Prime rate rises, productivity falls

Stockman: Recession lingering

Factory production fell 3 per-

declines, the Federal Reserve re-

nomy is reeling from a triple whammy — a rise in the prime rate, a decrease in factory production and a drop in housing starts — and the administration now says it may take a bit longer than expected to perk up.

Budget Director David Stock-

Wednesday, saying the recession may not end until summer and the biggest roadblock to resion may not end until summer covery. or fall. Previously, the administration said it would likely re-

bound by spring or summer.

This prediction came atop more bleak economic signs, the most dismaying of which was the increase in the prime rate to 17 Budget Director David Stock-man gave the latest prognosis percent. The prime rate is a barometer of borrowing costs

The struggling housing in-dustry also slipped another notch last month. The Com-

merce Department reported housing starts fell 0.6 percent.

Testifying at the opening of congressional hearings on Reagan's budget, Stockman said the recession will not be a perthe recession will not be a permanent condition.
"Built-in stabilizers ... will pull

us out this summer or this fall," he said. Stockman called on skeptical

congressmen to support Reagan's \$757.6 billion budget with its \$91.5 billion deficit. What we have to do is keep this program on track until the port said, marking the sixth con-economy weathers this unfor- secutive month that housing economy weathers this unfor-tunate recession," Stockman

Reagan and Federal Reserve Board Chairman Paul Volcker reportedly met Monday to discent last month, the biggest drop since January 1975 and the worst of six consecutive monthly cuss interest rates. But the White House waited until Wednesday to confirm the meeting and gave no inkling as to the conversa-

> High interest rates hit the housing industry hard because fewer people qualify for home mortgages.

Mark Riedy, executive vice president of the Mortgage Bankers Association, said: "Most people now are looking at about 14 percent (mortgage rates) as sort of the threshold for buying. Unfortunately we are now looking at rates of 17 to 18 percent again."

Privately owned housing starts in January were at an annual rate of 894,000, the restarts were below the million mark. But starts of new singlefamily homes improved 5.2 per-

Chase Manhattan Bank was first to announce an increase in its prime rate to 17 percent Wednesday, an increase that was followed by other large banks. The prime rate has gone up 1.25 percentage points this month as the Federal Reserve tightened the money supply.

Analysts expect another halfpoint increase soon.

Jerry Jasinowski, chief eco-nomist for the National Association of Manufacturers, said: "Increasing the prime rate is simply going to bring further pressure to bear on capital goods produc-ers and make recovery more dif-

On Wall Street, stocks skidded to a 4½-month low Wednesday in active trading.

The Dow Jones industrial average dropped 3.71 to 827.63, the lowest level since it finished at 824.01 Sept. 25.

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Search continues for prime suspect in mass slayings

FARWELL, Mich. — Police searched Thursday for the said. estranged husband of a victim in the shotgun slayings of seven family members at a rural farm-

house.

Robert Haggart, 31, is a prime suspect in the killing of his wife, Garnetta, 23, her mother and father, a sister and three of the sister's children, state police said.

The seven bodies were found

Tuesday night at the rural farm-house of George Post, Haggart's father-in-law. The body of Helen Gaffney, Haggart's sisterin-law, was found in the cab of a pickup truck crouched protectively over her youngest child, Mandy, the lone survivor of the

spray of shotgun fire.
The slain bodies of Gaffney's other children were huddled around her. Mandy, less than a year old, was taken to a hospital and released to an aunt.

Other victims were Post, 53; his wife Vaudrey, 52; and three of Gaffney's children, Angela, 10, Tom, 8, and Amy, 7.
Officers mounted a con-

tinuous search for Haggart, a one-time hog auctioneer who also is wanted on charges of writing \$17,000 in bad checks.

Haggart and his wife were to

have appeared in Clare County Circuit Court Wednesday for di-vorce proceedings brought by Mrs. Haggart, officials said. However, Hagart did not ap-

Aleck said investigators found the inside of home "almost immaculate" with few indications of a struggle. A coffee pot was boiling on the stove when deputies arrived.

The shootings appeared to have been quick but erratic, he said. Some of the shotgun blasts missed their mark.

'It was not like an execution,"

A neighbor, alerted by one of the Posts' daughters, who found the bodies at the farmhouse, re-

ported the slayings to police.
The Posts have five other children by their marriage and previous marriages. All still live in the Farwell area.

A shocked Farwell community phoned in 30 tips to state police investigators who were checking out every clue, Farwell Village Police Chief Rick Miller

"This (mass murder) doesn't happen in Farwell," village clerk Pat Renner said.

"That's a house of death now," one area resident said of

the red and white framed home 3 miles outide Farwell. Clare County Prosecutor Tom McLaughlin said he did not anticipate issuing an arrest warrant immediately "unless we get very fortunate.

Michigan authorities said the slaying was the worst mass killing in the state since eight De-It is not known if the family troit residents were slain in a was taken by surprise, Clare drug dispute in 1971.

TWOHENS TOUCH BASES ON BAT BALLS, AND BEER.

BOOG POWELL (Former American Baseball Great): Koichi here has been giving me a new angle on baseball. It seems the game's a little different in Japan

KOICHI NUMAZAWA (Former Japanese Baseball Great) そう、例えばフィールドが小さめ **BOOG:** That's right. The field is

smaller over there.

KOICHI: つまり、ショートで小さめ な日本人の体格に合わせたんですよ。 BOOG: Well, now that you men-

tioned it, I guess you guys are kinda smaller. Does that mean you drink Lite Beer 'cause it's less

KOICHI: いやー, おいしいから飲む んですよ。

BOOG: Tastes great? That's why I drink it, too! I guess we have a lot more in common than I thought. KOICHI: その通り!どうです, 日本

の野球チームに入りませんか。 BOOG: Me? I'm too big to play on a Japanese team.

KOICHI: そんなことないですよ,シ

ョートに最適ですよ。

BOOG: Shortstop?! Very funny.

Xiaoping healthy, still ruling China

United Press International
PEKING — A smiling,
energetic Deng Xiaoping reappeared Thursday and called for a revolution in China's governing structure, putting an end to speculation he was losing his

grip on power.

The vice chairman, 77, met for three hours with Cambodian Prince Norodom Sihanouk. Cambodian spokesmen said China's dominant leader was in good form and very happy.

The official Xinhua news

agency quoted Deng as referring to speculation about his one-month rest in other parts of the country by saying the situation in China was one of unprecedented stability.

Deng was reported to have

spent 10 days to two weeks in southern Guangdong Province. It was the first time Deng's

movements have been disclosed by the official Chinese media since a Jan. 12 session with military leaders in Peking.

Deng and his allies have launched a major campaign against holdover officials from the era of Mao Tse-tung and also against corrupt, inefficient and aging cadres.

The subject of Sihanouk's meeting with Deng was not officially disclosed but the two men presumably discussed China's attempt to form a coalition of Cambodian rebel groups to fight 200,000 Vietnamese troops occupying Cambodia.



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