

Heads of S&L's meet in Hawaii to plan industry strategy

HONOLULU (AP) — Savings institution executives, enduring their worst losses since the Depression, face critical decisions next year that will determine the future of their industry.

In the first six months of 1988, the nation's 3,048 Savings & Loans, lost \$7.5 billion. By year's end, losses will almost certainly surpass the previous record of \$7.8 billion, set in 1987.

Amid the tide of red ink, 4,050 S&L executives and their spouses gathered in the palm-ringed resort hotels along Waikiki Beach for the 96th annual convention of the U.S. League of Savings Institutions, the industry's oldest and largest trade group.

In the opening session Monday, executives will begin mapping strategy for 1989, when Congress will consider whether taxpayers must pay to bail out the S&L deposit insurance fund, which

so far has been industry-funded.

At midyear, 497 institutions were insolvent, but still open, because federal regulators lacked the money to shut them down and pay off depositors. Another 408 were solvent but losing money.

The Federal Home Loan Bank Board, which regulates S&Ls, estimates the total cost of cleaning up the mess at \$45 billion to \$50 billion, but private analysts go as high as \$100 billion.

Much of the red ink is concentrated in the Southwestern oil states of Texas, Oklahoma and Louisiana, hard hit by the collapse of oil prices and the resulting drop in real estate values.

But, the losses were magnified in Texas, and also in California and Florida, by lax state regulations that permitted thrift institutions to make risky investments far removed from traditional home mortgage lending.

Congress will almost certainly include some sort of measure aimed at preventing the problem from recurring. That decision will be made at the same time lawmakers figure out how to pay the bill, whether through a direct appropriation from the Treasury or through some sort of taxpayer-backed guarantee.

Even if remaining S&Ls escape having to pay more to resolve the crisis, they're sure to find many of the measures attached to a taxpayer bailout distasteful.

The worst, from the thrifts' point of view, is one proposed by Rep. Gerald Kleczka, D-Wis. It would spell the end of a separate savings and loan system, merging it with the fund that insures commercial banks.

Theo H. Pitt Jr., the chairman of Pioneer Savings Bank in Rocky Mount, N.C., and outgoing chairman of the U.S. League, said the trade group's two goals

next year will be to persuade Congress that healthy S&Ls can't shoulder any more of the burden of bailing out the insolvents, and that American home buyers need a separate S&L system.

S&Ls, because of the poor condition of the Federal Savings and Loan Insurance Corp., already pay more than twice

deposits for S&Ls compared with eight cents for banks.

Bank Board Chairman M. Danny Wall, who is scheduled to address the convention at its closing session on Thursday, says that unless the FSLIC gets additional help, S&Ls will be paying the higher assessment for 30 years.

diversify and pull themselves out of the hole.

As it turned out, Pitt said, the institutions which strayed most from traditional mortgage lending in the last few years earned the least.

Now the industry will be arguing that S&Ls are necessary to keep money flowing to home buyers.

A study by the U.S. League this summer showed that thrifts and mortgage banking companies owned by thrifts provided 54 percent of the country's residential mortgages last year.

"I believe Congress is beginning to recognize that we haven't abandoned our traditional role," Pitt said. "If we don't do it, you're going to have to reinvent the system."

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"It's a 30-year mortgage we just flat out can't handle," Pitt said in an interview.

Equally important for the trade group in the upcoming year will be persuading Congress to preserve the separate S&L regulatory system.

Early in the 1980s, when soaring interest rates made it impossible for thrifts to make money on their old, fixed-rate mortgages, many in the industry argued that new powers would allow thrifts to

as much for deposit insurance as commercial banks — 21 cents per \$100 of

Symphony premiers in pyramid's shadow

TEOTIHUACAN, Mexico (AP) — With the great pyramids of Teotihuacan as a backdrop, Spanish tenor Placido Domingo led the premier of "Aztec Songs," a choral symphony written in a 500-year-old Indian language.

"Aztec Songs" is based on the poetry of Nezahualcoyotl, a ruler of the Nahuatl tribe who died in 1472.

The songs were performed Saturday night in Nahuatl, an ancient Mexican tongue that gave the world the word for chocolate. Thousands of people in Mexico still speak Nahuatl and there are Nahuatl poets still writing today.

"I can't really explain directly why I wrote the piece in Nahuatl," Argentine composer Lalo Schifrin said in an interview. "I found it to be a very sweet, musical language, one in which the sounds of the words dictated interesting melodies."

"But the real answer is that there's something magic about it, that it inspired me," he said. "There's something magic in the art of music anyway."

Schifrin conducted the symphony with a baton of obsidian, the gleaming black volcanic rock carved with great artistry by Mexico's pre-Columbian people, in a icy wind before an estimated 10,000 people at the foot of the Pyramid of the Moon.

The audience greeted Domingo, who performed with a cold, with an especially warm round of applause.

The tenor has relatives in Mexico and his efforts to help the city recover from the devastating 1985 earthquake has endeared him to Mexicans.

When he arrived in Mexico City on Friday, Domingo noted the devastation wreaked by Hurricane Joan in Nicaragua and called for disarmament and a fight against hunger in the world.

"It would be great if the United States and the Soviet Union could look to their consciences and say that kids are more important . . . but, of course, these are dreams, Utopias," he said.

"There are troubles that can't be fought, like natural phenomena," Domingo said. "But there are others, like war, corruption and drug addiction, that we can fight together."

Soviet baritone Nikita Storoyev and the Chorus and Symphony Orchestra of Mexico City also took part.

The performance was part of a campaign to raise \$300,000 to preserve Teotihuacan, recently designated a "treasure of mankind" by the United Nations.

The performance was sponsored by American Express, which is celebrating its 25th anniversary in Mexico.

Canadians call debates in U.S. 'superficial' ploys

What they do see south of the border is often dismissed as an excessive amount of media handling and too much superficial treatment of the issues.

Canadians congratulated themselves after the debate series among the leaders of their three major parties by comparing the breadth of the discussions with the debates between the U.S. candidates.

"Canada's leaders were much more forthright, articulate and revealing of themselves than the candidates for the White House in the U.S. debates," the independent *Globe and Mail* newspaper said in an editorial.

"Issues received far more vigorous airings here within the limits of television," it said.

Six hours of debates between Prime Minister Brian Mulroney of the Progressive Conservative Party, Liberal Party leader John Turner and Ed Broadbent of the socialist New Democratic Party crystallized the free trade agreement with the

United States as the campaign's dominant issue.

Before Mulroney dissolved Parliament Oct. 1 to call the election, some concern was voiced that a November election could be complicated because voters might be distracted by the U.S. campaign.

Instead, a once complacent political race, in which Mulroney appeared headed for easy victory, now is becoming among the most electric in memory.

A survey by the Environics polling firm found that 74 percent of Canadians either watched the debates here or followed news reports about them.

Polls have concluded that Turner easily won the debates, in which he accused Mulroney of selling out Canada in the free trade agreement.

Anything less than a majority government for Mulroney in the Nov. 21 vote places in doubt the future of the agreement, which would eliminate tariffs

and trade barriers between the two countries over a 10-year period.

The U.S. Congress easily approved it this year, but Canada's Parliament has yet to act on it.

If passed in Canada, the agreement would take effect Jan. 1.

Some political analysts say the U.S. campaign between George Bush and Michael Dukakis is simply considered boring. They note that the contest slipped off the front pages in the United States in its middle weeks.

"There's no clear favorite for Canadians," David Eirikson, a political science professor at the University of British Columbia, said in a phone interview. "They are busy with domestic affairs."

A Gallup poll published by the *Toronto Star* in early October said 56 percent of Canadians would vote for Dukakis and 44 percent for Bush, if they could take part in U.S. elections.

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