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**What's News**

## *Business and Finance*

## *World-Wide*

**A PRIME RATE BOOST** to 12½% from 12¼% this week is considered possible by money analysts, who said the recent sharp rise in open market interest rates has driven up banks' costs in obtaining lendable funds. Some see a 12¾% rate before long.

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**Domestic air fares** were cleared by the CAB to climb as much as 9½% because aircraft fuel costs are rising faster than predicted. The CAB also approved 10% boosts by Pan Am and TWA on many international routes.

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**GM's initial pricing action** on part of its 1980-model line raised its overall average car prices about \$261, or 3.6%. But that figure is almost certain to rise in a month, when the auto maker prices the rest of its lines.

**United Auto Workers and GM negotiators** agreed that they are closer than is usual at this stage in contract talks. The company has been singled out for work stoppages if a pact isn't reached by Sept. 14.

(Stories on Page 2)

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**Chrysler, in a letter** outlining an expected salary-reduction plan to 1,700 top managers, said it has slashed annual operating costs an additional \$150 million since the end of July. At that time, the ailing auto maker said costs had been cut \$500 million.

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**HURRICANE DAVID** lashed central Florida's beaches and continued north.

The storm, which swerved away from populous Miami, turned slightly westward, striking the resort beaches in the central part of the state and causing heavy damages but no fatalities. In Melbourne, just south of Cape Canaveral, the hurricane destroyed a condominium, smashed mobile homes and uprooted trees.

Though considerably weakened since it stunned the Caribbean islands of Dominica, Puerto Rico and the Dominican Republic, leaving at least 650 dead, the hurricane still was packing top winds of 90 miles an hour.

*Property losses in Florida appeared far lighter than initially feared. Officials in the Carolinas began making preparations to deal with the hurricane, which is expected to strike there late today.*

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**IRANIAN FORCES CAPTURED** the Kurdish stronghold of Mahabad.

The rebel troops streamed out of the city under heavy attack from two sides by army troops backed by tanks, fighter planes and helicopter gunships. Hundreds of civilians carrying their belongings also left the city in northwest Iran. There were no reports on casualties.

Fighting continued on the outskirts of Mahabad as government forces attempted to block the Kurds' exodus into the mountains near the Iraqi border. "We shall be your guests every night," the Kurds chanted as they withdrew, threatening a protracted guerrilla war.

*With the army's takeover in Mahabad, Baneh appeared to be the government's next target. The loss is seen as a crippling one for the Kurds, who had pinned much of their hopes for success on holding the city.*