

U.S.-Vatican restore diplomatic ties after 116-year break, spark protests

United Press International
WASHINGTON — The United States and the Vatican restored full diplomatic relations Tuesday, ending a 116-year break and sparking protests

from Protestant groups that vowed to fight the move in Congress and in court.
 President Reagan named William Wilson, a 69-year old California businessman who is

now his personal representative to the Holy See, to become the U.S. ambassador to the Vatican.

Wilson, a Catholic convert and longtime friend of the president's, must be confirmed by the Senate. He has been Reagan's personal envoy to Pope John Paul II since February 1981. A Los Angeles real estate dealer, he is a trusted adviser and a member of his informal "kitchen cabinet."

Because of a slip-up in the arrangements, the planned simultaneous announcement of the upgrading in relations was made first at the Vatican at 7 a.m. EST, five hours before the State Department issued an identical 55-word statement:

"The Holy See and the United States of America, desiring to develop the mutual friendly relations already existing, have decided by common accord to establish diplomatic relations at the level of apostolic nunciature on the side of the Holy See and of embassy on the side of the

United States beginning today, Jan. 10, 1984."

Wilson, who operates out of a converted five-room apartment with a staff of three when at the Vatican, was reported to have told Reagan the United States has been at a disadvantage in diplomatic dealings with the pope.

The State Department, in making the announcement, said the purpose of restoring full relations is "to improve communication and to put the United States on a par with 107 other nations which have such relations."

But there was fiercely critical reaction to the announcement from conservative and liberal Protestants.

Television evangelist Jerry Falwell, head of the Moral Majority, said the move "will establish a precedent which we will regret later. How long before Mecca (the holy center of Islam) makes such a request?"

"While I personally feel it is a bad precedent and am on record as opposing such formal ties with the Vatican, it is obvious that the Congress and most Americans favor this move and it will be done," Falwell said, however.

The Rev. Jimmy Draper, Eulless, Texas, president of the 14 million-member Southern Baptist Convention, said the move "violates every rule of reason as it relates to church and state. The Vatican controls no country, so there is absolutely no reason for such a formal tie."

Draper said the action could cost Reagan "the support of millions of evangelical Christians."

At the other end of the theological spectrum, the National Council of Churches said an ambassador to any church is inappropriate.

Said Rev. Dean Kelley, head of the religious liberty department of the 32-member Protestant and Orthodox organization, "That plot of land (Vatican City) would be of no diplomatic interest were it not the headquarters of the Roman Catholic church."

But White House spokesman Larry Speakes said the administration recognized that "the Holy See is an international personality distinct from the Roman Catholic Church."

Bishop James Malone, of Youngstown, Ohio, and president of the U.S. Catholic Conference, welcomed the action, saying, "It is not a religious issue, but a public policy question, which, happily, has now been addressed and settled in that context."

But critics in Congress, led by Sen. Ernest Hollings, D-S.C., have managed to place a "hold" on a State Department request for shifting fiscal 1984 funds to put an ambassador in place and there are some indications the House, at least, will hold hearings on the issue.

The last ranking U.S. envoy to what were then the Papal States was U.S. Minister Rufus King Jr., who left in 1867 after Italian patriot Giuseppe Garibaldi took temporary control of Rome and Congress voted to withdraw funds.

College cleans chemical spill

United Press International
DALLAS — Officials of Grambling State University assured federal environmental officials Tuesday that a spill of toxic chemicals would be cleaned up in time for classes to begin next week.

The meeting between Grambling officials and representatives of the Environmental Protection Agency followed the agency's recommendation that the university be fined \$55,000 for violating federal standards for the disposal and storage of polychlorinated biphenyls.

The start of the spring semester was delayed one week while a private contractor worked to clean up about 30 gallons of the chemical that leaked from an electrical transformer at the university's cafeteria Dec. 6.

Tests found unacceptable levels of the chemical had been tracked into the cafeteria's dining and kitchen areas. "Grambling officials assured the EPA that the hazards would be removed by time students return to classes on Monday, January 16," said EPA spokeswoman Karen Brown.

PCBs were used as a coolant in electrical transformers until the chemical was banned by the EPA in 1979 as a suspected cancer-causing agent.

Grambling President Joseph B. Johnson advised the EPA of the university's cleanup efforts to date and of plans Grambling has for actions not required by the federal agency.

University officials hope the steps will persuade the EPA to drop or reduce the \$55,000 fine recommendation. A final settlement of the complaint still is being negotiated, Brown said.

The university will phase out all PCB transformers by end of 1984, Johnson told the EPA, and will co-sponsor with Louisiana higher education officials a statewide seminar on the handling of PCBs.

The EPA citation against Grambling cited five violations of the Toxic Substances Control Act for the improper use, storage and disposal of PCBs and failure to mark PCB transformers and containers and maintain required inspection records.

New oil contracts aid union workers

United Press International
DENVER — The Oil, Chemical and Atomic Workers Union, negotiating for new contracts covering more than 50,000 workers in the nation's oil industry, Tuesday reported tentative agreement with two companies.

Maxie Cooper, vice chairman of OCAW's Gulf workmen's committee, said the pattern was set when Gulf Oil Co. offered 2,000 workers at a refinery in Port Arthur a two-year contract calling for hourly wage increases of 55 cents.

That offer was matched later in the day by Ashland Oil Co. Rod Rogers, OCAW spokesman, said the Ashland offer affected 839 workers at two locals in Kentucky, and would be submitted to 350 other Ashland employees in Findlay, Ohio, and Freedom, Pa.

More than 95 contracts covering 50,000 OCAW members were to expire at 12:01 a.m. Jan. 7. But union President Joe Misbruner said "meaningful negotiations" were underway at that time and asked the oil companies to extend the current contracts until 12:01 a.m. Wednesday.

Rogers Tuesday said the deadline was moot because of the Gulf and Ashland offers.

"We'll continue negotiating now with the other companies, using the Gulf offer as a model," he said.

Cooper said the Gulf offer was accepted after the company agreed to forego planned changes in seniority, which the union had called a strike issue. The OCAW in turn agreed to reduce starting salaries for new employees to help Gulf save money during the length of the contract.

"Based on those two things, we were able to get local tentative agreement," Cooper said. The proposed contract, which must be approved by union members at Port Arthur, called for a 20-cent-per-hour increase the first year and another 35 cents per hour the second year.

It also increased Gulf's contribution to employee hospitalization insurance, provided for talks on arbitration issues and created a dues checkoff plan.

In recent years, Gulf's contracts have frequently set the pattern for nationwide contracts with the OCAW.

High court approves depletion allowances on oil and gas tracts

United Press International
WASHINGTON — The Supreme Court Tuesday ruled that taxpayers are entitled to a federal tax deduction on royalties and bonuses for oil and gas tracts even if wells on those tracts did not produce during the tax year.

The justices, in a 5-4 decision, upheld the oil depletion allowance passed by Congress in 1975 to promote domestic production of gas and oil and break the foreign stranglehold on the energy market.

The court rejected arguments from the Internal Revenue Service that taxpayers are only entitled to claim a depletion allowance for years during which wells on the land actually produced oil or gas.

The administration had warned the court that a decision against the IRS could cost millions of dollars in taxes.

Writing for the majority, Justice Sandra Day O'Connor said Congress changed oil and gas depletion allowance laws to improve the market position of small oil and gas companies during the oil crisis of the 1970s.

The goal, Justice O'Connor wrote, "was to subsidize the combined efforts of small producers and royalty owners in the exploration and production of the nation's oil and gas resources. Any reasonable interpretation of the statute, therefore, must harmonize with this goal."

By accepting the IRS position, she said, the goal of the law would be stifled because small producers would not have any incentive for exploration.

The court dismissed IRS claims that rejecting royalty and bonus subsidies would prompt

small producers to bring wells into production faster in order to take advantage of the deductions.

The case was brought to the court by two pairs of oil investors from Wyoming and Texas who deducted a percentage of oil bonuses and royalties they received from oil and gas tracts they leased, even though no oil or gas had been produced.

In 1975, Fred Engle claimed a 22 percent depletion deduction on \$7,600 he received for leasing 240 acres of land he owned in Wyoming. The IRS disallowed the deduction because there had been no production on the land that year.

But the 7th U.S. Circuit Court of Appeals ruled Engle and his wife were entitled to the deductions, stating Congress wanted to retain the deductions for small oil and gas producers when it altered the tax law in 1975.

That same year, Philip D. Farman and A.A. Sugg leased ownership in 46,000 acres in Irion County, Texas, to a corporation with the understanding that they would receive 20 percent of the profits as a royalty.

Joining Justice O'Connor in the majority were Chief Justice Warren Burger and Justices Lewis Powell, William Rehnquist and John Paul Stevens.

Justice Harry Blackmun dissented from the majority, arguing the IRS commission should have the power to allow or disallow the deductions. Joining Blackmun in dissent were Justices William Brennan, Byron White and Thurgood Marshall.

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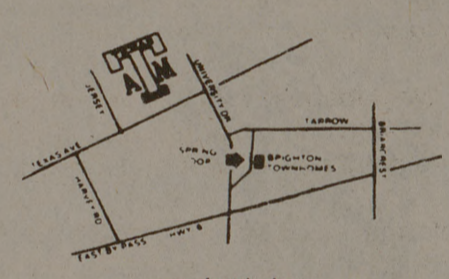
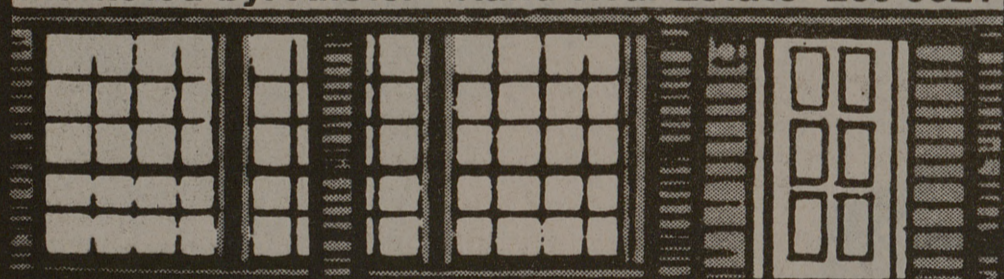
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