

Housing sales fall in 1982

United Press International
WASHINGTON — Housing sales for 1982 were the worst since the government began keeping such records 19 years ago, but December's sales were brisk enough to provide some hope for an economic recovery led by housing.

In all, 413,000 new houses were sold in 1982, the Commerce Department reported Monday. Although seasonally-adjusted sales of new homes slowed 8.5 percent in December, the month was the second strongest of last year.

The average price of a new home dropped to \$86,100 in December, lower than November's record

high by \$2,900.

The December 1982 sales rate represents a 12.9 percent improvement over the rate one year earlier and, if it holds, 515,000 homes will be sold this year.

Housing sales have been increasing since August, and the improvements have been seen as an indicator that the economy is improving.

The record of a generally improving trend in housing sales, with a setback in December, was preceded by an identical pattern for housing production.

Housing starts fell 13 percent in December, the department reported Jan. 18. Yet new construction of both

single and multi-family housing units remained above the million mark for the seventh time in eight months.

The new figures, along with news of Republic Steel's recall of workers and talk of a possible oil price cut, sparked a rally on Wall Street.

The Dow Jones industrial average, which tacked on 1.10 Friday and 11.77 overall last week, climbed 10.95 to 1,075.70. It had been down three and up nearly five in the first 90 minutes of trading.

Housing and Urban Development Secretary Samuel Pierce says his agency will

keep pressing for major changes in the nation's programs to provide housing for the poor.

Pierce said the major change being sought by the administration is a renewed and revised voucher plan to aid low-income families who rent housing in the private market.

"This program is proposed for funding at a \$1.36 billion level," Pierce said.

The Labor Department reported that first-year wage increases averaged only 3.8 percent in union contracts during 1982, the lowest since the government began keeping such data 14 years ago.

Budget battle starts over defense funds

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WASHINGTON — Members of Congress had their first chance Tuesday to question President Reagan's \$238.6 billion record Pentagon budget, expected to trigger one of the biggest fights of the year on Capitol Hill.

Defense Secretary Caspar Weinberger was called before the Senate Armed Services Committee to defend the proposed military spending plan, which maintains the momentum of Reagan's massive arms buildup without sacrificing a single major weapon.

It was the first of six scheduled appearances for Weinberger on Capitol Hill in the next

two weeks on the budget.

"We think it's fully justifiable," Weinberger said during a briefing Sunday.

Even Senate GOP leader Howard Baker has conceded that some trimming appears inevitable. He has suggested possibly another \$4 billion should be sliced beyond the \$8 billion Weinberger already had cut three weeks ago in the 1984 budget.

But some members of Congress are talking more in the \$25 billion range. Weinberger says that would mean canceling nearly all major weapons already ordered or in this year's budget: two nuclear-powered aircraft carriers, the MX missile, Trident submarine and Air Force and Navy fighters.

Proposed defense spending for 1984 accounts for one-fourth of the administration's recommended \$848.5 billion budget. It is \$30 billion or 10 percent above the \$208.9 billion in outlays approved by Congress last year, while the overall budget includes a freeze on many areas of domestic spending.

The total proposed defense budget is \$274.1 billion, with \$238.6 billion to be spent during fiscal 1984 only. The remainder

is money allocated in the budget but spent over several years in installment payments on weapons programs.

The \$274.1 billion represents about 6.8 percent of the total federal budget and 6.8 percent of the nation's Gross National Product, which represents about \$1,200 per man, woman and child in America.

Both Democratic and Republican members of Congress were briefed by Weinberger on his budget. He predicted major cuts.

"I think Congress is determined to get hold of the spending," said Rep. Bill Rostenkowski, D-N.Y. "The rest of Congress is beginning to recognize we've got to approach these defense systems just got to cut these expenditures."

Sen. Lawton Chiles, D-Fla., member of the Budget Committee, said he expected to get a fair hearing on the Hill.

"This will not be handed out of hand like the last year was," he said. "But I think there will be major changes in the budget in order for it to pass Congress, and also in order to get the deficit down to a manageable number."

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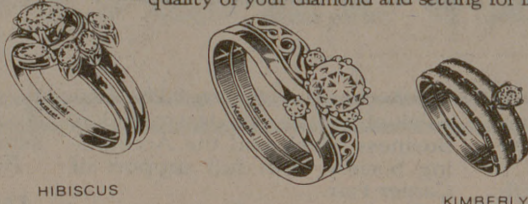
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