The Battalion

Vol. 87 No. 42 USPS 045360 12 pages

College Station, Texas

Wednesday, October 28, 1987



AY

Serie Idrums

t a 71-91 season. Di n, Pohlad turned to Andy MacPhal icial duty was o hire Kelly for] 4, is the you the majors; Kell youngest m ec. 16, MacPh ight-hander Jac est pitcher of t red to sign with llion free agent. iid, "Hit the roa y became the lez in Minnesota.

unted, MacPhail rebuilding a team World Series in 19 n was known as the ators.

injuries

lets, came from play ally wound up playing Series. her Steve Lake was

lling in for the inju le Jose Oquendo **By Bridget Harrow** Reporter

Teacher's retirement system loses profits in crash

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

ton 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.

Gorbachev is ready to visit Washing-

In Washington, a U.S. official said Foreign Minister Eduard A. She-vardnadze 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

See related story, Page 9

for another summit. Shultz said Gor-bachev had asked whether he could expect an agreement on the Star Wars space-based defenses.

At the United Nations in New York, Soviet Ambassador Alexander Belonogov said the Kremlin would like the summit to reach an agreement in principle on limiting Star Wars, but indicated it was not

bassador Jack Matlock and another State Department official in Moscow. A top officer at the Foreign Ministry summoned Western European ambassador countries to discuss the Shultz visit to Moscow last

In Brussels, officials at NATO headquarters said the United States had begun consulting its allies on a timetable for implementing an accord on intermediate-range missiles. The alliance has deployed, or plans to deploy, U.S.-built Pershing 2 and cruise missiles in Britain, Italy,

West Germany, Belgium and the Netherlands.

Soviets: Gorbachev

ready for visit to U.S.

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

South Korean voters overwhelm- Jong-pil. ingly approved a new constitution Kim I Monday, establishing direct presi-dential 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 in-creases the authority of the legis-lature 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 The governing Democra term ends Feb. 25

SEOUL, South Korea (AP) - and former prime minister Kim

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 candida-cies of the two Kims will split the op-position vote during the mid-De-cember 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

The governing Democratic Justice Party welcomed the results.

A party statement said, "All par-In addition to Kim Dae-jung, vy-ing for the presidency are rival op-position leader Kim Young-sam, government candidate Roh Tae-woo

Foreign gains induce investors to put money into market

mandatory. Shevardnadze met with U.S. Am-

sometimes seemed, used Band-Aids to

son for St. Louis' str

were just a bunch vent out and took nocks were dealt us ing," shortstop 00

e day it would be se ould pick us up, and be Jose Oquenda ! ontributed."

"The only time you lose in the narket is when you panic," he said.

ting a college han a job. e Kinney Shoe

oting entry level e who have a true nd reward them

uickly, to manag whether you sta 'S®, Lady Footlo

on campus Octo ffice for details.

erious illness.

CORPORATION al Opportunity Employ

e Interest eds. Call 845-2611

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

George Reagan, the system's equty manager, attributes this remainng profit to the system restraining om selling out at the bottom of the larket

Love at first bite

Alan Gold, trainer of the "World's Largest Mixed

Group of Lions and Tigers" in Circus Vargus per-forms the dangerous feat of placing his head in a

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

The Teacher Retirement System tired. rves the employees at most of the ate's public schools and state-supate matches those funds. Benefits efits are perfectly sound

provisions of House-passed legis-

ation, but contains important cost-

ontainment provisions for a new

escription drug benefit.

re 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.

But traders chipped away at the advance as the day wore on, selling stocks that had made gains during the morning. The Dow slipped

to a gain of about 29 points shortly after noon before regaining ground later.

The rush of money out of stocks and into bonds slowed on Tuesday, with some money heading back into equities, breaking a trend that had helped depress stock prices since the devastating 508-point drop in the Dow on Oct. 19.

Another factor pushing the Dow higher was an announcement by International Business Machines that it would spend an additio nal \$1 billion to buy back its own stock. IBM, one of the 30 companies in the Dow average, rose \$6.50 a share to \$118.50.

from Washington that orders to factories for "big ticket" durable goods rose 1.1 percent in September, the first increase since June.

The biggest problem facing Wall Street, analysts said, remains a lack of confidence, both in the market itself after last week's \$500 billion collapse and in the ability of the White House and Congress to trim the federal budget deficit.

In Washington, President Reagan and congressional leaders were optimistic negotiations would result in a plan to cut the deficit. Reagan said Tuesday the stock market plunge "has alerted us of potential dangers on the economic horizon.'

Analysts said it was a lack of trust that caused prices to slip from their early gains Tuesday

Hugh Johnson, a senior vice president with

First Albany Corp., said, "There has to be some light at the end of the tunnel or some confidence that the markets will stabilize.

The shift from bonds to stocks caused bond prices to drop sharply, with the Trea-sury's 30-year issue off about \$18.75 per \$1,000 in face value. Its yield, which moves in the opposite direction of its price, jumped to 9.07 percent, from 8.90 percent late Monday.

In London, prices seesawed before closing marginally higher. The Finanical Times-Stock Exchanges 100-share index rose 1.1 percent, or 19.2 points, to 1,703.3.

In Tokyo earlier, the Nikkei stock average, which lost 4.7 percent of its value on Monday, closed nearly 3 percent higher. In Hong Kong, share prices tumbled but then recov-ered as the government and banks an-nounced new measures to help prop up the market.

leaving the system, disabled or re-

Reagan said all funds not needed to pay benefits - about 42 percent - are invested into blue chip stocks, orted colleges and universities, in- — are invested into blue chip stocks, luding Texas A&M. About 500,000 which were hit the hardest last Monmployees pay into the fund and the day. But he said all the pension ben-

"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.

"We have the same stake in the market as before," he said. "Whether that stake is as valuable is left to be decided. But if you look at agencies or businesses that manage money the way we do, I would say we stand in the top five."

mediate plans to change its reinvest- stomach."

ment plan because of the recent unpredictability of the market.

"It is difficult to make sound decisions at a time like this, with the market going up and down 50 to 100 points," he said. "We like to all think we're level-headed people, but stand in the top five." something like this can leave a squirmish feeling in the pit of the

Senate works to implement new insurance bill for elderly

WASHINGTON (AP) — The Senate worked toward passage Tuesday of a catastrophic health in-urance bill to protect America's el-which was approved unanimously by derly against the devastating costs of the Senate Finance Committee last summer.

Debate leading to votes on a handul of amendments and the bill itself the House and Senate versions made came after weeks of behind-the-scenes negotiations that gained White House support for a compro-mise version that closely tracks basic

Moreover, differences between

age that eventually will emerge from those House-Senate negotiations as well as the virtual certainty that some legislation will be passed and That administration support — signed by President Reagan — came coupled with the already wide bipar- into focus with word that the adminitisian backing for the measure — as-sured eventual passage. However, Both the Senate and House bills

would inject into the Medicare pro-gram 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 relafew of the wealthiest older Americans — those with annual in-comes 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 finan-cially stable where medical costs are essential to contain the costs for all concerned.

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 high-

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 ben-efit under the Medicare program. The scope of that prescription drug benefit was the major differ-ence between the House and Senate versions.

While the House bill would pay 80 percent of drug costs after a \$500 annual deductible, the Senate ver-sion — pending expected acceptance of a floor amendment to the committee bill — would pay 80 percent after a \$600 deductible and, even essential to contain the costs for all 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.

The market paid scant attention to news