

News Digest

By The Associated Press

Kerrey calls second session

LINCOLN — Gov. Bob Kerrey ended weeks of speculation by announcing Wednesday that he will convene a special legislative session to deal with the state's massive revenue shortfall.

"It's 100 percent certain we'll have a special session," Kerrey said at a news conference called at the State Office Building to announce a new division in the state Department of Economic Development. "It's not 100 percent certain when."

Kerrey said he plans to continue talking through Thursday with key aides about the timing of the session. He said he doesn't know when he will

announce the date of the session. He said he expects the session to last at least two weeks and possibly continue for three to four weeks.

Kerrey said he's opposed to a retroactive one percentage point income tax increase to wipe out a projected revenue shortfall of more than \$30 million for fiscal 1985-86.

"That's a business-as-usual mentality," the governor said. "We don't face a business-as-usual problem."

Kerrey said he would propose "substantial budget action" to combat sluggish tax collections caused primarily by the state's weak farm economy.

In a pessimistic forecast, the governor said he expects the state's economy to continue to sputter through 1987-88.

"Government needs to respond to reality," he said. "Reality is that this is a real downturn in the economy" that requires lawmakers to slash state spending.

Kerrey refused to say how much he would request in spending reduction. He already has asked state agencies and governmental subdivisions to voluntarily cut 1.5 percent of their state-supported budgets, which would amount to a total savings of \$12 million.

U.S. outraged over slaying; vows 'maximum punishment'

WASHINGTON — The White House expressed sadness and outrage Wednesday at the "brutal killing" of an American tourist aboard a hijacked Italian cruise ship and demanded that the Egyptian government turn over the pirates for the maximum "appropriate punishment."

"From the outset, the United States government made clear to the government of Egypt and the government of Italy our opposition to negotiations with the terrorists and our expectation that the terrorists would be apprehended, prosecuted and punished," White House spokesman Larry Speakes said after confirming that passenger Leon Klinghoffer had been murdered.

President Reagan, confronted with conflicting reports about the welfare of Americans aboard the ship held for two days by Palestinian terrorists, dispatched his Egyptian ambassador to inspect the vessel to determine whether one or more of the U.S. citizens aboard had been killed.

U.S. Ambassador to Egypt Nicholas Veliotes confirmed from aboard ship that a 69-year-old New Yorker had been killed.

Speakes said the Cairo regime, which arranged to take the hijackers off the cruise liner earlier in the day, now bears the responsibility "for handling the resolution of the affair."

But he added, "The United States remains determined to see that those responsible for this heinous act be

brought to justice and punished to the maximum extent. There must be no asylum for terrorists or terrorism."

In an unusual nighttime briefing at the White House, Speakes said the United States believes the four hijackers "remain in Egyptian custody" but it does not know what the government intends to do with them. The Egyptian foreign ministry had announced earlier they would be leaving Egypt, apparently with safe passage to freedom.

The four Palestinian hijackers of the Italian cruise ship surrendered Wednesday, ending two days of terror for more than 500 hostages and in the death of one American passenger.

The body of Leon Klinghoffer, 69, of New York City, was thrown overboard by one of the hijackers. Klinghoffer, who was wheelchair-bound, was traveling with his wife, Marilyn, 58.

Capt. Gerardo De Rosa said in a radio conversation with state-run Italian television Wednesday night that a terrorist who had blood on his clothing admitted to the murder.

The Foreign Ministry said the terrorists surrendered to representatives of the PLO. They were taken to the Port Said Naval Base and were still there seven hours later, at midnight local time or 5 p.m. CDT.

"The hijackers, who number four, will leave Egypt," Foreign Minister Esmat Abdel-Meguid said. "There were no demands." He did not say where the hijackers would go.

The Palestine Liberation Organization denied involvement in the hijacking and chairman Yasser Arafat said in an interview Wednesday with French television from Tunis, Tunisia, that the pirates were not PLO members.

The hijackers demanded the release of 50 Palestinians imprisoned in Israel after they seized control of the ship, heavily armed with guns and explosives. They threatened at various times during the two-day voyage to the Syrian coast and back to kill the people aboard and blow up the liner.

They claimed to be from the Palestine Liberation Front, one of eight guerrilla groups in the PLO that split into three factions during a 1983 revolt against Arafat.

In Israel, the Jerusalem Post reported Wednesday that the guerrillas who hijacked the ship may have intended to commandeer a Norwegian ship carrying President Reagan's daughter Maureen.

The English-language newspaper, quoting an unidentified maritime source, said the hijackers may have been scared off by tight security surrounding the Norwegian Royal Viking Sky, which carried Reagan, and then decided instead to seize the Achille Lauro.

In Washington, White House spokesman Speakes refused to discuss the Post report or the whereabouts of Reagan, who travels with U.S. Secret Service bodyguards.

Congress OK'd aid to rebels, sources say

WASHINGTON — Congress has secretly approved about \$250 million in further covert military aid to rebels fighting the Soviet-backed regime in Afghanistan, Senate sources said Wednesday.

One source, who with the others asked not to be identified by name, said the money will be spent to buy large quantities of ammunition, small arms, grenade launchers, and anti-helicopter air defense weapons.

"It will enable them to replenish their stocks," he said. "It's a one-time replenishment. There is nothing being introduced that is brand new or especially esoteric. It's the kind of thing easily available anywhere in the world."

The issues of the long Soviet occupation of Afghanistan, and covert aid by several nations to the Afghan resistance, are virtually certain to be raised in the summit meeting in Geneva next month between President Reagan and Soviet leader Mikhail Gorbachev.

There was some annoyance in Congress about the latest aid request, because the Reagan administration asked for the funds late last month, immediately before the end of the 1985 fiscal year, the source said.

And he said there was some concern over the size of the request.

"We're reaching a position where a lot of us think there should be more debate on this program," the source said. "There is a lot of money involved."

The funds will be funneled to the Afghan rebels through the Central Intelligence Agency, the source said. He said the House and Senate intelligence committees approved the transfer of the money last month from secret CIA accounts appropriated for the 1985 fiscal year.

By reprogramming CIA money that had been appropriated for a previous fiscal year, the Reagan administration made the funds available for the 1986

and 1987 fiscal years. The committee actions did not require votes by the full House and Senate because the money had already been approved by Congress.

One source said the CIA had asked Sens. David Durenberger, R-Minn., and Patrick Leahy, D-Vt., the chairman and ranking minority member of the Senate Intelligence Committee to approve the reprogramming on their own authority without consulting other members of the panel.

"They refused," the source said, adding that the decision was made by the full committee.

The Soviet Union invaded Afghanistan in December 1979, saying it was responding to a request for aid from the Marxist Afghan government in Kabul.

It has been engaged ever since in a bitter guerrilla war with anti-Marxist rebels using bombing raids and helicopter attacks in an attempt to solidify control of the country.

In Brief

Senate votes for balanced budget; U.S. takes \$5 billion emergency loan

WASHINGTON — The Senate voted 75-24 Wednesday to force the government to balance its annual budget in six years, but the vote failed to end an impasse over legislation to extend the government's exhausted borrowing power.

The balanced-budget amendment, which drew strong bipartisan support, came as the Senate worked on a measure to extend the current debt ceiling to more than \$2 trillion.

However, the Senate did not finish its work on the overall bill and efforts to approve a short-term extension of the debt limit collapsed late Wednesday.

The Treasury Department held an emergency auction, however, at which it borrowed an additional \$5 billion, a sum officials said would keep the government afloat for another week.

Senators were to try again today to complete work on the debt limit bill. The House already has voted to increase the debt limit but without a balanced-budget amendment. The differences will ultimately have to be negotiated in a House-Senate conference committee.

2 killed on S. African prayer day

JOHANNESBURG, South Africa — Tens of thousands of South Africans of all races attended prayer services Wednesday to "repent for the national sin of apartheid," while blacks around the country stayed home from work in droves.

Police headquarters in Pretoria said mobs killed two blacks early Wednesday in black townships outside Port Elizabeth in eastern Cape Province. Both were victims of increasing black mob violence against people who may be seen as collaborators with the white government. Tires were placed around their necks, they were doused with gasoline and burned to death.

After telephoned bomb threats, Anglican Bishop Desmond Tutu and about 100 other worshipers abandoned their prayers briefly in a downtown Johannesburg cathedral, one of hundreds of church services conducted across the country.

Townships that have been caught up in 14 months of bloody rioting that left more than 750 people dead appeared relatively calm during the nationwide display of support for peaceful change in the national system of institutionalized racial separation.

The "prayerway" was arranged last month by about 400 church leaders for Reconciliation.

Merger of deaf, blind schools studied

LINCOLN — A panel studying the possible merger of Nebraska's schools for the deaf and the blind faces a difficult task fraught with emotion and politics, the group's leader said Wednesday.

The 22-member committee opened its first meeting vowing to keep an open mind and emphasize the welfare of pupils at the School for the Deaf in Omaha and the School for Visually Handicapped in Nebraska City.

State Education Commissioner Joe Lutjeharms, who was unable to attend the meeting, has said declining enrollment and ever-tightening budget constraints could force consideration of closing, merging or redefining the schools' roles.

In opening remarks, a couple of panel members said consolidation could weaken the educational quality of the schools.

A state Education Department official said the committee should amass piles of information about the schools to enable lawmakers to make an informed decision if they deal with the sensitive issue.

Acquisition could expand air service

LINCOLN — The possible acquisition of Frontier Airlines by People Express Inc. undoubtedly will affect Lincoln travelers, people close to commercial aviation in Lincoln said Wednesday.

People Express has announced an agreement with Frontier Holdings Inc. to pay \$24 a share for 12.5 million shares of Frontier stock. Hours earlier, Texas Air Corp. submitted a bid for \$22 a share. Frontier employees had bid \$17 a share.

While some are optimistic the acquisition of Frontier by the no-frills airline could offer Lincoln residents expanded service into wider areas, others wonder if a medium-size city like Lincoln will benefit from People Express, which has served mostly larger metropolitan areas on the Eastern Seaboard.

The financially strapped Frontier is one of the older carriers serving Lincoln. It has four arrivals and four departures a day at the Lincoln Municipal Airport with flights to Omaha and Denver.

San Diego mayor convicted in scheme

SAN DIEGO — Mayor Roger Hedgecock, 39, was convicted Wednesday of 13 charges including conspiracy and perjury in a scheme to illegally finance his 1983 mayoral campaign. The verdict means he must forfeit his job as head of the nation's eighth-largest city.

The Superior Court jury returned the verdict midway through the seventh day of its deliberations in the mayor's retrial. No date was immediately set for sentencing, which could include a prison term.

Hedgecock was found guilty of 13 of the 16 charges against him, including the conspiracy count accusing him of plotting with political backers to funnel corporate money into his campaign. City laws prohibit individual campaign donations in excess of \$250 and prohibit campaign contributions from corporations.

Victims mourned at mass funeral

PONCE, Puerto Rico — Gov. Rafael Hernandez Colon joined hundreds of mourners in the city coliseum Wednesday for a mass funeral of many of the 68 known victims of this week's floods and mudslides. An official said as many as 500 more are feared dead.

sobbing and wailing relatives and friends filed past the caskets of 23 of the 25 bodies pulled from the mud and debris of the nearby Mameyes shantytown, where a Monday morning landslide triggered by a tropical deluge destroyed 400 homes.

Hernandez Colon said, "This is the worst tragedy ever to hit our island in its history. It fills me with pain, as governor and as a Ponce native."

Newsmakers

A roundup of the day's happenings

Betty Friedan, the first president of the National Organization for Women says the women's movement is almost paralyzed because it is "out of sync with the problems of the younger generation." Friedan told about 100 women at Yale University that the women's movement has lost its momentum in the same way it did after women won the right to vote in 1920. There is a lack of concern over the "gutting" of law guaranteeing women affirmative action, equal rights and the right to have an abortion, she said.

Hundreds of works by Mexican artist Diego Rivera escaped harm in the recent earthquakes that devastated Mexico City and will be displayed next year at the Detroit Institute of Arts as planned. The exhibit, scheduled for

Feb. 12, 1986, to April 1, 1986, will include 115 paintings, 120 photographs and 130 other works by Rivera, a radical painter who chronicled Mexico's struggles for independence.

Peggy Lee, 65, the Grammy-Award-winning singer-songwriter, was described as being in stable condition after undergoing four hours of double-bypass heart surgery.

A former bank teller has pleaded guilty to embezzlement and larceny charges, saying she stole more than \$200,000 in Brookline parking meter receipts because she had a low opinion of herself. "I need money to satisfy my low self-esteem," said Carol E. Young, 34, of Brockton, Mass. She was sentenced to two years in prison.