

Recovery from the nuclear attack depended on trust in government

By NAN RANDALL and WILLIAM KINCADE
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The President was reviewing the proposals for the First Five-Year Recovery Program, replacement for the former federal annual budget, before his press conference on the plan. Eighteen months had passed since the nuclear attack. In the meantime, federal reconstruction efforts had proceeded on an ad hoc basis, without a comprehensive, long-range plan.

"Mr. President, although it is more than a year since the January War, we are still having difficulty in planning and budgeting with any confidence," said the director of the office of emergency economic planning. "There are so many new variables that we barely understand; there are no economic recipes for coping with our situation. So we will have to be somewhat flexible about the goals and targets in this first five-year program."

"Our long-term goal is simply this: In 10 years, or less, if possible, we want the average share per person of the Gross National Product (GNP) to be what it was before the attack, allowing for the shrunken population and GNP, of course. This will mean continued hardship and austerity in the meantime."

"WE ARE handicapped by the fact that, while well over 60 percent of the population has survived the initial attacks and the deprivation that followed, only about one-quarter of our productive system was left. What it boils down to is that we have far less capacity to support proportionally more people than before."

"This situation will make it very difficult to build large surpluses for reinvestment and reconstruction. Further complicating the investment picture is the rather large bite which the armed services are taking since you directed the new readiness program right after the attack. Even with the return of the draft, the overall costs of maintaining forces near pre-attack levels are high. Some of the countries which have been advancing us credits and long-term, low-interest loans are complaining that this kind of spending will hurt our recovery prospects and our ability to pay back the loans. It already appears that we will have to ask for a postponement of the due date for the interest on the emergency loan package put together by the South Americans."

"THERE ARE two immediate belt-tightening measures built into the plan. First, we are going to keep the lid on housing. This will permit more capital to be diverted to industrial reconstruction. Only multiple-occupancy dwelling units are permitted. We have established a mandatory ratio of occupants to floor space. Single people and couples are not permitted separate units. Waiting lists for housing are going to get longer, not shorter, especially if the birth rate picks up."

"Over half the refugees have been more or less permanently resettled or have returned to their own homes. But we still have a refugee population of several million in the camps and no other place to put them. We are going to have to accept a long-term housing shortage."

"Secondly, food rationing will stay in effect through the first five-year program. At present, acreage yields are far below the pre-attack levels, due to the shortages of pesticides, fertilizers and fuel for agricultural equipment and to several surprise blights and pest invasions. The livestock industry is particularly hard hit because we cannot afford the grain for fattening. We are trying to im-

DOOMSDAY IV

■ The period beginning one month after the nuclear exchange between the United States and the Soviet Union was described as the start of the return to "normality." But it was purely a relative description. Congress reconvened, but the President still ruled by decree. Recovery plans began to function. Mass burials were completed. The economy functioned, although only on a subsistence level. Local government was in the hands of federally appointed councils. Mrs. Bragg died and the surviving Weckles were fugitives, the daughter from a relocation camp and the father from a work camp. ■

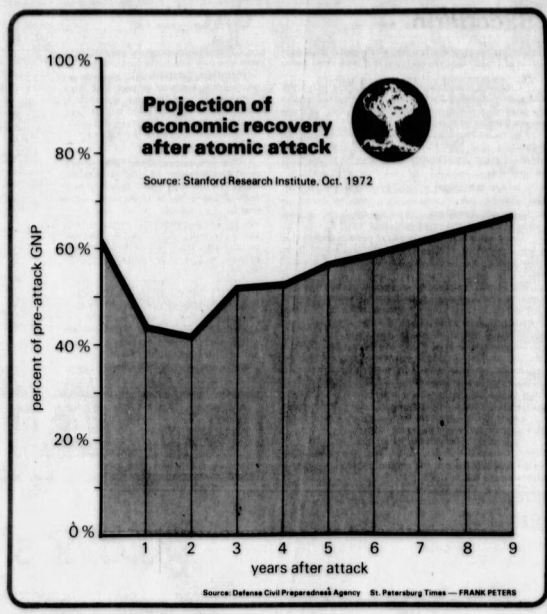
prove fishing, because of the protein value, but construction of new vessels is slow with so much shipyard capacity destroyed and the fishing industry was already depressed before the attack. We are still somewhat dependent on Canadian grain and the Argentines are sending beef, for those few who can afford it. The agricultural portion of the plan stresses chicken-breeding because of its cost-effectiveness, but some of the cattlemen are resistant.

"ONCE THE oil refining and petrochemical industry gets back on its feet, we expect to be able to increase farm yields substantially. But we will keep food consumption down with rationing, so as to have exportable surpluses to earn foreign exchange and to pledge as collateral for new loans. We are counting on agricultural exports — fruits from Florida and grain from the Plains states — to pace and pay for the first part of the recovery period."

"Industrial recovery is patchy. Our oil situation is better than we expected because the Saudis continue to supply large quantities on credit, though we can't use all of it until our refinery capacity is rebuilt. But we have next to no foreign exchange and the debt is growing every day. Although the big push to expand coal production is paying off, it has gotten ahead of the reconstruction of the steel and steel-using industries. We may be able to export some of this coal until our own industries can absorb it. But the shortage of large mining equipment, coal cars, shipping facilities and vessels are limiting factors. Rebuilding the high-technology industries like electronics, which used to be our big earners, has hardly begun."

"Another very difficult problem we are facing is the general loss of confidence, which has its economic as well as political side. After their initial emergency, foreign governments and banks are adopting a wait-and-see attitude. The damage to our economy blew a huge hole right in the middle of the international economic system and the world hasn't recovered from it yet. Some leaders say we shouldn't be allowed to recover from a war of our own making with their capital and that aid should go to strengthening the rest of the world. We hope this five-year program will convince them that we are a good investment risk."

"AT HOME, the economic picture is bleaker, though. The insurance industry, which was a big source of capital, is virtually a total loss, especially after the government had to revoke its financial guarantees for certain insurance programs, along with Social Security. We are ig-



GNP as post-war indicator

One way to measure the viability of a war-damaged economy is to compare its capability in terms of Gross National Product (GNP) with the prewar GNP. The chart above reflects the findings of the Stanford Research Institute, which assumed 60 percent of the GNP potential existed immediately after the attack.

noting claims for repayment for damages and seized assets, because we can neither process nor pay them. No one has much confidence in the government's pledges, promissory notes, or even its money. The business community, what's left of it, objects to our investment controls and mandatory reconstruction scheme and says there is no incentive to stay in business under these conditions. Compliance with our programs is grudging. We suspect that a lot of assets are being hidden or taken out of the country but we can't be sure. A few individual entrepreneurs are getting rich, sometimes outside the law, but they don't contribute much to overall recovery, at least not yet. The work force is similarly discouraged and apathetic for somewhat different reasons . . .

It's affecting the whole society and may retard recovery. For example, despite the acute need for more medical personnel to cope with the continuing high death and disease rate, we have too few medical schools back in operation; the resources are lacking. The university situation is no better. Anyway, the recovery program won't let us divert very many young people from the labor pool to higher education. So there isn't a proper way to run a farm or a farm program, Mr. President! Just how did we get into this mess, anyway?"

The President closed his eyes before replying; deep lines of fatigue were chiseled in his face.

"We all came to think of thermonuclear weapons as chessmen on a board in some giant game. We forgot what damage they can actually do."

Cleveland from 1-A

Kucinich had favored raising the income tax rate to generate additional income to help persuade the banks to refinance the city's short-term debt. But bankers and business leaders also wanted the city to sell its debt-ridden lighting system and there seemed to be growing sentiment in the business community for a state takeover of Cleveland's finances.

WITH 99 PERCENT of the votes counted, the referendum raising the city income tax from 1 to 1.5 percent led 73,648 to 34,317. The issue calling for selling the city-owned light company trailed 38,363 to 69,302.

Most observers had predicted the income tax issue would pass, but the almost 2-1 margin in favor of keeping the city light plant was surprising.

Only about 110,000 of the 286,000 eligible voters went to the polls, due in part to a severe winter storm Monday. Cleveland has been mired in default since Dec. 15, when six local banks holding \$15.5-million in short-term notes refused to refinance them. The banks, however, delayed demands for payment until after the election.

THE INCOME tax hike will raise \$38-million annually in new revenue. The light plant issue was put on the ballot by opponents to Kucinich who said the money the city would get from the Cleveland Electric Illuminating (CEI) Co., or another buyer, for the plant would help pay the debt.

But Kucinich said the plant sale would give CEI a monopoly in the city and he waged a strong — and successful — populist campaign against CEI and the banks, saying if voters approved the sale it would approve giving the city over to corporate interests.

Chicago from 1-A

size of this margin is so small that it could be whisked away at any moment. . . You never know what happens in the midnight hours of a Chicago election."

Among the precincts still not reporting were those in the "river wards" on the west side, traditional organization strongholds.

Rose said Mrs. Byrne would not claim victory until the votes from the west side wards had been tallied and said he asked the state's attorney's office to check for possible fraud there.

Chicagoans picked their way through frozen snow drifts to make their choice.

Blizzards have clogged Chicago's streets and sidewalks for the better part of two months, making the snow a major issue in the election.

Many Chicagoans blamed Bilandic and his administration for not getting rid of the snow. Mrs. Byrne, whose campaign had been largely ignored, took every advantage of the storms and her cause surged.

SHE SHARPLY criticized Bilandic for \$90,000 paid to Daley's former deputy mayor to come up with a snow removal plan that turned out to be a rehash of previous plans and of little help in this year's big storms.

Bilandic, striking back, at one point compared her campaign to the persecution of Christ by the Romans but last week admitted that some mistakes were made.

On Tuesday, the sun shone bright on the snow banks and the temperature climbed toward the 40s. This was good news for Mrs. Byrne.

Wallace D. Johnson was considered the automatic winner in the GOP primary, but no Republican has been elected mayor of Chicago in roughly half a century.

BILANDIC, 56, a lawyer, businessman, and alderman from Daley's Bridgeport neighborhood, was appointed interim mayor at Daley's death and easily won a special primary in 1977 to fill out his term.



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