

Silver crisis' impact discussed

United Press International
WASHINGTON — The 1980 silver crisis carried the potential of disrupting the U.S. financial system and threatened a chain reaction that could have jeopardized lending institutions, a staff report by the Securities and Exchange Commission said Wednesday.

The report examined extensively the Texas oil billionaire Hunt family and their impact on silver prices in 1979 and 1980.

"For six days late in March 1980 it appeared to government officials, Wall Street and the public at large that a default by a single family on its obligations in the plummeting silver market might seriously disrupt the U.S. financial system," the report said.

Various broker-dealers carrying Hunt accounts, among the largest firms in the security industry, faced the possibility of very substantial losses if this group of customers had failed to make good on its obligations," the study said. "The potential fa-

lure of even one of these firms threatened a financial chain reaction that would have jeopardized commodity clearing-houses and their members, other broker-dealers and their customers and banks, public companies and their stockholders."

The report said "although a financial catastrophe was ultimately averted," the crisis showed the "fragility and interdependence of the financial structure."

During this period, brothers Bunker and Herbert Hunt and other members of the family and associates amassed huge amounts of silver. The price of silver had climbed from below \$10 per ounce on Aug. 1, 1979, to \$50 per ounce Jan. 17, 1980. It later dropped sharply to the current \$10 per ounce range.

The financial crisis was averted when the Hunts were able to obtain a \$1.1 billion loan from a consortium of 11 banks to pay their obligations.

The report said the Hunts were able to purchase large

amounts of silver by making a margin deposit on each contract, a deposit that was small in comparison with the value of the silver the contract controlled.

"The magnitude of the potential losses confronting broker-dealers upon the Hunts' default is directly attributable to decisions by senior management in those firms," the SEC staff study said. "The size of the Hunt silver position, even at certain individual firms, was so substantial as to endanger liquidity given sufficiently large adverse market movement."

The study recommended that brokers and dealers limit their exposure to one customer in order to avoid future potential problems.

It also proposed financial institutions require more credit information before undertaking a large business transaction.

"Before March 27, 1980, there was no public disclosure of the existence or magnitude of the Hunt silver positions," the study said.

Concerning the New York

Stock Exchange, the report said the stock exchange "failed to obtain sufficient information from its members, failed to verify the information it did receive from its members, and failed to be alert to the potential of a crisis situation as it developed."

The silver crisis prompted the Congress and other public agen-

cies to inquire into various aspects of these events. The SEC sent the report to Rep. Benjamin Rosenthal, D-N.Y., whose subcommittee has held hearings on the silver crisis.

Now you know

United Press International
NEW YORK — Unopened jars of peanut butter stored in a cool, dark place will last two years, according to the Peanut Advisory Board, a trade organization of peanut growers in Georgia, Alabama and Florida. Once a jar is opened, the flavor deteriorates after three months.

GNP growth rate 'weak'

United Press International
WASHINGTON — The nation's gross national product grew at an 0.8 percent annual rate in the third quarter, the government reported Wednesday — far below what economists say is needed to cure double-digit unemployment.

The Department of Commerce said the gross national

product, the total value at retail prices of all the goods and services produced by a nation's economy in a given time period, grew at a rate of \$2.8 billion from June through September.

Two of the last four quarters showed serious drops in the gross national product. The 5.1 percent decline for the first quarter of 1982 followed a 5.3

percent decline in the last quarter of 1981.

Economists generally consider a 4 percent to 5 percent expansion in the nation's economy necessary to keep unemployment from growing worse.

Commerce Secretary Malcolm Baldrige told a news conference the latest gross national

product figure is an indication the economy is in a period between recession and recovery. Baldrige conceded the advance in the economy was small, but he said he still feels the economy will rebound in 1983.

"We do not yet have clear signs that general economic recovery has taken hold," he said.

Industry may need auto import limits

United Press International
WASHINGTON — American trade representative William Brock says he thinks a third year of auto import restrictions by Japan will be necessary to protect U.S. auto makers.

Brock made the claim in a letter to Sen. John Danforth, R-Mo., head of the Senate subcommittee on international trade.

The Oct. 8 letter represents Brock's personal belief, a spokesman for Danforth said, but The Washington Post reported it's also one the Reagan administration is expected to adopt as a policy before the end of the year.

The domestic auto industry is in its worst slump in more than 20 years, and imports — most of them Japanese — accounted for 32 percent of August's auto sales. In 1981, imports accounted for 24 percent of all U.S. auto sales.

The industry has been pressuring the administration to seek from Japan not only an extension of current voluntary restraints on exports but also low-

er limits on its auto exports. Japan agreed in May 1981 to a voluntary, two-year limit on exports when it faced the threat of legislation — sponsored by Danforth and Sen. Lloyd Bentsen, D-Texas — that would have put a three-year limit on the shipment of Japanese cars to the United States.

"The Japanese are seeking 35 to 40 percent of the American market," Chrysler Corp. Vice

Chairman Gerald Greenwald said. He predicted Japan would reach that goal within two years if current limitations lapse next March.

The position may upset the Japanese government, which is now in the midst of economic problems and under increasing U.S. pressure to restrict exports of other goods and to open its markets more to U.S. products.

The Unicorn & Which Witch?

Like the UNICORN our Gifts & Music are unique!

HYWAY 30 WOODSTONE CENTER BEHIND MUSICIANS' WORLD 696-4005



Feel the luxury . . .

Warm water running through your hair. Cleansing. Massaging. Gentle suds rinsed out, leaving a soft, sweet scent.

Now, the cut. Crisp. Precise. Fresh. Perfect.

Feel the luxury at . . .

That Place
707 Texas Avenue
696-6933

That Place
Culpepper Plaza
693-0607

WATCH THIS SPACE FOR OUR SPECIALS



LIVE ROCK N ROLL
FRIDAY

featuring

FUSION

Skaggs Center 8-12 846-4809
NO COVER

FALL FESTIVAL

3 DAYS ONLY

THURSDAY-FRIDAY-SATURDAY

MENS

Buy 2 Dress Shirts
Get a Tie
FREE

20% OFF

All Suits and Sport Coats
(excluding Navy and Camel Hair Blazers)

20% OFF

All Woolrich Mountain Parkas and Down Vests

20% OFF

All Corduroy Slacks

30% OFF

Numerous Styles of Shoes
Trafalgar and Sebago

WOMENS

20% OFF

All Blazers, Wools & Tweeds
(excluding Navy and Camel Hair Blazers)

30% OFF All Silk Blouses

30% OFF All Lanz
Nightgowns and Robes

30% Off All Womens Pants

30% OFF London Fog Jackets

20% OFF Crew Neck
Shetland Sweaters

30% OFF Burgundy Pumps
by Trafalgar, Tan Trafalgar Penny
Loafer

20% OFF All Outerwear

20% OFF A GROUP OF CANVAS DUFFLE BAGS

See Other Culpepper Merchants' Ads

Open 'till 8 p.m. Thursdays



Culpepper Plaza

Layaway
MC/Visa/AMX



THE BEST ENTERTAINMENT AT THE BEST PRICE

MUSIC		HARD BACK BOOKS		PAPER BACK BOOKS		VIDEO	
REF. PRICE	SALE PRICE	REF. PRICE	SALE PRICE	REF. PRICE	SALE PRICE	REF. PRICE	SALE PRICE
DONALD FAGEN "The Nightly"	7.99 5.99	SPACE Michener	17.95 13.45	INDECENT OBSESSIONS McCullough	3.95 2.95	JANE FONDA'S WORKOUT	\$5.00/2 Days
FLEETWOOD MAC "Mirage"	7.99 5.99	MASTER OF THE GAME Sheldon	15.95 11.95	SHADOW RIDERS L'Amour	2.95 2.20	ON GOLDEN POND	\$5.00/2 Days
BRUCE SPRINGSTEEN "Nebraska"	7.99 5.99	FEW MINUTES MORE WITH ANDY ROONEY Rooney	12.95 9.70	CUJO King	3.95 2.95	ARTHUR	\$5.00/2 Days
OFFICER & GENTLEMAN Sndik	7.99 5.99	FALL OF FREDDIE THE LEAF Buscaglia	7.95 5.95	RED DRAGON Harris	3.95 2.95	STAR WARS	\$5.00/2 Days
BILLY JOEL "Nylon Curtain"	7.99 5.99	VALLEY OF HORSES Ariel	15.95 11.95	HOTEL NEW HAMPSHIRE Irving	3.95 2.95	CAT PEOPLE	\$5.00/2 Days
WHO "It's Hard"	7.99 5.99	WHEN BAD THINGS HAPPEN TO GOOD PEOPLE Kushner	10.95 8.20	FONDA MY LIFE Teichmann	3.95 2.95	TAXI DRIVER	\$5.00/2 Days
MOTELS "All Four One"	7.99 5.99	DIFFERENT SEASONS King	16.95 12.70	SPRING MOON Lord	3.95 2.95	GOLDFINGER	\$5.00/2 Days
HALL & OATES "H ₂ O"	7.99 5.99	JANE FONDA'S WORKOUT BOOK Fonda	18.95 14.20	THIS CALDER RANGE Dailey	3.95 2.95	BODY HEAT	\$5.00/2 Days
JOHN COUGAR "American Foot"	7.99 5.99	LIFE EXTENSIONS Pearson	22.50 16.90	RABBIT SI RICH Udpeke	3.95 2.95	ROCKY II	\$5.00/2 Days
LINDA RONSTADT "Get Closer"	7.99 5.99	CROSSINGS Steel	15.95 11.95	BREAD UPON THE WATERS Shaw	3.95 2.95	CONAN THE BARBARIAN	\$5.00/2 Days

hastings's books-records-video

WHERE THE BESTSELLERS ARE ALWAYS ON SALE

10,000 GIFT IDEAS UNDER \$10.



Give the gift of music.