

World and Nation

U.S. trade deficit shows improvement

WASHINGTON (AP) — The nation's merchandise trade deficit registered a slight improvement in September, shrinking to \$12.6 billion from \$13.3 billion in the previous month, the government reported Thursday.

Commerce Secretary Malcolm Baldrige said the report was evidence "that we have turned the corner on the trade deficit."

Private analysts agreed that the improvement — due largely to lower imports of manufactured goods, including automobiles from Japan — was welcome news. But some cautioned that it was not necessarily a sign of the long-awaited turnaround in trade accounts.

The Commerce Department said imports fell by 2.7 percent to \$30.1 billion in September, while exports dipped by 0.5 percent to \$17.5 billion. It was the second month in a row the trade deficit has decreased.

In a separate but related report, the Labor Department said prices of goods imported into the United States rose 0.7 percent from June to September, following declines in the previous two quarters.

In all, the report said, prices of non-petroleum imports have advanced 10.2 percent since September 1985, a period during which the value of the U.S. dollar against other major currencies has declined by more than 30 percent.

Economists claim a weaker dollar eventually will help ease this nation's trade balance by making imported

Industry group: U.S. could save \$5 billion by easing gas controls

WASHINGTON (AP) — At least \$5 billion could be shaved from the U.S. trade deficit annually if the government relaxed natural gas price controls and opened access to interstate pipelines, an industry group said Thursday.

"The inability of natural gas producers to get their gas to markets has been an important contribution to the U.S. balance of payments deficit since 1982," said Nicholas J. Bush, president of the Natural Gas Supply Association.

Bush cited a NGSA study that says government price controls on natural gas cannot keep up with the rapidly fluctuating prices of the global oil market.

The Commerce Department released figures Thursday showing the trade deficit for September was \$12.6 billion, with oil imports accounting for \$3.1 billion.

goods more expensive at home and U.S. goods less costly abroad.

In yet another economic report, the Commerce Department said

sales of new homes rose 10.6 percent in September to a seasonally adjusted annual rate of 690,000 units.

Price controls on domestic natural gas apply only to fuel produced before 1978, called "old gas," according to Robert Isaac, a spokesman for the Federal Energy Regulatory Commission.

The Department of Energy has asked FERC to look into rule changes that would ease those controls to give domestic gas producers more freedom on the open market, Isaac said.

Bush's study also blames restricted access to interstate pipelines for choking off the sale of natural gas equal to 1 million barrels of imported oil per day.

"In 1985 alone, U.S. imports of petroleum products cost the country \$52.4 billion, while over 2 trillion cubic feet of domestic gas, which could have replaced imported oil was 'shut in' for lack of access to markets," Bush said.

The increase was the first improvement in sales since March, when they had soared 24.7 percent on the strength of big declines in mortgage interest rates.

For the first nine months of 1986, the United States amassed a trade

deficit of \$127.8 billion, compared with a \$106.6 billion shortfall for the same period in 1985.

Isaac said current federal law asks that pipeline companies voluntarily provide access to transport natural gas, but doesn't require them to do so.

But Ray Courage, spokesman for the Interstate Natural Gas Association, said pipelines are in the business of carrying gas and have been carrying as much as they can handle.

Isaac said before deregulation of the natural gas industry in 1978, the pipeline companies traditionally served as both the purchaser and transporter of gas, but that has changed in recent years.

Americans have been importing more than they have been exporting since 1981, with last year's record

deficit of \$148.5 billion expected to be easily outstripped this year. Baldrige said he is projecting a 1986 deficit of around \$172 billion, but he said that figure should drop by \$30 billion to \$40 billion in 1987.

Senate Democratic Leader Robert C. Byrd, D-W. Va., said he was unimpressed with the new trade figures or, "the Reagan administration's policy of inaction."

President Reagan, on a campaign tour through Nevada Thursday, said, "Just this morning we learned the trade deficit in September declined from its peak for the second month in a row and is now down 30 percent. This is particularly good news for our manufacturing industries. We also learned new home sales were up in September over 10 percent. I believe the economy is on a roll and I think it is a sure bet we're about to hit another jackpot. We pulled the handle and it came up jobs, jobs, jobs."

As usual, the largest single deficit was with Japan, \$4.1 billion in September, but that was down from the \$4.7 billion imbalance in August.

Helping to narrow the gap with Japan was a reduction in automobile imports from that country — \$1.5 billion in September against \$1.8 billion in August.

Oil imports increased in September to \$3.1 billion from \$2.6 billion the previous month. An average of 8 million barrels of oil a day were imported in September, 1.7 million more a day than in August.

Gorbachev plans to visit Latin America

WASHINGTON (AP) — Soviet leader Mikhail S. Gorbachev is planning to visit Latin America, apparently in an attempt to penetrate peacefully an area where the United States has long been the dominant influence, administration officials say.

The Soviet Communist Party General Secretary plans to visit Cuba, Moscow's closest ally in the hemisphere, and also is expected to become the first Soviet leader ever to travel to Mexico, Argentina and Brazil, the officials said.

The trip, tentatively set for next spring, may include other South American countries as well.

Soviet Foreign Minister Eduard Shevardnadze visited Mexico City three weeks ago and laid the groundwork for the Soviet-Mexican summit, according to the officials, who insisted on anonymity.

Some officials described the prospective visit to Mexico as a normal development in relations between the two countries. They said Mexico has long been interested in expanding its diplomatic horizons and that three previous Mexican presidents have visited Moscow.

The officials added that Shevardnadze and his Mexican hosts seemed intent on not saying anything that could be construed as hostile to the United States.

Other officials, however, said they were concerned that the Shevardnadze talks and the prospective visit by Gorbachev raises the possibility of an expanded "Soviet foothold" in this hemisphere.

A long-term Soviet goal in Mexico is the opening of consular offices in northern Mexico, which would enable the Soviets to widen their intelligence-gathering capabilities in the southern United States, the officials said.

Shortly after Shevardnadze's visit to Mexico, Argentine President Raul Alfonsín became the first leader of that country to visit the Soviet Union.

Gang members charged in terrorist conspiracy

CHICAGO (AP) — Four members of the El Rukn street gang were indicted Thursday on federal weapons charges for allegedly offering to carry out terrorist attacks in the United States in exchange for money from Libya.

Charged in the conspiracy are El Rukn leader Jeff Fort, imprisoned in a federal penitentiary in Texas on a drug conviction; Melvin Mayes; Alan Knox; and Trammel Davis, all of Chicago.

Knox and Davis were arrested Aug. 5 following a raid on the gang's South Side headquarters that yielded more than 30 weapons, including an inoperative M-72 series light anti-tank

rocket that had been sold to the gang by an undercover FBI agent.

Knox, 35, and Davis, 34, are being held without bail on federal weapons charges stemming from that raid. Mayes, 29, is being sought by authorities.

Charles Lee Knox, 42, was arrested outside his Chicago home later Thursday on a federal warrant issued earlier in the day in San Antonio said FBI spokesman Bob Long. Knox was sought for making false statements to the government in the case, said U.S. Attorney Anton Valukas.

Long stressed that gang members sought out

representatives of the Libyan government, and not vice versa.

"It appears the El Rukns were interested in building a war chest," he said.

"They offered to do whatever the bidding of Libya might be, though nothing actually came of the plot," he said.

Valukas said El Rukn members made contact with Libyan officials during travels to several U.S. locations, apparently New York, Chicago and Texas, to propose their plans. According to the indictments, the contacts began in March.

Valukas declined comment on whether the Libyan officials agreed to the El Rukn proposal.

A receptionist at Libya's mission at the United Nations who declined to identify herself said Ambassador Ali Treiki was out of the mission and would not be available Thursday for comment.

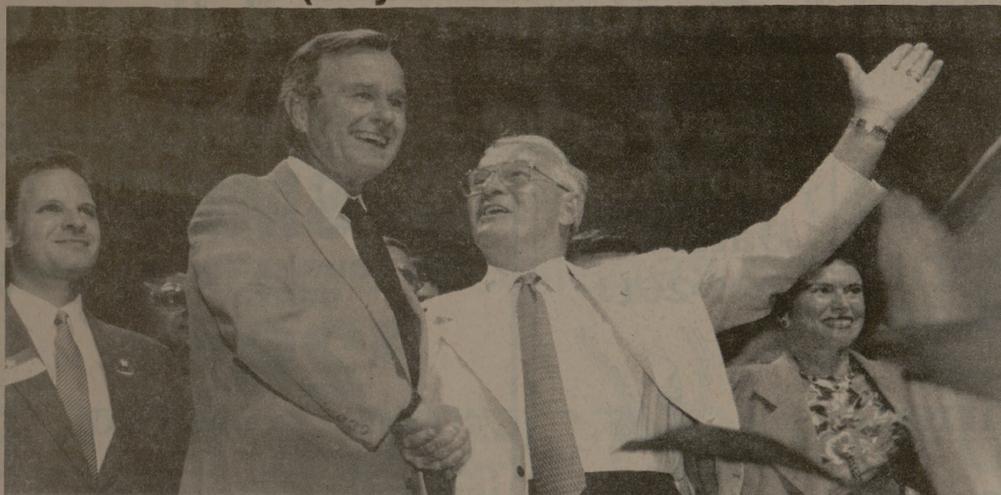
The El Rukns offered to use the weapons and explosives they had been gathering since March — including several purchased from undercover FBI agents — to damage federal properties and vehicles, Valukas said.

He declined to be more specific. Authorities estimate the gang's membership at several hundred.

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U.S. Congressman Joe Barton

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