

Bush will not offer Iraq concessions to end crisis

BUENOS AIRES, Argentina (AP) - President Bush said Wednesday "I am not optimistic" that Saddam Hussein will withdraw without a fight from Kuwait and vowed that Iraq will not be offered any concessions to end the crisis peacefully.

"I have no feeling whatsoever that Saddam Hussein is willing to do now that which he should have done five months ago, four months ago," Bush said.

Bush's tough approach was echoed by Argentine President Carlos Menem of Argentina.

"We whole heartedly condemn what Iraq has done, to invade and occupy a territory which does not belong to it," Menem said at a joint news conference with Bush. "The only way is for Iraq to withdraw without any preconditions."

Bush met with Menem at Casa Rosada, the president's palace, within eyesight of the army headquarters seized by rebels in a short-lived military uprising Monday.

Bush congratulated Menem for ending the rebellion quickly. "The Argentine people proved again this week that they will not permit any group to return Argentina to the days of violence and dictatorship in a superb show of strength and commitment," Bush said.

The president got a red-carpet welcome. A procession of presidential grenadiers on horseback led Bush's motorcade to the Hall of Congress for an address to lawmakers.

"Let those who would attack constitutional democracy understand: in Latin America the day of the dicta-

"I'm not optimistic. I see no evidence that Saddam Hussein is ready to comply fully ... to the U.N. resolutions."

— President Bush

tor is over," Bush declared to the Congress.

He also praised Menem for his tough free-market reforms to cure Argentina's inflation, estimated at up to 2,000 percent in 1990.

"We know of the painful, short-term sacrifices you are being called upon to make, in what your own president has called 'surgery without anesthesia,'" Bush said. "For this tremendous undertaking to succeed, it will not take miracles, it will take work."

Bush was Menem's guest at an evening rodeo and a state dinner. In his prepared toast, the president lauded Menem, saying "You have helped re-establish Argentina's democratic tradition and I salute your bold reform of the economy."

Bush also expressed appreciation for Menem's support in the Persian Gulf. "Together, we will do what is right and good," the president said.

"I'm not optimistic," Bush said. "I see no evidence that Saddam Hussein is ready to comply fully without condition to the U.N. resolutions."

Perry plans to attract new industry

LUBBOCK (AP) — Agriculture Commissioner-elect Rick Perry said Wednesday that attracting processing plants to the Texas for such goods as leather, cashmere and mohair may help spur a slowing economy.

Perry, who is replacing Agriculture Commissioner Jim Hightower, said bringing processing plants to Texas will be one of the highest priorities on his agenda. He takes office next month.

"I think we can buffer any recession woes in the agricultural industry very quickly with processing," Perry said during a brief press conference.

"Obviously, you can't build a processing plant overnight. But processing will be one of the major things the Texas Department of Agriculture will be focusing on in the next four years."

Perry said he already has received support from Gov.-elect Ann Richards about pursuing the plants.

"Ann Richards is a great proponent of value-added processing and talked about it in her economic development plan," Perry said. "Ann and I are going to work very closely together. I am excited about the possibility of taking her processing ideas and putting them to work."

Perry said West Texas is an ideal location to tan leather.

"Obviously a leather-tanning plant would be right out here (in West Texas)," he said. "Texas Tech is the premier institute in the country on it, and I would expect a major tanning plant within a 100-mile radius of Lubbock."

Perry said he has gotten off to a quick start in his new job after visiting with President Bush, Vice President Dan Quayle and U.S. Agriculture Secretary Clayton Yeutter in Washington last week.

Perry said he recommended to Bush that federal laws restricting U.S. trade with the Soviet Union due to oppressive Jewish immigration laws in Russia be relaxed.

Perry said the laws should be handled with sensitivity out of respect to the Jewish community worldwide. But he added that relaxing the laws would open the U.S. export market, especially for Texas farmers of wheat, feed grain and soybeans.

"We were well received by the U.S. Department of Agriculture," Perry said.

Leader of Texas economy University of North Texas economist predicts Houston most vibrant during recessionary pinch

DENTON (AP) — Houston will have the state's most vibrant economy next year as Texas feels a recessionary pinch, University of North Texas economists said Thursday.

"Houston has been leading the state out of the wilderness just as Houston led the state into the depths of depression," said Bernard Weinstein of the Center for Economic Development and Research at the university.

About one-third of all new employment in the state next year will be in Houston, Weinstein and his colleague, Harold Gross, predict in a new study.

Job growth in Texas will decline from about 1.5 percent this year to 1 percent in 1991. The state's four largest metropolitan areas will all have fewer new jobs next year, the economists said.

Houston jobs will continue growing the most, at about 1.5 percent compared to 3 percent this year, they predicted.

New jobs in Dallas-Fort Worth and Austin will occur at a rate of .5

percent. Dallas-Fort Worth jobs grew at a 2 percent rate this year and Austin jobs grew at 1.25 percent.

San Antonio, which had a .5 percent rate this year, will show virtually no job growth in 1991, the economists said.

The job picture for Houston is "amazing" because of the slump it went through in the mid-1980s, Weinstein said.

Houston lost 212,000 jobs between 1982 and 1986, but has recovered 170,000 since then. "It's a dramatic recovery and says a lot about the vitality of the area," he said.

Houston's economy has benefited the most of any in Texas from higher oil prices driven by the Persian Gulf crisis, Weinstein said. It will still prosper when the prices fall after the Middle East tensions ease, he said.

Weinstein and Gross predict oil prices will settle at between \$22 and \$25 per barrel when the Persian Gulf crisis is resolved. "That's going to be good for Texas and help insu-

late us from vicissitudes of the national recession," Weinstein said.

A hint occurred Thursday of the likely decline in oil prices that resolution of the crisis would bring. West Texas Intermediate fell 90 cents to \$26.40 a barrel after Iraqi President Saddam Hussein said foreigners held hostage in Iraq and occupied Kuwait could go home.

Energy extraction was flat in Texas during October and November, the Federal Reserve Bank reported earlier this week. Producers haven't increased drilling because of fears they'd lose money if prices fell.

The gulf crisis has harmed the two key components of San Antonio's economy, the military and tourism, Weinstein said.

The city has lost the spending power of locally-based military personnel deployed in the Middle East and tourists who are staying closer to home because of gasoline costs.

The city's economy will still fare better than many places, though, the economists said.

Workers' compensation under fire Lawsuit questions new bill

AUSTIN (AP) — A labor lawsuit challenging the new state workers' compensation law was blasted Wednesday as "a slap in the face to our system of government" by the president of the Texas Association of Business.

"Union leaders and trial lawyers are using this lawsuit in a last-ditch attempt to overturn something that was decided by the duly elected representatives of the people of Texas a year ago," Dane Harris said.

He attributed the lawsuit to "professional greed." A TAB release said the workers' compensation measure will cut excessive attorney fees in lawsuits and lower business costs.

Tommy Townsend of the Texas Trial Lawyers Association said, "I don't want to get into that kind of rhetoric on that issue."

The lawsuit asking that the law be declared unconstitutional was filed by the Texas AFL-CIO in Maverick County. Union President Joe Gunn agreed the court system is a last resort.

"My responsibility is to do everything I can to get the workers fair and honest treatment," he said.

The lawsuit asks that current rules stay in effect until the legal issues are settled. The new law is to take effect Jan. 1.

A hearing on a temporary court order is set for Thursday in Eagle Pass.

The lawsuit says the new workers' compensation law will lower disability benefits to most injured workers, restrict employee access to court and discriminate against Hispanics because it reduces benefits for agricultural workers.

The law was passed last year, after two special sessions in which business interests lined up against labor and trial lawyers, who represent injured workers.

Harris said the lawsuit is irresponsible, jeopardizes the state's economic future and would deny workers improved benefits and job opportunities.

Gunn responded, "I'm so proud to have Dane Harris looking out for workers. That's like giving the fox the henhouse."

Harris questioned why the lawsuit was filed in Eagle Pass, rather than in Austin, where the Workers' Compensation Commission is located. A co-plaintiff in the lawsuit is from Maverick County.

And Harris said O.B. Kenemore, who serves on the AFL-CIO executive board and on the Workers' Compensation Commission, should resign one position. The commission is a defendant in the lawsuit.

S&L owner agrees to pay \$1.9 million

AUSTIN (AP) — One of the largest civil lawsuits from the Texas savings and loan crash was concluded with former Lamar Savings Association owner Stanley Adams and his wife agreeing to pay the government \$1.9 million.

The Federal Deposit Insurance Corp. claimed Adams, his wife, Christie, and former Lamar officials breached their fiduciary duty and committed negligence in a series of transactions that helped cause Lamar's financial collapse.

The lawsuit was filed 33 months ago and sought \$92 million in damages.

As part of Tuesday's settlement, a judgment of negligence was entered against Adams and his wife. Two other defendants, ex-Lamar executives Reuben Coleman and Mike Perry, were released from the case without a financial payment or judgment against them. Terms of the settlement with former Lamar director Jack Ritter were not disclosed.

Also, the government agreed to drop civil claims against Adams and his parents in connection with the failure of City Savings of San Angelo, which Adams also owned.

FDIC lawyer Steven DeWolf said settlements from defendants in the case have totaled more than \$10 million.

The largest single settlement was made Nov. 21, when Lamar Financial Corp., the holding company that owned Lamar Savings, and a trust established for Christie Adams, agreed to pay the government \$4.4 million.

DeWolf said he was disappointed the case didn't go to trial. But he said the settlement was the most efficient way for the FDIC to recover some of the massive expense resulting from Lamar's collapse.

Lamar Savings, once the largest Austin-based financial institution, was closed by federal regulators in 1988.



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