

Iran 'generally' accepts terms

From Associated Press Reports

A top Iranian official said Wednesday that Iran has "generally" accepted the latest, still-secret proposals for resolving the 14-month-old hostage crisis. But U.S. officials said important issues remained unresolved.

The statement by chief Iranian hostage negotiator Behzad Nabavi, elaborating on sketchy remarks Tuesday by Iran's prime minister, seemed to confirm that some progress, perhaps significant, had been made toward ending the U.S.-Iranian deadlock.

Urgent messages flashed back and forth across the Atlantic late Tuesday to clarify some items in the new plan. But details of the proposals remained undisclosed, and cautious officials on both sides refrained from saying a breakthrough was at hand.

"The process aimed at release of our hostages continues but a number of important questions remain to be solved," State Department spokesman John H. Trattner said in Washington.

Another U.S. official said, however, that agreement had been reached on some "basic principles." Iran is prepared to revise its demand that the United States put \$24 billion in cash and gold in Algeria's central bank to guarantee eventual compliance with Iran's financial demands, said this official, who requested anonymity.

Since last weekend, Algerian diplomats acting as go-betweens in the crisis have been discussing the latest proposals with Iranian leaders in Tehran. The Algerians had conferred for five days last week with U.S. officials in an effort to find acceptable alternatives to Iran's \$24-billion plan.

On Tuesday, Iranian Prime Minister Mohammad Ali Rajai said Ayatollah Ruhollah Khomeini had authorized acceptance of a proposal from Algeria "to solve our problem with the United States."

At a Tehran news conference Wednesday, Nabavi, who is minister of state for executive affairs, said the Algerians had made a new proposal involving unspecified guarantees. "This subject has been studied and has been agreed upon generally," he said.

Nabavi's remarks left the nature of the "guarantees" unclear. At one point, he also said, "The Algerian government has said in its proposal that it is ready to accept the undertakings of both sides, in other words Iran and the United States can empower the Algerian government with their undertakings."

Later, official Tehran Radio said, "In these proposals, the Algerian government is prepared to obtain a guarantee from the Iranian and U.S. governments."

Economic outlook grim; budget deficit expands

WASHINGTON (AP) — Government economists are forecasting a no-growth economy in the next six months, with inflation and unemployment persisting at high levels during Ronald Reagan's first year in office, Carter administration and congressional sources disclosed Wednesday.

The grim outlooks came as Reagan's strategists warned the president-elect that the federal budget he will soon preside over is piling up a \$60 billion deficit, far more red ink than they had expected.

The state of the current budget "is far worse today than we thought even in October," Reagan's budget director-designate, Rep. David A. Stockman, R-Mich., said after he and other chief economic advisers met with Reagan.

Stockman said the task of bringing federal spending under control "is going to be even greater than we expected." He added that the advisers still believe they can cut 2 percent from the 1981 budget and balance future budgets if Reagan's tax cut plan goes into effect.

Stockman said the advisers and Reagan discussed the state of the economy and their ideas for improving economic conditions and cutting federal spending.

Speaking to reporters after the meeting, Stockman and Donald T. Regan, treasury

secretary-designate, said that despite the growing budget deficit, Reagan intends to press ahead with his proposal to cut tax rates 30 percent over three years.

"If we don't implement the tax program, the deficit will be worse," Stockman said. "The economy will falter and we won't have the revenues that are being projected..."

Stockman's estimate of the anticipated fiscal 1981 budget deficit is in line with updated forecasts by the outgoing Carter administration and congressional economists. Just two months ago, government economists were predicting a \$30 billion deficit, and last spring, President Carter vowed the budget would have no deficit.

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