

Thursday, April 6, 1989

S&L losses hit record high in 1988

Texas institutions account for \$9.7 billion of \$11.1 billion lost

AUSTIN (AP) — The nation's thrifts lost a record \$11.1 billion in 1988 — with losses in Texas accounting for \$9.7 billion, industry analyst Alex Sheshunoff reported Wednesday.

Sheshunoff said 2,192 institutions — 69 percent of the nation's 3,174 savings and loans — earned a profit last year, with the record loss concentrated in the Southwest.

"Thrifts in Texas lost \$9.7 billion, followed by Arizona, where the loss amounted to \$657 million," said Sheshunoff, president of Sheshunoff & Co., an Austin-based information and consulting firm for the banking and thrift industries.

The loss numbers reflect Texas' troubled economy, said the firm's vice president Stephen Skaggs.

"The numbers mirror in large part the depressed economy here in the state of Texas, specifically the sluggish real estate market," Skaggs

said, noting that while energy prices fell in the first half of the decade, commercial real estate activity continued to boom.

"The grossly overbuilt real estate markets — commercial real estate, shopping centers and perhaps even the housing market are reflected in the S&L crisis," Skaggs said.

Other factors included the "very liberal chartering authority here"

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— Stephen Skaggs, analyst

during the early 1980s, plus limited regulation, he said.

Skaggs said it is difficult to say

whether the thrift crisis has bottomed out.

"Once the Bush administration and Congress develop a solution (for troubled S&Ls), the numbers will begin to look better," he said. "But is there a fundamental change in the factors that contributed to these problems? That's the difficult question," he said.

"I'm cautiously optimistic that this probably was the worst and 1989 cannot be worse," Skaggs said. "I say that because some of the biggest S&L insolvencies were resolved, with the assistance of the FSLIC."

Sheshunoff said nationwide, thrifts face three major challenges in 1989:

- Rising interest rates on deposits, which could squeeze the interest spreads on institutions holding substantial amounts of fixed-rate mortgages.

- A growing inventory of repossessed real estate. The industry already holds \$25.5 billion, more than half of that in Texas, with California a distant second, he said.
- Weakening property values in some regions, particularly in the Northeast.

"Those are three tough challenges," said Sheshunoff. "It's like a three-ring circus. The S&L executive has to juggle, tame lions and walk a tightrope all at the same time."

The analyst said that while the thrift crisis is concentrated in the Southwest, the trouble has shaken public trust in thrifts and those who regulate them.

He said a recent consumer survey by his company found that 6 percent of depositors had withdrawn money from a thrift because of the industry's problems.

Bush OKs expanding ban on assault weapons

WASHINGTON (AP) — The Bush administration said Wednesday it was expanding a recently imposed ban on the importation of semiautomatic assault weapons.

White House press secretary Marlin Fitzwater said that President Bush accepted a Treasury Department recommendation that the ban be widened, effective immediately.

The action expands the ban to cover all imports of the high-powered, rapid-fire weapons, Fitzwater said.

well-intended people... could work out a thoughtful solution" to the proliferation of such weapons.

He said the department was imposing a ban on an additional 24 types of guns "to review their suitability for sporting purposes."

Among other things, he said, the administration wants to make sure that no foreign manufacturer suffered a needless weakening of its competitive position in the export market, and so therefore the ban was expanded.

Calls for such a ban had been prompted by scores of drug-related shootings and the recent slaying of five California schoolchildren.

The initial ban on the importation of AK-47s and certain similar weapons was passed March 14.

The previous ban, announced in early March, only covered about 80 types of imports, he said.

Fitzwater said the initial ban on such weapons, including the AK-47 assault rifle, was aimed at fostering "a climate in which reasonable and

Haitian troops attempt second military coup

PORT-AU-PRINCE, Haiti (AP) — The government declared a state of emergency, ordered troops on maximum alert and censored the news media Wednesday after soldiers revolted and demanded the ouster of Haitian leader Lt. Gen. Prosper Avril.

tioned two anti-aircraft guns, four armored personnel carriers and three wheeled cannons inside the compound of the National Palace.

Across the Champ-de-Mars Plaza, about 300 supporters gathered outside the Dessalines Barracks, where the rebellion broke out.

Smoldering barricades temporarily blocked nearby streets.

Radio reports said rebels seized control of several buildings, including the telecommunications company, the state-run central bank, the Ministry of Education and the State Bureau of Statistics.

Shops in downtown Port-au-Prince closed early.

Pedestrians and motorists fled, leaving the capital's normally congested streets nearly deserted at midday.

Airlines were forced to cancel flights when workers abandoned Haiti's international airport. Service had resumed Tuesday for the first time since the abortive coup.

It was the second mutiny within the 7,000-man army since Sunday.

In Sunday's mutiny, Avril narrowly escaped an attempt to overthrow his 6-month-old government.

Diplomatic sources, speaking on condition of anonymity, said Avril remained in control.

"Our impression is that it is not an attempted coup, but rather an internal army dispute," said one Western diplomat.

Another diplomat, who also requested anonymity, called the situation a standoff.

"I think they're just staring each other down," he said, referring to the rebels and loyalist troops.

Avril's Presidential Guard sta-

National Briefs

Student productions rescheduled after protest

PHILADELPHIA (AP) — Things are back on an even tenor at the University of the Arts now that students have been assured their productions won't be canceled so Luciano Pavarotti can use their stage.

rotti and the Opera Company of Philadelphia.

A cracked ceiling beam at the 132-year-old Academy of Music had forced the opera to look for a new home for its April 9 and 13 productions of Verdi's "Luisa Miller."

About 200 students chanted and danced for five hours outside the university's administration building Tuesday after learning that their Schubert Theater stage had been handed over to Pava-

Under a settlement negotiated by university President Peter Sohmssen, two displaced student productions will be rescheduled.

Group honors 3 for civil rights leadership

ATLANTA (AP) — Democratic National Chairman Ronald Brown, Roman Catholic Archbishop Eugene A. Marino and Morris Dees, co-founder of the Southern Poverty Law Center in Montgomery, Ala., have been honored by a civil rights group.

phrase in a 1968 King speech in which he said he wanted to be remembered as a "drum major for justice." King was assassinated in Memphis, Tenn., on April 4, 1968.

The Southern Christian Leadership Conference marked the anniversary of Martin Luther King Jr.'s assassination by honoring the three at its 10th annual "Drum Major for Justice" award dinner Tuesday night.

Brown was recognized for his efforts to bring blacks and Hispanics into the Democratic Party and for lobbying for civil rights. Marino, of Atlanta, is the first black Roman Catholic archbishop in the United States. Dees has argued more than 50 federal civil rights cases, one of which resulted in a \$7 million verdict against the Klan.

The awards are named after a

Mexico continues ban on American pigs

MEXICO CITY (AP) — Mexico continues to turn away U.S. hog shipments at the border to control an outbreak of pork cholera, even though the disease has not been seen in the United States for over a decade, officials said Wednesday.

ment newspaper El Nacional reported Wednesday.

U.S. and Mexican animal health experts are working to set up a meeting next week at an undisclosed location in Texas to resolve the dispute, an official said on condition of anonymity.


Mexico banned all imports of hogs that are not vaccinated against cholera on March 10 after the disease devastated domestic hog populations in western Mexico. More than 60,000 hogs have died of the disease, the govern-

Nearly all Mexican imports come from the United States. Mexico imported 84,500 hogs totaling about \$11.5 million in 1988, nearly all for immediate slaughter instead of breeding, according to U.S. Embassy data.

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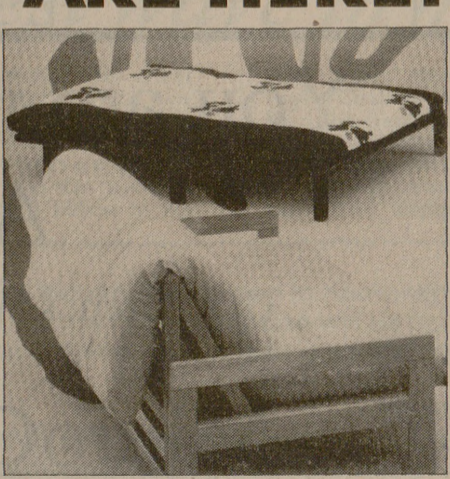
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