

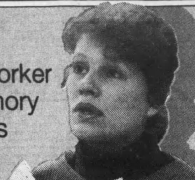
Soviets say 31 people died in rioting/2A

Panamanian banks ordered to close/2A

Heileman to sell its baking business/7B

VARIETY

This welfare worker draws on memory of her family as welfare clients



MINNEAPOLIS EDITION

Coon Rapids man to serve at least 27 years in killing of girl/1B

Voluntary segregation of elderly in public high-rises approved/1B

Hill-Murray beats Osseo for 6th straight hockey tourney berth/1C

Star Tribune

SATURDAY/March 5/1988

NEWSPAPER OF THE TWIN CITIES

Jobless rate falls to 5.7%

By John M. Berry
Washington Post

Washington, D.C.

An unexpected surge in new jobs pushed the unemployment rate down from 5.8 percent to 5.7 percent last month, the lowest rate in 8 1/2 years, which makes the likelihood of a recession remote, economists said Friday.

The Labor Department said industry payrolls rose by 531,000 in February after a 175,000 gain in January, but even the January figure was revised upward substantially from the

107,000 increase originally reported.

"What did we do? Acquire a small country?" demanded David Levine of Sanford C. Bernstein & Co. in New York, who regarded the data as vindication for his optimistic economic outlook. "The post-crash consensus has consistently been too pessimistic, and it looks now as though it continues to be that way."

Economists had widely predicted that the economy, still shaking off effects of the Oct. 19 stock crash, would slow sharply in the first three months of this year. They had fore-

cast that the unemployment rate would increase slightly from the 5.7 percent registered in December and January.

"It's a big number. It's startling. It's astounding," said Donald Straszheim of Merrill Lynch, New York. "I'm about as surprised by this as I've been in a long time. What we have here is about 400,000 more people employed than we thought there would be only a day ago."

Straszheim had expected about 250,000 new payroll jobs and an unemployment rate of 5.8 percent. This

would have been close to the monthly average since the beginning of last year but well below the monthly average of 377,000 since October's crash.

Only once since 1974 — in May 1979, when the rate was 5.6 percent — has the percentage of jobless Americans been lower. The rolls of the unemployed declined by 108,000 in February to just over 6.9 million, the lowest jobless number since early 1980.

Jobs continued on page 8A

Mailing a letter may cost 25¢
It may take a quarter to mail a letter next month.

A presidential advisory panel Friday recommended increasing the cost of mailing a first-class letter by 3 cents, to 25 cents, probably sometime in April.

The U.S. Postal Service's board of governors is expected to accept the recommendation by the Postal Rate Commission.

Details on page 3A.

St. Paul chief ends probe of prostitution

By Lou Kilzer and Chris Ison
Staff Writers

St. Paul Police Chief William McCutcheon on Friday announced an abrupt end to his department's role in the investigation of prostitution in downtown bars, only weeks after the probe began to broaden rapidly.

McCutcheon said at a press conference that he was seeking to stop the probe from disintegrating into the kind of controversy that surrounded the city's well-publicized public corruption probe in the late 1970s, in which public officials were implicated and authorities pursued many leads that never led to charges.

"I'm trying to put a rope around" an investigation that has preoccupied the vice squad, the chief said. He said officers would return to other duties, such as reviewing all of the city's liquor licenses, which are coming up for renewal.

The vice squad will continue pursuing new prostitution leads and a few old ones, McCutcheon said. But he said he's confident that most of the leads generated by the investigation, which implicated prominent businessmen, professional sports figures and others, have been adequately pursued.

County Attorney Tom Foley doesn't necessarily agree, however. He has said he believes some of those leads deserve further investigation. McCutcheon's announcement came one day after Foley announced that he would take full responsibility for the probe because McCutcheon had become a subject of the investigation.

Investigation continued on page 8A

Study places doubt on role of prison in repeat crime

By Dan Oberdorfer
Staff Writer

The largest study of criminal justice in Minnesota has concluded that no evidence proves that locking offenders behind bars deters them from pursuing a life of crime after their return to society.

The report, to be released Monday by the State Planning Agency, suggests that the most constructive and cost effective way to keep first-time offenders from becoming repeat criminals is to prosecute them as quickly as possible.

Studying computerized records for more than 16,000 criminals convicted in Minnesota from 1980 to 1985, the authors also concluded:

■ The best predictor of whether a first-time offender will become a repeat criminal is his or her age at the time of first offense. The younger the offenders are, the likelier they will continue in crime. First-time rob-

Study continued on page 11A

PLO says Shultz was target of failed car bomb

From News Services

Jerusalem

Secretary of State George Shultz's peace mission to the Middle East ended on an ominous note Friday as the Palestine Liberation Organization said that Shultz was the target of an unsuccessful car bomb near his hotel.

Police said a car laden with nearly 35 pounds of TNT was found abandoned near the U.S. secretary's hotel. The explosives were defused, and police said Shultz was never in danger.

The incident occurred as the Israeli military banned reporters from all major cities on the occupied West Bank in what army spokesmen said

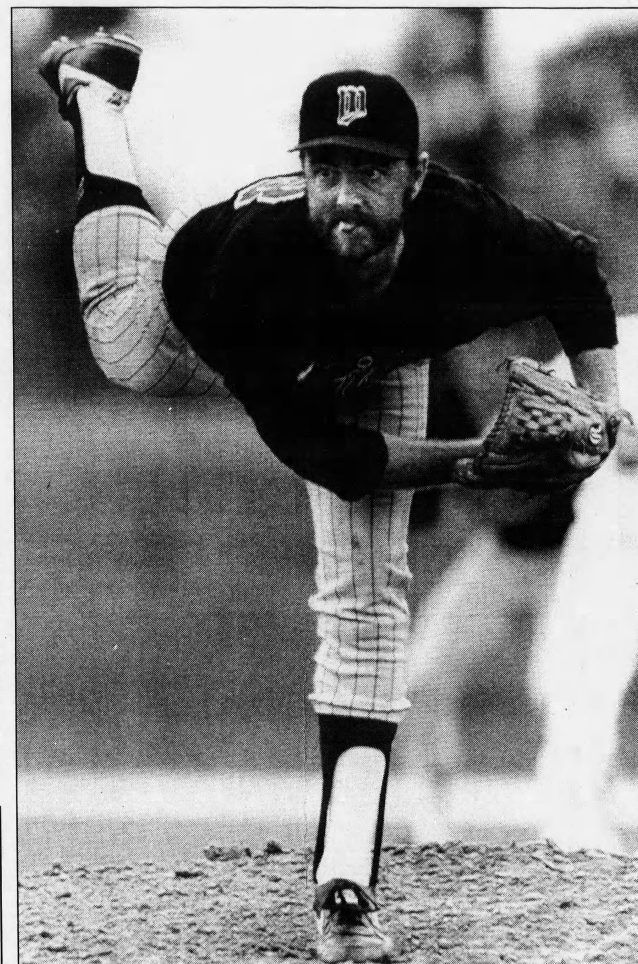
was an attempt to prevent a repetition of the violence that erupted when Shultz first arrived in Israel a week ago.

"We hope by preventing foreigners, people from the outside, (from going to the cities) it will help to keep the area calm," said an army spokesman. But even though the closing of Nabluse, Ramallah, Jenin, Hebron and Bethlehem may have kept reporters from seeing what was happening, the demonstrations and violence did not stop.

Two Palestinians were killed in confrontations with soldiers, and at least nine others were injured, according

Israel continued on page 16A

The champs (how's that sound?) get started



Associated Press

Bert Blyleven, whose last appearance was in Game 5 of the World Series, was the starting pitcher Friday as the Twins opened their Grapefruit League season in Vero Beach, Fla., against the Dodgers. He pitched well, but the Twins lost. But, hey, it's only the exhibition season, right? Details in Sports.

FAA inspection finds safety violations at NWA

By John J. Oslund
Staff Writer

After a month-long inspection, federal inspectors have alleged safety violations at Northwest Airlines and highlighted shortcomings in maintenance practices, record-keeping and the way that Northwest keeps track of duty time for pilots.

Northwest could face fines for the alleged violations listed in the 110-page report, but the Federal Aviation Administration (FAA) stressed Friday that no fines have been levied.

"Any talk of fines or their amount is

absolutely premature," said Fred Farrar, an FAA spokesman in Washington, D.C. Earlier press and broadcast reports, based on a WCCO-TV I-Team report, said Northwest could face "one of the largest fines in aviation history."

Farrar discounted such speculation yesterday but also refused to characterize the Northwest report or to compare it with inspections of other carriers.

"The determination of fines is a separate and distinct process," he added.

NWA continued on page 11A

Body identified as missing Spring Lake Park woman

By Mark Brunswick
Staff Writer

A three-month nationwide search for 24-year-old Michelle Mace ended Thursday in a garage less than 200 yards from her Spring Lake Park apartment.

A maintenance man sent to clean out the garage pried open a door and discovered Mace's body. Her car, a green 1979 model sought by police, also was inside. A note was found on the front seat.

Spring Lake Park Police Chief Bruce Fortin said Friday that he had not seen the note and would not speculate about what factors may have contributed to the death of Mace, who would have been 25 yesterday. The Anoka County medical examiner was conducting an autopsy yesterday but official results are expected to await toxicology tests, which may take several days.

Mace continued on page 1A

Auditors critical of 'U' officials

University of Minnesota officials failed to comply with university procedures when they approved expenses to renovate Eastliff, according to an interim audit released Friday to President Kenneth Keller and the Board of Regents. Auditors from Ernst & Whinney also criticized the university for not having clearer policies on reporting procedures. Page 1B.

Jackson found Minnesota support in those with low, declining incomes

By Dane Smith
Staff Writer

About three weeks ago, Florence Sponberg made a decision that helped a black presidential candidate capture three counties in the heart of southern Minnesota's thoroughly Caucasian Corn Belt.

Sponberg, a retired English teacher from rural Nicollet County, had been wavering between supporting the Rev. Jesse Jackson and Illinois Sen.

Paul Simon, a candidate she described as "solid."

Then she got to thinking about a semiliterate prisoner she had been tutoring in a county jail. The young man was serving a year's sentence for stealing from a junkyard.

"It's certainly true that there's one kind of justice for the rich and famous and another kind for the poor and insignificant," Sponberg said, referring to light sentences for Wall

Street crimes involving millions of dollars. "Jesse Jackson speaks to that. . . He's the only candidate I agree with right down the line," she said.

Jackson got Sponberg's vote at her precinct caucus. He also picked up a startling 20 percent of the delegates elected in all of Minnesota's DFL caucuses, second only to Massachusetts Gov. Michael Dukakis' 33 per-

Jackson continued on page 10A

Almanac

Saturday, March 5, 1988
6:58 day; 3:01 to go this year
Sunrise: 6:45. Sunset: 6:06

Today's weather/Warm

Mostly sunny and warmer. High in the lower 40s.

Business	7-11B	Movies	4-5E
Comics	8-9E	Obituaries	6B
Corrections	3A	Religion	6-7E
Crossword	11E	TV, Radio	10E
Editorial	14-15A	Weather	4B
Classifieds	10-15R, 6-20M, 10-14C		
Telephones/			
News general	372-4141		
Classifieds	372-4242		
Circulation	372-4343		
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Volume V1/Number 336		6 sections	

Jobs

Continued from page 1A

The unexpected show of economic strength left the White House and Republican presidential candidates pleased and Democratic candidates probably wondering how much of an economic issue they would have to deal with during the presidential election campaign.

"George Bush ought to be running over to kiss the people at the Bureau of Labor Statistics," said David Wynn of Data Resources Inc., an economic consulting firm. "People vote their pocketbooks, and right now their pocketbooks look pretty full."

And at the White House, spokesman Marlin Fitzwater said, "U.S. employment growth continues at the brisk pace set at the end of 1987. Both the February increase in employment and the decline in unemployment exceeded the expectations of private forecasters. Jobs are the best indicator of a sound economy."

Other recent economic reports also have been taken by forecasters as indications that while the economy is not clipping along as rapidly as it did late last year, when it grew at a 4.5 percent annual rate after adjustment for inflation, it still is expanding.

Despite a large accumulation of unsold goods in the fourth quarter, U.S. factories got more orders for goods in January than in December, if the transportation industry is excluded. Federal Reserve Chairman Alan Greenspan pointed this week to the orders figures as one reason he is confident the economy will expand at about a 2½ percent rate this quarter.

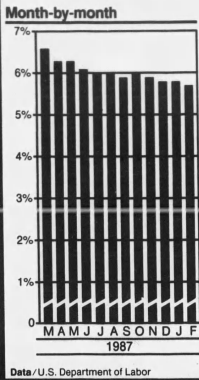
While most retail chains this week reported disappointing sales in February, the pace of consumer and business purchases of new cars and light trucks surprised just about everyone, including the manufacturers, who have been cutting production to reduce their dealers' stocks of unsold vehicles.

Allen Sinai, chief economist of the Boston Co., said, "This improvement says, unmistakably, the production side of the economy is solid and there is no recession in sight this year. . . . The economy is more likely to gather steam than fizzle out."

A separate Census Bureau survey of households found that a large proportion of recent employment growth has come in relatively high-paying executive, administrative and managerial jobs. In the past year, the Department of Labor said, such jobs have "accounted for more than a third of the 3 million growth in total civilian employment."

The unemployment rate for adult

Jobless rates



Data/U.S. Department of Labor

men fell last month from 5.1 percent to 4.9 percent while that for adult women rose from 5.1 percent to 5.2 percent. The rate for teen-agers fell from 16 percent to 15.4 percent.

White unemployment fell from 5 percent to 4.8 percent, but that for blacks rose from 12.2 percent to 12.6 percent. The rate for workers of Hispanic origin rose from 7.2 percent to 8.3 percent, the department said.

This report includes information from the Los Angeles Times and the Associated Press.

Mechanic's idea saves U.S. millions

Associated Press

Washington, D.C. The Navy awarded a Jamaican-born jet engine mechanic \$27,500 Friday for suggesting a repair procedure that is saving the government \$11 million a year.

Winston Edwards, 34, received the check and a commendation signed by President Reagan during ceremonies led by Vice Adm. Joseph Wilkenson Jr., the head of the Naval Air Systems Command.

Edwards, a civilian mechanic at the Alameda Naval Aviation Depot in California, suggested to his superiors that, instead of throwing out combustion-engine liners during overhauls of TF-34 engines, the Navy could take two bad liners and fashion one good one.

Investigation Continued from page 1A

John Wodele, a spokesman for Foley's office, said he was surprised that McCutcheon had announced that the probe had been adequately investigated, "since yesterday it appeared he was trying his best to be a part of a continuing investigation, along with the county attorney's office."

McCutcheon did leave open the possibility of reopening the investigation should new evidence come to light. He also said that investigations into three specific matters haven't been settled.

Those involve allegations concerning a state official, a state senator and a county official. McCutcheon declined to name the individuals or say what kind of information had been gathered. He added, however, that he is not currently prepared to seek charges against the individuals.

Foley decided to take over the probe after it was revealed that McCutcheon's vice officers have been investigating an unsubstantiated allegation that the chief had attended a party on a bus where juvenile prostitutes were present, as well as allegations that he may have tried to hamper the prostitution probe.

McCutcheon has denied the allegations. He also has objected to Foley's office overseeing the probe, saying that Darrell Lewis, the convicted pimp who made the unsubstantiated allegation about the bus, also has made an unsubstantiated allegation against Foley. McCutcheon said the entire investigation should be turned over to a grand jury.

Foley, too, has denied the allegation, and he turned that part of the investigation over to the Hennepin County Attorney's Office to avoid a conflict of interest.

McCutcheon's handling of the prostitution probe is one of the subjects Foley's office intends to investigate. Last year's probe stalled some time after McCutcheon told his men that he didn't want it to become "another liquor probe," a reference to the 1970s investigation. That case generated leads over several years and involved allegations of arson, bribery and illegal bar ownerships. McCutcheon was not the police chief during that probe.

The chief said Thursday that police were overwhelmed by the amount of information in that case.

"The officers got so frustrated, they began to write bad reports, reports that weren't true and that sort of thing. It was chaos towards the end," he said.

But his decision to end department involvement in the current probe leaves many questions unanswered.

For instance, he said yesterday that no members of the Oakland A's baseball organization had been interviewed by police, although one of the key elements to last year's probe involved allegations that one or more of the team's members had sex with a juvenile prostitute. McCutcheon said yesterday he was leaving any decision on that matter to Foley's office.

Also, he said the key witness in the probe — 18-year-old Carol Petersen — had not been located by police.

McCutcheon also said that he's not certain police have all the names of people who have been interviewed by police, although one of the key elements to last year's probe involved allegations that one or more of the team's members had sex with a juvenile prostitute. McCutcheon said yesterday he was leaving any decision on that matter to Foley's office.

McCutcheon said that he did nothing to hinder the probe, and he renewed criticism yesterday of the Star Tribune for its reporting on the matter.

"I think the Star and Tribune are doing a damn good hatchet job on me," he said.

McCutcheon also continued a feud with Foley that began Thursday when Foley said he intended to take over the probe.

McCutcheon said Foley has not clearly explained his intentions, and he questioned whether Foley "knows what he's talking about." The chief said the county attorney appeared confused about exactly what parts of the probe he would take control of.

"I suppose he's seizing the opportunity to violently object to what I do," the chief said.

McCutcheon said he has not turned over some of the files on the prostitution case to the county attorney's office, explaining again that it's not clear what parts of the probe Foley is taking over. However, he said he would turn over files if asked.

The chief also said that the police sergeant who had been investigating McCutcheon would not continue to do so. That probe will be handled by the county attorney's staff.

McCutcheon hinted during the press conference about what he would do with the remaining loose ends to be pursued. One involved a car used by the executive branch of state government; another concerned a county official

and still another involved an unnamed state senator. Of the senator, McCutcheon said, "The information is that he bought sex."

He said the senator had been interviewed, but he said he's not ready to pursue charges.

He also said that State Rep. Kenneth Kludt, DFL-Moorhead — who had been offered limited immunity from prosecution in exchange for information about St. Paul hookers and pimps — offered little information. McCutcheon, however, described in detail the number of street hookers Kludt allegedly had dealt with and what his bargaining techniques were.

McCutcheon said his vice unit had made significant progress against Miller's, a downtown bar near the bus depot that is alleged to be a center for teen-age prostitution.

The chief also said that the various investigations had not uncovered a prostitution ring running out of downtown bars.

McCutcheon's announcement came at the end of a productive period for the investigation. Undercover operations had resulted in charges against Walter and Earl Montpetit for promotion of prostitution. Both have pleaded not guilty to the charges.

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Natural Guanaco Jacket — Fashion 7/8" _____	3,500	999
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Mink Jackets With Fox In Pastel, White & Mahogany _____	4,000	999
Mink Jackets/US Pelts In Luttia, Ranch & Luneraine _____	3,500	999
Fully Let Out Female Black Cross Mink Coat/US Pelts _____	9,500	3,999
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