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Reagan confirms weapons deals with Iran

WASHINGTON (AP) — President Reagan confirmed Thursday night that he undertook 18 months of secret diplomacy with Iran and said he sent "small amounts" of weapons to improve relations, but not to ransom American hostages in Lebanon.

He said he did not intend to tilt U.S. policy toward Iran in its six-year war with Iraq. "Due to the publicity of the past week, the entire initiative is very much at risk today," the president told the nation in a speech broadcast from the Oval Office.

Saying he was being forced to speak out by widespread rumors about his dealings with Iran, Reagan acknowledged he sent former national security adviser Robert C. McFarlane on a four-day mission to Tehran last spring "to raise the diplomatic level of contacts" with moderates in Iran.

"Since then," Reagan said in his hastily arranged address, "the dialogue has continued, and step-by-step progress continues."

The president spoke in the midst of demands from many of his conservative political allies, for a detailed defense of the administration's heretofore secret arms dealings with Iran.

After Reagan spoke, Senate Democratic leader Robert C. Byrd of West Virginia called the president's Iranian initiative "a major foreign relations blunder" and questioned its impact "on our own credibility with our friends and within our own country."

Said Rajaie-Khorassani, Iran's ambassador to the United Nations, said of Reagan's speech, "To me it was a very optimistic

statement and to some extent a constructive statement."

He said Iran has "made certain conditions" for a continuation of the diplomatic efforts, and said that if these conditions are met, a "mutual understanding will develop."

McFarlane, interviewed Thursday night on NBC-TV, was asked whether the news reports will have the effect of foreclosing the possibility of further relations.

"I don't think they have," he replied. "I think it's a very uncertain future. . . . We can best help by quite a lot of discretion and seriousness on our side."

Arms shipments had been cut off by then-President Jimmy Carter after radicals seized the U.S. Embassy in Tehran and took dozens of Americans hostage.

Reagan said it was "utterly false" that the weapons shipments to Iran, during an embargo on such deliveries, were intended to ransom the Americans held hostage in Lebanon. Nor, he said, had the United States "undercut its allies and secretly violated American policy against trafficking with terrorists."

"We did not — repeat — did not trade weapons or anything else for hostages," Reagan said. "Nor will we. . . . We have not, nor will we, capitulate to terrorists."

In another passage, he said, "The United States has not made concessions to those who hold our people captive in Lebanon — and we will not."

Rather, Reagan said, his "secret diplomatic initiative" was recognition of the value of re-establishing "some degree of ac-

cess and influence" in Iran. He said Iran's location, near the Soviet Union, and its rich oil reserves give the Islamic nation key significance to the United States.

Reports of the administration's dealings with Iran accelerated earlier this month, when David Jacobsen, one of the Americans held hostage in Lebanon, was released.

In advance of Reagan's speech, congressional Democrats criticized the administration's dealings with Tehran, calling for investigative hearings into the secret contacts.

They said an arms-for-hostages swap would set a precedent that must be reversed.

The State Department also said the two countries are nearing agreement on the return of about \$500 million in Iranian funds held by the Federal Reserve since 1981.



Photos by John Makely

Dressed For Chill

Jean Ann Green, a sophomore from Houston (above), and Deborah Matern, a sophomore from Plano, battle the near-freezing tempera-

tures in Bryan-College Station on Thursday. The low for the day was 31 degrees Fahrenheit while the high reached 42 degrees.



University mergers on appeal

Schools to present last-chance protest

AUSTIN (AP) — Six state universities and colleges marked for mergers will get a last chance to appeal to the Select Committee on Education, chairman Larry Temple said Thursday.

Temple, who proposed the mergers, said the six institutions will be given an opportunity at the committee's Nov. 21 meeting to "summarize" their positions.

Temple's recommendation also proposed aligning state institutions according to their missions and goals.

The University of Texas at Austin and Texas A&M University would be the only comprehensive graduate-research universities.

Temple said the committee would vote by Dec. 12, maybe at a Dec. 5 or Dec. 11 meeting.

"This is just one person saying what he thinks we ought to do," Temple told reporters of his proposal. "The committee still had to make up its mind."

In a memo to other committee members earlier this week, Temple proposed merging:

- North Texas State University and Texas Woman's University in Denton.

- University of Houston-Downtown into Texas Southern University.

- Corpus Christi State University and Texas A&I University.

Temple said these mergers would "enhance the delivery of academic programs and provide for more effective and efficient use of present and future facilities."

All proposed actions would have to be approved by the committee and then by the Legislature.

At Thursday's meeting a large group of TSU students sat in the gallery of the Senate chamber to register their protest of the proposed merger.

"I think it is appropriate that the institutions named have a summary presentation before the committee," Temple said.

Temple told reporters that he had received the most objections for the proposed NTSU-TWU merger.

He said reaction to the Houston merger was "mixed" with some saying they favored an urban institution at the downtown site.

He said people of Corpus Christi generally favored that merger, but those in Kingsville opposed losing the separate identity of Texas A&I.

'Airplane' gambling scheme hits A&M, CS area

By Dawn Butz
Staff Writer

A pyramid gambling scheme, better known as "airplane," is said to have made its way to College Station, creating small Wall Streets throughout the city.

Sources, who did not wish to be identified, told *The Battalion* Thursday that the airplanes have just recently hit here, but have been spreading "like wildfire" through other universities.

The airplane scheme, which is called an "endless chain," is similar to a chain letter. One person begins the pyramid by naming himself the pilot, and setting an investment fee. He recruits two co-pilots and four crew members. This group then recruits eight passengers, all of whom make monetary investments for the chance to move up to crew, and, ideally, to pilot.

When the airplane is complete, the pilot is paid off from the passengers' investments. The plane then splits in half, and each co-

lot becomes a pilot, taking half of the plane members with him.

These people, who now become co-pilots and crew members, must recruit others to join each of the respective planes and to make new investments. As more people are recruited, the planes keep dividing, thus creating many planes.

But there is one drawback to the fast cash game. It's illegal.

According to Sec. 32.48, subsection B, of the Texas Penal Code, a person is committing a criminal offense if he contrives, prepares, sets up, proposes, promotes or participates in such an endless chain.

In subsection C of the code, an endless chain is defined as a scheme in which participants introduce other people to a game to receive compensation, and then those new participants, in turn, will introduce still more participants for compensation. Players do not

have to make a sale to non-participants for the scheme to be illegal.

An endless chain offense is a class B misdemeanor, punishable by up to a \$1,000 fine and up to 180 days in jail.

In Houston, where the airplane scheme is rumored to have begun, the stakes have been high. Twenty-five people were arrested Monday in West Houston and officers seized \$7,000 in cash, a Houston Police Department spokesman said. Although the exact price of the Houston investments was not stated, the spokesman said stakes have been rumored to be as high as \$1,500 in some schemes.

Despite the Monday night arrests, the officer said the schemes are continuing "full steam ahead."

Locally, stakes are rumored to be much lower than in Houston. While the average investment is said to be \$25, stakes as high as \$100 supposedly may be found.

Colleges could lose up to \$1 million

Tax law may lower donations

By Stacy Mark
Reporter

With the signing of the new tax law, effective Jan. 1, private donations to higher education could drop by as much as \$1 million annually, according to a report from the *Chronicle of Higher Education*.

During the last fiscal year, Texas A&M received \$62.1 million in private donations, a record for charitable giving by A&M alumni.

According to the Council for Financial Aid to Education, A&M ranked 16th among all universities in private support. The \$62.1 million amounts to the total received by the Association of Former Students, the Aggie Club, the Development Foundation and the University itself. The University's share was \$20

million. Tom Taylor, director of accounting services for A&M, that of that share, \$6 million was allotted for scholarships, \$6 million for endowments and the rest for various campus programs.

Dr. Charles Salomon, associate director of planned giving, says that all donations are appreciated whether they're large or small.

"(The donors) get a real big 'thank you' and the satisfaction of seeing the money used for the purpose they wanted," he says.

Salomon says he believes the new tax law will have only a slight effect on the amount of donations.

The new law will make giving more complicated and may discourage people from giving, he says, but people make gifts because they want

to support higher education, not because of tax breaks.

Others aren't so optimistic. Michael F. Brewer, a lobbyist on retainer by several higher education associations, says he believes the new law will adversely affect charitable giving.

"Some people think that the adverse effect will be large, but others think it will be small," he says. "But they all agree that the effect will be negative."

The new tax law affects charitable contributions in three ways.

First, the lower marginal tax rates will reduce the benefits received from charitable giving. Marginal tax rates mean that people are charged at a marginal rate for every additional dollar they earn over their tax bracket.

Under present law, if a person earning \$100,000 per year donated \$5,000, the tax rate of 50 percent would translate into a savings of \$2,500 in taxes. Therefore the donation is really only \$2,500.

Under the new law, the marginal tax rates are reduced anywhere from 15 percent up to 28 percent. So if that same person were to donate \$5,000, the most he would save in taxes is \$1,400.

Secondly, taxpayers who do not itemize cannot deduct charitable donations. Non-itemizers are those people who file a short form. Only those who do itemize can deduct their contributions. Under the present law, non-itemizers are allowed

