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**What's News**

**Business and Finance**

**World-Wide**

**T**HE INFLATION RATE stayed high last month and government economists said that could mean a deeper recession, higher unemployment and more problems than the administration expected. Consumer prices rose 1% in July, the same as in June and equal to a 12% annual rate before compounding. Energy and housing costs continued to soar.

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A prime rate increase by banks to a record 12 $\frac{1}{4}$ % from 12% is considered likely this week following the Fed's action to tighten credit. The Fed underscored its resolve to battle inflation by raising to 11 $\frac{1}{4}$ % from 11% its target interest rate on federal funds.

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Machine-tool orders fell 14% in July from the month before to \$362.4 million, but producers said that underlying demand remains relatively strong despite the downturn in the general economy. July's figure was 13% higher than the year-earlier total.

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Gasoline price controls may be loosened further by the Energy Department to provide added incentives for oil companies to expand and upgrade their refineries.

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Supplies of gasoline appear sufficient around the U.S. for the first

**A STANDOFF CONTINUED** between the U.S. and Russia over a Soviet ballerina.

With President Carter making the policy decisions, U.S. authorities softened their stance and said it wasn't absolutely necessary that Ludmilla Vlasova come off the grounded Aeroflot Ilyushin 62 airliner for them to determine if she is being forced to return to Moscow. The dancer's husband, Bolshoi Ballet star Alexander Godunov, defected to the U.S. Wednesday.

The Russian news agency Tass quoted the ballerina as saying that the grounding was "outrageous" and that American authorities were "trying to detain me in the U.S. despite my will." Sixty-seven other Soviet citizens remained on the plane, which has been grounded since Friday.

*Donald McHenry, U.S. deputy ambassador to the UN, said the U.S. has the authority to board the plane and remove the ballerina but that American officials were hoping for a more "diplomatic resolution."*

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**ISLAMIC TROOPS** seized control of Saqqez, Iran, from Kurdish rebels.

The battle for the western Iranian town near the Iraqi border ended after a garrison of 700 government troops arrived and overpowered Kurdish fighters. The four days of fighting caused heavy damage to the city. There was no estimate of casualties.

*The autonomy-minded Kurds vowed to fight again elsewhere. Both sides were said to be preparing for a major battle for the Kurds' main stronghold of Mahabad, about 50 miles northwest of Saqqez.*

In Tehran, three unidentified assailants killed two of the Ayatollah Khomeini's supporters and wounded a third. One of those