# international/regional

### Shultz vows aid

BRASILIA, Brazil (AP) -The United States will "work in every way" to counter a buildup of Soviet arms in Nicaragua, Secretary of State George Shultz said Monday.

'We have to help our friends put themselves in a capacity to

resist the aggression that comes from those arms," Shultz said at a news conference. He said the United States was doing so with "economic development and a security shield against the aggression that has been launched by Nicaragua against its neighbors."

The secretary of state's news

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conference, held after the opening session of the Organization of American States general assembly, centered on Nicaragua's claims of an imminent U.S. invasion.

Referring to the Reagan administration's contention that the Soviets are sending increasing amounts of arms to the leftist Sandinista government in Nicaragua, Shultz said the United States planned "to work in every way to cast this aggressive and subversive influence out of our hemisphere."

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Asked about Nicaragua's allegations of a planned U.S. invasion, Shultz said: "As far as invasion fears are concerned they are a self-inflicted wound on the part of Nicaragua." He said such talk was "based on nothing, and I don't know why they are doing this."

In a speech to the 31-nation OAS earlier in the day, Shultz attacked advocates of violence on both the left and right.

## Combat alert

MANAGUA; Nicaragua (AP) - Nicaragua's armed forces were put on a state of combat alert and the civil defense force was activated Monday in anticipation of military action, the Sandinista government said.

Communiques from the Defense Ministry and the civil defense high command read over nationwide radio said the military moves were being made because of threats of attacks on Nicaragua.

The communiques did not specifically mention the United States, but Nicaraguan government officials have repeatedly said recently that a U.S. invasion was "imminent." The United States has denied the allegation.

Meanwhile, the Soviet freighter that sparked the latest U.S.-Nicaraguan confrontation left port after unloading its cargo, and Sandinista leaders said U.S. suggestions that warplanes had been aboard were fabricated to make Nicaragua appear threatening.

### Katz selected

SALEM (AP) - Women have no trouble gaining political office through the ballot box in Oregon, but now a woman has broken through the "old boy network" that traditionally elects the Speaker of the Oregon House of Representatives.

Vera Katz, a Portland Democrat, promises to endow House politics with the same flamboyant style that carried her through four years as the first female co-chair of the Legislature's powerful Ways&Means Committee, which writes the state budget.

Katz said her priority is getting a sales tax on the ballot in the spring to raise money for property tax relief. That will be the first round of the tax reform effort, she said.

If voters don't buy the idea of a sales tax, the Legislature should then submit a back-up plan to voters asking them to increase income taxes for property tax relief, she said.

"If they defeat both ideas," Katz said, "then I guess the public is saying it is satisfied

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The tax reform debate and the public demand for lower taxes without cuts in public service will test Katz's leadership. Those issues divided the 1983 Legislature, dragging the session into a stalemate.

Katz, a public relations director for Portland Community College, moved into politics from involvement in neighborhood organizations and citizens' lobbying groups, entering the house in 1973 as a liberal Democrat.

Since then, her political stance has moderated somewhat, largely because of her long membership on the Ways&Means Committee.

She served on that committee during the height of the state's budget deficits, helping spearhead spending reductions that were unpopular with liberal Democratic colleagues.

Katz was chosen House Speaker on the 100th ballot early Monday after newly elected House Democrats met for 17 hours without a break to select leaders for the 1985 Legislature.

She and Rep. Rick Bauman, also of Portland, were the contenders for the speaker's job. The Democratic caucus reelected Bauman as speaker pro

Rep. Shirley Gold of Portland will be House Majority leader.

Bauman and Katz were vying to succeed Grattan Kerans of Eugene, who gave up his seat in his losing bid for state treasurer in last week's election.

The House speaker wields considerable influence because of the authority to appoint committee members and decide to which committees bills will be

## State named in lawsuit

SEATTLE (AP) - The state of Washington will be named for the first time in legal action involving the Washington Public Power Supply System, as investors who bought \$2.25 billion worth of bonds on which WPPSS defaulted are expected to file the "largest municipal bond liability suit" ever.

Representatives of the National WPPSS Bondholders Committee will hold a press conference in Seattle this morning to announce filing of the suit, which has been in the works for months.

In a claim filed a little more than one month ago, the committee charged that, "The State of Washington has a moral obligation if not a legal obligation to repay the bondholders."

The bonds were sold in 14 separate issues between 1976 and 1981 to finance construction on two supply system nuclear plants, which were terminated before they were finished.

In the largest default in municipal bond history the supply system admitted in July 1983 that it couldn't pay the debt.

A series of lawsuits has been filed in both federal and state courts since the default, but this will be the first naming Washington state as a defendant.

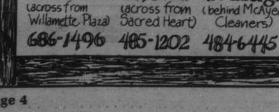
The committee sought damages of \$7.25 billion in its claim. That figure includes principal and interest on the bonds. A claim is required before the state can be sued.

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