

# State and Local

## White: Clements caused overcrowding

AUSTIN (AP) — Gov. Mark White and his opponent, former Republican Gov. Bill Clements, blamed each other Thursday for the state's overcrowded prisons.

Clements said White is flirting with unconstitutional action by endorsing a lease-purchase plan for a new state prison. He said White should call a special legislative session to appropriate money from the state treasury.

White said Clements is "shamelessly" trying to pass the buck for his own failures, including vetoing a new prison several years ago.

"He's shameless," White told his weekly news conference. "We ought to send him a bill for about \$37 million, which is how much more it costs to build this prison than the one he vetoed."

"We would not be arguing about this today if he would have done what he should have done then. He played games with the future of Texas. He played games with the most difficult problem any state has — the keeping of prisoners."

Clements said current plans by the Texas Department of Correc-

tions board to build a prison with private funds, then lease and purchase it, violate the Texas Constitution's prohibition against deficit spending.

"The lease-purchase agreement is patently unconstitutional. Mark White needs to do what is right. Mark White should call a special session, scrub the budget and find the money to build new prisons," Clements said.

"Lease-purchase is deficit financing. It would walk the state government off the plank of fiscal

chaos and enormous debt," he said.

The state currently is under a federal court order to add a 2,250-bed prison by Sept. 1, 1987. But problems have been encountered finding the money to build one.

White said he is confident that the lease-purchase arrangement will work, insisting it is no different than the state government's currently leasing some 7 million square feet of commercial office space.

## Gramm proposal to tax plan would benefit Texans

WASHINGTON (AP) — Sen. Phil Gramm said Thursday that he plans to offer an amendment to the tax overhaul bill that would benefit taxpayers in states without income taxes by allowing the option of deducting either state income levies or sales taxes.

Gramm, R-Texas, told a news conference he also expected to suggest paying for the deduction by closing a "gaping loophole" in the bill that allows unrestricted deductibility of interest on second mortgages.

"That is an option we're looking at right now," Gramm said. "To propose allowing people to choose between full deductibility of income taxes or full deductibility of sales taxes and fund it by eliminating a loophole that allows people to get second mortgages to spend on vacations, buying boats, buying automobiles and other things that are not deductible under the tax code."

Gramm said his amendment would benefit states that rely more on sales taxes than income taxes. Under the bill as it now stands, taxpayers would be able to deduct state income

taxes, but not sales taxes. Texas has no state income tax.

He said the other states most likely to benefit would be Alabama, Alaska, Arizona, Connecticut, Florida, Indiana, Louisiana, Mississippi, Nevada, New Mexico, North Dakota, South Dakota, Tennessee, Washington and Wyoming.

The massive tax overhaul legislation, which is undergoing lengthy debate on the Senate floor, would decrease the basic federal income tax rates for most taxpayers while eliminating many deductions.

Gramm, a principal sponsor of the Gramm-Rudman balanced-budget law, said restoring the sales tax deduction across the board would cost \$17 billion over five years, but the giving taxpayers his proposed option would cost \$3.3 billion.

He said he was leaning toward offering an amendment that would offset the cost of the option approach by allowing deduction of second mortgage interest only when the money is used for a home, home remodeling, a second home, medical expenses or tuition and books.

## Area businesses losing money after train's derailment

SAN ANTONIO (AP) — The cleanup of a derailed freight train has meant hundreds of thousands of dollars in losses for nearby businesses that have been forced to close because of an evacuation order, officials say.

"Our business has been a total loss because of this," said Larry Jones, general manager of Goldthwaite's of San Antonio, a supplier of golf course materials.

Jones' business and others in the area have been shut down since Sunday when 32 cars of a Union Pacific freight train derailed.

The derailment caused an explosion which ignited a fire that burned

several tankers hauling butadiene, a gas used in the manufacture of rubber and plastics, and formaldehyde.

Officials, who decided to let the resulting fire burn itself out, ordered an evacuation of businesses and homes within a 2,500-foot radius. Initially, 2,000 people were forced from their homes, but by Thursday, the number had been reduced to about 750.

Union Pacific officials said it likely would be sometime this weekend before everybody would be allowed to return to their homes.

Denny Day, general manager of Western Emergency Services, explained the reasoning behind the ex-

tended evacuation, saying, "We could have a violent explosion."

Work crews Thursday were attempting to burn off the remaining chemicals inside the derailed cars. Officials said that step is the most dangerous.

Jones said the derailment came at the busiest time of the year for his business.

"It's a big concern and a big worry for all of us," he said. "It's unfortunate that we can't do anything about this."

Jones said he has contacted claims adjusters with the railroad but is not sure if he will be reimbursed for the

estimated \$37,000 he is losing daily in sales.

Tom Rice, general manager of Vaughan and Sons Lumber Co., said, "Each day this goes on, it gets worse." But he also said, "We want to be sure it is safe."

Jack Stiffler, sales manager of Kobel Enterprises, said the evacuation has cost his business hundreds of thousands of dollars. Most of the 125 employees of the company, which makes auto hoods and other accessories, have been idled this week.

Meanwhile, officials said they likely will never be able to identify the bodies of the two men found in the derailed train.

# Mexico defends policy on loss of capital to U.S.

MEXICO CITY (AP) — The government, in desperate need of new loans for a stalling economy, is trying to defend itself against charges that government policies caused worried Mexicans to move billions of dollars out of the country.

Foreign bankers and government officials have expressed reservations about lending Mexico more when so much money leaves the country.

Analysts say capital flight occurs when in-

vestors and others lack confidence in the economy and the government.

Since 1982, the government has been blamed for soaring inflation, uneven growth and a bloated federal budget.

In those conditions many Mexicans turn their peso currency into dollars, taking the money out of their own economy and most often into the United States.

Morgan Guaranty Trust Co. of New York estimates that Mexico lost \$53 billion in capital from 1976 through 1985. This gives the

country the worst outflow in Latin America.

From 1983 through 1985, Mexico lost \$17 billion, the bank said.

Because of this, Mexico owed \$97 billion in foreign debts at the end of last year instead of the \$12 billion they would have owed, the bank said.

Mexico disputes Morgan Guaranty's figures.

Mexican officials complain they have gotten little help from the United States in trying to curb the flow.

The Bank of Mexico, the nation's central bank, estimates that \$6.8 billion left in 1983-85.

Analysts also estimate that \$1 billion returned to Mexico this year after the Bank of Mexico tightened credit controls and virtually cut off the flow of loans to the private sector.

Businesses were forced to bring some of their money back to continue operations, analysts and government officials say.

President Miguel de la Madrid said in a

television interview this week that high U.S. interest rates of recent years have attracted Mexican money.

Miguel Mancera, Head of the Bank of Mexico, has argued that among other things, some of the money Morgan Guaranty calculated as capital flight was lost to smuggling.

Mexicans wanting consumer goods not available here can easily buy the goods in the United States and sneak them in.



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.52cts.	875.00	1775.00	.30cts.	365.00	700.00
.53cts.	845.00	1750.00	.33cts.	395.00	675.00
.54cts.	695.00	1395.00	.35cts.	425.00	895.00
.54cts.	875.00	1775.00	.37cts.	450.00	900.00
.55cts.	865.00	1850.00	.50cts.	895.00	1795.00
.55cts.	895.00	1800.00	.70cts.	1195.00	2395.00
.56cts.	895.00	1800.00	.73cts.	1235.00	2450.00
.57cts.	895.00	1800.00			
.58cts.	945.00	1900.00			
.59cts.	930.00	1850.00			
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.65cts.	835.00	1750.00	.38cts.	285.00	595.00
.66cts.	975.00	1795.00	.44cts.	335.00	700.00
.72cts.	1050.00	2000.00	.71cts.	1495.00	2895.00
.76cts.	1125.00	2250.00	.78cts.	1650.00	3000.00
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