

# World and Nation

## China's nuclear offer to Iran threatens U.S., China pact

Associated Press

WASHINGTON — Newly uncovered information that China recently has offered sensitive nuclear technology to Iran and other nations threatens to derail the U.S.-China nuclear cooperation agreement signed in July, congressional experts and other analysts said Wednesday.

They voiced concern that China will help other nations, including Iran, acquire a nuclear weapons capability in violation of the spirit of the U.S.-China nuclear agreement, which provides the framework for sales of U.S. commercial nuclear technology to China.

Sen. Alan Cranston, D-Calif., went public with charges Monday that China has aided, or offered aid, to Brazil, Argentina, Pakistan, South Africa and Iran.

"My information is that China has either engaged in serious nuclear trade negotiations with or actually has continued a series of nuclear exports to each and every one of these five 'nuclear outlaw' nations subsequent to Chinese discussions with the Reagan administration officials on the importance of curbing such

troublesome exports," he said in a statement on the Senate floor.

Cranston accused the Reagan administration of a cover-up in suppressing such information and said he would oppose the agreement, which would take effect early next year unless Congress blocks it.

No other member of Congress has gone as far as Cranston in making public information and suspicions about Chinese activity that could result in other nations acquiring nuclear weapons. But other informed congressional sources confirmed the information about Chinese discussions with Iran and said that China had offered to sell nuclear technology to Iran after the agreement with the United States takes effect.

The sources, who insisted on not being identified, said the discussions were held during a visit to China by Iranian House Speaker Hashim Rafsanjani in June just three weeks prior to the visit by President Li Xiannian to the United States when the agreement was signed.

Sen. John Glenn, D-Ohio, is known to share Cranston's concerns about Chinese proliferation activity,

although he said he didn't want to comment on Cranston's latest charges. Glenn was the chief author of the Nuclear Nonproliferation Act of 1978 and Cranston was a sponsor.

In an interview with The Associated Press on Tuesday, Glenn called on the administration to plug loopholes in the agreement that he said would make it possible for China to help spread nuclear weapons in violation of the spirit of the accord.

Glenn has introduced legislation to amend the agreement by setting rigid licensing requirements for any exports of American nuclear technology to China. In effect, these requirements would rewrite the agreement because they would require China to first agree to specific safeguards it hasn't endorsed in the agreement itself.

Several key congressional staff members and outside analysts said Wednesday they thought the Glenn legislation had a good chance of approval. They said it would be a face-saving solution for both sides because it wouldn't require rejecting the agreement itself.

## Analysts predict sluggish growth in yearly inflation, tax increases

Associated Press

WASHINGTON — The fifth straight 0.2 percent monthly increase in the government's Consumer Price Index means inflation is running at such a slow pace that Social Security recipients will get their smallest cost-of-living raise since benefits were tied to inflation.

Moreover, the September retail price measure reported Wednesday by the Labor Department added the final figure to a federal income tax "indexing" formula that will translate to a barely noticeable change in the average American's 1986 taxes.

The 3.7 percent tax indexing change — based on comparing fiscal 1985 inflation to 1984 — will result in the \$1,040-per-person income tax exemption rising to \$1,080 for returns filed in 1987. The standard deduction for single people will go from \$2,390 to \$2,480 and for couples from \$3,540 to \$3,670.

Tax table brackets will be widened by the same 3.7 percent so more in-

come will be taxed at lower rates.

The 3.1 percent Social Security benefit increase — based on a slightly different set of statistics than those used for tax indexing — works out to a \$14 monthly increase for the average recipient starting Jan. 1.

In all, the modest changes are a reflection of analysts' months-long assertions that inflation is no longer a major factor in the U.S. economy.

Donald Straszheim, of Merrill Lynch, Pierce Fenner and Smith said the declining dollar is likely to push inflation up slightly in 1986, "maybe a few tenths of a percent, but not dramatically so. We see continued good news on inflation."

Robert Wescott, of Wharton which is projecting 1986 inflation at about 3.5 percent, said, "With commodity prices as low as they are and wages under control, we are still going to see very moderate inflation for the next year."

In another report Wednesday, the Commerce Department said orders

to U.S. factories for durable goods dropped 1.1 percent last month as a big decline in demand for military hardware offset small gains elsewhere.

Without last month's 19.3 percent drop in defense contracts, new orders would have posted a 0.7 percent increase in September and a particularly key category, non-defense capital goods, showed a 4.7 percent increase.

In a separate report, the Labor Department said Americans' average weekly earnings, after adjusting for inflation, rose a sharp 0.7 percent in September, the biggest increase since April 1984.

The big gain stemmed from increases in wages and hours worked which were offset only slightly by the 0.2 percent increase in inflation.

September's seasonally adjusted 0.2 increase in the Consumer Price Index means retail prices are rising at a 3.2 percent rate for the first three-quarters of 1985.

## El Salvador releases plan to trade jailed rebels for Duarte's daughter

Associated Press

SAN SALVADOR, El Salvador — The government said Wednesday it will free 22 jailed rebels and permit evacuation of 96 wounded guerrillas in exchange for the kidnapped daughter of President Jose Napoleon Duarte, a friend of hers, and some abducted municipal officials.

The deal ended more than six weeks of tension that nearly paralyzed the Salvadoran government while leaders negotiated with a little-known guerrilla group.

Julio Adolfo Rey Prendes, the president's chief adviser, said Duarte's daughter, Ines Guadalupe

Duarte Duran, 35, would be reunited with her family by today. He said her friend, Ana Cecilia Villeda Sosa, 23, who was kidnapped along with Duarte Duran on Sept. 10, also would be freed.

But he said the exchange would be "at a determined date" and would be private by mutual agreement.

Rey Prendes said the deal was made in a series of meetings held in Panama between Sunday and Tuesday. He said government officials dealt with two ranking officials of the Farabundo Marti National Liberation Front, or FMLN, the Salvadoran guerrillas' umbrella organization.

A group calling itself the Pedro Pablo Castillo Front initially claimed responsibility for the abductions of the two women outside a private university where they were going to at-

tend classes. A presidential bodyguard was killed by the kidnapers and another guard was seriously wounded.

Rey Prendes described the decision to evacuate the wounded rebels as "humanitarian" and said the government had contacted the Roman Catholic Church about sending wounded rebels out of the country.

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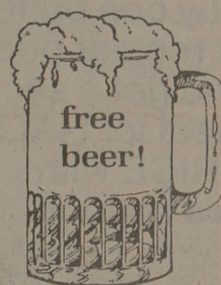
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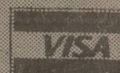
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