

Prosecutor to continue investigating drug case

ATLANTA (AP) — There is insufficient evidence to prosecute Mayor Andrew Young or other city officials for obstruction of justice in the handling of drug allegations against civil rights activist Julian Bond, a federal prosecutor said Wednesday.

But U.S. Attorney Robert Barr said his office is continuing to investigate allegations of possession and distribution of illegal drugs by a number of prominent Atlantans.

He declined to identify the targets of the drug investigation, which began after Alice Bond went to police March 19 and reported that her husband used cocaine regularly.

Bond, a former state senator and current president of the NAACP in Atlanta, has denied drug use and has not been charged with any crime although Mrs. Bond, in a tape recording of a police interview, said

drug dealers fed cocaine to her husband "like milk to a baby."

Barr would not speculate on when his office would wrap up its investigation or whether a federal grand jury would hear more evidence.

Young, flanked by top city officials and supporters, said at a City Hall news conference later that his faith in the judicial system has been affirmed.

"I was really pleased that after a complete and thorough investigation, the U.S. attorney found there was nothing we could be indicted for," Young said. "The thing that hurt me the most (about the investigation) was to be associated with drug use."

The grand jury was asked to consider whether Young, who was ambassador to the United Nations in the Carter administration, tampered with a federal witness by telephoning Mrs. Bond on March 25 before

an interview she had with police and FBI agents.

Young acknowledged that he made the call, but said he called her out of concern as a family friend and the call was not intended to discourage her testimony.

"I said if she really had evidence, fine, but if she was just telling, passing rumors... she shouldn't do anything in a fit of emotion," Young told reporters.

Mrs. Bond later told police she would no longer provide them with information and called newspapers to recant her previous statements, saying they were made when she was under emotional stress.

Mrs. Bond's attorney said she told the grand jury she did not believe Young was trying to stop her from going to the police.

Young has said he called Mrs. Bond after being briefed on the matter by Police Chief Morris Redding.

Warped



by Scott McCullough

U.S. economy shows growth after trade deficit improves

WASHINGTON (AP) — The U.S. economy, helped out by the first back-to-back quarterly improvements in the trade deficit in six years, grew at a surprisingly strong 4.8 percent annual rate in the first three months of the year, the government reported Wednesday.

The Reagan administration said the performance of the gross national product from January through March was signaling a "bright economic picture for 1987," but private economists were less enthusiastic, contending that the GNP was vastly overstating economic strength.

The new report represented an upward revision from a month ago, when economic growth was estimated at 4.4 percent. All of the improvement came from a sharper drop in the nation's trade deficit than previously believed.

The 4.8 percent GNP rate was more than four times the 1.1 percent GNP increase recorded in the final three months of 1986 and it was the best performance since the economy grew at a 5 percent rate in the spring of 1984.

The faster growth was accompanied by higher inflation, however. An inflation index tied to the GNP showed prices increasing at an annual rate of 4.2 percent in the first quarter, the fastest advance in three years. The increase was blamed on higher energy costs.

The country's trade deficit de-

clined at a rate of \$14.3 billion in the first three months of the year following a \$15.3 billion drop in the fourth quarter. It was the first time trade has improved in two consecutive quarters since 1980.

In another report Wednesday, the government said American factories, mines and utilities operated at 79.6 percent of capacity in May, up 0.2 percentage point from April. Analysts said this increased operating rate was further evidence that the manufacturing sector is starting to regain lost overseas markets.

The administration is counting on a big improvement in trade this year to boost economic growth in the face of slower consumer demand.

Presidential spokesman Marlin Fitzwater said the new GNP figures showed "every reason for optimism" that no new recession is imminent.

But private economists noted that of the major components of GNP, only two showed strength in the first quarter. In addition to a \$14.3 billion drop in the trade deficit, business inventories shot up \$69.2 billion.

The large inventory build-up was coming at a time that consumer spending was declining for the second consecutive quarter, a rare event which last occurred 13 years ago at the start of the 1974 recession.

Consumer spending, which accounts for two-thirds of all economic activity, fell at an annual rate of \$25.7 billion, a 1.1 percent decline

which followed a 0.4 percent decline in the fourth quarter.

In addition, business spending dropped 9.7 percent, housing construction was flat, and an annual rate of 4.7 percent in the first quarter.

"We have turned the corner in terms of trade, but other sectors of the economy are weak," said Lawrence Chimerine, president of Wharton Econometrics of Bryn Mawr, Pa. "With auto sales and housing weakening, the big question is how much strength we will have in the second half of the year."

The inventory build-up, the major source of strength in the quarter, will not be repeated. It will be a source of weakness as production is reduced to work off unwanted stockpiles in the face of slumping sales, analysts said.

Washington economist Mark Evans predicted GNP growth in the April-June quarter would slow to 1.25 percent with only a slight improvement in the second half of the year.

Maury Harris, chief economist of PaineWebber Inc., also predicted much slower growth for the second year, but he said such a performance was still remarkable for a recovery that is now 55 months old.

"We will have a pretty good recovery considering this is the fifth year of an economic recovery," he said. "Usually expansions die by now."

Panda cubs reported to be in good health

MEXICO CITY (AP) — Two panda cubs born in Chapultepec Zoo two days ago were in fine health Wednesday, the zoo's director said.

"So far, the two are in excellent condition," director Maria Elena Hoyo said in a phone interview.

Counting the two tiny cubs born Monday to Ying-Ying, donated to Mexico by China in 1975, Mexico now has seven pandas, the largest panda family outside China.

Ying-Ying is nurturing what appeared to be the largest of the two, while the second was being cared for in an incubator.

Hoyo said special milk was being brought in from Washington to feed to the second cub. She said if that works, plans to give the cub to a female of another animal species for nurturing would be postponed.

Intelligence sources: Iran may spearhead terrorist attacks in gulf

WASHINGTON (AP) — Intelligence officials have warned that Iran might sponsor terrorist attacks against U.S. interests in the Persian Gulf in a way that would be difficult to trace back to Tehran, congressional sources said Wednesday.

The CIA has told the Senate and House Armed Services Committees that there is only a relatively low probability that the Islamic fundamentalist nation will directly attack U.S. Navy ships or U.S.-protected Kuwaiti tankers, said the sources, speaking on condition of anonymity.

Instead, Iran is likely to strike at ships which won't be protected by the U.S. Navy, the sources said.

Iran also might try to hit the U.S. ships in a manner that couldn't be

directly tied to Iran, the sources said.

Meanwhile, Rep. Les Aspin, D-Wis., chairman of the House Armed Services Committee, said the administration has seriously underestimated the risks involved in the gulf, especially those posed by mines or by terrorist attacks.

The dispute over the threats to U.S. interests in the volatile region came as the Senate Foreign Relations Committee delayed action Wednesday on a bill that would prohibit President Reagan from implementing his plan to protect Kuwaiti oil tankers in the Persian Gulf until Congress first approved it.

Pentagon sources earlier said the United States expects to begin escorting Kuwaiti oil tankers in the gulf using eight warships in early July.

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