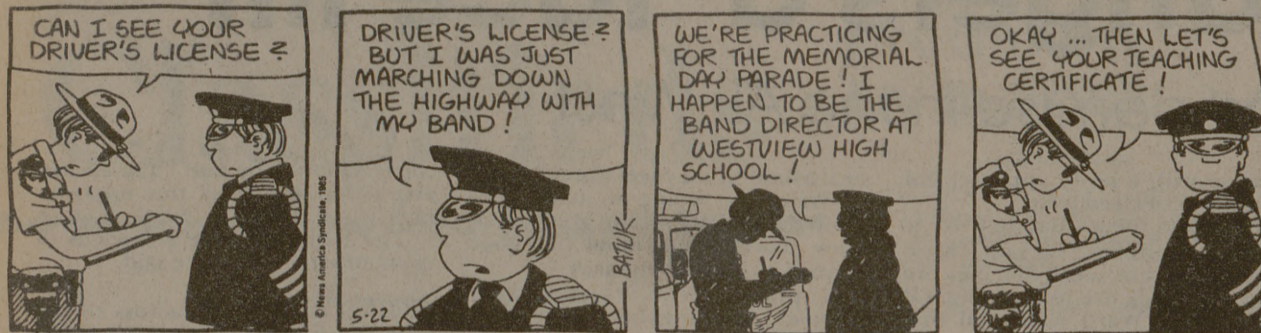


Funky Winkerbean

by Tom Batiuk



Economic growth poor in first quarter of 1985

Associated Press

WASHINGTON — The U.S. economy weakened substantially during the first three months of the year as a battering from foreign competition held growth to a meager 0.7 percent annual rate, the government said Tuesday.

While the Reagan administration held out the hope that falling interest rates will lead to a rebound, some private analysts expressed fears that the current slowdown will be more severe.

On the inflation front, the Labor Department said consumer prices rose a modest 0.4 percent in April despite a jump in gasoline costs. For the year, consumer inflation is running at an annual rate of 4.2 percent, only a slight deterioration from last year's 4 percent level.

Part of the reason that inflation has remained docile has been the pronounced slowdown in economic growth.

The Commerce Department said the 0.7 percent growth rate for the gross national product — the broadest measure of economic health — was the weakest performance since

the end of the 1981-82 recession.

The report represented a sharp downward revision from two earlier estimates of first quarter performance. Before the quarter ended, the government predicted growth of 2.1 percent, revising that figure to 1.3 percent last month.

The weakness was centered in the U.S. industrial sector, where producers have been losing sales both at home and abroad because of the high value of the dollar.

Treasury Secretary James A. Baker III, testifying before a Senate Appropriations subcommittee, said the first quarter "was a good bit slower than we anticipated... and we are going to see a less strong second quarter" than expected.

However, he said it would still be possible to achieve the administration's forecast of 3.9 percent growth for the entire year, predicting the economy would strengthen considerably in the second half of the year.

But a variety of private economists said the administration's growth target is no longer achievable, contending that growth for the year will likely be between 2 percent and 3 percent, a substantial drop

from last year's 6.8 percent pace.

Roger Brinner, an economist at Data Resources Inc., a private forecasting firm, said the economy lumbered into a growth recession in the second half of 1984, which will last until the middle of 1986. A growth recession occurs when the GNP is growing at such a slow pace that it can't keep unemployment from rising.

While an inflation measure tied to the GNP rose at an annual rate of 5.6 percent in the first three months of this year, the fastest rate since 1982, many analysts said this figure overstated the underlying inflation rate.

They said the Consumer Price Index was giving a more accurate picture of inflation. In April, the government said the CPI rose 0.4 percent following a 0.5 percent March rise.

The country's terrible trading performance — the 1984 deficit was \$123 billion — has been blamed on the strength of the dollar and analysts said even with the recent declines it will take at least a year before the trade picture will start to improve.

California septuplets: six survive

Associated Press

ORANGE, Calif. — Six "very pink, very small" babies were delivered by Caesarean section Tuesday to an English teacher, 30, who took a fertility drug, but a seventh infant was born dead, hospital officials said.

Three dozen doctors, nurses and other medical staffers at Children's Hospital of Orange County assisted in the operation on Patricia Frustaci, who developed complications in her 28th week of pregnancy.

The four surviving boys and two girls — ranging in weight from 1 pound, 1 ounce to 1 pound, 13 ounces — were listed in critical but stable condition. Hospital spokesman Doug Wood said premature babies weighing less than 2 pounds generally have a 35 percent to 40 percent chance for survival.

"Right now there is no major problem with any of the six," Wood said. "They all look very pink, very small, very thin. The smallest one you could easily hold in my hand."

The infants' chances of long-term survival can't be estimated at this time, hospital spokeswoman Debra Conkey said.

The Guinness Book of World Records lists no cases of septuplets all surviving. It mentions three previous cases in which sextuplets survived, but none were in the United States.

The babies were transferred in isolettes to a special neo-natal intensive care unit at Children's Hospital via an underground tunnel linking it to the adjacent St. Joseph Hospital, where Frustaci started undergoing surgery under a general anesthetic at 8:17 a.m., Wood said.

The first girl was born at 8:19 a.m., followed by two boys and another girl a minute later, two more boys at 8:21 a.m. and a dead girl at 8:22 a.m., St. Joseph spokeswoman Valerie Orleans said.

Insurers say day care cases on abuse led to rate hikes

Associated Press

Child day care centers nationwide face the prospect of no liability insurance or dramatically higher rates because insurers have labeled them badrisks after several widely publicized sexual abuse cases, officials say.

The insurers' changing attitudes threaten the existence of many of the nation's 25,000 to 30,000 licensed child care centers, which serve about 2 million children of working parents, child care experts warn.

"Either they're being dropped (by insurers) or the rates are going sky high," said Ted DeWolf, director of child care licensing for the Michigan Department of Social Services.

One center in Philadelphia, for example, was able to renew its coverage, but its premium increased 47 percent.

Child care officials said insurers' exaggerated fears are causing them to write off an entire industry because of a few isolated but dramatic abuse cases.

"Once the initial paranoia is over, maybe some rationality will return," said Roger Neugebauer of Redmond, Wash., editor of the quarterly "Child Care Information Exchange."

"I think it's unfair of the industry to deny liability insurance to day care centers," said Bill Hankins of the Michigan DSS. "We've had centers that have never had a claim before and their policies are being canceled."

Hankins' department recently sent questionnaires to 2,500 licensed

Recent, widely publicized sexual abuse investigations have changed the industry's perception of the risks of insuring day care centers.

centers in Michigan asking how many are having difficulty obtaining insurance coverage.

Insurance industry officials said they have no figures on how much money, if any, has been paid in claims based on sexual abuse in child care centers.

"I don't know what losses have

come in," says David Willis, spokesman for Cigna Corp. of Philadelphia, once a major insurer of child care centers nationwide that is now scaling back its coverage.

Willis and other insurance officials said their industry reacts to news reports, as well as direct experience, in making coverage decisions.

"What we know is what we've been reading in newspapers and seeing on television," said Mary Zavada of the Insurance Information Institute, a New York-based trade group.

Willis and Zavada said recent, widely publicized sexual abuse investigations in Michigan, California and New York have changed the industry's perception of the risks of insuring day care centers. Previously, the industry almost automatically issued liability insurance for such centers.

Earlier this year, Cigna canceled insurance coverage for Hilltop House in Ypsilanti, Mich. Its director, Patty Sherwood, said the center had submitted only minor claims to the company; none of the claims involved child abuse.

Sherwood said she was confident the center will find another insurer, but added that she expects increased premiums.

McMuseum recreates 1955 eatery

Associated Press

DES PLAINES, Ill. — Paris has the Louvre. London has Madame Tussaud's. Now this Chicago suburb has the McMuseum.

The McDonald's Museum was dedicated Tuesday in the red-and-white tile restaurant where hamburger history was made 30 years ago.

It was under those neon golden arches just north of Chicago that Ray Kroc opened his first drive-in restaurant on April 15, 1955.

Today, more than 52 billion burgers later, it's "an American landmark," said Michael Quinlan, company president. "This is where Ray Kroc took his first step in building what has become the world's biggest small business."

The museum will be vintage 1955: mannequins in white shirts, paper hats, and thin black ties identical to those worn by the first employees; tapes of Elvis Presley and other rock 'n' rollers; original hamburger wrappers and four period cars in the parking lot.

The museum is "recreated as a time capsule as (the building) was in 1955," said Charles Ebeling, McDonald's director of corporate communications.

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