northwest, which

makes it politically responsible to everyone," said Jim Boldt, executive director of the Washington Public Utility Districts Association.

Under federal law, some of the BPA's customers are entitled to get power before others — but everyone is hurting.

In 1973, the BPA cut off firm power supplies to private utilities such as Puget Power. The private utilities now get only surplus power, when it is available.

But Bonneville has also told public utilities — its preference customers — that the agency can no longer meet growth in their electrical demands after 1983.

The aluminum industry, which uses 25 percent of the BPA's power, has received the worst tidings. Bonneville has said it cannot renew the industry's long-term power contracts, which expire between 1984 and 1988.

The BPA is also raising its rates. It increased wholesale power charges an average 88 percent last December. Seattle City Light, which generates part of its own power, saw rates go up a whopping 112 percent.

The BPA plans four more rate increases during the next five years, which are expected to total an additional 45 percent over pre-December rates.

The rate increases which come out of the BPA's computers in Portland are felt in the electrical bills paid by every household in the Northwest.

The BPA's wholesale increase is expected to account for at least half of the 30 percent-plus rate boost that Seattle City Light customers will probably be paying this fall.

Recently, the Snohomish County Public Utility District — which gets all its power from the BPA — raised rates 39 percent for residential customers and 75 percent for business and industry.

The reason behind the BPA's steep rate increase is something known in utility jargon as "net billing." It translates into the high cost of nuclear power.

In 1971 and 1973, after authorization by Congress, the BPA agreed to purchase the full output of two nuclear plants and 70 percent of a third — regardless of what the electricity would eventually cost.

The estimated cost of those three nuclear plants has since zoomed from \$1.55 billion to \$7.8 billion. The trouble-plagued plants are being built at Hanford and Satsop by the Washington Public Power Supply System.

The BPA's Munro is understandably defensive about the nuclear deal. Congressional authorization for purchase of the nuclear plants' power was backed by Sen. Henry Jackson and was passed while Munro was Jackson's administrative assistant.

"The BPA purchased the capabilities of these nuclear plants because those plants were the least costly resources available to meet the region's increasing demand for power," Munro said in a recent

speech.

The BPA has recently engaged in a year-long fight with WPPSS staff over how closely the federal agency could oversee construction of the nuclear plants.

A settlement was reached, but it left some bruises. WPPSS officials took "an extremely defensive, bomb shelter mentality" toward the negotiations, according to Munro.

There is no indication that closer supervision by the BPA can control WPPSS' soaring costs. A U.S. General Accounting Office report last September said that Bonneville was "not adequately prepared" to oversee nuclear construction.

"There has been a tremendous institutional friction between the BPA and WPPSS," said Seattle's Deputy Mayor Bob Royer, who oversees the city's participation in WPPSS.

The reason, according to Royer, is that WPPSS — which is building a total of five nuclear plants — once had ambitions to supplant the BPA as the Northwest's power marketing agency.

"It was like two big bureaucratic monsters confronting each other out in the field, with the earth shaking, to determine who would be master of the power lines," said Royer.

WPPSS is no longer so ambitious. Its nuclear program has nearly quadrupled in cost; the nuclear plants are running five to six years behind schedule; and the Supply System is the target of legislative probes.

Such battles demonstrate how agencies can develop minds and goals of their own. In the opinion of some critics, that has happened to the BPA.

"The BPA was set up to help the consumer, but when they speak of 'our customers,' they mean utilities," said Sierra Club Northwest representative Jim Blomquist. "From talking to them, you get the impression that the Bonneville Project Act was written for the aluminum companies."

The criticism is echoed by PUD spokesman Boldt. "A couple people who work for Bonneville have been very close to the aluminum producers and the private utility sector," he said.

It would appear to be an unfair charge, since the BPA has said it cannot supply power to aluminum plants in the future. But the agency has made some controversial moves to make sure aluminum producers keep getting power at present.

Last year, the BPA loaned 800 million kilowatts of power to aluminum plants — at a time when Oregon's Trojan Nuclear Plant was shut down, and BPA officials were warning of a serious electrical shortage in the Northwest.

The BPA's power loans "show that Bonneville has been and still is an operating arm of private industry . . . The agency is simply not serving the public in the Northwest," charged Oregon's U.S. Rep. Jim Weaver, a frequent agency critic.

Earlier this month, the BPA restored a large chunk of its interruptible power supply to aluminum producers, even though a below-normal water year is forecast for the Northwest.

(About 25 percent of the industry's power supply is interruptible, meaning it can be cut off in low-water years when the Northwest is short of power.)

The strongest protests against the BPA have come from California, which gets about 7 percent of its power from the Northwest. But Californians stand last in line, and do not get power if this region's utilities or industries need it.

California doesn't like its last-in-line position. Its utilities must burn oil — at enormous cost, and contrary to national energy policy — when surplus supplies

from the Northwest are cut off.

"They've been telling us energy is in short supply and then turning around and giving it to the aluminum industry," said Dan Richard, special adviser to the chairman of the California Energy Commission. In response, Munro points to the BPA's legal obligation to give preference to aluminum producers. "We're kind of fussy," he said. "We have to obey the law."

California has also been forced to pay much higher price increases than the BPA's customers in the Northwest. The BPA is charging Golden State customers as much as 500 percent more for power. California has appealed the new rates to the Federal Energy Regulatory Commission.

But anger to the south has not fazed Munro, who argues that the BPA exists first and foremost to serve the Northwest. "Regionalism has been a valid and important component in resource development," he said.

The BPA is not shrinking from criticism. In fact, the agency is promoting a vastly expanded role for itself in the Northwest's energy future.

The agency currently supplies about 50 percent of the Northwest's power, its prime customers being public utilities and aluminum plants.

But under regional power legislation — currently pending in Congress — that percentage would go up. The BPA would provide power to homes and farms served by private utilities. It would also underwrite construction of whatever additional nuclear and coal-fired power plants are needed in the Northwest.

The BPA has seemed to recognize that its actions — whatever they are — are bound to stir up controversy. The old days of building dams and providing cheap power to eager consumers are over.

In a recent talk, Munro commented: "Once people cheered when ground was broken for a new power plant of any kind — be it a hydro plant in the Northwest, an oil-fired plant in Manhattan, a coal-fired plant in Pittsburgh, a nuclear project on the outskirts of Chicago — whatever, and wherever. Today the common thread is conflict . . ."

Following flood, fishing flounders

OTHELLO, Wash. (AP) — Fishing in Lower Crab Creek won't be fully restored for two years because of flood damage to fisheries in the Columbia National Wildlife Refuge, says Manager Dave Goeke.

"Everything from the dam to Highway 26 is gone. We're talking about years, not weeks or months" to restore the area, he said.

Damage was set at about \$1 million.

The area was flooded March 2 when the Water Power and Resource Service opened emergency flood gates in O'Sullivan Dam to minimize damage to the refuge area.

Goeke estimated the cost of replacing just the dikes and impoundments destroyed in the upper management area at \$600,000.

Restoring the fish to Golden Eye Lake and Crab Creek will cost about \$250,000, including new stock and the amount of recreation lost during the two years it is expected to take for restoration.

Goeke said it was the first time the emergency flood gates were opened since being built into the dam seven years ago. The cost of rebuilding is based on the assumption they will be rebuilt as before, he said.

Spokesman News
3/12/82

Wine

SEATTLE TIME 4/16/80
B-22

Winemaking gains favor in Eastern Washington

PASCO — (AP) — Living across the way from a winery has rubbed off on Maurice Balcom, Jr., who plans to turn out his own wine in several years.

Balcom, manager of the grape-and-fruit farm holdings of the Balcom & Moe Corp., says he's wanted to get involved in winemaking and selling for years.

He has grown his own wine grapes since 1972, but hasn't been able to make any wine.

His interest in winemaking was heightened by the success of the neighboring Preston Wine Cellars, which grew from an idea to Washington state's second-largest winery in just three years.

A friendship with Robert Griffin, Preston's award-winning winemaker, also helped whet Balcom's appetite for a winery.

He said a winery that would produce 25,000 gallons of wine a year would cost \$300,000. Preston's is producing 72,000 gallons and could expand to 120,000 gallons.

Hinzerling at Prosser produces about 6,000 gallons. Ste. Michelle, the state's largest, has the capacity to produce more than 1 million gallons, he said.

Balcom sees an advantage of having two wineries in the same vicinity. Preston, which is 6 miles north of Pasco on Highway 395, is the closest to the Tri-Cities. Last year, an average of 1,000 people a week visited the winery.

Seattle Time 4/16

Volcano

SEATTLE TIME 4/16/80
B-3

Beekeepers may feel sting of budget cut

YAKIMA — A United States Department of Agriculture proposal to end a program paying for bees killed by pesticide spraying could put some smaller Yakima Valley bee tenders out of business, according to local beekeepers.

NORTHWEST

Times staff and news services

Bob Gorham, owner of R.F. Gorham & Sons Pollination in Wapato, Yakima County, said, "It's the smaller beekeepers that'll feel the biggest impact. They'll be the ones who could have a lot of trouble keeping up with costs."

Gorham said fruit growers also could feel the impact if the bee-indemnity program is ended. He said beekeepers will have to charge more for pollinating orchards.

Washington State ranks third in the nation in the amount of indemnity beekeepers have received.

In 1978, Yakima County beekeepers received \$404,583 in indemnity payments.

Seattle Times

4/16/80

FILE: Non aligned
Nations
Gen

WORLD Compiled from news services

Seattle Times 2/10/81

Division seen in nonaligned meeting

NEW DELHI — Indian Prime Minister Indira Gandhi's call for unity set the official tone of a nonaligned-nations conference here yesterday but statements by the assembled foreign ministers indicated Communist and non-Communist nations were headed for a confrontation.

At the inaugural session, at least three of the foreign ministers called for the withdrawal of Soviet troops from Afghanistan. Mrs. Gandhi did not do so, but said, "We are all deeply distressed at events in Afghanistan."

Sierra Leone's Foreign Minister Marwan S.

Kasin, referring to Cuban President Fidel Castro's contention that Moscow is the "natural ally" of the nonaligned countries, said, "It is our belief that there are no natural allies of the nonaligned movement other than its membership."

At the start of the four-day meeting, Mrs. Gandhi also made a strong appeal for an end to the 4½-month-old war between Iran and Iraq, both of which are members of the nonaligned movement. The movement has 94 members, 60 of whom appeared for the first session. Thirty more are expected to attend.

Guyana Foreign Minister Rashleigh Jack-

son, Sri Lanka's A.C.S. Hanneed and Yugoslavia's Josip Vrhovec denounced the Soviet intervention in Afghanistan and called for a troop pullout "without delay."

In her comments about Afghanistan, Mrs. Gandhi did not name the Soviet Union, which has maintained an estimated 85,000 troops in Afghanistan for the past 13 months to prop up the pro-Moscow government and fight anti-Communist Moslem rebels.

About 300 Afghans demonstrated peacefully about a block and a half from the conference center.

Deeper power problems

In an April 7 editorial you claim that environmentalists oppose the regional power bill simply because they oppose nuclear power. This perception of the situation is incorrect. If you had been at the Natural Resources Defense Council's meeting, of which you wrote, you would know that we have more fundamental objections to the present versions of regional power legislation.

We object to the loss of local decision making that would result from the proposed B.P.A. take over. Under the regional power bill as was passed out of the House Commerce Committee, the B.P.A. administrator and a federally appointed council would call the shots. They would decide how much power the region needs. They would determine which resources would be used to meet those needs. They would determine the process through and by which the public's input would be heard on matters relating to power supply and resource planning. Unfortunately for those of us who prefer ready access to those "public servants" involved in such decisions the present legislation would have us commuting to B.P.A.'s headquarters in Portland, instead of visiting the City Council, the Mayor's Office or City Light.

We object to the loss of financial accountability that would result from the B.P.A. "purchase authority" granted in the legislation. The present legislation would allow B.P.A. to purchase not only actual power, but planned generating capability. As a result, a particular project's owners would not be fully accountable for the project's cost or performance; costs would be borne by all the region's ratepayers — whether they needed the new resource or not. Thus, Seattle's consumers could still end up paying for WPPSS 4 and 5, even though four years ago they decided that those plants were not the most economical resource available. If nothing else, the region should be skeptical of a plan which will perpetuate an approach which has resulted in cost overruns at the three "net-billed" WPPSS nuclear plants. This approach, we fear, will not only result in the world's most expensive nuclear and coal plants, but its most expensive windmills, solar collectors, and conservation programs as well.

These are only two in a long litany of reasons why environmentalists oppose the present versions of regional power legislation. Neither is simply "anti-nuclear." Indeed, if one were to classify them one might properly term the first democracy and the second sound financial management. In our view, every citizen and consumer in the Northwest should oppose the present legislation based on these reasons.

— Tom Eckman,
Energy committee chairman,
Washington Environmental Council

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Inexpensive fuel alcohol?

WASHINGTON — (AP) — An Agriculture Department study says that community-based stills can produce 200-proof fuel alcohol costing less than gasoline.

The study, conducted for the Farmers Home Administration by Development Planning and Research Associates, Inc., of Manhattan, Kan., says high-grade alcohol can be distilled for \$1.21 a gallon.

The Lundberg Letter, a California-based oil publication, put the average price of gasoline at \$1.24 a gallon in late March and early April. President Carter's oil import fee is expected to add another dime to the price of gasoline by mid-May.

An Agriculture Department spokesman, George Holcomb, said the study was based on 1979 grain prices. With prices lower now, the cost of ethanol production could be even less, he said.

The study was commissioned to provide the government and investors with guidelines in deciding whether to invest in fuel-alcohol production facilities. The Farmers Home Administration has about \$10 million to lend farmers for ethanol production if they cannot get credit elsewhere and \$100 million for loan guarantees to business and industry.

Milton David, director of the firm that conducted the study, said technological improvements were making lower-grade 190-proof alcohol a useful fuel for farm engines.