

Health care spending at record high

WASHINGTON (AP) — Health care spending consumed \$425 billion last year, the highest level ever and equivalent to 10.7 percent of all goods and services produced by the U.S. economy, the government said Tuesday.

The annual report released by the Health and Human Services Department showed that spending on health care remained on its historical upward track in 1985, but at a significantly slower pace than in past years.

The 10.7 percent of gross national product devoted to health care was the highest on record and compared with 10.3 percent in 1984 and only 5.9 percent in 1965.

Health expenditures in 1985 were up only 8.9 percent from 1984's \$390.2 billion, the second year in a row that the increase was below the double-digit levels of the previous two decades.

South Africa turns down appeal to free Mandela

PRETORIA, South Africa (AP) — President P.W. Botha said Tuesday his government would prefer economic sanctions to "national suicide" and rejected a plea by Britain's foreign secretary for the unconditional release of Nelson Mandela.

At the end of Sir Geoffrey Howe's one-week peace mission to southern Africa, Botha said Mandela would stay jailed and Mandela's African National Congress would stay outlawed until it renounced violence and purged the black guerrilla organization of what Botha said were communist leaders.

Howe said in a separate news conference, after a one-hour meeting with Botha, that peaceful dialogue was not possible unless Mandela and the ANC could participate freely.

"The responses I've received have not yet enabled me to proclaim that I have made the progress I would have liked," Howe said.

His mission, on behalf of the 12-nation European Common Market, included visits with black leaders of

neighboring countries and moderate opposition leaders in South Africa.

Some of South Africa's most prominent black activists spurned him. They accused Britain of seeking to delay further international moves toward sanctions against Botha's government.

Howe said his proposals for opening dialogue "offer a realistic and fair alternative to violence and economic warfare. It would offer the possibility of substantial and tangible progress without which further measures against South Africa are likely to be taken in one form or another in the next few months."

The only new South African proposal mentioned by Botha was an offer to meet with leaders of other southern African countries and of West Europe to discuss regional problems.

He said he would discuss South Africa's domestic political issues if other leaders would discuss internal problems of their countries.

Botha reiterated his contention

that sanctions would hurt neighboring countries more than his own.

He said he told Howe that the West, if bent on punishing South Africa, should take similar measures against all countries where racial and ethnic discrimination exist.

"I can never commit suicide by accepting threats and prescriptions from outside forces, and hand South Africa over to communist forces in disguise," he said.

"I hope this hysterical outcry of certain Western countries against South Africa will soon pass," Botha said. "I don't believe in sanctions. . . . But if we are forced until our backs are against the wall, we will have no alternative but to stand up in self-respect and say to the world: 'You won't force South Africans to commit national suicide.'"

Botha agreed with Howe that his government holds the key to pursuing peaceful political change, but he said there were enough "authentic" black leaders to deal with.

U.S. trade deficit called 'dangerous'

WASHINGTON (AP) — Federal Reserve Chairman Paul Volcker said Tuesday that a soaring trade deficit has put the United States in a "difficult and dangerous situation" and could, if not corrected, topple the country into a recession.

The chairman of the central bank told the House Banking Committee that he is not now forecasting the start of another recession. But he said the trade deficit, which hit a record \$148.5 billion last year, is one of the main problems that needs to be dealt with to keep the 3½-year economic expansion alive.

Volcker repeated a plea he made last week before the Senate Banking Committee for America's major trading partners in Japan and Western

Europe to do more to stimulate their growth rates in order to expand markets for U.S. products and thus narrow the trade imbalance.

"We live in a much more complex world than even a few years ago," he said. "Our economic fortunes are to a considerable extent dependent on the strength of growth abroad."

Volcker said the trade deficit had pushed the country's overall debt held by foreigners up at a rapid pace as dollars to pay for imported goods flowed into the hands of foreign investors.

This foreign capital has helped the United States finance its huge federal budget deficit, but Volcker said this situation can not be sustained forever and that time to deal

with the problem is running out.

The Fed chairman said the giant trade deficit has been the main drag on economic growth for the past two years.

"The longer that persists, the more difficult and dangerous situation we are in," he said. "Our financial market becomes more and more hostage to the continuing flow of capital from abroad."

The Reagan administration has tried to fight the trade deficit by pushing the value of the dollar lower against foreign currencies. A weaker dollar is expected to discourage imports by making them more expensive and lower the price of U.S. goods on foreign markets.

Volcker said this strategy will help

but won't be able to correct the problem unless foreign governments push for faster growth of their economies.

The Federal Reserve, working to keep the American recovery going, has three times this year cut a key bank lending rate in an effort to push interest rates lower and stimulate the economy.

Growth this year has been far below expectations. The economy, as measured by the gross national product, expanded at an annual rate of just 1.1 percent from April through June, the slowest pace since the end of the last recession.

Volcker refused to say whether the Fed was considering a fourth cut in its discount rate.

World Briefs

Texas man wants to get Titanic artifacts

AUSTIN (AP) — An Abilene oilman who made unsuccessful searches for Noah's Ark and the Loch Ness monster says he now plans to retrieve artifacts from the sunken Titanic.

Jack Grimm, 61, of Grimm Oil Co. said he will join the French navy next summer in a submarine visit to the Titanic. But officials at the Woods Hole Oceanographic Institution in Massachusetts said

they have not heard of any French plans to visit the wreck.

Dr. Robert Ballard, a recent expedition's chief scientist, has urged explorers to leave the Titanic and its artifacts as a memorial to the 1,513 killed in the catastrophic accident. And Woods Hole officials have said they would not disclose the specific coordinates of wreckage to Grimm or other explorers.

Farmers, truckers join to fight drought

(AP) — Cattlemen cheered a mile-long train of free Indiana hay Tuesday in dried-out South Carolina, and Georgia has proposed emergency measures if the Southeast's worst drought in a century continues.

Farmers across the country have donated hay to feed cattle in the drought region, and railroads and trucking companies have donated their services to ship it.

"I've never seen as many people wanting to help their fellow man . . ." said John Trotman, Alabama director of the Agricultural Stabilization and Conservation Service. "This reminds me of World War II . . . patriotism and people banding together."

Recent thunderstorms have eased the drought slightly in parts of the Southeast.

Stock market posts drop for 2nd day

NEW YORK (AP) — The stock market gave up more ground Tuesday.

At the close of trading, the Dow Jones average of 30 industrial stocks stood at 1766.87, down 7.03 points. Declining issues outnumbered gainers by about a 2-to-1 margin at the New York Stock Exchange.

Throughout the day the Dow Jones index had fluctuated be-

tween levels above and below the break-even point.

Analysts said many traders who weren't selling moved to the sidelines, stunned by the previous day's 36.14-point plunge in the closely watched index. Monday's drop was the seventh largest point loss ever and its biggest since it took a record 61.87-point drop on July 7.

UT finds musician's unpublished songs

AUSTIN (AP) — Three original, unpublished songs written by noted American composer Aaron Copland while still a teen-ager have been discovered at the University of Texas, the school announced Tuesday.

The songs, written by Copland when he was 17, were found in a collection of uncatalogued manuscripts, the university said.

Karl Korte, a music composi-

tion professor at UT, said the songs were written before Copland began his years of formal study. He said the songs are "extremely precocious for someone 17 years old."

Helen Tackett, UT spokeswoman, said Copland, now 85, and his publisher had granted UT permission to give the three compositions their premier performance.

Shuttle

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that it was anywhere near stable," said flight director John Cox.

The cabin's tumbling would have made it impossible for the astronauts to escape, he said.

Astronaut Storey Musgrave said most members of the astronaut corps still would like to have some sort of bail-out system for the shuttle, "but I can't say that it's justified."

He said a bail-out system for use below 50,000 feet during gliding flight would have only limited appli-

cation and that whether developing such a system is worth the expense and added weight "is a programmatic (management) decision."

Overmeyer, who retired after two shuttle flights, said he doesn't believe a shuttle escape system is practical.

"You're covered over such a short period of time, the benefit doesn't justify the weight and the expense," he said.

NASA engineers have investigated possible escape systems for the

Jenco

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Associated Press in Damascus, Syria.

Jacobson's message said for the Reagan administration to negotiate for the release of the remaining Americans or "our release will be death."

Jenco also thanked Said for "last minute counsel" before his release, and added: "The small crucifix Ahab gave me was a great comfort during those final hours."

chief Middle East correspondent of The Associated Press; Jacobsen, 55, director of the American University Hospital in Beirut; Thomas Sutherland, 55, of Fort Collins, Colo., the university's acting dean of agriculture; and William Buckley, 58, of Medford, Mass. a U.S. Embassy political officer.

Still addressing the captors, he said of the other three hostages: "Please let them know I will be a personal letter to their loved ones. Since (neither) I nor Terry or David or Tom knew that I was to be released, I did not have chance to hug and kiss them and to bid them farewell."

Americans still missing are Terry A. Anderson, 38, of Lorain, Ohio,

Islamic Jihad, the extremist Shiite group that claimed responsibility for all the kidnappings, said Oct. 4 that Buckley was killed in retaliation for what it called U.S. involvement in an Israeli air strike on the Palestine Liberation Organization headquarters in Tunisia. Buckley's body was not found.

Policies

(continued from page 1)

Ortega said, "When any state rejects or ignores international law it strengthens the tendency to replace law by the law of the jungle."

The World Court, known formally as the International Court of Justice, is the judicial arm of the United Nations. It has no enforcement powers and depends on voluntary compliance with its rulings.

The Reagan administration contends that Nicaragua is becoming a base for the Soviet Union and a threat to Central American security.

Walters repeated the U.S. position that it is ready to enter into talks with Nicaragua if the Sandinistas will start talks with the Contras.

Ortega told a new conference that Nicaragua would continue to defend itself in the face of U.S. threats and intervention. But he offered to enter into peace talks immediately to work out a deal under which the United States would stop its intervention and Nicaragua would guarantee the security of neighboring states which felt threatened by Nicaragua.

Ortega's speech drew warm applause from the Security Council gallery, which was full. A U.S. diplomat said Nicaragua received tickets for 100 gallery seats.

Walters said, "Daniel Ortega found in the United States a pulpit from which to speak, an audience which listened to him and freedom to attack this country, things which would be denied to any foreigner in Nicaragua who did not like the policies of the Nicaraguan government."

Walters said thousands of Cuban advisers were in Nicaragua. Ortega said Cuban military instructors numbered 500 but the number was diminishing as Nicaraguans took over the Cubans' functions.

shuttle, and officials say privately that a decision is expected in the fall.

"I expect we will have some sort of escape system," said one official who asked not to be named. "But how elaborate it is is the big question. A lot will depend on what we can afford."

systems could cost hundreds of millions and take five years to develop, he said.

Al Louviere, a NASA engineer who led a team that investigated escape systems, said a simple bail-out system ready for resumption of shuttle flights in 1988 would cost "in the tens of millions." More elaborate

A recording of conversation among the four astronauts who rode on Challenger's flight deck also was released Monday. It revealed for the first time that pilot Mike Smith may have been aware there was a problem.

At the moment of the explosion, the tape captured Smith's exclamation of "Uh oh!"

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