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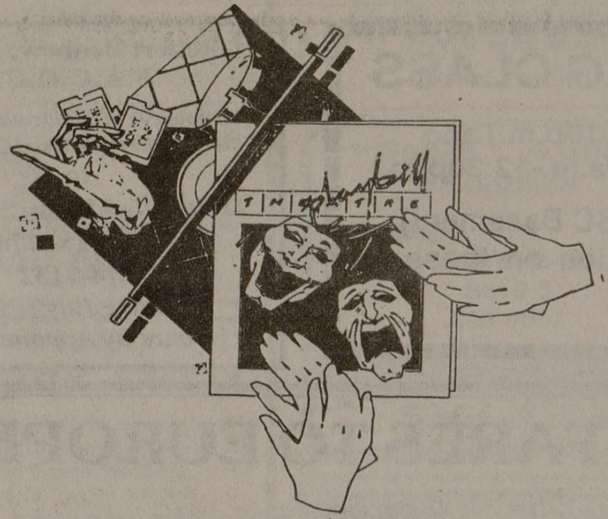
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## World and Nation

# Korean presidential candidate asks for major election reforms

SEOUL, South Korea (AP) — President Chun Doo-hwan's chosen successor made a surprise request Monday that Chun adopt major democratic reforms, and the opposition immediately called for a direct presidential election by November.

The proposals by Roh Tae-woo, head of the governing Democratic Justice Party and a long-time ally of Chun, followed 18 days of demonstrations and violent street protest.

Roh threatened to resign as party chairman and presidential candidate if Chun refused his demands, and reports indicated he did not consult the president before announcing his decision.

Direct election of the president has been a major opposition demand, but Chun announced in April that discussion of political reform would be postponed until after the 1988 Summer Olympics in Seoul. He said his successor would be chosen by the present electoral college system, which favors the government.

Roh, a former army general like Chun, called for a direct presidential election and declared support for other opposition demands such as press freedom, human rights guarantees and an end to strong central government controls.

He said he acted because of enormous public support for the anti-government protests that began June 10, the day a party convention endorsed Chun's choice of his ally as its candidate.

"The people are the masters of their country, and the people's will must come before everything else," Roh said Monday.

Presidential spokesman Lee Jong-ryool said Chun was studying Roh's demands and "will make a final decision soon."

Officials have predicted privately that the authoritarian government would have to make concessions, particularly in light of growing support for the protests by the middle class and other influential groups.

Opposition groups welcomed Roh's package

of proposed reforms and pushed for presidential elections by late October or early November.

"The new development will be recorded in history as a brilliant victory for the people fought vigorously for democratization," the National Coalition for a Democratic Election, a new opposition alliance that sponsors protests.

Kim Young-sam, president of the opposition Reunification Democratic Party, expressed his support for the reforms and called for a September to clear the way for a direct presidential election.

In Washington, the White House called the proposals "very positive and forward-looking."

Roh helped install Chun in power after the assassination of Park Chung-hee and has long been regarded as one of his allies. He has tried to present himself as a moderate in the present crisis.

# Official: Top embassy floors should be torn down, rebuilt

WASHINGTON (AP) — The top three floors of the U.S. Embassy in Moscow, riddled with bugs, should be torn off and a new six-story annex constructed alongside to house the mission's most sensitive functions, former Defense Secretary James R. Schlesinger said Monday.

The cost of the rebuilding job is estimated at \$80 million.

Schlesinger, asked by President Reagan to recommend what to do with the crippled eight-story structure, said the entire episode indicates how Soviet advances in spy technology have pushed Moscow ahead of the United States.

"As a nation, we failed to allow for the boldness, thoroughness and extent of the penetration," Schlesinger told the Senate Budget Committee.

"We now face a rising curve of Soviet technology with no gap between what we can do and what the Soviets can do," he said. "In fact, in some areas they are ahead of us."

Among other recommendations for the embassy complex, Schlesinger said he believes the United States should try to "neutralize" listening devices hidden in the lower five floors of the chancery building

and put that space to use for less sensitive functions.

Schlesinger said the top three floors should be replaced with floors made of shielded steel components. He said those floors would then be secure and could be used for sensitive diplomatic purposes.

But the embassy's most secret activities would be carried out in the annex, to be built next door, he said.

Deputy Secretary of State John C. Whitehead, who testified at the same

*"We now face a rising curve of Soviet technology with no gap between what we can do and what the Soviets can do. In fact, in some areas they are ahead of us."*

— James R. Schlesinger, former Defense secretary

hearing, said that depending on the size of the annex, which he said should be roughly one-fourth the size of the main chancery building, the project would cost about \$80 million to complete.

Reagan asked Schlesinger on Feb. 26 to study the embassy's construction problems.

Schlesinger said he presented his findings and recommendations to Secretary of State George P. Shultz on Friday at a private meeting. Monday's testimony was the first public discussion of the report.

He said Shultz had been "very responsive" to his suggestions, although they have not yet been formally adopted.

He said the 1972 agreement under which each country is building a new embassy in the other's capital should be adjusted to make clear that all new U.S. construction in Moscow will be done with security-cleared American personnel, not with Soviet workers.

But he said that when the new embassy in Moscow finally is completed — in 1990 if the Soviets cooperate — the Soviets should be allowed to occupy their new complex on Mount Alto, one of the highest sites in Washington.

Schlesinger said while much has been made of the advantages of that site as an intelligence-gathering post, "the intelligence potential of Mount Alto is considerably less than popularly assumed."

# Young pilot doesn't qualify for record book

CAHOKIA, Ill. (AP) — A 17-year-old pilot took off Monday for Cincinnati on one of the legs of a trip he hoped would earn him a place in the Guinness Book of World Records as the youngest person to make a transcontinental flight.

But his dream may be shelved.

Guinness spokesman John Smith in New York said John Locke, 17, doesn't qualify for the record book. Guinness doesn't have a category for "the youngest person to fly across country."

It does, however, have a category for youngest solo pilot, and that record is held by Locke, who at 9, flew a Cessna 150 in Mexicali, Mexico in February 1983, Smith said.

John is "not going to get in the Guinness book," Smith said. "I'm sure he's having a great time."

The young pilot, who entered the day-toured Cardinal Glennon Children's Hospital in St. Louis was unaware of Smith's comments when he departed Cahokia's St. Louis Downtown Parks Airport.

# New home sales take 14.9% plunge; biggest decline in more than 5 years

WASHINGTON (AP) — New home sales plummeted 14.9 percent in May, the biggest decline in more than five years, as a sharp spike in mortgage rates drove first-time home buyers out of the market, the government reported Monday.

The Commerce Department said new single-family homes were sold at a seasonally adjusted annual rate of 616,000 units in May while the median price of a new home shot up to a record \$106,800.

Analysts attributed the jump in home prices to the fact that many first-time buyers, who normally purchase less expensive homes, had been driven out of the market by the higher mortgage rates. With fewer

low-priced homes sold, both the median and average sales prices increased.

Unless there is a downward revision in later reports, the May increase marked the first time the median price of a new home has topped \$100,000. The May increase put prices 9.1 percent higher than in April, when the median price of a new home was \$97,900. The median price means half the homes sold for more and half for less.

In addition to the jump in median prices, the average price of a home rose as well, climbing 10.3 percent to a record \$129,600 in May.

The 14.9 percent drop in sales followed a slight 1.0 percent increase in

April and was the biggest monthly sales decline since a 19.5 percent plunge in January 1982.

The May decline, which left the annual sales rate at its lowest point since December 1984, was blamed on a big jump in mortgage rates caused by financial market jitters over rising inflation and a weaker dollar.

After declining to a nine-year low of about 9 percent in late March, fixed-rate mortgages shot up to a high of 10.81 percent on May 22.

They have retreated slightly since then and now stand at 10.35 percent, according to a weekly survey by the Federal Home Loan Mortgage Corp.

In the first five months of sales of new homes have fallen 12.5 percent from the same time last year.

For May, sales were down substantially in all parts of the country, led by a 34.5 percent plunge in the Midwest, which left sales there at an annual rate of 78,000 units.

Sales were down 12.5 percent in the South, which accounted for most half of the new homes sold last year, dropping the annual rate to 253,000 units in that area.

In the Northeast, sales were down 10.3 percent to a rate of 110,000 units, and in the West, sales were down 9.5 percent to a rate of 110,000 units.

# EPA announces plans restricting construction of air pollution sources

WASHINGTON (AP) — The Environmental Protection Agency on Monday announced tentative plans to restrict construction of large new air pollution sources in 14 metropolitan areas.

The agency said it was acting generally because state air pollution control plans for those areas show they won't meet federal air quality standards for either ozone or carbon monoxide by or soon after the Dec. 31 deadline.

The turn of scores of other dirty areas — those for which papers are in order — will come later this summer, the EPA said. However, only about a dozen of them are expected to face similar restrictions on construction because most areas are near compliance.

One of the 14 areas — Cleveland — could lose federal highway aid and air pollution program grants for not living up to a commitment to inspect cars for exhaust pollution. It was the only area proposed for a financial penalty and EPA officials

said they did not know how much money was involved.

EPA Administrator Lee M. Thomas said in a statement the agency wants to reserve such harsh penalties for situations "only when there is no longer a reasonable prospect that the state will progress at a satisfactory pace."

Though air pollution professionals refer to construction "bans," the builder of a large new pollution source — 100 tons a year or more, such as a refinery, a steel mill or a large paint shop — may go ahead if he can win emission reductions from other sources to offset what the new project would add.

Spokesman for the California Air Resources Board, Bill Sessa, said, "Our air quality rules are so stringent that it is rare we would ever have an industrial facility that would put out as much pollution as EPA chooses to define as a major source."

Dallas and Fort Worth are the only Texas cities under consideration for charges.

# SEC to have Texas court review Texaco defense

NEW YORK (AP) — The Securities and Exchange Commission said Monday it would ask the Texas Supreme Court to review a crucial part of Texaco Inc.'s defense in the oil company's multi-billion-dollar legal battle against Pennzoil Co.

The SEC, in a letter to Texaco from general counsel Daniel L. Goelzer, stated it would file a brief focusing on an SEC rule that is central to Texaco's appeal of a \$10.3 billion judgment against it in Texas state court.

The SEC would not comment on the contents of its planned brief, but analysts familiar with the case said the commission's involvement likely signaled a legal interpretation favoring Texaco, which in turn could increase pressure on Pennzoil to settle the matter out of court.

Texaco stock rose 75 cents per share to \$38.62½, while Pennzoil tumbled \$3.87½ to \$79 in New York Stock Exchange trading following news of the brief.

Texaco earlier this month asked the Texas Supreme Court

to overturn a 1985 state court award of more than \$10 billion to Pennzoil, which had contended that Texaco wrongly interfered with its attempted merger with Getty Co. in 1984.

A state appellate court upheld the award in February.

Texaco, which is based in White Plains, N.Y., filed Chapter 11 bankruptcy protection April 12. It said it had been forced into the action by the possibility, under Texas law, that it might have posted a potentially ruinous \$12 billion security bond while pursuing its appeal.

At issue is Pennzoil's claim that it had a binding agreement with Getty to merge, and that it suffered damages because of Texaco's interference in the merger. Texaco later merged with Getty.

Texaco contended that Pennzoil had an outstanding tender offer for Getty shares. Pennzoil also had a preliminary agreement to purchase the shares held by the J. Paul Getty Center, of Malibu, Calif.