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Bonfire logs

staff photo by Robert Snider

Senior Head Stack Mike Cotten (far left) from Orange Tx. is walking off log feet as three Junior Red Pots (left to right) Craig Barker, Jeff Tunnel, Albert Eby survey the surrounding grounds in preparation for Bonfire.

Court to consider IRS taxing limits

United Press International
WASHINGTON — The limits of the Internal Revenue Service's power over tax exemptions may be the key issue that emerges from a Supreme Court case involving two racially discriminatory religious schools.

Lawyers for two fundamentalist institutions, backed by the Reagan administration, told the court Tuesday the IRS overstepped its authority in denying tax-exempt status to schools that practice racial discrimination.

During the debate that drew a capacity crowd, a civil-rights lawyer charged granting tax exemptions to racially biased institutions is tantamount to giving them federal grants.

The court is expected to decide by early next year whether Bob Jones University, of Greenville, S.C., and the Goldsboro (N.V.C.) Christian Schools should enjoy such tax exemptions.

"Tax credits and tax exemptions stand on the same footing as direct grants to an institution," asserted William T. Coleman, chairman of the NAACP Legal Defense and Educa-

tion Fund.

Coleman argued Congress has, in effect, ratified the IRS decision to deny the schools tax exemption, since lawmakers have specifically avoided amending the law — despite ample opportunity in recent years.

But Goldsboro attorney William McNairy contended, "These are political questions that have been allocated to the Congress. Any change in qualifications (for tax exemptions) must come from Congress."

The reasoning is the same voiced by the Reagan administration, which heated up the dispute last January by reversing a 12-year-old IRS policy of denying tax breaks to private schools that discriminate because of race.

The often-tedious discussion before the high court bench focused on technical points of law until two justices began wondering aloud just how far IRS authority extends.

Justice Lewis Powell asked Coleman whether tax exemptions could be denied if an institution practices sex discrimination, rather than racial bias.

"We didn't fight a war over sex discrimination," Coleman said, in a reference to the Civil War.

Powell also wondered whether the IRS has the power to deny tax-exempt status to pacifist groups that oppose the nation's defense policies.

"We do make exceptions for pacifists, even in wartime," Coleman answered.

Justice Sandra O'Connor asked Coleman if the IRS could deny exemptions to a church that practices discrimination.

"The rules governing a church are different than the rules governing a school," he replied.

The controversy was taken to the Supreme Court by Bob Jones and Goldsboro Christian Schools after they lost their fight for tax exemptions in the federal appeals court in Richmond, Va.

Bob Jones barred black students until 1971. Although it now admits students of any race, it still prohibits interracial dating. Blacks still are barred from Goldsboro.

Arafat meets with Hussein on Palestinian federation

United Press International
Palestinian leader Yasser Arafat declared he and Jordan's King Hussein — once mortal enemies — are "brothers in blood" with the same ideas on solving the Middle East dilemma, reportedly with a Palestinian-Jordanian federation.

The talks are the first substantive discussions in 12 years between Arafat and Hussein — key brokers in President Reagan's plan for Palestinian self-rule in association with Jordan in the Israeli-occupied West Bank and Gaza Strip.

"We have the same viewpoints for the same aims and the same destiny," Arafat said in Jordan Monday, while addressing the Badr brigades of the Palestine Liberation Army under the command of King Hussein.

"The Palestinians and Jordanians have always been brothers in blood," Arafat, chairman of the Palestine Liberation Organization, said after three rounds of crucial talks with the Jordanian monarch.

"We are seeking to coordinate the future steps of our struggle, which will not stop until the Palestinian flag is flown over Jerusalem," said Arafat, who arrived in Amman Saturday.

The friendly statements marked a bizarre twist to a bitter feud begun when Hussein's army drove 100,000 Palestinians from Jordan and killed 10,000 more in the "Black September" massacres of 1970.

Hussein invited Arafat Sept. 20 to help formulate a blueprint for a Palestinian-Jordanian federation. But the two men, reconciled in 1979, failed to disclose details of the talks.

Arab sources, however, suggested the federation concept was in line with Reagan's proposals.

In Beirut, special Jordanian envoy Ali Ghandour Monday delivered a private letter to President Amin Gemayel at the presidential palace at Baabda east of the capital, but Lebanese officials declined to reveal its contents.

U.S. special envoy Morris Draper

and U.S. Ambassador Robert Dillon were meeting with Lebanese Foreign Minister Elie Salem today but the agenda for the discussions was not revealed.

In Tel Aviv — where the government of Israeli Prime Minister Menachem Begin has flatly rejected Reagan's proposals — one Israeli official said Monday it is too early to gauge the significance of Arafat's talks with Hussein.

"The fact that he (Arafat) was received with embraces does not mean anything," the official said. "PLO men who left Beirut for Jordan were received by Hussein with a kiss, but at the end of the line he took their guns away."

In Dallas, officials traveling with Reagan said a delegation from the Arab League headed by King Hassan II of Morocco will meet the president in Washington Oct. 22 to discuss his Middle East peace plan and related issues.

Soaring stock market draws cheers, doubts

United Press International
WASHINGTON — Although the stock market is soaring, drawing cheers from the White House, many analysts warn there is no certainty interest rates will keep falling or that the economy is headed toward a recovery.

"The tremendous surge in the stock market... is based on hope," said Otto Eckstein, head of Data Resources Inc. "Now we have to wait a few months."

He added, "The investment community, institutions and individuals, believe lower interest rates will produce a recovery. We are hoping, but we don't know it."

The Dow Jones industrial average, up 20.88 points Friday, soared 25.94 points to 1,012.79 Monday, the highest level since it finished at 1,016.93 on April 28, 1981.

The Federal Reserve's lower interest rate push triggered the buying frenzy, which is showing more power

than almost any rally in the stock market's 190-year history.

In Dallas, President Reagan called the stock market a "leading indicator" of the economy and said investors' "commitment to put cold, hard cash on the line signals a vote of confidence in America's future."

But in Boston, Sen. Edward Kennedy, D-Mass., again attacked Reagan's economic program, pointing to another rising figure — the nation's unemployment rate, now at a Great Depression high of 10.1 percent.

"When you have over 10 percent unemployment and 11 million men and women out of work, I think there is very serious pain, anguish and suffering being experienced by millions of Americans," Kennedy told a news conference.

Kennedy said he was "grateful" interest rates are coming down but he called that "long past due," and questioned "how long they'll stay down."

Economic analysts said the heart of the continuing optimism on Wall Street is the Federal Reserve Board's indication it thinks the economy is so weak short-term expansions in the money supply are no longer worrisome.

Fed Chairman Paul Volcker, at a weekend news conference, said the Fed is "continuing to restrain the growth of money and credit to appropriate levels in the interest of encouraging a continuing decline in inflation."

But, he added, "That policy does not imply continuing pressures on interest rates."

One analyst who does believe interest rates will continue to fall is David Jones, economist at Aubrey G. Lanston & Company.

"The dismal economy and the Fed's new concern about it mean the prime and other short-term interest rates should move down fairly promptly."

Disarmament speech at 8

Dr. Edward Teller, who has been called the "father of the H-bomb," will speak in 601 Rudder Tower at 8 tonight.

Teller's speech, "Perspectives on Nuclear Disarmament," is sponsored by MSC Great Issues.

During World War II, Teller worked on the Manhattan Project — a secret, multi-million dollar government effort to build the first atomic bomb. In 1949, after spending three years as professor of physics at the University of Chicago, he became assistant director of the Los Alamos Scientific Laboratory in New Mexico.

Teller has served on the Atomic Energy Commission. He is a member

Faculty members probe new insurance policies

by Rebeca Zimmermann
Battalion Staff

Although medical insurance rates for the Texas A&M System increased Sept. 1, faculty members continue to question the new policies.

The Texas Association of College Teachers met Tuesday to discuss alternative insurance plans and ways to avoid future rate increases.

John Dinkel, chairman of the committee on System employee benefits, said the committee plans a survey of about 12,000 Texas A&M System employees and open hearings on insurance problems.

He said the survey will ask employees what type of medical insurance coverage they want and how much they're willing to pay for it.

Faculty input will be crucial in the committee's functions, he said. "I urge you to contact your faculty representatives," he said.

A previous lack of contact among faculty members and their representatives is a problem, he said.

Several faculty members suggested that System employees should be informed before changes are made, so faculty questions and comments on new insurance policies may be aired.

"We may not be dissatisfied with a lower plan for lower cost," one faculty member said.

The committee will try to keep System employees informed about any anticipated or predicted changes in insurance rates, Dinkel said.

H. Ray Smith, Texas A&M director of personnel, agreed that earlier consideration of different companies' bids may give faculty members more

time to respond to any future increases.

John Honea, director of insurance and risk management, said alternative plans were examined in October 1981, when the contract bidding process began for this year's insurance plan. But, contracts must be

Some employees were faced with an almost \$100 per month increase — John Honea, director of insurance and risk management.

approved by the chancellor and the board, which takes some time.

He said about 480 insurance companies were contacted about bidding on the Texas A&M contract; six actually responded with bids. After looking at the six plans, the System narrowed the choice to Prudential or Southwestern insurance companies.

Prudential's bid included \$5.6 million more in premium payments than Southwestern's bid, Honea said.

Reasons for the rate increases include an increase in medical costs and mandated federal and state requirements.

Inflated insurance claims also add to the rate increase, Honea said, because some inflated or fraudulent claims are caught on audits by the insurance company.

"We plan to visit hospitals and go

in and audit small claims," he said. Itemized claims may be requested.

If a fraud is found, the insurance company will go to the district attorney, he said.

Another cause for the insurance rate increase, Honea said, was the lower-than-anticipated state contributions for state employees' insurance benefits. The Texas Legislature increased insurance contributions from \$48 to \$58 per month — \$10 more a month per employee; some employees were faced with an almost \$100 per month increase.

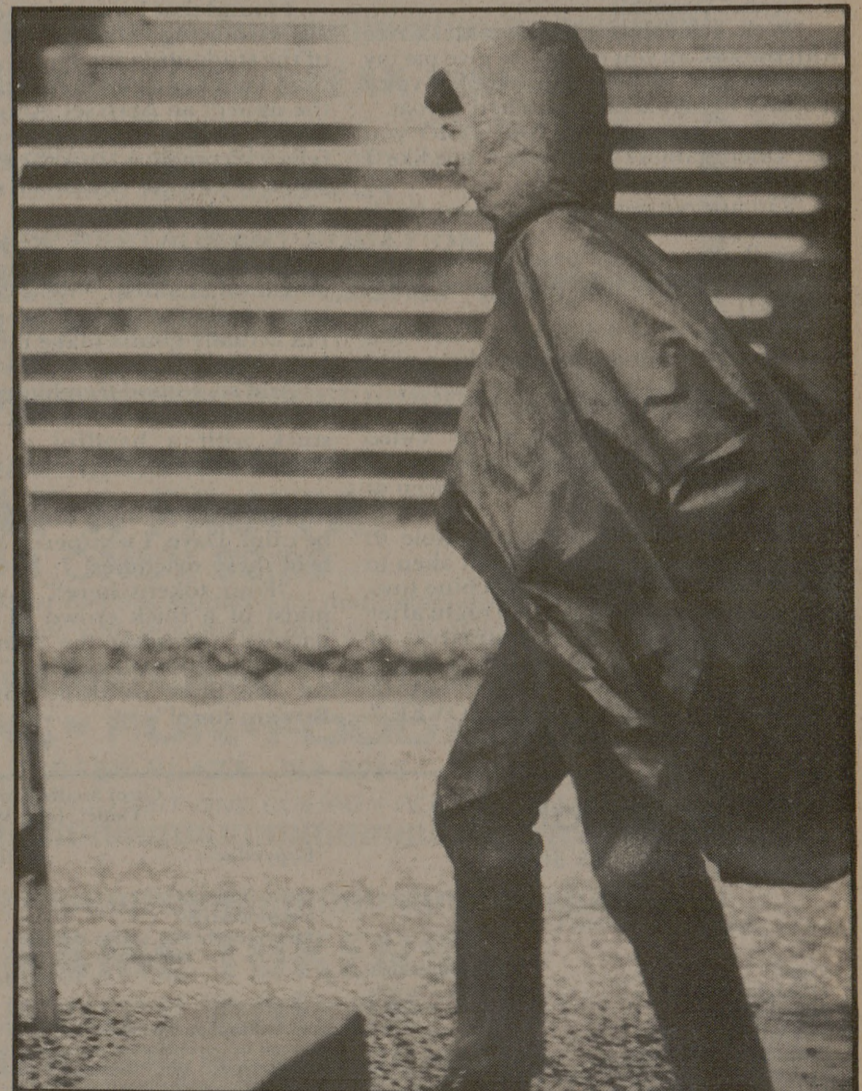
Dinkel said \$2.4 million in premium payments may have been saved if the state had contributed the anticipated amount of about \$80.

Federal and state requirements guaranteeing new state employees insurance coverage for pre-existing medical conditions also contributes to increased rates, Honea said.

He said local school district plans, which have lower monthly payments, are not comparable to Texas A&M's plan because these groups aren't required to cover pre-existing medical conditions of employees.

These monthly rate increases may be the reason why 24 percent — about 1,500 people — of the employees or dependents previously covered by System insurance policies to drop the plan.

A faculty member expressed concern because low-risk, healthy employees probably were the ones who dropped insurance coverage. This may increase the System's over-all insurance risk and raise rates again.



staff photo by David Fisher

Windy days are back

Tuesday was another cold, windy day. Many people were bundled up in rain gear to keep from getting wet. This student had nearly everything but the front of his face covered to protect himself from the chilling rains.

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forecast



Today's Forecast: High in the high 70s, low in the upper 50s.