

Report says public schools not emphasizing reliability

Associated Press

NEW YORK — Corporate leaders charged Thursday that an alarming number of youngsters leave school lacking the discipline, work habits, command of English and other skills needed for job success.

Their 107-page report, "Investing in Our Children: Business and The Public Schools," represents the first clear statement of what the business world wants from public schools.

It said schools fail to stress what it called the "invisible curriculum" of teamwork, honesty, reliability and "learning how to learn" — traits the business world considers important to success in college and career.

The panel's survey of business leaders representing some 244 large companies and 65 small firms found that a majority believed too many youngsters leave high school with the idea that adults tolerate tardiness, absenteeism and misbehavior.

"Young people who have not learned discipline and mastered basic skills and especially mastery of

"Young people who have not learned discipline . . . are doomed . . ." — Owen B. Butler, chairman of Procter & Gamble Co.

English are doomed to failure and unemployment in later life," said Owen B. Butler, chairman of Procter & Gamble Co. and head of the 60-member panel that produced the report.

The panel's survey of business leaders representing some 244 large companies and 65 small firms found that a majority believed too many youngsters leave high school with the idea that adults tolerate tardiness, absenteeism and misbehavior.

"If schools tolerate excessive absenteeism, truancy, tardiness, or misbehavior, we cannot expect students to meet standards of minimum performance or behavior either in

school or as adults," said the report. The three-year, \$1 million study was sponsored by the New York-based Council for Economic Development, a public policy research group whose 225 trustees are mostly top corporate executives.

In Washington Thursday, Secretary of Education William J. Bennett called the CED report "a welcome contribution to the national conversation on the state of our schools and how to improve them." He praised the report's emphasis on good work habits and high academic standards, as well as its call for more parental involvement in education.

The report urged educators to use tried-and-true business tactics to address school problems. Excellent schools should be freed from burdensome state regulation and supervision, while floundering schools should be declared "bankrupt" and placed in state or local receivership to be either reorganized or shut down.

E.F. Hutton

Company will effect reorganization to combat lax management problem

Associated Press

WASHINGTON — Former Attorney General Griffin B. Bell blamed lax management for allowing E.F. Hutton & Co. to slip into legal trouble over its banking practices and the firm said later Thursday that it would implement Bell's recommendations for an extensive reorganization.

Three top officials are leaving corporate headquarters and a company statement said the board of directors will be restructured to ensure that a majority of the members are from outside the firm.

In a report and 90-minute news conference on his three-month investigation, Bell drew a picture of a corporate giant with so little control from the top that it had no way to detect wrongdoing by several of its middle managers.

It also was a picture of a firm so eager to maximize the interest earnings on its huge daily cash flow that abuses were practically invited.

"The absence of controls is particularly noticeable given Hutton's intense desire during 1980-82 to maximize interest income . . . and the knowledge of senior Hutton management that substantial interest income could be generated through bank overdrafting," the report said.

However, Bell said his investigators were unable to link wrongdoing to top New York officers "from a standpoint of criminality."

"It was a management failure, not an ethical failure," Bell said.

But he said there was wrongdoing by a group of middle managers who were given immunity from prosecution by the Justice Department in an unsuccessful effort to trace improper check overdrafting practices to corporate headquarters.

The report recommends that six branch managers be assessed penalties ranging from \$25,000 to \$50,000 with the money being paid to a charity, and the firm said this will be done. The six are among those given immunity.

Hutton chairman, Hutton chairman Robert Fomon hired Bell to conduct an internal investigation after the firm pled guilty on May 2 to 2,000 counts of wire and mail fraud in connection with bank overdrafting that the Justice Department said cheated hundreds of banks out of millions of dollars in interest on Hutton accounts.

The report says just over a quarter of the 397 banks that may have suffered interest losses have signaled their intention to file claims for restitution, and Bell said he believes the \$8 million fund Hutton has reserved

for restitution will be more than enough.

Bell, attorney general under President Carter, said he could not fault the Justice Department for granting immunity to some employees in an attempt to trace wrongdoing to the top.

Noting that a House subcommittee is investigating the department's handling of the case, Bell said, "The fight is almost now between the Congress and the Justice Department."

And he suggested that the department "may have done too good a job. They may have made something larger than life" by securing a guilty plea to 2,000 counts.

"I wouldn't have pled guilty to 2,000 counts based on what I know," he said.

The report says two top corporate officials singled out for failing to exercise their management responsibilities — Thomas P. Lynch, the executive vice president, and Thomas W. Rae, chief legal counsel — are leaving their posts.

It recommended that so-called money mobilizer Thomas Morley, a central figure in the firm's cash management practices, be reassigned to other duties. Fomon announced later that Morley "is leaving the company."

NOW to fight right-wing opposition

Associated Press

WASHINGTON — Feminists who do not confront their "right-wing, fascist opposition" may see their gains slip away, Eleanor Smeal said Thursday in a blunt and passionate comeback speech setting the tone for her leadership at the National Organization for Women.

"We don't take the right-wing fascist opposition seriously enough . . . We're about to see unravel all the gains of the last 30 and 40 years," Smeal, installed Sept. 1 as president of the feminist group, said in a speech at the National Press Club.

"(But) there's a lot of us around and we've got a lot of kick left and we intend to raise hell as long as we're still living," she added. "It's time to show where you stand today — not to tell us about the great strengths of yesterday."

Smeal recaptured the NOW presidency in July from Judy Goldsmith, who had succeeded her in 1982.

New guideline set for donating blood to help battle AIDS

Associated Press

ATLANTA — In revised guidelines aimed at eliminating AIDS virus from the blood supply, federal health officials recommended Thursday that any man who has had sex with another man even once in the last eight years refrain from donating blood.

The national Centers for Disease Control has for years considered homosexual or bisexual men with multiple sexual partners to be at increased risk for acquired immune deficiency syndrome.

But the latest recommendation from the Food and Drug Administration, published by the Atlanta-based CDC, applies even to men "who may have had only a single contact, and who do not consider themselves homosexual or bisexual."

The FDA stopped short of saying that any man who has ever had gay sex is at increased risk for AIDS.

Susan Cruzan, a spokeswoman for the FDA, said, "But we would certainly consider them able to be carriers."

AIDS, or acquired immune deficiency syndrome, is an affliction in which the body's immune system becomes unable to resist disease. It is believed to be caused by an unusual virus discovered in France and the United States.

AIDS is most likely to strike homosexuals, abusers of injectable drugs and hemophiliacs. It can apparently be spread by sexual contact, contaminated needles and blood transfusions, but not by casual contact. It has struck more than 12,000 people in the United States since 1979, and more than half of them have died.

Interviews with donors of AIDS virus-positive blood showed "homosexual contact" to be "the most common risk factor identified," the FDA reported.

UPI requests union contract void

Associated Press

WASHINGTON — United Press International, stymied in its latest attempt to obtain wage and benefit concessions from the Wire Service Guild, will return to federal bankruptcy court with a new request for termination of the union contract, a company spokesman said Thursday.

David Wickenden said UPI will file a petition with U.S. Bankruptcy Judge George Francis Bason Jr. in the next few days to void the three-year contract that expires April 26, 1986.

William Morrissey, president of the Guild, said Thursday, "If and when they do file (to break the contract), then our commitment to defer the strike vote is ended and we will continue the strike process. We have an agreement in force. We intend to see that it is lived up to."

The Guild's previous strike vote was halted when the union and UPI entered discussions with the aid of a federal mediator.

In a message to UPI employees issued late Wednesday night, UPI chairman Luis Nogales declared "the company will be in peril" unless it wins the wage and benefit concessions it has sought unsuccessfully since June.

Wickenden made a copy of the UPI statement available to The Associated Press.

UPI has said contract concessions are necessary to make the company more profitable and attractive to prospective buyers or investors. The Guild says the employees have sacrificed enough, and that the company could cut costs elsewhere.

The Guild, in a lengthy statement made available on Thursday, said "the union will discuss its collective bargaining agreement only with a viable purchaser," not with current UPI managers.

After UPI first petitioned to void the contract, leaders of the Guild, which represents about 750 UPI editorial employees, responded by

agreeing to ask members for authorization to call a strike if Bason approved the request.

Both sides backed off when Bason referred the dispute to federal mediation, but six days of talks under the auspices of the Federal Mediation and Conciliation Service collapsed Aug. 22 without any sign of a settlement.

Bason has been overseeing UPI's efforts to put its financial affairs in order since April 28, when the company filed for protection against creditors under Chapter 11 of federal bankruptcy law.

UPI opposes full restoration of employee wages, as agreed upon last September when the union accepted a temporary, 25 percent pay cut. The company also seeks reductions in medical benefits, pension liability and dismissal indemnity, together with a 40-hour work week for all employees, some of whom now work a 37.5-hour week.

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