

Users of Credit Cards to Get Hit With Higher Fees

By LOUISE COOK
Associated Press Writer
NEW YORK (AP) — Millions of credit card users who pay their bills a little at a time will pay more interest, as a growing number of retailers and banks change the way they calculate finance charges.

Two of the nation's largest retailers, Sears, Roebuck & Co., and J.C. Penney Co., Inc., are eliminating the interest-free grace period for new purchases on all accounts that have an outstanding balance. A spokesman for Master Charge said Friday that more and more banks are doing the same thing, although he had no specific figures.

Here's what it means: Suppose you have an outstanding balance of \$100 at the beginning of a billing period. You make a \$50 purchase during the billing period. Under the old system, you would not be charged interest on the extra \$50 until the start of the next billing period. Under the new system, interest charges begin immediately.

The idea of imposing interest from the date of purchase isn't new. Montgomery Ward & Co. has been doing it for several years. So have some banks. It is becoming more common, however, because rising interest rates mean lenders have to pay more for the money they loan. Eliminating

the grace period is one way they can increase income without violating usury laws that limit the annual rate of interest.

Timothy J. Connor, a spokesman for Master Charge, said banks "are trying different ways to kind of ease the crunch." A few have stopped accepting new credit card applications; others have decided to offer either Visa or Master Charge instead of both.

The elimination of the grace period has no effect on customers who pay their bills in full each month. They still pay no interest. The amount of the increase for customers who "revolve," or pay only part of

the balance each month, will vary depending on the timing and size of purchases. Here is a hypothetical example:

You have an outstanding balance of \$100 at the start of a 30-day billing period. On the 10th day of the billing period, you make a \$50 purchase. Assume the lender uses the average daily balance method of calculating interest and charges 1 1/2 percent a month or 18 percent a year. Previously, the monthly finance charge would have been \$1.50 on the average daily balance of \$100. Now, the average daily balance will be \$133 — 10 days at \$100 and 20 days at \$150. The finance charge will be \$2.

Bob Shoup, a spokesman for Chicago-based Sears, the nation's largest retailer, said the change would go into effect March 1. He said the company has 40 million charge accounts, of which 26 million are active. Shoup said he had no estimate of how much money would be collected as a result of the new system.

Duncan Muir of Penney, the third-biggest retailer, said the change would be effective there June 1. He said the company, which collected \$326 million in finance charges on its 16 million accounts in 1978, would get an extra 4 percent under the new system. Muir said that Penney loses money on credit accounts; costs in 1978

were \$360 million.

Neither Shoup nor Muir could provide figures on how many customers would be affected by the change. Shoup said an estimated 15 percent to 20 percent of credit card users pay their bills immediately.

Creditors are limited by law as to the methods they can use to increase charges. A few states prohibit elimination of the grace period. A recent announcement by the First National Bank of Rhode Island that it would charge an annual fee to credit card holders brought reaction from several lawmakers who said they would introduce bills to make the practice illegal.

Prices Take Huge Surge

WASHINGTON (AP) — Consumer prices surged upward 1.4 percent in January, the worst rate in 6 1/2 years, leading a top administration official to warn Friday that "inflation is starting to explode."

The jump prompted one congressional leader to call for a fresh look at wage and price controls.

The January price increase, an annual rate of more than 18 percent, compared to 13.3 percent for all of 1979, was partly due to another steep jump in fuel and housing costs. The price of gasoline rose 7.4 percent, the most ever, to an average of \$1.11 per gallon for all types.

"It is beginning to appear that the underlying rate of inflation is starting to explode," said Robert Russell, director of the administration's anti-inflation agency. He said "an explosion of wage increases" also is probably inevitable.

Meanwhile, reacting to worsening inflation and the tighter money policies of the Federal Reserve Board, several major banks hiked their prime lending rates to 16 1/2 percent, a record.

The increase in prices, the worst for any month since August 1973, came despite a 0.2 percent decline in grocery store prices, and showed how bad inflation has become in the rest of the economy. Prices in January were 13.9 percent higher than a year earlier, and the annual rate of increase for the last three months was 15.6 percent.

Rep. Henry R. Reuss, D-Wis., chairman of the House Banking Committee, said the Carter administration "had abdicated its responsibilities" by letting inflation get out of hand. But he said controls by themselves would be "a disaster."

Lane Kirkland, president of the AFL-CIO, warned that organized labor's patience with the administration's voluntary wage and price restraint program "is withering away unless some further steps are taken to control the real sources of inflation," which he said are energy, high interest rates and housing costs.

A number of private economists have said in recent weeks that mandatory controls may now be needed as part of a broader anti-inflation strategy. Sen. Edward M. Kennedy, D-Mass., who is a presidential contender, also has called for wage and price controls.

Associated Press-NBC News polls have repeatedly shown that most Americans favor mandatory controls even though a majority doesn't think they would work.

Despite January's price report, Charles L. Schultze, the president's chief economic adviser, said controls can't be maintained long enough to be effective and they are likely to harm the economy.

The Senate Banking Committee is scheduled to hold hearings on wage and price controls next month, even though its chairman, Sen. William Proxmire, D-Wis.,

and most other members are on record against controls.

The 1.4 percent increase in the Labor Department's Consumer Price Index in January was the worst since August 1973, when prices rose 1.8 percent as former President Richard Nixon began dismantling the nation's last controls program.

Prices increased 1.2 percent in December and 1 percent in November. Prices in all of 1979 rose 13.3 percent, the worst in 33 years. The administration is officially forecasting an increase of 10.4 percent this year, although this appears optimistic now.

Russell told the Joint Economic Committee of Congress that because of rising interest rates, Americans "can expect continuing large increases in home mortgage costs."

Patrick Jackman, a Labor Department analyst, said rising fuel prices were responsible for more than a quarter of the January increase. In addition to gasoline, which rose 7.4 percent, fuel oil prices rose 5.3 percent.

The January price increase contributed to a 1.1 percent decline in the purchasing power of workers' paychecks in January, the Labor Department reported separately. It said workers' average earnings, after discounting for inflation and taxes, have fallen 6.9 percent in the past 12 months.

U.S. Hockey Team Wins in Stunning Upset

(Continued from Page 1)

Mark Pavelich kept the puck in at the left point, Eruzione picked up the loose puck, skated between the faceoff circle, wheeled and fired a screened 30-footer past Soviet goalie Vladimir Myshkin at 10:00.

"When it was over, all I could think of was, 'We beat the Russians, We beat the Russians,'" Eruzione said.

The Americans held their lead behind the solid goaltending of Jim Craig, who had foiled both Sergei Makarov and Victor Zhlutkov moments before the American rally.

As the clock ran out and with the crowd shouting in delirious glee, the American players mobbed Craig and many of them threw their sticks up in the air in a victory salute as the Soviets stood stunned with their heads bowed at their own blue line.

From behind the bench, Brooks punched up at the air in a victory salute before heading for the dressing room.

The upset was the second of major proportion for the U.S. club at these Games.



Floodwaters sever a highway beside a golf course Thursday in Palm Springs, Calif. Heavy rains severely damaged the area south of Los Angeles during the seventh day of rainstorms on the Pacific Coast.

SYRACUSE POST-STANDARD/SATURDAY, FEB. 23, 1980/PAGE A-3

\$500 Million Deluge Over

By The Associated Press
The sun finally broke through in Southern California on Friday and ended a nine-day Pacific deluge that eroded hillsides and flooded cities at a cost of a half-billion dollars and at least 36 lives.

Thousands evacuated from such places as Palm Springs, San Diego and Point Mugu began returning home, many to find little left.

Bulldozers went to work, moving tons of mud that descended on entire neighborhoods when six successive storms chewed away fire-denuded hillsides and ripped open levees holding back floodwaters.

Water was still rushing down normally dry runs in the desert resort region of Palm Springs and authorities said there was some concern that melting snow in the mountains may cause more flooding. But for the time being, the skies were clearing.

"I've never been so happy in my life to see the sun shine," said Palm Springs Mayor Russ Beirich.

Workers shoring up dams in the neighboring states of Idaho and Utah also got a break when the rains slackened.

But the 1.5 million residents of Phoenix, Ariz., divided by the flooding Salt River, faced more trouble: A 5-foot wide sewer main severed by the flood was

dumping 35 million gallons of raw sewage a day into the river and authorities said they can't stop it until the waters recede.

In Borrego Springs in northeast San Diego County, where many homes were already full of mud, residents were jostled awake just before dawn Friday by two small earthquakes that measured 3.9 and 3.3 on the Richter scale. No quake damage was reported.

Heavy runoff from desert mountains was still cascading over the tops of dams in Riverside County, about 60 miles east of Los Angeles, and flooding from the Jacinto River forced the California Highway Patrol to close all but one lane of Interstate 15 near Perris.

But the National Weather Service said clear skies should last for at least the next few days.

Of the 36 deaths blamed on the Pacific storms that began Feb. 13, 28 were in California, four in Arizona, one in Utah and three in Mexico. In addition, three youths were missing and presumed drowned in El Cajon near San Diego, where they tried rafting in a flood channel.

At the weather service offices in Los Angeles, supervising forecaster Bill Sullivan said the series of back-to-back storms was "something we haven't seen before."

Controls Still 'Unacceptable'

WASHINGTON (UPI) — The administration, its voluntary inflation-fighting campaign facing continuing price increases, said Friday mandatory wage-price controls remain totally unacceptable.

"I can't think of anything more disastrous now" than government-imposed controls, said Robert Russell, executive director of President Carter's Council on Wage and Price Stability.

"Controls cause more inflation," he said. "They should only be used in dire emergencies."

"Wage and price controls offer no shortcut to the goal of price stability," added Charles Schultze, chairman of the

White House Council of Economic Advisors, in a speech in Miami, Fla.

Over the past year, the White House has consistently ruled out controls even though inflation has soared at the fastest rate in 33 years.

Government leaders have chosen to rely on voluntary wage-price guidelines, "fiscal restraint" in government spending and hopes that oil prices won't be boosted much higher.

The strategy has had little effect. The Labor Department Friday said consumer prices rose by 1.4 percent in January, the biggest monthly gain since 1973.

The influential head of the House Bank-

ing Committee, Rep. Henry Reuss, D-Wis., said he would support controls — but only if the administration put an effective anti-inflationary program, including gasoline rationing, into place first.

"With these things in place, then wage and price controls make sense," he said.

However, he emphasized, "until there is a change in administration policy, I fear it would not be wise for Congress to enact standby or actual wage and price controls."

House Speaker Thomas O'Neill said any move for controls would have to originate with Carter — not the Congress.

Little Late

CADILLAC, Mich. (AP) — Postal officials won't have to rush in delivering a hotel room key that turned up in a mail bag.

The key — missing from the hotel for at least 57 years — was found Wednesday in this Lower Michigan city.

Officials say they don't know when the key to the room at the Hotel Russell in Cadillac might have been dropped in a mail box.

But it won't do much good now — the hotel burned down in 1923.

ST. PAUL'S LUTHERAN CHURCH

108 Grace St.
WORSHIP SERVICES
10:30 A.M.
Rev. David W. Preisinger
475-3290

GETHSEMANE UNITED METHODIST CHURCH

1700 Buttumut St.
Rev. Ronald F. Hoffman
9:30 A.M. Church School
11:00 A.M. Worship Service
Rev. Robert M. Stoppert, preaching

MAY MEMORIAL UNITARIAN UNIVERSALIST

3900 E. Genesee, Syracuse
10:20 A.M.
"Whom Shall You Serve?"
Ben Touley,
U.U. Chaplain Intern
at Syracuse University
A Welcoming Community
Celebrating Life and Choice

SYRACUSE ALLIANCE CHURCH

(Christian and Missionary Alliance)
3112 Midland Ave.
Rev. Edwin E. Henning, Pastor
Mr. Don Botbyl, Ass't. Pastor
9:45 AM
BIBLE SCHOOL
10:50 AM
"Paul, A Life Worth Living"
6:00 PM
"Spiritual Mountain Climbing"
Pastor Botbyl,
speaking at both services
NURSERY CARE PROVIDED

CHRISTIAN SCIENCE

FIRST CHURCH
728 East Genesee Street
SUNDAY 10:30 a.m.
Church Service & Sunday School
WEDNESDAY 8:00 p.m.

SECOND CHURCH

3827 E. Genesee Street
SUNDAY 10:45 a.m.
Church Service & Sunday School
WEDNESDAY 8:00 p.m.

FIRST PRESBYTERIAN CHURCH

620 W. GENESEE ST.
Rev. Robert B. Lee
Rev. Gordon V. Webster, Jr.
10:00 AM
MORNING WORSHIP
Nursery & Church School
11:00 AM ADULT CLASSES
I - Book Look
II - Study of Middle East
III - The Resurrection
Church School Classes

ST. PAUL'S CATHEDRAL

Corner East Fayette and Montgomery Sts.
THE FIRST SUNDAY IN LENT
8 AND 9 A.M. HOLY EUCHARIST
10:00 A.M. COFFEE HOUR
Adult Education — Dean Hale
11 A.M. CHURCH SCHOOL
MORNING PRAYER & SERMON — DEAN HALE
WEDNESDAY 12:10 PREACHING SERVICE
THE REV. EDWARD B. GEYER, JR.
Mon - Fri 12:10 Eucharist
Wed. 7:30, Sat. 5:30

NORTH SYRACUSE BAPTIST

420 South Main St., Rt. 11, N. Syr.
C. James Pasma, Pastor
SUNDAY BIBLE SCHOOL 9:30 A.M.
MORNING WORSHIP 9:15 & 10:45 A.M.
"THE CLEANSING WALK"
Pastor Pasma Speaking
EVENING EVANGEL 8:30 PM
"A STRATEGY FOR CARING"
Pastor Burns Speaking
HOUR OF POWER - Wed. 7:15 PM.
RADIO: Sunday 11:00 a.m. & 9:00 p.m. WMRH, 102.9 FM
DIAL-A-PRAYER Everyday 458-7142

Liverpool First United Methodist

604 OSWEGO ST.
WORSHIP SERVICES
8:00, 9:30, & 11:00

PARK CENTRAL PRESBYTERIAN CHURCH

E. Fayette at S. Townsend
9:30 A.M. SCHOOL FOR LIVING
Church School-Adult Forum
10:45 A.M. WORSHIP
COMMUNION
"Too Busy To Have Time For God"
Dr. Durkee, preaching
4:00 P.M. ORGAN RECITAL
Rebecca Groom
WEDNESDAY
Meeting Organ Recital - Carl Stiet
Dr. R. Peter Durkee
The Rev. Stephen D. Cramer

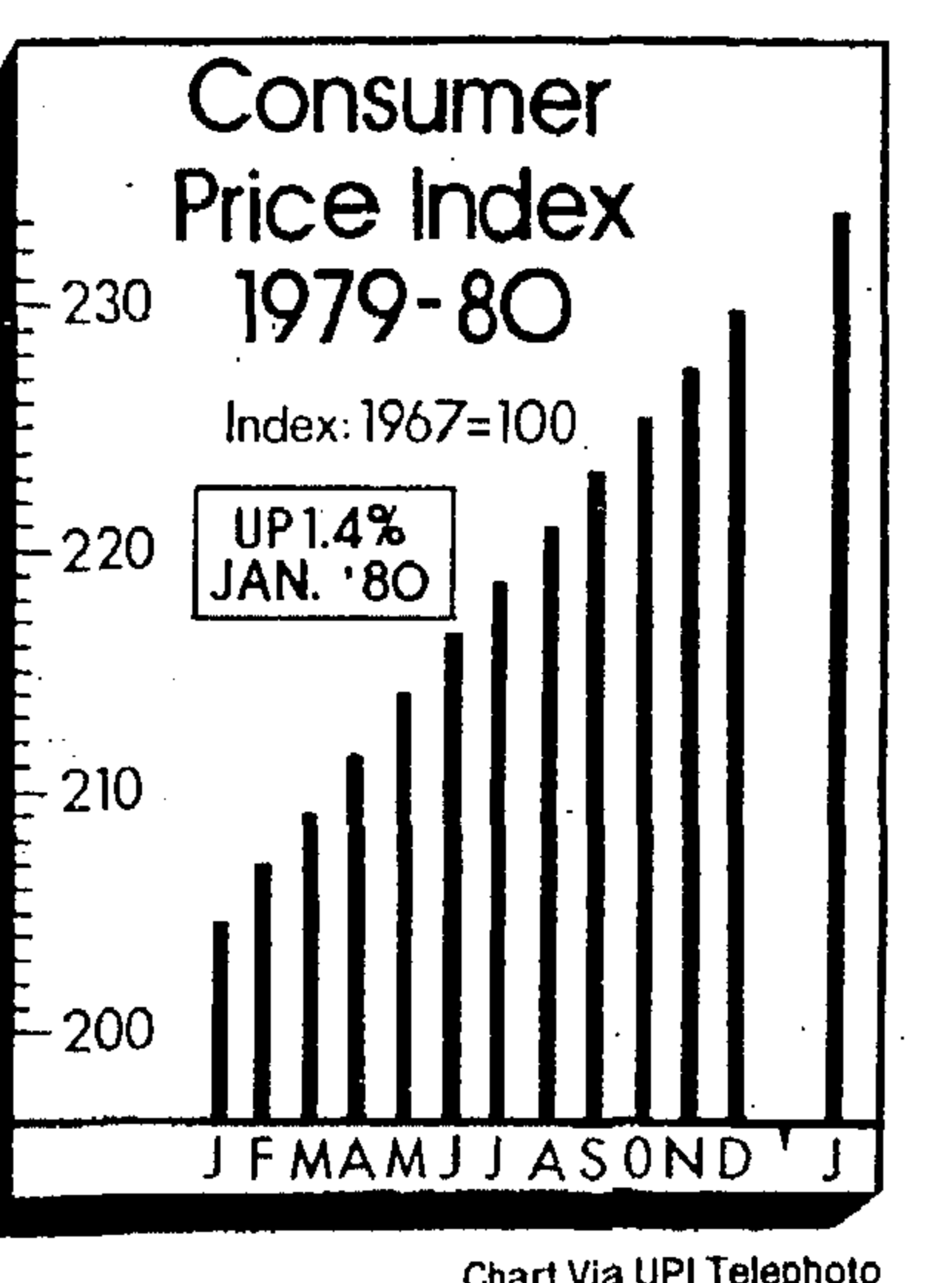


Chart Via UPI Telephoto

A-Bomb Story Called Publicity Stunt

TEL AVIV, Israel (UPI) — A report that Israel exploded a nuclear bomb off the coast of South Africa in September was a publicity stunt for a new, yet unpublished book by two Israelis, a source close to one of the authors said Friday.

The report, broadcast by CBS Television News Thursday, said a mysterious flash of light detected off the South African coast last fall by a U.S. Vela detector satellite was in fact an atomic bomb test carried out by Israel.

Israel quickly denied the report and State Department officials in Washington would not comment other than to say that American scientists were still investigating the cause of the double flash of light — the kind normally associated with an atomic blast.

CBS cited the book for its report and said the test was carried out with South Africa's "help and cooperation" in a move that would make Israel the seventh nation to test a nuclear device.

There has long been speculation that Israel has the capacity to manufacture a nuclear bomb — speculation the Israelis have refused to confirm or deny.

But Defense Minister Ezer Weizman was quick to deny that Israel actually tested a bomb on Sept. 22, the day that the flashes of light were detected.

"It never happened," said Weizman. Further doubt was cast on the report when a source close to the authors of the book cited by CBS claimed that the part

about the bomb was invented as a publicity stunt.

"It's all a publicity stunt," said the source. He said the book itself, a 100,000-word manuscript written by two former Israeli newspapermen and submitted to the military censor, was a "romantic love story."

But the authors, Ami Doron and Eli Teicher, declined in a telephone interview to say whether their book was fiction.

"The book hasn't got any title, not yet," Doron said. He said neither he nor Teicher spoke with CBS.

When asked if he thought Israel had exploded a bomb off South Africa in September, Doron replied "No."

The bomb report was filed from Rome by a Tel Aviv-based CBS correspondent who sought to avoid possible interference by the censor.

In Washington, a State Department spokesman said U.S. scientists are still trying to trace the origin of the double flash of light, which originally was thought to be from a nuclear test conducted by South Africa.

South Africa strongly denied it and the State Department later admitted that it had no conclusive proof that a bomb had been exploded.

Asked to comment on the CBS report, a department spokesman said scientists were still studying the incident but he refused to link Israel to it.

"I'm not going to have any responsibility to assess something which I'm not sure occurred," the spokesman said.

Pair Slain but Treasures Untouched

NEW YORK (UPI) — The bodies of Richard Kallman, an actor turned antique dealer, and his assistant were found shot in the head Friday in an East Side apartment that served as a gallery for millions of dollars of art objects.

The priceless treasures, including a Titian painting, were apparently untouched.

Kallman was found sitting half-clad in an armchair in his living room. He had been shot at least once in the right eye, police said.

Nearby, his assistant, a blond-haired man identified only as Steven, was lying naked in a pool of blood. He had also been shot at least once in the head. No weapons were found.

Detectives said there was no apparent

motive for the slayings, which occurred sometime after a small dinner party for five male guests in the lavishly furnished apartment ended Thursday night.

Friday morning neighbors discovered Kallman's apartment door ajar and called police. The only sign of physical damage to the building was broken glass from the inner door of the vestibule and a bent metal screen, said homicide Capt. John J. Meehan.

Kallman ran his art and antiques business, Possessions of Prominence Ltd., from the apartment, and most of the furnishings were for sale. Meehan said none of Kallman's treasures — valued at millions of dollars — appeared to be missing or disturbed.

Police tried to establish an inventory

of the art and furniture, which included the Titian, valued at \$2.3 million, a palace clock that belonged to Louis XVI, a Gilbert Stuart painting, a Dali and a set of signed Tiffany decanters in a signed tortoise shell box.

Kallman, who used Dick Kallman as a stage name, replaced Robert Morse in the national production of "How to Succeed in Business Without Really Trying" and appeared in the Broadway production of "Half a Sixpence." He also appeared in films and the television series "Hank" in 1965-66.

Kallman's chef and housekeeper, Pao-kao "Tommy" Liou, was one of the last to see the men alive. He arrived at the apartment early Friday afternoon to discover his employer of four months had been slain.