

# Texas A&M The Battalion

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## Love at first bite

Alan Gold, trainer of the "World's Largest Mixed Group of Lions and Tigers" in Circus Vargus performs the dangerous feat of placing his head in a

lion's throat. The circus will be at Brazos County Rodeo Arena through Thursday. Shows are at 4:30 p.m. and 7:30 p.m. See related story Page 3

## Soviets: Gorbachev ready for visit to U.S.

MOSCOW (AP) — Mikhail S. Gorbachev is ready to visit Washington this year and sign an agreement scrapping medium-range nuclear missiles without a link to restrictions in the "Star Wars" system, Soviet officials said Tuesday.

"We have no doubt that an agreement relating to intermediate-range missiles and shorter-range missiles will be signed," Foreign Ministry spokesman Boris Pyadyshev said at a regularly scheduled news briefing.

In Washington, a U.S. official said Foreign Minister Eduard A. Shevardnadze would visit the U.S. capital, by Soviet request, at the end of the week to discuss a third meeting between the Soviet leader and President Reagan.

Gorbachev surprised Secretary of State George P. Shultz in Moscow last week by saying he was not ready

West Germany, Belgium and the Netherlands.

Shultz said there would be a formal announcement Wednesday. While he declined to comment specifically on it, he added: "It's clear enough from all our contacts that an agreement on intermediate-range

missiles is very close to being completed, and we have made advances in a number of other areas."

Moscow claims Star Wars violates the Anti-Ballistic Missile Treaty and insists the United States commit itself to honoring a strict interpretation of that pact for at least 10 years.

## South Korean voters approve constitution

SEOUL, South Korea (AP) — South Korean voters overwhelmingly approved a new constitution Monday, establishing direct presidential elections and other democratic reforms demanded in massive anti-government riots last summer.

Riot police in downtown Seoul battled protesters who urged voters to boycott the referendum. Police said about 40 demonstrators were arrested.

In another political development Tuesday, Kim Dae-jung formally split the South Korean opposition by announcing his candidacy for president.

Election officials declared the referendum approved early Tuesday. The approval rate was 93 percent with nearly all the ballots counted; only a simple majority was needed.

Officials said 80 percent of the country's 25.6 million eligible voters cast ballots.

The constitution reduces the power of the presidency and increases the authority of the legislature and the judiciary.

President Chun Doo-hwan, who took power with military backing in 1980, bowed to opposition demands for reforms in July and announced that he would step down when his term ends Feb. 25.

In addition to Kim Dae-jung, vying for the presidency are rival opposition leader Kim Young-sam, government candidate Roh Tae-woo

and former prime minister Kim Jong-pil.

Kim Dae-jung told reporters he had no choice but to run because of the expectations of his followers.

Kim Dae-jung's entry into the presidential race means the breakup of the main opposition Reunification Democratic Party (RDP). Kim Dae-jung, who has served as the party adviser, said he would be forming a new party to back his presidential bid and RDP lawmakers and officials loyal to him were expected to defect to the new group.

Opposition supporters had been trying to get Kim Dae-jung and Kim Young-sam, the RDP president, to keep their earlier promises that just one of them would run, but they both refused to abandon their presidential ambitions.

The opposition fears the candidacies of the two Kim will split the opposition vote during the mid-December election and boost the chances of Roh.

South Korean newspapers announced the referendum results in banner headlines in today's editions. News reports said the government would accept the constitution Friday after final vote tabulations.

The governing Democratic Justice Party welcomed the results. A party statement said, "All parties now should make their utmost efforts for a smooth execution of the agreed political timetable, including fair competition and elections."

## Teacher's retirement system loses profits in crash

By Bridget Harrow  
Reporter

### Foreign gains induce investors to put money into market

The recent stock market crash cost the Texas Teacher Retirement System \$1 billion in profits from its \$19 billion fund. But the system still showed a \$1.8 billion profit in its stock portfolio late last week, a system official said.

George Reagan, the system's equity manager, attributes this remaining profit to the system restraining from selling out at the bottom of the market.

"The only time you lose in the market is when you panic," he said. "When you panic you either buy too high or sell too low. And we did not panic. We had not put any new money in for nearly 12 months and we had made one half billion right at the top of the market before the crash, so there were no significant losses in our equity portfolio."

The Teacher Retirement System serves the employees at most of the state's public schools and state-supported colleges and universities, including Texas A&M. About 500,000 employees pay into the fund and the state matches those funds. Benefits are then paid out to those who are

NEW YORK (AP) — Stock prices rose \$37 billion on Wall Street on Tuesday as earlier gains in Asian and European markets encouraged investors to shift some money back into the jittery stock market.

The Dow Jones industrial average, which on Monday lost nearly 157 points in its second-worst point decline ever, reversed course and rose 52.56 points to 1,846.49. Nine stocks rose for every eight that fell in price.

In early trading Wednesday, prices moved higher on the Tokyo Stock Exchange for the second consecutive session.

Euphoria from higher prices on Tuesday in Tokyo and Hong Kong had sparked a quick rally in New York, sending the Dow average soaring nearly 90 points in early trading.

leaving the system, disabled or retired.

Reagan said all funds not needed to pay benefits — about 42 percent — are invested into blue chip stocks, which were hit the hardest last Monday. But he said all the pension benefits are perfectly sound.

"Our cash flow is more than two

times the benefits we pay out, and money is readily available," he said.

The system expects to make about 10 percent annually from stock equities to be able to meet its obligations and pay out its benefits. Reagan said as of Oct. 21, the system's total realized return was \$3.9 billion, which is more than double the amount

needed for obligations and benefits. But, he said, these market figures can be misleading, because on any given day the system could lose or gain \$500 million, and it could have no real effect on the funds. It is more of a paper profit or loss than anything else, he said.

Reagan said the system is sound.

But the 60 percent of the elderly who now pay no income tax would be charged only a modest flat premium for the additional catastrophic coverage — about \$6 a month under the Senate bill. This part of the plan was also implemented to aid those people who were facing financial instability.

Sen. Lloyd Bentsen, D-Texas, the Senate Finance Committee chairman who pushed the Senate bill to the brink of passage insisted that the Medicare program, optional under the Senate version, will remain a bargain even for those hit with the highest additional premiums. All lawmakers involved with the bill felt it essential to contain the costs for all of those in the program. However,

most senators feel that this is the most beneficial plan for all involved.

Both the House and Senate bills would include, also for the first time, an outpatient prescription drug benefit under the Medicare program. The scope of that prescription drug benefit was the major difference between the House and Senate versions.

While the House bill would pay 80 percent of drug costs after a \$500 annual deductible, the Senate version — pending expected acceptance of a floor amendment to the committee bill — would pay 80 percent after a \$600 deductible and, even more significantly, phase in the drug coverage so that all drugs would not

be covered until 1993.

The Senate version contains a built-in cost containment measure by which the additional flat monthly premium to cover the drug costs could not exceed \$8.10 in 1993.

If the program proves — at that point to be more expensive than projected, the secretary of the Department of Health and Human Services would be authorized to scale back benefits to keep costs within the amount of money set aside in a special trust fund to pay for them. This way, the plans of good intentions would not be fouled because of a deficit in the plan that is trying to help those people who face a deficit in their current financial situations.

## Senate works to implement new insurance bill for elderly

WASHINGTON (AP) — The Senate worked toward passage Tuesday of a catastrophic health insurance bill to protect America's elderly against the devastating costs of serious illness.

Debate leading to votes on a handful of amendments and the bill itself came after weeks of behind-the-scenes negotiations that gained White House support for a compromise version that closely tracks basic provisions of House-passed legislation, but contains important cost-containment provisions for a new prescription drug benefit.

That administration support — coupled with the already wide bipartisan backing for the measure — assured eventual passage. However,

would inject into the Medicare program for the first time an element of so-called progressive financing — a mechanism by which elderly Americans with enough income to make them liable for federal income taxes would pay a proportionately larger share for the additional catastrophic coverage.

That feature would require a relative few of the wealthiest older Americans — those with annual incomes of about \$100,000 a year — to pay a maximum of \$800 each in additional 1988 premiums under the Senate bill. This would be just one facet of the new plan to help those elderly people who are not as financially stable where medical costs are concerned.

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