

Nixon Reportedly Viewing New Import Tax

IN WAKE OF DOLLAR CRISIS

WASHINGTON, D.C. (AP) — President Nixon's administration is reported considering a special additional tax on imports to prod reluctant trade partners into early negotiations on trade as well as monetary problems. This assessment was made Thursday by sources who could not be named but are close to

the administration's economic thinking. They suggested that the threat of an import surcharge, guardedly mentioned as a possibility Tuesday by Herbert Stein, chairman of the President's Council of Economic Advisors, may be enough to speed the kind of negotiations the United States wants. But if not, they said, it cannot be assumed that Mr. Nixon would refrain from imposing the surcharge, which would not require congressional action. A 10-per-cent surcharge was

imposed briefly in 1971 when Mr. Nixon launched his new economic program. It did not remain in effect long enough to have much impact on the flow of foreign goods into the country, but it was credited by many as a factor in bringing about the Smithsonian agreements that headed off a trade-monetary crisis. Talks Have Slowed The follow-up on these agreements, however, has been disappointing to many, both in the administration and in Congress. Discussions have not proceeded

as fast as had been hoped and European trading partners have pushed for considering monetary questions first, postponing trade issues that urgently concern the United States, which now is facing a mounting excess of imports over exports. The United States wants to talk about the whole complex of exchange rates, trade and capital movements at once. The new mention of an import surcharge came against the background of gloomy trade balance predictions and waves of selling that battered the dollar on the European markets, and were continuing Thursday. However, the two-week-old international money crisis undermining the strength of the U.S. dollar appeared Thursday to be headed for a climax, perhaps by the weekend. The value of the American currency particularly was threatened in West Germany by money dealers seeking to buy marks in anticipation the German currency will be revalued, despite Bonn's resolve not to do so.

"multilateral means." But, he added, "if we can't, we'll have to take some steps — and the list is not too long." Despite Mr. Nixon's domestic conflicts with the Democratic-controlled Congress, there are signs he could count on important co-operation in his efforts to solve the international trade-monetary tangle. Chairman Wilbur D. Mills (Dem., Ark.), whose Ways and Means Committee will handle the trade legislation to be submitted by the administration later this year, conferred at length Wednesday with Mr. Nixon and separately with Chairman Arthur Burns of the Federal Reserve Board. Mills inserted in the Congressional Record a speech listing what he called warning signals of worsening trade balance and outflow of capital. He concluded: "These matters must be considered, soon, in a conference, not later in separate conferences. These problems are growing, these solutions are becoming more evasive."

Earlier in the week, the bulk of the dollar sales were said to be from funds deposited in Europe. Partly as a result of the new influx from the Middle East, West Germany's state bank

was forced to take in an unprecedented \$1.7 billion Thursday, the biggest one-day amount of support buying in the current crisis. Governors of state banks from leading West European nations were due to meet in Basel, Switzerland, over the weekend to discuss the current crisis. Dealers in Europe have tended to blame the crisis on the newly announced deficit of \$8.5 billion in the U.S. 1972 balance of payments. Countries like West Germany and Japan are in surplus.

Order Trial for 2 in Slayings

DONIPHAN, MO. (AP) — Two Missouri men have been bound over for trial on first-degree murder charges after two days of hearings into the slaying of the Grandin, Mo., bank president, his wife and 17-year-old daughter last month. At a hearing Thursday, Magistrate Willie Dodd ordered Lloyd D. Cowin, 21, and Jerry Wayne Rector, 22, held for trial. No hearing date had been set for the third man charged in the extortion-slayings, Dallas R. Delay, 33, of Valles Mines, Mo.

ORDER TROOPS INTO CUSTER

CUSTER, S.D. (AP) — Gov. Richard Kneip ordered a 100-man unit of the South Dakota National Guard into the Custer area Thursday, a few hours after a 13-car caravan of American Indian Movement (AIM) members and followers was turned back about 20 miles north of here. Kneip, who placed the National Guard on alert Tuesday after a bloody fight in downtown Custer, said he had ordered the unit into three undisclosed areas near this southern Black Hills community. "I also have other Guard units on alert and assembled at Camp Rapid at Rapid City in case they are needed," the governor said. Rapid City is about 45 miles north of Custer.

The Indians were en route from Rapid City, 45 miles to the north, to Custer, site of Tuesday's battle between about 50 police and 200 Indians. Twenty six of the 36 arrested were charged Thursday with riot and arson in the melee that left at least eight persons injured and three buildings, including the courthouse, burned.

Tuesday's confrontation grew out of the Jan. 21 stabbing death of Wesley Bad Heart Bull, 20, outside a bar in nearby Buffalo Gap. Tuesday, AIM leaders asked a authorities to change the charge against Darid Schmitz, 30, of Buffalo Gap from second-degree manslaughter to murder. The request was denied and the Indians tried to storm the county courthouse.

The South Dakota Highway Patrol Thursday asked all available law enforcement officers in the state to report to Custer. Patrol Capt. Arlo Mortimer said the message was sent at the request of Custer County Sheriff Ernest Popin. All Custer businesses were ordered closed about 2 p.m. by the sheriff. An official said the closing order was for Thursday afternoon only, and "for everyone's safety."

Weapons were visible in almost every downtown business and one resident, who asked not to be identified, described the community of 2,100 as being "armed to the teeth." Dennis Banks of Minneapolis, national coordinator for AIM, said the Indians would return to Custer. "For every rifle on the street pointed at an Indian," Banks said, "I'm going to have 10 rifles aimed at a white man. Our people will return tonight."

54TH COSMOS

MOSCOW, RUSSIA (AP) — The Soviet Union launched the 54th earth satellite in its Cosmos series Thursday.

Remarkable Remarks

In Washington, D.C., Senator Vance Hartke (Dem., Ind.), who refused to submit to an airport search, said that such federal antihijack regulations are "a serious invasion of civil rights and unconstitutional." But in Senate debate, Senator Marlow Cook (Rep., Ky.) countered:

"I always felt that if we're the people to enact the laws, heaven forbid if we're not the first people to obey them."

Mail service is deteriorating while the U.S. Postal Service is fattening its payroll at the top, according to Representative Lionel Van Deerlin (Dem., Calif.). He said the Postal Service "is reducing routes, cutting work shifts of ordinary clerks and carriers, and adding highly paid executives with exotic job titles and responsibilities calculated to infuriate the public." Speaking in Washington, Van Deerlin maintained:

"The average citizen might wish to see his money spent on the more fundamental task of moving mail."

Postmaster General E. T. Klassen has asked 85 district managers of the U.S. Postal Service for their recommendations for a remedial program to insure high-quality service. In Washington, he added:

"I want your ideas on how to improve mail service, and I don't care whose toes you step on."

Stein, appearing before the Senate-House Economic Committee, was asked specifically about an import surcharge. He replied that the United States hopes to solve its problems by

Velvet Threat

Lack of Confidence

The dollar-dumping in West Germany and other money markets reflected a widespread judgment that the dollar's official value is pegged higher



MARLOW COOK

Just What Happens When Money Market in Turmoil?

LONDON, ENGLAND (AP) — Speculators dragged the U.S. dollar down again Thursday — as they have done every day for the past two weeks — in the latest international monetary crisis, and there appears to be very little anyone can do about it.

Foreign exchange dealers who run the world's money markets seemed as confused as anyone else about the turmoil of the past 10 days.

"There are are times when it is hard to tell whether we are playing a game with monopoly-type money or with the economic prosperity of the Western world," a foreign exchange dealer said here.

Even the governments of the most powerful nations in the non-Communist world had no agreed formula for controlling the speculators and restoring order to the money markets.

Part of the problem was that the dividing line between the "good guys" and the "bad guys" in the world of speculators shifts with the observer's point of view. Speculators are not just shadowy professionals making money with a knowledge of international exchange rates and the ability to use a rule. Many are the treasurers of huge international corporations.

And many of these corporations helping to drag the dollar down by their currency speculations are American-owned.

An international corporation with millions of dollars in

cash deposited in Europe is anxious to get the most for its money. It is the treasurer's job to do just that. If he thinks the German mark ultimately will rise against the dollar, it is only good business to have that cash in marks instead of dollars.

So he sells dollars and buys marks on the foreign exchange market . . . and so do hundreds of businessmen like him. Soon there is a selling wave of dollars, pushing the exchange rate — in effect, the price — of the dollar down.

According to foreign exchange dealers here, the main problem of the past two weeks is that the speculators, including the treasurers of the big international corporations, no longer trust the dollar. They believe the dollar is overvalued when compared to the German mark and the Japanese yen.

The reason for this is simple. The United States has a whopping balance-of-payments deficit. In 1972 it spent \$8 1/2 billion more abroad than it earned. Of this, \$8 1/2 billion was a trade deficit.

The Germans and the Japanese, however, both have trade surpluses. They earn more abroad than they spend. So their currencies, the speculators reason, are likely to rise eventually against the dollar.

What makes the speculators' view so important is that they back up their hunches with money, often with more money than individual governments can raise.

It may be debatable whether West Germany's mark is undervalued. What counts, however, is whether the speculators think it is. By their economic strength alone, they can put so much money into markets that they can force a revaluation upward, whether one is justified or not.

Eventually, the only way a government can stop speculators from buying their currency is to raise their own exchange rate. This is what the speculators have been betting on all along. The money they bought at the old lower rate is sold at the new higher rate and they make a profit.

Governments, however, are unhappy. Higher exchange rates for them mean higher export prices, lower foreign trade earnings and eventually unemployment at home. So they resist.

Illinois Lead on Missing C.R. Youth Proves False

By William Simbro (Register Staff Writer)

TODDVILLE, IA. — As a professional search and rescue team directed search efforts near here Thursday, authorities and the parents of Guy Heckle, 11, had a few hopeful hours when it was thought the missing boy might have been spotted in Illinois.

The hopes were dashed Thursday afternoon. Some 200 volunteers led by members of the Sierra Madre search and rescue squad from California — flown here by the Air Force — conducted an all-day search in the rough, wooded area two miles northwest of here where the boy disappeared Saturday night. He was taking part in a weekend Boy Scout campout.

Since Tuesday, Linn County sheriff's deputies had been trying to run down a report that a salesman traveling through this area had told of encountering a small boy at an Interstate Highway 74 restaurant near Bloomington, Ill. Sheriff Walter Grant said Thursday that the boy reportedly told a waitress at the res-

taurant and a service station attendant next door that he had run away from his home in Iowa.

Grant said the description of the boy and the clothing he was wearing fit that of the Heckle boy. However, when an Illinois state trooper showed a picture of young Heckle to the waitress and station attendant Thursday afternoon, they said it wasn't the boy they had seen Sunday night and Monday morning.

"We're right back where we started from," Grant said. Asked if there are any solid clues, he said, "absolutely none."

Mr. and Mrs. Howard Heckle, the boy's parents, have kept up their hope that the child is alive.

Some 500 searchers combed the area near the campsite Sunday and another 250 on Monday. Another search involved a trained bloodhound flown in from Washington state.

Among theories officers are following are that the lad may have fallen into the Cedar River or he may have run away in fear of some type of initiation hazing by older Scouts. Officers are generally discounting the likelihood of an abduction.

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