Confidence in the pound is widely expected to take another sharp dive if trade figures for September , due for release tomorrow , fail to show a substantial improvement from July and August 's near-record deficits .

Chancellor of the Exchequer Nigel Lawson 's restated commitment to a firm monetary policy has helped to prevent a freefall in sterling over the past week .

But analysts reckon underlying support for sterling has been eroded by the chancellor 's failure to announce any new policy measures in his Mansion House speech last Thursday .

This has increased the risk of the government being forced to increase base rates to 16 % from their current 15 % level to defend the pound , economists and foreign exchange market analysts say .

The risks for sterling of a bad trade figure are very heavily on the down side , said Chris Dillow , senior U.K. economist at Nomura Research Institute .

If there is another bad trade number , there could be an awful lot of pressure , noted Simon Briscoe , U.K. economist for Midland Montagu , a unit of Midland Bank PLC .

Forecasts for the trade figures range widely , but few economists expect the data to show a very marked improvement from the # 2 billion -LRB- $ 3.2 billion -RRB- deficit in the current account reported for August .

The August deficit and the # 2.2 billion gap registered in July are topped only by the # 2.3 billion deficit of October 1988 .

Sanjay Joshi , European economist at Baring Brothers & Co. , said there is no sign that Britain 's manufacturing industry is transforming itself to boost exports .

At the same time , he remains fairly pessimistic about the outlook for imports , given continued high consumer and capital goods inflows .

He reckons the current account deficit will narrow to only # 1.8 billion in September .

However , Mr. Dillow said he believes that a reduction in raw material stockbuilding by industry could lead to a sharp drop in imports .

Combined with at least some rebound in exports after August 's unexpected decline , the deficit could narrow to as little as # 1.3 billion .

Mr. Briscoe , who also forecasts a # 1.3 billion current account gap , warns that even if the trade figures are bullish for sterling , the currency won’t advance much because investors will want to see further evidence of the turnaround before adjusting positions .

Nevertheless , he noted , No one will want to go into the trade figures without a flat position '' in the pound .

Meanwhile , overall evidence on the economy remains fairly clouded .

In his Mansion House speech , Mr. Lawson warned that a further slowdown can be expected as the impact of the last rise in interest rates earlier this month takes effect .

U.K. base rates are at their highest level in eight years .

But consumer expenditure data released Friday do n't suggest that the U.K. economy is slowing that quickly .

The figures show that spending rose 0.1 % in the third quarter from the second quarter and was up 3.8 % from a year ago .

This compares with a 1.6 % rise in the second from the first quarter and a 5.4 % increase from the second quarter of 1988 .

Mr. Dillow said the data show the economy is still quite strong , but suggestions that much of the spending went on services rather than consumer goods should reduce fears of more import rises .

Certainly , the chancellor has made it clear that he is prepared to increase interest rates again if necessary to both ensure that a substantial slowdown does take place and that sterling does n't decline further .

Thursday , he reminded his audience that the government can not allow the necessary rigor of monetary policy to be undermined by exchange rate weakness . ''

Analysts agree there is little holding sterling firm at the moment other than Mr. Lawson 's promise that rates will be pushed higher if necessary .

And , they warn , any further drop in the government 's popularity could swiftly make this promise sound hollow .

Sterling was already showing some signs of a lack of confidence in Mr. Lawson 's promise Friday .

In European trading it declined to $ 1.5890 and 2.9495 marks from $ 1.5940 and 2.9429 marks late Thursday .

Economists suggested that if the pound falls much below 2.90 marks , the government will be forced to increase rates to 16 % , both to halt any further decline and ensure that the balance of monetary policy remains unchanged .

Friday 's Market Activity

The dollar posted gains in quiet trading as concerns about equities abated .

Foreign exchange dealers said that the currency market has begun to distance itself from the volatile stock exchange , which has preoccupied the market since Oct. 13 , when the Dow Jones Industrial Average plunged more than 190 points .

Currency analysts predict that in the coming week the foreign exchange market will shift its focus back to economic fundamentals , keeping a close eye out for any signs of monetary easing by U.S. Federal Reserve .

Late in the New York trading day , the dollar was quoted at 1.8578 marks , up from 1.8470 marks late Thursday in New York .

The U.S. currency was also changing hands at 142.43 yen , up from 141.70 yen in New York late Thursday .

In Tokyo on Monday , the U.S. currency opened for trading at 141.95 yen , up from Friday 's Tokyo close of 141.35 yen .

On the Commodity Exchange in New York , gold for current delivery settled at $ 367.30 an ounce , up 20 cents .

Estimated volume was a light 2.4 million ounces .

In early trading in Hong Kong Monday , gold was quoted at $ 366.50 an ounce .

East Rock Partners Limited Partnership said it proposed to acquire A.P. Green Industries Inc. for $ 40 a share .

In an Oct. 19 letter to A.P. Green 's board , East Rock said the offer is subject to the signing of a merger agreement by no later than Oct. 31 .

The letter , attached to a filing with the Securities and Exchange Commission , said the approval is also contingent upon obtaining satisfactory financing .

An A.P. Green official declined to comment on the filing .

The $ 40-a-share proposal values the company at about $ 106.6 million .

A.P. Green currently has 2,664,098 shares outstanding .

Its stock closed at $ 38 , up $ 1.875 , in national over-the-counter trading .

The company is a Mexico , Mo. , maker of refractory products .

East Rock also said in the filing that it boosted its stake in A.P. Green to 8.7 % .

It now holds 233,000 A.P. Green common shares , including 30,000 shares bought last Thursday for $ 35.50 to $ 36.50 a share .

New York-based John Kuhns and Robert MacDonald control East Rock Partners Inc. , the sole general partner of East Rock Partners L.P .

The sole limited partner of the partnership is Westwood Brick Lime Inc. , an indirect subsidiary of Westwood Group Inc .

Both Westwood Brick and Westwood Group are based in Boston .

Freight rates , declining for most of the decade because of competition spurred by deregulation , are bottoming out , turning upward and threatening to fuel inflation .

Trucking , shipping and air-freight companies have announced rate increases , scheduled for this fall or early next year , reflecting higher costs and tightened demand for freight transport .

Major shippers say they expect freight rates to rise at least as fast as inflation and maybe faster in the next few years .

That 's a big change from recent years when freight haulage was a bright spot for U.S. productivity , helping to restrain inflation and make U.S. industry more competitive abroad .

Demand has caught up with the supply of certain types of freight transportation , and rates are starting to move up '' at a rate close to or slightly more than the inflation rate , said Clifford Sayre , director of logistics at Du Pont Co .

Shippers surveyed recently by Ohio State University said they expect their freight-transport , storage and distribution costs to rise about 4 % this year .

Only 10 % of the 250 shippers polled expected their freight-transport costs to decrease , compared with 30 % who had looked to freight transport to reduce costs in past years .

This is the first year since transportation deregulation in 1980 that we have had such a dramatic and broad-based upturn in perceived transportation rates , said Bernard LaLonde , a transportation logistics professor at Ohio State in Columbus .

The deregulation of railroads and trucking companies that began in 1980 enabled shippers to bargain for transportation .

Carriers could use their equipment more efficiently , leading to overcapacity they were eager to fill .

Shippers cut about $ 35 billion from their annual , inter-city truck and rail costs , to about $ 150 billion , or about 6.4 % of gross national product , down from 8 % of GNP in 1981 .

But with much of the inefficiency squeezed out of the freight-transport system , rising costs are likely to be reflected directly in higher freight rates .

Shippers are saying the party 's over , ' '' said Mr. LaLonde .

Shippers won't be able to look for transportation-cost savings as they have for the last eight or nine years .

Transport rates won't be an opportunity for offsetting cost increases in other segments of the economy . ''

Robert Delaney , a consultant at Arthur D. Little Inc. , Cambridge , Mass. , said We 've gotten all the benefits of deregulation in freight-cost reductions .

Now we are starting to see real freight-rate increases as carriers replace equipment , pay higher fuel costs and pay more for labor .

You 'll see carriers try to recoup some of the price cutting that occurred previously . ''

Not everyone believes that the good times are over for shippers .

There 's still a lot of pressure on rates in both rail and truck , said Gerard McCullough , lecturer in transportation at Massachusetts Institute of Technology .

Less-than-truckload companies , which carry the freight of several shippers in each truck trailer , discounted away a 4.7 % rate increase implemented last April .

The carriers were competing fiercely for market share .

Railroad-rate increases are likely to be restrained by weakening rail-traffic levels and keen competition for freight from trucks .

An official at Consolidated Freightways Inc. , a Menlo Park , Calif. , less-than-truckload carrier , said rate discounting in that industry has begun to stabilize . ''

Consolidated Freightways plans to raise its rates 5.3 % late this year or early next year , and at least two competitors have announced similar increases .

Truckers are trying to send signals that they need to stop the bloodletting , forget about market share and go for higher rates , said Michael Lloyd , an analyst at Salomon Bros .

And shippers are getting the feeling that they have played one trucker off against another as much as they can , he said .

Air-freight carriers raised their rates for U.S. products going across the Pacific to Asia by about 20 % earlier this month .

And Japan Air Lines said it plans to boost its rates a further 25 % over the next two years .

Such rate increases will increase the total cost of U.S. products and slow down the rate of increase of U.S. exports , said Richard Connors , a senior vice president of Yusen Air & Sea Service U.S.A. Inc. , the U.S. air-freight-forwarding subsidiary of Nippon Yusen Kaisha of Japan .

Ship companies carrying bulk commodities , such as oil , grain , coal and iron ore , have been able to increase their rates in the last couple of years .

Some bulk shipping rates have increased 3 % to 4 % in the past few months , said Salomon 's Mr. Lloyd .

And ship lines carrying containers are also trying to raise their rates .

Carriers boosted rates more than 10 % in the North Atlantic between the U.S. and Europe last September , hoping to partly restore rates to earlier levels .

Ship lines operating in the Pacific plan to raise rates on containers carrying U.S. exports to Asia about 10 % , effective next April .

MGM Grand Inc. said it filed a registration statement with the Securities and Exchange Commission for a public offering of six million common shares .

The Beverly Hills , Calif.-based company said it would have 26.9 million common shares outstanding after the offering .

The hotel and Gaming company said Merrill Lynch Capital Markets will lead the underwriters .

Proceeds from the sale will be used for remodeling and refurbishing projects , as well as for the planned MGM Grand hotel\/casino and theme park .

Bob Stone stewed over a letter from his manager putting him on probation for insubordination .

Mr. Stone thought the discipline was unfair ; he believed that his manager wanted to get rid of him for personal reasons .

Unable to persuade the manager to change his decision , he went to a company court '' for a hearing .

At the scheduled time , Mr. Stone entered a conference room in a building near where he worked .

After the three members of the court introduced themselves , the chairman of the panel said : Go ahead and tell us what happened .

We may ask questions as you go along , or we may wait until the end . ''

No lawyers or tape recorders were present .

The only extra people were a couple of personnel specialists , one of whom knew Mr. Stone 's case intimately and would help fill in any facts needed to give the court the full picture .

Over a cup of coffee , Mr. Stone told his story .

He talked about 20 minutes .

When he was through , the court members asked many questions , then the chairman said they would like to hear his manager 's side and talk to witnesses .

The chairman promised Mr. Stone a decision within two weeks .

Bob Stone is a fictional name , but the incident described is real .

It happened at Northrop Corp. in Los Angeles .

The court is called the Management Appeals Committee , or just MAC , and it is likely to hear a couple of dozen cases a year .

Alter some details of this example and it could be taking place today at Federal Express in Memphis , the Defense and Underseas Systems divisions of Honeywell in Minneapolis , a General Electric plant in Columbia , Md. , or a number of other companies .

These firms are pioneers in a significant new trend in the corporate world : the rise of what I call corporate due process .

Although corporate due process is practiced today in few companies -- perhaps 40 to 60 -- it is one of the fastest developing trends in industry .

In the coming decade a majority of people-oriented companies are likely to adopt it .

Corporate due process appeals to management for a variety of reasons .

It reduces lawsuits from disgruntled employees and ex-employees , with all that means for reduced legal costs and better public relations .

It helps to keep out unions .

It increases employee commitment to the company , with all that means for efficiency and quality control .

What must your management team do to establish corporate due process ?

Here are four key steps :

1 . Make sure you have a strong personnel department .

It must be able to handle most of the complaints that can not be solved in the trenches by managers and their subordinates , else the company court or adjudicators will be inundated with cases .

At Polaroid , the Personnel Policy Planning Committee may hear only about 20 cases a year ; the rest of the many hundreds of complaints are resolved at earlier stages .

At TWA , the System Board of Adjustment hears 50 to 75 cases a year , only a fraction of the complaints brought to personnel specialists .

At Citicorp , the Problem Review Board may hear only 12 or so cases because of personnel 's skill in complaint-resolution .

In a typical year , up to 20 % of the work force goes to personnel specialists with complaints of unfair treatment .

In a large company that means many hundreds of complaints for personnel to handle .

2 . Formally or informally , train all your managers and supervisors in the company 's due-process approach .

See that they know company personnel policy backwards and forwards , for it is the law '' governing company courts and adjudicators .

Coach them in handling complaints so that they can resolve problems immediately .

In case managers and personnel specialists are unsuccessful and subordinates take their complaints to a company court or adjudicator , teach managers to accept reversals as a fact of business life , for in a good due-process system they are bound to happen .

In the 15 companies I studied , reversal rates range on the average from 20 % to 40 % .

3 . Decide whether you want a panel system or a single adjudicator .

A panel system like that in the Bob Stone example enjoys such advantages as high credibility and , for the panelists , mutual support .

An adjudicator system -- that is , an investigator who acts first as a fact-finder and then switches hats and arbitrates the facts -- has such advantages as speed , flexibility and maximum privacy .

International Business Machines and Bank of America are among the companies using the single-adjudicator approach .

4 . Make your due-process system visible .

It won’t do any good for anybody unless employees know about it .

Most managements hesitate to go all out in advertising their due-process systems for fear of encouraging cranks and chronic soreheads to file complaints .

On the other hand , they make sure at a minimum that their systems are described in their employee handbooks and talked up by personnel specialists .

Smith-Kline Beecham goes further and sometimes features its grievance procedure in closed-circuit TV programs .

Naturally , one of the best ways to guarantee visibility for your due-process system is for top management to support it .

At IBM , the company 's Open Door system is sometimes the subject of memorandums from the chief executive .

Federal Express goes further in this respect than any company I know of with both Frederick Smith and James Barksdale , chief executive and chief operating officer , respectively , sitting in on the Appeals Board almost every Tuesday to decide cases .

Mr. Ewing is a consultant based in Winchester , Mass. , and author of Justice on the Job : Resolving Grievances in the Nonunion Workplace '' -LRB- Harvard Business School Press , 1989 -RRB- .

Tokyo stocks closed higher in active trading Friday , marking the fourth consecutive daily gain since Monday 's sharp fall .

London shares closed moderately lower in thin trading .

At Tokyo , the Nikkei index of 225 selected issues was up 112.16 points to 35486.38 .

The index advanced 266.66 points Thursday .

In early trading in Tokyo Monday , the Nikkei index rose 101.98 points to 35588.36 .

Friday 's volume on the First Section was estimated at one billion shares , up from 862 million Thursday .

Winners outpaced losers , 572 to 368 , while 181 issues remained unchanged .

With investors relieved at the overnight gain in New York stocks , small-lot buying orders streamed into the market from early morning , making traders believe the market was back to normal .

The Nikkei , which reached as high as 35611.38 right after the opening , surrendered part of its early advance toward the end of the day because of profit-taking .

Investors , especially dealers , do n't want to hold a position over the weekend , a trader at Dai-ichi Securities said , adding , though , that the trading mood remained positive through the afternoon session .

The Tokyo Stock Price Index -LRB- Topix -RRB- of all issues listed in the First Section , which gained 22.78 points Thursday , was up 14.06 points , or 0.53 % , at 2679.72 .

The Second Section index , which rose 15.72 points Thursday , was up 11.88 points , or 0.32 % , to close at 3717.46 .

Volume in the second section was estimated at 30 million shares , up from 28 million Thursday .

In turmoil caused by the previous Friday 's plunge in New York stocks , the Nikkei marked a sharp 647.33-point fall Monday .

But the Nikkei fell an overall 1.8 % in value that day compared with Wall Street 's far sharper 6.9 % drop on Oct. 13 .

The Tokyo market 's resiliency helped participants to regain confidence gradually as they spent more time on analyzing factors that caused the Friday plunge and realized these problems were unique to New York stocks and not directly related to Tokyo .

The Nikkei continued to gain for the rest of the week , adding 1017.69 points in four days -- more than erasing Monday 's losses .

But further major advances on the Nikkei are n't foreseen this week by market observers .

Investors are still waiting to see how the U.S. government will decide on interest rates and how the dollar will be stabilized .

Some high-priced issues made a comeback Friday .

Pioneer surged 450 yen -LRB- $ 3.16 -RRB- to 6,050 yen -LRB- $ 42.60 -RRB- .

Kyocera advanced 80 yen to 5,440 .

Fanuc gained 100 to 7,580 .

Breweries attracted investors because of their land property holdings that could figure in development or other plans , traders said .

Sapporo gained 80 to 1,920 and Kirin added 60 to 2,070 .

Housings , constructions and pharmaceuticals continued to be bought following Thursday 's gains because of strong earnings outlooks .

Daiwa House gained 50 to 2,660 .

Misawa Homes was up 20 at 2,960 .

Kajima advanced 40 to 2,120 and Ohbayashi added 50 to 1,730 .

Fujisawa added 80 to 2,010 and Mochida advanced 230 to 4,400 .

London share prices were influenced largely by declines on Wall Street and weakness in the British pound .

The key Financial Times-Stock Exchange 100-share index ended 10.2 points lower at 2179.1 , above its intraday low of 2176.9 , but off the day 's high of 2189 .

The index finished 2.4 % under its close of 2233.9 the previous Friday , although it recouped some of the sharp losses staged early last week on the back of Wall Street 's fall .

London was weak throughout Friday 's trading , however , on what dealers attributed to generally thin interest ahead of the weekend and this week 's potentially important U.K. trade figures for September .

The FT-SE 100 largely remained within an 11-point range establshed within the first hour of trading before it eased to an intraday low late in the session when a flurry of program selling pushed Wall Street lower .

The FT 30-share index closed 11.0 points lower at 1761.0 .

Volume was extremely thin at 351.3 million shares , the lightest volume of the week and modestly under Thursday 's 387.4 million shares .

Dealers said the day 's action was featureless outside some response to sterling 's early weakness against the mark , and fears that Wall Street might open lower after its strong leap forward Thursday .

They added that market-makers were largely sidelined after aggressively supporting the market Thursday in their quest to cover internal shortages of FT-SE 100 shares .

Interest may remain limited into tomorrow 's U.K. trade figures , which the market will be watching closely to see if there is any improvement after disappointing numbers in the previous two months .

The key corporate news of the day was that British Airways decided to withdraw from a management-led bid for UAL Corp. , the parent of United Airlines .

British Airways rose initially after announcing its withdrawal from the UAL deal .

Dealers said they viewed the initial # 390-million -LRB- $ 622 million -RRB- outlay for a 15 % stake in the airline as a bit much .

Its shares slid in late dealings to close a penny per share lower at 197 pence .

The airline was the most active FT-SE 100 at 8.2 million shares traded .

The next most active top-tier stock was B.A.T Industries , the target of Sir James Goldsmith 's # 13.4 billion bid .

The company gained shareholder approval Thursday to restructure in a bid to fend off the hostile takeover .

Sir James said Thursday night that his plans for the takeover had n't changed .

B.A.T ended the day at 778 , down 5 , on turnover of 7.5 million shares .

Dealers said it was hit by some profit-taking after gains since mid-week .

In other active shares , Trusthouse Forte shed 10 to 294 on volume of 6.4 million shares after a Barclays De Zoete Wedd downgrading , while Hillsdown Holdings , a food products concern , was boosted 2 to 271 after it disclosed it would seek shareholder approval to begin share repurchases .

Elsewhere in Europe , share prices closed higher in Stockholm , Brussels and Milan .

Prices were lower in Frankfurt , Zurich , Paris and Amsterdam .

South African gold stocks closed moderately lower .

Share prices closed higher in Sydney , Taipei , Wellington , Manila , Hong Kong and Singapore and were lower in Seoul .

Here are price trends on the world 's major stock markets , as calculated by Morgan Stanley Capital International Perspective , Geneva .

To make them directly comparable , each index is based on the close of 1969 equaling 100 .

The percentage change is since year-end .

The U.S. is required to notify foreign dictators if it knows of coup plans likely to endanger their lives , government officials said .

The notification policy was part of a set of guidelines on handling coups outlined in a secret 1988 exchange of letters between the Reagan administration and the Senate Intelligence Committee .

The existence of the guidelines has become known since President Bush disclosed them privately to seven Republican senators at a White House meeting last Monday .

Officials familiar with the meeting said Mr. Bush cited the policy as an example of the sort of congressional requirements the administration contends contribute to the failure of such covert actions as this month 's futile effort to oust Panamanian dictator Manuel Noriega .

According to the officials , Mr. Bush even read to the senators selections from a highly classified letter from the committee to the White House discussing the guidelines .

They said the president conceded the notification requirement didn’t affect his decision to lend only minor support to this month 's Panama coup effort .

No notification was ever considered , officials said , apparently because the U.S. didn’t think the coup plotters intended to kill Mr. Noriega , but merely sought to imprison him .

What 's more , both administration and congressional officials hint that the notification requirement is likely to be dropped from the guidelines on coup attempts that are being rewritten by the panel and the White House .

The rewriting was launched at a meeting between Mr. Bush and intelligence committee leaders Oct. 12 , a few days before the meeting at which the president complained about the rules .

However , the disclosure of the guidelines , first reported last night by NBC News , is already being interpreted on Capitol Hill as an unfair effort to pressure Congress .

It has reopened the bitter wrangling between the White House and Congress over who is responsible for the failure to oust Mr. Noriega and , more broadly , for difficulties in carrying out covert activities abroad .

A statement issued by the office of the committee chairman , Sen. David Boren -LRB- D. , Okla. -RRB- , charged that the disclosure is part of a continuing effort to shift the criticism for the failure of the recent coup attempt in Panama .

The statement added , Someone has regrettably chosen to selectively summarize portions of highly classified correspondence between the two branches of government .

Not only does this come close to a violation of law , it violates the trust we have all worked to develop . ''

Sen. Boren said , It 's time to stop bickering and work together to develop a clear and appropriate policy to help the country in the future .

I 've invited the president to send his suggestions to the committee . ''

Republican Sen. William Cohen of Maine , the panel 's vice chairman , said of the disclosure that a text torn out of context is a pretext , and it is unfair for those in the White House who are leaking to present the evidence in a selective fashion . ''

Sen. Boren said the committee could n't defend itself by making the documents public because that would violate classification rules .

But the chairman and other committee members stressed that the notification guideline was n't imposed on the White House by a meddling Congress .

Instead , both congressional and administration officials agreed , it grew out of talks about coup-planning in Panama that were initiated by the administration in July 1988 and stretched into last October .

The guideline was n't a law , but a joint interpretation of how the U.S. might operate during foreign coups in light of the longstanding presidential order banning a U.S. role in assassinations .

In fact , yesterday the administration and Congress were still differing on what had been agreed to .

One administration official said notification was required even if the U.S. gets wind '' of somebody else 's coup plans that seem likely to endanger a dictator 's life .

But a congressional source close to the panel said the rule only covered coup plans directly involving the U.S. .

Although the notification guideline was n't carried out in this month 's coup attempt , some administration officials argue that it may have led to hesitation and uncertainty on the part of U.S. intelligence and military operatives in Panama .

One senior administration official called the guideline outrageous '' and said it could make U.S. operatives reluctant to even listen to coup plans for fear they may get into legal trouble .

The issue came to a head last year , officials recalled , partly because the Reagan administration had sought unsuccessfully to win committee approval of funding for new Panama coup efforts .

In addition , both administration and congressional officials said the need for guidelines on coups and assassinations was partly spurred by a White House desire to avoid nasty overseas surprises during the election campaign .

Though the assassination ban is a White House order that Congress never voted on , the intelligence committees can exercise influence over its interpretation .

Last week , Central Intelligence Agency Director William Webster publicly called on Congress to provide new interpretations of the assassination order that would permit the U.S. more freedom to act in coups .

The administration has reacted to criticism that it mishandled the latest coup attempt by seeking to blame Congress for restrictions the White House said have hampered its freedom of action .

However , last week Mr. Webster 's two top CIA deputies said congressional curbs had n't hampered the spy agency 's role in the coup attempt in Panama .

Nevertheless , the administration 's criticisms appeared to have made some headway with Sens. Boren and Cohen after their Oct. 12 meeting with the president .

The three men agreed to rewrite the guidelines , without changing the basic assassination ban , to clear up any ambiguities that may have hampered U.S. encouragement of coups against anti-American leaders .

The new argument over the notification guideline , however , could sour any atmosphere of cooperation that existed .

Gerald F. Seib contributed to this article .

-LRB- During its centennial year , The Wall Street Journal will report events of the past century that stand as milestones of American business history . -RRB-

MUTUAL FUNDS ARRIVED IN THE U.S. during the Roaring Twenties -LRB- they had been in Britain for a century -RRB- , but they didn’t boom until the money market fund was created in the 1970s .

By 1980 , there were more than 100 such funds .

Besides creating a vehicle for investors , money market funds also helped rewrite banking regulations .

The idea was to let small investors , the backbone of the fund business , deal in the money market 's high short-term interest rates .

This had been the exclusive province of those rich enough to use six-figure sums to get income that was figured beyond the third or fourth decimal place .

The now-standard price of $ 1 a share came about by accident .

An early fund had filed a registration with the Securities and Exchange Commission that included a fixed $ 1 price .

It arrived just as the regulator handling such operations was retiring .

His successor approved the $ 1 price in the process of clearing the backed-up papers on his desk .

When Dreyfus started the first advertising-backed retail fund in February 1974 , it was priced at $ 10 a share -LRB- and reached $ 1 billion in assets in one year . -RRB-

Dreyfus moved to the $ 1 price after the SEC set standards -- an average 120-day maturity of high-grade paper -- that are still the rule .

Keeping the listed price at a dollar is primarily a convenience .

Actually , the funds do fluctuate , but beyond the third decimal place .

Rounding-off keeps them at $ 1 .

Eventually , the money funds ' success forced relaxation of curbs on bank interest rates to allow banks to offer competing yields .

The new instrument also introduced many to the industry -- 30 % of fund owners -LRB- there are more than 54 million accounts -RRB- started with a money fund .

Today more than 470 money market funds have total assets exceeding $ 350 billion .

-LRB- The companion tax-exempt funds add $ 71 billion . -RRB-

Dreyfus alone has seen its money market funds grow from $ 1 billion in 1975 to closes to $ 15 billion today .

Procter & Gamble Co. and Noxell Corp. said they received early termination of the waiting period under the Hart-Scott-Rodino Act regarding the proposed $ 1.4 billion merger of Noxell into P&G .

Shareholders of Noxell , of Hunt Valley , Md. , will vote on the merger at a special meeting on Nov. 30 , the companies said .

P&G , Cincinnati , agreed to exchange 0.272 share of its common stock for each share of Noxell common and Class B stock , a total of about 11 million P&G shares .

The transaction would mark the entry of P&G into cosmetics .

The company already markets a wide range of detergents , food , household and health-care products .

Shareholders of Messerschmitt-Boelkow-Blohm G.m.b . H. postponed their formal endorsement of a merger with Daimler-Benz AG until another meeting on Nov. 17 .

The owners of the defense and aerospace concern , which include three regional states , several industrial companies and banks , met Friday to discuss the final terms of the transaction , in which Daimler-Benz will acquire 50.01 % of

But agreement aparently could n't be reached because of opposition from the states of Hamburg and Bremen , which are demanding more influence over the German Airbus operations and a better guarantee against job losses in the troubled Northern German region .

The two states and the state of Bavaria still hold a majority in MBB , but their stake will fall to around 30 % after Daimler-Benz acquires its stake in the concern .

Jeffrey E. Levin was named vice president and chief economist of this commodity futures and options exchange .

He had been associate professor in the department of finance at Seton Hall University .

SIERRA TUCSON Cos. said it completed its initial public offering of 2.5 million common shares , which raised $ 30 million .

The Tucson , Ariz. , operator of addiction-treatment centers said proceeds will be used for expansion , to pay debt and for general corporate purposes .

Oppenheimer & Co. was the lead underwriter .

The government issues its first reading on third-quarter real gross national product this week in a report that is expected to disclose much tamer inflation .

The consensus view on real GNP , the total value of the nation 's output of goods and services adjusted for inflation , calls for a 2.3 % gain , down from the second quarter 's 2.5 % , according to MMS International , a unit of McGraw-Hill Inc. , New York .

But inflation , as measured by the GNP deflator in Thursday 's report , is expected to rise only 3.5 % , down from 4.6 % in the second quarter .

Inflation could be a real surprise , said Samuel D. Kahan , chief financial economist at Kleinwort Benson Government Securities Inc. , in Chicago .

If that gets people excited , it could serve as an impetus to the fixed-income markets to lower their rates , he added .

The week 's other notable indicators include mid-October auto sales , September durable goods orders as well as September personal income , personal consumption and the saving rate .

Most are expected to fall below previous-month levels .

Many economists see even slower GNP growth for the remainder of the year , with some leaning more strongly toward a possible recession .

In addition to softer production data , weaker housing starts and lower corporate profits currently in evidence , some analysts believe the two recent natural disasters -- Hurricane Hugo and the San Francisco earthquake -- will carry economic ramifications in the fourth quarter .

The recent one-day , 190-point drop in the Dow Jones Industrial Average seems to be significant to economists mainly for its tacit comment on the poor quality of third-quarter profits now being reported .

The stock market is sick because profits are crumbling , says Michael K. Evans , president of Evans Economics Inc. , Washington .

The economy , he noted , moves the market , not vice versa .

On the other hand , Mr. Evans expects the hurricane and the earthquake to take a hunk out of fourth-quarter GNP . ''

His estimate of 3.3 % for third-quarter GNP is higher than the consensus largely because he believes current inventories are n't as low as official figures indicate .

Demand , he believes , is being met from overhang rather than new production .

By and large , economists believe the two natural catastrophes will limit economic damage to their regions .

Edward J. Campbell , economist at Brown Brothers Harriman & Co. , New York , noted that large increases in construction activity along with government and private relief efforts could offset loss of production in those areas .

Gary Ciminero , economist at Fleet\/Norstar Financial Group , Providence , R.I. , expects the deflator to rise 3.7 % , well below the second quarter 's 4.6 % , partly because of what he believes will be temporarily better price behavior .

He expects real GNP growth of only 2.1 % for the quarter , noting a wider trade deficit , slower capital and government spending and the lower inventory figures .

Sung Won Sohn , chief economist at Norwest Corp. , Minneapolis , holds that the recent stock-market volatility increases the possibility of economic recession and reinforces the bad news '' from recent trade deficit , employment and housing reports .

The consensus calls for a 0.5 % increase in September personal income and a 0.3 % gain in consumption .

In August , personal income rose 0.4 % and personal consumption increased 0.9 % .

Charles Lieberman , managing director of financial markets reasearch at Manufacturers Hanover Securities Corp. , New York , said Hurrican Hugo shaved 0.1 % to 0.2 % from personal-income growth , because of greatly diminished rental income from tourism .

Durable goods orders for September , due out tomorrow , are expected to show a slip of 1 % , compared with August 's 3.9 % increase .

As usual , estimates on the fickle report are wide , running from a drop of 3.5 % to a gain of 1.6 % .

HASTINGS MANUFACTURING Co. declared a regular quarterly dividend of 10 cents a share and an extra dividend of five cents a share on its common stock , payable Dec. 15 to shares of record Nov. 17 .

This is the 11th consecutive quarter in which the company has paid shareholders an extra dividend of five cents .

The Hastings , Mich. , concern makes piston rings , filters and fuel pumps .

Vickers PLC , a United Kingdom defense and engineering company , said an investment unit controlled by New Zealand financier Ron Brierley raised its stake in the company Friday to 15.02 % from about 14.6 % Thursday and from 13.7 % the previous week .

I.E.P. Securities Ltd. , a unit of Mr. Brierley 's Hong Kong-based Industrial Equity -LRB- Pacific -RRB- Ltd. , boosted its holdings in Vickers to 38.8 million shares .

The latest purchase follows small increases in his holdings made over the past five months .

In May , Mr. Brierley 's stake shrank to 8.7 % after ranging between 9 % and 11 % for much of the previous year .

Ron Brierley clearly views our company as a good investment , a Vickers spokesman said .

The spokesman refused to comment on speculation that Industrial Equity might use its interest as a platform to launch a hostile bid for the company .

Vickers makes tanks for the U.K. army , Rolls Royce cars , and has marine and medical businesses .

When Rune Andersson set out to revive flagging Swedish conglomerate Trelleborg AB in the early 1980s , he spurned the advice of trendy management consultants .

All these consultants kept coming around telling us we should concentrate on high technology , electronics or biotechnology , and get out of mature basic industries , Mr. Andersson recalls .

Yet under its 45-year-old president , Trelleborg moved aggressively into those unfashionable base industries -- first strengthening its existing rubber and plastics division , later adding mining as well as building and construction materials .

It was a gutsy move for a little-known executive , fired after only two months as president of his previous company .

But going against the grain has never bothered Mr. Andersson .

Stroking his trademark white goatee during a recent interview , the diminutive Swede quips : It turned out to be lucky for us .

If the whole market thinks what you 're doing is crazy you do n't have much competition . ''

Mr. Andersson is anxious to strengthen Trelleborg 's balance sheet .

Characteristically , he didn’t waste much time getting started .

On Tuesday , Trelleborg 's directors announced plans to spin off two big divisions -- minerals processing , and building and distribution -- as separately quoted companies on Stockholm 's Stock Exchange .

At current market prices , the twin public offerings to be completed next year would add an estimated 2.5 billion Swedish kronor -LRB- $ 386 million -RRB- to Trelleborg 's coffers , analysts say .

The board had also been expected to approve a SKr1.5 billion international offering of new Trelleborg shares .

But that share issue -- intended to make Trelleborg better known among international investors -- was postponed until market conditions stabilize , people familiar with the situation say .

Trelleborg 's internationally traded Bfree '' series stock plunged SKr29 -LRB- $ 4.48 -RRB- to SKr205 -LRB- $ 31.65 -RRB- in volatile trading Monday in Stockholm .

Tuesday , the shares regained SKr20 , closing at SKr225 .

Mr. Andersson says he is confident that taking parts of the company public will help erase the conglomerate stigma '' that has held down Trelleborg 's share price .

Trelleborg plans to remain the dominant shareholder with stakes of slightly less than 50 % of both units .

The spinoff should solve a problem for the parent .

A family foundation set up by late founder Henry Dunker controls 59 % of Trelleborg 's voting shares outstanding .

But the foundation bylaws require the entire Trelleborg stake to be sold in the open market if control drops below 50 % .

That possibility had crept closer as repeated new share offerings to finance Trelleborg 's rapid growth steadily diluted the foundation 's holding .

That growth is the result of Mr. Andersson 's shopping spree , during which he has bought and sold more than 100 companies during the past five years .

Most of the new additions were barely profitable , if not outright loss makers .

Applying prowess gained during earlier stints at appliance maker AB Electrolux , Mr. Andersson and a handful of loyal lieutenants aggressively stripped away dead wood -- and got quick results .

The treatment turned Trelleborg into one of Scandinavia 's biggest and fastest-growing industrial concerns .

Between 1985 and 1988 , sales multipled more than 10 times and pretax profit surged almost twelvefold .

Many analysts expect Mr. Andersson , who owns 1.7 % of the company , to be named Trelleborg 's new chairman when Ernst Herslow steps down next year .

But the promotion is n't likely to alter a management style Mr. Andersson describes as being the driving force leading the troops , not managing by sitting back with a cigar waiting for people to bring me ideas . ''

Last month , in his boldest move yet , Mr. Andersson and Trelleborg joined forces with Canada 's Noranda Inc. in a joint $ 2 billion hostile takeover of another big Canadian mining concern , Falconbridge Ltd .

Industry analysts suggest that the conquest of Falconbridge could vault Trelleborg from a regional Scandinavian success story to a world-class mining concern .

Trelleborg is n't in the same league yet as mining giants such as RTZ Corp. or Anglo-American Corp. , says Mike Kurtanjek , a mining analyst at James Capel & Co. , London .

But we certainly like what we 've seen so far . ''

But Trelleborg still must clear some tough hurdles .

Mr. Andersson acknowledges that the company 's mining division will be busy for a while digesting its recent expansion . ''

Booming metals prices have fueled Trelleborg 's recent profit surge , raising mining 's share of pretax profit to 68 % this year from a big loss two years earlier .

But analysts caution an expected fall in metal prices next year could slow profit growth .

Mining is likely to remain Trelleborg 's main business .

Analysts say its chances of success will likely hinge on how well Trelleborg manages to cooperate with Noranda in the Falconbridge venture .

Noranda and Trelleborg each came close to winning Falconbridge alone before the successful joint bid .

Some analysts say Noranda would prefer to break up Falconbridge , and that the Swedes -- relatively inexperienced in international mining operations -- could have problems holding their own with a much bigger partner like Noranda operating on its home turf .

Mr. Andersson insists that Trelleborg and Noranda have n't discussed a Falconbridge break-up .

Falconbridge , he says , will continue operating in its current form .

We 'd be reluctant to accept 50-50 ownership in a manufacturing company .

But such partnerships are common in mining , where there are n't problems or conflict of interest or risk of cheating by a partner , Trelleborg 's president says .

Perhaps more important , both companies share Mr. Andersson 's belief in the coming renaissance of base industries .

If the 1980s were a decade of consumption , the '90s will be the investment decade , Mr. Andersson says .

The whole of Europe and the industrialized world is suffering from a breakdown in infrastructure investment , he says .

That 's beginning to change .

And investment is the key word for base metals , and most other businesses Trelleborg is in .

Apple Computer Inc. posted improved fiscal fourth-quarter profit due largely to a $ 48 million gain on the sale of its stock in Adobe Systems Inc .

Excluding the gain , the company registered a modest 4.6 % increase for the quarter ended Sept. 29 to $ 113 million , or 87 cents a share , from the year-earlier $ 107.9 million , or 84 cents a share .

Proceeds of the Adobe sale brought net income in the quarter to $ 161.1 million , or $ 1.24 a share .

Apple shares fell 75 cents in over-the-counter trading to close at $ 48 a share .

Fiscal fourth-quarter sales grew about 18 % to $ 1.38 billion from $ 1.17 billion a year earlier .

Without the Adobe gain , Apple 's full-year operating profit edged up 1.5 % to $ 406 million , or $ 3.16 a share , from $ 400.3 million , or $ 3.08 a share .

Including the Adobe gain , full-year net was $ 454 million , or $ 3.53 a share .

Sales for the year rose nearly 30 % to $ 5.28 billion from $ 4.07 billion a year earlier .

John Sculley , chairman and chief executive officer , credited the Macintosh SE\/30 and IIcx computers , introduced in the winter , for the brightened sales performance .

Mr. Sculley also indicated that sagging margins , which dogged the company through most of 1989 , began to turn up in the fourth quarter as chip prices eased .

Adverse pressure on gross margins ... has subsided , Mr. Sculley said .

Margins in the fiscal fourth quarter perked up , rising to 51 % from 49.2 % a year earlier .

For all of fiscal 1989 , however , the average gross margin was 49 % , below the average 1988 gross margin of 51 % .

Lower component costs -- especially for DRAMs , or dynamic random access memory chips -- were cited for the easing of margin pressure on the company , a spokeswoman said .

Looking ahead to 1990 , Mr. Sculley predicted another year of significant revenue growth , along with improved profitability , as the recovery in gross margins continues into 1990 .

Gary J. Schantz , 44 years old , was named president and chief operating officer .

Polymerix makes lumber-like materials that it describes as plastic wood . ''

The operating chief 's post is new .

Martin Schrager , 51 , who had been president , was named vice chairman .

He remains chief executive officer .

Mr. Schantz was vice president and chief operating officer of the Acrylic division of Polycast Technology Corp .

Separately , the board expanded to six members with the election of David L. Holewinski , a consultant .

The company also said it privately placed stock and warrants in exchange for $ 750,000 .

Terry L. Haines , formerly general manager of Canadian operations , was elected to the new position of vice president , North American sales , of this plastics concern .

Also , Larry A. Kushkin , executive vice president , North American operations , was named head of the company 's international automotive operations , another new position .

He remains an executive vice president , the company said , and his new position reflects the growing importance of the world automotive market as a market for A. Schulman 's high performance plastic materials . ''

Gordon Trimmer will succeed Mr. Haines as manager of Canadian operations , and Mr. Kushkin 's former position is n't being filled at this time , the company said .

General Electric Co. said it signed a contract with the developers of the Ocean State Power project for the second phase of an independent $ 400 million power plant , which is being built in Burrillville , R.I .

GE , along with a division of Ebasco , a subsidiary of Enserch Corp. , have been building the first 250-megawatt phase of the project , which they expect to complete in late 1990 .

The second portion will be completed the following year .

GE 's Power Generation subsidiary will operate and maintain the plant upon its completion .

The Environmental Protection Agency is getting a lot out of the Superfund program .

Of the $ 4.4 billion spent so far on the program , 60 % is going for administrative costs , management and research , the Office of Technology Assessment just reported .

Only 36 of 1,200 priority cleanup sites have been decontaminated . ''

Over the next 50 years , $ 500 billion is earmarked for the program .

At current allocations , that means EPA will be spending $ 300 billion on itself .

It may not be toxic , but we know where one waste dump is .

Chambers Development Co. said its Security Bureau Inc. unit purchased two security concerns in Florida that will add $ 2.1 million of annual revenue .

Purchase of the businesses serving Miami , Fort Lauderdale and West Palm Beach , Fla. , is part of a plan by Chambers to expand in the growing security industry .

Terms were n't disclosed .

Basf AG said it moved its headquarters for Latin America to Mexico and the headquarters for the Asia\/Australia regional division to Singapore , effective Oct .

The central offices for both regions were previously located in Ludwigshafen , Basf headquarters .

The West German chemical concern called the moves a further step in the internationalization of its business activities .

Both regions are the fastest-growing areas for Basf , the company said .

David H. Eisenberg , 53 years old , was named president and chief operating officer of Imasco 's 500-store Peoples Drug Stores Inc. unit , based in Alexandria , Va .

Mr. Eisenberg was senior executive vice president and chief operating officer .

Imasco is a tobacco , retailing , restaurant and financial services concern .

Lotus Development Corp. is in talks to sell its Signal stock-quote service to Infotechnology Inc. , the New York parent of Financial News Network , people familiar with the negotiations said .

They said the price would be around $ 10 million .

Signal , which has an estimated 10,000 subscribers and is profitable , provides stock quotes over an FM radio band that can be received by specially equipped personal computers .

The computers will display stock prices selected by users .

Lotus , Cambridge , Mass. , has been rumored to have the sale of the four-year-old unit under consideration for a year .

The business is n't related to Lotus 's main businesses of making computer software and publishing information on compact disks .

Please submit your offers , says Felipe Bince Jr .

He surveys the prospective investors gathered in the board room of the Philippine government 's Asset Privatization Trust for the sale of a 36 % interest in the country 's largest paper mill .

The agency expects the bids to be equivalent of more than $ 80 million .

Not a peso is offered .

Mr. Bince , the trust 's associate executive trustee , declares the bidding a failure .

It 's getting harder to sell , he mutters as he leaves the room .

Indeed . Recently , the trust failed to auction off the paper mill , a bank , an office building and a small cotton-ginning plant .

Of the four , only the bank and the plant drew bids -- one apiece .

In October 1987 , President Corazon Aquino vowed that her government would get out of business '' by selling all or part of the state 's holdings in the many companies taken over by the government during the 20-year rule of Ferdinand Marcos .

Two years later , Mrs. Aquino 's promise remains largely unfulfilled .

October is a critical month for the privatization program .

Manila is offering several major assets for the first time and is trying to conclude sales already arranged .

In addition , the government is scheduled to unveil plans for privatizing Philippine Airlines , the national carrier , an effort that lawyer and business columnist Rodolfo Romero calls the bellwether of privatization . ''

All told , there are assets on the line valued at up to $ 1.03 billion .

The privatization program is designed to rid the government of hundreds of assets and to raise critically needed funds .

Much of the money from the sales is earmarked for a multibillion-dollar agrarian-reform program .

But efforts have been thwarted by official indifference , bureaucratic resistance , a legal system that operates at a snail 's pace , political opposition and government misjudgments .

Most recently , a lack of buyers has been added to the list .

Rather than gathering momentum , the program is in danger of slowing even more as the government tackles several big assets .

The axiom appears to be that the more valuable the asset , the harder the privatization process .

You just do n't see a whole lot happening , says an international economist .

To be sure , the program has n't completely stalled .

The Asset Privatization Trust , the agency chiefly responsible for selling government-held properties , has recorded sales of more than $ 500 million since it began functioning in December 1986 .

But its success has been largely in the sale of small , nonperforming companies , which are valued for their assets .

Dealing with the sales this month could be particularly challenging because almost every problem that has hobbled the program in the past is popping up again .

Ramon Garcia , the Asset Trust 's executive trustee , admits to what he calls temporary setbacks . ''

In light of the poor results recently , he says , the agency is adopting an attitude of flexibility . ''

October 's troubles began when the trust failed to sell a state-owned commercial bank , Associated Bank , for the minimum price of 671 million pesos -LRB- $ 31 million -RRB- .

At the end of the month , the agency again will offer the bank .

But instead of a minimum price , only a target price will be established .

Bankers say , however , that the government may have difficulty selling the institution even without a floor price .

The bank has a negative net worth , they say .

In addition , special bidding rules give the bank 's former owner , Leonardo Ty , the right to match the highest bid .

Mr. Ty lost control to the government in 1980 when a government bank made emergency loans to the cash-strapped institution .

In 1983 , the loans were converted into equity , giving Manila 98 % of the bank , but with the understanding that Mr. Ty had repurchase rights .

His ability to match any bid has scared off many potential buyers .

Separately , the government will try again within a month to sell the 36 % stake in Paper Industries Corp. of the Philippines , or Picop , as the paper mill is known .

The price will depend on how much Picop shares fetch on the local stock market .

But according to bankers and stock analysts who have studied the paper mill , price is n't the only consideration .

As it stands now , the government would continue to hold 45 % of Picop after the 36 % stake is sold .

-LRB- About 7.5 % of Picop is publicly traded and other shareholders own the rest of the equity . -RRB-

Potential buyers , mostly foreign companies , are reluctant to take a non-controlling stake in a company that , by the government 's own reckoning , needs some $ 100 million in new capital for rehabilitation .

The prospect of buying into a cash-hungry company without getting management control persuaded at least three foreign buyers , including a member of the Elders group of Australia , to pull out of the bidding , the bankers and analysts say .

Mr. Garcia acknowledges the problem and says the Asset Trust will study why the bidding failed and what changes the agency may be able to offer .

Under government regulations , however , foreign ownership of Picop 's equity is limited to 40 % .

Even though the government would retain the 45 % stake in Picop , critics have accused the trust of selling out to foreigners .

A series of newspaper articles accused the trust of short-changing the government over the Picop sale .

Mr. Garcia says he has been notified of congressional hearings on the Picop bidding and possible legislation covering the paper mill 's sale , both prompted by the criticism of the agency .

The question of control could further hinder long-delayed plans for the government to divest itself of Philippine Airlines , in which it has a 99 % stake .

The carrier has valuable trans-Pacific and Asian routes but it remains debt-laden and poorly managed .

This maker of electronic measuring devices named two new directors , increasing board membership to nine .

The new directors are Gordon M. Sprenger , president and chief executive officer of LifeSpan Inc. , and Peter S. Willmott , chairman and chief executive officer of Willmott Services Inc .

Gerard E. Wood , 51 years old , was elected president , chief executive officer and a director of this minerals and materials company .

He succeeds Harry A. Durney , 65 , who is retiring from active duty but remains a director and consultant .

Mr. Wood has been president and chief executive of Steep Rock Resources Inc .

Eagle Financial Corp. and Webster Financial Corp. , two Connecticut savings bank-holding companies , agreed to merge in a tax-free stock transaction .

The new holding company , Webster\/Eagle Bancorp Inc. , will have about $ 1.2 billion of assets and 19 banking offices in Connecticut .

Tangible capital will be about $ 115 million .

The merger is subject to regulatory clearance and a definitive agreement .

In the merger , each share of Webster , based in Waterbury , will be converted into one share of the new company .

Each share of Eagle , based in Bristol , will become 0.95 share of Webster\/Eagle .

In American Stock Exchange composite trading Friday , Eagle shares rose 12.5 cents to $ 11 .

In national over-the-counter trading , Webster shares fell 25 cents to $ 12.375 .

Webster has 3.5 million shares outstanding and Eagle 2.6 million .

Their indicated market values thus are about $ 43.3 million and $ 28.6 million , respectively .

Frank J. Pascale , chairman of Eagle , will be chairman of the new firm and James C. Smith , president and chief executive officer of Webster , will take those posts at Webster\/Eagle .

Harold W. Smith Sr. , chairman of Webster , will become chairman emeritus and a director of the new company .

Ralph T. Linsley , vice chairman of Eagle , will become vice chairman of Webster\/Eagle .

The board will be made up of seven directors of each holding company .

In an interview , James Smith said the banks ' markets are contiguous and their business philosophies are similar and conservative . ''

Nonperforming loans will make up only about 0.5 % of the combined banks ' total loans outstanding , he said .

At June 30 , Webster , which owns First Federal Savings & Loan Association of Waterbury , had assets of $ 699 million .

Eagle , which controls Bristol Federal Savings Bank and First Federal Savings & Loan Association of Torrington , had assets of $ 469.6 million on that date .

Guillermo Ortiz 's Sept. 15 Americas column , Mexico 's Been Bitten by the Privatization Bug , is a refreshingly clear statement of his government 's commitment to privatization , and must be welcomed as such by all Americans who wish his country well .

The Mexico-United States Institute is glad to see such a high official as Mexico 's undersecretary of finance view his country 's reforms in the context of a larger , world-wide process '' of profound change toward free-market economics , especially in the statist countries .

Having said that , we must caution against an apparent tendency to overstate the case .

It is not quite true , for example , that the Mexican government has privatized '' Mexicana de Aviacion , as Mr. Ortiz claims .

In the same sentence he contradicts himself when he reports that the government still retains 40 % of the total equity of the airline .

How can a company be considered privatized '' if the state is so heavily represented in it ?

-LRB- True , the Mexican government has granted control '' over the airline to a new private consortium , but its propensity to take back what it gives is too well known to permit one to be sanguine . -RRB-

Regrettably , too , Mr. Ortiz resorts to the familiar numbers game '' when he boasts that fewer than 392 -LCB- state enterprises -RCB- currently remain in the public sector , down from the 1,155 public entities that existed in 1982 .

'' But the enterprises still in state hands include the biggest and most economically powerful ones in Mexico ; indeed , they virtually constitute the economic infrastructure .

I refer essentially to petroleum , electric power , banking and newsprint .

Those enterprises , however , are not going to be privatized .

They are officially considered strategic , and their privatization is prohibited by the Mexican Constitution .

In language that sidesteps the issue , Mr. Ortiz writes , The divestiture of nonpriority and nonstrategic public enterprises is an essential element of President Carlos Salinas 's plan to modernize Mexico 's economy ... . ''

Yet clearly , modernization must embrace its key industries before it can be said to have caught the privatization bug . ''

The bottom line , however , is not economic but political reform .

A long succession of Mexican presidents arbitrarily nationalized whatever industry they took a fancy to , without having to answer to the public .

To guarantee that Mexicana de Aviacion and other companies will really be privatized , Mexico needs a pluri-party political system that will ensure democracy and hence accountability .

Daniel James President Mexico-United States Institute

The board of this Ponce , Puerto Rico concern voted to suspend payment of its quarterly of 11 cents a share for the third quarter .

The third-largest thrift institution in Puerto Rico also said it expects a return to profitability in the third quarter when it reports operating results this week .

Ponce Federal said the dividend was suspended in anticipation of more stringent capital requirements under the Financial Institutions Reform , Recovery , and Enforcement Act of 1989 .

A labor-management group is preparing a revised buy-out bid for United Airlines parent UAL Corp. that would transfer majority ownership to employees while leaving some stock in public hands , according to people familiar with the group .

The group has been discussing a proposal valued in a range of $ 225 to $ 240 a share , or $ 5.09 billion to $ 5.42 billion .

But to avoid the risk of rejection , the group does n't plan to submit the plan formally at a UAL board meeting today .

Instead , the group is raising the proposal informally to try to test the board 's reaction .

People familiar with the company say the board is n't likely to give quick approval to any offer substantially below the $ 300-a-share , $ 6.79 billion buy-out bid that collapsed last week after banks would n't raise needed loans and after a key partner , British Airways PLC , dropped out .

In composite trading Friday on the New York Stock Exchange , UAL closed at $ 168.50 a share , down $ 21.625 .

But the pilots union , which has been pushing for a takeover since 1987 , appears to be pressing ahead with the revised bid to avoid further loss of momentum even though it has n't found a partner to replace British Air .

Although the bidding group has n't had time to develop its latest idea fully or to discuss it with banks , it believes bank financing could be obtained .

After the collapse of the last effort , the group does n't plan to make any formal proposal without binding commitments from banks covering the entire amount to be borrowed .

Under the type of transaction being discussed , the pilot-management group would borrow several billion dollars from banks that could then be used to finance a cash payment to current holders .

Those current holders would also receive minority interests in the new company .

For example , the group could offer $ 200 a share in cash plus stock valued at $ 30 a share .

UAL currently has 22.6 million shares , fully diluted .

The new structure would be similar to a recapitalization in which holders get a special dividend yet retain a controlling ownership interest .

The difference is that current holders would n't retain majority ownership or control .

The failed takeover would have given UAL employees 75 % voting control of the nation 's second-largest airline , with management getting 10 % control and British Air 15 % .

It was n't clear how the ownership would stack up under the new plan , but employees would keep more than 50 % .

Management 's total could be reduced , and the public could get more than the 15 % control that had been earmarked for British Air .

One option the board is likely to consider today is some sort of cooling-off period .

Although the pilots are expected to continue to pursue the bid , UAL Chairman Stephen Wolf may be asked to withdraw from the buy-out effort , at least temporarily , and to return to running the company full time .

The board could eventually come under some pressure to sell the company because its members can be ousted by a majority shareholder vote , particularly since one-third of UAL stock is held by takeover stock speculators who favor a sale .

The labor-management buy-out group plans to keep its offer on the table in an apparent attempt to maintain its bargaining position with the board .

However , the only outsider who has emerged to lead such a shareholder vote , Los Angeles investor Marvin Davis , who triggered the buy-out with a $ 5.4 billion bid in early August , is hanging back -- apparently to avoid being blamed for contributing to the deal 's collapse .

Three top advisers to Mr. Davis visited New York late last week , at least in part to confer with executives at Citicorp .

Mr. Davis had paid $ 6 million for Citicorp 's backing of his last bid .

But Citicorp has lost some credibility because it also led the unsuccessful effort to gain bank loans for the labor-management group .

On Friday , British Air issued a statement saying it does not intend to participate in any new deal for the acquisition of UAL in the foreseeable future . ''

However , several people said that British Air might yet rejoin the bidding group and that the carrier made the statement to answer questions from British regulators about how it plans to use proceeds of a securities offering previously earmarked for the UAL buy-out .

Also late last week , UAL flight attendants agreed to participate with the pilots in crafting a revised offer .

But the machinists union , whose opposition helped scuttle the first buy-out bid , is likely to favor a recapitalization with a friendly third-party investor .

One advantage the buy-out group intends to press with the board is that pilots have agreed to make $ 200 million in annual cost concessions to help finance a bid .

Speculation has also arisen that the UAL executive most closely identified with the failure to gain bank financing , chief financial officer John Pope , may come under pressure to resign .

However , people familiar with the buy-out group said Mr. Pope 's departure would weaken the airline 's management at a critical time .

Despite the buy-out group 's failure to obtain financing , UAL remains obligated to pay $ 26.7 million in investment banking and legal fees to the group 's advisers , Lazard Freres & Co. , Salomon Brothers Inc. , and Paul Weiss Rifkind Wharton & Garrison .

Whittle Communications Limited Partnership , Knoxville , Tenn. , will launch its first media property targeting Hispanic women .

La Familia de Hoy , or Today 's Family , will debut this spring and will combine a national bimonthly magazine and TV programming .

The television element of La Familia '' includes a series of two-minute informational features to air seven days a week on the Spanish-language Univision network , a unit of Univision Holdings Inc. , which is 80%-owned by Hallmark Cards Inc .

The features will focus on parenting , family health and nutrition , and financial management , and will carry 30 seconds of advertising .

The magazines , also ad-supported , will be distributed in more than 10,000 doctors ' offices , clinics , and health centers in Hispanic and largely Hispanic communities .

WEIRTON STEEL Corp. said it completed a $ 300 million sale of 10-year notes , the final step in the 1984 buy-out of the company from National Steel Corp .

The 10 7\/8 % notes were priced at 99.5 % to yield 10.958 % in an offering managed by Bear , Stearns & Co. , Shearson Lehman Hutton Inc. and Lazard Freres & Co. , the company said .

Weirton , of Weirton , W. Va. , said $ 60.3 million of the proceeds were used to prepay the remaining amounts on the note outstanding to National Intergroup Inc. , the parent of National Steel .

Remaining proceeds were used to pay other debt and to finance the company 's capital spending program .

Lep Group PLC of Britain , which holds a 62.42 % stake in Profit Systems Inc. , said it is considering courses of action that could result in its having active control '' of the company .

In a filing with the Securities and Exchange Commission , Lep Group said a possible course of action may include acquiring some or all of the Profit Systems shares it does n't already own .

It noted , however , that it has n't determined any specific terms of a possible transaction .

Lep Group and affiliates currently control 3,513,072 Profit Systems common shares , or 62.42 % , the filing said .

Profit Systems , Valley Stream , N.Y. , is an air freight forwarding concern .

U.S. official reserve assets rose $ 6.05 billion in September , to $ 68.42 billion , the Treasury Department said .

The gain compared with a $ 1.10 billion decline in reserve assets in August to $ 62.36 billion , the department said .

U.S. reserve assets consist of foreign currencies , gold , special drawing rights at the International Monetary Fund and the U.S. reserve position -- its ability to draw foreign currencies -- at the IMF .

The nation 's holdings of foreign currencies increased $ 5.67 billion in September to $ 39.08 billion , while its gold reserves were virtually unchanged at $ 11.07 billion .

U.S. holdings of IMF special drawing rights last month rose $ 247 million , to $ 9.49 billion , and its reserve position at the IMF increased $ 142 million , to $ 8.79 billion .

Alusuisse of America Inc. plans to sell its Consolidated Aluminum Corp. subsidiary as part of its strategy to focus more on aluminum packaging in the U.S. .

Alusuisse , of New York , declined to say how much it expects to get for the unit ; the company has hired First Boston Corp. to help identify bidders .

Alusuisse is a subsidiary of Swiss Aluminium Ltd. , a Zurich , Switzerland , producer of aluminum , chemicals and packaging products .

Consolidated , which had 1988 revenue of $ 400 million , makes aluminum sheet and foil products at its Hannibal , Ohio , and Jackson , Tenn. , rolling mills and recycles aluminum at a plant in Bens Run , W.Va .

Manhattan National Corp. said Michael A. Conway , president and chief executive officer , was elected chief executive of the holding company 's two principal insurance subsidiaries .

He succeeds Paul P. Aniskovich Jr. , who resigned to pursue other business interests , the company said .

Mr. Conway , 42 years old , was elected chairman , president and chief executive of Manhattan Life Insurance Co. and president and chief executive of Manhattan National Life Insurance Co .

Harry Rossi , 69 , chairman of the holding company , also remains chairman of Manhattan National Life Insurance Co .

Mr. Conway was executive vice president and chief investment officer of Union Central Life Insurance Co. , of Cincinnati , in 1987 , when Union Central bought a 54 % interest in Manhattan National Corp .

He resigned as an officer of Central Life to accept the Manhattan National presidency .

Daniel J. Terra , a director of First Illinois Corp. , said that in August he reduced his stake in First Illinois to 26.48 % of the common shares outstanding .

In a filing with the Securities and Exchange Commission , Mr. Terra said he sold 263,684 First Illinois common shares from Aug. 9 to Aug. 28 for $ 9.9375 to $ 10.5625 a share .

As a result of the sales he holds 6,727,042 shares .

Mr. Terra said in the filing that he sold the stock to decrease his position in the Evanston , Ill. , banking concern .

He may sell more shares in the open market or in private transactions , but would n't rule out changing his intentions and buying shares , the filing said .

SciMed Life Systems Inc. , Minneapolis , said a federal appeals court vacated an earlier summary judgment in its favor .

A lower court in St. Paul had ruled in September 1988 that a heart catheter SciMed manufactures does n't infringe on a patent owned by Advanced Cardiovascular Systems , a unit of Eli Lilly & Co .

SciMed said the appeals court remanded the case back to the district court for further proceedings .

In national over-the-counter trading Friday , SciMed shares tumbled $ 2.75 to $ 43 .

SciMed said it remains committed '' both to the vigorous defense '' of its position that the catheter does n't infringe the Lilly unit 's patent , and to the pursuit of its own counterclaims , which allege Lilly engaged in antitrust violations and other wrongful acts .

A REVISED BID FOR UAL is being prepared by a labor-management group , sources said .

The new proposal , which would transfer majority ownership of United Air 's parent to employees and leave some stock in public hands , would be valued at $ 225 to $ 240 a share , or as much as $ 5.42 billion .

But UAL 's board is n't expected to give quick approval to any offer substantially below the $ 300-a-share bid that collapsed recently .

Takeover stock speculators have incurred paper losses of over $ 700 million from the failed UAL offer , their worst loss ever on a single deal .

Ford and Saab ended talks about a possible alliance after Ford concluded that the cost to modernize Saab 's car operations would outweigh the likely return .

The collapse Friday prompted speculation that Ford would intensify its pursuit of Jaguar , which is negotiating a defensive alliance with GM .

Stock prices edged up in quiet trading Friday .

The Dow Jones industrials rose 5.94 , to 2689.14 , making the gain for the week a record 119.88 points , or 4.7 % .

Most bond prices fell , but junk bonds and the dollar rose .

New York City bonds were sold off by many investors last week amid political and economic uncertainty .

More banks are being hurt by Arizona 's worsening real-estate slump .

First Interstate Bancorp of Los Angeles said Friday it expects a $ 16 million quarterly loss , citing property-loan losses at its Arizona unit .

OPEC 's ability to produce more oil than it can sell is starting to cast a shadow over world oil markets .

OPEC officials worry that prices could collapse a few months from now if the group does n't adopt new quotas .

Saatchi & Saatchi has attracted offers for some of its advertising units but has rejected them , sources said .

The proposals , from suitors including Interpublic Group , come as the London-based ad giant struggles through its most difficult period ever .

Qintex Australia suffered another setback Friday when its Los Angeles-based affiliate filed for Chapter 11 protection .

Qintex 's $ 1.5 billion pact to buy MGM\/UA collapsed recently .

Kodak entered the high-definition television market by unveiling a device that can convert conventional film into high-definition video .

A handful of small U.S. firms are refusing to cede the HDTV-screen market to Japanese manufacturers .

Freight rates are bottoming out and starting to rebound .

Trucking , shipping and air-freight firms are all planning rate increases , reflecting higher costs and tightened demand .

Texaco has purchased an oil-producing company in Texas for $ 476.5 million .

It is Texaco 's first major acquisition since the legal battle with Pennzoil began over four years ago .

Winnebago posted a widened quarterly loss and slashed its dividend in half , reflecting the deepening slowdown in recreational vehicle sales .

Markets --

Stocks :

Volume 164,830,000 shares .

Dow Jones industrials 2689.14 , up 5.94 ; transportation 1230.80 , off 32.71 ; utilities 215.48 , up 0.06 .

Bonds :

Shearson Lehman Hutton Treasury index 3392.49 , off

Commodities :

Dow Jones futures index 129.62 , off 0.51 ; spot index 131.34 , up 0.88 .

Dollar :

142.43 yen , up 0.73 ; 1.8578 marks , up 0.0108 .

Inmac Corp. , a money-losing direct marketer of computer supplies and accessories , said directors suspended payment of its semiannual dividend as too great a drain on funds .

The company paid five cents a share in April .

The directors ' action , taken Oct. 10 but announced Friday , had little or no effect on the company 's stock , which stagnated at $ 4.75 in light over-the-counter trading .

Inmac recently disclosed a $ 12.3 million write-off related to a corporate restructuring that resulted in the company 's posting a $ 6.4 million net loss for the year ended July 29 , compared with year-earlier profit of $ 9.7 million , or $ 1.02 a share .

Sales rose 12 % to $ 249.5 million from $ 222.8 million .

The board felt that the continued payment of our semiannual dividend was inconsistent with recent operating results , said Kenneth A. Eldred , president and chief executive officer .

All our efforts are now focused on improving earnings to the point where we can fund additional new-country development , continue to invest in the business and reinstate the dividend , he added .

The company offers more than 3,500 parts and supplies directly to microcomputer and minicomputer users through catalog sales .

The Food and Drug Administration said American Home Products Corp. agreed to recall certain generic drugs that were produced by its Quantum Pharmics unit in Amityville , N.Y .

Quantum stopped shipping the drugs last month , following a federal investigation regarding information the company supplied to obtain three drug approvals .

The FDA requested the recall of Quantum 's mioxidil tablets , chlorazepate dipotassium tablets and meclofenamate sodium capsules because , it said , the size of the production runs submitted for testing to gain FDA approval was in each case misrepresented as much larger than it actually was .

American Home Products , based in New York , agreed to recall four other products , trazadone , doxepin , diazepam and lorazapam , because of concerns about data submitted in their original approval applications before the FDA .

No safety problems with the products are known , the FDA said .

An FDA spokesperson said the drugs are still available under other brand names .

Last month , American Home Products said it was suspending production and distribution of all 21 of Quantum 's generic drug products pending the completion of an exhaustive internal audit .

It also temporarily closed Quantum , because of the internal investigation , as well as the FDA 's ongoing inquiry .

In New York Stock Exchange composite trading , American Home Products rose 75 cents to $ 105 on Friday .

Lyondell Petrochemical Co. said third-quarter net income fell 54 % , to $ 73 million , or 91 cents a share , from $ 160 million a year earlier .

Year-earlier per-share results are n't applicable because the company went public in January .

Revenue rose 7.7 % to $ 1.28 billion from $ 1.18 billion .

The petrochemical maker said the biggest reason earnings declined was a loss of production time and the increased costs associated with a temporary maintenance closing and expansion of an olefins plant .

Like other refiners , Lyondell 's margins for chemicals and gasoline were narrower .

While the company said chemical margins continued to worsen this quarter , costs will be lower because the maintenance and expansions are complete .

In New York Stock Exchange composite trading Friday , Lyondell was unchanged at $ 18.50 a share .

Four former Cordis Corp. officials were acquitted of federal charges related to the Miami-based company 's sale of pacemakers , including conspiracy to hide pacemaker defects .

Jurors in U.S. District Court in Miami cleared Harold Hershhenson , a former executive vice president ; John Pagones , a former vice president ; and Stephen Vadas and Dean Ciporkin , who had been engineers with Cordis .

Earlier this year , Cordis , a maker of medical devices , agreed to plead guilty to felony and misdemeanor charges related to the pacemakers and to pay the government about $ 5.7 million in fines and other costs .

Cordis sold its pacemaker operations two years ago to Telectronics Holding Ltd. of Australia .

PAPERS :

Management and unions representing 2,400 employees at Torstar Corp. 's Toronto Star reached a tentative contract agreement Friday , averting a strike by most employees of Canada 's largest daily newspaper .

Members of the largest union , representing 1,700 workers , voted in favor of the pact yesterday .

Four other unions have yet to vote , but their leadership also recommended approval .

The pact proposes a 2 1\/2-year contract with a raise of 8 % in the first year , 7 % in the second and 4 % for the final six months .

Amgen Inc. said its second-quarter earnings increased more than tenfold to $ 3.9 million , or 22 cents a share , due to increased sales of the company 's new antianemia drug for kidney patients .

The Thousand Oaks , Calif.-based biotechnology company reported a 97 % increase in revenue to $ 42.5 million for the quarter ended Sept. 30 .

In the year-ago period , Amgen reported net income of $ 320,000 , or two cents a share , on revenue of $ 21.5 million .

For the six months , the company reported a more than sixfold increase in earnings to $ 4.7 million , or 26 cents a share , from $ 625,000 , or four cents a share a year ago .

Revenue rose 77 % to $ 72.6 million , from last year 's $ 41 million .

LEBANESE LAWMAKERS APPROVED a peace plan but Aoun rejected it .

Lebanon 's Parliament passed the power-sharing accord to end the country 's 14-year-old conflict , but the Christian military leader wad the plan was full of ambiguities . ''

The Arab League-sponsored pact , drafted during three weeks of talks at the Saudi Arabian resort of Taif , includes Syrian proposals for at least a partial troop pullout from Lebanon , and guarantees an equal number of seats for Moslems and Christians in the Parliament .

The rejection by Aoun , who has demanded a total and immediate pull-out of Damascus 's 33,000 troops , puts the future of the agreement in doubt .

NORTHERN CALIFORNIA BRACED for earthquake-related traffic jams .

As rescuers pressed their efforts after finding a survivor in a collapsed freeway , the San Francisco Bay area girded for hundreds of thousands of commuters seeking to avoid routes ravaged by last Tuesday 's tremor .

In Oakland , officials said the 57-year-old longshoreman who spent four days entombed in rubble was in critical condition with slight improvement .

Estimates of damage in the area , visited Friday by Bush , topped $ 5 billion .

The baseball commissioner announced that the third game of the World Series between the Giants and the Athletics would n't resume until Friday .

THE U.S. . IS REQUIRED to notify foreign dictators of certain coup plans .

Under guidelines included in an exchange of letters between the Reagan administration and the Senate Intelligence panel last year , the U.S. must inform foreign dictators of plans likely to endanger their lives .

The existence of the policy became known after Bush disclosed it to seven GOP senators last week , citing the plan as an example of congressional requirements the administration contends contribute to the failure of covert actions , officials said .

Bush conceded that the requirement didn’t affect a decision to lend only minor support to this month 's failed effort to oust Panama 's Noriega , aides said .

The shuttle Atlantis 's crew prepared to return to Earth today several hours earlier than planned to avoid high winds forecast at the landing site at Edwards Air Force Base , Calif .

The five astronauts , who stowed gear and tested the spacecraft 's steering , said they were unconcerned about the touchy weather expected in the Mojave Desert .

Commonwealth leaders issued a declaration giving South Africa six months to deliver on pledges to ease apartheid or face new reprisals .

The 49-nation organization , meeting in Malaysia , called for tighter financial pressure immediately .

Britain 's Prime Minister Thatcher alone dissented .

East Germany 's leadership vowed swift action to ease travel to the West .

Despite the pledge by the Communist rulers , tens of thousands of people across the country staged marches over the weekend to demand democratic freedoms .

In Leipzig , more than 500 people met with local party officials to discuss internal changes .

The Senate convicted federal Judge Alcee Hastings of Miami of eight impeachment articles , removing him from the bench .

The chamber voted 69-26 Friday to convict the judge of perjury and bribery conspiracy .

It marked the first time a U.S. official was impeached on charges of which a jury had acquitted him .

Rep. Garcia and his wife were found guilty by a federal jury in New York of extorting $ 76,000 from Wedtech Corp. in return for official acts by the New York Democrat .

The jury also convicted them of extortion in obtaining a $ 20,000 interest-free loan from an officer of the defunct defense contractor .

Authorities in Honduras launched an investigation into the cause of Saturday 's crash of a Honduran jetliner that killed 132 of the 146 people aboard .

The Boeing 727 , en route to Honduras from Costa Rica via Nicaragua , smashed into the hills outside Tegucigalpa as it approached the capital 's airport in high winds and low clouds .

The U.S. and Israel have been holding what an aide to Prime Minister Shamir called intense telephone negotiations in an effort to bridge differences over Mideast peace moves .

The Labor Party , meanwhile , threatened to support a parliamentary motion to topple the coalition unless Shamir showed flexibility on Arab-Israeli talks .

Nicaragua 's Defense Ministry said a group of Contra rebels ambushed two trucks carrying troops in northern Nicaragua , killing 18 of the soldiers .

The incident occurred Saturday night .

The Sandinista government and the U.S.-backed insurgents agreed in March to suspend offensive operations , but there has been sporadic fighting .

Scientists have isolated a molecule that may hold potential as a treatment for disruptions of the immune system , ranging from organ-transplant rejection , to allergies and asthma , Immunex Corp. said .

The molecule is the mouse version of a protein called the interleukin-4 receptor , which directs the growth and function of white blood cells .

Died : Alfred Hayes , 79 , former president of the Federal Reserve Bank of New York , Saturday , in New Canaan , Conn .

Contel Corp. said third-quarter net income increased 16 % to $ 72 million , or 45 cents a share , from $ 62 million , or 39 cents a share , as a result of strong growth in telephone-access lines and long-distance minutes of use .

The telecommunications company 's results included a one-time gain of $ 4 million , or two cents a share , from the sale of Contel Credit , a leasing and financial-services subsidiary .

Revenue rose 8.3 % to $ 780 million from $ 720 million .

Telephone-operations quarterly profit increased 9 % to $ 84 million from $ 77 million , while federal-systems earnings declined 33 % to $ 4 million from $ 6 million .

Information systems posted a loss of $ 8 million , compared with a loss of $ 9 million a year earlier .

Customer-access lines increased at an annualized rate of about 4 % and minutes of long-distance use rose about 12 % .

A 10 % gain in operating profit in the quarter was offset by a 21 % boost in interest expense , reflecting higher consolidated borrowings and interest rates .

In New York Stock Exchange composite trading , Contel closed at $ 33.75 a share , down .50 cents .

In East Germany , where humor has long been the only way to express political criticism , they 're not laughing about their new leader Egon Krenz .

Mr. Krenz is such a contradictory figure that nobody has even come up with any good jokes about him .

You have to have clear feelings about someone before you can make jokes , says an East German mother of two who loves swapping political barbs with her friends .

With Krenz , we just do n't know what to expect . ''

Mr. Krenz does n't seem to be the knee-jerk hardliner many initially thought he was when the 52-year-old Politburo member was selected last week to succeed Erich Honecker .

But he does n't appear to be ready to make broad changes either .

According to East Germany 's ADN news agency , Mr. Krenz spoke to Soviet leader Mikhail Gorbachev by telephone over the weekend and acknowledged East Germany could learn from Moscow 's glasnost policies .

Already last week , Mr. Krenz started overhauling East Germany 's heavily censored and notoriously boring news media .

On Thursday , a day after he took office , East German television broke into regular programming to launch a talk show in which viewers call in questions for a panel of officials to answer .

The regular nightly news program and daily newspapers are also getting a visible injection of Soviet-style glasnost .

It was quite a shock , says a 43-year-old East German shopkeeper .

For the first time in my life , I was n't sure whether I was listening to our news or West German television . ''

Other changes , including easing restrictions on travel for East Germans , are expected .

But whether such moves can win back the confidence of East Germans , who have taken to the streets by the thousands in recent weeks to demand democratic changes , depends largely on whether they feel they can trust Mr. Krenz .

And that 's a problem .

Mr. Krenz is not only closely identified with his mentor , Mr. Honecker , but also blamed for ordering violent police action against protesters this month and for praising China for sending tanks against student demonstrators .

I hope he grows with the job , says Rainer Eppelmann , a Protestant pastor in East Berlin .

The most important thing is that he have a chance . ''

Although Mr. Krenz is dedicated to East Germany 's conservative vein of communism , there is much about his style that sets him apart from his party comrades .

Unlike Mr. Honecker , who tended to lecture people about socialist values , Mr. Krenz enjoys asking questions .

Indeed , one of his first actions as leader was to visit a gritty machine factory on the outskirts of Berlin and wander among the workers -- a la Gorbachev .

He was later shown on television , fielding questions .

At one point , he asked a worker whether he thought East Germans were fleeing the country because of restrictive travel policies .

The worker 's tart reply : It 's more than just travel .

People have a sense the government is ignoring the real problems in our society . ''

The exchange was all the more remarkable in that authorities released television footage to Western news agencies .

This same tendency toward openness impressed a group of visiting U.S. congressmen this spring .

Rather than trying to lecture us , says one congressional aide who attended the two-hour meeting , Mr. Krenz wanted to listen . ''

Rep. Ronnie Flippo -LRB- D. , Ala. -RRB- , one of the members of the delegation , says he was particularly impressed by Mr. Krenz 's ready admission that East Germany needed to change .

He 's a very tough man , but one who 's also open to arguments , adds an aide to West German Chancellor Helmut Kohl .

But there 's another side to Mr. Krenz .

Born in a Baltic town in an area which is now part of Poland , he has dedicated his life to the party apparatus .

He moved quickly through the ranks with the help of his patron , Mr. Honecker , and emerged as the heir apparent .

Barbara Donovan , an expert on East Germany at Radio Free Europe in Munich , says Mr. Krenz may project a smooth image , but she doubts he 's a true reformer .

Even if he is , she adds , he appears to have only limited room for maneuver within the Communist Party 's ruling Politburo .

Against this background , the new East German leader must move quickly to shore up his government 's standing .

The sudden growth of the opposition movement , together with the steady outflow of citizens escaping through Poland and Hungary , has plunged the country into its deepest political crisis since an anti-Soviet workers ' uprising in 1953 .

He does n't have any honeymoon period , says a Western diplomat based in East Berlin .

But if he 's sharp and quick , he has a chance . ''

The diplomat adds that Mr. Krenz has several things going for him .

The East German economy is strong compared with other East bloc nations .

And his relative youth could help him project a more vibrant image , contrasting with the perception of Mr. Honecker as an out-of-touch old man .

For average East Germans , Mr. Krenz remains a puzzle .

Either he was n't being real in the past , or he is n't being real right now , says a 30-year-old East German doctor .

Either way , I have a problem with how quickly he 's changed . ''

The doctor was among dozens of people milling through East Berlin 's Gethsemane Church Saturday morning .

The walls of the church are covered with leaflets , news clippings , and handwritten notes associated with the country 's political opposition .

I have to come here to read the walls , says the doctor , because it 's information I still ca n't get through the newspapers . ''

Meanwhile , East Germany 's growing openness may even allow the state-controlled news media to display a muted sense of humor .

Television last week carried a new report on East Berlin 's main wallpaper factory and the need to boost production .

East Germans remember a comment a few years ago by Kurt Hager , the government 's top ideologist , that just because a neighbor hangs new wallpaper , there 's no reason to change your own .

His point was there is no reason for East Germany to copy Soviet-style changes .

It 's hard to know whether it was intended to be funny , says the East Berlin shopkeeper , But everyone I know laughed about it .

The list of laboratories claiming to be producing inexplicable amounts of heat from cold fusion '' experiments is slowly growing .

But the experiments continue to be plagued by lack of firm evidence that the extra heat is coming from the fusing of hydrogen atoms .

New experiments at some of the big national laboratories are still unable to find hints of nuclear fusion reactions , leaving only the finding of tritium in a Texas experiment to support University of Utah chemists ' claim of achieving hydrogen fusion at room temperatures .

The latest developments in cold fusion research were presented in 24 reports delivered at the fall meeting here of the Electrochemical Society , the first scientific meeting in five months to hear formal reports on cold fusion experiments .

The meeting offered stark evidence of a dramatic fall in scientific interest in cold fusion research .

Of the 1,300 chemists registered for the society 's weeklong meeting , fewer than 200 sat through the day and a half of cold fusion presentations at week 's end .

This was in contrast with the society 's meeting last May , at the height of the controversy , when more than 1,500 scientists , along with scores of reporters and TV crews , crowded into a Los Angeles hotel ballroom for a tumultuous special night session on the subject .

Neither of the two chemists whose Utah experiments triggered the cold fusion uproar , Martin Fleischmann and B. Stanley Pons , were at the meeting .

But some members of an ad hoc expert committee set up by the Department of Energy to evaluate the cold fusion research were in the audience .

The committee is to recommend at the end of the month whether DOE should support cold fusion research .

Most of the two dozen scientists taking the podium reported results with new , more sophisticated variations of the seemingly simple electrolysis-of-water experiments described last March by Messrs. Fleischmann and Pons .

The experiments involve encircling a thin rod of palladium metal with a wire of platinum and plunging the two electrodes into heavy '' water in which the hydrogen atoms are a doubly heavy form known as deuterium .

When an electric current is applied to the palladium and platinum electrodes , the heavy water did begin to break up , or dissociate .

Ordinarily the electrolysis , or breakup , of the water would consume almost all of the electrical energy .

But Messrs. Fleischmann and Pons said their experiments also produced large amounts of heat .

The heat energy plus the energy consumed by the breakup of the water molecules added to far more energy coming out of the apparatus than electrical energy going in , they reported .

Because they also detected tritium and indications of nuclear radiation , they asserted that the excess '' heat energy must be coming from energy released by the nuclear fusion of deuterium atoms inside the palladium rod .

As of last weekend , a dozen labs also have reported measuring excess '' heat from similar electrolytic experiments , although amounts of such heat vary widely .

One of the seven reports presented here of excess heat production was given by Richard A. Oriani , professor of chemical engineering at the University of Minnesota .

Mr. Oriani said his skepticism of the Utah claims was initially confirmed when his first experiments last spring failed to produce results .

But he then borrowed a palladium rod from chemists at Texas A&M who said they were getting excess heat .

The results were fascinating , he said .

On the fourth run '' with the borrowed rod , the experiment began producing excess heat .

The experiment was stopped briefly to change an instrument .

When it was restarted , heat output really took off '' and produced excess heat for several hours before dying down , he said .

Typical of other experiments , Mr. Oriani said his experiment was very erratic . ''

It would go along doing nothing but dissociating the heavy water and then at totally unpredictable times , it would begin producing excess heat for as long as 10 or 11 hours before quieting down .

The excess heat was 15 % to 20 % more than the energy involved in the electrolysis of water .

Mr. Oriani said the heat bursts were too large and too long to be explained by the sudden release of energy that might have slowly accumulated during the experiments ' quiescent times , as some scientists have suggested .

There is a reality to the excess energy , he said .

Other scientists said they also were getting sporadic bursts of excess heat lasting several hours at a time .

The bursts often occur , they said , after they perturbed '' the experiments by raising or lowering the amount of electric current being applied , or switching the current off and on .

One chemist privately suggested this hinted that some anomalous '' chemical reactions might be producing the heat .

One reason questions surround the heat experiments is that they involve unusually meticulous measurements .

Typically , the input energy ranges from a third of a watt to one watt and the excess energy is measured in tenths of a watt .

One exception is a continuing experiment at Stanford University where as much as 10 watts of energy are being put into the electrolytic cells .

A cell filled with heavy water is producing 1.0 to 1.5 watts more heat than an identical electrolytic cell filled with ordinary water next to it , reported Turgut M. Gur , an associate of materials scientist Robert A. Huggins , head of the Stanford experimental team .

One of the few hints the excess heat might be produced by fusion came from brief remarks by chemist John Bockris of Texas A&M University .

Mr. Bockris previously reported getting bursts of excess heat and of detecting increasing amounts of tritium forming in the heavy water .

He said that within the past few days , he 's gotten evidence that there is a weak correlation '' between the time the heat bursts occur and the production of tritium .

There is n't any way to continuously measure the amount of tritium in the heavy water , so it 's been difficult to tell whether the tritium formation is related to the heat bursts or some other phenomenon .

Increasingly careful attempts to measure neutrons , which would be strong evidence of fusion reactions , continue to be negative .

Messrs. Fleischmann and Pons initially reported indirect evidence of neutrons being produced in their experiment but later conceded the measurements were questionable .

Researchers at Sandia National Laboratories in Albuquerque , N.M. , reported they went so far as to take a cold fusion '' experiment and three neutron detectors into a tunnel under 300 feet of granite to shield the detectors from cosmic rays .

A number of times they detected neutrons in one , sometimes two , of the three detectors , but only once during 411 hours of the experiment did they detect a neutron burst in all three detectors -- and they think that was a spurious event .

Shimson Gottesfeld of Los Alamos National Laboratory said researchers there detected a burst of neutrons from an early cold fusion experiment last April but decided not to announce it until they could confirm it .

In subsequent experiments , one of two neutron detectors occasionally indicated a burst of neutrons but neutron bursts were never recorded in both detectors at the same time .

They concluded the indications of neutrons stemmed from faults in the detectors rather than from the cold fusion experiment .

At the Lawrence Berkeley Laboratory in California , new experiments indicated that the lithium added to the heavy water so it will conduct a current can produce previously unsuspected electrical effects on the surface of the palladium rod -- which Messrs. Fleischmann and Pons might have misinterpreted , reported Philip Ross from the California laboratory .

Dow Jones & Co. announced Wall Street Journal advertising rates for 1990 .

The rates , which take effect Jan. 2 , include a 4 % increase for national edition advertising .

The Journal also will offer expanded volume and frequency discounts .

The increase for national edition advertising is less than the inflation rate and compares with a 6.5 % increase in 1989 .

Newsprint and postage prices this year have not gone up , said Peter R. Kann , president of Dow Jones .

We have invested in improved editorial quality and expanded our quality audience without substantially increasing our costs .

Fundamental fairness and a sense of responsibility lead us to share operating efficiencies with our customers . ''

Advertising rates for the Eastern , Midwest , Western and Southwest editions will increase an average 5.5 % , and rates for localized advertising editions will increase 7.5 % .

Rates for the Wall Street Journal Reports will remain unchanged .

A one-time noncontract full-page advertisement in The Wall Street Journal national edition will cost $ 99,385 .

Advertising rates for The Wall Street Journal\/Europe , published in Brussels and printed in the Netherlands and Switzerland , will increase 9 % .

Rates for The Asian Wall Street Journal , published and printed in Hong Kong and also printed in Singapore and Tokyo , will rise 8 % .

Rates for The Asian Wall Street Journal Weekly , published in New York for North American readers , will rise 6 % .

Dow Jones also publishes Barron 's magazine , other periodicals and community newspapers and operates electronic business information services .

It owns 67 % of Telerate Inc. , a leading supplier of computerized financial information on global markets .

Reflecting the impact of lower semiconductor prices and cuts in defense spending , Texas Instruments Inc. said third-quarter net income fell 31 % and sales dropped slightly from a year earlier .

Net fell to $ 65 million , or 67 cents a common share , from $ 93.7 million or $ 1.03 a share , a year ago .

Sales fell 2.5 % to $ 1.54 billion from $ 1.58 billion .

For the nine months , the electronics and defense concern had net of $ 255.8 million , or $ 2.70 a share , down 5.6 % from $ 271 million , or $ 3.01 a share , in the year-ago period .

Sales were $ 4.66 billion , up 1.3 % from $ 4.6 billion .

Jerry Junkins , chairman , president and chief executive officer , said sluggish consumer-electronics sales reduced demand for semiconductors .

That , coupled with lower semiconductor prices and higher semiconductor-depreciation expense , contributed to the decline in sales and profit .

In addition , cost increases related to fixed-price defense contracts and a $ 10 million charge to reduce the work force of Texas Instruments ' defense-electronics division also reduced net .

However , the quarter results included $ 28 million in royalty income from patent licenses , up from $ 21 million in the year-earlier period .

The nine months include $ 125 million of royalty income , up from $ 98 million last year .

Mr. Junkins was n't optimistic about the short-term outlook , hinting that further workforce reductions may be needed .

We expect near-term sluggishness in the electronics market , he said , and we will take ongoing cost-reduction actions as necessary to keep operations aligned with demand . ''

Further , he said , an internal reorganization to combine several divisions into the Information Technology Group is expected to affect fourth-quarter results by an undisclosed amount .

Lynch Corp. said its Lynch Telephone Corp. subsidiary completed the acquisition of Western New Mexico Telephone Co. for $ 20 million plus assumption of $ 24 million of debt .

Western New Mexico Telephone , Silver City , had net income of $ 1.9 million on revenue of about $ 10 million last year .

It is an independent phone company with a service area of 15,000 square miles in southwest New Mexico .

It is also a partner in the wireline cellular franchise covering most of western New Mexico .

The transaction represents Lynch 's entry into the telephone business .

The company , which has interests in television , trucking services , and glass-making and food-processing equipment , said it plans to make other acquisitions in the telephone industry .

Nelson Bunker Hunt 's attempted corner on silver a decade ago is still haunting the market in this metal .

Silver , now trading around $ 5 an ounce , surged to an all-time peak of $ 50 an ounce in January 1980 from around $ 9 in mid-1979 .

Mr. Hunt 's attempt to squeeze the silver market 10 years ago is still indirectly to blame for today 's market depression , says Lesley Edgar , managing director of Sharps Pixley Ltd. , London bullion brokers .

While some 100 million ounces of silver once held by Mr. Hunt and Middle Eastern associates are n't hanging over the market anymore , the price surge of 1979-80 precipitated an expansion of mine production and scrap recovery and encouraged silver consumers to economize on silver use , Mr. Edgar says .

Photographic developers , for example , bought equipment to recover silver from spent photographs , negatives and processing solutions .

Meanwhile , the photographic industry , which accounts for 44 % of silver consumption , continues to look for substitutes .

Japanese and U.S. photographic firms are beginning to produce electronic cameras and X-rays that do n't require silver , dealers say .

Silver 's history of volatility is also discouraging investors , dealers say .

Even in the present uncertain investment climate , investors are preferring quality assets '' such as Treasury bills and bonds to gold , silver and platinum , dealers say .

Although prices rallied briefly following the tumble on world stock markets earlier this month and the related decline of the dollar , precious metals are out of favor for the moment because of high interest rates and a determination by industrial nations to curb inflation , dealers say .

Silver , however is in a deeper slump than are gold and platinum .

Some analysts contend that silver is cheap now that prices are languishing at levels last seen in the mid-1970s .

Bargain hunters believe that silver offers the best value amongst precious metals , says Frederick R. Demler , analyst at Drexel Burnham Lambert Inc .

A further decline in prices will lead to mine production cuts in the U.S. , he says .

Scrap merchants are converting smaller quantities of metal into silver , while low prices are discouraging exports from India and the Soviet Union .

Silver prices could also be boosted by strikes in leading producing nations Peru and Mexico , Mr. Demler says .

Meanwhile , total fabrication demand for silver has risen six years in a row , he says .

Japanese demand grew by 70 % in the first half of this year and the nation plans an issue of a silver commemorative coin that will require 4.5 million ounces .

Compared with huge annual surpluses of more than 100 million ounces in the first half of the 1980s , world silver supplies and consumption are now nearly in balance , Mr. Demler says .

Despite intermittent rallies in the past few years , improvements in the supply-demand balance have n't managed to push silver prices into a higher range .

There 's just too much silver around , says Tom Butler , an analyst at Samuel Montagu & Co. , a London bullion house .

A huge silver stockpile at exchanges , refiners , consuming industries and government warehouses of at least 617 million ounces is the market depressant , says Shearson Lehman Hutton Inc. in a report .

This year alone , inventories at the Commodity Exchange of New York jumped by a staggering 46 million to 221 million ounces '' because of producer deliveries , de-stocking by fabricators and sales by disenchanted investors , says Rhona O'Connell , London-based precious metals analyst at Shearson Lehman Hutton .

Silver production is also in an inexorable upward trend , Ms. O'Connell says .

Moreover , while Asian and Middle Eastern investors hoard gold and help underpin its price , silver does n't have the same mystique , dealers say .

Investors have gotten burned on silver so often that they are far more partial to gold , says Urs Seiler , senior vice president at Union Bank of Switzerland .

Yet if gold prices improve , silver prices could rally sharply , he says .

However , dealers caution that any increase would be $ 1 to $ 2 at most .

Looking ahead to other commodity markets this week :

Livestock and Meats

Analysts expect the prices of live cattle futures contracts to rise in trading today in the wake of a government quarterly census that found fewer-than-expected cattle on feedlots .

After the close of trading Friday , the Agriculture Department reported that feedlots in the 13 biggest ranch states held 8.06 million cattle on Oct. 1 , down 6 % from that date a year earlier .

Most analysts had expected the government to report a 4 % decline .

Feedlots fatten young cattle for slaughter , so a decline signals a tightening supply of beef .

The government reported that the number of young cattle placed on feedlots during the quarter dropped 5 % compared with the year-earlier quarter .

Many industry analysts had been projecting a 3 % decline in placements for the quarter .

In the 1988 quarter , many farmers were forced to sell their cattle to feedlot operators because the drought dried out the pasture on their ranches .

The number of cattle moving onto feedlots in the recent quarter was also lower because fattening cattle is less profitable .

A shortage of young cattle has made them more expensive for feedlot operators to buy .

The Agriculture Department also said that the number of fattened cattle slaughtered in the quarter dropped by 5 % from the 1988 quarter , which was in line with projections by analysts .

Energy

Friday 's 44-cent-a-barrel price drop to $ 19.98 in the expiring November contract for West Texas Intermediate crude may well set the tone for trading this week in petroleum futures on the New York Mercantile Exchange .

Most traders and analysts attributed the decline to technical factors associated with the contract 's going off the board .

Others said that the drop continued the downward correction that 's been due in the petroleum pits and that such a trend could well continue in the next several trading sessions .

Barring any petroleum-related news events , trading in the days ahead should further test recent projections by oil economists and other market watchers that strong fourth-quarter demand will keep prices firm .

Copper

Copper prices fell sharply Friday afternoon .

For example , copper for December delivery settled 4.5 cents lower at $ 1.2345 a pound .

Pressure came from several developments including the settlement of two long-term strikes .

On Friday , one analyst said , rank-and-file workers ratified a new labor agreement ending a three-month strike at the Highland Valley mine in British Columbia .

In Mexico , the analyst added , employees at the Cananea mine , who have been out of work since late August when the mine was declared bankrupt by the government , accepted a 35 % cut in the 3,800-man work force .

The mine is expected to return to production in about a week .

On Friday , selling dominated the afternoon curb '' session in London , which takes place at noon EDT .

The premium of cash copper to the three-month forward offerings narrowed , indicating weaker demand for cash copper .

Long-term support for the December contract was believed to be at $ 1.25 a pound .

A technical analyst said there were a number of stop-loss orders under that level that were touched off when the contract 's price fell below it .

That brought in considerable fund selling , which continued until the close of trading .

In general , it was a bearish close , said Ben Hanauer , a copper trader at Rudolph Wolff & Co. , a major commodities trading and brokerage firm .

But whether this price break has implications for this week , he said , we will know more when the London Metal Exchange copper stock levels are released Monday morning . ''

Another analyst said he expected LME inventories to be down by about 15,000 tons when the weekly report is issued .

Bernard Savaiko , senior commodities analyst at PaineWebber Inc. , said that when traders saw the market was n't reacting positively to the forecasts of lower LME stocks , they perceived a bearish sign .

He also noted that the Japanese , who had been buying at prices just above the $ 1.25 level , apparently pulled back from the market on Friday .

Mr. Savaiko said he sees a possibility of the December contract dropping to $ 1.05 a pound .

Hewlett-Packard Co. will announce today a software program that allows computers in a network to speed up computing tasks by sending the tasks to each other .

Called Task Broker , the program acts something like an auctioneer among a group of computers wired together .

If a machine has a big computing task , Task Broker asks other computers in the network for bids '' on the job .

It then determines which machine is free to do the task most quickly and sends the task to that machine .

Hewlett-Packard claims that the software allows a network to run three times as many tasks as conventional networks and will run each task twice as fast .

The new Hewlett-Packard program , said analyst John McCarthy at Forrester Research Inc. , a computer-market research company , is a key building block as people move to this new model of distributed processing . ''

In today 's computer networks , some machines often sit idle while others are overtaxed .

With the Hewlett-Packard program , he said , You get more bang for the buck you 've spent on computers . ''

The program , which will be shipped in January 1990 , runs on the Unix operating system .

Hewlett-Packard will charge $ 5,000 for a license covering 10 users .

The program now works on all Hewlett-Packard and Apollo workstations and on computers made by Multiflow Computer Inc. of Branford , Conn .

Hewlett-Packard said it will sell versions later next year that run on Sun Microsystems Inc. and Digital Equipment Corp. machines .

The Task Broker differs from other programs that spread computing tasks around a network .

A previously available program called Network Computing System , developed by Hewlett-Packard 's Apollo division , for instance , takes a task and splits it up into parts , divvying up those parts to several computers in a network for simultaneous processing .

But programs in individual computers must be revised in order to work with that system .

Applications won’t have to be rewritten to work with Task Broker , Hewlett-Packard said , and the user of a computer won’t be able to tell that another machine is doing the work .

The Task Broker turns that network into -- as far as the user is concerned -- one giant computer , said Bill Kay , general manager of Hewlett-Packard 's workstation group .

Price wars between the fast-food giants are starting to clobber the fast-food little guys : the franchisees .

When elephants start fighting , ants get killed , says Murray Riese , co-owner of National Restaurants , a New York franchisee for Pizza Hut , Roy Rogers and other chains .

As hamburger and pizza outlets saturate one area after another , franchisers are struggling desperately for market share , slashing prices and stepping up costly promotions .

The fight is putting a tight squeeze on profits of many , threatening to drive the smallest ones out of business and straining relations between the national fast-food chains and their franchisees .

The chains used to offer discounts during winter when business was slow , but in the last year or so , discounting has become a 12-month thing , says Donald Harty , president of Charisma Group Inc. , a New York franchisee of Grand Metropolitan PLC 's Burger King chain .

Though Charisma 's sales are up slightly this year , Mr. Harty says profits will be flat or lower .

And Bill Konopnicki , a Safford , Ariz. , licensee of McDonald 's Corp. who is chairman of the company 's National Operators Advisory Board , says some fast-food outlets could be in serious trouble , based on the amount of discounting that seems to be going on . ''

Until recently , the huge fast-food industry , with sales of about $ 60.1 billion last year , kept price-skirmishing to a minimum .

But early this year , PepsiCo Inc. 's Taco Bell unit and Wendy 's International Inc. slashed prices and stepped up promotions , says John Rohs , an analyst for Wertheim Schroder & Co .

That brought a chain reaction in the industry .

The situation was further aggravated early this month , when McDonald 's set plans to heat up the discounting by offering coupons .

It also decided to go national with pizza , which it has been test-marketing .

Now , two-for-one deals on pizza are common ; so are 99-cent specials on sandwiches normally priced twice as high .

The discounting , say fast-food operators , occurs on a scale and with a frequency they have n't seen before .

The result is that some franchisees are running hard just to stay even , laying off middle managers and working harder to make less .

Joe Mack , a district manager for Cormack Enterprises Inc. , a Burger King operator in Omaha , Neb. , says discounting is so prevalent that we have to serve 15 % to 20 % more customers '' to keep sales level .

It 's almost as if you 're doing extra work to give away the food , he says .

Alan D'Agosto , president of Panda 's Inc. , an operator of Arby 's restaurants in Omaha , says : All we 're doing is keeping the customers coming , but we are n't increasing sales . ''

With fast-food outlets on every corner , he , like many , does n't think he has a choice in the price war : Our customers say that they won’t go into a fast-food store unless they get a coupon . ''

If the battle continues much longer , many fast-food businesses will close or merge , predicts Vincent Morrissey , who owns a string of Kentucky Fried Chicken stores in the Midwest .

The industry is overbuilt , he says .

Fast-food franchisers have managed to squeeze in stores into every corner available . ''

The National Restaurant Association says quick-service restaurant units in the U.S. rose 14 % to 131,146 between 1983 and 1987 , the last year for which figures are available .

With the market so crowded , says a spokesman for Wendy 's in Columbus , Ohio , If you 're doing well , you 're doing well at someone else 's expense . ''

Simply put , there is n't enough business for every store to grow .

According to Mr. Rohs , inflation-adjusted , same-store sales at company-owned Wendy 's units in the U.S. have trailed year-earlier levels throughout 1989 , except for August .

McDonald 's has also been running negative all year , the analyst says .

Spokesmen for Wendy 's and McDonald 's criticized Mr. Rohs 's calculations .

Jack Greenberg , executive vice president and chief financial officer of McDonald 's , says the company does n't compute , much less disclose , inflation-adjusted , same-store sales .

He adds that short-term comparisons can be very misleading because of differences in timing of marketing programs from year to year . ''

Profit margins at company-owned McDonald 's outlets in the U.S. are holding up quite nicely , says Mr. Greenberg .

Profits of franchisees have n't been higher since the mid-1970s , he adds .

But Mr. Greenberg 's sanguine outlook is n't matched by many fast-food industry observers .

Smaller chains and single-store operators will be the first to fail , many in the industry predict .

Big franchise groups can ride out the storm a lot longer , says Mr. Harty , the Burger King operator in New York .

The prolonged price pressures are driving a wedge between some franchisers and their franchisees .

Mr. Morrissey , the Kentucky Fried Chicken franchisee , notes that most franchise owners must absorb increases in expenses without any cut in the royalties , or portion of sales , that they must pay franchisers .

Franchisees ca n't be forced to go along with a franchiser 's discounting .

But once a franchisee agrees to a promotional program , the franchiser can demand full participation to the very end , says Lew Rudnick , a principal of Rudnick & Wolfe , a Chicago law firm with franchise industry clients .

He says courts have held that antitrust considerations are outweighed in such cases by the need to protect consumers from deceptive marketing .

In any case , many franchisees , in order to stay on good terms with franchisers , routinely go along with promotions .

Says Mr. Riese of National Restaurants : If you resisted on prices , maybe you would never get that telephone call about a new franchise .

Companies listed below reported quarterly profit substantially different from the average of analysts ' estimates .

The companies are followed by at least three analysts , and had a minimum five-cent change in actual earnings per share .

Estimated and actual results involving losses are omitted .

The percent difference compares actual profit with the 30-day estimate where at least three analysts have issues forecasts in the past 30 days .

Otherwise , actual profit is compared with the 300-day estimate .

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Otherwise , actual profit is compared with the 300-day estimate .

CalMat Co. said it completed a $ 32.8 million sale of assets from its Los Angeles area real estate portfolio for net income of $ 12 million .

CalMat said the sale is part of its previously announced plan to sell much of its real estate holdings to focus on its core business of mining and producing asphalt , concrete , rock and sand .

And you thought the only reason to save your canceled checks was to prepare for an IRS audit .

Reggie Jackson , the retired baseball star , has found another use for them .

Mr. Jackson , who won the nickname Mr. October '' for his World Series exploits , is selling some of his canceled checks to autograph collectors through a dealer for as much as $ 500 each .

Dealers say the budding trade in Mr. Jackson 's canceled checks is unusual .

I do n't know of any living ballplayer that 's ever done it , says Jack Smalling , a dealer in Ames , Iowa , and a recognized expert in the field of baseball autographs .

An initial batch of Mr. Jackson 's checks was on sale at a baseball-card show held in San Francisco over Labor Day weekend .

Mr. Jackson showed up at the affair to sign autographs for a fee as well .

For someone who has everything else -- Reggie 's jersey , cap and cards -- his checks might be a nice addition , says William Vizas , owner of Bill 's Sports Collectibles in Denver , who examined the checks at the San Francisco card show .

For years , the canceled checks of a small number of well-known baseball players have been bought and sold .

But these players were dead .

Maybe three years ago , there were a lot of -LCB- Ty -RCB- Cobbs in the hobby , and awhile back there were Babe Ruth checks , says Mr. Smalling .

However , the thought of a living player selling his checks rubs some people the wrong way .

Maybe I 'm a little stuffy , but I would n't sell them , sniffs Bob Machon , owner of Papa 's Sports Cards in Menlo Park , Calif .

Who knows how much they 'll be worth 100 years from now ? ''

And Mr. Smalling does n't believe they 're worth all that much now .

I do n't think the checks are worth $ 15 apiece , he says .

Why Mr. Jackson , who could n't be reached for comment , has made some of his checks available for sale is n't clear .

He probably has n't done it for the cash .

I would say he 's definitely not in need of money , says Matt Merola , an agent of Mr. Jackson 's based in New York .

He has good investments . ''

And Mr. Jackson probably has opened new checking accounts , too .

Or at least he should .

I assume those accounts are closed , says Mr. Smalling , referring to the accounts of the canceled checks .

I do n't think he 'd want to give out his current account numbers .

USX Corp. and its Japanese partner , Kobe Steel Ltd. , agreed to form a joint venture to build a new plant to produce hot-dipped galvanized sheet products , mainly for the automotive market .

Terms were n't disclosed for the plant , which will have annual capacity of 600,000 tons .

The move by the nation 's largest steelmaker follows a string of earlier announcements by other major steel companies .

Bethlehem Steel Corp. , LTV Corp. and Armco Inc. all have plans to build additional lines for such coated corrosion-resistant steel .

The surge in production , analysts say , raises questions about capacity outpacing demand .

They note that most of the new plants will come on line in 1992 , when the current import trade restraint program ends , which could result in more imports .

There 's too much capacity , contended Charles Bradford , an analyst with Merrill Lynch Capital Markets .

I do n't think there 's anyone not building one . ''

He does add , however , that transplanted Japanese car makers are boosting the levels of U.S.-made steel in their autos , instead of relying heavily on imported steel .

That trend could increase demand for hot-dipped galvanized sheet .

The hot-dipped galvanized segment is one of the fastest-growing and most profitable segments of the steel market , coveted by all major integrated steelmakers wanting to maintain an edge over smaller minimills and reconstructed mills -- those spun off to employees .

Indeed , USX said it expects the market for coated sheet steel to reach 12 million tons annually by 1992 , compared with 10.2 million tons shipped in 1988 .

For the first eight months of 1989 , analysts say shipments of hot-dipped galvanized steel increased about 8 % from a year earlier , while overall steel shipments were up only 2.4 % .

USX and Kobe Steel hope to reach a definitive agreement establishing the 50-50 partnership by the end of the year , with construction tentatively slated for the spring of 1990 and production by 1992 .

USX already has six lines in existing plants producing hot-dipped galvanized steel , but this marks the first so-called greenfield plant for such production .

Moreover , it will boost by 50 % USX 's current hot-dipped capacity of 1,275,000 tons .

The company said it does n't expect the new line 's capacity to adversely affect the company 's existing hot-dipped galvanizing lines .

Steelmakers have also been adding capacity of so-called electrogalvanized steel , which is another way to make coated corrosion-resistant steel .

One of the advantages of the hot-dipped process is that it allows the steel to be covered with a thicker coat of zinc more quickly .

ONCE YOU MAKE UP your mind about an investment , the rest is easy , right ?

You just call your broker and say buy '' or sell . ''

Dream on .

There are all sorts of ways to give buy and sell instructions to a broker -- and just as many ways to get burned if you do n't know what you 're doing .

So here 's a rundown of the most common types of market orders permitted by the stock and commodity exchanges .

Two things to keep in mind : Not all exchanges accept every type of order .

And even when a specific order is acceptable to an exchange , a brokerage firm can refuse to enter it for a customer .

Market Order : This is probably the most widely used order -- and the one most open to abuse by unscrupulous floor brokers , since it imposes no price restrictions .

With a market order , an investor tells a broker to buy or sell at the market . ''

It 's like saying , get me in now '' or get me out now . ''

For example , if wheat is being offered at $ 4.065 and bid at $ 4.060 , a market order to buy would be filled at the higher price and a market order to sell at the lower price .

A recent indictment alleges that some floor brokers at the two largest Chicago commodity exchanges used market orders to fill customers ' orders at unfavorable prices by arranging trades with fellow brokers .

Profits realized from these trades would then be shared by the conspiring brokers .

Limit Order : Limit orders are used when investors want to restrict the amount they will receive or pay for an investment .

Investors do this by specifying a minimum price at which the investment may be sold or the maximum price that may be paid for it .

Suppose an investor wants to sell a stock , but not for less than $ 55 .

A limit order to sell could be entered at that price .

One risk : Investors may regret the restriction if the stock reaches 54 and then falls .

Unless the market goes at least one tick -LRB- the smallest price increment permitted -RRB- beyond the limit price , investors are n't assured of having their orders filled because there may not be sufficient trading volume to permit filling it at the specified price .

Stop Order : Stop orders tell a floor broker to buy or sell an investment once the price reaches a certain level .

Once the price reaches that level , a stop order turns into a market order , and the order is filled at whatever price the broker can get .

Stop orders are sometimes called stop-loss '' orders because they are frequently used to protect profits or limit losses .

While stop orders sound similar to limit orders , there is a difference : Sell stops must be entered at a price below the current market price and buy stops above .

In contrast , sell limit orders must be placed above the market price and buy limit orders are placed below .

The crash in October 1987 and last Friday 's sell-off painfully taught some investors exactly what stop orders will and won’t do .

An investor who may have placed a stop-loss order at $ 90 under a stock that was trading at $ 100 a share on the Friday before the crash was stunned to discover that the order was filled at $ 75 when the stock opened at that price on Monday .

Stop-Limit Order : Stop-limit orders turn into limit orders when an investment trades at the price specified in the order .

Unlike stop orders -- which are filled at the market price when the stop price is hit -- stop-limit orders demand that the trades be made only at the specified price .

If it ca n't be made at that price , it does n't get filled .

Investors who wish to be out of a position , without the risk of receiving a worse-than-expected price from a market order , may use this type of order to specify the price at which the order must be filled .

But if the market moves quickly enough , it may be impossible for the broker to carry out the order because the investment has passed the specified price .

Market-If-Touched Order : Market-if-touched orders are like stop orders in that they become market orders if a specified price is reached .

However , unlike a buy-stop order , a buy market-if-touched order is entered at a price below the current price , while a sell market-if-touched order is entered at a price above it .

As soon as the market trades at the specified price the floor broker will fill it at the best possible price .

Fill-Or-Kill Order : The fill-or-kill order is one of several associated with the timing of trades .

It instructs a broker to buy or sell an investment at the specified price or better .

But if the investment ca n't be bought or sold immediately , the order is automatically canceled .

Gregory Bessemer , who came in second in the stock division of the recently completed U.S. Trading Championship , says he uses fill-or-kill orders almost exclusively when trading options .

I like to use them to feel out the market , he says .

If they do n't fill it immediately , then I can start over at a new price or try again with the same price . ''

Not-Held Order : This is another timing order .

It is a market order that allows floor brokers to take more time to buy or sell an investment , if they think they can get a better price by waiting .

Not-held orders , which are also known as disregard the tape '' orders , are always done at the customer 's risk .

One-Cancels-The-Other Order : This is really two orders in one , generally for the same security or commodity , instructing floor brokers to fill whichever order they can first and then cancel the other order .

In a fast-moving market , it prevents an investor from getting stuck with having made two trades on the same security .

Specific-Time Order : This type of order couples many of the orders described above with instructions that the order must be carried out at or by a certain time .

On the close '' can be added to many types of orders .

For example , market-on-close orders '' must be filled during the last few minutes of trading for the day at a price that is within the official closing range of prices as determined by the exchange .

Stop-close-only orders '' are stop orders that only become active during the closing minutes of trading .

Day orders '' expire at the end of the day on which they are entered , good-till-canceled orders '' have no expiration date .

Most brokers assume that all orders are day orders unless specified otherwise .

On Oct. 19 , 1987 , some investors learned the consequences of entering good-til-canceled limit orders '' and then forgetting about them .

They found they had bought stock from limit orders that they might have entered weeks or months earlier and had forgotten to cancel .

It is always the responsibility of investors to keep track of the orders they have placed .

Investors who change their mind about buying or selling after an order has been filled are , usually , stuck with the consequences .

Mr. Angrist writes on the options and commodities markets for The Wall Street Journal .

IN SIZING UP the risks of stock-market investments , there 's probably no starting place better than beta . ''

But investors better not ignore its limitations , either .

Beta is a handy gauge that measures the volatility of a stock or stock mutual fund .

For any given move in the overall market , it suggests how steeply that particular issue might rise or fall .

Beta figures are widely available and easy to interpret .

The beta of the broad market , typically defined as the Standard & Poor 's 500-stock index , is always 1.0 .

So a stock with a beta of 0.5 is half as volatile , one at 1.5 is 50 % more volatile , and so on .

Cautious investors should generally go with stocks that have low betas .

Go with high-beta stocks to get the biggest payoff from a bet on a bull market .

Remember , though , that beta also has important limitations .

Beta is only part of the risk in a stock , says William F. Sharpe , the Stanford University emeritus professor who developed the measure .

There is risk that is not associated with market moves , and the beta does n't tell you the magnitude of that . ''

In particular , beta does n't measure the company - and industry-specific risk associated with an individual stock .

That business '' risk is very significant for an investor with only a few stocks , but it virtually disappears in a large and well-diversified portfolio .

Beta is also a poor indicator of the risk in stock groups that march to their own drummer .

In particular , the prices of gold and other precious-metals stocks shoot up and down , but the stocks tend to have low betas because their moves are not market-inspired .

Concern that investors could misinterpret such readings led the American Association of Individual Investors to eliminate beta figures for precious-metals funds in the 1989 edition of its mutual-fund guide .

Our fear was people would look just at the beta -LCB- of a gold fund -RCB- and say here is an investment with very low risk , says John Markese , director of research for the Chicago-based group .

In reality it 's very volatile , but the movements are not because of market movements .

READY TO REVIEW the riskiness of your investment portfolio ?

First , a pop quiz .

When you think of the words risk '' and investment , what 's the specific peril that comes to mind ?

Pencils down .

If you 're like most people , you said it 's a holding that goes completely sour -- maybe a bond that defaults or a stock whose value disappears in a bankruptcy proceeding .

People tend to see risk primarily on that one dimension , says Timothy Kochis , national director of personal financial planning for accountants Deloitte , Haskins & Sells .

But therein lies another aspect of investment risk : the hazard of shaping your portfolio to avoid one or more types of risk and being blind-sided by others .

This is clearly not good news to all you people who sleep like babies every night , lulled by visions of your money sitting risk-free in six-month CDs .

Risk wears many disguises , and investments that are low in one type of obvious risk can be distressingly high in other , less obvious kinds .

U.S. Treasury bonds , for example , are supersafe when it comes to returning money at maturity .

But their value as investments can be decimated by inflation , which erodes the purchasing power of bonds ' fixed-dollar interest payments .

Risk is also a function of time .

When financial professionals measure risk mathematically , they usually focus on the volatility of short-term returns .

Stocks are much riskier than Treasury bills , for example , because the range in performance from the best years to the worst is much wider .

That is usually measured by the standard deviation , or divergence , of annual results from the average return over time .

But investors who are preoccupied with short-term fluctuations may be paying too little attention to another big risk -- not generating enough money to meet long-term financial and life-style goals .

For instance , some investors have sworn off stocks since the 1987 market crash ; last Friday 's debacle only reinforced those feelings .

But the stock market , despite some stomach-churning declines , has far outperformed other securities over extended periods .

By retreating to the apparent security of , say , money-market funds , investors may not be earning enough investment return to pay for a comfortable retirement .

That 's the biggest risk of all -- the risk of not meeting your objectives , says Steven B. Enright , a New York financial planner with Seidman Financial Services .

As a result , financial advisers say they take several steps when evaluating the riskiness of clients ' portfolios .

They estimate the return a person 's current portfolio is likely to generate over time , along with a standard deviation that suggests how much the return will vary year by year .

They try to figure out the long-term results the person needs to meet major goals .

And they eyeball types of risk that are not easily quantified .

The portfolios of two hypothetical families , one a couple at retirement age and another a two-income couple at age 45 , illustrate several types of risk that investors need to consider .

For instance , the insured municipal bonds that dominate the older couple 's portfolio were probably selected in large part for their low repayment risk .

But they expose the holders to a lot of inflation risk and interest-rate risk .

The younger couple 's stockholdings involve more risk than a diversified stock portfolio because the bulk of the money is in a single issue .

Note that the younger couple 's portfolio has a higher expected annual return , 10.1 % vs. 8.8 % , as calculated by Seidman Financial Services , which is the financial-planning affiliate of BDO Seidman .

That largely reflects the heavy stockholdings .

But one price paid for the higher expected return is greater short-term volatility , as reflected in the higher standard deviation that Seidman estimates for the younger couple 's portfolio .

-LRB- Here 's how to interpret a standard deviation figure : Take the expected return and add one standard deviation to it .

Then take the expected return and subtract one standard deviation .

In two of three years , the actual result should fall within that range if all the assumptions were accurate .

Then add and subtract two standard deviations to get a wider range .

There 's a 95 % probability any year 's result will fall in the range . -RRB-

Of course , the greater volatility of the younger couple 's portfolio does n't necessarily mean those investments are riskier in terms of meeting the holders ' long-term goals .

Indeed , the older couple 's portfolio could actually be riskier in that sense if the expected return won’t generate enough dollars to meet their spending plans .

They may feel emotionally secure now because they are not heavily in the stock market , says John H. Cammack , a financial planner with Alexandra Armstrong Advisors Inc. in Washington .

But they may pay a price 10 or 20 years in the future . ''

Ms. Slater reports on personal finance from The Wall Street Journal 's New York bureau .

When it comes to investing , trying to weigh risk and reward can seem like throwing darts blindfolded : Investors do n't know the actual returns that securities will deliver , or the ups and downs that will occur along the way .

Looking to the past can provide some clues .

Over several decades , for instance , investors who put up with the stock market 's gyrations earned returns far in excess of those on bonds and cash '' investments like Treasury bills .

But while history can suggest what is reasonable to expect there 's no guarantee that the past will repeat itself .

For instance , some analysts believe bond returns and volatility have moved permanently closer to those of the stock market .

And returns on cash investments may continue to exceed inflation by a wider margin than they did over the long-term past .

Portfolio A : Retired couple , age 65 ; $ 400,000 portfolio .

Portfolio B : Two-income couple , age 45 ; $ 150,000 portfolio .

A letter from Senator John Kerry chides us today for implying that he had flip-flopped '' on Manuel Noriega .

He correctly says he has been down on Noriega for some time , hence his criticism of administration mishandling of the attempted coup .

Our October 12 editorial should have been more precise .

It meant to convey our hope that the Senator and other members of the congressional left are broadening their dislike of Noriega to include other notorious Central American drug runners .

The Sandinistas of Nicaragua , for example , also are part of the Castro-Medellin cartel nexus .

In his letter and on the basis of his losing vote Tuesday against U.S. aid for the Nicaraguan opposition , Senator Kerry makes clear he has not made that intellectual leap .

We were wrong .

THROUGHOUT THE 1980s , investors have been looking for creative alternatives to traditional modes of financial planning .

Capital has been democratized , and people want in .

Too often , however , small investors are left with the same stale solutions that appealed to previous generations of fiduciary strategists .

Now a startling new approach is available to building your financial portfolio without undue risk , without extensive planning and without hurting your life style one bit !

This is particularly good news for those who hate risk , who are incapable of doing extensive amounts of planning and who refuse to see their life styles hurt in any way .

You know who you are .

My revolutionary system is also useful for those who have tried customary forms of growing their currency cushion .

Like all Americans seeking chronic prosperity , I do find it necessary to plunge certain funds into conservative monetary tools , if only to assuage my father-in-law , who believes in such things .

So throughout the decade I have maintained my share of individual retirement accounts and CDs , and tinkered with stocks , bonds and mutual funds , as well as preserving my necessary position in the residential real-estate market .

Return on this fine portfolio has been modest when it has not been negative .

Figure 1 demonstrates the performance of those businesses I 've invested in during this prosperous decade -LRB- see accompanying illustration -- WSJ Oct. 20 , 1989 -RRB- .

Oil-related properties suffered a huge decline until I divested myself of all such stocks in 1985 , at which point the industry , while not lighting up any Christmas trees , began a slow recovery .

Likewise , mutual funds remained relatively flat until I made what was , for me , a serious investment .

By 1987 , these properties were in a tailspin , causing my broker at Pru-Bache to remark that she 'd never seen anything like it . ''

Concerned for her state of mind , I dropped them -- and the market instantly began its steady climb back to health .

Perhaps most dramatic was the performance of the metropolitan New York real-estate market , which was booming until I entered it in late 1988 , at which time it posted the first negative compound annual growth rate in years .

Disgusted , I cast around for a different way to plan my asset distribution , and with hardly any heavy breathing the answer struck me : I was doing it already !

We 've all got money to spend , some of it clearly disposable since we keep disposing of it .

Bank it ?

Not really !

Sock it away in long-term instruments ?

Nonsense !

Daily living is the best possible investment !

Your priorities may be different , but here in Figure 2 is where I 've chosen to build for the future : personal space ; automotive pursuits ; children 's toys ; gardening equipment , bulbs and shrubs ; and finally , entertainment , perhaps the best investment of all .

All have paid off for me in double-digit annual growth and continue to provide significant potential .

At least , according to my calculations .

Personal space -LRB- Figure 3 -RRB- has grown 35 % annually over the course of the decade , a performance that would compare positively with an investment in , say , synthetic-leather products for the interiors of cold-weather vehicles , which my cousin got into and sort of regrets to this day .

The assortment of expensive children 's toys that I have purchased wisely at a host of discount-toy brokerage firms -LRB- Figure 4 -RRB- has increased handsomely in total asset value far beyond any personal investment except , perhaps , for my record collection , whose worth , I think it 's safe to say , is incalculable .

Continued investment in my 1984 subcompact has been part of my strategy -LRB- Figure 5 -RRB- , with present annual contributions now equaling more than 60 % of the car 's original value .

According to my calculations , these outlays should have brought the value of my sedan to more than $ 22,000 on the open market -LRB- Figure 6 -RRB- , where I plan to offer it shortly .

Expansion of my living space has produced an obvious need for maintenance and construction of suitable lawns , shrubs and bushes fitting to its suburban locale .

I have thus committed sufficient personal outlay to ensure that my grounds and lodgings will never be short of greens and flowers .

My initial stake in this blooming enterprise has grown tenfold , according to my conservative calculations .

At the same time , my share in a wide variety of entertainment pursuits has given perhaps the most dramatic demonstration of the benefits of creative personal financial planning .

Over the course of the decade , for instance , my return on investment in the area of poker alone -LRB- Figures 7A and 7B -RRB- has been most impressive , showing bodacious annual expansion with -- given the way my associates play -- no sign of abatement into the 1990s and beyond .

With this personal strategy firmly in place , I look forward to years of fine life-style investments and increasing widespread leverage .

My kids ' college education looms as perhaps the greatest future opportunity for spending , although I 'll probably have to cash in their toy portfolio to take advantage of it .

But with every step I take , I 'm building wealth .

You can , too , if you , like me , refuse to bite the bullet .

So go out there and eat that debt .

You 're right there in the mainstream of American business , building value on the back of insupportable expenditures .

Henry Kravis , watch out !

Mr. Schwartz is a business executive and writer in New York .

WHEN JAMES SCHWARTZ was just a lad his father gave him a piece of career advice .

He told me to choose an area where just by being mediocre I could be great , recalls Mr. Schwartz , now 40 .

He tried management consulting , traded in turquoise for a while , and even managed professional wrestlers .

Now he has settled into a career that fits the bill -- financial planning .

It should be noted that Mr. Schwartz , who operates out of Englewood , Colo. , is a puckish sort who likes to give his colleagues the needle .

But in this case the needle has a very sharp point .

Though it 's probably safe to assume that the majority of financial planners are honest and even reasonably competent , the fact remains that , as one wag puts it , anybody who can fog a mirror '' can call himself a financial planner .

Planners now influence the investment of several hundred billion dollars , but in effect they operate in the dark .

There is no effective regulation of planners , no accepted standard for admission into their ranks -- a dog got into one trade group -- no way to assess their performance , no way even to know how many of them there are -LRB- estimates range from 60,000 to 450,000 -RRB- .

All anyone need do is hang up a shingle and start planning .

So it should come as no shock that the profession , if that 's what it is , has attracted a lot of people whose principal talents seem to be frittering away or flat-out stealing their clients ' money .

Alarmed , state and federal authorities are trying to devise ways to certify and regulate planners .

Industry groups and reputable planners who are members of them want comprehensive standards , too ; they 're tired of seeing practitioners depicted collectively in the business press as dumber than chimpanzees and greedier than a herd of swine .

But reform has n't taken hold yet .

The industry is still pretty much in its Wild West days , says Scott Stapf , director of investor education for the North American Securities Administrators Association .

An admittedly limited survey by NASAA , whose members are state securities-law regulators , found that between 1986 and 1988 fraud and abuse '' by financial planners cost 22,000 investors $ 400 million .

The rogues ' gallery of planners involved includes some convicted felons , a compulsive gambler or two , various businessmen who had planned their own previous ventures right into bankruptcy , and one man who scammed his wife 's grandmother .

What 's more , the losses they and the others caused are just what we are stumbling over , says Mr. Stapf , adding that the majority of misdeeds probably go undetected .

So do just about all the losses that could be attributed to the sheer incompetence of unqualified planners .

Nobody can estimate the toll , but John Gargan , a Tampa , Fla. , planner and head of one trade group , the International Association of Registered Financial Planners , thinks the danger to investors from incompetence is humongous , far greater than that from crookery .

His group , like others , wants minimum standards applied to all who call themselves financial planners .

Surveying all this , some people now think the best planner might be no planner at all .

For most investors the benefits just are n't worth the risks , says Barbara Roper , who follows financial-planning issues for the Consumer Federation of America , a consumer-advocacy organization based in Washington .

She concedes that such a position is unfair '' to the thousands of conscientious and qualified people plying the trade , but as a consumer advocate she feels impelled to take it .

She says her group used to give tips on selecting planners -- check educational and experience credentials , consult regulators and Better Business Bureaus -- but found that even some people who took these steps were still getting ripped off . ''

The bad news , however , has n't been bad enough to kill the growing demand for financial planning .

The Tax Reform Act of 1986 , which eliminated many tax shelters peddled by planners , and the stock market crash the next year did cause a sharp slump in such demand , and many planners had to make an unplanned exit from the business .

But membership in the International Association of Financial Planners -LRB- IAFP -RRB- , the industry 's biggest trade group , is still nearly triple what it was in 1980 , and it 's believed that the ranks of planners who do n't belong to any group have soared as well .

An estimated 10 million Americans are now using financial planners , and the pool of capital they influence is enormous .

A survey of 54,000 of them conducted by the IAFP in April showed that these practitioners alone had controlled or guided the investment of $ 154 billion of their clients ' money in the previous 12 months .

The sheer number of planners makes the business extremely difficult , if not impossible , to regulate .

Even the minority of them who must register with the Securities and Exchange Commission as investment advisers '' -- people who are in the business of counseling others on the buying and selling of securities specifically -- have been enough to swamp the agency 's capacity .

The SEC has only about 200 staffers assigned to keep tabs on investment advisers -- about the same as in 1980 -- even though the number of advisers has tripled to about 15,000 over the past decade .

Currently , a registered investment adviser can expect an SEC audit only once every 12 years .

A lot of bad things can happen in 12 years .

It does n't take a rocket scientist to figure out our problem , says Kathryn McGrath , director of the SEC 's division of investment management .

So the SEC has proposed to Congress that much of the job of oversight be turned over to an industry-funded , self-regulatory organization patterned on the National Association of Securities Dealers , which operates in the brokerage business .

Such an organization could , among other things , set minimum standards for competence , ethics and finances and punish those investment advisers who broke the rules .

The proposal has set off a lively debate within an industry that was far from united to begin with .

Mr. Schwartz , the puckish planner from Englewood , Colo. , says that allowing the business to police itself would be like putting Dracula in charge of the blood bank . ''

Mr. Gargan , the Tampa planner who heads one trade group , favors simply assessing the industry and giving the money to the SEC to hire more staff .

-LRB- Mr. Gargan 's views are not greeted with wild enthusiasm over at the IAFP , the major industry organization .

When the IAFP recently assembled other industry groups to discuss common standards that might be applied to planners , Mr. Gargan 's group was excluded .

That may be because Mr. Gargan , smarting at what he considered slurs on his membership standards made by the rival group , enrolled his dog , Beauregard , as a member of the IAFP .

Then he sent the pooch 's picture with the certificate of membership -- it was made out to Boris Bo ' Regaard '' -- to every newspaper he could think of . -RRB-

The states have their own ideas about regulation and certification .

NASAA , the organization of state securities regulators , is pushing for a model regulatory statute already adopted in eight states .

It requires financial planners to register with states , pass competency tests and reveal to customers any conflicts of interest .

The most common conflict involves compensation .

NASAA estimates that nearly 90 % of planners receive some or all of their income from sales commissions on securities , insurance and other financial products they recommend .

The issue : Is the planner putting his clients into the best investments , or the ones that garner the biggest commissions ?

In 1986 the New York attorney general 's office got an order from a state court in Albany shutting down First Meridian Corp. , an Albany financial-planning firm that had invested $ 55 million on behalf of nearly 1,000 investors .

In its notice of action , the attorney general said the company had promised to put clients into balanced '' investment portfolios ; instead , the attorney general alleged , the company consistently shoved unwary customers into high-risk investments in paintings , coins and Florida condos .

Those investments paid big commissions to First Meridian , payments investors were never told about , the attorney general alleged .

Investors were further assured that only those with a minimun net worth would be accepted .

In practice , the attorney general alleged in an affidavit , if an investor had access to cash the chances of being turned down by First Meridian were about as probable as being rejected by the Book-of-the-Month Club . ''

And , the attorney general added , First Meridian 's president , Roger V. Sala , portrayed himself as a financial expert '' when his qualifications largely consisted of a high-school diploma , work as a real-estate and insurance salesman , and a stint as supervisor at a highway toll booth .

First Meridian and its officials are currently under investigation for possible criminal wrongdoing , according to a spokeswoman for the attorney general .

Harry Manion , Mr. Sala 's attorney , says his client denies any wrongdoing and adds that the attorney general 's contentions about First Meridian 's business practices are incorrect .

As for Mr. Sala 's qualifications , the snooty attorneys for the state of New York decided Mr. Sala was n't qualified because he didn’t have a Harvard degree , says Mr. Manion .

Civil suits against planners by clients seeking recovery of funds are increasingly common .

Two such actions , both filed earlier this year in Georgia state court in Atlanta , could be particularly embarrassing to the industry : both name J. Chandler Peterson , an Atlanta financial planner who is a founder and past chairman of the IAFP , as defendant .

One suit , filed by more than three dozen investors , charges that Mr. Peterson misused much of the $ 9.7 million put into a limited partnership that he operated and promoted , spending some of it to pay his own legal bills and to invest in other companies in which he had an interest .

Those companies , in turn , paid Mr. Peterson commissions and fees , the suit alleges .

The other suit was filed by two men in a dispute over $ 100,000 investments each says he made with Mr. Peterson as part of an effort to purchase the Bank of Scottsdale in Scottsdale , Ariz .

One plaintiff , a doctor , testified in an affidavit that he also gave Mr. Peterson $ 50,000 to join a sort of investment club which essentially gave the physician the privilege of making additional investments '' with Mr. Peterson .

In affidavits , each plaintiff claims Mr. Peterson promised the bank purchase would be completed by the end of 1988 or the money returned .

Mr. Peterson took the plaintiffs ' and other investors ' money to a meeting of the bank 's directors .

Wearing a business suit and western-style hat and boots , he opened up his briefcase and dumped $ 1 million in cash on a table in front of the directors , says Myron Diebel , the bank 's president .

He said he wanted to show the color of his money , recalls Mr. Diebel .

Bank officials , however , showed him the door , and the sale never came off .

According to the suit , Mr. Peterson has yet to return the plaintiffs ' investment .

They want it back .

Mr. Peterson declines to comment on specific allegations in the two suits , saying he prefers to save such responses for court .

But he does say that all of his activities have been entirely proper . ''

On the suit by the limited partners , he says he is considering a defamation suit against the plaintiffs .

The suit , he adds , is almost in the nature of a vendetta by a handful of disgruntled people . ''

Rearding the suit over the bank bid , Mr. Peterson says it is filled with inflammatory language and half truths . ''

He declines to go into specifics .

Mr. Peterson says the suits against him are less a measure of his work than they are a sign of the times '' in which people generally are more prone to sue .

I do n't know anybody in the industry who has n't experienced litigation , he says .

Mr. Peterson also says he does n't consider himself a financial planner anymore .

He now calls himself an investment banker . ''

In many scams or alleged scams involving planners , it 's plain that only a modicum of common sense on the part of the investors would have kept them out of harm 's way .

Using it , would n't a proessional hesitate to pay tens of thousands of dollars just for a chance to invest witha planner ?

Other cases go to show that an old saw still applies : If it sounds too good to be true , it probably is .

Certificates of deposit do n't pay 23 % a year , for example , but that didn’t give pause to clients of one Alabama planner .

Now they 're losers and he 's in jail in Mobile County .

CDs yielding 40 % are even more implausible -- especially when the issuing bank '' in the Marshall Islands is merely a mail drop watched over by a local gas-station operator -- but investors fell for that one too .

And the Colorado planner who promised to make some of his clients millionaires on investments of as litle as $ 100 ?

Never mind .

You already know the answer .

Mr. Emshwiller is a staff reporter in The Wall Street Journal 's Los Angeles bureau .

At the ritzy Fashion Island Shopping Center , the tanned and elegant ladies of this wealthy Southern California beach community disembark from their Mercedes-Benzes and BMWs for another day of exercising their credit cards .

They root among the designer offerings at Neiman-Marcus and Bullocks Wilshire .

They stroll through the marble-encased corridors of the Atrium Court .

They graze at the Farmers Market , a combination gourmet food court and grocery store , while a pianist accompanies the noon fashion show with a selection of dreamy melodies .

The beautiful look of wool , croons the show 's narrator , slightly Victorian in its influence ... . ''

Meanwhile , in the squat office buildings that ring Fashion Island , the odds are good that someone is getting fleeced .

Law-enforcement authorities say that at any given time , a host of fraudulent telemarketing operations mingle with the many legitimate businesses here .

They seem to like these industrial parks , says Kacy McClelland , a postal inspector who specializes in mail fraud .

We call them fraud farms . ''

Welcome to that welter of contradictions known as Newport Beach .

This city of more than 70,000 is known for sunshine , yachts and rich residents .

It is also known as the fraud capital of the U.S. , dubbed by investigators and the media as the Cote de Fraud '' .

How does a community famous for its high living end up as a haven for low-lifes ?

Clearly , the existence of the former lures the latter .

The places renowned for breeding bunco , like the Miami neighborhood known as the Maggot Mile '' and Las Vegas 's flashy strip of casinos , invariably offer fast cars , high rollers , glamorous women and lots of sunshine .

You do n't hear much about unusual concentrations of fraud in Green Bay or Buffalo .

Con men hate snow .

Newport Beach fits the scam artists ' specifications perfectly .

What more could a con man in search of the easy life ask for ?

Nothing seems hard here .

The breezes are soft , the waves lap gently and the palm trees sway lazily .

Nightlife is plentiful .

Moreover , ostentation is appreciated .

The median price of homes is $ 547,000 ; more than 9,000 vessels fill what the chamber of commerce calls the nation 's largest pleasure-boat harbor .

Blondes , cocaine and Corvettes , mutters Mr. McClelland .

That 's what they 're after . ''

The rich image of Newport Beach also helps lend the con artists ' operation an air of respectability .

One reason they use Newport Beach is that it sounds swankier than most addresses , says David Katz , a U.S. attorney who , until recently , headed a multi-agency Southern California fraud task force .

Newport Beach is known in Rhode Island for having a lot of rich people . ''

No wonder all kinds of big-time scams have flourished here , from phony tax-sheltered Bible sales to crooked car dealers to bogus penny-stock traders .

But above all , this is the national headquarters for boiler-room operators , those slick-talking snake-oil salesmen who use the telephone to extract money from the gullible and the greedy and then vanish .

Because only a fraction of them are ever prosecuted , nobody really knows how much money bogus telemarketing operators really harvest .

I 've heard that there is $ 40 billion taken in nationwide by boiler rooms every year , Mr. McClelland says .

If that 's true , Orange County has to be at least 10 % of that . ''

And most of the truly big scams in Orange County seem to originate in Newport Beach or one of the other well-heeled communities that surround this sliver-like city that hooks around a point of land on the California coast south of Los Angeles .

In fact , sophisticated big-bucks boiler-room scams are known generically among law-enforcement types as Newport Beach '' operations .

That contrasts with the penny-ante sales of things such as pen-and-pencil sets and office supplies that are known as Hollywood '' scams .

Newport Beach telemarketers concentrate on precious metals and oil-leasing deals that typically cost thousands of dollars a shot .

The investors range from elderly widows to affluent professionals .

In one ingenious recent example of a Newport Beach boiler room , prospective investors in Capital Trust Inc. were allegedly told that their investment in precious metals was insured against losses caused by employees due to dishonesty , destruction or disappearance , according to an indictment handed up by a federal grand jury in Los Angeles last month .

Thus falsely reassured , investors sent $ 11.4 million to the Newport Beach company , most of which was diverted to unauthorized uses , the indictment charges .

Douglas Jones , an attorney representing Richard O. Kelly Sr. , the chairman and president of Capital Trust , says his client denies that there was any attempt to defraud investors .

There were some business deals that went bad , Mr. Jones says , but no intent to defraud . ''

Newport Beach operations differ from the Hollywood boiler rooms in style as well as in dollars .

Traditionally , boiler rooms operate on the cheap , since few , if any , customers ever visit their offices .

Indeed , the name derives from the tendency among telemarketing scammers to rent cheap basement space , near the boiler room .

But , says Mr. Katz , the U.S. attorney , the interesting thing about Newport Beach operations is that they give themselves the indulgence of beautiful offices , with plush furnishings .

When we go there , it 's quite different from these Hollywood places where the sandwiches are spread out on the table and the people are picking their noses . ''

The Newport Beach operators also tend to indulge themselves privately .

Investigators cite the case of Matthew Valentine , who is currently serving a six-year sentence at Lompoc Federal Prison for his role in Intech Investment Corp. , which promised investors returns of as much as 625 % on precious metals .

Mr. Valentine , who pleaded guilty to five counts of fraud in federal court in Los Angeles , drove a leased Mercedes and lived in an expensive home on Lido Isle , an island in Newport 's harbor , according to investigators .

With the $ 3 million received from investors , he took frequent junkets with friends to exotic locales and leased an expensive BMW for his girlfriend , whom he met at the shop where he got his custom-tailored suits .

It 's amazing the amount of money that goes up their nose , out to the dog track or to the tables in Las Vegas , Mr. Katz says .

All this talk of boiler rooms and fraud is unnerving to the city 's legitimate business element .

Vincent M Ciavarella , regional manager of Property Management Systems , insists he does n't know of any bogus telemarketers operating in the 1.6 million square feet of office space around Fashion Island that his company leases for Irvine Co. , the owner and developer of the project .

Mr. Ciavarella has rejected a few prospective tenants who provided incomplete '' financial information and acknowledges that illegitimate operators are not easily detectable .

'' -LRB- Investigators stress that building owners are victims , too , since boiler rooms often leave without paying rent . -RRB-

Richard Luehrs , president of the Newport Harbor Area Chamber of Commerce , calls boiler rooms a negative we wish we could get rid of . ''

Actually , we do n't get much negative publicity about this , he insists , except for the press who write about it . ''

Mr. Lancaster is deputy chief of The Wall Street Journal 's Dallas bureau .

YOU WENT to college and thought you got an education .

Now you discover that you never learned the most important lesson : How to send your kids to college .

True , when you went to college , there was n't that much to learn .

Stick some money in an interest-bearing account and watch it grow .

Now , investment salesmen say it 's time to take some risks if you want the kind of returns that will buy your toddler a ticket to Prestige U. in 18 years .

In short , throw away the passbook and go for the glory .

The reason is cost .

Nothing in the annals of tuition readied parents for the 1980s .

Tuitions at private colleges rose 154 % in the 10 years ended in June of this year ; that 's twice the 77 % increase in consumer prices for the same period .

A year at Harvard now goes for $ 19,395 .

By 2007 , when this year 's newborns hit campus , a four-year Ivy League sheepskin will cost $ 300,000 , give or take a few pizzas-with-everything at exam time .

Stanford , MIT and other utmosts will cost no less .

So what 's a parent to do ?

Some investment advisers are suggesting , in effect , a bet on a start-up investment pool -- maybe even on margin .

Others prefer deep-discount zero-coupon bonds .

Still others say , Why not take a chance on a high-octane growth fund ?

You 're not going to make it in a 5 % bank account , says James Riepe , director of mutual funds at T. Rowe Price .

To get the necessary growth , adds Murray Ruffel , a marketing official at the Financial Programs mutual-fund group , you need to go to the stock market . ''

In other words , a little volatility never hurt .

It never hurt anyone , that is , unless the growth funds do n't grow when you need them to .

Or the zero-coupon bonds turn out not to have been discounted deeply enough to pay your kid 's tuition .

That 's the dilemma for today 's parent .

Although many experts are advising risk , no one has a good answer for you if the risk does n't pay off .

Help may be on the way .

The antitrust division of the Justice Department is investigating the oddly similar tuition charges and increases among the top schools .

Fear of the price police could help cool things off in the 1990s .

And then there 's always State U .

But parents ' craving for a top-rated education for their children is growing like their taste for fancy wheels and vintage wine .

Belatedly aware of public concern , lawmakers and financial middlemen are working overtime to create and sell college savings and investment schemes .

Their message , explicit or implicit , is that a good college will cost so much by whenever you want it that the tried and true won’t do anymore .

Forget about Treasury bills or a money-market fund .

The latest wave of marketing is instructive .

Several outfits -- including the Financial Programs , Franklin , and T. Rowe Price mutual-fund groups and the Edward D. Jones brokerage house -- are advertising college planner '' tables and charts that tell you how much you need to put aside regularly .

The calculations generally rely on an after-tax rate of return of 8 % annually -- a rate historically obtainable by the individual in only one place , the stock market .

Most of the mailers are free , but Denver-based Financial Programs sells , for $ 15 , a version customized to the age of the child and the college of choice .

The figures are shocking .

To build a nest egg that would pay for Stanford when a current first-grader reaches college age , parents would need to set aside $ 773.94 a month -- for 12 years .

They can cut this to $ 691.09 a month if the investing keeps up through college .

And they can further reduce the monthly amount if they start saving earlier -- when mother and child come home from the hospital .

Plugging a cheaper college into the formulas still does n't generate an installment most people can live with .

Using a recent average private-school cost of about $ 12,500 a year , T. Rowe Price 's planner prescribes $ 450 monthly if the plan begins when the child is six .

Since the formula assumes an 8 % before-tax return in a mutual fund , there would also be $ 16,500 in taxes to pay over the 12 years .

Not everyone is so pessimistic .

People are basically peddling a lot of fear , says Arthur Hauptman , a consultant to the American Council on Education in Washington .

He takes issue with projections that do n't factor in students ' own contribution , which reduces most parents ' burden substantially .

Still , he says , it 's no bad thing '' if all the marketing prods people into putting aside a little more .

The situation you want to avoid is having somebody not save anything and hope they 'll be able to do it out of current income , he says .

That 's crazy . ''

His advice : Do n't panic .

Parents , he says , should aim at whatever regular investment sum they can afford .

Half the amount that the investment tables suggest might be a good goal , he adds .

That way , parents will reduce borrowings and outlays from current income when the time comes to pay tuition .

Mr. Hauptman reckons that the best investment choice is mutual funds because they are managed and over time have nearly kept up with the broad stock averages .

He favors either an all-stock fund or a balanced fund that mixes both stocks and bonds .

In their anxiety , however , parents and other student benefactors are flocking to new schemes .

They have laid out about $ 1 billion for so-called baccalaureate zero-coupon municipal bonds -- so far offered by Connecticut , Illinois , Virginia and eight other states .

And they have bought about $ 500 million in prepaid-tuition plans , offered in Michigan , Florida and Wyoming .

The prepaid plans take payment today -- usually at current tuitions or at a slight discount -- for a promise that tuition will be covered tomorrow .

The baccalaureate bonds -- tax-free , offered in small denominations and usually containing a provision that they won’t be called before maturity -- seem to be tailor-made for college savers .

Like other zeros , they pay all their interest at maturity , meaning that buyers can time things so that their bonds pay off just when Junior graduates from high school .

Their compounding effect is also alluring .

In June , Virginia sold bonds for $ 268.98 that will pay $ 1,000 in 2009 .

But Richard Anderson , head of the Forum for College Financing Alternatives , at Columbia University , a research group partly financed by the federal government , says zeros are particularly ill-suited .

Their price falls further than that of other bonds when inflation and interest rates kick up .

That won’t matter if they are held to maturity , but if , for any reason , the parents need to sell them before then , there could be a severe loss of principal .

Had zeros been available in 1972 and had parents bought a face amount equal to four years ' tuition at the time , aiming for their children 's 1988 enrollment , they would have been left with only enough to pay for two years , Mr. Anderson figures .

Most other bonds , however , would probably not have fared much better .

The prepaid plans may be a good bet , provided the guarantee of future tuition is secure .

Issuing states generally limit the guarantees to in-state institutions , however , and buyers get refunds without much interest if the children do n't attend the specified schools .

Two private groups are seeking Securities and Exchange Commission approval for plans that could be more broadly transferable .

Mr. Anderson wants the prestige colleges to sponsor such a plan .

The issue here may be the soundness of the guarantee .

Prepayments , much like mutual-fund purchases , are pooled for investment .

Sponsors are naturally counting on their ability to keep ahead of tuition inflation with investment returns .

But buyers are essentially betting on a start-up investment fund with no track record -- and some have been encouraged to borrow to do so .

One problem is that the Internal Revenue Service has decided that the investment earnings and gains of the sponsors ' funds are taxable .

The colleges , as educational institutions , had hoped that would n't be the case .

Based on historical rates of return , Mr. Anderson reckons a 100 % stock portfolio , indexed to the market , would have kept up with tuition and taxes in the 20th century .

But sponsors might not pick the stocks that will match the market .

And they 're leaning more toward fixed income , whose returns after tax have trailed tuition increases .

I 'm not sure they 're going to make it work , says Mr. Anderson .

What happens if the sponsors do n't have the cash to pay the tuitions ?

Florida and Wyoming have backed up their guarantees with the full faith and credit of the state governments , meaning that taxpayers will pick up any slack .

Not so Michigan .

Its plan is set up as an independent agency .

The state says there 's no worry -- investment returns , combined with fees and the gains from unused plans , will provide all the cash it needs .

Mr. Putka covers education from The Wall Street Journal 's Boston bureau .

If you start saving for your child 's eduction on Jan. 1 , 1990 , here 's the monthly sum you will need to invest to pay for four years at Yale , Notre Dame and University of Minnesota .

Figures assume a 7 % annual rise in tuition , fees , room and board and an 8 % annual investment return .

Note : These figures are only for mandatory charges and do n't include books , transportation etc .

\\* For in-state students

Source : PaineWebber Inc .

AMONG THE CATFISH farmers in the watery delta land of Humphreys County , Miss. , Allen D. Tharp of Isola was one of the best known and most enterprising .

He sold quarter-inch fingerlings to stock other farmers ' ponds , and he bought back one-pound-or-so food-fish that he live-hauled '' to market along with his own whiskery crop .

And he nearly always bought and sold for cash .

Along the way , Mr. Tharp omitted a total of $ 1.5 million from his receipts reported on federal tax returns for three years .

The returns landed in the hands of an Internal Revenue Service criminal investigator , Samuel James Baker .

Mr. Baker interviewed or wrote to hundreds of catfish farmers , live-haulers and processors throughout the South before coming up with detailed estimates of purchases and sales , in pounds and dollars , by Mr. Tharp and others .

Unknown to Mr. Tharp , he had fouled his net on a special IRS project to catch catfish farmers and haulers inclined to cheat on their taxes .

Confronted with the evidence , Mr. Tharp pleaded guilty to one charge of filing a false return and was fined $ 5,000 and sentenced to 18 months in prison .

He also owes a lot of back taxes , interest and civil fraud penalties .

A lot of taxpayers out there are n't as paranoid as one might think .

Federal and state tax enforcers develop many group targets for investigation , on the basis of occupation , high income , type of income , or some other characteristic that may signal an opportunity or tendency to hide income or exaggerate deductions .

Many professions long have seemed to be targets because of the exotic or ludicrous efforts of some members to offset high income with fake losses from phony tax shelters : dentists who invested in dubiously dubbed foreign films or airline pilots who raised racehorses on their days off .

Mail-order ministers have been squelched .

Now , television and radio evangelists are under scrutiny .

The IRS recently won part of its long-running battle with the Church of Scientology over exemptions when the U.S. Supreme Court held that members ' payments to the church were n't deductible because the members received services in return .

IRS statistics show that the more persistent hiders of income among sole proprietors of businesses include used-car dealers , entertainment producers , masons , roofers , and taxi owners .

Small businesses in general account for almost 40 % of unreported personal income , the IRS has said .

Once such abuses become so pervasive , the IRS builds another factor into its secret computer formula for selecting returns for audit and does n't need special projects for them .

San Franciscans have a much higher incidence of audits than average because more of them score high under that formula , not because IRS agents envy their life styles .

Many openings for mass cheating , such as questionable tax shelters and home offices , have gaped so broadly that Congress has passed stringent laws to close them .

Deductions of charitable gifts of highly valued art now must be accompanied by appraisals .

And laws requiring the reporting of more varieties of transactions have enabled the IRS to rely on computers to ferret out discrepancies with returns and to generate form-letter inquiries to taxpayers .

Unreported alimony income can be spotted by computer because a payer of alimony -LRB- who gets a deduction -RRB- must report the former spouse 's Social Security number .

Passport applicants now must give Social Security numbers , enabling the IRS to see whether Americans living abroad are filing required U.S. returns .

But while IRS computers focus routinely on target groups like these , the agency has assigned many agents to special projects that need more personal attention .

In most cases , the IRS says , these projects are local or regional , rather than national , and arise because auditors in an area detect some pattern of abuse among , say , factory workers claiming that having a multitude of dependents frees them from tax withholding or yacht owners deducting losses from sideline charter businesses .

The national office currently has 21 noncriminal audit projects , according to Marshall V. Washburn , deputy assistant commissioner for examination .

Auditors involved in noncriminal projects ca n't send anyone to jail , but they can make life miserable in other ways -- for one , by imposing some of the 150 different civil penalties for negligence , failure to file a return , and the like .

The targeted audit groups include direct sellers -- people who sell cosmetics , housewares and other items door to door or at home parties -- and employers who label workers as independent contractors instead of employees , to avoid the employer share of payroll taxes .

Other projects look for offenders among waiters who get cash tips , people who engage in large cash transactions , and people whose returns show they sold a home for a profit without reinvesting the capital gain in another home by the end of the same year ; the gain must be rolled over within two years to defer tax .

And now that returns must show dependents ' Social Security numbers , the IRS wants to see which dependents show up on more than one return -- and which dependents turn out to be deceased .

Impetus for the direct-seller project came from a congressional hearing some years back .

It prompted an IRS study that found many sellers were concealing income and treating large amounts of nondeductible travel and other personal expenses as business costs , Mr. Washburn says .

The study provided criteria for singling out returns of potentially noncompliant '' taxpayers who report low income and large expenses from a part-time business .

The Tax Court recently denied business deductions by Mr. and Mrs. Peter S. Rubin of Cherry Hill , N.J. , who both were part-time distributors of Amway products in addition to their regular jobs as sales people in other fields .

For 1984 , they reported gross income of $ 1,647 from Amway sales , offset by expenses totaling $ 16,746 -- including car costs of $ 6,805 and travel and entertainment costs of $ 5,088 .

The Tax Court didn’t believe that the Rubins , who earned $ 65,619 in their regular jobs , treated the sideline as a real business and derived merely incidental elements of recreation and other personal pleasure and benefits '' from it .

The Direct Selling Association , a trade group , points out that its members , which include Amway Corp. , cooperate with the IRS to distribute tax-compliance material to sales people and are helping to prepare a public-service television program on the subject .

The independent-contractor project , which began in 1988 , involves about 350 IRS agents .

In the fiscal nine months ended June 30 , reports Raymond P. Keenan , assistant commissioner for collection , they examined about 13,000 employers , assessed more than $ 67 million in delinquent employment taxes , and reclassified about 56,000 workers as employees instead of self-employed contractors .

The number of misclassified workers may be in the millions , mostly paid by small firms .

Many workers , especially professionals , want to remain independent to avoid tax withholding and to continue to deduct many expenses that employees ca n't .

But many others , who want to qualify for employee benefits and unemployment compensation , become tipsters for the IRS , says Jerry Lackey , who manages the IRS project 's force of nine agents in north and central Florida from Orlando .

Firms that are paying employment taxes also provide leads to competitors that are n't , he says .

In his area , Mr. Lackey continues , the miscreant employers most commonly are in construction -- doing framing , drywall , masonry and similar work .

But a medical clinic with about 20 employees wrongly listed all of them -- including physicians and receptionists -- as independent contractors .

The IRS assessed the clinic $ 350,000 in back payroll taxes .

It assessed nearly $ 500,000 against a cruise-ship company that carried about 100 deckhands , cooks , bartenders , entertainers and other employees as self-employed independents .

Revenue-short states also are becoming more aggressive pursuers of tax delinquents , and perhaps none tracks them down with more relish than does New York since it acquired an $ 80 million computer system in 1985 .

The state 's tax enforcers have amassed data bases from other New York agencies that license or register professionals and businesses ; from exchange agreements with the IRS , 24 other states , and two Canadian provinces , and even from phonebook Yellow Pages .

Thus armed for massive matching of documents by computer , they single out high-income groups , looking primarily for people who have n't filed New York income-tax returns .

The state has combed through records relating to architects , stockbrokers , lawyers in the New York City area , construction workers from out of the state , and homeowners who claim to be residents of other states -- especially Florida , which has no personal income tax .

Soon to feel the glare of attention are lawyers elsewhere in the state , doctors , dentists , and accountants , says Frederick G. Hicks , director of the tax-department division that develops the computer-matching programs .

The department has collected over $ 6.5 million from brokers so far and recommended more than 30 of them for criminal prosecution .

In the early stage of checking people with incomes exceeding $ 500,000 who were filing nonresident returns , it squeezed $ 7.5 million out of a man who was posing as a Florida resident .

We think we can reclaim hundreds of millions of dollars just through the nonresident project , Mr. Hicks declares .

Mr. Schmedel is editor of The Wall Street Journal 's Tax Report column .

In finding good news '' in Berkeley 's new freshman admissions plan -LRB- The Privileged Class , editorial , Sept. 20 -RRB- , you 're reading the headline but not the story .

The plan indeed raises from 40 % to 50 % the number of freshmen applicants admitted strictly by academic criteria .

But that does n't mean half of the students attending Berkeley '' will be admitted this way .

The plan is talking about applicants admitted , not students who enroll .

Since the yield '' from this top slice of applicants is relatively low , boosting admits from 40 % to 50 % will boost registrants from about 31 % to 38 % of the class .

In addition , perhaps 5 % of registrants will come from a new category consisting of applicants whose academic credentials narrowly missed '' gaining them admission in the first category .

But against that combined increase of 12 % in students chosen by academic criteria , the plan eliminates a large category in which admissions now are based on grades , test scores and supplemental points '' for factors such as high-school curriculum , English-language proficiency and an essay .

This category now accounts for about 19 % of admits and 22 % of registrants .

The plan thus will decrease by 22 % , for a net loss of 10 % , the number of students admitted primarily by academic criteria .

Who will take over these places ?

The plan creates a new category of students from socioeconomically disadvantaged backgrounds , a concept not yet defined , and gives them about 10 % of the class .

One of the plan 's authors has defended the socioeconomic disadvantage '' category as perhaps making more sense than the current affirmative-action preferences based on race .

Perhaps it does .

But the new category does not replace or reduce Berkeley 's broad racial preferences .

Nor will students from racial-minority groups who are admitted through the new category be counted against the affirmative-action target '' for their group .

The plan thus places a large new affirmative-action program , based on socioeconomic disadvantage , on top of the existing program based on race .

The role of academic criteria in choosing Berkeley 's freshmen can only decline as a result .

Stephen R. Barnett Professor of Law University of California Berkeley , Calif .

FOR THOSE WHO DELIGHT in the misfortune of others , read on .

This is a story about suckers .

Most of us know a sucker .

Many of us are suckers .

But what we may not know is just what makes somebody a sucker .

What makes people blurt out their credit-card numbers to a caller they 've never heard of ?

Do they really believe that the number is just for verification and is simply a formality on the road to being a grand-prize winner ?

What makes a person buy an oil well from some stranger knocking on the screen door ?

Or an interest in a retirement community in Nevada that will knock your socks off , once it is built ?

Because in the end , these people always wind up asking themselves the same question : How could I be so stupid ? ''

There are , unfortunately , plenty of answers to that question -- and scam artists know all of them .

These people are very skilled at finding out what makes a person tick , says Kent Neal , chief of the economic-crime unit of the Broward County State Attorney 's Office in Fort Lauderdale , Fla. , a major haven for boiler rooms .

Once they size them up , then they know what buttons to push . ''

John Blodgett agrees -- and he ought to know .

He used to be a boiler-room salesman , peddling investments in oil and gas wells and rare coins .

There 's a definite psychology of the sale and different personalities you pitch different ways , he says .

The most obvious pitch , of course , is the lure of big returns .

We 're all a little greedy .

Everyone is vulnerable , says Charles Harper , associate regional administrator for the Securities and Exchange Commission in Miami .

These guys prey on human frailties . ''

While the promises of big profits ought to set off warning bells , they often do n't , in part because get-rich-quick tales have become embedded in American folklore .

The overnight success story is part of our culture , and our society puts an emphasis on it with lotteries and Ed McMahon making millionaires out of people , says Michael Cunningham , an associate professor of psychology at the University of Kentucky in Louisville .

Other people are making it overnight , and the rest who toil daily do n't want to miss that opportunity when it seems to come along . ''

Adds Spencer Barasch , branch chief for enforcement at the SEC in Fort Worth , Texas : Why do people play the lottery when the odds are great against them ?

People are shooting for a dream . ''

Clearly , though , scam artists have to be a bit more subtle than simply promising millions ; the psychology of suckers is n't simply the psychology of the greedy .

There 's also , for instance , the need to be part of the in-crowd .

So one popular ploy is to make a prospective investor feel like an insider , joining an exclusive group that is about to make a killing .

Between 1978 and 1987 , for instance , SH Oil in Winter Haven , Fla. , sold interests in oil wells to a very select group of local residents , while turning away numerous other eager investors .

The owner of the company , Stephen Smith , who has since pleaded guilty to state and federal fraud charges , confided to investors that he had a secret agreement with Amoco Oil Co. and said the location of his wells was confidential , according to a civil suit filed in a Florida state court by the Florida comptroller 's office .

Neither the Amoco agreement nor the wells existed , the suit alleged .

Such schemes , says Tony Adamski , chief of the financial-crimes unit of the Federal Bureau of Investigation in Washington , D.C. , appeal to investors ' desire to believe this is really true and that they are part of a chosen group being given this opportunity . ''

At times , salesmen may embellish the inside information with the notion that this is some slightly shady , slightly illegal investment the person is being included in , says Mr. Cunningham .

In appealing to those with a bit of larceny in their hearts , the fraud artist can insist that a person keep an investment secret -- insulating himself from being discovered and keeping his victim from consulting with others .

It also adds to the mystery of the venture .

Mr. Blodgett , the boiler-room veteran , believes that for many investors , the get-rich-quick scams carry a longed-for element of excitement .

Once people got into it , I was allowing them to live a dream , he says .

He phoned them with updates on the investment , such as funny things that happened at the well that week , he says .

You gave them some excitement that they didn’t have in their lives . ''

-LRB- Mr. Blodgett , who was convicted in Florida state court of selling unregistered securities and in California state court of unlawful use of the telephone to defraud and deceive , is now on probation .

He says he has quit the business and is back in school , majoring in psychology with aspirations to go into industrial psychology . -RRB-

For some investors , it 's the appearances that leave them deceived .

The trappings of success go a long way -- wearing the right clothes , doing the right things , says Paul Andreassen , an associate professor of psychology at Harvard .

Conservative appearances make people think it 's a conservative investment .

People honestly lose money on risky investments that they didn’t realize were a crapshoot , he says .

Paul Wenz , a Phoenix , Ariz. , attorney , says a promise of unrealistic returns would have made him leery .

But Mr. Wenz , who says he lost $ 43,000 in one precious-metals deal and $ 39,000 in another , says a salesman used a business-venture approach '' with him , sending investment literature , a contract limiting the firm 's liability , and an insurance policy .

When he visited the company 's office , he says , it had all the trappings of legitimacy . ''

Still others are stung by a desire to do both well and good , says Douglas Watson , commanding officer of the Los Angeles Police Department 's bunko-forgery division .

Born-again Christians are the most visible targets of unscrupulous do-gooder investment pitches .

But hardly the only ones : The scams promise -- among other things -- to help save the environment , feed starving families and prevent the disappearance of children .

Psychologists say isolated people who do n't discuss their investments with others are particularly at risk for fraud .

Scam artists seek out such people -- or try to make sure that their victims isolate themselves .

For instance , salesmen may counter a man 's objection that he wants to discuss an investment with his wife by asking , Who wears the pants in your family ? ''

Or an investor who wants his accountant 's advice may be told , You seem like a guy who can make up his own mind . ''

Often con artists will try to disarm their victims by emphasizing similarities between them .

William Lynes , a retired engineer from Lockheed Corp. , says he and his wife , Lily , warmed to the investment pitches of a penny-stock peddler from Stuart-James Co. in Atlanta after the broker told them he , too , had once worked with Lockheed .

The Lyneses , of Powder Springs , Ga. , have filed suit in Georgia state court against Stuart James , alleging fraud .

They are awaiting an arbitration proceeding .

They say the broker took them out for lunch frequently .

He urged them to refer their friends , who also lost money .

-LRB- Donald Trinen , an attorney for the penny-brokerage firm , denies the fraud allegations and says the Lyneses were fully apprised that they were pursuing a high-risk investment . -RRB-

It 's not uncommon for these guys to send pictures of themselves or their families to ingratiate themselves to their clients , says Terree Bowers , chief of the major-frauds section of the U.S. attorney 's office in Los Angeles .

We 've seen cases where salesmen will affect the accent of the region of the country they are calling .

Anything to make a sale . ''

Experts say that whatever a person 's particular weak point , timing is crucial .

People may be particularly vulnerable to flim-flam pitches when they are in the midst of a major upheaval in their lives .

Sometimes when people are making big changes , retiring from their jobs , moving to a new area , they lose their bearings , says Maury Elvekrog , a licensed psychologist who is now an investment adviser and principal in Seger-Elvekrog Inc. , a Birmingham , Mich. , investment-counseling firm .

They may be susceptible to some song and dance if it hits them at the right time . ''

They are obviously also more susceptible when they need money - retirees , for instance , trying to bolster their fixed income or parents fretting over how to pay for a child 's college expenses .

These people are n't necessarily stupid or naive .

Almost all of us in comparable circumstances might be victimized in some way , says Jerald Jellison , a psychology professor at the University of Southern California in Los Angeles .

Nick Cortese thinks that 's what happened to him .

Mr. Cortese , a 33-year-old Delta Air Lines engineer , invested some $ 2,000 in penny stocks through a broker who promised quick returns .

We were saving up to buy a house , and my wife was pregnant , says Mr. Cortese .

It was just before the Christmas holidays , and I figured we could use some extra cash . ''

The investment is worth about $ 130 today .

Maybe it was just a vulnerable time , says Mr. Cortese .

Maybe the next day or even an hour later , I would n't have done it . ''

Ms. Brannigan is a staff reporter in The Wall Street Journal 's Atlanta bureau .

Prices for seats on the New York Stock Exchange are recovering a bit after hitting a four-year low earlier this month .

Two seats on the Big Board were sold yesterday for $ 455,000 , and then $ 500,000 .

The previous sale was $ 436,000 on Oct. 17 ; the last time prices were that low was November 1985 , when a seat sold for $ 425,000 .

Prices peaked at $ 1,150,000 in September 1987 .

Seats are currently quoted at $ 430,000 bid and $ 525,000 asked .

FOX HUNTING HAS been defined as the unspeakable in pursuit of the inedible , but at least it 's exercise .

At least it has a little dash .

Most of us have to spend our time on pursuits that afford neither , drab duties rather than pleasures .

Like trying to buy life insurance , for instance , an endeavor notably lacking in dash .

Call it the uninformed trudging after the incomprehensible .

But sooner or later , most of us have to think about life insurance , just as we often have to think about having root-canal work .

And my time has come .

I 'm 33 , married , no children , and employed in writing stories like this one .

In times past , life-insurance salesmen targeted heads of household , meaning men , but ours is a two-income family and accustomed to it .

So if anything happened to me , I 'd want to leave behind enough so that my 33-year-old husband would be able to pay off the mortgage and some other debts -LRB- though not , I admit , enough to put any potential second wife in the lap of luxury -RRB- .

Figuring that maybe $ 100,000 to $ 150,000 would do but having no idea of what kind of policy I wanted , I looked at the myriad products of a dozen companies -- and plunged into a jungle of gibberish .

Over the past decade or two , while I was thinking about fox hunting , the insurance industry has spawned an incredible number of products , variations on products , and variations on the variations .

Besides term life and whole life -LRB- the old standbys -RRB- , we now have universal life , universal variable life , flexible adjustable universal life , policies with persistency bonuses , policies festooned with exotic riders , living benefit policies , and on and on .

What to do ?

First , generalize .

Shorn of all their riders , special provisions , and other bells and whistles , insurance policies can still be grouped under two broad categories : so-called pure insurance , which amasses no cash value in the policy and pays off only upon death , and permanent insurance , which provides not only a death benefit but also a cash value in the policy that can be used in various ways while the insured is still alive .

If all you want is death-benefit coverage , pure insurance -- a term policy -- gives you maximum bang for your buck , within limits .

It 's much cheaper than permanent insurance bought at the same age .

But term '' means just that ; the policy is written for a specific time period only and must be renewed when it expires .

It may also stipulate that the insured must pass another medical exam before renewal ; if you flunk -- which means you need insurance more than ever -- you may not be able to buy it .

Even if you 're healthy and can renew , your premium will go up sharply because you 're that much older .

So term insurance may not be as cheap as it looks .

There are all sorts of variations on term insurance : policies structured to pay off your mortgage debt , term riders tacked on to permanent insurance , and many others .

One variation that appealed to me at first was the Money Smart Term Life '' policy offered by Amex Life Insurance Co. , the American Express unit , to the parent company 's credit-card holders .

Upon examination , however , I wondered whether the plan made a lot of sense .

Amex said it would charge me $ 576 a year for $ 100,000 of coverage -- and would pay me back all the premiums I put in if I canceled the policy after 10 years .

Sounds great -- or does it ?

First , if I canceled , I 'd have no more insurance , a not insignificant consideration .

Second , the $ 5,760 I 'd get back would be much diminished in purchasing power by 10 years of inflation ; Amex , not I , would get the benefit of the investment income on my money , income that would have exceeded the inflation rate and thus given the company a real profit .

Third and most important , Amex would charge me a far higher premium than other reputable companies would on a straight term policy for the same amount ; I 'd be paying so heavily just to have the option of getting my premiums back that I 'd almost have to cancel to make the whole thing worthwhile .

That would be all right with Amex , which could then lock in its investment profit , but it does n't add up to a smart money '' move for me .

Which goes to show that the First Law applies in insurance as in anything else : There is no free lunch , there is only marketing .

And the Second Law , unique to insurance ?

If I die early , I win -- a hollow victory , since I ca n't enjoy it -- and if I live long , the insurer wins .

Always .

This is worth remembering when insurers and their salesmen try to sell you permanent insurance , the kind that amasses cash value .

The word death '' can not be escaped entirely by the industry , but salesmen dodge it wherever possible or cloak it in euphemisms , preferring to talk about savings '' and investment '' instead .

The implication is that your permanent-insurance policy is really some kind of CD or mutual-fund account with an added feature .

That is gilding the lily .

The fact is that as a savings or investment vehicle , insurance generally runs a poor second to any direct investment you might make in the same things the insurance company is putting your money into .

That 's because you have to pay for the insurance portion of the policy and the effort required to sell and service the whole package .

Again , no free lunch .

This is reflected in a built-in mortality cost -- in effect , your share of the company 's estimated liability in paying off beneficiaries of people who had the effrontery to die while under its protection .

And in most cases , a huge hunk of your premium in the initial year or two of the the policy is , in effect , paying the salesman 's commission as well ; investment returns on most policies are actually negative for several years , largely because of this .

So view permanent insurance for what it is -- a compromise between pure insurance and direct investment .

The simplest , most traditional form of permanent insurance is the straight whole life policy .

You pay a set premium for a set amount of coverage , the company invests that premium in a portfolio of its choosing , and your cash value and dividends grow over the years .

One newer wrinkle , so called single-premium life -LRB- you pay for the whole policy at once -RRB- , has been immensely popular in recent years for tax reasons ; the insured could extract cash value in the form of policy loans , and none of the proceeds were taxable even though they included gains on investment .

Congress closed this loophole last year , or thought it did .

However , Monarch Capital Corp. of Springfield , Mass. , has developed a combination plan '' of annuity and insurance coverage that it says does not violate the new regulations and that allows policy loans without tax consequences .

But the percentage of your cash reserve that you can borrow tax-free is very small .

I 'm not prepared in any case to put that much money into a policy immediately , so I look into the broad category called universal life .

Hugely popular , it is far more flexible than straight whole life .

I can adjust the amount of insurance I want against the amount going into investment ; I can pay more or less than the so-called target premium in a given year ; and I can even skip payments if my cash reserves are enough to cover the insurance portion of the policy .

In looking at these and other policies , I learn to ask pointed questions about some of the assumptions built into policy illustrations '' -- the rows of numbers that show me the buildup of my cash values over the years .

They commonly give two scenarios : One is based on interest rates that the company guarantees -LRB- usually 4 % to 4.5 % -RRB- and the other on the rate it is currently getting on investment , often 8.5 % or more .

Projecting the latter over several decades , I find my cash buildup is impressive -- but can any high interest rate prevail for that long ?

Not likely , I think .

Also , some policy illustrations assume that mortality costs will decline or that I will get some sort of dividend bonus after the 10th year .

These are not certain , either .

Companies are n't comfortable playing these games , but they realize they 're under pressure to make their policies look good , says Timothy Pfiefer , an actuarial consultant at Tillinghast , a unit of Towers Perrin Co. , the big New York consulting firm .

Another factor to consider : Some of the companies currently earning very high yields are doing so through substantial investment in junk bonds , and you know how nervous the market has been about those lately .

There are seemingly endless twists to universal life , and it pays to ask questions about all of them .

At a back-yard barbecue , for example , a friend boasts that she 'll only have to pay premiums on her John Hancock policy for seven years and that her death benefits will then be guaranteed . ''

I call her agent , David Dominici .

Yes , he says , premiums on such variable-rate coverage can be structured to vanish '' after a certain period -- but usually only if interest rates stay high enough to generate sufficient cash to cover the annual cost of insurance protection .

If interest rates plunge , the insurer may be knocking on my door , asking for steeper premium payments to maintain the same amount of protection .

I do n't like the sound of that .

Some insurers have also started offering persistency bonuses , such as extra dividends or a marginally higher interest yield , if the policy is maintained for 10 years .

But Glenn Daily , a New York-based financial consultant , warns that many of these bonuses are just fantasies , because most are n't guaranteed by the companies .

And the feature is so new , he adds , that no insurer has yet established a track record for actually making such payments .

So-called living-benefits provisions also merit a close inspection .

Offered by insurers that include Security-Connecticut Life Insurance Co. , Jackson National Life Insurance Co. , and National Travelers Life Insurance Co. , these policy riders let me tap a portion of my death benefits while I 'm still alive .

Some provisions would let me collect a percentage of the policy 's face value to pay for long-term care such as nursing-home stays ; others would allow payments for catastrophic illnesses and conditions such as cancer , heart attarcks , renal failure and kidney transplants .

But the catastrophic events for which the policyholder can collect are narrowly defined , vary from policy to policy , and generally permit use of only a small fraction of the face amount of insurance .

Also , financial planners advising on insurance say that to their knowledge there has not yet been a tax ruling exempting these advance payments from taxes .

And considering the extra cost of such provisions , some figure that people interested in , say , paying for extended nursing-home care would be better off just buying a separate policy that provides it .

I 'm more favorably impressed by no-load life , even though it turns out to be low-load life .

Insureres selling these policies market them directly to the public or otherwise do n't use commissioned salesmen ; there is still a load -- annual administrative fees and initial setup '' charges -- but I figure that the lack of commission and of surrender fees '' for dropping the policy early still saves me a lot .

I compared one universal policy for $ 130,000 face amount from such an insurer , American Life Insurance Corp. of Lincoln , Neb. , with a similar offering from Equitable Life Assurance Society of the U.S. , which operates through 11,000 commissioned salesmen .

After one year I could walk away from the Ameritas policy with $ 792 , but Id get only $ 14 from the Equitable .

The difference is magnified by time , too .

At age 65 , when I 'd stop paying premiums , the Ameritas offering would have a projected cash value $ 14,000 higher than the other , even though the Equitable 's policy illustration assumed a fractionally higher interest rate .

Did I buy it ?

Well , not yet .

I 'm thinking about using the $ 871 annual premium to finance a trip to Paris first .

A person can do some heavy thinking about insurance there -- and shop for something more exciting while she 's doing it .

Rorer Group Inc. will report that third-quarter profit rose more than 15 % from a year earlier , though the gain is wholly due to asset sales , Robert Cawthorn , chairman , president and chief executive officer , said .

His projection indicates profit in the latest quarter of more than $ 17.4 million , or 55 cents a share , compared with $ 15.2 million , or 48 cents a share , a year ago .

Mr. Cawthorn said in an interview that sales will show an increase from a year ago of somewhat less than 10 % . ''

Through the first six months of 1989 , sales had grown about 12 % from the year-earlier period .

Growth of 10 % would make sales for the latest quarter $ 269 million , compared with $ 244.6 million a year ago .

Mr. Cawthorn said the profit growth in the latest quarter was due to the sale of two Rorer drugs .

Asilone , an antacid , was sold to Boots PLC , London .

Thrombinar , a drug used to stanch bleeding , was sold to Jones Medical Industries Inc. , St. Louis .

He said Rorer sold the drugs for nice prices '' and will record a combined , pretax gain on the sales of $ 20 million .

As the gain from the sales indicates , operating profit was significantly '' below the year-earlier level , Mr. Cawthorn said .

Rorer in July had projected lower third-quarter operating profit but higher profit for all of 1989 .

He said the company is still looking for a strong fourth quarter in all areas -- sales , operating income and net income . ''

Mr. Cawthorn attributed the decline in third-quarter operating profit to the stronger dollar , which reduces the value of overseas profit when it is translated into dollars ; to accelerated buying of Rorer products in the second quarter because of a then-pending July 1 price increase , and to higher marketing expenses for Rorer 's Maalox antacid , whose sales and market share in the U.S. had slipped in the first half of 1989 .

He said Rorer opted to sell Asilone and Thrombinar to raise revenue that would kick start '' its increased marketing efforts behind Maalox , still its top-selling product with about $ 215 million in world-wide sales in 1988 .

We had underfunded Maalox for a year , he said , because the company was concentrating on research and development and promoting other drugs .

He said Rorer will spend $ 15 million to $ 20 million more on Maalox advertising and promotion in the second half of 1989 than in the year-earlier period .

A big chunk '' of that additional spending came in the third quarter , he said .

Hoechst AG said it will stop producing fertilizer in 1990 because of continued losses and a bleak outlook .

The West German chemical concern said it will close the last remaining fertilizer plant in Oberhausen in the fall of next year .

Hoechst said the fertilizer market faces overcapacity in Western Europe , rising imports from East bloc countries and overseas , and declining demand .

HomeFed Corp. said its main subsidiary , Home Federal Savings & Loan , converted from a federal savings and loan to a federal savings bank and changed its name to HomeFed Bank .

The federal Office of Thrift Supervision approved the conversion last Friday , HomeFed said .

The change in charter does n't alter the federal insurance of deposits , federal regulatory powers or company operations , a spokesman said .

It was the second anniversary of the 1987 crash , but this time it was different .

Stocks rallied on good earnings reports and on data that showed less inflation than expected .

Blue chips led the march up in heavy trading .

The Dow Jones Industrial Average rose 39.55 points to 2683.20 .

The 30 industrials led the market higher from the opening bell as foreign buyers stepped in .

By afternoon , the broader market joined the advance in full strength .

Standard & Poor 's 500-stock Index rose 5.37 to 347.13 and the Nasdaq composite index jumped 7.52 to 470.80 .

New York Stock Exchange volume swelled to 198,120,000 shares .

The industrials were up about 60 points in the afternoon , but cautious investors took profits before the close .

Traders said a variety of factors triggered the rally .

The consumer price index rose 0.2 % in September , while many economists were looking for a 0.4 % increase .

Stock-index arbitrage buy programs -- in which traders buy stock against offsetting positions in futures to lock in price differences -- helped the rally 's momentum .

The euphoria was such that investors responded to good earnings reports of companies such as American Express , while ignoring the disappointing profits of companies such as Caterpillar , analysts said .

Stock-index arbitrage trading was a minor influence in yesterday 's rally , traders said .

Institutional buyers were the main force pushing blue chips higher .

To the amazement of some traders , takeover stocks were climbing again .

Hilton rose 2 7\/8 to 100 , for example .

Last Friday , takeover traders spilled out of Hilton , knocking the stock down 21 1\/2 to 85 .

Among other stocks involved in restructurings or rumored to be so : Holiday Corp. gained 1 7\/8 to 73 and Honeywell rose 2 7\/8 to 81 1\/2 .

One floor trader noted in astonishment that nobody seemed to mind the news that British Airways is n't making a special effort to revive the UAL buy-out .

The announcement of the buy-out 's troubles triggered the market 's nose dive a week ago .

Takeover enthusiasm may have been renewed when an investor group disclosed yesterday that it had obtained all the financing required to complete its $ 1.6 billion leveraged buy-out of American Medical International .

That 's put some oomph back into this market , said Peter VandenBerg , a vice president of equity trading at Shearson Lehman Hutton .

But some traders thought there was less to the rally than met the eye .

There is no strength behind this rally , asserted Chung Lew , head trader at Kleinwort Benson North America .

It 's traders squaring positions .

It 's not good ; the market is setting up for another fall . ''

Indeed , many traders said that uncertainty about today 's monthly expiration of stocks-index futures and options , and options on individual stocks , prompted a lot of buying by speculative traders who were unwinding positions that were bets on declining stock prices .

The number of outstanding contracts in the October Major Market Index jumped from 5,273 on Friday to 9,023 on Monday .

The MMI is a 20-stock index that mimics the Dow Jones Industrial Average .

Outstanding contracts are those that remain to be liquidated .

By Wednesday , the outstanding October contracts amounted to 8,524 , representing about $ 1.13 billion in stock , noted Donald Selkin , head of stock-index futures research at Prudential-Bache Securities , who expects a volatile expiration today .

There has been a tremendous increase '' in MMI positions , Mr. Selkin said .

Consumer stocks once again set the pace for blue-chip issues .

Philip Morris added 1 1\/8 to 44 1\/2 in Big Board composite trading of 3.7 million shares , Coca-Cola Co. gained 2 3\/8 to 70 3\/8 , Merck gained 1 3\/8 to 77 3\/8 and American Telephone & Telegraph advanced 7\/8 to 43 3\/8 on 2.5 million shares .

American Medical jumped 1 7\/8 to 23 5\/8 .

IMA Acquisition , an investor group that includes First Boston and the Pritzker family of Chicago , said Chemical Bank had made arrangements for 23 other banks to provide $ 509 million in bank financing for the buy-out offer .

Chemical and six other banks , along with First Boston , are providing the rest of the $ 1.6 billion .

Elsewhere on the takeover front , Time Warner advanced 2 5\/8 to 136 5\/8 and Warner Communications tacked on 7\/8 to 63 7\/8 .

The Delaware Supreme Court affirmed a ruling that barred Chris-Craft Industries from voting its Warner preferred stock as a separate class in deciding on the companies ' proposed merger .

Paramount Communications climbed 1 1\/4 to 58 1\/2 and MCA rose 1 1\/2 to 64 ; both media companies have long been mentioned as potential acquisition candidates .

Among other actual and rumored targets , Woolworth rose 1 1\/4 to 60 1\/2 , Upjohn went up 1 1\/8 to 39 3\/4 , Armstrong World Industries gained 1 to 40 1\/8 and Kollmorgen rose 3\/4 to 13 7\/8 .

In addition : -- Soo Line jumped 2 3\/4 to 20 1\/4 , above the $ 19.50 a share that Canadian Pacific offered for the company in a takeover proposal .

-- Xtra gained 1 1\/8 to 27 1\/8 .

Investor Robert M. Gintel , who owns a 4.7 % stake in the company , said he plans a proxy fight for control of its board .

-- Golden Nugget rose 2 to 28 1\/4 .

Its board approved the repurchase of as many as three million common shares , or about 17 % of its shares outstanding .

Buying interest also resurfaced in the technology sector , including International Business Machines , whose board approved a $ 1 billion increase in its stock buy-back program .

IBM rose 2 3\/8 to 104 1\/8 as 2.2 million shares changed hands .

Compaq Computer soared 4 5\/8 to 111 1\/8 on 1.8 million shares in response to the company 's announcement of plans to introduce several products next month .

Digital Equipment gained 1 3\/8 to 89 3\/4 despite reporting earnings for the September quarter that were on the low end of expectations .

Among other technology issues , Cray Research rose 1 5\/8 to 37 , Hewlett-Packard added 1 1\/4 to 50 1\/4 , Tandem Computers rallied 1 1\/8 to 25 3\/4 , Data General rose 3\/4 to 14 1\/2 and Motorola gained 2 3\/8 to 59 1\/4 .

On the other hand , Symbol Technologies dropped 1 1\/4 to 18 1\/2 after Shearson Lehman Hutton lowered its short-term investment rating on the stock and its 1989 earnings estimate , and Commodore International fell 7\/8 to 8 after the company said it expects to post a loss for the September quarter .

Insurance stocks continued to climb on expectations that premium rates will rise in the aftermath of the earthquake in the San Francisco area .

American International Group climbed 4 to 106 5\/8 , General Re rose 3 1\/8 to 89 5\/8 , Kemper added 2 1\/2 to 48 , AON went up 1 3\/8 to 36 and Chubb rose 1 1\/4 to 82 1\/4 .

Stocks of major toy makers rallied in the wake of strong third-quarter earnings reports .

Mattel added 1 1\/4 to 19 5\/8 , Tonka firmed 1 to 18 1\/2 and Lewis Galoob Toys rose 7\/8 to 13 5\/8 on the Big Board , while Hasbro gained 1 to 21 7\/8 on the American Stock Exchange .

Capital Cities-ABC surged 42 5\/8 to 560 .

Kidder Peabody raised its investment rating on the stock and its earnings estimates for 1989 and 1990 , based on optimism that the company 's ABC television network will continue to fare well in the ratings .

Dun & Bradstreet lost 1 7\/8 to 51 7\/8 on 1.8 million shares .

Merrill Lynch lowered its short-term rating on the stock and its estimate of 1990 earnings , citing a sales slowdown in the company 's credit-rating business .

Pinnacle West Capital , which suspended its common-stock dividend indefinitely and reported a 91 % decline in third-quarter earnings , fell 5\/8 to 11 3\/8 .

The Amex Market Value Index recorded its sharpest gain of the year by climbing 4.74 to 382.81 .

Volume totaled 14,580,000 shares .

B.A.T Industries , the most active Amex issue , rose 3\/8 to 12 3\/8 .

The company received shareholder approval for its restructuring plan , designed to fend off a hostile takeover bid from a group headed by financier Sir James Goldsmith .

Chambers Development Class A jumped 3 1\/8 to 37 1\/8 and Class B rose 2 5\/8 to 37 1\/4 .

The company said six officers are buying a total of $ 1.5 million of its stock .

TRC Cos. , the target of an investigation by the U.S. inspector general , dropped 2 to 10 3\/4 .

The probe involves testing procedures used on certain government contracts by the company 's Metatrace unit .

Avondale Industries Inc. , New Orleans , received a $ 23 million contract from the Navy to enlarge by 50 % the capacity of an auxiliary oiler .

The award results from the Navy 's exercising of an option in an earlier contract it awarded Avondale .

Richard J. Pinola was elected to the board of this personnel consulting concern , increasing its size to nine members .

Mr. Pinola is president and chief operating officer of Penn Mutual Life Insurance Co .

The Senate rejected a constitutional amendment that President Bush sought to protect the U.S. flag from desecration .

The 51-48 roll call fell well short of the two-thirds majority needed to approve changes to the Constitution .

The vote , in which 11 GOP lawmakers voted against Mr. Bush 's position , was a victory for Democratic leaders , who opposed the amendment as an intrusion on the Bill of Rights .

We can support the American flag without changing the American Constitution , said Senate Majority Leader George Mitchell of Maine .

In order to defuse pressure for an amendment , Mr. Mitchell and House Speaker Thomas Foley -LRB- D. , Wash . -RRB- had arranged for lawmakers to pass a statute barring flag desecration before voting on the constitutional change .

Mr. Bush said he would allow the bill to become law without his signature , because he said only a constitutional amendment can protect the flag adequately .

In June , the Supreme Court threw out the conviction of a Texas man who set a flag afire during a 1984 demonstration , saying he was engaging in political expression '' that is protected by the First Amendment .

If you think you have stress-related problems on the job , there 's good news and bad news .

You 're probably right , and you are n't alone .

A new Gallup Poll study commissioned by the New York Business Group on Health , found that a full 25 % of the work force at companies may suffer from anxiety disorders or a stress-related illness , with about 13 % suffering from depression .

The study surveyed a national group of medical directors , personnel managers and employee assistance program directors about their perceptions of these problems in their companies .

It is one of a series of studies on health commissioned by the New York Business Group , a non-profit organization with about 300 members .

The stress study was undertaken because problems related to stress are much more prevalent than they seem , said Leon J. Warshaw , executive director of the business group .

In presenting the study late last week , Dr. Warshaw estimated the cost of these types of disorders to business is substantial .

Occupational disability related to anxiety , depression and stress costs about $ 8,000 a case in terms of worker 's compensation .

In terms of days lost on the job , the study estimated that each affected employee loses about 16 work days a year because of stress , anxiety or depression .

He added that the cost for stress-related compensation claims is about twice the average for all injury claims .

We hope to sensitize employers '' to recognize the problems so they can do something about them , Dr. Warshaw said .

Early intervention into these types of problems can apparently save businesses long-term expense associated with hospitalization , which sometimes results when these problems go untreated for too long .

Even the courts are beginning to recognize the link between jobs and stress-related disorders in compensation cases , according to a survey by the National Council on Compensation Insurance .

But although 56 % of the respondents in the study indicated that mental-health problems were fairly pervasive in the workplace , there is still a social stigma associated with people seeking help .

The disorders , which 20 years ago struck middle-age and older people , now strike people at the height of productivity , says Robert M.A. Hirschfeld , of the National Institute of Mental Health , who spoke at the presentation of the study 's findings .

The poll showed that company size had a bearing on a manager 's view of the problem , with 65 % of those in companies of more than 15,000 employees saying stress-related problems were fairly pervasive '' and 55 % of those in companies with fewer than 4,000 employees agreeing .

The poll also noted fear of a takeover as a stress-producing event in larger companies .

More than eight in 10 respondents reported such a stress-provoking situation in their company .

Mid-sized companies were most affected by talk of layoffs or plant closings .

The study , which received funding from Upjohn Co. , which makes several drugs to treat stress-related illnesses , also found 47 % of the managers said stress , anxiety and depression contribute to decreased production .

Alcohol and substance abuse as a result of stress-related problems was cited by 30 % of those polled .

Although Dr. Warshaw points out that stress and anxiety have their positive uses , stress perceived to be threatening implies a component of fear and anxiety that may contribute to burnout . ''

He also noted that various work environments , such as night work , have their own stressors . ''

We all like stress , but there 's a limit , says Paul D'Arcy , of Rohrer , Hibler & Replogle , a corporate psychology and management consulting firm .

The problem , says Mr. D'Arcy , a psychologist , is that it 's very hard to get any hard measures on how stress affects job performance .

For Cheap Air Fares , Spend Christmas Aloft

IT IS N'T TRUE that a 90-year old clergyman on a mission of mercy to a disaster area on Christmas Day can fly free .

But his circumstances are among the few that can qualify for the handful of really cheap airline tickets remaining in America .

In recent years , carriers have become much more picky about who can fly on the cheap .

But there still are a few ways today 's traveler can qualify under the airline 's many restrictions .

One of the best deals , though , may mean skipping Christmas dinner with the relatives .

This week , many carriers are announcing cut-rate fares designed to get people to fly on some of the most hallowed -- and slowest -- days of the year , including Christmas .

In recent years , the airlines had waited until the last moment to court Christmas season vacationers with bargain fares .

That approach flopped : Last Christmas Day , a USAir Group Inc. DC-9 jetliner flew about seven passengers from Chicago to Pittsburgh .

So this year , the airlines are getting a jump on holiday discounts .

They are cutting ticket prices by as much as 70 % from normal levels for travel to most U.S. locations on Dec. 24 , 25 , 29 , 30 and 31 , and Jan. 4 , 5 and 6 .

The promotions -- dubbed everything from 'T- is the Season to be Jolly to Kringle fares -- put round-trip fares at $ 98 , $ 148 and $ 198 .

They 're trying to keep planes flying on days they 'd normally park them , says Roger Bard , president of Mr. Mitchell Travel Service in Burnsville , N.C .

Expect , of course , sky-high prices on other dates near the holidays when the airlines know vacationers are eager to travel .

Consider Adopting Your Spouse 's Name

IF CONTINENTAL Airlines has its way , couples like Marlo Thomas and Phil Donahue may find it a hassle to qualify for some new discounts .

Continental , a Texas Air Corp. unit , recently unveiled a marketing program offering free companion tickets to business-class and first-class passengers on international flights .

The Continental catch : Only immediate family members are allowed , and they must have the same last name as the buyer of the ticket or legal proof they 're related .

That irritates many women who have n't taken their husbands ' last name .

What a bunch of nonsense , says Jessica Crosby , president of the New York chapter of the National Association of Women Business Owners .

This sets things way back . ''

Continental 's logic : It does n't want business companions abusing the promotion by falsely claiming to be related .

We accommodate their choice of names by allowing them to demonstrate '' family affiliation with legal documents , says Jim O'Donnell , a senior vice president .

But gay rights advocates are angry , too .

The Lambda Legal Defense and Education Fund of New York City has received complaints from homosexual couples whom the airline does n't recognize as family .

It 's certainly discrimination , says attorney Evan Wolfson , whose group forced Trans World Airlines this year to change a rule that allowed travelers to transfer frequent flier awards only to family members .

Take Your Vacation In a Hurricane Area

WHEN HURRICANE Hugo careened through the Caribbean and the Atlantic coast states , it downed electric and telephone lines , shot coconuts through cottage rooftops , shattered windows and uprooted thousands of lives .

It also lowered some air fares .

Since the hurricane , Midway Airlines Inc. and American Airlines , a unit of AMR Corp. , trimmed their one-way fares to the Virgin Islands to $ 109 from prices that were at times double that before the storm .

The fares are code-named Hugo , Compassion and Virgin Islands Aid .

-LRB- Airlines are n't lowering fares to Northern California following this week 's earthquake , but reservation agents can waive advance-purchase restrictions on discount fares for emergency trips . -RRB-

Some hotels in the hurricane-stricken Caribbean promise money-back guarantees .

In Myrtle Beach , S.C. , the damaged Yachtsman Resort offers daily rates as low as $ 35 , or as much as 22 % below regular prices .

Says Michele Hoffman , a clerk in the resort 's front office : We do n't have the outdoor pool , the pool table , ping pong table , snack bar or VCR , but we still have the indoor pool and Jacuzzi . ''

Just Wait Until You 're a Bit Older

SENIOR CITIZENS have long received cheap air fares .

This year , the older someone is the bigger the discount .

A senior citizen between 62 and 70 saves 70 % off regular coach fare .

Travelers up to age 99 get a percentage discount matching their age .

And centenarians fly free in first class .

Next month , Northwest Airlines says , a 108-year-old Lansing , Mich. , woman is taking it up on the offer to fly with her 72-year-old son to Tampa , Fla .

Last year when Northwest first offered the promotion , only six centenarians flew free .

If All Else Fails ... .

THE NATION'S carriers also provide discounts to Red Cross workers , retired military personnel and medical students .

There 's even a special fare for clergy that does n't require the usual stay over Saturday night .

That way , they can be home in time for work Sunday .

The British Petroleum Co. PLC said its BP Exploration unit has produced the first oil from its Don oilfield in the North Sea .

In an official release , BP said initial production from the field was 11,000 barrels a day , and that it expects peak output from the field of 15,000 barrels a day to be reached in 1990 .

As the sponsor of the Older Americans Freedom to Work Act , which would repeal the Social Security earnings limit for people aged 65 and older , I applaud your strong endorsement to repeal this Depression-era fossil .

For every dollar earned over $ 8,880 , Social Security recipients lose 50 cents of their Social Security benefits ; it 's like a 50 % marginal tax .

But the compounded effects of seniors only '' taxes result in truly catastrophic marginal tax rates .

Imagine a widow who wants to maintain her standard of living at the same level she had before she had to pay the catastrophic surtax .

Although this widow earns only twice the minimum wage , largely due to the earnings limit , she would have to earn an additional $ 4,930 to offset her catastrophic surtax of $ 496 .

Eliminating the earnings limit would greatly help seniors and reduce the deficit .

Repeal would generate more in new taxes than the government would lose in increased Social Security benefit payments .

We now need support from the Democrats on the Rules Committee in order to include earnings-limit reform in the Reconciliation Bill .

Since all four Republicans on the committee are co-sponsors of my bill , it is the Democrats who will be held fully accountable if an earnings test amendment is not allowed from the floor .

The time is now to lift the burdensome Social Security earnings limit from the backs of our nation 's seniors .

Rep. J. Dennis Hastert -LRB- R. , Ill . -RRB-

When his Seventh Avenue fur business here was flying high 20 years ago , Jack Purnick had 25 workers and a large factory .

Now his half-dozen employees work in an eighth-floor shop that he says is smaller than his old storage room .

He also says he is losing money now .

He blames imports .

But just down Seventh Avenue , where about 75 % of U.S. fur garments are made , Larry Rosen has acquired two retail outlets , broadened his fur-making line and expanded into leather .

He credits imports .

The difference lies in how the two entrepreneurial furriers reacted to the foreign competition and transformation of their industry over the past 10 years .

One stuck to old-line business traditions , while the other embraced the change .

The small , good fur salon is not what it used to be , says Mr. Purnick , 75 years old .

We make the finest product in the world , and the Americans are being kicked around . ''

Mr. Rosen , though , believes imports have reinvigorated the industry in which he has worked for most of his 57 years .

You 've got some minds here that won’t think progressively , he says .

Import competition for U.S. furs has risen sharply since furriers started aggressively marketing working-girl mink '' and similar lower-priced imported furs in recent years .

Merchants discovered a consumer largely ignored by higher-priced furriers : the younger woman -- even in her late 20s -- who never thought she could buy a mink .

The new market helped boost U.S. fur sales to about $ 1.8 billion a year now , triple the level in the late 1970s .

It also opened the door to furs made in South Korea , China , Hong Kong and other countries .

Jindo Furs , a large South Korean maker , says it operates 35 retail outlets in the U.S. and plans to open 15 more by the end of next year .

Mr. Purnick and other old-line furriers call many of the the imports unstylish and poorly made .

High-end U.S. furriers say these imports have n't squeezed them .

But low-priced and middle-priced furriers like Mr. Purnick , who once saturated the five-block Seventh Avenue fur district , say imports have cut their sales .

A woman who once would have saved for two or three seasons to buy a U.S.-made mink can now get an imported mink right away for less than $ 2,000 .

Yet Mr. Rosen has turned the import phenomenon to his advantage .

Early in the decade he saw that fur workers in many foreign countries were willing to work longer hours at lower wages than their American counterparts and were more open to innovation .

In 1982 , he started a factory in Greece .

Two years later , he opened one in West Germany .

He also noticed that foreign makers were introducing many variations on the traditional fur , and he decided to follow suit .

By combining his strengths in innovation and quality control with the lower costs of production abroad , he says he has been able to produce high-quality goods at low cost .

To maintain control over production and avoid overdependence on foreign sources , he says he still makes most of his furs in the U.S. .

But six years ago he also began importing from the Far East .

Inspired by imports , Mr. Rosen now makes fur muffs , hats and flings .

This year he produced a men 's line and offers dyed furs in red , cherry red , violet , royal blue and forest green .

He has leather jackets from Turkey that are lined with eel skin and topped off with raccoon-skin collars .

From Asia , he has mink jackets with floral patterns made by using different colored furs .

Next he will be testing pictured embroidery -LRB- called kalega -RRB- made in the Far East .

He plans to attach the embroidery to the backs of mink coats and jackets .

Besides adding to sales , leathers also attract retailers who may buy furs later , he adds .

Other furriers have also benefited from leathers .

Seymour Schreibman , the 65-year-old owner of Schreibman Raphael Furs Inc. , treats the reverse side of a Persian lambskin to produce a reversible fur-and-leather garment .

He says it accounts for 25 % of total sales .

Mr. Rosen is also pushing retail sales .

This year he bought two stores , one in Brooklyn and one in Queens .

Other furriers have also placed more weight on retailing .

Golden Feldman Furs Inc. began retailing aggressively eight years ago , and now retail sales account for about 20 % of gross income .

In other moves , Mr. Rosen says he bought a truck three years ago to reach more retailers .

Since then he has expanded his fleet and can now bring his furs to the front door of retailers as far away as the Midwest .

Small retailers who ca n't afford to travel to his New York showroom have become fair game .

Such moves have helped Mr. Rosen weather the industry slump of recent years .

The industry enjoyed six prosperous years beginning in 1980 , but since 1986 sales have languished at their $ 1.8 billion peak .

Large furriers such as Antonovich Inc. , Fur Vault Inc. and Evans Inc. all reported losses in their latest fiscal years .

Aftereffects of the 1987 stock market crash head the list of reasons .

In addition , competition has glutted the market with both skins and coats , driving prices down .

The animal-rights movement has n't helped sales .

Warm winters over the past two years have trimmed demand , too , furriers complain .

And those who didn’t move some production overseas suffer labor shortages .

The intensive labor needed to manufacture furs -LCB- in the U.S. . -RCB- is not as available as it was , says Mr. Schreibman , who is starting overseas production .

But even those who have found a way to cope with the imports and the slump , fear that furs are losing part of their allure .

People are promoting furs in various ways and taking the glamour out of the fur business , says Stephen Sanders , divisional merchandise manager for Marshall Field 's department store in Chicago .

You ca n't make a commodity out of a luxury , insists Mr. Purnick , the New York furrier .

He contends that chasing consumers with low-priced imports will harm the industry in the long run by reducing the prestige of furs .

But Mr. Rosen responds : Whatever people want to buy , I 'll sell .

The name of the game is to move goods .

Four workers at GTE Corp. 's headquarters have been diagnosed as having hepatitis , and city health officials are investigating whether a cafeteria worker may have exposed hundreds of other GTE employees to the viral infection , company and city officials said .

The four cases were all reported to GTE 's medical director and state and local health authorities .

GTE shut down its cafeteria Tuesday afternoon after testing determined that at least one cafeteria worker employed by GTE 's private food vending contractor , ARA Services Inc. , was suffering from a strain of the virus , officials said .

More than 700 people work in the GTE building .

The cafeteria remains closed .

Dr. Andrew McBride , city health director , said his staff suspects the hepatitis , which can be highly contagious , was spread by the cafeteria worker with the virus .

The exact strain of hepatitis that the cafeteria worker contracted has n't been determined but should be known by the end of the week , Dr. McBride said .

Hepatitis A , considered the least dangerous strain of the virus , has been confirmed in at least one GTE employee , company and city officials said .

From a public health point of view we 're relieved because hepatitis A is rarely life-threatening , said Dr. Frank Provato , GTE 's medical director .

It 's a double-edged sword though , because it is also the most contagious kind of hepatitis . ''

GTE officials began posting warning notices about the potential threat to exposure Wednesday morning at various places at the company , said GTE spokesman Thomas Mattausch .

The company has begun offering shots of gamma globulin , which will diminish the flu-like symptoms of hepatitis A , in anyone who has contracted the disease , Mr. Mattausch said .

We 're strongly recommending that anyone who has eaten in the cafeteria this month have the shot , Mr. Mattausch added , and that means virtually everyone who works here .

I was appalled to read the misstatements of facts in your Oct. 13 editorial Colombia 's Brave Publisher . ''

It is the right-wing guerrillas who are aligned with the drug traffickers , not the left wing .

This information was gleaned from your own news stories on the region .

Past Colombian government tolerance of the narcotraficantes '' was due to the drug lords ' history of wiping out leftists in the hinterlands .

Mary Poulin Palo Alto , Calif.

I suggest that The Wall Street Journal -LRB- as well as other U.S. news publications of like mind -RRB- should put its money where its mouth is : Lend computer equipment to replace that damaged at El Espectador , buy ad space , publish stories under the bylines of El Espectador journalists .

Perhaps an arrangement could be worked out to sponsor '' El Espectador journalists and staff by paying for added security in exchange for exclusive stories .

Reward El Espectador 's courage with real support .

Douglas B. Evans

COCA-COLA Co . -LRB- Atlanta -RRB- --

Anton Amon and George Gourlay were elected vice presidents of this soft-drink company .

Mr. Amon , 46 years old , is the company 's director of quality assurance ; most recently , he served as vice president , operations , for Coca-Cola Enterprises .

Mr. Gourlay , 48 , is manager for corporate manufacturing operations ; he was assistant vice president at the company .

In the wake of a slide in sterling , a tailspin in the stock market , and a string of problematic economic indicators , British Chancellor of the Exchequer Nigel Lawson promised gradual improvement in the U.K. economy .

In a speech prepared for delivery to London 's financial community , Mr. Lawson summed up current economic policy as a battle to wring inflation out of the British economy , using high interest rates as the essential instrument '' to carry out the campaign .

Two weeks after boosting base rates to 15 % , he pledged that rates will have to remain high for some time to come . ''

Mr. Lawson also made it clear that he would be watching exchange rates carefully .

A sinking pound makes imports more expensive and increases businesses ' expectations of future inflation , he argued .

In an apparent warning to currency traders who have lately been selling the British currency , he stated that the exchange rates will have a major role in the assessment of monetary conditions . ''

In reaffirming the current monetary policy of using high interest rates to fight inflation and shore up the pound , Mr. Lawson dismissed other approaches to managing the economy .

He said he monitors the money-supply figures , but does n't give them paramount importance , as some private and government economists have suggested .

Mr. Lawson also dismissed the possibility of imposing direct credit controls on Britain 's financial system .

Mr. Lawson 's speech , delivered at the Lord Mayor of London 's annual dinner at Mansion House , came on the heels of a grueling period for the U.K. economy .

Two weeks ago , in a campaign to blunt inflation at home and arrest a world-wide plunge in the pound , he raised base rates a full percentage point to 15 % .

Despite the increase , the British currency slid below a perceived threshold of three marks early last week .

It was quoted at 2.9428 marks in late New York trading Wednesday .

Leading up to the speech was a drumroll of economic statistics suggesting that the British war on inflation will be more bruising than previously assumed .

Unemployment in September dropped to 1,695,000 , the lowest level since 1980 .

While lower joblessness is generally good news , the hefty drop last month indicates that the economy is n't slowing down as much as hoped -- despite a doubling of interest rates over the last 16 months .

Meanwhile , average earnings in Britain were up 8.75 % in August over the previous year .

Another inflationary sign came in a surge in building-society lending to a record # 10.2 billion -LRB- $ 16.22 billion -RRB- last month , a much higher level than economists had predicted .

In a separate speech prepared for delivery at the dinner , Robin Leigh-Pemberton , Bank of England governor , conceded that demand pressures were even more buoyant than had been appreciated '' when the British economy was heating up last year .

He added that there 's no quick-fix solution '' to the economic woes , and said tight monetary policy is the right approach . ''

Discussing the recent slide in stock prices , the central bank governor stated that the markets now appear to have steadied '' after the nasty jolt '' of the 190.58-point plunge in the Dow Jones Industrial Average a week ago .

Although the New York market plunge prompted a 70.5-point drop in the London Financial Times-Stock Exchange 100 Share Index , Mr. Leigh-Pemberton declared that the experience owed nothing to the particular problems of the British economy . ''

Specifically , he pointed out that compared with the U.S. market , the U.K. has far fewer highly leveraged junk-bond financings .

Discussing future monetary arrangements , Mr. Lawson repeated the Thatcher government 's commitment to join the exchange rate mechanism of the European Monetary System , but he didn’t indicate when .

Ing .

C. Olivetti & Co. , claiming it has won the race in Europe to introduce computers based on a powerful new microprocessor chip , unveiled its CP486 computer yesterday .

The product is the first from a European company based on Intel Corp. 's new 32-bit 486tm microprocessor , which works several times faster than previously available chips .

Hewlett-Packard Co. became the first company world-wide to announce a product based on the chip earlier this month , but it won’t start shipping the computers until early next year .

An Olivetti spokesman said the company 's factories are already beginning to produce the machine , and that it should be available in Europe by December .

What this means is that Europeans will have these machines in their offices before Americans do , the spokesman said .

The new chip is a very big step in computing , and it is important that Olivetti be one of the first out on the market with this product , said Patricia Meagher Davis , an analyst at James Capel & Co. in London .

Executives at Olivetti , whose earnings have been steadily sliding over the past couple of years , have acknowledged that in the past they have lagged at getting new technology to market .

Ms. Davis said the new machines could steal some sales away from Olivetti 's own minicomputers , but would bring new sales among professionals such as engineers , stockbrokers and medical doctors .

Although Olivetti 's profits tumbled 40 % in the first half of this year , she believes Olivetti 's restructuring last fall and its introduction of new products will begin to bear fruit with an earnings rebound next year , especially if it can fulfill its promise to deliver the new machines by December .

We think the worst is over '' in the European information-technology market , she said .

Depending on the type of software and peripherals used , the machines can serve either as the main computer in a network of many terminals -LRB- a role usually filled by a minicomputer -RRB- , as a technical workstation or as a very fast personal computer .

It 's the missing link '' in Olivetti 's product line between small personal computers and higher-priced minicomputers , the Olivetti spokesman said .

He added that Olivetti will continue making its LSX minicomputer line .

The machines will cost around $ 16,250 on average in Europe .

The Intel 486 chip can process 15 million instructions per second , or MIPS , while Intel 's previous 386 chip could handle only 3 to 6 MIPS .

Olivetti also plans to sell the CP486 computer in the U.S. starting next year through Olivetti USA and through its ISC\/Bunker Ramo unit , which specializes in automating bank-branch networks .

Viatech Inc. said it received approval from the French government for its proposed $ 44.7 million acquisition of Ferembal S.A .

The approval satisfies the remaining conditions of the purchase , which is expected to close within two weeks .

erembal , the second-largest maker of food cans in France , had 1988 sales of $ 150 million .

Ferembal has 930 workers at four canning manufacturing plants and one plastic container facility .

Viatech makes flexible packaging films and machinery , and materials for the food and pharmaceutical industries .

Social Security benefits will rise 4.7 % next year to keep pace with inflation , boosting the average monthly benefit to $ 566 from $ 541 , the Department of Health and Human Services announced .

The higher payments will start with Social Security checks received on Jan. 3 , 1990 .

Supplemental Security Income payments to the disabled also will rise 4.7 % , starting with checks received on Dec. 29 , 1988 , increasing the maximum SSI payment to $ 386 from $ 368 a month .

The inflation adjustment also means that the maximum annual level of earnings subject to the wage tax that generates revenue for the Social Security trust fund will rise to $ 50,400 in 1990 from $ 48,000 this year .

As mandated by law , the tax rate will rise to 7.65 % in 1990 from 7.51 % and won’t rise any further in the future .

This means that the maximum yearly Social Security tax paid by workers and employers each will rise $ 250.80 next year to $ 3,855.60 .

Beneficiaries aged 65 through 69 will be able to earn $ 9,360 without losing any Social Security benefits in 1990 , up from $ 8,880 this year .

The exempt amount for beneficiaries under 65 will rise to $ 6,840 from $ 6,480 .

The adjustments reflect the increase in the consumer price index for urban wage earners and clerical workers from the third quarter of last year to the third quarter of this year .

Health-care companies should get healthier in the third quarter .

Medical-supply houses are expected to report earnings increases of about 15 % on average for the third quarter , despite sales increases of less than 10 % , analysts say .

To offset sluggish sales growth , companies have been cutting staff , mostly through attrition , and slowing the growth in research and development spending .

Sales growth in the quarter was slowed by mounting pressure from groups of buyers , such as hospitals , to hold down prices .

Suppliers were also hurt by the stronger U.S. dollar , which makes sales abroad more difficult .

In some cases , competition has squeezed margins .

Becton , Dickinson & Co. , for example , faces stiff competition from a Japanese supplier in the important syringe market .

The Franklin Lakes , N.J. , company is expected to report sales growth of only 5 % to 6 % , but should still maintain earnings growth of 10 % , says Jerry E. Fuller , an analyst with Duff & Phelps Inc .

Among the first of the group to post results , Abbott Laboratories said third-quarter net income jumped 14 % to $ 196 million , or 88 cents a share , from $ 172 million , or 76 cents a share , a year earlier .

Sales for the company , based in Abbott Park , Ill. , rose 8.3 % to $ 1.31 billion from $ 1.21 billion .

Baxter International Inc. yesterday reported net climbed 20 % in the third period to $ 102 million , or 34 cents a share , from $ 85 million , or 28 cents a share , a year earlier .

Sales for the Deerfield , Ill. , company rose 5.8 % to $ 1.81 billion from $ 1.71 billion .

But not every company expects to report increased earnings .

C.R. Bard Inc. yesterday said third-quarter net plunged 51 % to $ 9.9 million , or 18 cents a share , from $ 20 million , or 35 cents a share , a year earlier .

Sales fell 1.2 % to $ 190.1 million from $ 192.5 million .

The Murray Hill , N.J. , company said full-year earnings may be off 33 cents a share because the company removed a catheter from the market .

In 1988 , the company earned $ 1.38 a share .

The Food and Drug Administration had raised questions about the device 's design .

Some analysts add that third-party pressures to reduce health costs will continue to bedevil companies ' bottom lines .

Takeover speculation , which has been buoying stocks of supply houses , may also ease , says Peter Sidoti , an analyst with Drexel Burnham Lambert Inc .

As that wanes , you 're going to see the stocks probably wane as well , he says .

Hospitals companies , meanwhile , are reporting improved earnings .

Bolstered by strong performances by its psychiatric hospitals , National Medical Enterprises Inc. , Los Angeles , reported net income of $ 50 million , or 65 cents a share , for the first quarter ended Aug. 31 , up from $ 41 million , or 56 cents a share , a year earlier .

Humana Inc. , Louisville , Ky. , also reported favorable results , with net income of $ 66.7 million , or 66 cents , in the fourth quarter ended Aug. 31 , up from $ 58.2 million , or 59 cents , a year earlier .

Analysts say the handful of hospital companies that are still publicly traded are benefiting from several trends .

Most important , hospital admission rates are stabilizing after several years of decline .

Moreover , companies have sold off many of their smaller , less-profitable hospitals and have completed painful restructurings .

Humana 's revenues , for example , are being boosted by large increases in enrollments in the company 's health maintenance organizations .

Says Todd Richter , an analyst with Dean Witter Reynolds : The shakeout in the publicly traded companies is over .

Initial claims for regular state unemployment benefits rose to a seasonally adjusted 396,000 during the week ended Oct. 7 from 334,000 the previous week , the Labor Department said .

The number of people receiving regular state benefits in the week ended Sept. 30 decreased to a seasonally adjusted 2,202,000 , or 2.2 % of those covered by unemployment insurance , from 2,205,000 the previous week , when the insured unemployment rate also was 2.2 % .

Counting all state and federal benefit programs , the number of people receiving unemployment benefits in the week ended Sept. 30 fell to 1,809,300 from 1,838,200 a week earlier .

These figures are n't seasonally adjusted .

A Labor Department spokesman said the unusually high number of initial claims for state unemployment benefits reflects the impact of Hurricane Hugo on southern states , particularly North Carolina and South Carolina .

The figure also may reflect initial claims filed by striking Nynex Corp. workers who have become eligible for unemployment benefits , the official said .

Digital Equipment Corp. reported a 32 % decline in net income on a modest revenue gain in its fiscal first quarter , causing some analysts to predict weaker results ahead than they had expected .

Although the second-largest computer maker had prepared Wall Street for a poor quarter , analysts said they were troubled by signs of flat U.S. orders and a slowdown in the rate of gain in foreign orders .

The Maynard , Mass. , company is in a transition in which it is trying to reduce its reliance on mid-range machines and establish a presence in workstations and mainframes .

Net for the quarter ended Sept. 30 fell to $ 150.8 million , or $ 1.20 a share , from $ 223 million , or $ 1.71 a share , a year ago .

Revenue rose 6.4 % to $ 3.13 billion from $ 2.94 billion .

Digital said a shift in its product mix toward low-end products and strong growth in workstation sales yielded lower gross margins .

A spokesman also said margins for the company 's service business narrowed somewhat because of heavy investments made in that sector .

The lack of a strong product at the high end of Digital 's line was a significant drag on sales .

Digital hopes to address that with the debut of its first mainframe-class computers next Tuesday .

The new line is aimed directly at International Business Machines Corp .

Until the new mainframe products kick in , there won’t be a lot of revenue contribution at the high end , and that 's hurt us , said Mark Steinkrauss , Digital 's director of investor relations .

He said unfavorable currency translations were also a factor in the quarter .

DEC shares rose $ 1.375 to $ 89.75 apiece in consolidated New York Stock Exchange trading yesterday .

But analysts said that against the backdrop of a nearly 40-point rise in the Dow Jones Industrial Average , that should n't necessarily be taken as a sign of great strength .

Some cut their earnings estimates for the stock this year and predicted more efforts to control costs ahead .

I think the next few quarters will be difficult , said Steven Milunovich of First Boston .

Margins will remain under pressure , and when the new mainframe does ship , I 'm not sure it will be a big winner .

'' Mr. Milunovich said he was revising his estimate for DEC 's current year from $ 8.20 a share to well below $ 8 , although he has n't settled on a final number .

One troubling aspect of DEC 's results , analysts said , was its performance in Europe .

DEC said its overseas business , which now accounts for more than half of sales , improved in the quarter .

It even took the unusually frank step of telling analysts in a morning conference call that orders in Europe were up in double digits '' in foreign-currency terms .

That gain probably translated into about 5 % to 7 % in dollar terms , well below recent quarters ' gains of above 20 % , reckons Jay Stevens of Dean Witter Reynolds .

That was a disappointment '' and a sign of overall computer-market softness in Europe , Mr. Stevens said .

Marc Schulman , with UBS Securities in New York , dropped his estimate of DEC 's full-year net to $ 6.80 a share from $ 8 .

Although overall revenues were stronger , Mr. Schulman said , DEC drew down its European backlog '' and had flat world-wide orders overall .

The bottom line is that it 's more hand to mouth than it has been before , he said .

Mr. Schulman said he believes that the roll-out of DEC 's new mainframe will occur somewhat more leisurely '' than many of his investment colleagues expect .

He said current expectations are for an entry level machine to be shipped in December , with all of the more sophisticated versions out by June .

For reasons he would n't elaborate on , he said he 's sure that schedule won’t be met , meaning less profit impact from the product for DEC in the next few quarters .

John R. Wilke contributed to this article .

Colgate Palmolive Co. reported third-quarter net income rose 27 % , bolstered by strong sales in its Latin American business and surprisingly healthy profits from U.S. operations .

Colgate said net income for the quarter rose to $ 76.7 million , or $ 1.06 a share , on sales that increased 6 % to $ 1.3 billion .

In the year-earlier period , Colgate posted net income of $ 60.2 million , or 88 cents a share .

Last year 's results included earnings from discontinued operations of $ 13.1 million , or 19 cents a share .

Reuben Mark , chairman and chief executive officer of Colgate , said earnings growth was fueled by strong sales in Latin America , the Far East and Europe .

Results were also bolstered by a very meaningful increase in operating profit at Colgate 's U.S. business , he said .

Operating profit at Colgate 's U.S. household products and personal care businesses , which include such well-known brands as Colgate toothpaste and Fab laundry detergent , jumped more than 40 % , the company said .

Mr. Mark attributed the improvement to cost savings achieved by consolidating manufacturing operations , blending together two sales organizations and more carefully focusing the company 's promotional activities .

We 've done a lot to improve -LRB- U.S. . -RRB- results and a lot more will be done , Mr. Mark said .

Improving profitability of U.S. operations is an extremely high priority in the company . ''

Colgate 's results were at the high end of the range of analysts ' forecasts .

The scope of the improvement in the U.S. business caught some analysts by surprise .

The company 's domestic business , especially its household products division , has performed poorly for years .

Analysts say the earnings improvement came from cutting costs rather than increasing sales .

For the nine months , net increased 14 % to $ 217.5 million , or $ 3.09 a share .

Sales rose 7 % to $ 3.8 billion .

The company earned $ 191.1 million , or $ 2.79 a share , in the year-earlier period .

Colgate 's 1988 net income included $ 40.1 million , or 59 cents a share , from discontinued operations .

Colgate sold its hospital supply and home health care business last year .

Separately , Colgate Wednesday finalized an agreement with MacroChem Corp. , a tiny dental products and pharmaceutical concern based in Billerica , Mass. , to market in the U.S. four of MacroChem 's FDA-approved dental products .

The products -- sealants and bonding materials used by dentists -- all contain fluoride that is released over time .

The move is part of a drive to increase Colgate 's business with dentists , a company spokeswoman said .

Terms of the agreement were n't given .

USACafes Limited Partnership said it completed the sale of its Bonanza restaurant franchise system to a subsidiary of Metromedia Co. for $ 71 million in cash .

USACafes , which is nearly half-owned by Sam and Charles Wyly of Dallas , said it will distribute proceeds from the sale to unit holders as a liquidating dividend as soon as possible .

The Bonanza franchise system , which generates about $ 600 million in sales annually , represented substantially all of the partnership 's assets .

The sale of the system has been challenged in a class-action suit on behalf of unit holders filed last week in a Delaware court , USACafes said .

The company said it believes the suit is without merit .

American Telephone & Telegraph Co. unveiled a sweetened pension and early-retirement program for management that it hopes will enable it to save $ 450 million in the next year .

AT&T also said net income rose 19 % in the third quarter .

AT&T said its amended pension program will nearly double to 34,000 the number of managers eligible to retire with immediate pension payments .

AT&T said that based on studies of other companies that have offered retirement plans , it expects about one-third of its eligible managers to retire under the new program .

AT&T said third-quarter net income grew , despite stiff competition in all of the company 's markets .

Net income rose to $ 699 million , or 65 cents a share , from the year-earlier $ 587 million , or 55 cents a share .

Revenue edged up to $ 8.9 billion from $ 8.81 billion .

The latest period 's net was reduced $ 102 million , or nine cents a share , for a change in depreciation method and concurrent changes in estimates of depreciable lives and net salvage for certain telecommunications equipment .

The results roughly matched estimates of securities analysts , who were encouraged by AT&T increasing its operating margin to 13 % from 11 % a year ago , because of continued cost-cutting efforts .

Sales of long-distance services , an extremely competitive market , rose 6.4 % .

But the growth was partly offset by lower equipment sales and rentals and price cuts on some products .

Under the amended pension program , AT&T managers who have at least five years of service will have five years added to their age and length of service for pension purposes .

Managers who retire Dec. 30 will have an additional 15 % added to their monthly pension for as long as five years or age 65 , whichever comes earlier .

An AT&T spokeswoman said the company would likely replace about one-third of its managers who choose to retire with new employees .

Analysts hailed the sweetened pension package , which they said had been the subject of rumors for several months .

This tells you AT&T is serious about continuing to manage their cost structure and is committed to 20%-a-year earnings growth , said Jack Grubman , an analyst with PaineWebber Inc .

But other analysts expressed disappointment that the cost-cutting move won’t result in even greater earnings growth .

This is a good move , but it only gets you to where people 's expectations already are , in terms of earnings growth , said Joel D. Gross , an analyst with Donaldson , Lufkin & Jenrette .

Mr. Gross said he had hoped that a cost savings of $ 450 million would result in even greater growth than the 20 % annual earnings increase AT&T has told analysts it expects in the future .

AT&T said the special retirement option will increase fourth-quarter expenses .

But the company said the amount ca n't be determined until it knows how many managers opt to retire .

AT&T said the expense increase will be largely offset by a gain from its previously announced plan to swap its holdings in Ing . C. Olivetti & Co. for shares in Cie . Industriali Riunite , an Italian holding company .

For the nine months , AT&T said net income was $ 1.99 billion , or $ 1.85 a share , up 19 % from $ 1.67 billion , or $ 1.56 a share .

Revenue gained 3.1 % to $ 26.81 billion from $ 26 billion .

In composite trading yesterday on the New York Stock Exchange , AT&T shares closed at $ 43.375 , up 87.5 cents .

When it comes to buying and selling shares , Westridge Capital Management Inc. takes a back seat to no one .

Every dollar 's worth of stock in the Los Angeles money manager 's portfolio is traded seven or eight times a year , the firm estimates .

That makes it the most active trader among all the nation 's investment advisers , according to Securities and Exchange Commission filings .

But wait a second .

Westridge Capital is an index fund -- the type of stolid long-term investor whose goal is to be nothing more than average .

Westridge Capital 's frenetic trading reflects the changes sweeping through the previously sleepy world of indexing .

Indexing for the most part has involved simply buying and then holding stocks in the correct mix to mirror a stock market barometer , such as Standard & Poor 's 500-stock index , and match its performance .

Institutional investors have poured $ 210 billion into stock and bond indexing as a cheap and easy form of investment management that promises to post average market returns .

These big investors have flocked to indexing because relatively few active '' stock pickers have been able to consistently match the returns of the S&P 500 or other bellwethers , much less beat it .

And the fees investors pay for indexing run a few pennies for each $ 100 of assets -- a fraction of the cost of active managers .

That 's because computers do most of the work , and low trading activity keeps a lid on commission costs .

But today , indexing is moving from a passive investment strategy to an increasingly active one .

Because index-fund managers are no longer satisfied with merely being average , they have developed enhanced '' indexing strategies that are intended to outperform the market as much as three percentage points .

Indexing has been the most single successful investment concept in the last decade , but the index money has been just sort of sitting there , says Seth M. Lynn , president of Axe Core Investors Inc. , an indexer based in Tarrytown , N.Y .

Now the interest is in what else can I do with that money . ''

Among the souped-up indexing strategies : Indexed portfolios can be built around thousands of stocks , or just a few dozen , rather than being restricted to the S&P 500 companies .

They can ignore the S&P 500 stocks altogether and focus on particular types of stocks , such as smaller companies , those paying high dividends or companies in a particular industry , state or country .

With today 's computer-driven program trading techniques , index funds can trade back and forth between stock-index futures and the actual stocks making up indexes such as the S&P 500 .

Futures and options also make it possible to build synthetic '' index funds that do n't actually own a single share of stock , but can produce returns that match or exceed the broad stock market .

One reason for these hybrids is that indexing 's rapid growth is slowing , particularly for those plain vanilla '' funds that mirror the S&P 500 .

There is n't a boatload -LCB- of big investors -RCB- out there still waiting to get into indexing , says P. James Kartalia , vice president of ANB Investment Management Co. , Chicago , which offers both indexing and active management services .

-LRB- After tripling in size in the past five years , index funds now hold about 20 % of the stock owned by pension funds . -RRB-

A further problem is razor-thin profits .

Plain-vanilla funds have become so commonplace that fees they can charge have plunged to almost nothing , and in some cases are just that .

To land customers for their well-paying stock custodial business , big banks sometimes will throw in basic indexing services for free .

It 's like getting a free toaster when you open an account , says Axe Core 's Mr. Lynn .

As a result , indexers have been looking for ways to give investors something more than the average for their money .

And many have been successful , as in the case of the index fund operated by hyper-trader Westridge Capital .

Westridge Capital has used enhanced indexing techniques to beat the S&P 500 's returns by 2.5 to 3 percentage points over the past four years , with the same risk level as holding the S&P 500 stocks , according to James Carder , the firm 's president .

Strategies vary for Westridge Capital , which has $ 300 million under management .

The firm sometimes buys S&P 500 futures when they are selling at a discount to the actual stocks , and will switch back and forth between stocks and stock-index futures to take advantages of any momentary price discrepencies .

Mr. Carder also goes through periods when he buys stocks in conjunction with options to boost returns and protect against declines .

And in some months , he buys stock-index futures and not stocks at all .

By their nature , our trades are very short-term and are going to create high turnover , Mr. Carder adds .

The more turnover , the better for our clients . ''

Big indexer Bankers Trust Co. also uses futures in a strategy that on average has added one percentage point to its enhanced fund 's returns .

J. Thomas Allen , president of Pittsburgh-based Advanced Investment Management Inc. , agrees it 's a good idea to jump between the S&P 500 stocks and futures .

You 're buying the S&P , and you always want to hold the cheapest form of it , he says .

But some indexers make little or no use of futures , saying that these instruments present added risks for investors .

If the futures markets have a problem , then those products could have a problem , says John Zumbrunn , managing director of Prudential Insurance Co. of America 's Investment Index Technologies Inc. unit .

Prudential currently is seeking approval to offer a new fund offering a return equal to the S&P 500 index plus 5\/100 of a percentage point .

An added feature is that the slighty improved return would be guaranteed by Prudential .

There are many other strategies to bolster the returns of index funds .

They include :

LIMITED RISK FUNDS :

These guarantee protection against stock market declines while still passing along most gains .

Here a fund may promise to pay back , say , $ 95 of every $ 100 invested for a year , even if the market goes much lower .

The fund could invest $ 87 for one year in Treasury bills yielding 8 % to return the guaranteed $ 95 .

That leaves $ 13 , which could be used to buy S&P 500 options that will nearly match any gain in the S&P index .

MANAGER REPLICATION FUNDS :

Say a big investor is interested in growth stocks .

Instead of hiring one of the many active managers specializing in growth stocks , indexers can design a portfolio around the same stocks ; the portfolio will be maintained by computer , reducing both fees and , in theory , risk -LRB- because of the large number of stocks -RRB- .

We see a lot of interest in those kind of things , says Frank Salerno , a vice president of Bankers Trust .

People comfortable with the passive approach are using them for other strategies . ''

TILT FUNDS :

This is an index fund with a bet .

Instead of replicating the S&P 500 or some other index exactly , some stocks are overweighted or underweighted in the portfolio .

One simple approach is to exclude S&P 500 companies considered bankruptcy candidates ; this can avoid weak sisters , but also can hurt when a company like Chrysler Corp. rebounds .

Another approach : An investor with $ 100 million might use $ 75 million to buy the S&P 500 index and spend the other $ 25 million on a favorite group of stocks .

SPECIALIZED FUNDS :

Indexes can be constructed to serve social goals , such as eliminating the stocks of companies doing business in South Africa .

Other funds have been designed to concentrate on stocks in a geographic area in order to encourage local investment .

Pennsylvania State Employees Retirement System , for example , has about $ 130 million invested in a fund of 244 companies that are either Pennsylvania-based or have 25 % of their work forces in the state .

Short interest on the New York Stock Exchange declined for the second consecutive month , this time 4.2 % , while the American Stock Exchange reported its third consecutive record month of short interest .

The Big Board reported that short interest dropped to 523,920,214 shares as of Oct. 13 from 547,347,585 shares in mid-September .

Amex short interest climbed 3 % to 53,496,665 shares from 51,911,566 shares .

For the year-earlier month , the Big Board reported 461,539,056 shares , indicating a 13.5 % year-to-year rise , while the Amex reported 36,015,194 shares , a 48 % leap .

Amex short interest has been heading upward since mid-December , with increases in each month since then except at mid-July .

Traders who sell short borrow stock and sell it , betting that the stock 's price will decline and that they can buy the shares back later at a lower price for return to the lender .

Short interest is the number of shares that have n't yet been purchased for return to lenders .

Although a substantial short position reflects heavy speculation that a stock 's price will decline , some investors consider an increase in short interest bullish because the borrowed shares eventually must be bought back .

Fluctuation in short interest of certain stocks also may be caused partly by arbitraging .

The figures occasionally include incomplete transactions in restricted stock .

The level of negative sentiment measured by the Big Board short interest ratio slipped to 3.36 from last month 's 3.38 .

The ratio is the number of trading days , at the exchange 's average trading volume , that would be required to convert the total short interest position .

Some analysts suggest , however , that the ratio has weakened in value as an indicator because options and other products can be used to hedge short positions .

Varity Corp. led the Big Board list of largest short volumes with 12,822,563 shares .

Varity has proposed to acquire K-H Corp. , consisting of the auto parts division and some debt of Fruehauf Corp. , for $ 577.3 million of cash and securities .

Chemical Waste Management posted the biggest increase in short volume on the New York exchange , up 3,383,477 shares to 5,267,238 .

Bristol-Myers Squibb Co. , the entity formed from the recent acquisition of Squibb Corp. by Bristol-Myers Co. , logged the largest volume decline , 7,592,988 shares , to 12,017,724 .

Short interest in International Business Machines Corp. plunged to 1,425,035 shares from 2,387,226 shares a month earlier .

Also closely watched is Exxon Corp. , where short interest slid to 4,469,167 shares from 5,088,774 .

On a percentage basis , Germany Fund Inc. led the gainers , leaping to 67,972 shares from three shares .

TransCanada PipeLines Ltd. led the percentage decliners , dropping to 59 shares from 183,467 .

The Amex short interest volume leader again was Texas Air Corp. , rising to 3,820,634 shares from 3,363,949 .

Bolar Pharmaceutical Co. posted the largest volume increase , 552,302 shares , to 2,157,656 .

The company is under an investigation concerning procedures to gain Food and Drug Administration approval of generic drugs .

Bolar has denied any wrongdoing .

The largest volume drop -- down 445,645 shares to 141,903 -- came in shares represented by B.A.T Industries PLC 's American depositary receipts .

The company is facing a takeover proposal from the financier Sir James Goldsmith .

First Iberian Fund led the percentage increases , rising to 73,100 shares from 184 .

Nelson Holdings International Ltd. dropped the most on a percentage basis , to 1,000 shares from 255,923 .

The adjacent tables show the Big Board and Amex issues in which a short interest position of at least 100,000 shares existed as of mid-October or in which there was a short position change of at least 50,000 shares since mid-September .

Your Oct. 12 editorial Pitiful , Helpless Presidency ? '' correctly states that I was critical of the Bush administration 's failure to have any plan in place to respond in a timely fashion to the opportunities to oust Manuel Noriega presented by the attempted military coup on Oct. 3 .

You are absolutely wrong , however , in opining that this position is some kind of flip-flop , something newly arrived at as a result of reading the opinion polls .

My position is one founded on both the facts and the law .

Although you may have forgotten , public opinion about Gen. Noriega is where it is in large measure because of my investigation of his years of involvement in narcotics smuggling -LRB- and simultaneous work as a U.S. operative -RRB- .

The public made up its mind about Gen. Noriega largely as a result of the hearings I chaired in the Subcommittee on Terrorism and Narcotics of the Foreign Relations Committee on Feb. 8 , 9 , 10 and 11 , 1988 , and again on April 4 , 1988 .

It was during those hearings that the nation first learned the breadth and depth of Gen. Noriega 's criminality , and of his enduring relationships with a variety of U.S. government agencies .

Those hearings also highlighted how Gen. Noriega was able to use his relationships with these agencies to delay U.S. action against him , and to exploit the administration 's obsession with overthrowing the Sandinistas to protect his own drug-dealing .

As former Ambassador to Costa Rica Francis J. McNeil testified before the subcommittee , the Reagan administration knew that Gen. Noriega was involved with narcotics , but made a decision in the summer of 1986 to put Gen. Noriega on the shelf until Nicaragua was settled . ''

As the report issued by the subcommittee concluded , Our government did nothing regarding Gen. Noriega 's drug business and substantial criminal involvement because the first priority was the Contra war .

This decision resulted in at least some drugs entering the United States as a hidden cost of the war . ''

Unfortunately , this problem continued even after Gen. Noriega 's indictment .

Throughout 1988 and this year , I and others in Congress have pressed the U.S. to develop a plan for pushing this narcokleptocrat '' out of Panama .

Regrettably , two administrations in a row have been unwilling and unable to develop any plan , military or economic , for supporting the Panamanian people in their attempts to restore democracy .

Sen. John Kerry -LRB- D. , Mass . -RRB-

For Vietnamese , these are tricky , often treacherous , times .

After years of hesitation , economic and political reform was embraced at the end of 1986 , but ringing declarations have yet to be translated into much action .

Vietnam is finding that turning a stagnant socialist order into a dynamic free market does n't come easy .

Here is how three Vietnamese are coping with change :

The Tire King

Nguyen Van Chan is living proof that old ways die hard .

Mr. Chan used to be an oddity in Hanoi : a private entrepreneur .

His business success made him an official target in pre-reform days .

Mr. Chan , now 64 years old , invented a fountain pen he and his family produced from plastic waste .

Later , he marketed glue .

Both products were immensely popular .

For his troubles , Mr. Chan was jailed three times between 1960 and 1974 .

Though his operation was registered and used only scrap , he was accused of conducting illegal business and possessing illegal materials .

Once he was held for three months without being charged .

Things were supposed to change when Vietnam 's economic reforms gathered pace , and for awhile they did .

After years of experimenting , Mr. Chan produced a heavy-duty bicycle tire that outlasted its state-produced rival .

By 1982 , he was selling thousands of tires .

Newspapers published articles about him , and he was hailed as the tire king . ''

His efforts earned a gold medal at a national exhibition -- and attracted renewed attention from local authorities .

District police in 1983 descended on his suburban home , which he and his large family used as both residence and factory , and demanded proof the house and equipment were his .

He produced it .

That was the first time they lost and I won , he says .

He was further questioned to determine if he was a real working man or an exploiter . ''

Says Mr. Chan : When I showed it was from my own brain , they lost for the second time . ''

But a few days later the police accused him of stealing electricity , acquiring rubber without permission and buying stolen property .

Warned he was to be jailed again , he fled to the countryside .

His family was given three hours to leave before the house and contents were confiscated .

With only the clothes they were wearing , family members moved to a home owned by one of Mr. Chan 's sons .

After six months on the run , Mr. Chan learned the order for his arrest had been canceled .

He rejoined his family in January 1984 and began the long struggle for justice , pressing everyone from Hanoi municipal officials to National Assembly deputies for restoration of his rights .

He and his family kept afloat by repairing bicycles , selling fruit and doing odd jobs .

Mr. Chan achieved a breakthrough in 1987 -- and became a minor celebrity again -- when his story was published in a weekly newspaper .

In 1988 , 18 months after the sixth congress formally endorsed family-run private enterprise , district authorities allowed Mr. Chan to resume work .

By late last year he was invited back as the tire king '' to display his products at a national exhibition .

National leaders stopped by his stand to commend his achievements .

Mr. Chan now produces 1,000 bicycle and motorbike tires a month and 1,000 tins of tire-patching glue in the son 's small house .

Eighteen people pack the house 's two rooms -- the Chans , four of their 10 children with spouses , and eight of 22 grandchildren .

Most sleep on the floor .

Come daybreak , eight family members and two other workers unroll a sheet of raw rubber that covers the floor of the house and spills out onto the street .

The primitive operations also burst out the back door into a small courtyard , where an ancient press squeezes rubber solution into a flat strip and newly made tires are cooled in a bathtub filled with water .

Mr. Chan talks optimistically of expanding , maybe even moving into the import-export field .

First , however , he has unfinished business .

When district authorities allowed him to resume manufacturing , they released only one of his machines .

They didn’t return the rubber stocks that represent his capital .

Nor did they return his house and contents , which he values at about $ 44,000 .

He wants to recover more than just his property , though .

I want my dignity back , he says .

The Editor

Nguyen Ngoc seemed an obvious choice when the Vietnamese Writers Association was looking for a new editor to reform its weekly newspaper , Van Nghe .

After the sixth congress , journalists seized the opportunity provided by the liberalization to probe previously taboo subjects .

Mr. Ngoc , 57 years old , had solid reformist credentials : He had lost his official position in the association in he early 1980s because he questioned the intrusion of politics into literature .

Appointed editor in chief in July 1987 , Mr. Ngoc rapidly turned the staid Van Nghe into Vietnam 's hottest paper .

Circulation soared as the weekly went way beyond standard literary themes to cover Vietnamese society and its ills .

Readers were electrified by the paper 's audacity and appalled by the dark side of life it uncovered .

One article recounted a decade-long struggle by a wounded soldier to prove , officially , he was alive .

Another described how tax-collection officials in Thanh Hoa province one night stormed through homes and confiscated rice from starving villagers .

The newspaper also ran a series of controversial short stories by Nguyen Huy Thiep , a former history teacher , who stirred debate over his interpretation of Vietnamese culture and took a thinly veiled swipe at writers who had blocked his entry into their official association .

Van Nghe quickly made influential enemies .

Those who manage ideology and a large number of writers reacted badly '' to the restyled paper , says Lai Nguyen An , a literary critic .

After months of internal rumblings , Mr. Ngoc was fired last December .

His dismissal triggered a furor among intellectuals that continues today .

Under Mr. Ngoc , Van Nghe protected the people instead of the government , says Nguyen Duy , a poet who is the paper 's bureau chief for southern Vietnam .

The paper reflected the truth .

For the leadership , that was too painful to bear . ''

The Billionaire '

Nguyen Thi Thi is Vietnam 's entrepreneur of the 1980s .

Her challenge is to keep her fledgling empire on top in the 1990s .

Mrs. Thi didn’t wait for the reforms to get her start .

She charged ahead of the government and the law to establish Hochiminh City Food Co. as the biggest rice dealer in the country .

Her success , which included alleviating an urban food shortage in the early 1980s , helped persuade Hanoi to take the reform path .

Her story is becoming part of local folklore .

A lifelong revolutionary with little education who fought both the French and the U.S.-backed Saigon regime , she switched effortlessly to commerce after the war .

Her instincts were capitalistic , despite her background .

As she rode over regulations , only her friendship with party leaders , including Nguyen Van Linh , then Ho Chi Minh City party secretary , kept her out of jail .

Following Mr. Linh 's appointment as secretary-general of the party at the sixth congress , Mrs. Thi has become the darling of doi moi '' , the Vietnamese version of perestroika .

The authorities have steered foreign reporters to her office to see an example of the new way of thinking . ''

Foreign publications have responded with articles declaring her Vietnam 's richest woman .

Some people call me the communist billionaire , she has told visitors .

Actually , 67-year-old Mrs. Thi is about as poor as almost everyone else in this impoverished land .

She has indeed turned Hochiminh City Food into a budding conglomerate , but the company itself remains state-owned .

She manages it with the title of general-director .

The heart of the business is the purchase of rice and other commodities , such as corn and coffee , from farmers in the south , paying with fertilizer , farm tools and other items .

Last year , Hochiminh City Food says it bought two million metric tons of unhusked rice , more than 10 % of the country 's output .

The company operates a fleet of trucks and boats to transport the commodities to its warehouses .

A subsidiary company processes commodities into foods such as instant noodles that are sold with the rice through a vast retail network .

In recent years , Mrs. Thi has started to diversify the company , taking a 20 % stake in newly established , partly private Industrial and Commercial Bank , and setting up Saigon Petro , which owns and operates Vietnam 's first oil refinery .

Mrs. Thi says Hochiminh City Food last year increased pretax profit 60 % to the equivalent of about $ 2.7 million on sales of $ 150 million .

She expects both revenue and profit to gain this year .

She is almost cavalier about the possibility Vietnam 's reforms will create rivals on her home turf .

I do n't mind the competition inside the country , she says .

I am only afraid that with Vietnam 's poor-quality products we ca n't compete with neighboring countries .

The earthquake that hit the San Francisco Bay area is n't likely to result in wholesale downgrading of bond ratings , officials at the two major rating agencies said .

Standard & Poor 's Corp. is reviewing debt issued by 12 California counties , and there are potential isolated problems , said Hyman Grossman , a managing director .

The agency is preparing a report , to be issued today , on the earthquake 's impact on the property- and casualty-insurance industry .

The only securities so far to be singled out are those issued by Bay View Federal Savings & Loan .

Moody 's Investors Service Inc. said it is reviewing , with an eye toward a possible downgrade , the ratings on Bay View Federal bonds , long-term deposits and the preferred-stock rating of its parent company , Bay View Capital Corp .

As for property and casualty insurers , Moody 's said preliminary estimates suggest that losses should not have a significant impact on most insurers ' financial condition , but it raises concerns about potentially substantial risks '' longer-term .

Losses from the earthquake are expected to be of similar magnitude to those of Hurricane Hugo , according to Moody 's .

Your Oct. 5 editorial A Democratic Tax Cut '' contained an error .

In the third paragraph it referred to the senators seeking loophole suggestions from lobbyists for various sectors of the economy .

Among them , banana farmers . ''

The only significant commercial banana farmers in the U.S. are in Hawaii .

The Hawaii Banana Industry Association , to which nearly all of them belong , has no lobbyist .

Thomas V. Reese Sr . Maui Banana Co .

Western Digital Corp. reported a net loss of $ 2.7 million , or nine cents a share , for its first quarter ended Sept. 30 , citing factors as varied as hurricane damage , an advance in graphics technology and the strengthening dollar .

In the year-ago period , the company earned $ 12.9 million , or 45 cents a share , on sales of $ 247 million .

Sales for the just-ended period fell to about $ 225 million , the maker of computer parts said .

Nonetheless , Chairman Roger W. Johnson said he expects the company to be profitable in the current quarter .

We are positioned to come through , he said , noting that the company 's backlog was up from the previous quarter .

In its second quarter last year , Western Digital earned $ 12.7 million , or 44 cents a share , on sales of $ 258.4 million .

Mr. Johnson said Western Digital 's plant in Puerto Rico was affected by Hurricane Hugo , losing three days ' production because of the storm , which wrecked much of the Caribbean island 's infrastructure .

Although the plant itself was n't damaged , Mr. Johnson said millions of dollars in first-quarter revenue were lost .

The revenue will be regained in the current period , he added .

There are no plans to initiate a common stock dividend , Mr. Johnson said , explaining that the board continues to believe shareholders are best served by reinvesting excess cash .

Mr. Johnson said the first-quarter loss also heavily reflected a rapid change in graphics technology that left reseller channels with too many of the old computer graphics boards and too few new monitors compatible with the new graphics boards .

Western Digital does n't make the monitors .

An accelerating move by personal computer manufacturers ' to include advanced graphics capabilities as standard equipment further dampened reseller purchases of Western Digital 's equipment .

The other areas of the business -- storage and microcomputers -- were very good , Mr. Johnson said .

He said Western Digital has reacted swiftly to the movement to video graphics array , VGA , graphics technology from the old enhanced graphics adapter , EGA , which has a lower resolution standard , technology and now is one of the leading producers of these newer units .

Other makers of video controller equipment also were caught in the EGA-VGA shift , he said , but we were able to respond much more quickly . ''

Still , Mr. Johnson said , our stock is grossly undervalued . ''

He said the company has cut operating expenses by about 10 % over the last few quarters , while maintaining research and development at about 8 % to 9 % of sales .

As part of its reorganization this week , Western Digital has divided its business into two segments -- storage products , including controllers and disk drives ; and microcomputer products , which include graphics , communications and peripheral control chips .

Graphics , communications and peripheral control chips were combined because , increasingly , multiple functions are being governed by a single chip .

Storage , which includes computer controllers and 3.5-inch disk drives , represents nearly two-thirds of the company 's business .

Disk drives , which allow a computer to access its memory , generated 38 % more revenue in the most recent period compared with the fiscal first quarter a year earlier .

Computer parts are getting ever smaller , Mr. Johnson said , a shrinking that has propelled laptops into position as the fastest-growing segment of the computer business .

As smaller and more powerful computers continue to be the focus of the industry , he said , Western Digital is strengthening development of laptop parts .

Next year Western Digital plans to consolidate its operations from 11 buildings in Irvine into two buildings in the same city a new headquarters and , a block away , a modern $ 100 million silicon wafer fabrication plant .

The plan will help the company in its existing joint manufacturing agreement with AT&T .

About half of Western Digital 's business is overseas , and Mr. Johnson expects that proportion to continue .

Plans to dissolve many of the trade barriers within Europe in 1992 creates significant opportunities for the company , he said , particularly since Western Digital already manufactures there .

Capitalizing on that presence , Western Digital is launching a major effort to develop the embryonic reseller market in Europe .

Directors of state-owned Banca Nazionale del Lavoro approved a two-step capital-boosting transaction and a change in the bank 's rules that will help it operate more like a private-sector institution .

Until now , BNL 's top managers and its directors have been appointed by a Treasury decree .

But under the bank 's proposed statutes , an assembly of shareholders must approve board members .

The bank 's chairman and director general , who also sit on the board , still would be appointed by the Treasury .

BNL , which is controlled by the Italian Treasury , was rocked by the disclosure last month that its Atlanta branch extended more than $ 3 billion in unauthorized credits to Iraq .

The ensuing scandal , in which the bank 's management resigned , has helped renew calls for privatization , or at least an overhaul , of Italy 's banking system , which is about 80 % state-controlled .

In a related move , the bank also proposed that board representation be linked more closely to the bank 's new shareholding structure .

BNL called a shareholders ' assembly meeting in December to vote on the proposals .

BNL has about 75,000 nonvoting shares that are listed on the Milan Stock Exchange .

The shares were suspended from trading following disclosure of the Atlanta scandal ; Consob , the stock exchange regulatory body , reportedly will decide soon whether to end the trading suspension .

Switzerland 's wholesale price index increased 0.3 % in September from August , and was up 3.9 % from a year ago , marking the first time this year that the index has fallen below 4 % on a year-to-year basis , the government reported .

The government attributed the 0.3 % month-to-month rise in the index largely to higher energy prices .

In August , the index was up 0.2 % from the previous month , and was up 4.5 % on a year-to-year basis .

The wholesale price index , based on 1963 as 100 , was 180.9 in September .

American Express Co. posted a 21 % increase in third quarter net income despite a sharp rise in reserves for Third World loans at its banking unit .

Aided by a sharp gain in its travel business , American Express said net rose to $ 331.8 million , or 77 cents a share , from $ 273.9 million , or 64 cents a share .

The year-earlier figures included $ 9.9 million , or three cents a share , in income from discontinued operations .

Income from continuing operations was up 26 % .

Revenue rose 24 % to $ 6.5 billion from $ 5.23 billion .

The travel , investment services , insurance and banking concern added $ 110 million to reserves for credit losses at its American Express Bank unit , boosting the reserve to $ 507 million as of Sept. 30 .

The bank 's Third World debt portfolio totals $ 560 million , down from $ 2.2 billion at the end of 1986 .

The bank charged off $ 53 million in loans during the quarter .

At the American Express Travel Related Services Co. unit , net rose 17 % to a record $ 240.8 million on a 19 % revenue increase .

The figures exclude businesses now organized as American Express Information Services Co .

American Express card charge volume rose 12 % .

Travel sales rose 11 % , led by gains in the U.S. .

At IDS Financial Services , the financial planning and mutual fund unit , net rose 19 % to a record $ 47.6 million on a 33 % revenue gain .

Assets owned or managed rose 20 % to $ 45 billion , and mutual fund sales rose 45 % in the quarter to $ 923 million .

American Express Bank earnings fell 50 % to $ 21.3 million from $ 42.5 million despite a 29 % revenue gain .

The results include $ 106 million of tax benefits associated with previous years ' Third World loan activity , compared with $ 15 million a year earlier .

Profit rose 38 % at American Express Information Services to $ 21.6 million .

Shearson Lehman Hutton Holdings Inc. , as previously reported , had net of $ 65.9 million , reversing a $ 3.5 million loss a year earlier ; its latest results include a $ 37 million gain from the sale of an institutional money management business .

American Express 's share of Shearson 's earnings was $ 41 million , after preferred stock dividends ; it owns about 68 % of Shearson 's common .

For the nine months , American Express said net rose 11 % to $ 899.8 million , or $ 2.09 a share , from $ 807.5 million , or $ 1.89 a share .

Revenue rose 24 % to $ 18.73 billion from $ 15.09 billion .

Textron Inc. , hampered by a slowdown in its defense sales , reported an 8 % decline in per-share earnings on nearly flat revenue for its third quarter .

The aerospace and financial services concern said net income fell 5 % to $ 59.5 million from $ 62.8 million .

Revenue of $ 1.73 billion was almost unchanged from last year 's $ 1.72 billion .

Per-share net of 66 cents , down from 72 cents , fell by more than overall net because of more shares outstanding .

The company said that improved results in its financial-services sector were negated by increased costs in its government contract business , lower operating earnings in its commercial-products sector and soft automotive markets .

Net was aided by a lower income tax rate .

Profit before taxes fell 17 % to $ 84.4 million from $ 101.4 million .

For the nine months , Textron reported net of $ 182.1 million , or $ 2.06 a share , on revenue of $ 5.41 billion .

A year ago , net was $ 170.4 million , or $ 1.93 a share , on revenue of $ 5.3 billion .

The nine-month results included a $ 9.5 million special charge in 1989 for an arbitration settlement related to past export sales , and $ 29.7 million in extraordinary charges in 1988 related to a former line of business and early redemption of debt .

Textron said that nine-months ' results do n't include earnings of Avdel PLC , a British maker of industrial fasteners , but do include interest costs of $ 16.4 million on borrowings related to the proposed purchase of Avdel .

A federal judge has issued a preliminary injunction against the purchase because of Federal Trade Commission concerns that the transaction would reduce competition in the production of two kinds of rivets .

For the quarter , Textron said aerospace revenue , including Bell helicopter and jet-engine manufacture , declined 9.8 % to $ 755.9 million from $ 838.3 million , an indication of slowing government defense work .

As the Hunt brothers ' personal bankruptcy cases sputter into their second year , Minpeco S.A. has proposed a deal to settle its huge claim against the troubled Texas oil men .

But the plan only threatens to heighten the tension and confusion already surrounding the cases that were filed in September 1988 .

The Peruvian mineral concern 's $ 251 million claim stems from 1988 jury award in a case stemming from the brothers ' alleged attempts to corner the 1979-80 silver market .

Minpeco now says it is willing to settle for up to $ 65.7 million from each brother , although the actual amount would probably be much less .

Although the proposal must be approved by federal Judge Harold C. Abramson , W. Herbert Hunt has agreed to the Peruvian mineral concern 's proposal .

Nelson Bunker Hunt is considering it , although his attorney says he won’t do it if the proposal jeopardizes a tentative settlement he has reached with the Internal Revenue Service , which claims the brothers owe $ 1 billion in back taxes and is by far the biggest creditor in both cases .

The tentative agreement between the IRS and Nelson Bunker Hunt is awaiting U.S. Justice Department approval .

Under it , the former billionaire 's assets would be liquidated with the IRS getting 80 % of the proceeds and the rest being divided among other creditors , including Minpeco and Manufacturers Hanover Trust Co. , which is seeking repayment of a $ 36 million loan .

A similiar proposal has been made in the W. Herbert Hunt case although he and the IRS are at odds over the size of the non-dischargable debt he would have to pay to the government from future earnings .

In both cases , Minpeco and Manufacturers Hanover have been fighting ferociously over their shares of the pie .

With support from the IRS , Manufacturers Hanover has filed suit asking Judge Abramson to subordinate Minpeco 's claim to those of Manufacturer Hanover and the IRS .

Minpeco has threatened a volcano '' of litigation if the Manufacturers Hanover Corp. unit attempts to force such a plan through the court .

Minpeco said it would n't pursue such litigation if its settlement plan in the W. Herbert Hunt case is approved by Judge Abramson , who will consider the proposal at a hearing next week .

Minpeco attorney Thomas Gorman decribed the plan as one step toward an overall settlement of the W. Herbert Hunt case but Hugh Ray , attorney for Manufacturers Hanover , called it silly '' and said he would fight it in court .

The thing is so fluid right now that there 's really no way to say what will happen , says Justice Department attorney Grover Hartt III , who represents the IRS in the case .

Developments like this are hard to predict .

Banc One Corp. said it agreed in principle to buy five branch offices from Trustcorp Inc. , Toledo , Ohio , following the planned merger of Trustcorp into Society Corp. , Cleveland .

The five offices in Erie and Ottawa counties in northern Ohio have total assets of about $ 88 million , Banc One said .

The purchase price will be established after Banc One has an opportunity to study the quality of the assets , Banc One said .

Society Corp. already has branches in the area , and selling the Trustcorp offices could avoid a problem with regulators over excessive concentration of banking in the two counties after the merger of Trustcorp into Society , according to industry sources .

The merger is scheduled to take place in the 1990 first quarter .

Stock-market fears and relatively more attractive interest rates pushed money-market mutual fund assets up $ 6.07 billion in the latest week , the sharpest increase in almost two years .

The 473 funds tracked by the Investment Company Institute , a Washington-based trade group , rose to $ 356.1 billion , a record .

The $ 6.07 billion increase was the strongest weekly inflow since January 1988 .

The increase was spread fairly evenly among all three types of funds .

Individual investors , represented in the general-purpose and broker-dealer fund categories , pulled money from the stock market after its big drop last Friday and put the money into funds , said Jacob Dreyer , vice president and chief economist of the Institute .

Insitutional investors , on the other hand , reacted to the steep decline in yields on direct money-market instruments following the stock-market decline last Friday , Mr. Dreyer said .

Yields on money funds dropped in the week ended Tuesday , according to Donoghue 's Money Fund Report , a Holliston , Mass. , newsletter .

The average seven-day compounded yield fell to 8.55 % from 8.60 % the week earlier , Donoghue 's said .

At the auction of six-month U.S. Treasury bills on Monday , the average yield fell to 7.61 % from 7.82 % .

Likewise , certificates of deposit on average posted lower yields in the week ended Tuesday .

The 142 institutional-type money funds rose $ 2.23 billion to $ 85.49 billion .

The 235 general-purpose funds increased $ 2.53 billion to $ 116.56 billion , while 96 broker-dealer funds increased $ 1.3 billion to $ 154.05 billion .

Domestic lending for real estate and property development was the source of Bank Bumiputra Malaysia Bhd. 's most recent spate of financial troubles , the institution 's executive chairman , Mohamed Basir Ismail , said .

Speaking to reporters this week after Bank Bumiputra 's shareholders approved a rescue plan , Tan Sri Basir said heavy lending to the property sector rocked the bank when property prices in Malaysia plummeted in 1984-85 .

He said the bank could n't wait any longer for prices to recover and for borrowers to service their loans .

So the bank 's board decided to make 1.23 billion Malaysian dollars -LRB- US$ 457 million -RRB- in provisions for interest payments from loans previously recorded as revenue but never actually received by the bank , and to submit a bailout package to replenish the bank 's paid-up capital .

The predicament , he added , was similar to the Hong Kong 1982-83 property-price collapse , which exposed the involvement of Bank Bumiputra 's former subsidiary in the colony in the largest banking scandal in Malaysia 's history .

The subsidiary , Bumiputra Malaysia Finance Ltd. , was left with M$ 2.26 billion in bad loans made to Hong Kong property speculators .

Both episodes wiped out Bank Bumiputra 's shareholders ' funds .

Each time , the bank 's 90 % shareholder -- Petroliam Nasional Bhd. , or Petronas , the national oil company -- has been called upon to rescue the institution .

In five years , Petronas , which became the dominant shareholder in a 1984 rescue exercise , has spent about M$ 3.5 billion to prop up the troubled bank .

Tan Sri Basir said the capital restructuring plan has been approved by Malaysia 's Capital Issues Committee and central bank .

Malaysia 's High Court is expected to approve the plan .

Once the plan is approved , Tan Sri Basir said , most of Bank Bumiputra 's nonperforming loans will have been fully provided for and the bank will be on track to report a pretax profit of between M$ 160 million and M$ 170 million for the fiscal year ending March 31 .

For the previous financial year , the bank would have reported a pretax profit of M$ 168 million if it had n't made provisions for the nonperforming loans , he said .

Malaysia 's Banking Secrecy Act prohibited the bank from identifying delinquent borrowers , said Tan Sri Basir .

But public documents indicate 10 % or more of the bank 's provisions were made for foregone interest on a M$ 200 million loan to Malaysia 's dominant political party , the United Malays National Organization , to build its convention and headquarters complex in Kuala Lumpur .

The loan to UMNO was made in September 1983 .

We lent a lot of money all over the place , said Tan Sri Basir , who refused to discuss the bank 's outstanding loans to

As well as the M$ 1.23 billion in provisions announced on Oct. 6 , the restructuring package covers an additional M$ 450 million in provisions made in earlier years but never reflected in a reduction of the bank 's paid-up capital .

At the end of the exercise , the cash injection from Petronas will increase the bank 's paid-up capital to M$ 1.15 billion after virtually being wiped out by the new provisions .

Heidi Ehman might have stepped from a recruiting poster for young Republicans .

White , 24 years old , a singer in her church choir , she symbolizes a generation that gave its heart and its vote to Ronald Reagan .

I felt kind of safe , she says .

No longer .

When the Supreme Court opened the door this year to new restrictions on abortion , Ms. Ehman opened her mind to Democratic politics .

Then a political novice , she stepped into a whirl of pro-choice '' marches , house parties and fund-raisers .

Now she leads a grassroots abortion-rights campaign in Passaic County for pro-choice Democratic gubernatorial candidate James Florio .

This is one where I cross party lines , she says , rejecting the anti-abortion stance of Rep. Florio 's opponent , Reagan-Republican Rep. James Courter .

People my age thought it was n't going to be an issue .

Now it has -- especially for people my age . ''

Polls bear out this warning , but after a decade of increased Republican influence here , the new politics of abortion have contributed to a world turned upside down for Mr. Courter .

Unless he closes the gap , Republicans risk losing not only the governorship but also the assembly next month .

Going into the 1990s , the GOP is paying a price for the same conservative social agenda that it used to torment Democrats in the past .

This change comes less from a shift in public opinion , which has n't changed much on abortion over the past decade , than in the boundaries of the debate .

New Jersey 's own highest court remains a liberal bulwark against major restrictions on abortion , but the U.S. Supreme Court ruling , Webster vs. Missouri , has engaged voters across the nation who had been insulated from the issue .

Before July , pro-choice voters could safely make political decisions without focusing narrowly on abortion .

Now , the threat of further restrictions adds a new dimension , bringing an upsurge in political activity by abortion-rights forces .

A recent pro-choice rally in Trenton drew thousands , and in a major reversal , Congress is defying a presidential veto and demanding that Medicaid abortions be permitted in cases of rape and incest .

If Webster had n't happened , you would n't be here , Linda Bowker tells a reporter in the Trenton office of the National Organization for Women .

We could have shouted from the rooftops about Courter ... and no one would have heard us . ''

New Jersey is a proving ground for this aggressive women's-rights movement this year .

The infusion of activists can bring a clash of cultures .

In Cherry Hill , the National Abortion Rights Action League , whose goal is to sign up 50,000 pro-choice voters , targets a union breakfast to build labor support for its cause .

The league organizers seem more a fit with a convention next door of young aerobics instructors in leotards than the beefy union leaders ; I wish I could go work out , says a slim activist .

A labor chief speaks sardonically of having to man and woman '' Election Day phones .

No age group is more sensitive than younger voters , like Ms. Ehman .

A year ago this fall , New Jersey voters under 30 favored George Bush by 56 % to 39 % over Michael Dukakis , according to a survey then by Rutgers University 's Eagleton Institute .

A matching Eagleton-Newark Star Ledger poll last month showed a complete reversal .

Voters in the same age group backed Democrat Florio 55 % to 29 % over Republican Courter .

Abortion alone ca n't explain this shift , but New Jersey is a model of how so personal an issue can become a baseline of sorts in judging a candidate .

By a 2-to-1 ratio , voters appear more at ease with Mr. Florio 's stance on abortion , and polls indicate his lead widens when the candidates are specifically linked to the issue .

The times are my times , says Mr. Florio .

The Camden County congressman still carries himself with a trademark I'm-coming-down-your-throat '' intensity , but at a pause in Newark 's Columbus Day parade recently , he was dancing with his wife in the middle of the avenue in the city 's old Italian-American ward .

After losing by fewer than 1,800 votes in the 1981 governor 's race , he has prepared himself methodically for this moment , including deciding in recent years he could no longer support curbs on federal funding for Medicaid abortions .

If you 're going to be consistent and say it is a constitutionally protected right , he asks , how are you going to say an upscale woman who can drive to the hospital or clinic in a nice car has a constitutional right and someone who is not in great shape financially does not ? ''

Mr. Courter , by comparison , seems a shadow of the confident hawk who defended Oliver North before national cameras at Iran-Contra hearings two years ago .

Looking back , he says he erred by stating his personal '' opposition to abortion instead of assuring voters that he would n't impose his views on policy '' as governor .

It is a distinction that satisfies neither side in the debate .

He does n't know himself , Kathy Stanwick of the Abortion Rights League says of Mr. Courter 's position .

Even abortion opponents , however angry with Mr. Florio , ca n't hide their frustration with the Republican 's ambivalence .

He does n't want to lead the people , says Richard Traynor , president of New Jersey Right to Life .

Moreover , by stepping outside the state 's pro-choice tradition , Mr. Courter aggravates fears that he is too conservative as well on more pressing concerns such as auto insurance rates and the environment .

He hurt himself further this summer by bringing homosexual issues into the debate ; and by wavering on this issue and abortion , he has weakened his credibility in what is already a mean-spirited campaign on both sides .

Elected to Congress in 1978 , the 48-year-old Mr. Courter is part of a generation of young conservatives who were once very much in the lead of the rightward shift under Mr. Reagan .

Like many of his colleagues , he didn’t serve in Vietnam in the 1960s yet embraced a hawkish defense and foreign policy -- even voting against a 1984 resolution critical of the U.S. mining of Nicaraguan harbors .

Jack Kemp and the writers Irving Kristol and George Gilder were influences , and Mr. Courter 's own conservative credentials proved useful to the current New Jersey GOP governor , Thomas Kean , in the 1981 Republican primary here .

The same partnership is now crucial to Mr. Courter 's fortunes , but the abortion issue is only a reminder of the gap between his record and that of the more moderate , pro-choice Gov. Kean .

While the Warren County congressman pursued an anti-government , anti-tax agenda in Washington , Gov. Kean was approving increased income and sales taxes at home and overseeing a near doubling in the size of New Jersey 's budget in his eight years in office .

Kean forces play down any differences with Mr. Courter , but this history makes it harder for the conservative to run against government .

Mr. Courter 's free-market plan to bring down auto insurance rates met criticism from Gov. Kean 's own insurance commissioner .

Mr. Courter is further hobbled by a record of votes opposed to government regulation on behalf of consumers .

Fluent in Spanish from his days in the Peace Corps , Mr. Courter actively courts minority voters but seems oddly over his head .

He is warm and polished before a Puerto Rican Congress in Asbury Park .

Yet minutes after promising to appoint Hispanics to high posts in state government , he is unable to say whether he has ever employed any in his congressional office .

I do n't think we do now , he says .

I think we did . ''

Asked the same question after his appearance , Democrat Florio identifies a staff member by name and explains her whereabouts today .

When he is presented with a poster celebrating the organization 's 20th anniversary , he recognizes a photograph of one of the founders and recalls time spent together in Camden .

Details and Camden are essential Florio .

Elected to Congress as a Watergate baby '' in 1974 , he ran for governor three years later .

In the opinion of many , he has n't stopped running since , even though he declined a rematch with Gov. Kean in 1985 .

His base in South Jersey and on the House Energy and Commerce Committee helped him sustain a network of political-action committees to preserve his edge .

With limited budgets for television in a high-priced market , Mr. Florio 's higher recognition than his rival is a major advantage .

More than ever , his pro-consumer and pro-environment record is in sync with the state .

Auto insurance rates are soaring .

A toxic-waste-dump fire destroyed part of an interstate highway this summer .

In Monmouth , an important swing area , Republican freeholders now run on a slogan promising to keep the county clean and green . ''

Mr. Florio savors this vindication , but at age 52 , the congressman is also a product of his times and losses .

He speaks for the death penalty as if reading from Exodus 21 ; to increase state revenue he focuses not on taxes '' but on audits '' to cut waste .

Hard-hitting consultants match ads with Mr. Courter 's team , and Mr. Florio retools himself as the lean , mean Democratic fighting machine of the 1990s .

Appealing to a young audience , he scraps an old reference to Ozzie and Harriet and instead quotes the Grateful Dead .

The lyric chosen -- long strange night '' -- may be an apt footnote to television spots by both candidates intended to portray each other as a liar .

The Democratic lawmaker fits a pattern of younger reformers arising out of old machines , but his ties to Camden remain a sore point because of the county 's past corruption .

His campaign hierarchy is chosen from elsewhere in the state , and faced with criticism of a sweetheart bank investment , he has so far blunted the issue by donating the bulk of his profits to his alma mater , Trenton State College .

Mr. Florio 's forcefulness on the abortion issue after the Webster ruling divides some of his old constituency .

Pasquale Pignatelli , an unlikely but enthusiastic pipe major in an Essex County Irish bagpipe band , speaks sadly of Mr. Florio .

I am a devout Catholic , says Mr. Pignatelli , a 40-year-old health officer .

I ca n't support him because of abortion . ''

Bill Wames Sr. , 72 , is Catholic too , but unfazed by Mr. Florio 's stand on abortion .

A security guard at a cargo terminal , he wears a Sons of Italy jacket and cap celebrating The US 1 Band . ''

I still think the woman has the right to do with her body as she pleases , he says .

If you want more opinions ask my wife .

She has lots of opinions .

Consumer prices rose a surprisingly moderate 0.2 % in September , pushed up mostly by a jump in clothing costs , the Labor Department reported .

Energy costs , which drove wholesale prices up sharply during the month , continued to decline at the retail level , pulling down transportation and helping to ease housing costs .

The report was the brightest news the financial markets had seen since before the stock market plunged more than 190 points last Friday .

The Dow Jones Industrial Average rallied on the news , closing 39.55 points higher at 2683.20 .

Bond prices also jumped as traders appeared to read the data as a sign that interest rates may fall .

But many economists were not nearly as jubilant .

The climb in wholesale energy prices is certain to push up retail energy prices in the next few months , they warned .

They also said the dollar is leveling off after a rise this summer that helped to reduce the prices of imported goods .

I think inflation is going to pick up through the fall , said Joel Popkin , a specialist on inflation who runs an economic consulting firm here .

It has been in what I would describe as a lull for the past several months . ''

We 've had whopping declines in consumer energy prices in each of the past three months , and at the wholesale level those are fully behind us now , said Jay Woodworth , chief domestic economist at Bankers Trust Co. in New York .

Because wholesale energy prices shot up by a steep 6.5 % last month , many analysts expected energy prices to rise at the consumer level too .

As a result , many economists were expecting the consumer price index to increase significantly more than it did .

But retail energy prices declined 0.9 % in September .

Though analysts say competition will probably hold down increases in retail energy prices , many expect some of the wholesale rise to be passed along to the consumer before the end of the year .

Still , some analysts insisted that the worst of the inflation is behind .

It increasingly appears that 1987-88 was a temporary inflation blip and not the beginning of a cyclical inflation problem , argued Edward Yardeni , chief economist at Prudential-Bache Securities Inc. in New York .

In both 1987 and 1988 , consumer prices rose 4.4 % .

A run-up in world oil prices last winter sent consumer prices soaring at a 6.7 % annual rate in the first five months of this year , but the subsequent decline in energy prices has pulled the annual rate back down to 4.4 % .

Mr. Yardeni predicted that world business competition will continue to restrain prices .

The bottom line is , it seems to me that the economic environment has become very , very competitve for a lot of businesses , he said .

Back in 1987-88 , business was operating at fairly tight capacity , so businesses felt they could raise prices . ''

Now , he said , a slowdown in economic activity has slackened demand .

The mild inflation figures renewed investors ' hopes that the Federal Reserve will ease its interest-rate stance .

The steep climb in producer prices reported last Friday fostered pessimism about lower interest rates and contributed to the stock market 's 6.9 % plunge that day .

In the past several days , however , the U.S. 's central bank has allowed a key interest rate to fall slightly to try to stabilize the markets .

Analysts say Fed policy makers have been wary of relaxing credit too much because they were still uncertain about the level of inflation in the economy .

Excluding the volatile categories of energy and food -- leaving what some economists call the core inflation rate -- consumer prices still rose only 0.2 % in September .

Transportation costs actually fell 0.5 % , and housing costs gained only 0.1 % .

Apparel prices rocketed up 1.7 % , but that was after three months of declines .

Medical costs continued their steep ascent , rising 0.8 % after four consecutive months of 0.7 % increases .

Car prices , another area that contributed to the steep rise in the wholesale index last month , still showed declines at the consumer level .

They dropped 0.4 % as dealers continued to offer rebates to attract customers .

Food prices rose 0.2 % for the second month in a row , far slower than the monthly rises earlier in the year .

Separately , the Labor Department reported that average weekly earnings rose 0.3 % in September , after adjusting for inflation , following a 0.7 % decline in August .

All the numbers are adjusted for seasonal fluctuations .

Here are the seasonally adjusted changes in the components of the Labor Department 's consumer price index for September .

After watching interest in the sport plummet for years , the ski industry is trying to give itself a lift .

Across the country , resorts are using everything from fireworks to classical-music concerts to attract new customers .

Some have built health spas , business centers and shopping villages so visitors have more to do than ski .

And this week , the industry 's efforts will go national for the first time when it unveils a $ 7 million advertising campaign .

Such efforts -- unheard of only a few years ago -- are the latest attempts to revive the sagging $ 1.76 billion U.S. ski industry .

Since the start of the decade , lift-ticket sales have grown only 3 % a year on average , compared with 16 % annual growth rates in the '60s and '70s .

Last season , lift-ticket sales fell for the first time in seven years .

By some estimates , nearly a fourth of all U.S. ski areas have been forced to shut down since the early '80s .

Competition and mounting insurance and equipment costs have been the undoing of many resorts .

But another big problem has been the aging of baby boomers .

Skiing , after all , has mainly been for the young and daring and many baby boomers have outgrown skiing or have too many family responsibilities to stick with the sport .

In its new ad campaign , created by D'Arcy Masius Benton & Bowles Inc. , Chicago , the ski industry is trying to change its image as a sport primarily for young white people .

One 60-second TV spot features a diverse group of skiers gracefully gliding down sun-drenched slopes : senior citizens , minorities , families with children -- even a blind skier .

Ski school is great , cries out a tot , bundled in a snowsuit as he plows down a bunny slope .

You 'll never know 'til you try , says a black skier .

We used to show some hot-dog skier in his twenties or thirties going over the edge of a cliff , says Kathe Dillmann , a spokeswoman for the United Ski Industries Association , the trade group sponsoring the campaign .

Ski promotions have traditionally avoided the touchy issue of safety .

But the new commercials deal with it indirectly by showing a woman smiling as she tries to get up from a fall .

We wanted to show it 's okay if you fall , says Ms. Dillmann .

Most people think if you slip , you 'll wind up in a body cast . ''

The ad campaign represents an unusual spirit of cooperation among resorts and ski equipment makers ; normally , they only run ads hyping their own products and facilities .

But in these crunch times for the ski industry , some resorts , such as the Angel Fire , Red River and Taos ski areas in New Mexico , have even started shuttle-busing skiers to each other 's slopes and next year plan to sell tickets good for all local lifts .

Many resorts also are focusing more on the service side of their business .

Since 40 % of skiers are parents , many slopes are building nurseries , expanding ski schools and adding entertainment for kids .

Vail , Colo. , now has a playland that looks like an old mining town ; kids can ski through and pan for fool 's gold .

For $ 15 , they can enjoy their own nightly entertainment , with dinner , without mom and dad .

A few years ago , parents usually had to hire a sitter or take turns skiing while one spouse stayed with the children .

Most parents who had to go through that never came back , says Michael Shannon , president of Vail Associates Inc. , which owns and operates the Vail and nearby Beaver Creek resorts .

To make skiing more convenient for time-strapped visitors , several resorts are buying or starting their own travel agencies .

In one phone call , ski buffs can make hotel and restaurant reservations , buy lift tickets , rent ski equipment and sign up for lessons .

And resorts are adding other amenities , such as pricey restaurants , health spas and vacation packages with a twist .

During Winter Carnival week , for example , visitors at Sunday River in Maine can take a hot-air balloon ride .

People these days want something else to do besides ski and sit in the bar , says Don Borgeson , executive director of Angel Fire , N.M. 's Chamber of Commerce .

The ski industry hopes to increase the number of skiers by 3.5 million to about 21.7 million in the next five years with its latest ads and promotions .

But some think that 's being overly optimistic .

For one thing , it may be tough to attract people because skiing is still expensive : a lift ticket can cost up to $ 35 a day and equipment prices are rising .

And most vacationers still prefer a warm climate for their winter excursions .

An American Express Co. survey of its travel agents revealed that only 34 % believe their clients will pick a trip this winter based on the availability of winter sports , as opposed to 69 % who think that warm-weather sports will be the deciding factor .

Even if they could bring in that many new skiers , I do n't know if -LCB- the industry -RCB- could handle that kind of an increase , says I. William Berry , editor and publisher of the Ski Industry Letter in Katonah , N.Y .

Most people will come on the weekend , the slopes will be overcrowded and then these -LCB- new skiers -RCB- won’t come back .

They didn’t play the third game of the World Series on Tuesday night as scheduled , and they didn’t play it on Wednesday or Thursday either .

But you knew that , didn’t you ?

They are supposed to play the game next Tuesday , in Candlestick Park here .

The theory is that the stadium , damaged by Tuesday 's earthquake , will be repaired by then , and that people will be able to get there .

Like just about everything else , that remains to be seen .

Aftershocks could intervene .

But , at least , the law of averages should have swung to the favorable side .

It may seem trivial to worry about the World Series amid the destruction to the Bay Area wrought by Tuesday 's quake , but the name of this column is On Sports , so I feel obliged to do so .

You might be interested to know that baseball , not survival , appeared to be the first thought of most of the crowd of 60,000-odd that had gathered at Candlestick at 5:04 p.m. Tuesday , a half-hour before game time , when the quake struck .

As soon as the tremor passed , many people spontaneously arose and cheered , as though it had been a novel kind of pre-game show .

One fan , seated several rows in front of the open , upper-deck auxiliary press section where I was stationed , faced the assembled newsies and laughingly shouted , We arranged that just for you guys ! ''

I thought and , I 'm sure , others did : You should n't have bothered . ''

I 'd slept through my only previous brush with natural disaster , a tornado 15 or so summers ago near Traverse City , Mich. , so I was unprepared for one reaction to such things : the urge to talk about them .

Perhaps primed by the daily diet of radio and TV reporters thrusting microphones into people 's faces and asking how they feel '' about one calamity or another , fellow reporters and civilians who spied my press credential were eager to chat .

It felt like I was on a station platform and a train went by , said one man , describing my own reaction .

A women said she saw the park 's light standards sway .

A man said he saw the upper rim undulate .

I saw neither .

Dictates of good sense to the contrary not withstanding , the general inclination was to believe that the disturbance would be brief and that ball would be played .

I was near the top of the stadium , and saw a steel girder bow six feet from where I sat , but I stayed put for 10 or 15 minutes , confessed a friend .

I guess I thought , This is the World Series and I 'm not gon na wimp out ! ' ''

Here in the Global Village , though , folks do not stay uninformed for long .

Electrical power was out in still-daylighted Candlestick Park , but battery-operated radios and television sets were plentiful .

Within a few minutes , the true extent of the catastrophe was becoming clear .

Its Richter Scale measurement was reported as 6.5 , then 6.9 , then 7.0 .

A section of the Bay Bridge had collapsed , as had a part of Interstate Highway 880 in Oakland .

People had died .

At 5:40 p.m. , scheduled game time having passed , some fans chanted Let 's Play Ball . ''

No longer innocent , they qualified as fools .

The stadium was ordered evacuated soon afterward ; the announcement , made over police bullhorns , cited the power outage , but it later was revealed that there also had been damage of the sort reported by my friend .

Outside , I spotted two young men lugging blocks of concrete .

Pieces of Candlestick , they said .

The crowd remained good natured , even bemused .

TV reporters interviewed fans in the parking lots while , a few feet away , others watched the interviews on their portable TVs .

The only frenzy I saw was commercial : Booths selling World Series commemorative stamps and dated postmarks were besieged by fledgling speculators who saw future profit in the items .

The traffic jam out of the park was monumental .

It took me a half-hour to move 10 feet from my parking spot in an outer lot to an aisle , and an additional hour to reach an inner roadway a half-block away .

The six-mile trip to my airport hotel that had taken 20 minutes earlier in the day took more than three hours .

At my hotel , the Westin , power was out , some interior plaster had broken loose and there had been water damage , but little else .

With Garpian randomness , a hotel across the street , the Amfac , had been hit harder : A large sheet of its concrete facade and several window balconies were torn away .

The Westin staff had , kindly , set out lighted candles in the ballroom , prepared a cold-cuts buffet and passed around pillows and blankets .

I fell asleep on the lobby floor , next to a man wearing a Chicago Cubs jacket .

I expected him to say , I told you so , but he already was snoring .

The journalistic consensus was that the earthquake made the World Series seem unimportant .

My response was that sports rarely are important , only diverting , and the quake merely highlighted that fact .

Should the rest of the Series be played at all ?

Sure .

The quake and baseball were n't related , unlike the massacre of athletes that attended the 1972 Olympics .

That heavily politicized event learned nothing from the horrifying experience , and seems doomed to repeat it .

Two ironies intrude .

This has been widely dubbed the BART Series , after the local subway line , and the Bay Bridge Series .

Flags fly at half-staff for the death of Bart Giamatti , the late baseball commissioner , and now the Bay Bridge lies in ruins .

A Series that was shaping up as the dullest since the one-sided Detroit-over-San Diego go of 1984 has become memorable in the least fortunate way .

Still , its edge is lost .

It now will be played mostly for the record , and should be wrapped up as quickly as possible , without off '' days .

And I will never again complain about a rainout .

The disarray in the junk-bond market that began last month with a credit crunch at Campeau Corp. has offered commercial banks a golden opportunity to play a greater role in financing billion-dollar takeovers .

But two big New York banks seem to have kicked those chances away , for the moment , with the embarrassing failure of Citicorp and Chase Manhattan Corp. to deliver $ 7.2 billion in bank financing for a leveraged buy-out of United Airlines parent UAL Corp .

For more than a decade , banks have been pressing Congress and banking regulators for expanded powers to act like securities firms in playing Wall Street 's lucrative takeover game , from giving mergers advice all the way to selling and trading high-yield junk bonds .

Those expanded powers reached their zenith in July when Bankers Trust New York Corp. provided mergers advice , an equity investment and bank loans for the $ 3.65 billion leveraged buy-out of Northwest Airlines parent NWA Inc .

One of the major selling points used by Los Angeles financier Alfred Checchi in getting the takeover approved was that the deal didn’t include any junk bonds .

That was seen as an advantage in lobbying airline employees and Washington regulators for approval of the contested takeover .

All $ 3.35 billion in debt for the deal was supplied by banks .

Charles Nathan , co-head of mergers and acquisitions at Salomon Brothers Inc. , says it is natural for banks to try to expand beyond their bread-and-butter business of providing senior debt for buy-outs .

But the UAL collapse , he says , may tell you it 's not going to work that easily . ''

David Batchelder , a mergers adviser in La Jolla , Calif. , who aided Los Angeles investor Marvin Davis on the bids which put both UAL and NWA in play as takeover candidates this year , says that banks have been preparing to play a larger and larger role in acquisition financing . ''

Mr. Batchelder says that in the past , banks would normally have loaned 65 % of a total buy-out price , with the loans secured by the target company 's assets .

Another 20 % of the borrowed funds would come from the sale to investors of junk bonds , which offer less security and typically carry higher yields than bank loans .

Mr. Checchi 's purchase of NWA , Mr. Batchelder notes , was probably the most aggressive to date , with bank debt at 85 % of the purchase price .

But Mr. Batchelder says that Citicorp 's failure to deliver '' on its promise to raise the UAL bank debt for a labor-management buy-out group is very distressing to potential users of a highly-confident ' letter from commercial banks . ''

His client , Mr. Davis , used just such a letter from Citicorp in pursuing UAL ; Citicorp later agreed to work with a competing UAL buy-out group .

Executives of Citicorp and Chase Manhattan declined to comment on either the UAL situation , or on the changing nature of banks ' role in financing takeovers .

In the wake of Campeau 's problems , prices of junk bonds tumbled , throwing into doubt the ability of corporate acquirers to finance large takeovers with the help of junk bond sales .

Mark Solow , senior managing director at Manufacturers Hanover Trust Co. , says the falloff in junk bonds may yet open new business opportunities to banks in structuring takeovers .

But he warns that banks will have to have enough discipline '' not to make loans that are too risky .

In fact , Manufacturers Hanover said in its third-quarter earnings report that fees from syndicating loans to other banks dropped 48 % , to $ 21 million .

We didn’t take part in a lot of deals because their credit quality was poor , says a bank spokesman .

James B. Lee , head of syndications and private placements at Chemical Banking Corp. , said he believes banks can still make a credible offer of one-stop shopping for takeover finance .

As evidence , he cites yesterday 's arrangement for the final financing of a $ 3 billion bid for American Medical International Inc. in which Chemical served as both the lead bank and an equity investor .

Beyond the current weakness in the junk bond market , banks have another advantage over investment banks in financing contested takeovers .

Arthur Fleischer Jr. , a takeover lawyer at Fried Frank Harris Shriver & Jacobson , notes that a political and emotional bias '' has developed against junk bonds .

One hostile bidder who deliberately avoided using junk bonds was Paramount Communications Inc. in its initial offer to acquire Time Inc. for $ 10.7 billion , or $ 175 a share .

A Paramount spokesman says that decision was based on the financial , not political , drawbacks of junk bonds .

But some observers believe Paramount Chairman Martin Davis wanted to avoid the possible taint of being perceived as a corporate raider in his controversial bid for Time .

In the end , Mr. Davis used junk bonds so that he could raise Paramount 's bid to $ 200 a share .

Some Monday-morning quarterbacks said the initial lower bid , without junk bonds , was a factor in his losing the company .

Time eluded Paramount by acquiring Warner Communications Inc .

The success of the NWA financing , and the failure of the UAL deal , also seem to highlight the important new role in takeover financing being played by Japanese banks .

Japanese banks accounted for 50 % of the NWA bank debt , according to a report by Transportation Secretary Samuel Skinner .

But it was broad-scale rejection by Japanese banks that helped seal the fate of the attempt to buy UAL .

Citicorp and Chase are attempting to put together a new , lower bid .

Takanori Mizuno , chief economist of the Institute for Financial Affairs Inc. , a Tokyo research center on finance and economics , says , The junk bond market became very jittery , and there 's a fear of a coming recession and the possible bankruptcy of LBO companies .

Harley-Davidson Inc. filed suit in federal court here , alleging that a group that holds 6.2 % of its stock made false , deceptive and misleading '' statements in recent regulatory filings and public announcements .

Harley-Davidson 's complaint claims that the group , led by investor Malcolm I. Glazer , violated securities laws by failing to disclose plans to purchase 15 % of the company 's shares outstanding and that when the required Hart-Scott-Rodino filing eventually was made , it didn’t disclose the group 's alleged earlier violation of the so-called prior-notice requirements of the law .

Mr. Glazer could n't immediately be reached to comment .

But when Harley last week publicly questioned the legality of the group 's filing procedures , the Rochester , N.Y. , investor said we complied with every law , and he denied any wrongdoing .

The Glazer group said in a Securities and Exchange Commission filing in early October that it may seek a controlling interest in Harley-Davidson , or seek representation on the company 's board .

Harley has said it does n't intend to be acquired by the Glazer group or any other party .

Inland Steel Industries Inc. , battered by lower volume and higher costs , posted a 75 % drop in third-quarter earnings .

The nation 's fourth-largest steelmaker earned $ 18.3 million , or 43 cents a share , compared with $ 61 million , or $ 1.70 a share , a year earlier , when the industry was enjoying peak demand and strong pricing .

Sales fell to $ 981.2 million from $ 1.02 billion .

The earnings also mark a significant drop from the second quarter 's $ 45.3 million or $ 1.25 a share .

Moreover , the earnings were well below analysts ' expectations of about $ 1.16 a share .

In composite trading on the New York Stock Exchange , Inland closed yesterday at $ 35.875 a share , down $ 1 .

The company attributed the earnings drop to lower volume related to seasonal demand and the soft consumer durable market , especially in the automotive sector .

However , the company also lost orders because of prolonged labor talks in the second quarter .

Third-quarter shipments slipped 7 % from the year-ago period , and 17 % from this year 's second quarter .

Profit of steel shipped for the company 's steel segment slid to $ 26 a ton , from $ 66 a ton a year earlier and $ 57 a ton a quarter earlier .

Analysts noted that the disappointing results do n't reflect lower prices for steel products .

Charles Bradford , an analyst with Merrill Lynch Capital Markets , said higher prices for galvanized and cold-rolled products offset lower prices for bar , hot-rolled and structural steel .

Structural steel , which primarily serves the construction market , was especially hurt by a 15 % price drop , Mr. Bradford said .

The company said its integrated steel sector was also hurt by higher raw material , repair and maintenance , and labor costs .

The increased labor costs became effective Aug. 1 under terms of the four-year labor agreement with the United Steelworkers union .

Meanwhile , the company 's service center segment , which saw operating profit drop to $ 11.5 million from $ 30.7 million a year ago , experienced much of the same demand and cost problems , as well as start-up costs associated with a coil processing facility in Chicago and an upgraded computer information system .

Inland Chairman Frank W. Luerssen said the company 's short-term outlook is clouded by uncertainties in the economy and financial markets . ''

However , he noted that steel mill bookings are up from early summer levels , and that he expects the company to improve its cost performance in the fourth quarter .

In the first nine months , profit was $ 113 million , or $ 3.04 a share , on sales of $ 3.19 billion , compared with $ 204.5 million , or $ 5.76 a share , on sales of $ 3.03 billion , a year earlier .

The seismic '' activity of a financial market bears a resemblance to the seismic activity of the earth .

When things are quiet -LRB- low volatility -RRB- , the structures on which markets stand can be relatively inefficient and still perform their functions adequately .

However , when powerful forces start shaking the market 's structure , the more earthquake-resistant '' it is , the better its chance for survival .

America 's financial markets do not yet have all the required modern features required to make them fully aftershock-resistant . ''

Investors lack equal access to the markets ' trading arena and its information .

That structural lack is crucial because investors are the only source of market liquidity .

And liquidity is what markets need to damp quakes and aftershocks .

In today 's markets , specialists -LRB- on the New York Stock Exchange -RRB- and upstairs '' market makers -LRB- in the over-the-counter market -RRB- are the only market participants allowed to play a direct role in the price-determination process .

When they halt trading , all market liquidity is gone .

And when any component of the market -- cash , futures or options -- loses liquidity , the price discovery system -LRB- the way prices are determined -RRB- becomes flawed or is lost entirely for a time .

Last Friday the 13th -LRB- as well as two years ago this week -RRB- the markets became unlinked .

When that happened , seismic '' tremors of fear -- much like the shock waves created by an earthquake -- coursed through the market and increased the market 's volatility .

Lack of important , needed information can cause fear .

Fear is the father of panic .

Panic frequently results in irrational behavior .

And in financial markets , irrational behavior is sometimes translated into catastrophe .

When market tremors start , it is crucial that as much information about transaction prices and the supply-demand curve -LRB- buy and sell orders at various prices -RRB- be made available to all , not just to market makers .

Because of a lack of information and access , many investors -- including the very ones whose buying power could restore stability and damp volatility -- are forced to stand on the sidelines when they are most needed , because of their ignorance of important market information .

To add aftershock-damping power to America 's markets , a modern , electronic trading system should be implemented that permits equal access to the trading arena -LRB- and the information that would automatically accompany such access -RRB- by investors -- particularly institutional investors .

Contrary to some opinions , the trading activities of specialists and other market makers do not provide liquidity to the market as a whole .

What market makers provide is immediacy , a very valuable service .

Liquidity is not a service .

It is a market attribute -- the ability to absorb selling orders without causing significant price changes in the absence of news .

Market makers buy what investors wish to sell ; their business is reselling these unwanted positions as quickly as possible to other investors , and at a profit .

As a result , while any one customer may purchase immediacy by selling to a market maker -LRB- which is micro-liquidity for the investor -RRB- , the market as a whole remains in the same circumstances it was before the transaction : The unwanted position is still an unwanted position ; only the identity of the seller has changed .

In fact it can be argued that increasing capital commitments by market makers -LRB- a result of some post-1987 crash studies -RRB- also increases market volatility , since the more securities are held by market makers at any given time , the more selling pressure is overhanging the market .

In an open electronic system , any investor wishing to pay for real-time access to the trading arena through a registered broker-dealer would be able to see the entire supply-demand curve -LRB- buy and sell orders at each price -RRB- entered by dealers and investors alike , and to enter and execute orders .

Current quotations would reflect the combined financial judgment of all market participants -- not just those of intermediaries who become extremely risk-averse during times of crisis .

Investors and professionals alike would compete on the level playing field Congress sought and called a national market system '' -LRB- not yet achieved -RRB- almost 15 years ago when it passed the Securities Reform Act of 1975 .

Last Friday 's market gyrations did not result in severe aftershocks . ''

Were we smart or just lucky ?

I 'm not certain .

But I am sure we need to maximize our earthquake '' protection by making certain that our market structures let investors add their mighty shock-damping power to our nation 's markets .

Mr. Peake is chairman of his own consulting company in Englewood , N.J .

NOW YOU SEE IT , now you do n't .

The recession , that is .

The economy 's stutter steps leave investors wondering whether things are slowing down or speeding up .

So often are government statistics revised that they seem to resemble a spinning weather vane .

For the past seven years , investors have had the wind at their backs , in the form of a generally growing economy .

Some may have forgotten -- and some younger ones may never have experienced -- what it 's like to invest during a recession .

Different tactics are called for , as losing money becomes easier and making money becomes tougher .

For those investors who believe -- or fear -- that 1990 will be a recession year , many economists and money managers agree on steps that can be taken to lower the risks in a portfolio .

In a nutshell , pros advise investors who expect a slowdown to hold fewer stocks than usual and to favor shares of big companies in defensive '' industries .

A heavy dose of cash is prescribed , along with a heavier-than-usual allotment to bonds -- preferably government bonds .

It 's tempting to think these defensive steps can be delayed until a recession is clearly at hand .

But that may not be possible , because recessions often take investors by surprise .

They always seem to come a bit later than you expect .

When they do hit , they hit fast , says David A. Wyss , chief financial economist at the Data Resources division of McGraw-Hill Inc .

Though he himself does n't expect a recession soon , Mr. Wyss advises people who do that the best thing to be in is long that is , 20-year to 30-year Treasury bonds . ''

The reason is simple , Mr. Wyss says : Interest rates almost always decline during recession . ''

As surely as a seesaw tilts , falling interest rates force up the price of previously issued bonds .

They are worth more because they pay higher interest than newly issued bonds do .

That effect holds true for both short-term and long-term bonds .

But short-term bonds ca n't rise too much , because everyone knows they will be redeemed at a preset price fairly soon .

Long-term bonds , with many years left before maturity , swing more widely in price .

But not just any bonds will do .

Corporate bonds are usually not a good bet in a recession , Mr. Wyss says .

As times get tougher , investors fret about whether companies will have enough money to pay their debts .

This hurts the price of corporate bonds .

Also , he notes , most corporate bonds are callable . ''

That means that a corporation , after a specified amount of time has passed , can buy back its bonds by paying investors the face value -LRB- plus , in some cases , a sweetener -RRB- .

When interest rates have dropped , it makes sense for corporations to do just that ; they then save on interest costs .

But the investors are left stranded with money to reinvest at a time when interest rates are puny .

If corporate bonds are bad in recessions , junk bonds are likely to be the worst of all .

It 's an absolute necessity '' to get out of junk bonds when a recession is in the offing , says Avner Arbel , professor of finance at Cornell University .

Such bonds are very sensitive to the downside , and this could be a disaster . ''

Municipal bonds are generally a bit safer than corporate bonds in a recession , but not as safe as bonds issued by the federal government .

During an economic slump , local tax revenues often go down , raising the risks associated with at least some municipals .

And , like corporates , many municipal bonds are callable .

But a few experts , going against the consensus , do n't think bonds would help investors even if a recession is in the offing .

One of these is Jeffrey L. Beach , director of research for Underwood Neuhaus & Co. , a brokerage house in Houston , who thinks that we 're either in a recession or about to go into one . ''

What 's more , he thinks this could be a nastier recession than usual : Once the downturn comes , it 's going to be very hard to reverse . ''

Investors , he advises , should be cautious , holding fewer stocks than usual and also shunning bonds .

Because he sees a 5 % to 6 % base rate of inflation in the economy , he doubts that interest rates will fall much any time soon .

Instead , Mr. Beach says , investors probably should be carrying a very high level of cash , by which he means such so-called cash equivalents as money-market funds and Treasury bills .

Greg Confair , president of Sigma Financial Inc. in Allentown , Pa. , also recommends that investors go heavily for cash .

He is n't sure a recession is coming , but says the other likely alternative -- reignited inflation -- is just as bad .

This late in an expansion , the economy tends to veer off either into damaging inflation or into a recession , Mr. Confair says .

The Federal Reserve Board 's plan for a soft landing , he says , requires the Fed to navigate an ever-narrowing corridor . ''

A soft landing is n't something that can be achieved once and for all , Mr. Confair adds .

It has to be engineered over and over again , month after month .

He believes that the task facing Fed Chairman Alan Greenspan is so difficult that it resembles juggling a double-bladed ax and a buzz saw . ''

And , in a sense , that 's the kind of task individuals face in deciding what to do about stocks -- the mainstay of most serious investors ' portfolios .

It comes down to a question of whether to try to time '' the market .

For people who can ride out market waves through good times and bad , stocks have been rewarding long-term investments .

Most studies show that buy-and-hold investors historically have earned an annual return from stocks of 9 % to 10 % , including both dividends and price appreciation .

That 's well above what bonds or bank certificates have paid .

Moreover , because no one knows for sure just when a recession is coming , some analysts think investors should n't even worry too much about timing .

Trying to time the economy is a mistake , says David Katz , chief investment officer of Value Matrix Management Inc. in New York .

Mr. Katz notes that some economists have been predicting a recession for at least two years .

Investors who listened , and lightened up on stocks , have just hurt themselves , he says .

Mr. Katz adds that people who jump in and out of the stock market need to be right about 70 % of the time to beat a buy-and-hold strategy .

Frequent trading runs up high commission costs .

And the in-and-outer might miss the sudden spurts that account for much of the stock market 's gains over time .

Still , few investors are able to sit tight when they are convinced a recession is coming .

After all , in all five recessions since 1960 , stocks declined .

According to Ned Davis , president of Ned Davis Research Inc. in Nokomis , Fla. , the average drop in the Dow Jones Industrial Average was about 21 % , and the decrease began an average of six months before a recession officially started .

By the time a recession is official '' -LRB- two consecutive quarters of declining gross national product -RRB- , much of the damage to stocks has already been done - and , in the typical case , the recession is already half over .

About six months before a recession ends , stocks typically begin to rise again , as investors anticipate a recovery .

The average recession lasts about a year .

Unfortunately , though , recessions vary enough in length so that the average ca n't reliably be used to guide investors in timing stock sales or purchases .

But whatever their advice about timing , none of these experts recommend jettisoning stocks entirely during a recession .

For the portion of an investor 's portfolio that stays in stocks , professionals have a number of suggestions .

Mr. Katz advocates issues with low price-earnings ratios -- that is , low prices in relation to the company 's earnings per share .

Low P-E '' stocks , he says , vastly outperform others during a recession or bear market . ''

In good times , he says , they lag a bit , but overall they provide superior performance .

Prof. Arbel urges investors to discard stocks in small companies .

Small-company shares typically fall more than big-company stocks in a recession , he says .

And in any case , he argues , stocks of small companies are almost as overpriced as they were Sept. 30 , 1987 , just before the crash . ''

For example , Mr. Arbel says , stocks of small companies are selling for about 19 times cash flow .

-LRB- Cash flow , basically earnings plus depreciation , is one common gauge of a company 's financial health . -RRB-

That ratio is dangerously close to the ratio of 19.7 that prevailed before the 1987 stock-market crash , Mr. Arbel says .

And it 's way above the ratio -LRB- 7.5 times cash flow -RRB- that bigger companies are selling for .

Another major trick in making a portfolio recession-resistant is choosing stocks in defensive '' industries .

Food , tobacco , drugs and utilities are the classic examples .

Recession or not , people still eat , smoke , and take medicine when they 're sick .

George Putnam III , editor of Turnaround Letter in Boston , offers one final tip for recession-wary investors .

Keep some money available for opportunities , he says .

If the recession does hit , there will be some great investment opportunities just when things seem the blackest . ''

Mr. Dorfman covers investing issues from The Wall Street Journal 's New York bureau .

Some industry groups consistently weather the storm better than others .

The following shows the number of times these industries outperformed the Standard & Poor 's 500-Stock Index during the first six months of the past seven recessions .

Bond prices posted strong gains as investors went on a bargain hunt .

But while the overall market improved , the new-issue junk-bond market continued to count casualties , even as junk-bond prices rose .

Yesterday , Prudential-Bache Securities Inc. said it postponed a $ 220 million senior subordinated debenture offering by York International Corp .

And Donaldson , Lufkin & Jenrette Securities Corp. scrambled to restructure and improve the potential returns on a $ 475 million debenture offering by Chicago & North Western Acquisition Corp. that was still being negotiated late last night .

The issue by Chicago & North Western is one of the so-called good junk-bond offerings on the new-issue calendar .

Some analysts said the restructuring of the railroad concern 's issue shows how tough it is for underwriters to sell even the junk bonds of a company considered to be a relatively good credit risk .

Since last week 's junk-bond market debacle , many new issues of high-yield , high-risk corporate bonds have either been scaled back , delayed or dropped .

On Wednesday , Drexel Burnham Lambert Inc. had to slash the size of Continental Airlines ' junk-bond offering to $ 71 million from $ 150 million .

Salomon Brothers Inc. has delayed Grand Union Co. 's $ 1.16 billion junk-bond offering while it restructures the transaction .

Last week , the Grand Union offering was sweetened to include warrants that allow bondholders to acquire common stock .

Prudential-Bache said the York issue was delayed because of market conditions .

Everything is going through firehoops right now , and -LCB- Chicago & North Western -RCB- is no exception , said Mariel Clemensen , vice president , high-yield research , at Citicorp .

Portfolio managers say sweeteners like equity kickers and stricter protective covenants may increasingly be required to sell junk-bond deals .

Dan Baldwin , managing director of high-yield investments at Chancellor Capital Management , said the Chicago & North Western offering was restructured in part because several large insurance buyers right now are demanding equity as part of the package .

If you 're going to take the risk in this market , you want something extra . ''

Mr. Baldwin likes the offering .

But several mutual-fund managers , nervous about the deteriorating quality of their junk-bond portfolios and shy about buying new issues , said they 're staying away from any junk security that is n't considered first rate for its class .

While they consider the Chicago & North Western issue to be good , they do n't view it as the best .

To lure buyers to the Chicago & North Western bonds , portfolio managers said Donaldson Lufkin sweetened the transaction by offering the bonds with a resettable interest rate and a 10 % equity kicker .

The bonds are expected to have a 14 1\/2 % coupon rate .

The equity arrangement apparently would allow bondholders to buy a total of 10 % of the stock of CNW Corp. , Chicago & North Western 's parent company .

Donaldson Lufkin declined to comment on the restructuring .

According to some analysts familiar with the negotiations , the 10 % of equity would come directly from Donaldson Lufkin and a fund affiliated with the investment bank Blackstone Group , which would reduce their CNW equity holdings by 5 % each .

That would leave the Blackstone fund with a 60 % stake and Donaldson Lufkin with 15 % .

Despite the problems with new issues , high-yield bonds showed gains in the secondary , or resell , market .

Junk bonds ended about one-half point higher with so-called high-quality issues from RJR Capital Holdings Corp. and Petrolane Gas Service Limited Partnership rising one point .

In the Treasury market , the benchmark 30-year bond rose seven-eighths point , or $ 8.75 for each $ 1,000 face amount .

The gain reflects fresh economic evidence that inflation is moderating while the economy slows .

That raised hopes that interest rates will continue to move lower .

The Labor Department reported that consumer prices rose just 0.2 % last month , slightly lower than some economists had expected .

But there were also rumors yesterday that several Japanese institutional investors were shifting their portfolios and buying long-term bonds while selling shorter-term Treasurys .

Short-term Treasury securities ended narrowly mixed , with two-year notes posting slight declines while three-year notes were slightly higher .

Yesterday , the Fed executed four-day matched sales , a technical trading operation designed to drain reserves from the banking system .

The move was interpreted by some economists as a sign that the Fed does n't want the federal funds rate to move any lower than the 8 3\/4 % at which it has been hovering around during the past week .

The closely watched funds rate is what banks charge each other on overnight loans .

It is considered an early signal of Fed credit policy changes .

The fact that they did four-day matched sales means they are not in a mood to ease aggressively .

They are telling us that -LCB- 8 3\/4 % -RCB- is as low as they want to see the fed funds rate , said Robert Chandross at Lloyds Bank PLC .

Treasury Securities

The benchmark 30-year bond was quoted late at a price of 101 25\/32 to yield 7.955 % , compared with 100 29\/32 to yield 8.032 % Wednesday .

The latest 10-year notes were quoted late at 100 9\/32 to yield 7.937 % , compared with 99 26\/32 to yield 8.007 % .

Short-term rates rose yesterday .

The discount rate on three-month Treasury bills rose to 7.56 % from 7.51 % Wednesday , while the rate on six-month bills rose to 7.57 % from 7.53 % .

Meanwhile , the Treasury sold $ 9.75 billion of 52-week bills yesterday .

The average yield on the bills was 7.35 % , down from 7.61 % at the previous 52-week bill auction Sept. 21 .

Yesterday 's yield was the lowest since 7.22 % on July 27 .

Here are details of the auction :

Rates are determined by the difference between the purchase price and face value .

Thus , higher bidding narrows the investor 's return while lower bidding widens it .

The percentage rates are calculated on a 360-day year , while the coupon-equivalent yield is based on a 365-day year .

Corporate Issues

Junk bond price climbed yesterday despite skittishness in the new-issue market for high-yield securities .

Dealers said junk bond issues on average were up by 1\/4 to 1\/2 point with so-called quality issues from RJR Capital Holdings Corp. and Petrolane Gas Service Limited Partnership posting one-point gains .

Petrolane Gas Service 's 13 1\/4 % debentures traded at 102 , after trading around par earlier this week , and RJR 's 13 1\/2 % subordinated debentures of 2001 were at 101 5\/8 after trading at below par earlier this week .

Investment-grade bonds were unchanged .

Municipals

Activity was brisk in the high-grade general obligation market , as a series of sell lists hit the Street and capped upward price movement in the sector .

Traders estimated that more than $ 140 million of high-grade bonds was put up for sale via bid-wanted lists circulated by a handful of major brokers .

There was speculation that the supply was coming from a commercial bank 's portfolios .

According to market participants , the bonds were met with decent bids , but the volume of paper left high grades in the 10-year and under maturity range unchanged to 0.05 percentage point higher in yield .

Away from the general obligation sector , activity was modest .

Long dollar bonds were flat to up 3\/8 point .

New Jersey Turnpike Authority 's 7.20 % issue of 2018 was up 3\/8 at 98 3\/8 bid to yield about 7.32 % , down 0.03 percentage point .

The debt of some California issuers pulled off lows reached after Tuesday 's massive earthquake , although traders said market participants remained cautious .

California expects to rely on federal emergency funds and its $ 1.06 billion in general fund reserves to meet the estimated $ 500 million to $ 1 billion in damages resulting from the quake , according to a state official .

It 's also unclear precisely how the state will rebuild its reserve , said Cindy Katz , assistant director of California 's department of finance , although she noted that a bond offering for that purpose is n't anticipated .

Meanwhile , new issuance was slow .

The largest sale in the competitive arena was a $ 55.7 million issue of school financing bonds from the Virginia Public School Authority .

A balance of $ 25.8 million remained in late order-taking , according to the lead manager .

Mortgage-Backed Securities

Mortgage securities generally ended 6\/32 to 9\/32 point higher , but lagged gains in the Treasury market because of a shift in the shape of the Treasury yield curve and rumored mortgage sales by thrifts .

Premium Government National Mortgage Association securities with coupon rates of 13 % and higher actually declined amid concerns about increased prepayments because of a plan being considered by Congress to speed the refinancing of government-subsidized mortgages .

Ginnie Mae 13 % securities were down about 1\/4 at 109 30\/32 .

If the refinancing plan clears Congress , there could be fairly heavy prepayments on the premium securities , hurting any investor paying much above par for them .

In the current-coupon sector , a shift in the Treasury yield curve resulting from the better performance of long-dated issues over short-dated securities hurt major coupons because it will become more difficult to structure new derivative securities offerings .

Ginnie Mae 9 % securities ended at 98 6\/32 , up 9\/32 , and Federal Home Loan Mortgage Corp. 9 % securities were at 97 10\/32 , up 6\/32 .

The Ginnie Mae 9 % issue was yielding 9.42 % to a 12-year average life assumption , as the spread above the Treasury 10-year note widened 0.03 percentage point to 1.48 .

While Remic issuance may slow in the coming days because of the shift in the Treasury yield curve , underwriters continued to crank out new real estate mortgage investment conduits structured when the yield curve was more favorable .

Two new Remics totaling $ 900 million were announced by Freddie Mac yesterday .

Foreign Bonds

British government bonds ended little changed as investors awaited an economic policy address last night by Chancellor of the Exchequer Nigel Lawson .

The Treasury 11 3\/4 % bond due 2003\/2007 was down 2\/32 at 111 29\/32 to yield 10.09 % , while the 11 3\/4 % notes due 1991 were unchanged at 98 19\/32 to yield 12.94 % .

In Japan , the bellwether No. 111 4.6 % bond of 1998 ended off 0.03 at 95.72 , to yield 5.32 % , and in West Germany , the 7 % benchmark issue due October 1999 ended 0.05 point lower at 99.85 to yield 7.02 % .

THE PANHANDLER approaches , makes his pitch .

It may be straightforward -- he wants money for food -- or incredibly convoluted ; his sister is at this very moment near death in Hoboken , he has lost his wallet and has only $ 1.22 in change to put toward a bus ticket costing $ 3.83 , and won’t you give him the difference ?

No ?

Well , how about a loan , he 'll take your name and address ...

Figuring that their money would more likely go toward a bottle of Night Train Express , most people have little trouble saying no to propositions like this .

But healthy skepticism vanishes when they are solicited by an organized charity to help fight cancer , famine , child abuse , or what have you .

Most see little reason to doubt that their cash will go toward these noble goals .

But will it ?

In a distressing number of cases , no .

In fact , the donors sometimes might be better off giving the money to the panhandler : at least he has no overhead , and he might even be telling the truth .

Last year , more than $ 100 billion was donated to the nation 's 400,000 charities .

While the vast bulk of it was indeed spent by reputable organizations on the good works it was raised for , it 's equally true that a sizable hunk was consumed in expenses '' claimed by other operators , including fraudulent expenses .

In many cases the costs claimed were so high that only a dribble of cash was left for the purported beneficiaries .

It 's impossible to say exactly how much of the total charity intake is devoured by stratospheric fund-raising costs , high-living operators , and downright fraud .

But the problem clearly is widespread and persistent .

State law enforcers can barely keep up with charity scams , and reports from watchdog groups such as the Council of Better Business Bureaus are not encouraging .

The Philanthropic Advisory Service of the BBB reviews hundreds of new charities every year , measuring them against minimum standards for accountability ; for accuracy and honesty in solicitation ; and for percentage of funds actually going to work for which the charity was supposedly established .

The Service figures at least half of the money taken in should be spent on program .

Roughly a third of the charities reviewed flunk the test .

Which , it should be added , does n't prevent the charities from raking in a lot of money anyway .

Without a microscope and a subpoena , it 's often hard to sort out worthwhile causes from ripoffs if all you 've got to go on is the solicitation itself .

On this basis , there 's no way the average person can know a good charity from a bad one , says David Ormstedt , an assistant attorney general in Connecticut .

A lot of donors just get taken . ''

Including those , he contends , who put about $ 1 million into the kitty for the Connecticut Association of Concerned Veterans and the Vietnam Veterans Service Center .

The state has sued these charities in state court , complaining that much of the money was grossly misspent ; 82 % , says Mr. Ormstedt , went to fund raisers and most of the rest to the people who ran the charities and to their relatives -- for fur coats , trips to Florida , Lucullan restaurant tabs .

The telephone number for the charity in Shelton , Conn. , has been disconnected , and the former officials could n't be located .

Running a charity does cost money , but reputable organizations manage to get the lion 's share of donations out to where they are really needed .

The Arthritis Foundation , the American Cancer Society and the United Way of America all say that they spend roughly 90 % of their income on programs , not overhead .

With some other charities , however , it s the other way around .

The fledgling National Children 's Cancer Society , for example , took in $ 2.5 million last year to finance bone-marrow transplants for children .

By the time it paid its expenses it only had $ 120,000 left -- not enough to treat even one child .

The state of Illinois is suing the charity for fraud in Chicago , along with Telesystems Marketing Inc. , its Houston-based fund raiser .

Both deny wrongdoing .

The charity admits spending a lot on fund raising , but says that was necessary to establish a donor base it can tap at much lower cost in years to come .

Michael Burns , president of Telesystems , says his concern has only benefited from the publicity surrounding the case , noting that three other charities have signed on as clients because they were impressed with the amount he raised for National Children 's .

Meanwhile , a state court judge has allowed the charity to go on soliciting funds .

Enforcers ca n't put charities out of business simply because they spend the lion 's share of their income on fund raising .

State laws previously used as a yardstick minimum percentages of income -- usually half -- that had to be spent on the program rather than overhead , but these have been overturned by the U.S. Supreme Court .

It has ruled that such laws might work to stifle fund raising , which would amount to limiting the charities ' first-amendment right to freedom of expression .

This puts upon enforcers the burden of proving outright fraud or misrepresentation , and such actions have been brought against hundreds of charities recently .

The attorney general 's office in Connecticut alone has put seven of them out of business over the past couple of years , and the enforcement drive is continuing there and elsewhere .

In making cases , the authorities frequently zero in on alleged misrepresentations made by the charities ' fund raisers .

Illinois , for instance , currently has under investigation 10 of the 30 companies drumming up funds for charities soliciting there .

Enforcers pay special attention to operators using sweepstakes prizes as an additional inducement to give .

Attorneys general in several states , including Illinois , are already suing Watson & Hughey Co. , an Alexandria , Va.-based outfit that they say has used deceptive sweepstakes ads to solicit donations for the American Heart Disease Foundation and the Cancer Fund of America .

According to the Illinois attorney general 's suit , Watson & Hughey sent mailings indicating that recipients were guaranteed cash prizes , and could win up to an additional $ 1,000 on top of them , if they contributed as little as $ 7 .

But the total value of the prizes was only $ 5,000 and most winners '' will receive just 10 cents , according to the attorney general 's office .

The suit is still pending in Illinois state court .

Watson & Hughey has denied the allegations in court ; officials decline to comment further .

While they can target some of the most obvious miscreants , enforcers concede that they are only scratching the surface .

There are so many cunning ploys used by so many dubious operators , they say , that it is probably impossible to stop them all .

One maneuver : the public education '' gambit .

The solicitation material indicates that donations will go toward a campaign alerting and informing the public about some health or other issue .

What it does n't say is that the entire campaign '' may be the fund-raising letter itself .

All too often this will merely be a statement on the solicitation such as , Do n't smoke ! ' or Wear suntan lotion , ' says William Webster , attorney general of Missouri .

By putting these pithy statements on the solicitations , hundreds of thousands of dollars are claimed to have been spent on education to consumers when in fact this represents the costs of sending the newsletters . ''

Mr. Webster cites a four-page mailing from the United Cancer Council that offers a chance to win $ 5,000 in gold bullion to those giving as little as $ 5 to cancer education .

A few boilerplate warnings about cancer appear but that 's only two inches in all four pages .

I think some people may believe they 're helping fund a massive TV and print campaign , but we could n't find that the charity does anything except write these letters , he says .

Officials at the Washington D.C.-based charity didn’t return repeated phone calls .

Many fly-by-night charities ride the coattails of the biggest , best-known and most reputable ones by adopting names similar to theirs .

The established charities are bothered by this but say they can do little about it .

We ca n't police the many organizations that have sprung up in the last few years using part of our name .

Most of them do n't last for long , but in the meantime all we can do is tell people they are n't connected with us , says a spokeswoman for the American Heart Association .

And sometimes a reputable charity with a household name gets used and does n't even know it .

A couple in Rockford , Ill. , raised $ 12,591 earlier this year using the name and logo of Mothers Against Drunk Driving , without permission from the group .

MADD didn’t learn of the fund raising until the couple sent it a check for $ 613 , along with a letter saying that was the charity 's share . ''

The Illinois Attorney General won a court order to prevent the couple from raising further funds without MADD 's permission .

The couple could n't be reached for comment and apparently have left Rockford , law enforcement officials report .

Denise McDonald , a spokeswoman for MADD , says , It 's scary , because anybody could do this . ''

Mr. Johnson is a staff reporter in The Wall Street Journal 's Chicago bureau .

Overhead costs at some of the largest charities , in millions of dollars

British Airways PLC , a crucial participant in the proposed buy-out of UAL Corp. , washed its hands of the current efforts to revive a bid for the parent of United Airlines .

Specifically , the British carrier said it currently has no plans to participate in any new offer for UAL .

In addition , British Air officially withdrew its support for the previous $ 300-a-share bid in a terse statement that said the original deal is closed . ''

Company officials said later that British Airways believes its involvement in the UAL buy-out ended last Friday when the buy-out group , which also includes UAL 's management and pilot union , failed to obtain financing for the $ 6.79 billion transaction .

The carrier stopped short of saying it would n't at some point reconsider participating in any new bid for UAL .

However , company officials said they plan to take no initiatives '' to resurrect the transaction , and are n't aware '' of any restructured bid in the making .

Collectively , the statements raised questions about whether a new bid for UAL will ever get off the ground .

The transaction has had a series of setbacks since the financing problems became known last Friday , with no signs or statements from the buy-out group to indicate that any progress has taken place .

However , in response to the British Air decision , United 's pilot union vowed to continue efforts to revive the buy-out .

Pilot union Chairman Frederick C. Dubinsky said advisers to UAL management and the union will begin meeting in New York today and will work through the weekend to devise a new proposal to present to UAL 's board at the earliest time possible . ''

Pilot union advisers appeared confident that a new bid could go forward even without British Air 's participation .

UAL declined to comment on British Air 's statement .

UAL Chairman Stephen M. Wolf , who is leading the management end of the buy-out , has n't provided investors with any assurances about the prospect of a new deal .

In another setback yesterday , United 's machinist union asked the Treasury Department to investigate whether certain aspects of the original buy-out proposal violated tax laws .

In an effort to derail the buy-out , the union has already called for investigations by the Securities and Exchange Commission , Transportation Department and Labor Department .

But there was one bright spot yesterday .

The United flight-attendants union agreed to negotiations that could lead to the flight attendants contributing concessions to a revived bid in exchange for an ownership stake .

The pilot union , the only one to support the buy-out thus far , said the flight attendants ' decision enforces our belief that an all-employee owned airline is practical and achievable . ''

Still , without the assurance of British Airways ' financial backing , it will be tougher for the buy-out group to convince already-reluctant banks to make loan commitments for a revised bid , especially since British Air 's original investment represented 78 % of the cash equity contribution for the bid .

Under the previous plan , British Air would have received a 15 % stake in UAL in exchange for a $ 750 million equity investment , with a 75 % stake going to UAL employees and 10 % to UAL management .

British Air officials said the airline 's chairman , Lord King , was concerned about news reports indicating that British Air might be willing to participate in a bid that included a lower purchase price and better investment terms for the British carrier .

The previous reports were based on remarks by British Air 's chief financial officer , Derek Stevens , who said any revised bid would have to include a lower purchase price to reflect the sharp drop in UAL 's stock in the past week .

UAL stock dropped $ 1.625 yesterday to $ 190.125 on volume of 923,500 shares in composite trading on the New York Stock Exchange .

UAL declined to comment on British Air 's statement .

In an interview Wednesday with Dow Jones Professional Investor Report , Mr. Stevens said , We 're in no way committed to a deal going through at all .

We 're not rushing into anything .

We do n't want to be party to a second rejection . ''

Indeed , British Air seemed to be distancing itself from the troubled transaction early in an effort to avoid any further embarrassment .

The original transaction fell through on the same day British Air shareholders approved the plan at a special meeting after the British succeeded in arranging the financing for its equity contribution .

The carrier also seemed eager to place blame on its American counterparts .

The -LCB- buy-out -RCB- consortium ceased to exist because our American partners were not capable of organizing the financing , a British Air spokesman said .

British Airways may have begun to have second thoughts about the transaction after the Transportation Department forced Northwest 's Airlines ' new owners to restructure the equity contribution of KLM Royal Dutch Airlines in that carrier .

Most of the department 's statements since the Northwest transaction indicated it planned to curtail foreign ownership stakes in U.S. carriers .

Even before British Air 's announcement , pilot union leaders had been meeting in Chicago yesterday to consider their options .

The leaders expressed support for trying to revive the bid following a briefing Wednesday by the union 's advisers , Lazard Freres & Co. and Paul , Weiss , Rifkind Wharton & Garrison .

They also unanimously re-elected Mr. Dubinsky , the union chairman who has led the pilots ' 2 1\/2-year fight to take control of the airline .

UAL 's advisers have indicated previously that it may take a while to come forward with a revised plan since they want to have firm bank commitments before launching a new bid .

They have maintained that banks remain interested in financing the transaction .

The buy-out fell through after Citicorp and Chase Manhattan Corp. , the lead banks in the transaction , failed to obtain $ 7.2 billion in financing needed for the plan .

Italy 's industrial wholesale sales index rose 13.2 % in June from a year earlier , the state statistical institute Istat said .

The June increase compared with a rise of 10.5 % in May from a year earlier .

Domestic wholesale sales rose 11.9 % from a year earlier , while foreign sales jumped 17.3 % , Istat said .

For the first six months , wholesale sales rose 12.3 % from the year before , reflecting to a 11.5 % jump in domestic sales and a 14.6 % boost in foreign sales .

Sales of capital goods to foreign and domestic destinations increased 16.6 % in the January-June period from a year earlier .

Sales of consumer goods rose 6.9 % in the same period , while sales of intermediate goods were up 13.8 % from a year ago .

Senate Democrats favoring a cut in the capital-gains tax have decided , under pressure from their leaders , not to offer their own proposal , placing another obstacle in the path of President Bush 's legislative priority .

A core group of six or so Democratic senators has been working behind the scenes to develop a proposal to reduce the tax on the gain from the sale of assets .

The plan was complete except for finishing touches , and there was talk that it would be unveiled as early as yesterday .

But Senate Majority Leader George Mitchell -LRB- D. , Maine -RRB- , a vigorous opponent of the capital-gains tax cut , called the group to meet with him Wednesday night and again yesterday .

Sen. Mitchell urged them to desist .

Afterward , leaders of the dissident Democrats relented , and said they would n't offer their own proposal as they had planned .

The decision is a setback for President Bush , who needs the support of Democrats to pass the tax cut through the Democratic-controlled Senate .

Having a proposal sponsored by Democrats would have given the president an advantage .

Having only a Republican measure makes the task harder .

Still , Sen. Bob Packwood -LRB- R. , Ore. -RRB- , the lead sponsor of the Republican capital-gains amendment , predicted that the tax cut would be enacted this year .

He said a clear majority of senators back the tax reduction and that ultimately there would be enough senators to overcome any procedural hurdle the Democratic leadership might erect .

But Sen. Mitchell , buoyed by his victory among fellow Democrats , strongly disagreed .

Mr. Mitchell has been predicting that the president 's initiative would fail this year .

Yesterday , in an interview , he added that the Democrats ' decision increases the likelihood that a capital-gains tax cut will not pass this year . ''

Mr. Mitchell 's first victory came last week , when the Senate passed a deficit-reduction bill that didn’t contain a capital-gains provision .

That vote made it unlikely that a capital-gains tax cut would be included in the final bill , now being drafted by House and Senate negotiators .

The House version of the bill does include the tax cut .

Now Republican leaders are concentrating on attaching a capital-gains amendment to some other bill , perhaps a measure raising the federal borrowing limit or a second tax bill that would follow on the heels of the deficit-reduction legislation .

To help lay the groundwork for that fight , President Bush plans early next week to meet at the White House with some 20 Democratic senators who favor cutting the capital-gains tax or are undecided on the issue .

The president apparently will have only one bill to push , Sen. Packwood 's , and at least some of the dissident Democrats plan to support it .

I may want to offer additional amendments to improve it when the bill comes to the floor , said Sen. David Boren -LRB- D. , Okla. -RRB- , a leader of those Democrats .

The Packwood plan , as expected , would allow individuals to exclude from income 5 % of the gain from the sale of a capital asset held for more than one year .

The exclusion would rise five percentage points for each year the asset was held , until it reached a maximum of 35 % after seven years .

The exclusion would apply to assets sold after Oct. 1 .

As an alternative , taxpayers could chose to reduce their gains by an inflation index .

For corporations , the top tax rate on the sale of assets held for more than three years would be cut to 33 % from the current top rate of 34 % .

That rate would gradually decline to as little as 29 % for corporate assets held for 15 years .

The Packwood plan also would include a proposal , designed by Sen. William Roth -LRB- R. , Del. -RRB- , that would create new tax benefits for individual retirement accounts .

The Roth plan would create a new , non-deductible IRA from which money could be withdrawn tax-free not only for retirement , but also for the purchase of a first home , education expenses and medical expenses .

Current IRAs could be rolled over into the new IRAs , but would be subject to tax though no penalty .

Westmoreland Coal Co. , realizing benefits of a sustained effort to cut costs and boost productivity , reported sharply improved third-quarter results .

The producer and marketer of low-sulfur coal said net income for the quarter was $ 5.9 million , or 71 cents a share , on revenue of $ 145.4 million .

For the year-earlier period , the company reported a loss of $ 520,000 or six cents a share .

In the latest nine months , the company earned $ 8.5 million , or $ 1.03 a share .

Last year 's net loss of $ 3,524,000 included a benefit of $ 1,640,000 from an accounting change .

Revenue for the nine months rose to $ 449 million from $ 441.1 million .

In an interview , Pemberton Hutchinson , president and chief executive , cited several reasons for the improvement : higher employee productivity and good natural conditions '' in the mines , as well as lower costs for materials , administrative overhead and debt interest .

In the latest nine months , Mr. Hutchinson said , total coal sales rose to about 14.6 million tons from about 14.3 million tons a year earlier .

In addition , long-term debt has been trimmed to about $ 72 million from $ 96 million since Jan. 1 .

He predicted the debt ratio will improve further in coming quarters .

Westmoreland 's strategy is to retain and expand its core business of mining and selling low-sulphur coal in the Appalachia region .

The operating territory includes coal terminals on the Ohio River and in Newport News , Va .

Westmoreland exports about a fourth of its coal tonnage , including a significant amount of metallurgical coal produced by others that is used by steelmakers overseas .

For the past couple of years , Westmoreland has undertaken an aggressive streamlining of all aspects of its business .

Marginal operations and assets have been sold .

The size of the company 's board has been reduced to eight directors from 13 .

About 140 salaried management jobs and hundreds of hourly wage positions have been eliminated .

Even perks have been reduced .

For example , the chief executive himself now pays 20 % of the cost of his health benefits ; the company used to pay 100 % .

I think the ship is now righted , the bilges are pumped and we are on course , Mr. Hutchinson said of the restructuring program .

Much of what we set out to do is completed . ''

But he cautioned that Westmoreland 's third quarter is typically better than the fourth , so investors should n't just multiply the third quarter by four '' and assume the same rate of improvement can be sustained .

One difference , he said , is that the fourth quarter has significantly fewer workdays because of holidays and the hunting season .

I do n't want to give the impression that everybody can relax now , he said .

We have to keep working at improving our core business to stay efficient .

It 's a process that never really ends . ''

Nevertheless , Mr. Hutchinson predicted that 1989 would be solidly profitable '' for Westmoreland and that 1990 would bring more of the same . ''

For all of 1988 , the company reported an after-tax operating loss of $ 134,000 on revenue of $ 593.5 million .

An accounting adjustment made net income $ 1.5 million , or 18 cents a share .

In a move that complements the company 's basic strategy , its Westmoreland Energy Inc. unit is developing four coal-fired cogeneration plants with a partner in Virginia .

Some of the coal the plants buy will come from Westmoreland mines .

Mr. Hutchinson predicted that the unit 's contribution to company results in the 1990s will be exciting . ''

He said Westmoreland is looking at investment stakes in other cogeneration plants east of the Mississippi River .

Westmoreland expects energy demand to grow annually in the 2.5 % range in the early 1990s .

We see coal 's piece of the action growing , Mr. Hutchinson said .

Coal prices , while not skyrocketing , will grow modestly in real terms , we think .

Chase Manhattan Corp. , after trying unsuccessfully to sell its interest in its lower Manhattan operations building , has exercised its option to purchase the 50-story office tower .

Chase had purchased an option to buy the building at One New York Plaza for an undisclosed sum from the late Sol Atlas as part of its original lease in 1970 .

The current transaction cost the bank approximately $ 140 million .

Of that amount , $ 20 million was payment for the land underneath the building and the rest was for the building itself .

The building houses about 4,500 Chase workers , most of whom will be moved to downtown Brooklyn after the bank 's new back office center is completed in 1993 .

The move is part of Chase 's strategy to consolidate its back offices under one roof .

The headquarters is located a few blocks away at 1 Chase Manhattan Plaza .

As part of its decision to leave the building , Chase tried to sell its interest , along with the Atlas estate 's interest , shortly after the October 1987 stock market crash .

Chase Senior Vice President George Scandalios said the bank decided to exercise its option after bids fell short of expectations .

He said Chase and the Atlas estate were looking to sell the entire building for $ 400 million to $ 475 million , but didn’t get an offer for more than $ 375 million .

As the building 's new owner , Chase will have its work cut out for it .

Chase is vacating 1.1 million square feet of space , and Salomon Brothers Inc. , whose headquarters is in the building , also plans to move shortly .

In addition , another major building tenant , Thomson McKinnon Inc. 's Thomson McKinnon Securities , likely will vacate the premises as part of its liquidation .

New York real estate brokerage Edward S. Gordon Co. will have the difficult task of finding new tenants .

Even with its striking views of the New York harbor , the building is considered antiquated by modern office standards .

And Chase will have to spend approximately $ 50 million to remove asbestos from the premises .

WALL STREET , SHAKE hands with George Orwell .

The author of the futuristic novel 1984 '' invented a language called Newspeak that made it impossible to fully develop a heretical thought -- that is , anything negative about the policies and practices of the state .

Wall Street has n't gotten that far yet , but it has made a promising start .

Its language -- call it Streetspeak -- is increasingly mellifluous , reassuring , and designed to make financial products and maneuvers appear better , safer or cheaper than they really are .

When something undeniably nasty happens , a few euphemisms are deployed to simply make it disappear , much as a fresh grave may be covered by a blanket of flowers .

For example , we 'll bet you thought that the stock market crashed two years ago .

Wrong .

According to some of the grand panjandrums of the market , it never happened .

In their lexicon the 508-point collapse in the Dow Jones Industrial Average on Oct. 19 , 1987 , was just a big blip .

Trotting out a much-beloved Streetspeak term , New York Stock Exchange Chairman John Phelan recently declared that history would record the event as only a major technical correction . ''

-LRB- Another much-beloved saying , however , this one in plain English , holds that if something walks like a duck and quacks like a duck , it is a duck .

On Oct. 29 , 1929 -- a date historians stubbornly insist on associating with the dreaded C-word -- the DJ industrials fell 12.8 % .

In the technical correction '' of two years ago , they lost a whopping 22.6 % . -RRB-

Customers hear a lot of this stuff from people who try to sell them stock .

These people used to be called brokers , but apparently this word either is not grandiose enough or carries too many negative connotations from the aforementioned technical correction , when terrified customers could n't raise brokers on the phone .

Either way , the word broker '' is clearly out of favor .

Of the major New York-based securities firms , only Morgan Stanley & Co. still calls its salespeople brokers .

At Merrill Lynch & Co. and Shearson Lehman Hutton Inc. , they are financial consultants . ''

At Drexel Burnham Lambert Inc. , Prudential Bache Securities , and Dean Witter Reynolds Inc. , they are account executives . ''

At PaineWebber Inc. , they are investment executives . ''

Such titles are designed to convey a sense of dignified , broad-scale competence and expertise in selling today 's myriad financial products .

It is a competence and expertise that some brokers themselves , overwhelmed by all the new things being dreamed up for them to peddle , do n't feel .

It s almost product de jour , grouses one account executive at Dean Witter .

The transmogrified brokers never let the C-word cross their lips , instead stressing such terms as safe , insured '' and guaranteed '' -- even though these terms may be severely limited in their application to a particular new financial product .

The names of some of these products do n't suggest the risk involved in buying them , either .

A case in point : government-plus '' bond funds .

What could imply more safety than investing in government bonds ?

What could be better than getting a tad more income from them -LRB- the plus -RRB- than other people ?

Indeed , conservative investors , many of them elderly , have poured more than $ 50 billion into such funds , which promise fatter yields than ordinary Treasury bonds -- only to learn later that these funds use part of their money to dabble in high-risk bond options , a gambler 's game .

When a certain class of investment performs so poorly that its reputation is tarnished , look for Wall Street to give it a new moniker .

This seems to be happening now to limited partnerships , many of which either have gone into the tank in recent years or have otherwise been grievous disappointments .

They are still being sold , but more and more often as direct investments '' -- with all the same risks they had under the old label .

In such cases , the game has n't changed , only the name .

In others a familiar old name still prevails , but the underlying game has changed .

For example , no load '' mutual funds remain a favorite with investors because they do n't carry a frontend sales commission .

Getting out of them , however , may be a different story now .

Traditional no-loads made their money by charging an annual management fee , usually a modest one ; they imposed no other fees , and many still do n't .

In recent years , though , a passel of others flying the no-load flag have been imposing hefty charges -- all the way up to 6 % -- when an investor sells his shares .

Should n't they properly be called exit-load funds ?

The mutual-fund industry is debating the question , but do n't expect a new name while the old one is working so well .

And do n't expect anyone to change the term blue chip , either , even though some of the companies that still enjoy the title may be riskier investments than they were .

American Telephone & Telegraph Co. , for one , is still a favorite of widows , orphans and trust departments -- but shorn of its regional telephone units and exposed to competition on every side , it is a far different investment prospect than it was before divestiture .

Also , blue chips in general have suffered much more short-term price volatility in recent years .

Larry Biehl , a money manager in San Mateo , Calif. , blames that on the advent of program trading , in which computers used by big institutional investors are programmed to buy and sell big blocks when certain market conditions prevail .

Blue chips , he says , are now being referred to as poker chips . ''

Finally , even the time-honored strategy called value investing '' no longer means what it once did .

Before the takeover mania of the '80s , it referred to rooting out through analysis undervalued stocks , especially those with shrewd management , sound fundamentals and decent prospects .

Now , says Mr. Biehl , value investing often means looking for downtrodden companies with terrible management that are in real trouble . ''

To institutional investors or brokers , he adds , a company with value is a company at risk of being swallowed up .

Ms. Bettner covers personal finance from The Wall Street Journal 's Los Angeles bureau .

I was amused to read your recent news stories on the banking industry 's reserve additions and concomitant threats to cease making new loans to less-developed countries .

If the whole story were told , it would read something like this :

-- During the 1970s the commercial banks lured the country loan business away from the bond markets where the discipline of a prospectus and Use of Proceeds '' confirmation allowed lenders to audit expenditures of old loans before new loans were made .

-- The reward for that reckless lending was high reported earnings -LRB- and management bonuses -RRB- ; the price , a sea of bad loans .

-- For the past several years , the banks , lacking a private navy to enforce their interests , have been pressuring the U.S. Treasury to underwrite their bad LDC credits .

-- The Treasury wisely has refused , but has concluded that indirect credit support through various multinational agencies should be made available for a price : either debt reduction or debt-service reduction or new loans -LRB- the Brady Plan -RRB- .

-- The banks will threaten not to make further loans , but in truth , lacking the capital to write off their mistakes or to build a navy , they have no alternative but to go along .

George A. Wiegers

Gillette Co. elected Warren E. Buffett , chairman of Berkshire Hathaway Inc. , to its board , increasing the number of directors to 12 from 11 .

Berkshire Hathaway earlier this year bought $ 600 million of preferred stock in Gillette that is convertible into an 11 % stake , and Gillette said at the time that Mr. Buffett would be added to the board .

Separately , Gillette said its third-quarter earnings rose 2 % to $ 65.2 million , or 57 cents a share , from $ 63.9 million , or 57 cents a share , in the year-earlier period ; per-share earnings remained flat despite an increase in net income in part because the company paid a $ 10.4 million dividend on the new preferred stock in the period .

Sales rose 9 % to $ 921.6 million from $ 845.7 million , with sales of the company 's international\/diversified operations well above '' the year earlier-period .

For the nine months , Gillette 's net income declined 1 % to $ 205.3 million , or $ 2.02 a share , from $ 207 million , or $ 1.82 a share , in the 1988 period .

Sales rose 6 % to $ 2.77 billion from $ 2.61 billion .

In composite trading on the New York Stock Exchange , the company closed yesterday at $ 45.50 a share , up 25 cents .

When Walter Yetnikoff , the president of Sony Corp. 's CBS Records , last month told producer Peter Guber that Sony was about to make a $ 3.4 billion bid for Columbia Pictures and needed someone to run the studio , Mr. Guber jumped at the chance .

Within two days , he was on his way to New York and Tokyo to meet with top brass at Sony .

And before the week was out , Sony had offered Mr. Guber and his partner , Jon Peters , the most lucrative employment contracts in the history of the movie business .

Not only that , Sony also agreed to give them a stake in Columbia 's future profits and buy their company , Guber Peters Entertainment Co. , for $ 200 million , almost 40 % more than the market value of the company .

There was just one sticking point : The two had a prior commitment .

Just seven months earlier , they had signed a five-year exclusive contract to make movies for Warner Bros. for which they had just produced the smash hit Batman . ''

But Mr. Guber figured that Warner Communications Inc. chairman Steven Ross , would empathize and let the producers go , knowing the Sony offer was the culmination of a life 's work . ''

He figured wrong .

Last week , following fruitless settlement talks , Warner , now merging with Time Inc. , filed a $ 1 billion breach of contract suit in Los Angeles Superior Court against both Sony and Guber Peters .

Sony promptly countersued , charging Warner with trying to sabotage its acquisitions and hurt its efforts to enter the U.S. movie business .

The accusations of lying and duplicity are flying thick and fast on both sides : As one Sony executive puts it , It 's World War III . ''

That two successful producers who are n't all that well known outside Hollywood could occasion such a clash of corporate titans suggests how desperate the quest for proven talent is in the movie business .

And they are a very odd team in any case .

Mr. Guber was raised in Boston and educated in New York .

He is a lawyer with a string of academic degrees .

Mr. Peters is a high-school dropout who came to fame as Barbra Streisand 's hairdresser .

Yet , they are far and away the most prolific producers in Hollywood .

And despite their share of duds , they make movies that make money .

That is a skill Sony badly needs -- and Warner is loath to lose .

Although Columbia had a good summer with Ghostbusters II '' and When Harry Met Sally , rivals such as Warner , Paramount Pictures , Walt Disney Co. and Universal Studios have been thrashing Columbia at the box office .

After five years of management turmoil , with four different studio heads , Columbia sorely needs a stable , savvy team to restore its credibility and get it back in the business of making hits .

Mr. Guber and Mr. Peters are n't universally loved in Hollywood but they are well connected .

Their stock in trade as executive producers '' is sniffing out hot properties , locking them up and then getting big studios to bankroll and distribute them .

Sometimes Mr. Guber and Mr. Peters do little more than grab the first draft of a screenplay for a Flashdance , or buy rights to a best seller such as The Color Purple . ''

It falls to others to do the writing , directing and producing .

With MGM\/UA 's Rainman , for instance , Messrs. Guber and Peters had virtually nothing to do with day-to-day production , but their names still appear in big letters on the credits , and they are inevitably associated with its success .

Sometimes , as with Batman , the pair really do make the film .

In that case , Guber Peters acquired the rights in 1979 , nursed the movie through a dozen scripts , and were on the set in London for 11 months hovering over the most minute changes in casting and production .

They 're the best production talent around , says Brian De Palma , beholden to Guber Peters for hiring him to direct the Warner movie of Tom Wolfe 's novel Bonfire of the Vanities . ''

On that film , which is to start shooting in a few months , they 've been very much involved , hiring talent and discussing the development of the script .

And when you 're making a movie this big , you need all the help you can get , Mr. De Palma adds .

I wish they were around 24 hours a day . ''

And some movies seem to have been hurt by their inattention .

Warner executives blame Mr. Guber 's and Mr. Peters 's lack of involvement in Caddyshack II '' for casting and production problems and the film 's ultimate dismal failure .

We 've had a few bombs , admits Mr. Peters .

But by and large this company has only been profitable . ''

He says his company 's prowess at packaging and marketing is why we 'll be good at Columbia .

We practically ran our own studio . ''

Longtime Hollywood associates describe Mr. Guber as the intellectual powerhouse of the two , a man with a flair for deal-making and marketing .

Peter is a major piece of Hollywood manpower who has really earned his success , says Robert Bookman , an agent at Creative Artists Agency .

Mark Johnson , the producer of Rainman , chimes in : He has a great ability to hire terrific people and delegate authority ... .

It 's no accident that they 've been able to develop such successful material . ''

Mr. Peters , on the other hand , has fewer fans in Hollywood , and his detractors like to characterize him as something of a hot-tempered bully .

He gets better reviews as a creative whiz , an enthusiast , an idea man .

He also had to fight harder for credibility than his partner did .

Barbra Streisand made him famous .

He cut her hair .

He lived with her .

He came to produce her records and her movies -- A Star Is Born '' and The Main Event . ''

Thrice married but now single , Mr. Peters got plenty of ink last summer for an on-set romance with actress Kim Basinger during the making of Batman . ''

Mr. Guber , by contrast , has been married to one woman for more than 20 years .

But for all their intellectual and stylistic differences , they make the perfect good cop , bad cop '' team , Hollywood associates say .

Peter is the bright , sympathetic guy when you 're doing a deal , says one agent .

If there 's a problem , Peter disappears , and all of a sudden Jon shows up . ''

Mr. Guber and Mr. Peters rub many people in Hollywood the wrong way .

Producers Don Simpson and Jerry Bruckheimer , who shepherded Flashdance '' through several scripts and ultimately produced the movie , bristle when Messrs. Guber and Peters take credit for the film .

Says Mr. Simpson : The script was unreadable .

We reinvented it .

We are the producers of that movie .

They got a small piece of the net profits and a screen credit '' as executive producers .

When Roger Birnbaum , an executive who worked for Guber Peters in the early 1980s , left to take a job as head of production at the United Artists studio , they made him forfeit all credits and financial interest in the films he had helped develop , including Rainman '' and Batman . ''

Mr. Peters acknowledges that and says it 's not unlike the situation he and Mr. Guber are in with Warner .

I was upset with Roger , I fumpered and schmumpered , says Mr. Peters .

But he wanted to pursue his own dream , and he went . ''

Still , Mr. Birnbaum says his relationship with Guber Peters was one of the most successful I 've had in Hollywood . ''

The two have a wonderful chemistry -- Jon is very impulsive , and Peter is very compulsive , adds Mr. Birnbaum , who is now head of production at News Corp. 's 20th Century Fox Film Co .

Jon Peters will come barreling into a room , say he 's got a great idea , and be gone .

Peter will take the kernel of that idea and make it grow into something specific ... . ''

Mr. Birnbaum recalls that Mr. Guber and Mr. Peters shifted into high gear a few years back upon learning that they had competition for the story of the murdered naturalist Dian Fossey , which became Gorillas in the Mist . ''

He says , Within a few weeks , we made deals with the government of Rwanda and everyone who had ever met or talked to Dian Fossey .

I think Peter even made some deals with the gorillas . ''

Universal Studios was working on a competing film , but the studio and its producers ultimately agreed to co-produce the film with Guber Peters and Warner .

More recently , Guber Peters beat out a dozen other producers , reportedly including Robert Redford and Ted Turner , for rights to the life story of Chico Mendes , the murdered Brazilian union leader who fought developers in the Amazon rain forest .

Messrs. Guber and Peters assiduously courted the man 's widow for months , showing her a tape of Gorillas in the Mist '' to impress her with the quality of their work .

Money helped , too .

Ultimately , they paid more than $ 1 million for the rights .

-LRB- The sale caused a rift between the widow and some of her husband 's followers .

Some of the money will go to the Chico Mendes Foundation , but it is n't earmarked for groups trying to save the rain forest . -RRB-

It 's hardly astonishing -LRB- given the men 's track record -RRB- that Sony wants Mr. Guber and Mr. Peters .

But it is puzzling to some Hollywood executives that Sony rushed to hire them without clearing up the Warner situation first .

Some note that Sony might have saved itself some trouble by just hiring Mr. Guber and letting Mr. Peters stay on to fulfill the Warner contract .

But though people in town may ask why Guber needs Peters , it 's good to have a partner , and obviously the chemistry works , says Steven Tisch , a producer who once worked for Mr. Guber .

This business is n't about personalities at the end of the day -- it s about whether the ink is red or black .

In the case of Peter and Jon , the ink has been very , very black . ''

Mr. Guber got his start in the movie business at Columbia two decades ago .

Recruited from New York University 's MBA program , he rose within two years to head of production , overseeing such films as The Way We Were , Taxi Driver , Tommy '' and Shampoo . ''

In 1976 , he teamed up with record producer Neil Bogart in Casablanca Records and Filmworks -- later called Polygram Pictures -- where they produced such hits as as The Deep , and Midnight Express . ''

In 1980 , Mr. Guber got together with Mr. Peters , by then a successful producer in his own right , after the death of Mr. Bogart .

While Guber Peters produced a number of hits for Warner and others , their record was n't always so impressive .

Among their clinkers were The Legend of Billie Jean , VisionQuest , Clue '' and Clan of the Cave Bear . ''

And the failures make it possible for Warner in its current lawsuit to paint the producers as ingrates .

The studio says it stuck with them even in the early years when the creative partnership was not particularly profitable for Warner . ''

Mr. Guber replies that this is a Goliath , this Time Warner , trying to chew up two fellows who have done only well for them for a long period of time . ''

Mr. Guber and Mr. Peters maintain that executives at Warner have always known of their ambitions to run a major entertainment powerhouse , but that Warner never felt threatened until they linked up with Sony .

From the beginning , -LCB- they -RCB- knew we had a goal and a dream , says Mr. Guber .

On a number of occasions , he adds , he tried to get Warner to buy Guber Peters outright .

They always listened , but they never acted , Mr. Guber says .

In 1987 , Mr. Guber and Mr. Peters contributed their company 's assets in exchange for a 28 % stake in Barris Entertainment , a small-fry TV production company controlled by Giant Industries Inc. Chairman Burt Sugarman .

In July a year later , Warner agreed to release the producers from their old contract when Messrs. Guber , Peters and Sugarman made a $ 100 million offer to buy 25 % of MGM\/UA .

Mr. Guber and Mr. Peters planned to run the nearly dormant MGM studio , and the two even tried to interest Warner Bros . ' President Terry Semel in becoming a partner after he advised them on the deal .

But the MGM plan collapsed just two weeks later .

Mr. Guber and Mr. Peters say they got a look at the books and balked at the price .

Their relationship with Mr. Sugarman soured shortly thereafter .

Last May , he sold his 24 % stake in Barris to a passive Australian investor and Barris was renamed Guber Peters Entertainment Co .

Meanwhile , Mr. Guber and Mr. Peters had agreed to extend their Warner agreement with the new five-year exclusive contract .

The new deal was considered the most generous of its kind , both financially and in terms of creative freedom .

But it paled by comparison to what Sony was to offer last month : the chance , at last , to run a major studio , about $ 50 million in deferred compensation , up to 10 % of Columbia 's future cash flow , 8 % of the future appreciation of Columbia 's market value , and annual salaries of $ 2.7 million for each .

The producers ' 28 % share of publicly held Guber Peters would net them an additional $ 50 million .

Sony also agreed to indemnify the producers against any liability to Warner .

Sony is paying a hefty price for a company that had revenue of only $ 42 million last year .

And earnings have been erratic .

In the the latest quarter , thanks in part to Batman , Guber Peters earned $ 5.8 million , or 50 cents a share , compared to a loss of $ 6.8 million , or 62 cents a share , in last year 's quarter .

Guber Peters stock , which traded as low as $ 6 a share last year , closed yesterday at $ 16.625 .

The two sides now are accusing each other of lying .

Mr. Guber and Mr. Peters claim they have an oral agreement with Warner executives that allows them to terminate their contract should the opportunity to run a major studio arise .

But in affidavits filed yesterday in the Los Angeles court , Mr. Ross , Warner Bros. Chairman Robert Daly and President Semel deny that such an oral agreement was ever made .

Warner , in its court filings , calls it a piece of fiction created for this litigation . ''

Mr. Daly in his affidavit acknowledges that Warner agreed to release the producers last year to take over MGM but says that situation was altogether different .

For one thing , according to Mr. Daly , the producers requested a release in advance .

Moreover , the old contract was about to expire , and the lineup of Guber Peters pictures for Warner was n't as strong as it is now .

Warner itself was in negotiations with MGM over certain movie and other rights , and it was in Warner 's interest to accommodate MGM\/UA , Guber and Peters by permitting them to become MGM executives , Mr. Daly said in his affidavit .

Warner obviously does n't think that it is in its own interests to let Mr. Guber and Mr. Peters go off to Columbia .

At the very least , Mr. Ross clearly sees an opportunity to use the two men to get a pound of flesh from Sony .

During settlement talks , for example , Warner demanded such things as cable TV rights to Columbia movies and Columbia 's interest in the studio it jointly owns with Warner , according to executives involved in the talks .

In any settlement , Warner is almost certain to demand rights to most of the 50 or so projects Mr. Guber and Mr. Peters have locked up for the next few years , notably sequels to Batman . ''

Mr. Guber and Mr. Peters refuse to concede that they may have made a tactical error in accepting the Sony offer before taking it up with Warner .

And they say there are plenty of precedents in Hollywood for letting people out of contracts .

The last time Columbia Pictures was looking for a studio chief , they note , Warner released producer David Puttnam from his contract , then took him back after he was subsequently fired by his bosses at Columbia .

In his affidavit filed yesterday , Warner 's Mr. Ross indicated he is n't buying any such argument : If Sony succeeds here , no written contract in Hollywood will be worth the paper it 's written on .

THE SALES PITCH could n't sound better .

First , there 's the name : asset-backed securities . ''

Better than all those offers you get to buy securities backed by nothing .

And there 's more .

The assets backing the securities come from some of the country 's biggest -- and most secure -- institutions .

Most earn high ratings from credit agencies .

Their yields are higher than those of U.S. Treasury issues .

And the booming market has already attracted many of the nation 's biggest institutional investors .

Ready to jump ?

Well , think twice .

The concept may be simple : Take a bunch of loans , tie them up in one neat package , and sell pieces of the package to investors .

But the simplicity may be misleading .

Skeptics say the slightly higher returns are n't enough to compensate for the extra risk .

They warn that asset-backed securities are only as good as the assets and credit backing that support them -- and those are hard to evaluate .

Moreover , the securities were introduced only about 4 1\/2 years ago ; the biggest unknown is how they will fare in a recession .

A lot of this stuff really is in untested waters , says Owen Carney , director of the investment securities division of the U.S. comptroller of the currency .

We do n't know how this whole market will work in a serious economic downturn . ''

Such concerns , however , have n't stopped asset-backed securities from becoming one of Wall Street 's hottest new products .

Since the spring of 1985 , financial alchemists have transformed a wide variety of debt into these new securities .

They have sold issues backed by car loans , boat loans and recreational-vehicle loans .

They have offered bundles of homeequity loans , as well as packages of loans used to buy vacation time-shares .

Last year , there was an issue of death-backed bonds '' -- securities backed by loans to life-insurance policyholders .

Some predict there will be Third World bonds , backed by loans to Brazil , Argentina and other debt-ridden nations .

And the biggest volume this year has been on securities backed by credit-card receivables , sometimes known as plastic bonds . ''

This is the heyday of debt , says James Grant , editor of Grant 's Interest Rate Observer , a newsletter .

Before the sun sets on the '80s , it seems nothing will be left unhocked . ''

The result is a $ 45 billion market , according to Securities Data Co .

That includes more than $ 9.5 billion issued through August of this year , up sharply from $ 6.5 billion in the comparable 1988 period -- and more than in all of 1987 .

Most issues have been sold to professional money managers , pension funds , bank trust departments and other institutions .

But wealthy individuals also have been jumping in , and lately brokers have been pushing smaller investors into the asset-backed market .

The entry fee is affordable : Issues typically are sold in minimum denominations of $ 1,000 .

We expect additional offerings '' of asset-backed securities targeted toward individual investors , says Bill Addiss , a senior vice president at Shearson Lehman Hutton Inc .

The process typically begins when an institution , such as Citibank or Sears , Roebuck & Co. , takes a pool of credit-card or other receivables and sells them to a specially created trust .

The trust then issues securities -- generally due in five years or less -- that are underwritten by Wall Street brokerage firms and offered to investors .

Issues typically come with credit enhancements , such as a bank letter of credit , and thus have received high credit ratings .

Enthusiasts say the booming market has opened up a valuable new source of funds to issuers , while providing a valuable new investment for individuals and institutions .

Asset-backed securities are an attractive investment compared to bank certificates of deposit or other corporate bonds , says Craig J. Goldberg , managing director and head of the asset-backed securities group at Merrill Lynch Capital Markets .

But skeptics question whether asset-backed bonds offer sufficient rewards to compensate for the extra risks .

Consider a $ 500 million offering of 9 % securities issued last spring and backed by Citibank credit-card receivables .

The triple-A-rated issue offered a yield of only about 0.5 percentage point above four-year Treasury issues .

On a $ 10,000 investment , that 's a difference of only $ 50 a year .

That kind of spread can be critical for money managers who buy bonds in large quantities and whose livelihood depends on outperforming the money manager across the street .

But for individuals who buy much smaller amounts and care less about relative performance than in preserving what they have , that margin is meaningless .

If you 're in the bond business playing the relative-performance derby , then even an extra 25 basis points -LRB- 0.25 percentage point -RRB- becomes an important consideration on a career basis , says Mr. Grant .

But if you 're an individual investing money and trying to get it back again , then that is n't of overwhelming importance . ''

Moreover , the interest on asset-backed securities is fully taxable , while interest on Treasury issues is tax-free at the state and local level .

That 's why some investment managers , such as Alex Powers , a vice president of Chase Manhattan Bank 's private banking division , do n't recommend most asset-backed issues for individuals in high-tax states , such as New York or California .

But Mr. Powers has purchased asset-backed issues for individuals with tax-deferred accounts , such as retirement plans .

He points out that institutions buying asset-backed issues in large quantities can earn higher spreads over Treasurys than individuals buying smaller amounts .

Another concern is liquidity , or how easily a security can be converted into cash .

The secondary , or resale , market for asset-backed securities is relatively new and much less active than for Treasury issues .

That could make it tricky for investors who need to sell their holdings quickly before the securities mature .

That 's particularly true , analysts say , for certain of the securities , such as those backed by time-share loans .

You could see massive gyrations here because it 's such a thinly traded market , says Jonathan S. Paris , a vice president of European Investors Inc. , a New York investment-management firm .

In addition , an investor who wants to know the daily value of Treasury bonds , or corporate bonds traded on the New York Stock Exchange , can simply check newspaper listings .

There are n't any such listings for asset-backed securities .

Evaluating asset-backed securities poses another problem .

Investors , for instance , may mistakenly assume that the bank or company that originally held the assets is guaranteeing the securities .

It is n't .

The front cover of the prospectus for the Citibank credit-card receivables offering points out in bold capital letters that the certificates represent an interest only in the specially created trust and do not represent interests in or obligations of the banks , Citibank N.A. , Citicorp or any affiliate thereof . ''

In other words , if there 's a problem , do n't expect Citibank to come to the rescue .

The prospectus also notes that the securities are not guaranteed by any government agency .

That means investors have to focus on the quality of the debt that lies beneath the securities , as well as on the credit enhancement for the issue and the credit ratings the issue has received .

That also is n't easy .

Take the credit enhancements , which typically include a bank letter of credit or insurance from a bond-insurance company .

The letter of credit typically is not offered by the bank selling the assets to back the securities .

Nor does it cover the entire portfolio .

Details of credit enhancements vary widely from issue to issue .

Still , they play a crucial role in winning top ratings for most asset-backed issues -- which in turn is why the yield above Treasurys is so slim .

But skeptics ask why you should bother buying this stuff when you can get only slightly lower yields on government-guaranteed paper .

When you buy an asset-backed issue , you take the risk that a bank or an insurer could run into unexpected difficulties .

If a bank 's credit rating was lowered because of , say , its loans to Third World nations , that could also affect the ratings , liquidity and prices of the asset-backed issues that the bank supports .

Underwriters insist these issues are constructed to withstand extremely tough economic conditions .

But despite the credit enhancements , despite the high ratings , some money managers still worry that a recession could wreak havoc on the underlying assets .

At a time when Americans are leveraged to their eyeballs , asset-backed investors may be taking a heady gamble that consumers will be able to repay loans in hard times .

At the very least , a recession would prompt investors to buy the highest-quality bonds they can find -- that is , Treasurys .

That could widen the yield spread between Treasurys and asset-backed securities , as well as make it tougher to unload the latter .

But it could be much worse .

Some analysts are especially wary of credit-card issues .

For one thing , credit-card loans are unsecured .

In addition , they fear that banks have been overeager to issue cards to the public -- giving cards to too many big spenders who will default during a recession .

A day of reckoning is coming where we think the market will place a high premium on the highest-quality debt issues , and therefore we think the best debt investment is U.S. government bonds , says Craig Corcoran of Davis\/Zweig Futures Inc. , an investment advisory firm .

What about triple-A-rated asset-backed issues ?

Nope , we still say to stick with Treasurys , Mr. Corcoran replies .

Ratings , he notes , are subject to change . ''

All this makes asset-backed securities seem too risky for many people .

And it reminds Raymond F. DeVoe Jr. , a market strategist at Legg Mason Wood Walker Inc. , of what he calls DeVoe 's Unprovable but Highly Probable Theory No. 1 :

More money has been lost reaching for yield than in all the stock speculations , scams and frauds of all time . ''

Mr. Herman is a staff reporter in The Wall Street Journal 's New York bureau .

Volume of asset-backed securities issued annually

\\* Principal amount

\\*\\* As of August 30

\\* Principal amount

Source : Securities Data Co .

IF YOU FORCE financial planners to sum up their most important advice in a single sentence , it would probably be a one-word sentence : Diversify .

Judging by a poll of Wall Street Journal readers conducted this summer by Erdos & Morgan Inc. , serious investors have taken that advice to heart .

Nearly 1,000 investors responded to the Journal 's poll , providing an in-depth look at their portfolios .

Those portfolios are remarkably diversified .

By spreading their wealth among several investment alternatives , the respondents have protected themselves against squalls in any one area , be it stocks , bonds or real estate .

For example , about 88 % of Journal readers owned stock -LRB- down slightly from 91 % in a similar poll last year -RRB- .

But only 17.5 % said they had more than half their money in the stock market .

Similarly , 57 % of respondents own shares in a money-market mutual fund , and 33 % own municipal bonds .

But only 6 % to 7 % of the investors were committing more than half their funds to either of those alternatives .

The poll , conducted Aug. 7-28 , also provides a glimpse into the thinking of serious investors on a variety of other topics .

It found them in a cautious , but not downbeat , mood .

Of 1,500 people sent a questionnaire , 951 replied .

The response rate , more than 63 % , allows the results to be interpreted with a high degree of confidence .

The results ca n't be extrapolated to all investors , though .

Journal readers are relatively affluent , with a median household income of between $ 75,000 and $ 99,000 .

Nearly half of the respondents -LRB- 47 % -RRB- said their investment portfolio was worth $ 250,000 or more , and 17 % said it was worth $ 1 million or more .

The respondents were mildly optimistic about the economy and investment markets , but their collective judgments were a notch more sober than they were a year ago .

For example , 12 % of this year 's respondents said they expect a recession within 12 months .

Last year , only 8 % were expecting a recession .

An additional 56 % of this year 's respondents expect the economy to slow down during the next 12 months .

Only 42 % of last year 's respondents anticipated slowing growth .

Apparently , the respondents do n't think that an economic slowdown would harm the major investment markets very much .

A slim majority -LRB- 51 % -RRB- think stock prices will be higher in August 1990 than they were in August 1989 .

Their verdict on real estate is almost the same .

Some 50 % expect real estate in their local area to increase in value over the next 12 months .

By contrast , only 32 % expect an increase in the price of gold .

Since gold tends to soar when inflation is high , that finding suggests that people believe inflation remains under control .

Even though only 12 % actually predicted a recession , many respondents were taking a better-safe-than sorry investment stance .

Nearly a third said they have made some portfolio changes to anticipate a possible recession .

For the most part , the changes were slight . ''

The two-thirds who have n't tried to make their portfolios more recession-resistant were split about evenly between investors who do n't believe in trying to predict the markets '' -LRB- about 31 % -RRB- and investors who do n't expect a recession '' -LRB- about 15 % -RRB- or are unsure if and when a recession might come '' -LRB- about 22 % -RRB- .

A buy-and-hold approach to stocks continues to be the rule among respondents .

Most own two to 10 stocks , and buy or sell no more than three times a year .

Some 71 % had bought some stock in the past year ; only 57 % had sold any .

But the lurking shadow of 1987 's stock-market crash still seems dark .

About 33 % considered another crash likely , while about 63 % said one is unlikely . ''

Those percentages hardly changed from the previous year 's poll .

And the respondents ' commitment to the stock market remains somewhat lighter than usual .

About 60 % of them said they would ordinarily '' have at least 25 % of their money in stocks .

But as of August , only 50 % actually had stock-market investments of that size .

Most stock-market indexes were hitting all-time highs at around the time of the poll .

But it appears that many Journal readers were taking that news as a sign to be cautious , rather than a signal to jump on the bandwagon .

Mr. Dorfman covers investing issues from The Wall Street Journal 's New York bureau .

Canadian steel ingot production totaled 276,334 metric tons in the week ended Oct. 14 , down 5.3 % from the preceding week 's total of 291,890 tons , Statistics Canada , a federal agency , said .

The week 's total was down 7.1 % from 297,446 tons a year earlier .

A metric ton is equal to 2,204.62 pounds .

The cumulative total in 1989 was 12,283,217 tons , up 7.5 % from 11,429,243 tons a year earlier .

Health Care Property Investors Inc. said it acquired three long-term care facilities and one assisted-living facility in a purchase-and-lease transaction valued at $ 15 million .

The real estate investment trust said that it leased the three Florida facilities to National Health Care Affiliates Inc. of Buffalo , N.Y .

Health Care Property holds an interest in 139 facilities in 30 states .

Moody 's Investors Service said it lowered its rating on about $ 75 million of this Chatsworth , Calif. , concern 's convertible subordinated debentures , due 2012 , to Caa from B2 .

It said the reduction reflects impaired business prospects and reduced financial flexibility caused by continuing losses at the maker of Winchester disk drives .

VALLEY National Corp. --

Moody 's Investors Service Inc. said it lowered its rating on about $ 400 million of this bank holding company 's senior debt to B2 from Ba3 .

Moody 's said it expects Valley National , of Phoenix , Ariz. , to make substantial further provisions against its real-estate portfolio , and that it continues to suffer from the high cost of carrying nonperforming assets , and from high loan-loss provisions .

Electronic theft by foreign and industrial spies and disgruntled employees is costing U.S. companies billions and eroding their international competitive advantage .

That was the message delivered by government and private security experts at an all-day conference on corporate electronic espionage .

Hostile and even friendly nations routinely steal information from U.S. companies and share it with their own companies , said Noel D. Matchett , a former staffer at the federal National Security Agency and now president of Information Security Inc. , Silver Spring , Md .

It may well be '' that theft of business data is as serious a strategic threat to national security '' as it is a threat to the survival of victimized U.S. firms , said Michelle Van Cleave , the White House 's assistant director for National Security Affairs .

The conference was jointly sponsored by the New York Institute of Technology School of Management and the Armed Forces Communications and Electronics Association , a joint industry-government trade group .

Any secret can be pirated , the experts said , if it is transmitted over the air .

Even rank amateurs can do it if they spend a few thousand dollars for a commercially available microwave receiver with amplifier and a VCR recorder .

They need only position themselves near a company 's satellite dish and wait .

You can have a dozen competitors stealing your secrets at the same time , Mr. Matchett said , adding : It 's a pretty good bet they won’t get caught . ''

The only way to catch an electronic thief , he said , is to set him up with erroneous information .

Even though electronic espionage may cost U.S. firms billions of dollars a year , most are n't yet taking precautions , the experts said .

By contrast , European firms will spend $ 150 million this year on electronic security , and are expected to spend $ 1 billion by 1992 .

Already many foreign firms , especially banks , have their own cryptographers , conference speakers reported .

Still , encrypting corporate communications is only a partial remedy .

One expert , whose job is so politically sensitive that he spoke on condition that he would n't be named or quoted , said the expected influx of East European refugees over the next few years will greatly increase the chances of computer-maintenance workers , for example , doubling as foreign spies .

Moreover , he said , technology now exists for stealing corporate secrets after they 've been erased '' from a computer 's memory .

He said that Oliver North of Iran-Contra notoriety thought he had erased his computer but that the information was later retrieved for congressional committees to read .

No personal computer , not even the one on a chief executive 's desk , is safe , this speaker noted .

W. Mark Goode , president of Micronyx Inc. , a Richardson , Texas , firm that makes computer-security products , provided a new definition for Mikhail Gorbachev 's campaign for greater openness , known commonly as glasnost .

Under Mr. Gorbachev , Mr. Goode said , the Soviets are openly stealing Western corporate communications .

He cited the case of a Swiss oil trader who recently put out bids via telex for an oil tanker to pick up a cargo of crude in the Middle East .

Among the responses the Swiss trader got was one from the Soviet national shipping company , which had n't been invited to submit a bid .

The Soviets ' eavesdropping paid off , however , because they got the contract .

The University of Toronto stepped deeper into the contest for Connaught BioSciences Inc. by reaching an unusual agreement with Ciba-Geigy Ltd. and Chiron Corp .

The University said the two companies agreed to spend 25 million Canadian dollars -LRB- $ 21.3 million -RRB- over 10 years on research at Canadian universities if they are successful in acquiring the vaccine maker .

It said $ 10 million would go to the University of Toronto .

Ciba-Geigy and Chiron have made a joint bid of C$ 866 million for Connaught , and Institut Merieux S.A. of France has made a rival bid of C$ 942 million .

The University is seeking an injunction against the Merieux bid , arguing that Connaught 's predecessor company agreed in 1972 that Connaught 's ownership would n't be transferred to foreigners .

The university implied that it would drop its opposition to foreign ownership if Ciba-Geigy and Chiron are successful with their lower bid .

It said the new agreement would replace '' the old one that forms the basis of its suit against the Merieux takeover .

Notwithstanding foreign ownership of Connaught , this accord would enhance research and development in Canada , said James Keffer , the university 's vice president of research .

Ciba-Geigy is a Swiss pharmaceutical company and Chiron is based in Emeryville , Calif .

In a statement , Jacques-Francois Martin , director general of Merieux , said the French company is still determined to acquire Connaught .

While he didn’t comment directly on the pact between Ciba-Geigy and the university , he said Merieux can transfer new products and technologies to Connaught more rapidly than other companies not currently producing and marketing vaccines -LCB- who -RCB- can only promise this for some ... years in the future . ''

In national over-the-counter trading yesterday , Connaught closed at $ 28.625 , up $ 1.25 .

Microsoft and other software stocks surged , leading the Nasdaq composite index of over-the-counter stocks to its biggest advance of the year on breathtaking volume .

Leading the pack , Microsoft soared 3 3\/4 , or 4 % , to a record price of 84 1\/4 on 1.2 million shares .

On the other hand , Valley National tumbled 24 % after reporting a sizable third-quarter loss .

The Nasdaq composite leaped 7.52 points , or 1.6 % , to 470.80 .

Its largest previous rise this year came Aug. 7 , when it gained 4.31 .

The OTC market 's largest stocks soared as well , as the Nasdaq 100 Index jumped 10.01 , or 2 % , to 463.06 .

The Nasdaq Financial Index rose 5.04 , or 1.1 % , to 460.33 .

By comparison , the Dow Jones Industrials and the New York Stock Exchange Composite each rose 1.5 % .

Volume totaled 173.5 million shares , 30 % above this year 's average daily turnover on Nasdaq .

Among broader Nasdaq industry groups , the utility index gained 18.11 to 761.38 .

The transportation and insurance sectors each posted gains of 8.59 , with the transports finishing at 486.74 and the insurers at 537.91 .

The Nasdaq industrial index climbed 8.17 to 458.52 , and the other finance '' index , made up of commercial banks and real estate and brokerage firms , rose 3.97 to 545.96 .

The index of smaller banks improved 1.97 .

Of the 4,346 issues that changed hands , 1,435 rose and 629 fell .

Jeremiah Mullins , head of OTC trading at Dean Witter Reynolds , said both institutional and retail investors were buying .

But there was a dearth of sellers , traders said , so buyers had to bid prices up to entice them .

There 's no pressure on OTC stocks at this point , said Mr. Mullins , who said some buyers are beginning to shop among smaller OTC issues .

Microsoft 's surge followed a report this week of substantially improved earnings for its first quarter , ended Sept. 30 .

The stock was trading at 69 just two weeks ago .

Rick Sherlund , a Goldman Sachs analyst , has raised his earnings estimates for the company twice in the past two weeks , citing improved margins .

After the earnings were announced , he raised his fiscal 1990 estimate to between $ 3.80 and $ 4 a share .

Microsoft earned $ 3.03 a share in fiscal 1989 .

Among other software issues , Autodesk jumped 1 1\/4 to 42 , Lotus Development was unchanged at 32 1\/2 , Novell jumped 7\/8 to 30 3\/4 , Ashton-Tate gained 1\/4 to 10 5\/8 , and Oracle Systems rose 3\/4 to 25 3\/4 .

Caere , a new software issue , surged from its offering price of 12 to close at 16 1\/8 .

The company also makes optical character recognition equipment .

Caere was underwritten by Alex . Brown & Sons .

Another recently offered Alex . Brown issue , Rally 's , surged 3 1\/8 to 23 .

The operator of fast-food restaurants , whose shares began trading last Friday , climbed 3 1\/8 to 23 on 944,000 shares .

Its 1.7 million-share offering was priced at 15 .

Valley National 's slide of 5 3\/4 points to 18 1\/2 on 4.2 million shares followed its report late Wednesday of a $ 72.2 million third-quarter loss .

In the 1988 quarter , the Phoenix , Ariz. , commercial banking concern earned $ 18.7 million .

Valley National said its $ 110 million provision for credit losses and $ 11 million provision for other real estate owned is related to weakness in the Arizona real estate market .

Additionally , Moody 's Investors Service said it downgraded Valley National 's senior debt and confirmed the company 's commercial paper rating of not prime . ''

A new issue , Exabyte , surged 2 1\/8 from its initial offering price to close at 12 1\/8 .

The offering was for about 2.8 million shares of the data storage equipment maker ; more than 2.2 million shares changed hands after trading began .

Dell Computer dropped 7\/8 to 6 .

The company said earnings for the year ending Jan. 28 , 1990 , are expected to be 25 to 35 cents a share , compared with a previous estimate of 50 to 60 cents a share .

Nutmeg Industries lost 1 3\/4 to 14 .

Raymond James & Associates in St. Petersburg , Fla. , lowered its third-quarter earnings estimate for the company , according to Dow Jones Professional Investor Report .

A.P. Green Industries advanced 1 5\/8 to 36 1\/8 .

East Rock Partners , which has indicated it might make a bid for the company , said A.P. Green , a refractory products maker , told the partnership it is n't for sale .

Row 21 of Section 9 of the Upper Reserved at Candlestick Park is a lofty perch , only a few steps from the very top of the stands .

From my orange seat , I looked over the first-base line and the new-mown ball field in the warm sun of the last few minutes before what was to have been the third game of the World Series .

It was five in the afternoon , but that was Pacific time .

Back in New York the work day was already over , so I didn’t have to feel guilty .

Even still , I did feel self-indulgent , and I could n't help remembering my father 's contempt for a rich medical colleague who would go to watch the Tigers on summer afternoons .

This ballpark , the Stick , was not a classic baseball stadium -- too symmetrical , too much bald concrete .

And it didn’t have the crowded wild intimacy of Yankee Stadium .

But I liked the easy friendliness of the people around me , liked it that they 'd brought their children , found it charming that , true citizens of the state of the future , they had brought so many TVs and radios to stay in touch with electroreality at a live event .

Maybe it was their peculiar sense of history .

The broadcasters were , after all , documenting the game , ratifying its occurrence for millions outside the Stick .

Why not watch or hear your experience historicized while you were living it ?

The day was saturated with the weight of its own impending history .

Long lines of people waited to buy special souvenir World Series postcards with official postmarks .

Thousands of us had paid $ 5 for the official souvenir book with its historical essays on Series trivia , its historical photographs of great moments in Series past , and its instructions , in English and Spanish , for filling in the scorecard .

Pitcher = lanzador .

Homerun = jonron .

Players ran out on the field way below , and the stands began to reverberate .

It must be a local custom , I thought , stamping feet to welcome the team .

But then the noise turned into a roar .

And no one was shouting .

No one around me was saying anything .

Because we all were busy riding a wave .

Sixty thousand surfers atop a concrete wall , waiting for the wipeout .

Only at the moment of maximum roll did I grasp what was going on .

Then I remembered the quake of '71 , which I experienced in Santa Barbara in a second-story motel room .

When the swaying of the building woke me up , I reasoned that a -RRB- I was in Southern California ; b -RRB- the bed was moving ; c -RRB- it must be a Magic Fingers bed that had short-circuited .

Then I noticed the overhead light was swaying on its cord and realized what had happened .

What should I do ?

Get out of the possibly collapsing building to the parking lot .

But the lot might split into crevasses , so I had better stand on my car , which probably was wider than the average crevasse .

Fortunately , the quake was over before I managed to run out and stand naked on the hood .

At the Stick , while the world shook , I thought of that morning and then it struck me that this time was different .

If I survived , I would have achieved every journalist 's highest wish .

I was an eyewitness of the most newsworthy event on the planet at that moment .

What was my angle ?

How would I file ?

All these thoughts raced through my head in the 15 seconds of the earthquake 's actual duration .

The rest is , of course , history .

The Stick didn’t fall .

The real tragedies occurred elsewhere , as we soon found out .

But for a few minutes there , relief abounded .

A young mother found her boy , who had been out buying a hotdog .

The wall behind me was slightly deformed , but the center had held .

And most of us waited for a while for the game to start .

Then we began to file out , to wait safely on terra firma for the opening pitch .

It was during the quiet exodus down the pristine concrete ramps of the Stick that I really understood the point of all those Walkmen and Watchmen .

The crowd moved in clumps , clumps magnetized around an electronic nucleus .

In this way , while the Stick itself was blacked out , we kept up to date on events .

Within 15 minutes of the quake itself , I was able to see pictures of the collapsed section of the Bay Bridge .

Increasingly accurate estimates of the severity of the quake became available before I got to my car .

And by then , expensive automobile sound systems were keeping the gridlocked parking lot by the bay informed about the fire causing the big black plume of smoke we saw on the northern horizon .

Darkness fell .

But the broadcasts continued through the blacked-out night , with pictures of the sandwiched highway ganglion in Oakland and firefighting in the Marina district .

By then , our little sand village of cars had been linked with a global village of listeners and viewers .

Everyone at the Stick that day had started out as a spectator and ended up as a participant .

In fact , the entire population of the Bay Area had ended up with this dual role of actor and audience .

The reporters were victims and some of the victims turned into unofficial reporters .

The outstanding example of this was the motorist on the Bay Bridge who had the presence of mind to take out a video camera at the absolutely crucial moment and record the car in front as it fell into the gap in the roadway .

The tape was on tv before the night was out .

Marshall McLuhan , you should have been there at that hour .

Investors who received Shearson Lehman Hutton Inc. 's latest stock commentary may be left with blank expressions .

The first 10 pages of the 76-page Weekly Portfolio Perspective are completely blank , except for the page numbers .

Rather than printing devils , Shearson puts all the blame on the unpredictable stock market .

The plunge made Shearson 's market commentary instantly out of date .

In fact , last Friday 's 190.58-point tumble in the stock market caught many people and businesses by surprise , not the least of them brokerage firms such as Shearson that print their weekly market commentaries on Fridays for dissemination the following week .

Shearson , a 62%-owned unit of American Express Co. , didn’t have enough time to update its market commentary so , We decided to kill our strategy pieces , says Jack Rivkin , the head of Shearson 's research department .

The first thought some investors had was that a red-faced Shearson must have been wildly bullish on stocks in its original commentary , and that 's why it purged its pages .

Investors recalled that Shearson last week had been advising that the market is still exhibiting all the signs of a further advance . ''

Many other brokerage firms had similarly bullish views .

But Mr. Rivkin insists that the 10 pages were n't pulled because they were too bullish .

Instead , he says , they were cautious , and that was n't the message we wanted to deliver '' on Monday .

As Mr. Rivkin explains it , We were raising some caution flags about rate rises in Europe and concerns about the LBO market .

And by late Friday afternoon , actually after the close , we decided that was the wrong tone to take .

With the market down , we wanted to tell people to put their orders in on the opening . ''

Both before and after the Friday plunge , Shearson has maintained a recommended portfolio weighting of 65 % stocks , 20 % bonds and 15 % cash .

Sheldon B. Lubar , chairman of Lubar & Co. , and John L. Murray , chairman of Universal Foods Corp. , were elected to the board of this engine maker .

They succeed Robert W. Kasten and John R. Parker , who reached the mandatory retirement age .

China 's slide toward recession is beginning to look like a free fall .

In a report on China 's foundering economy , the official State Statistical Bureau disclosed that industrial output last month rose 0.9 % from a year earlier - the lowest growth rate in a decade for September .

Retail sales are plummeting , while consumer prices still are rising .

Chinese and foreign economists now predict prolonged stagflation : low growth and high inflation .

The economy is crashing hard , says an Asian economist in Beijing .

The slowdown is taking hold a lot more quickly and devastatingly than anyone had expected . ''

A lengthy recession , if it materializes , would drain state coffers and create severe hardships for urban workers .

Experts predict the coming year will be characterized by flat or negative industrial growth , rising unemployment and a widening budget deficit .

Unless the government suddenly reverses course , wages for most workers won’t keep pace with inflation , creating a potential source of urban unrest .

The economy 's slowdown is due only partly to the austerity program launched in September 1988 to cool an overheated economy and tame inflation .

-LRB- Industrial output surged 21 % in 1988 , while inflation peaked last February at nearly 30 % . -RRB-

The slowdown also results from chronic energy and raw-materials shortages that force many factories to restrict operations to two or three days a week .

In Western , market-driven countries , recessions often have a bright side : prodding the economy to greater efficiency .

In China , however , there is n't likely to be any silver lining because the economy remains guided primarily by the state .

Instead , China is likely to shell out ever-greater subsidies to its coddled state-run enterprises , which ate up $ 18 billion in bailouts last year .

Nor are any of these inefficient monoliths likely to be allowed to go bankrupt .

Rather , the brunt of the slowdown will be felt in the fast-growing private and semi-private township '' enterprises , which have fallen into disfavor as China 's leaders re-emphasize an orthodox Marxist preference for public ownership .

When the going gets rough , China penalizes the efficient and rewards the incompetent , says a Western economist .

Reports of an economy near recession come as officials prepare a major Communist Party plenum for sometime in the next few weeks .

The meeting is expected to call for heightened austerity for two years .

But with industrial growth stagnant and inflation showing signs of easing , some voices may call for measures to pump new life into the economy .

Some analysts believe China soon will begin relaxing economic controls , particularly by loosening credit .

That would benefit Chinese enterprises as well as Sino-foreign joint ventures , both of which have been plagued by shortages of working capital .

A dangerous buildup this year of billions of dollars in inter-company debts threatens , if unchecked , to bring the economy to a collapse .

One sign of a possible easing of credit policy was the decision this week of People 's Bank of China , the central bank , to allocate $ 5.4 billion in short-term loans to pay farmers for the autumn harvest , the official China Daily reported .

But while pumping more money into the economy would bring relief to many industries , it also runs the risk of triggering another period of runaway growth and steep inflation .

The cycle has been repeated several times since China began reforming its planned economy in 1979 .

And , because China 's leaders have abandoned plans to drastically reform the economy , it is likely to continue , analysts say .

The statistical bureau 's report , cited in China Daily , notes that industrial output in September totaled $ 29.4 billion , a rise of just 0.9 % from a year earlier .

Output declined in several provinces , including Jiangsu and Zhejiang , two key coastal areas , and Sichuan , the nation 's agricultural breadbasket .

Production in Shanghai , China 's industrial powerhouse and the largest source of tax revenue for the central government , fell 1.8 % for the month .

Nationwide , output of light industrial products declined 1.8 % -- the first decline in 10 years , a bureau spokesman told China Daily .

In an unusually direct statement , the bureau spokesman recommended that state banks extend more credit to shopkeepers so that they can purchase manufacturers ' goods .

This will prevent a slide in industrial production , which will otherwise cause new panic buyings , the spokesman said .

The 1986 tax overhaul , the biggest achievement of President Reagan 's second term , is beginning to fall apart , and interest groups are lining up for tax goodies all over Capitol Hill .

Real-estate executives are lobbying to ease anti-tax-shelter rules .

Charitable groups are trying to reinstate the write-off for contributions made by individuals who do n't itemize their deductions .

Big auction houses want to make collectibles eligible for lower capital-gains taxes .

And heavy-industry lobbyists are quietly discussing the possibility of reinstating the investment tax credit .

Everything is up for grabs , says Theodore Groom , a lobbyist for mutual life-insurance companies .

Adds Robert Juliano , the head lobbyist for a variety of interests that want to protect the tax deduction for travel and entertainment expenses : It appears as though the whole thing is wide open again . ''

The catalyst has been the congressional move to restore preferential tax treatment for capital gains , an effort that is likely to succeed in this Congress .

Other fundamental reforms '' of the 1986 act have been threatened as well .

The House seriously considered raising the top tax rate paid by individuals with the highest incomes .

The Senate Finance Committee voted to expand the deduction for individual retirement accounts , and also to bring back income averaging for farmers , a tax preference that allows income to be spread out over several years .

As part of the same bill , the finance panel also voted in favor of billions of dollars in narrow tax breaks for individuals and corporations , in what committee member Sen. David Pryor -LRB- D. , Ark . -RRB- calls a feeding frenzy '' of special-interest legislating .

The beneficiaries would range from pineapple growers to rich grandparents to tuxedo-rental shops .

To be sure , the full Senate , facing a fast-approaching budget deadline , last Friday stripped away all of the tax breaks that were contained in the Finance Committee bill .

But lawmakers of both parties agree that the streamlining was temporary .

Other bills will be moving soon that are expected to carry many of the tax cuts , including both the capital-gains and IRA provisions .

There is n't any doubt that the thread of the '86 code has been given a mighty tug , says Rep. Thomas Downey -LRB- D. , N.Y . -RRB- .

You 'll see the annual unraveling of it . ''

It 's back to tax-give-away time for the select few , says Rep. William Gray of Pennsylvania , the third-ranking Democrat in the House .

Referring to the chairmen of the Senate and House tax-writing committees , he adds , Next year , every special-interest group is going to be there knocking on Lloyd Bentsen 's door , on Danny Rostenkowski 's door . ''

Many groups are n't waiting that long .

Just last week , a House Ways and Means subcommittee held a lengthy meeting to hear the pleas of individual cities , companies and interest groups who want to open their own special loopholes .

It 's a Swiss-cheese factory and the cheese smells pretty good , commented one veteran lobbyist who was watching the proceedings .

Even lobbyists for heavy industry , one of the interests hit hardest in the 1986 bill , are encouraged .

The return of pro-investment tax breaks such as those for capital gains and IRAs creates more of a mood or a mindset that is helpful for getting better depreciation -LRB- write-offs -RRB- or investment credits , says Paul Huard , a vice president for the National Association of Manufacturers .

Corporate lobbyist Charls Walker is planning a spring conference to discuss what tax changes to make to improve competitiveness . ''

In reaction to proposed capital-gains legislation , groups are lobbying to make sure they are n't left off the gravy train .

Real-estate interests , for example , are protesting an omission in President Bush 's capital-gains proposal : It does n't include real-estate gains .

If there is going to be a tax scheme that contemplates lower treatment of capital gains , they certainly want to be part of it , says real-estate lobbyist Wayne Thevenot of Concord Associates .

In the House-passed tax bill , Mr. Thevenot got his wish ; real-estate assets are included in the capital-gains provision .

But Sotheby 's , Christie 's and the National Association of Antique Dealers are still trying to get theirs .

They have sent a letter to congressional tax-writers asking that gains from the sale of collectibles also be given preferential treatment .

Collectibles should continue to be recognized as capital assets , the letter states .

All of this talk is antithetical to the Tax Reform Act of 1986 .

In exchange for dramatically lower tax rates , the framers of that legislation sought to eliminate most of the exemptions , deductions and credits that gave some taxpayers an advantage over others .

The goal was to tax people with roughly equivalent incomes equally , and to eliminate the many shelters that allowed the wealthy to escape taxes .

Two of the major ways that tax-writers managed to attain these ends were to scrap the preferential treatment of capital gains and to curtail the use of paper losses , also known as passive losses , that made many tax shelters possible .

Many other tax benefits also were swept away .

This year Congress , with prodding from President Bush , has been busy trying to put many of these same tax preferences back into the code .

It appears likely that , this year or next , some form of capital-gains preference and passive-loss restoration will be enacted .

Other tax benefits probably will be restored and created .

The main obstacle is finding a way to pay for them .

The '86 act was a fluke .

They wanted reform and they got a revolution , says overhaul advocate Rep. Willis Gradison -LRB- R. , Ohio -RRB- .

So , is the tax code now open game again ?

Mr. Juliano thinks so .

One recent Saturday morning he stayed inside the Capitol monitoring tax-and-budget talks instead of flying to San Francisco for a fund-raiser and then to his hometown of Chicago for the 30th reunion of St. Ignatius High School .

I 'm too old to waste a weekend , but that 's what I did , the 48-year-old Mr. Juliano moans .

These days , anything can happen .

Lufthansa AG said passenger volume climbed 5.2 % for the first nine months of 1989 to 15.3 million passengers from 14.5 million passengers in the year-earlier period .

The West German national air carrier said cargo volume jumped 12 % to 638,000 metric tons from 569,000 tons a year ago .

Load factor , or percentage of seats filled , climbed to 67.1 % from 66.6 % , even though the number of flights rose 6.9 % to 215,845 in the first-three quarters .

From January through September , the distance flown by Lufthansa airplanes rose 5.6 % to 266.2 million kilometers from a year earlier , the company added .

Raymond Chandler , in a 1950 letter defending a weak Hemingway book , likened a champion writer to a baseball pitcher .

When the champ has lost his stuff , the great mystery novelist wrote , when he can no longer throw the high hard one , he throws his heart instead .

He throws something .

He does n't just walk off the mound and weep . ''

Chandler might have been predicting the course of his own career .

His last published novel featuring private detective Philip Marlowe , the inferior Playback '' -LRB- 1958 -RRB- , at times read almost like a parody of his previous work .

When he died in 1959 , Chandler left behind four chapters of yet another Marlowe book , The Poodle Springs Story , which seemed to go beyond parody into something like burlesque .

Champ '' Chandler 's last pitch , apparently , was a screwball .

Now Robert Parker , author of several best sellers featuring Spenser , a contemporary private eye in the Marlowe mold , has with the blessings of the Chandler estate been hired to complete The Poodle Springs Story . ''

The result , Poodle Springs '' -LRB- Putnam 's , 288 pages , $ 18.95 -RRB- is an entertaining , easy to read and fairly graceful extension of the Marlowe chronicle , full of hard-boiled wisecracks and California color .

If it does not quite have Chandler 's special magic -- well , at the end , neither did Chandler .

As the book begins , a newly wed Marlowe roars into the desert resort of Poodle -LRB- a.k.a . Palm -RRB- Springs at the wheel of a Cadillac Fleetwood .

His bride is the rich and beautiful Linda Loring , a character who also appeared in Chandler 's The Long Goodbye '' and Playback . ''

Philip and Linda move into her mansion and ca n't keep their hands off each other , even in front of the Hawaiian\/Japanese houseman .

But the lovebirds have a conflict .

He wants to continue being a low-paid private eye , and she wants him to live off the million dollars she 's settled on him .

That 's Chandler 's setup .

Mr. Parker spins it into a pretty satisfying tale involving Poodle Springs high life , Hollywood low life and various folk who hang their hats in both worlds .

The supporting lineup is solid , the patter is amusing and there 's even a cameo by Bernie Ohls , the good cop '' of previous Chandler books who still does n't hesitate to have Marlowe jailed when it suits his purposes .

The style throughout bears a strong resemblance to Chandler 's prose at its most pared down .

All told , Mr. Parker does a better job of making a novel out of this abandoned fragment than anyone might have had a right to expect .

But there are grounds for complaint .

At one point , the reader is two steps ahead of Marlowe in catching on to a double identity scam -- and Marlowe is supposed to be the pro .

More bothersome , there are several apparent anachronisms .

Contact lenses , tank tops , prostitutes openly working the streets of Hollywood and the Tequila Sunrise cocktail all seem out of place in the 1950s .

A little more care in re-creating Marlowe 's universe would have made the book that much more enjoyable .

Mr. Nolan is a contributing editor at Los Angeles Magazine .

Ko Shioya spent eight years as the editor in chief of the Japanese edition of Reader 's Digest .

Japan has been a major importer of foreign information and news , says Mr. Shioya .

But one gets fed up with importing information and news . ''

Mr. Shioya has turned the tables .

Today , he is publisher of Business Tokyo magazine , the first English-language business magazine devoted to coverage of Japanese business .

After a slick redesign , the two-year-old magazine has been relaunched this month by its parent company , Keizaikai Corp. , the Tokyo-based company with interests that include financial services , book publishing and a tourist agency .

Printed in the U.S. and carrying the line The Insider 's Japan , Business Tokyo 's October cover story was The World 's No. 1 Customer '' -- Japanese women .

Keizaikai is one of a small but growing band of Japanese companies taking their first steps into American publishing , after making major investments in entertainment , real estate and banking companies here .

Japanese concerns have retained a number of publishing consultants and media brokers to study the U.S. market , including the New York-based investment banker Veronis , Suhler & Associates .

And they are quietly linking up with U.S. publishing trade groups .

Japanese publishers want to be introduced to the publishing and information industries , said John Veronis , chairman of Veronis Suhler .

While there are n't any major deals in the works currently on the scale of Sony Corp. 's recent $ 3.4 billion agreement to buy Columbia Pictures Entertainment Inc. , observers do n't rule out a transaction of that size .

The Japanese take the long view . '' said Mr. Veronis .

It may not be weeks or months , but they are also opportunistic and if they feel comfortable , they will move on a deal , he said .

In recent months , three big Tokyo-based publishing concerns -- including Nikkei Business Publications , Nikkei Home -LRB- no relation -RRB- , and Magazine House -- applied for membership in Magazine Publishers of America , which represents almost all U.S. consumer magazines .

Japanese involvement in American publishing has been so small to date that magazines such as Business Tokyo are considered groundbreakers .

When Keizaikai launched Business Tokyo in 1987 , it appealed to a more multinational audience .

The magazine was overhauled with the aid of American magazine design gurus Milton Glaser and Walter Bernard , and targets top-level U.S. executives with Japanese and American advertisers .

American publishers appear more than ready to do some selling .

Susumu Ohara , president of Nihon Keizai Shinbun America Inc. , publisher of the Japan Economic Journal , said he receives telephone calls weekly from media bankers on whether his parent company is interested in buying a U.S. consumer or business magazine .

The Japanese are in the early stage right now , said Thomas Kenney , a onetime media adviser for First Boston Corp. who was recently appointed president of Reader 's Digest Association 's new Magazine Publishing Group .

Before , they were interested in hard assets and they saw magazines as soft .

Now they realize magazines are as much a franchise as Nabisco is a franchise .

Bell Atlantic Corp. and Southern New England Telecommunications posted strong profit gains for the third quarter , while Nynex Corp. , Pacific Telesis Group and U S West Inc. reported earnings declines for the period .

Rate settlements in Minnesota and Colorado depressed U S West 's third-quarter profit .

Denver-based U S West said net income dropped 8.9 % , noting that the year-ago quarter included the sale of a building by its BetaWest Properties unit .

Revenue dropped 4.3 % to $ 2.3 billion from $ 2.4 billion , reflecting declines in its consumer-telephone sector , long-distance carrier business and diversified division .

Revenue from business-telephone operations grew 3.3 % to $ 618.9 million from $ 599.4 million a year ago .

New telephone lines posted healthy growth .

Overall they increased 2.8 % to 12.1 million , putting U S West over the 12 million mark for the first time .

Business lines increased 3.7 % to 3.3 million .

On a truly comparable basis , we 've seen modest earnings growth this year from the operations of our company , said Jack MacAllister , chairman and chief executive officer .

The major negative factor was the cumulative impact of regulatory activity over the past two years . ''

He said the company expects to be on target '' with analysts ' projections by year end but conceded that the fourth quarter represents a significant challenge . ''

Expenses in the quarter dropped 11.2 % to $ 664.3 million from $ 747.7 million a year ago .

Yesterday , U S West shares rose 75 cents to close at $ 71.25 in New York Stock Exchange composite trading .

Philadelphia-based Bell Atlantic said net rose 6.5 % , aided by strong growth in the network-services business and an increase in the number of new telephone lines .

Revenue jumped 5.6 % to $ 2.9 billion from $ 2.8 billion in the year-ago quarter .

Revenue from financial and real-estate services jumped 23 % to $ 177.4 million from $ 144.1 million a year ago .

Network-access revenue from long-distance telephone companies increased 6.4 % to $ 618.6 million .

Bell Atlantic added 148,000 new telephone lines in the quarter for a total of 16.9 million .

The company said per-share earnings were slightly reduced by the sale of 4.1 million shares of treasury stock to the company 's newly formed Employee Stock Ownership Plans .

In composite trading on the Big Board , Bell Atlantic closed at $ 100.625 , up $ 1.50 a share .

At Nynex , net slumped 14.8 % , primarily because of a continuing strike by 60,000 employees , lower-than-expected profit at its New York Telephone unit and significantly higher taxes and costs .

State and local taxes increased to $ 131.3 million from $ 99.1 million a year ago .

Nynex said expenses rose 4.5 % to $ 2.73 billion from $ 2.61 billion , a $ 119 million increase .

Most of the higher costs were associated with acquisitions and growth in nonregulated business units , it added .

Our net income is n't where we would want it to be at this point , said William C. Ferguson , chairman and chief executive officer .

This deviation from our past growth patterns is caused largely by lower earnings at New York Telephone . ''

Mr. Ferguson said a continued softness in New York City area 's economy and increased competition , particularly in the private-line market , took a heavy toll on earnings .

The three-month-old strike at Nynex seriously hurt the installation of new telephone lines in the quarter .

Nynex said access lines in service at the end of the quarter were off 18,000 from the previous quarter , which reported an increase of 160,000 new access lines .

Revenue rose to $ 3.31 billion from $ 3.18 billion , mostly from acquisition of AGS Computers and robust non-regulated businesses .

In Big Board composite trading yesterday , Nynex common closed at $ 81.125 , up $ 1.625 .

Southern New England Telecommunications , which bolstered its marketing efforts for telephone and non-telephone subsidiaries , reported that net increased 8.1 % .

Walter H. Monteith Jr. , SNET chairman and chief executive officer , said : Innovative marketing of our products and services contributed to increase revenue . ''

Revenue and sales increased 7.5 % to $ 423.9 million from $ 394.4 million a year earlier .

Yellow pages advertising sales rose 11.8 % to $ 41.2 million .

Cost and expenses for the quarter , excluding interest , increased 6.1 % to $ 333.3 million from $ 314 million the year before .

SNET common rose $ 1.25 to $ 85.50 a share yesterday in composite trading on the Big Board .

San Francisco-based Pacific Telesis said net declined 12.6 % , primarily because of regulatory action .

Revenue was about flat at $ 2.4 billion .

Revenue was reduced $ 33 million by three extraordinary items : a California Public Utilities Commission refund for an American Telephone & Telegraph Co. billing adjustment ; a provision for productivity sharing to be paid to customers in 1990 and a one-time accrual for a toll settlement with long-distance telephone companies .

Excluding the one-time charges , the company would have posted earnings of $ 298 million , or 73 cents a share .

The company also was hurt by a $ 289 million rate reduction that went into effect in 1989 .

This is a good quarter for us in terms of our business fundamentals , said Sam Ginn , chairman and chief executive officer .

Pacific Telesis said new telephone lines increased 4.5 % for a total of about $ 13.5 million for the quarter ; toll calls increased 9.6 % to 807 million and minutes of telephone usage increased to 9.9 billion .

In Big Board composite trading yesterday , Pacific Telesis common closed at $ 45.50 , up 87.5 cents .

a - Includes a one-time gain of $ 88.7 million from a commonstock sale by U S West 's U S West New Vector Group .

b - Includes a $ 41.3 million gain on the sale of FiberCom .

Amoco Corp. said third-quarter net income plunged 39 % to $ 336 million , or 65 cents a share , as gasoline refining and marketing profits lagged substantially behind last year 's record level .

A charge of $ 80 million related to projected environmental costs in its refining and marketing operations further depressed results .

A spokesman said Amoco completed an environmental analysis last quarter but that no single clean-up project was responsible .

In the 1988 third quarter , the Chicago-based oil company earned $ 552 million , or $ 1.07 a share .

Revenue in the latest quarter rose 12 % to $ 6.6 billion from $ 5.91 billion .

Aside from the special charge , Amoco 's results were in line with Wall Street estimates .

The company 's stock ended at $ 48.375 , up 25 cents in New York Stock Exchange composite trading .

Amoco is the first major oil company to report third-quarter results .

Analysts expect others to show a similar pattern .

Generally in the quarter , overproduction of gasoline and higher crude oil prices pressured profitability .

The industry 's chemical profits also declined because excess capacity has depressed prices .

Gasoline margins may rebound this quarter , some industry officials say , but they believe chemical margins could worsen .

American Petrofina Inc. , a Dallas-based integrated oil company , yesterday said its third-quarter earnings declined by more than half .

Fina blamed lower chemical prices , reduced gasoline margins and refinery maintenance shutdowns .

It said net income dropped to $ 15.1 million , or 98 cents a share , from $ 35.2 million , or $ 2.66 a share .

Sales rose 2.2 % to $ 711.9 million from $ 696.1 million .

Amoco 's refining and marketing profit in the quarter fell to $ 134 million from $ 319 million .

Chemical earnings declined by one-third to $ 120 million last year 's robust levels .

Amoco 's domestic oil and natural gas operations recorded a profit of $ 104 million in the quarter compared with a loss of $ 5 million , primarily on the strength of higher crude oil prices , said Chairman Richard M. Morrow .

Amoco also sharply boosted natural-gas output , part of it from properties acquired from Tenneco Inc. last year .

But foreign exploration and production earnings fell sharply , to $ 12 million from $ 95 million .

Higher oil prices were n't enough to offset a roughly $ 20 million charge related to a 10 % reduction in Amoco 's Canadian work force as well as increased exploration expenses .

For the nine months , Amoco said that net income fell to $ 1.29 billion from $ 1.69 billion but if unusual items are excluded , operations produced essentially flat results .

Revenue rose 12 % to $ 19.93 billion from $ 17.73 billion .

James F. Gero , former chairman and chief executive officer of Varo Inc. , and Richard J. Hatchett III , a Dallas investment banker , were elected directors of this medical-products concern , boosting the board to seven members .

For retailers , Christmas , not Halloween , promises to be this year 's spookiest season .

Many retailers fear a price war will erupt if cash-strapped companies such as Campeau Corp. slash tags to spur sales .

Concerns about the stock market , doubts about the economy in general and rising competition from catalog companies also haunt store operators .

Profits at Christmas could be under attack for every retailer , asserts Norman Abramson , president and chief operating officer of Clothestime Inc. , an off-price chain .

Even if there is n't any widespread discounting , the outlook for industry profits is n't good .

Management Horizons forecasts a 1.4 % profit decline for non-auto retailers this year , after annual drops that averaged 4.5 % in 1988 and 1987 .

For the last two and a half years , retailing has been in a mild recession , says Carl Steidtmann , chief economist at the Columbus , Ohio , consulting firm .

This year , many stores are entering the Christmas season in turmoil : Bonwit Teller and B. Altman parent L.J. Hooker Corp. is operating under Chapter 11 of the federal Bankruptcy Code ; B.A.T Industries PLC 's healthy Saks Fifth Avenue and Marshall Field 's chains are on the auction block ; Campeau 's Bloomingdale 's is also on the block .

Industry observers expect a wide divergence in performance .

Stores in a state of confusion are likely to fare poorly , and to lose customers to stable chains such as Limited Inc. , May Department Stores Co. and Dillard Department Stores Inc. , which should do well .

There are going to be very clear winners and very clear losers , says Cynthia Turk , a Touche Ross & Co. retail consultant .

Says Mr. Steidtmann : I 'm looking for a bi-polar Christmas . ''

Economists expect general merchandise sales in the fourth quarter to rise 4.5 % to 6 % from year-ago figures .

But Mr. Steidtmann predicts that healthy stores hawking mostly apparel could ring up gains of as much as 25 % to 30 % .

Troubled chains could see their sales drop as much as 8 % , he believes , as managers distracted by fears about the future allow their stores to get sloppy .

Thin merchandise selections at the most troubled chains are also expected to hurt sales .

Catalog companies are likely to pose a bigger threat to all stores this year , particularly in December .

More than 200 catalog outfits are promoting a low-cost Federal Express service that guarantees pre-Christmas delivery of orders made by a certain date .

Traditionally , consumers were concerned about ordering after the first of December because they didn’t believe they would get it by Christmas , says Adam Strum , chairman of the Wine Enthusiast Inc. , which sells wine cellars and accessories through the mail .

Using Federal Express delivery last year , Mr. Strum says , December was our biggest month . ''

Even Sears , Roebuck & Co. is getting into the act , offering for the first time to have Federal Express deliver toys ordered by Dec. 20 from its Wish Book catalog .

K mart Corp. Chairman Joseph E. Antonini summed up his outlook for the Christmas season as not troublesome . ''

He 's not predicting a blockbuster , but he is more optimistic than three months ago '' because employment remains strong and inflation low .

Other retailers are also preparing for a ho-hum holiday .

Philip M. Hawley , chairman of Carter Hawley Hale Stores Inc. , expects sales at department stores open at least a year to rise a modest 3 % to 5 % over last year 's totals , both for his company and the industry in general .

I 'm not looking for a runaway Christmas at all , he says .

It is n't a real boom holiday season in our eyes , says Woolworth Corp. Chairman Harold E. Sells , but it is n't going to be a bust either . ''

Mr. Sells expects fourth-quarter sales at his company -- which besides Woolworth stores includes Kinney and Foot Locker shoe stores and other specialty chains -- to rise pretty much in line '' with its year-to-date increases of between 8 % and 9 % .

The estimate includes the results of new stores .

A consumer poll conducted in early September by Leo J. Shapiro & Associates , a market researcher based in Chicago , also suggests a modest holiday .

Of the 450 survey respondents , 35 % said they expect to spend less buying Christmas gifts this year than last year , while 28 % said they expect to spend more and 37 % said their gift budget would stay the same .

The results are almost identical to Shapiro 's September 1988 numbers .

Retailers could get a boost this year from the calendar .

Christmas falls on a Monday , creating a big last-minute weekend opportunity for stores .

Most will stay open late Saturday night and open their doors again Sunday .

But many consumers probably will use the extra time to put off some purchasing until the last minute .

What you 'll hear as we get into December is that sales are sluggish , predicts Woolworth 's Mr. Sells .

The week ending the 24th is going to save the entire month for everyone .

The Spanish author Camilo Jose Cela won the Nobel Prize for literature yesterday , a surprising choice , but given the Swedish Academy 's past perversities , hardly the most undeserved and ridiculous accolade handed out by the awarding committee .

In Spain , anyway , the 73-year-old Mr. Cela enjoys some renown for the novels and travel books he wrote during the parched Franco years , the everyday poverty and stagnant atmosphere of which he described in brutally direct , vivid prose , beginning with The Family of Pascal Duarte '' -LRB- 1942 -RRB- .

Unlike other writers who either battled the fascists during the Civil War , or left Spain when Franco triumphed , Mr. Cela fought briefly on the general 's side , no doubt earning with his war wound some forbearance when he went on to depict a country with a high population of vagabonds , murderers and rural idiots trudging aimlessly through a dried-out land .

Still , it was in Argentine editions that his countrymen first read his story of Pascal Duarte , a field worker who stabbed his mother to death and has no regrets as he awaits his end in a prison cell : Fate directs some men down the flower-bordered path , and others down the road bordered with thistles and prickly pears .

The lucky ones gaze out at life with serene eyes and smile with a face of innocence at their perfumed happiness .

The others endure the hot sun of the plains and scowl like cornered wild beasts . ''

Mr. Cela himself was one of the lucky ones , his fortunes steadily increasing over the decades he spent putting out some 70 travelogues , novels , short story collections and poetry .

These days , he is as known for his flamboyant tastes and the youthful muse who shares his life as he is for his books .

The man who wore out his shoes wandering around Guadalajara in 1958 , describing in his travel book Viaje a la Alcarria '' how he scrounged for food and stayed in squalid inns , now tours Spain in a Rolls-Royce .

Of his 10 novels , The Hive '' -LRB- 1951 -RRB- , full of sharp vignettes of Madrid life and centered on a cafe run by Dona Rosa , a foul-mouthed , broad-based woman with blackened little teeth encrusted in filth , used to be available in English , translated by J.M. Cohen and published by Ecco Press , which now no doubt regrets relinquishing its copyright .

Here is an excerpt :

The lonely woman walks on in the direction of the Plaza de Alonso Martinez .

Two men have a conversation behind one of the windows of the cafe on the corner of the boulevard .

Both are young , one twenty odd , the other thirty odd .

The older one looks like a member of the jury for a literary award , the younger one looks like a novelist .

It is evident that their conversation runs more or less on the following lines : I 've submitted the manuscript of my novel under the title Teresa de Cepeda , ' and in it I 've treated a few neglected aspects of that eternal problem which ... ''

Oh , yes .

Will you pour me a drop of water , if you do n't mind ? ''

With pleasure .

I 've revised it several times and I think I may say with pride that there is not a single discordant word in the whole text . ''

How interesting . ''

I think so .

I do n't know the quality of the works my colleagues have sent in , but in any case I feel confident that good sense and honest judgment ... ''

Rest assured , we proceed with exemplary fairness . ''

I do n't doubt it for a moment .

It does not matter if one is defeated , provided the work that gets the award has unmistakable qualities .

What 's so discouraging is ... ''

In passing the window , Senorita Elvira gives them a smile -- simply out of habit .

Ashland Oil Inc. said it will take after-tax charges of $ 78 million , or $ 1.40 a share , in its fiscal fourth quarter , ended Sept. 30 .

Because of the charge , Ashland expects to report a loss for the fourth quarter and significantly lower results '' for fiscal 1989 .

The oil refiner said it will report fiscal fourth quarter and 1989 results next week .

The company earned $ 66 million , or $ 1.19 a share , on revenue of $ 2.1 billion in the year-ago fourth quarter .

For fiscal 1988 , Ashland had net of $ 224 million , or $ 4.01 a share , on revenue of $ 7.8 billion .

Both revenue figures exclude excise taxes .

The charges consist of : a $ 25 million after-tax charge to cover cost overruns in Ashland 's Riley Consolidated subsidiary ; a previously announced $ 38 million after-tax charge resulting from a $ 325 million settlement with National Iranian Oil Co. and a $ 15 million after-tax charge from the previously announced sale of its Ashland Technology Corp. subsidiary .

Ashland expects that sale to be complete next year .

The charge for the Riley subsidiary is for expected costs to correct problems with certain bed boilers built for utilities .

The charge will be added to $ 20 million in reserves established a year ago to cover the cost overruns .

When President Bush arrives here next week for a hemispheric summit organized to commemorate a century of Costa Rican democracy , will he be able to deliver a credible message in the wake of the Panamanian fiasco ?

Undoubtedly Mr. Bush will be praised by some Latin leaders prone to pay lip service to nonintervention , while they privately encourage more assertive U.S. action to remove Gen. Manuel Noriega and safeguard their countries from a Sandinista onslaught .

The Panamanian affair is only the tip of a more alarming iceberg .

It originates in a Bush administration decision not to antagonize the U.S. Congress and avoid , at all costs , being accused of meddling in the region .

The result has been a dangerous vacuum of U.S. leadership , which leaves Central America open to Soviet adventurism .

The -LCB- influence of the -RCB- U.S. is not being felt in Central America ; Washington 's decisions do not respond to a policy , and are divorced from reality , says Fernando Volio , a Costa Rican congressman and former foreign minister .

The disarray of the Bush administration 's Latin diplomacy was evident in the failure of the Organization of American States to condemn categorically Gen. Noriega .

Faced with this embarrassment , U.S. diplomats expressed confidence that the influential Rio Group of South American nations , which gathered last week in Peru , would take a stronger posture toward the Panamanian dictator .

But other than a few slaps on the wrist , Gen. Noriega went unpunished by that body , too ; he was not even singled out in the closing statement .

Now Mr. Bush will come to Costa Rica and encounter Nicaraguan strongman Daniel Ortega , eager for photo opportunities with the U.S. president .

The host , Costa Rican President Oscar Arias , did not invite Chile , Cuba , Panama or Haiti to the summit , which was to be restricted to democracies .

However , Mr. Ortega was included .

Formally upgrading the Sandinistas to a democratic status was an initiative harshly criticized in the Costa Rican press .

Even Carlos Manuel Castillo -- the presidential candidate for Mr. Arias 's National Liberation Party -- made public his opposition to the presence of Nicaragua in a democratic festivity . ''

Nevertheless , the Bush administration agreed to the dubious arrangement in July , a few weeks before the Central American presidents met in Tela , Honduras , to discuss a timetable for disbanding the anti-Sandinista rebels .

According to officials in Washington , the State Department hoped that by pleasing President Arias , it would gain his support to postpone any decision on the Contras until after Mr. Ortega 's promises of democratic elections were tested next February .

However , relying on an ardent critic of the Reagan administration and the Contra movement for help in delaying the disarming of the Contras was risky business .

And even some last-minute phone calls that Mr. Bush made -LRB- at the behest of some conservative U.S. senators -RRB- to enlist backing for the U.S. position failed to stop the march of Mr. Arias 's agenda .

Prior to this episode , Sen. Christopher Dodd -LRB- D. , Conn. -RRB- , sensing an open field , undertook a personal diplomatic mission through Central America to promote an early disbanding of the rebels .

Visiting Nicaragua , he praised the Sandinistas for their electoral system and chided the Bush administration for not rewarding the Sandinistas .

In Honduras , where the Contras are a hot political issue , he promised to help unblock some $ 70 million in assistance withheld due to the failure of local agencies to comply with conditions agreed upon with Washington .

Aid was also the gist of the talks Sen. Dodd had with Salvadoran President Alfredo Cristiani ; Mr. Cristiani 's government is very much at the mercy of U.S. largess and is forced to listen very carefully to Sen. Dodd 's likes and dislikes .

It was therefore not surprising that close allies of the U.S. , virtually neglected by the Bush administration , ordered the Nicaraguan insurgents dismantled by December , long before the elections .

Fittingly , the Tela Accords were nicknamed by Hondurans the Dodd plan . ''

The individual foreign policy carried out by U.S. legislators adds to a confusing U.S. performance that has emboldened Soviet initiatives in Central America .

On Oct. 3 , following conversations with Secretary of State James Baker , Soviet Foreign Minister Eduard Shevardnadze arrived in Managua to acclaim Nicaragua 's great peace efforts . ''

There , Mr. Shevardnadze felt legitimized to unveil his own peace plan : The U.S.S.R. would prolong a suspension of arms shipments to Nicaragua after the February election if the U.S. did likewise with its allies in Central America .

He also called on Nicaragua 's neighbors to accept a military equilibrium '' guaranteed by both superpowers .

The Pentagon claims that in spite of Moscow 's words , East bloc weapons continue to flow into Nicaragua through Cuba at near-record levels .

Since Mr. Shevardnadze 's proposals followed discussions with Mr. Baker , speculations arose that the Bush administration was seeking an accommodation with the Soviets in Central America .

This scheme would fit the Arias Plan , which declared a false symmetry between Soviet military aid to the Sandinista dictatorship and that provided by Washington to freely elected governments .

Furthermore , it is also likely to encourage those on Capitol Hill asking for cuts in the assistance to El Salvador if President Cristiani does not bend to demands of the Marxist guerrillas .

The sad condition of U.S. policy in Central America is best depicted by the recent end to U.S. sponsorship of Radio Costa Rica .

In 1984 , the Costa Rican government requested help to establish a radio station in the northern part of the country , flooded by airwaves of Sandinista propaganda .

Recovering radiophonic sovereignty was the purpose of Radio Costa Rica , funded by the U.S. and affiliated with the Voice of America -LRB- VOA -RRB- .

A few months ago , the Bush administration decided to stop this cooperation , leaving Radio Costa Rica operating on a shoestring .

According to news reports , the abrupt termination was due to fears that VOA transmissions could interfere with the peace process .

In the meantime , Russia gave Nicaragua another powerful radio transmitter , which has been installed in the city of Esteli .

It is capable of reaching the entire Caribbean area and deep into North America .

Perhaps its loud signal may generate some awareness of the Soviet condominium being created in the isthmus thanks to U.S. default .

The Soviet entrenchment in Nicaragua is alarming for Costa Rica , a peaceful democracy without an army .

Questioned in Washington about what would happen if his much-heralded peace plan would fail , President Arias voiced expectations of direct U.S. action .

A poll conducted in July by a Gallup affiliate showed that 64 % of Costa Ricans believe that if their country is militarily attacked by either Nicaragua or Panama , the U.S. will come to its defense .

But in the light of events in Panama , where the U.S. has such clear strategic interests , waiting for the Delta Force may prove to be a dangerous gambit .

Mr. Daremblum is a lawyer and a columnist for La Nacion newspaper .

Holiday Corp. said net income jumped 89 % , partly on the strength of record operating income in its gaming division .

Separately , the hotel and gambling giant said it was proceeding with plans to make a tender offer and solicit consents with respect to approximately $ 1.4 billion of its publicly traded debt .

That debt is part of the $ 2.1 billion of Holiday debt that Bass PLC of Britain said it would retire or assume when it agreed to buy the Holiday Inn business in August .

Holiday said third-quarter earnings rose to $ 39.8 million , or $ 1.53 a share , from $ 21 million , or 84 cents a share , a year earlier .

Results for the quarter included $ 19.2 million in pretax gains from property transactions , including the sale of one Embassy Suites hotel , and $ 3.5 million of nonrecurring costs associated with the acquisition of the Holiday Inn business by Bass .

Holiday said operating income related to gaming increased 4.5 % to a record $ 61.4 million from $ 58.8 million a year earlier .

The jump reflected record results in Las Vegas , Nev. , and Atlantic City , N.J. , as well as a full quarter 's results from Harrah 's Del Rio in Laughlin , Nev .

Third-quarter revenue rose 2.7 % to $ 433.5 million from $ 422.1 million .

For the nine months , earnings fell 2.9 % to $ 99.1 million , or $ 3.86 a share , from $ 102.1 million , or $ 4.10 a share , a year earlier .

Revenue dropped 1.6 % to $ 1.21 billion from $ 1.23 billion .

The tender offer and consent solicitation will be made to debtholders in December .

In effect , Holiday is asking holders for permission for Bass to buy their debt .

Holiday said Salomon Brothers Inc. has been retained to act as the dealer-manager and financial adviser in connection with the offer and solicitation .

The debt issues involved and the proposed consent fees and cash tender offer prices -LRB- expressed per $ 1,000 of principal amount -RRB- are as follows : 10 1\/2 % senior notes due 1994 at 101 % ; 11 % subordinated debt due 1999 at 102 % ; 9 3\/8 % notes due 1993 at 100 % ; and 8 3\/8 % notes due 1996 at 95.25 % .

Holiday said its 15 % notes due 1992 also will be included in the tender offer and consent solicitation at a price to be determined by Holiday prior to the commencement of the offer .

The television units of Paramount Communications Inc. and MCA Inc. are exploring the possibility of offering prime-time programming to independent stations two nights a week , industry executives say .

Although such a venture would n't match the fourth network '' created by News Corp. 's Fox Broadcasting Co. , MCA and Paramount may have similar ambitions .

Fox , which also owns six TV stations , provides programs three nights a week to those and other affiliates .

Paramount Domestic TV and MCA TV formed a joint venture last month , named Premier Advertiser Sales , to sell advertising in programs syndicated by both companies , such as Star Trek : the Next Generation , Charles in Charge '' and Friday the 13th : the Series . ''

A spokeswoman for Paramount said the company does n't comment on speculation .

Calls to Shelly Schwab , president of MCA TV , were n't returned .

The two companies , like Fox , already have their own TV stations .

MCA owns WWOR in New York and Paramount last month agreed to purchase a 79 % stake in the TVX Broadcast Group from Salomon Inc. in a deal valued at $ 140 million .

TVX owns five stations , including WTXF , a Fox affiliate , in Philadelphia .

One broadcasting executive familiar with the project said the co-venture would target stations affiliated with Fox because Fox has the desirable independent stations in most of the key cities .

Currently , Fox supplies programs on Saturdays , Sundays and Mondays , although the company plans to expand to other weeknights .

Jamie Kellner , president of Fox Broadcasting , said , We believe the partnership of Fox , its affiliates and advertisers is succeeding and will continue to grow . ''

Another Fox official , who declined to be identified , said Fox was n't pleased by the possible Paramount-MCA venture into prime-time programming .

To make the venture work , they would need Fox affiliates , he said .

We spent a lot of time and money in building our group of stations , he said , adding that Fox does n't appreciate '' another company attempting to usurp its station lineup .

Fox said it plans to offer its stations movies , theatrical and made-for-TV ventures , probably on Wednesdays , sometime next year .

It is also planning another night of original series .

Paramount and MCA , according to the broadcasting executive , plan to offer theatrical movies produced separately by Paramount and MCA for Wednesdays and perhaps a block of original shows Fridays .

The executive said Paramount and MCA have also held discussions with Chris-Craft Industries ' broadcasting unit , which owns five independent stations in cities such as Los Angeles , San Francisco and Portland , Ore .

A Chris-Craft station manager said there have been no formal talks .

I think it 's to Fox 's advantage to be associated with the Paramount-MCA venture , said Michael Conway , station manager of WTXF , the TVX station that is a Fox affiliate .

Mr. Conway said the Fox shows appearing on nights when Paramount-MCA shows would n't be offered could be promoted on the programs produced by Paramount-MCA .

Michael Fisher , general manager of KTXL , a Fox affiliate in Sacramento , Calif. , said , The real question is whether the Paramount-MCA offering is practical .

It is n't ... .

Why would I consider giving up Fox , a proven commodity , for an unknown venture ?

Fox attracts a young audience with shows such as Married ... With Children , its most successful series .

Banco Popular de Puerto Rico and BanPonce Corp. -- agreed to merge in a transaction valued at $ 324 million .

Under the agreement , BanPonce stockholders will be able to exchange each of their shares for either shares in the new entity or cash .

In each case , the exchange is valued at $ 56.25 a share .

The two companies , both based in San Juan , will form a bank holding company with assets of just over $ 9 billion .

The holding company will be called BanPonce Corp .

The primary subsidiary will be the combined banking operations of the two companies and will be known as Banco Popular de Puerto Rico .

Rafael Carrion Jr. , chairman of Banco Popular , will be the chairman of the holding company .

Alberto M. Paracchini , currently chairman of BanPonce , will serve as president of the bank holding company and chairman of the subsidiary .

Banco Popular originally proposed the merger in July , in a cash and stock transaction valued at $ 50 a share , or about $ 293 million .

BanPonce reacted cooly at first , but appeared to be won over , analysts said , by Banco Popular 's assurances that it wanted only a friendly transaction .

Banco Popular just kept waiting , said Edward Thompson , a vice president and analyst at Thomson BankWatch Inc. in New York .

They got a transaction that 's good for both companies . ''

The two banks appear to be a good fit .

BanPonce caters to a more affluent customer , while Banco Popular has always had a large presence among middle-income and lower-income markets .

The merger should also allow the companies to reduce costs by combining operations in many locations in Puerto Rico .

They 're often right across the street from one another , Mr. Thompson said .

Richard Carrion , who is currently president and chief executive officer of Banco Popular , said the merger will result in a larger and stronger locally based bank . ''

Mr. Carrion , who will now serve as president and chief executive officer of the subsidiary bank , added : We 'll be able to better compete with large foreign banks .

It makes sense from a strategic standpoint . ''

The newly merged company will have 165 branches in Puerto Rico and 27 branches outside of the island .

The banks said they do n't expect the merger to face any regulatory hurdles .

Mr. Carrion said the merger should be completed in six to nine months .

Hit by higher costs and lower sales , Caterpillar Inc. said third-quarter earnings tumbled 43 % and full-year earnings will trail last year 's results .

The construction equipment maker said third-quarter profit fell to $ 108 million , or $ 1.07 a share , from $ 190 million , or $ 1.87 a share , a year earlier .

Sales dropped 6 % to $ 2.58 billion from $ 2.74 billion , reflecting eight fewer business days in the latest quarter .

The company , which is in a costly modernization program , said earnings were hurt by higher start-up and new program costs , increased costs of materials , higher wages and an $ 11 million provision for bad debts in Latin America .

In announcing a 1989 capital spending plan of $ 950 million early this year , Caterpillar said full-year earnings would be flat compared with last year 's $ 616 million , or $ 6.07 a share .

But yesterday , the company said this year 's profit will be lower .

It didn’t say by how much .

Suffering from a downturn in heavy truck production that cut orders for its engines , Caterpillar also said it will indefinitely lay off about 325 workers in the Peoria area and temporarily shut its plant in York , Pa. , for two weeks in both November and December .

For the first nine months of the year , Caterpillar said earnings fell 14 % to $ 390 million , or $ 3.85 a share , from $ 453 million , or $ 4.46 a share , a year earlier .

Sales rose to $ 8.19 billion from $ 7.65 billion .

Millicom Inc. said it is one of two companies to receive a license to introduce and operate a cellular mobile telephone system in Pakistan .

The market during the start-up is estimated at 25,000 subscribers .

A spokeswoman for Millicom , a telecommunications company , said she didn’t know the value of the contract .

Cable & Wireless PLC of Britain won the other license .

Millicom said it would build and operate the system in Pakistan with Comvik International AB , part of the Kinnevik group of Sweden , and Arfeen International , Pakistan .

B.A.T Industries PLC won overwhelming shareholder approval for a defensive restructuring to fend off a # 13.35 billion -LRB- $ 21.23 billion -RRB- takeover bid from Sir James Goldsmith .

At a shareholders ' meeting in London , the tobacco , financial-services and retailing giant said it received 99.9 % approval from voting holders for plans to spin off about $ 6 billion in assets .

B.A.T aims to sell such U.S. retailing units as Marshall Field and Saks Fifth Avenue and float its big paper and British retailing businesses via share issues to existing holders .

Proceeds will help pay for a planned buy-back of 10 % , or about 153 million , of its shares and a 50 % dividend increase .

B.A.T yesterday started its share buy-back .

The company said it acquired 2.5 million shares for 785 pence -LRB- $ 12.48 -RRB- each , or a total of # 19.6 million -LRB- $ 31.2 million -RRB- , from its broker , Barclays de Zoete Wedd .

The share buy-back plan is likely to underpin B.A.T 's share price .

B.A.T said it may make more equity purchases until the close of business today , depending on market conditions , but will cease further purchases until Nov. 22 , when it releases third-quarter results .

B.A.T shares rose 29 pence to 783 pence on London 's stock exchange yesterday .

Shareholder approval sets the stage for a lengthy process of restructuring that might not be completed until next year 's second half .

Before the recent tumult in global financial markets , B.A.T officials , holders and analysts had expected a substantial part of the restructuring to be complete by the end of the first half .

We are not in any hurry to sell '' Saks , Marshall Field or B.A.T 's other U.S. retail properties , said Chairman Patrick Sheehy .

This is n't a distress sale .

We are determined to get good prices . ''

Company officials say the flotations of the paper and British retailing businesses are likely only after the disposals of the U.S. retailing assets .

Meanwhile , Sir James still is pursuing efforts to gain U.S. insurance regulators ' approval for a change in control of B.A.T 's Farmers Group Inc. unit .

The Anglo-French financier has indicated he intends to bid again for B.A.T if he receives approval .

Hasbro Inc. , the nation 's largest toy maker , reported third-quarter earnings increased 73 % from a year earlier on a 9.4 % sales gain , reflecting improved margins .

Hasbro said it had net income of $ 31.3 million , or 53 cents a share , up from $ 18.1 million , or 31 cents a share , a year earlier , when it took a pretax charge of $ 10 million after dropping development of an interactive video entertainment system .

Revenue rose to $ 403 million from $ 368.4 million .

The company cited sales gains at its Milton Bradley and Playskool units and in its international business for the increase in revenue .

Alan G. Hassenfeld , chairman and chief executive , added that Hasbro 's new line of battery-powered racing cars , called Record Breakers , and its acquisition of Cabbage Patch Kids , Scrabble and other lines from Coleco Industries Inc. puts the company in a good position as we enter the Christmas buying season . ''

For the first nine months of the year , Hasbro 's net income rose 33 % to $ 68.2 million , or $ 1.15 a share , from $ 51.3 million , or 88 cents a share , on a 3.1 % increase in revenue to $ 992.7 million from $ 963 million a year earlier .

Reebok International Ltd. posted a 35 % increase in third-quarter net income despite a slight decline in sales .

The athletic footwear maker said net rose to $ 49.9 million , or 44 cents a share , from $ 37.1 million , or 32 cents a share , a year earlier .

Sales declined 3 % to $ 524.5 million from $ 539.4 million .

Paul Fireman , Reebok chairman and chief executive officer , said , Our gains in earnings provide further evidence that the controls we have put in place and our sales mix are continuing to improve the company 's overall profit performance . ''

The company said it expects sales to improve due to a number of new products , including a pump '' basketball shoe that can be inflated to better fit the foot .

In the first nine months , net was $ 140 million , or $ 1.23 a share , on sales of $ 1.44 billion .

Separately , Reebok completed the acquisition of CML Group Inc. 's Boston Whaler unit , a builder of power boats .

CML , Acton , Mass. , had agreed to sell the unit to Reebok for about $ 42 million .

The agreement also called for Reebok to receive warrants to purchase 400,000 shares of CML common at $ 31.25 a share , exercisable at any time before July 1 ,

An outside spokesman for CML said the terms were changed to a minor extent but would n't disclose what those changes were .

Pitney Bowes Inc. directors authorized the company to seek buyers for its Wheeler Group Inc. subsidiary , a direct mail marketer of office supplies .

Pitney Bowes said the decision was based on a long-term analysis of the compatibility of Wheeler Group 's marketing business with other Pitney Bowes operations .

Pitney Bowes acquired the core of what evolved into Wheeler Group in 1979 by buying Dictaphone Corp .

A spokeswoman would n't comment on whether the company had talked with any potential buyers for the New Hartford , Conn. , unit , which had 1988 sales of about $ 75 million .

She said Wheeler Group was profitable but would n't give figures .

The spokeswoman said the company does n't have a timetable for the sale , adding that the board 's decision just starts the search for a buyer .

Separately , Pitney Bowes said third-quarter net income gained 15 % to $ 62 million , or 78 cents a share , from $ 54 million , or 68 cents a share , a year ago .

Revenue grew 13 % to $ 734.8 million from $ 650.9 million .

The company said the growth was led by its major operations , particularly mailing , shipping , dictating and facsimile businesses .

Steel jackets of a type that may have prevented collapse of the columns of a 1.5-mile stretch of the Nimitz Freeway had been installed on at least a small test section of the double-decker highway last year by California 's Department of Transportation , employees familiar with the project say .

The test project -- which reportedly survived Tuesday 's earthquake -- was a prelude to a state plan to retrofit that critical section of the freeway with the steel casings .

State engineers have made a preliminary finding that it was failure of the concrete columns , wrenched and separated from the double-decker roadbed , that was responsible for the collapse .

The failure in Oakland of the freeway segment known as the Cypress structure was the deadliest aspect of the quake , although officials were hopeful yesterday that the death toll there might be significantly lower than the 250 initially feared .

Sorting out the wreckage is expected to take several days .

Red tractors gingerly picked at the rubble while jackhammers tried to break up some of the massive slabs of concrete .

Giant yellow cranes were wheeled up alongside the collapsed segment , preparing to lift off chunks of the debris .

In Sacramento , a transportation department spokesman said he could n't immediately confirm or deny existence of the test work .

However , he asserted that the department had n't mastered the technology needed to retrofit the entire Cypress structure .

Moreover , other officials noted , snafus in transportation funding that the state has experienced over the years may have restricted the availability of funds for such a retrofitting , even if it were technologically feasible .

Knowledgeable employees said the retrofitting , which had n't yet been budgeted , was part of a planned , three-stage reinforcement of the Cypress structure begun by the California transportation department several years ago .

The Cypress reinforcement project itself was part of an annual effort to shore up structures believed vulnerable to earthquakes .

The state began such work after a 1971 tremblor in Southern California , when numerous bridges collapsed .

We had just finished phase two '' of the Cypress project that involved installing a series of retaining cables designed to prevent sections of the roadway from separating as a result of seismic shock , a state DOT engineer said .

After completing installation of the jackets on one frame '' of the freeway last year , the state DOT had sent the project over to its Sacramento engineers to draw up a final design .

Knowledgeable employees said the project had been stymied somewhat by the difficulty of designing '' the jackets .

The procedure involves encasing the concrete columns with steel , then connecting them more securely to the double-decker roadbed .

The employees also said the project may have been snagged by budgetary concerns .

One preliminary estimate put the retrofitting cost at as much as $ 50 million .

The collapse of the span has provoked surprise and anger among state officials .

Gov. George Deukmejian , who said he had been assured by state transportation officials that the structure could withstand an even larger quake , called for an immediate investigation .

I want to know who made the decision that it was safe for 186,000 people to use every day , said Richard Katz , a state legislator who is chairman of the California Assembly 's transportation committee .

He said he would convene hearings within two weeks .

The Cypress structure opened in June 1957 , and as such , like many buildings in the San Francisco Bay area , does not meet current building codes requiring considerably more steel support .

The northern piers of the span lie in estuarian deposits that were of a type to have liquefied easily during the 1906 quake .

Transportation department officials , however , said they were as surprised as anyone by the Cypress destruction .

They said previous earthquakes suggested that multiple-column viaducts would stand up well , although they were working on ways to bolster them .

Unfortunately , there is only one laboratory for developing techniques to withstand earthquakes , and that is an earthquake , said Burch Bachtold , San Francisco district director for the transportation department .

He said : We know of no technology that exists anywhere in the world that would allow us to '' reinforce the columns .

Financial Corp. of Santa Barbara said it rescheduled to Nov. 29 a special shareholder meeting to vote on a $ 75 million stock-for-debt exchange .

The meeting had been scheduled for Nov. 10 but the company delayed the meeting to allow time for the Securities and Exchange Commission to review the proposal .

As part of a restructuring announced earlier this year , the company proposed in August to exchange 168 newly issued common shares for each $ 1,000 face value of debt .

However , that figure could be revised , Financial Corp. said .

Currently , the company has about six million common shares outstanding .

If all the debt was converted , about 13 million new shares would be issued .

In composite trading Wednesday on the New York Stock Exchange , Financial Corp. closed at $ 1.125 , unchanged .

The debt consists of $ 50 million of 13 3\/8 % subordinated notes due 1998 , and $ 25 million of 9 % convertible subordinated debentures due 2012 .

Financial Corp. also is proposing to exchange each of its 130,000 outstanding shares of cumulative convertible preferred series A stock for two shares of common .

After years of quarreling over Bonn 's Ostpolitik '' , West Germany and the U.S. appear to have shifted onto a united course in Eastern Europe .

Bonn and Washington have taken a leading role in aid for the reformist countries , pledging billions of dollars in fresh credit and forgiving old debt while urging other industrial nations to follow suit .

Both hope to encourage pressure for change in East bloc countries still ruled by Stalinist holdouts by arranging liberal financial aid and trade benefits for Poland , Hungary and , to a lesser extent , the Soviet Union .

West German officials also have the special goal of holding out hope for East Germany 's fledgling reform movement .

The change taking place in the Soviet Union , Poland and Hungary has aroused new hope in both German states that reforms will be undertaken in -LCB- East Germany -RCB- , and that relations between the two German states , too , will get better , said Foreign Minister Hans-Dietrich Genscher .

Addressing a conference of the New York-based Institute for East-West Security Studies in Frankfurt yesterday , Mr. Genscher said , History will judge us by whether we have taken the opportunities that emerge from these reforms . ''

The ultimate aim of Western support for East bloc reforms , he said , is to create an equitable and stable peaceful order in Europe from the Atlantic to the Urals . ''

Mr. Genscher and U.S. Secretary of Commerce Robert A. Mosbacher , in separate speeches at the conference , appealed for more Western contributions to economic reforms and business development in Hungary and Poland .

Bonn and Washington are leading supporters of Poland 's request for a $ 1 billion stand-by credit from the International Monetary Fund .

We want the bold programs of market development and political freedom in Hungary and in Poland to succeed .

We are prepared to support those changes , said Mr. Mosbacher .

U.S. curbs on the exports of sensitive technology to East bloc countries will remain in place , however .

Meanwhile , the U.S. House of Representatives yesterday approved an $ 837.5 million aid package for Poland and Hungary that more than doubles the amount President Bush had requested .

The package was brought to the House just 15 days after it was introduced , indicating Congress 's eagerness to reward Poland and Hungary for their moves toward democracy and freemarket economic reforms .

The legislation , approved 345-47 and sent to the Senate , establishes two enterprise funds , to be governed by independent nonprofit boards , which will make loans and investments in new business ventures in Hungary and Poland .

The Polish fund would be seeded with $ 160 million , the Hungarian fund with $ 40 million .

In addition , a group of 24 industrialized countries , including the U.S. and Japan and coordinated by the European Community Commission , has promised Poland and Hungary trade advice and a line of credit equivalent to $ 1.11 billion through the European Investment Bank , while the EC plans $ 222 million in direct aid .

When Chancellor Helmut Kohl travels to Poland Nov. 9 , he is expected to take with him a promise of three billion West German marks -LRB- $ 1.6 billion -RRB- in new credit guarantees for industrial projects .

Last week , Bonn agreed to reschedule 2.5 billion marks in Polish debt that came due last year .

In addition , a one billion mark credit dating from 1974 is to be written off .

Poland 's plan to switch to a free-market economy by 1991 is hampered by a foreign debt load of $ 39.2 billion .

West Germany also has increased its credit guarantees to Hungary by 500 million marks to 1.5 billion marks as the emerging democratic state rushes through its own economic reforms , including a broad privatization of state-owned industry and tax incentives for industrial investment .

An additional 500 million marks in credit-backing was promised by the West German state governments of Bavaria and Baden-Wuerttemberg .

Deutsche Bank AG , which last year arranged a three billion mark credit for the Soviet Union , is now moving to become the first West German bank to set up independent business offices in Hungary and Poland as they shift to free-market economies .

A maxim of Frankfurt banking holds that wherever Deutsche Bank goes , other West German banks follow .

Indeed , at least four other West German banks are believed to be making inquiries .

Mattel Inc. said third-quarter net income rose 73 % , to $ 38 million , or 76 cents a share , from $ 21.9 million , or 45 cents a share , a year ago .

Revenue rose 34 % to $ 410 million from $ 306.6 million a year earlier .

Mattel 's world-wide volume has grown 25 % in a climate of relatively flat industry sales , said John W. Amerman , chairman .

He said the toy company 's prospects for a strong fourth quarter '' are also good .

Mattel attributed the jump in quarter net to strong world-wide sales of its Barbie doll , Hot Wheels cars , Disney toys and other well-known toy lines .

The company also cited retail trade and consumer demand for new products introduced this year , such as Cherry Merry Muffin and Turtle Tots .

For the nine months , Mattel net more than doubled to $ 58.9 million , or $ 1.19 a share , from $ 25.4 million , or 53 cents a share , a year ago .

Revenue rose 25 % , to $ 877.6 million , from $ 702.4 million .

Mattel said the company 's sale of rights to land and buildings at its Hawthorne , Calif. , headquarters resulted in a $ 13 million charge to third-quarter operating profit .

The charge didn’t affect net for the quarter as it was offset by tax benefits .

Mattel has purchased a new headquarters building in El Segundo , Calif. , which it will occupy by the end of next year .

Democracy can be cruel to politicians : Sometimes it forces them to make choices .

Now that the Supreme Court opened the door on the subject of abortion , politicians are squinting under the glare of democratic choice .

Their discomfort is a healthy sign for the rest of us .

Republicans are squinting most painfully , at least at first , which is only fair because they 've been shielded the most .

So long as abortion was a question for litigation , not legislation , Republicans could find political security in absolutism .

They could attract one-issue voters by adopting the right-to-life movement 's strongest position , even as pro-choice Republicans knew this mattered little on an issue monopolized by the court .

Now it matters .

Much of Washington thought it detected George Bush in a characteristic waffle on abortion the past week .

Only a month ago he 'd warned Congress not to pass legislation to pay for abortions in cases of rape or incest .

Last Friday , after Congress passed it anyway , he hinted he was looking for compromise .

Was the man who once was pro-choice , but later pro-life , converting again ?

In fact , Mr. Bush 's dance was more wiggle than waffle .

Pro-life advocates say the White House never wavered over the veto .

Christopher Smith -LRB- R. , N.J. -RRB- , a pro-life leader in the House , suggested a compromise that would have adapted restrictive language from rape and incest exceptions in the states .

The White House , never eager for a fight , was happy to try , which is why George Bush said he was looking for flexibility '' last week .

When Democrats refused to budge , pro-life Republicans met at the White House with Chief of Staff John Sununu on Monday , and Mr. Bush quickly signaled a veto .

Amid charges of timidity '' on Panama and elsewhere , the president was n't about to offend his most energetic constituency .

The GOP doubters were in Congress .

In last week 's House vote , 41 Republicans defected .

After the vote , Connecticut Rep. Nancy Johnson rounded up nearly as many signatures on a letter to Mr. Bush urging him not to veto .

Even such a pro-life stalwart as Sen. Orrin Hatch -LRB- R. , Utah -RRB- had counseled some kind of compromise .

The Senate passed the same bill yesterday , with a veto-proof majority of 67 .

The manuevering illustrates an emerging Republican donnybrook , pacified since the early 1980s .

At the 1988 GOP convention , abortion was barely discussed at all , though delegates were evenly divided on the question of an anti-abortion constitutional amendment .

Ms. Johnson made a passionate statement to the platform committee , but she was talking to herself .

Now many Republicans are listening .

They 're frightened by what they see in New Jersey , and especially Virginia , where pro-life GOP candidates for governor are being pummeled on abortion .

Eddie Mahe , a Republican consultant , says the two GOP candidates could have avoided trouble if they had framed the issue first .

-LRB- In Virginia , Marshall Coleman and his running mate , Eddy Dalton , are both on the defensive for opposing abortions even in cases of rape or incest . -RRB-

But Mr. Mahe adds , The net loser in the next few years is the right-to-life side . ''

Darla St. Martin , of the National Right to Life Committee , says exit polls from the 1988 election had single-issue , pro-life voters giving Mr. Bush about five more percentage points of support than pro-choice voters gave Michael Dukakis .

But the Supreme Court 's opening of debate may have changed even that .

GOP pollster Neil Newhouse , of the Wirthlin Group , says polls this summer showed that the single-issue voters had about evened out .

Polls are no substitute for principle , but they 'll do for some politicians .

The Republican danger is that abortion could become for them what it 's long been for Democrats , a divisive litmus test .

It 's already that in the Bush administration , at least for any job in which abortion is even remotely an issue .

Oklahoma official Robert Fulton lost a chance for a senior job in the Department of Health and Human Services after right-to-life activists opposed him .

Caldwell Butler , a conservative former congressman , was barred from a Legal Services post , after he gave wrong answers on abortion .

Even the president 's doctor , Burton Lee , has said on the record that he 'd love to be surgeon general but could n't pass the pro-life test .

In the case of HHS Secretary Louis Sullivan , the litmus test could yet damage issues important to other parts of the Republican coalition .

After Mr. Sullivan waffled on abortion last year , the White House appeased right-to-lifers by surrounding him with pro-life deputies .

Their views on health care and welfare didn’t much matter , though HHS spends billions a year on both .

It makes only a handful of abortion-related decisions .

Though Democrats can gloat at all this for now , they may want to contain their glee .

On abortion , their own day will come .

Eventually even Republicans will find a way to frame the issue in ways that expose pro-choice absolutism .

Does the candidate favor parental consent for teen-age abortions ?

-LRB- The pro-choice lobby does n't .

-RRB- What about banning abortions in the second and third trimesters ?

-LRB- The lobby says no again . -RRB-

Democracy is forcing the abortion debate toward healthy compromise , toward the unpolarizing middle .

Roe v. Wade pre-empted political debate , so the extremes blossomed .

Now the ambivalent middle , a moral majority of sorts , is reasserting itself .

Within a few years , the outcome in most states is likely to be that abortion will be more restricted , but not completely banned .

This is where the voters are , which is where politicians usually end up .

Union Pacific Corp . third-quarter net income fell 17 % .

Excluding earnings from discontinued operations a year earlier , net fell only 2 % .

The energy , natural resources and railroad concern had net of $ 137.4 million , or $ 1.35 a share , down from $ 165 million , or $ 1.44 a share , a year earlier .

In the 1988 third quarter , profit from continuing operations totaled $ 140.1 million .

A year earlier , the company had profit from discontinued operations of $ 24.9 million from sale of a pipeline , a refinery and an interest in a second refinery .

Revenue rose 2 % to $ 1.58 billion from $ 1.54 billion .

In composite trading on the New York Stock Exchange , Union Pacific jumped $ 1.375 to $ 75 a share .

The company said its Union Pacific Railroad had a 3 % profit increase , despite a 14 % rise in fuel costs and a 4 % drop in car loadings .

Most of the commodity traffic was off , the company said .

Earnings from continuing operations of the Union Pacific Resources unit almost doubled , the company said .

It added that higher revenue , strong crude oil prices and higher natural gas prices offset declines in production of oil , gas and plant liquids .

In addition , the company cited cost-reduction moves and interest income .

Earnings from Union Pacific Realty dropped 50 % to $ 3 million .

Before good will , Overnite Transportation earnings fell 11 % to $ 15 million , Union Pacific said .

In the nine months , net fell 6.3 % to $ 427.7 million , or $ 3.98 a share , from $ 456.4 million , or $ 4 a share , a year earlier .

Profit from continuing operations in the year-earlier period was $ 402.7 million .

Revenue was $ 4.75 billion , up 6 % from $ 4.49 billion .

The Federal Trade Commission ruled that five major title-insurance companies illegally fixed prices for title search-and-examination services by participating in joint rating bureaus '' in six states .

The FTC ordered the companies not to use rating bureaus in those six states .

The commission order named the following companies : Ticor Title Insurance Co. of California , a unit of Los Angeles-based Ticor ; Chicago Title Insurance Co. and Safeco Title Insurance Co. , units of Chicago Title & Trust Co. ; Lawyers Title Insurance Corp. , a unit of Richmond , Va.-based Universal Corp. ; and Stewart Title Guaranty Co. , a unit of Houston-based Stewart Information Services Corp .

Chicago Title & Trust acquired Safeco in 1987 and changed the unit 's name to Security Union Title Insurance Co .

The FTC ruled that the companies violated federal antitrust law by fixing rates in the following states : New Jersey , Pennsylvania , Connecticut , Wisconsin , Arizona and Montana .

The FTC first issued an administrative complaint in the case in 1985 .

John Christie , a lawyer here for the two Chicago Title & Trust units accused the FTC of second-guessing '' state-level regulations , with which , he said , his clients had complied .

I expect all the companies to appeal , he added .

A lawyer for Lawyers Title said that , because the named companies no longer use the type of cooperative rating bureaus attacked by the FTC , the commission 's order won’t have much practical impact .

Officials for the other named companies didn’t return telephone calls seeking comment .

MARK RESOURCES INC. , Calgary , Alberta , said it agreed to sell 75 million Canadian dollars -LRB- US$ 63.9 million -RRB- of 8 % convertible debentures to a group of securities dealers .

Mark , an oil and gas concern , said the 15-year debentures are convertible before maturity at C$ 12.50 for each Mark common share , and can be redeemed at the company 's option , under certain conditions , after Nov. 30 , 1992 .

The government will try to sell all the real estate managed by the Federal Asset Disposition Association in one fell swoop , said William Seidman , chairman of the Federal Deposit Insurance Corp .

The FADA real-estate package , with an asking price of $ 428 million , is comprised of 150 properties in Texas , California , Colorado , Arizona and Florida .

It includes apartments , shopping centers , office buildings and undeveloped land .

Mr. Seidman is chairman of the Resolution Trust Corp. , established to sell or merge the nation 's hundreds of insolvent savings-and-loan associations .

The RTC , created by this year 's S&L bailout legislation , is trying to sell FADA 's network of offices separately .

FADA , which holds problem assets of thrifts that were closed before the bailout legislation was enacted , is being liquidated .

The properties held by FADA won’t be sold piecemeal , Mr. Seidman said in a speech before Southern Methodist University Business School in Dallas .

You need to buy the entire lot , Mr. Seidman said , so get out your checkbooks .

The following were among yesterday 's offerings and pricings in the U.S. and non-U.S. capital markets , with terms and syndicate manager , as compiled by Dow Jones Capital Markets Report :

Sequa Corp. -- $ 150 million of 9 5\/8 % notes due Oct. 15 , 1999 , priced at 99.75 to yield 9.664 % .

The noncallable issue was priced at a spread of 170 basis points above the Treasury 's 10-year note .

Rated Baa-2 by Moody 's Investors Service Inc. and triple-B-minus by Standard & Poor 's Corp. , the issue will be sold through underwriters led by Merrill Lynch Capital Markets .

Virginia Public School Authority -- $ 55.7 million of school financing bonds , 1989 Series B -LRB- 1987 resolution -RRB- , due 19912000 , 2005 and 2010 , through a BT Securities Corp. group .

The bonds , rated double-A by Moody 's and S&P , were priced to yield from 6 % in 1991 to 7.10 % in 2010 .

Serial bonds were priced to yield to 6.75 % in 2000 .

Bonds due 1991-1996 carry 6.70 % coupons and bonds due 1997-2000 carry 6 3\/4 % coupons .

Term bonds due 2005 are n't being formally reoffered .

They carry a 7 % coupon .

Term bonds due 2010 are 7.10 % securities priced at par .

St. Johns River Water Management District , Fla. -- $ 50,005,000 of land acquisition revenue bonds , Series 1989 , due 1990-2000 , 2003 , 2006 and 2009 , tentatively priced by a Smith Barney , Harris Upham & Co. group to yield from 6 % in 1990 to about 7.03 % in 2003 .

There are $ 9.76 million of 7 % term bonds due 2003 , priced at 99 3\/4 to yield about 7.03 % .

The $ 11,775,000 of term bonds due 2006 and the $ 13,865,000 of term bonds due 2009 are n't being formally reoffered .

Serial bonds were priced at par to yield to 6.90 % in 2000 .

The bonds are insured and rated triple-A by Moody 's and S&P .

Federal Home Loan Mortgage Corp. -- $ 500 million of Remic mortgage securities being offered in 12 classes by Salomon Brothers Inc .

The offering , Series 105 , is backed by Freddie Mac 9 1\/2 % securities .

Separately , $ 400 million of Freddie Mac Remic mortgage securities is being offered in 10 classes by Kidder , Peabody & Co .

The offering , Series 106 , is backed by Freddie Mac 9 1\/2 % securities .

According to available details , yields range from 8.70 % , a spread of 80 basis points over three-year Treasury securities , to 10.37 % , a spread of 230 basis points over 20-year Treasurys .

The offerings bring Freddie Mac 's 1989 Remic issuance to $ 32.6 billion and its total volume to $ 46.5 billion since the program began in February 1988 .

European Investment Bank -LRB- agency -RRB- -- 200 billion lire of 12 % bonds due Nov. 16 , 1995 , priced at 101 3\/4 to yield 12 % less full fees , via lead manager Banco Commercial Italiana .

Fees 1 3\/4 .

IBM International Finance -LRB- U.S. parent -RRB- -- 125 million European currency units of 9 1\/8 % bonds due Nov. 10 , 1994 , priced at 101 5\/8 to yield 9.13 % at the recommended reoffered price of par , via Banque Paribas Capital Markets .

Societe Generale Australia Ltd . -LRB- French parent -RRB- -- 50 million Australian dollars of 17 % bonds due Nov. 20 , 1991 , priced at 101.90 to yield 16.59 less fees , via Westpac Banking Corp .

Guaranteed by Societe Generale .

Fees 1 1\/4 .

Mitsubishi Trust & Banking Corp . -LRB- Japan -RRB- -- 200 million Swiss francs of privately placed convertible notes due March 31 , 1994 , with a fixed 0.75 % coupon at par , via Union Bank of Switzerland .

Put option on March 31 , 1992 , at a fixed 107 3\/4 to yield 3.5 % .

Callable from March 31 , 1992 , at 107 3\/4 , declining two points semi-annually to par .

Each 50,000 Swiss franc note is convertible from Nov , 27 , 1989 , to March 21 , 1994 , at a premium over the closing share price Oct. 25 , when terms are scheduled to be fixed .

Also , the company issued 300 million marks of convertible bonds with an indicated 2 3\/4 % coupon due March 31 , 1995 , at par , via Westdeutsche Landesbank Girozentrale Bank .

Put on March 31 , 1992 , at an indicated 105 to yield 4.80 % .

Call option beginning March 31 , 1992 , if the price of the stock rises more than 50 % within 30 trading days as well as a call option for tax reasons .

Each 1,000 mark and 10,000 mark bond is convertible from Nov. 27 , 1989 , to March 21 , 1995 , at a price to be determined when terms are fixed Oct. 25 .

Scandinavian Airlines System -LRB- Sweden -RRB- -- 100 million Swiss francs of 6 1\/8 % bonds due Nov. 24 , 1999 , priced at 100 3\/4 to yield 6.03 % , via Union Bank of Switzerland .

Call from Nov. 24 , 1994 , at 101 1\/2 , declining 1\/4 point a year .

Federal Home Loan Mortgage Corp. -- $ 400 million of 10-year debentures with a coupon rate of 8.80 % , priced at par .

The debentures , callable at par in five years , were priced at a yield spread of about 86 basis points above the Treasury 10-year note .

The issue is being sold through Freddie Mac 's 17-member securities selling group .

The debentures mature Oct. 27 , 1999 .

The debentures will be available in book-entry form only in a minimum amount of $ 5,000 and additional increments of $ 5,000 .

Interest will be paid semi-annually .

First they get us to buy computers so we can get more information .

Then the computers give us more information than we can ever read .

Now they plan to sell us products that sift through all the information to give us what we really want to know .

The products range from computer-edited , personal newsletters to systems that sit inside a personal computer and pick stories on selected topics off news wires .

Filtered news is what people want , says Esther Dyson , editor of Release 1.0 , an industry newsletter that spots new developments .

Most people read 10 times more than necessary in order to find out what they really need . ''

Geoffrey Goodfellow , who dropped out of high school back in the 1970s to manage a computer network at a California research firm , says : Old network hands have started to turn off the network because they do n't have time to wade through the muck . ''

Mr. Goodfellow has started a Menlo Park , Calif. , company called Anterior Technology that provides human editors for public electronic networks .

I see it as a sewage treatment plant , he says .

A new product , NewsEdge , carries five business news wires simultaneously into a user 's computer and beeps and flashes whenever an article appears that is of interest to the user .

The product , developed by Desktop Data Corp. , a new company based in Waltham , Mass. , scans the wires looking for articles that contain key words specified by the user .

One early user , David Semmel , a Chicago venture capitalist and investor in Desktop Data , says he uses it to track takeover developments .

He says he told NewsEdge to look for stories containing such words as takeover , acquisition , acquire , LBO , tender , merger , junk and halted .

I 'm pretty confident I 'm catching everything , he says .

NewsEdge is pricey : $ 7,500 a year for a limited version , $ 40,000 a year if the cost of all the news wires is included .

And it works best in high-powered personal computers .

But some investors and consultants who have tried it are enthusiastic .

Jeffrey Tarter , editor of SoftLetter , a Watertown , Mass. , industry newsletter , says : I 've seen a lot of people fooling around on the fringes of filtering information .

This is the first time I 've seen something I could imagine a lot of people using . ''

NewsEdge uses an FM radio band to carry news wires provided by Reuters , McGraw-Hill and Dow Jones & Co. , as well as PR Newswire , which carries corporate press releases .

An FM receiver attached to a user 's personal computer receives the information .

Some organizations have devised their own systems to sort through news wire items as they come in .

George Goodwin , an account manager at Royal Bank of Canada , adapted a Lotus Development Corp. program called Agenda to sort through international news wires .

It automatically selects stories from particular countries for reading by the international bankers responsible for lending in those areas .

For those who do n't need their personalized information moment by moment , some services are offering overnight newsletters .

Individual Inc. , a new company in Brookline , Mass. , uses filtering technology developed by Cornell University computer scientist Gerard Salton , to automatically produce customized newsletters it sends electronically to subscribers by 8 a.m. the next day .

We are operating an information refinery that takes a broad stream of raw data and turns it into actionable knowledge , says Yosi Amram , founder and president .

The daily newsletter , which is n't widely available yet , will have a base cost of $ 2,000 a year and provides full text of relevant articles under license agreements with Reuters , McGraw Hill , United Press International , two press release news wires and Japan 's Kyodo news service .

One early user is NEC Corp. 's U.S. printer marketing arm .

They want the full press releases on printer announcements by their competition , Mr. Amram says .

It also tracks personnel and financial announcements by NEC 's distributors and customers .

Individual Inc. 's technology goes beyond word searches by using a computerized thesaurus .

If a customer asks for stories about IBM , the computer will also supply stories that mention I.B.M. , International Business Machines , or Big Blue , Mr. Amram says .

Moreover , Individual Inc. 's computers can weigh the value of an article based on how closely the story matches the subscriber 's interest area .

It compares the position of key words in the story ; words in the headline or first paragraph get a higher value .

And it calculates how often the words appear in the story compared with how often they appear in the entire data base .

The higher the ratio of hits to total words , the higher the presumed value to the reader .

Pinpoint Information Corp. , Chantilly , Va. , a producer of $ 1,800-a-year personalized newsletters about the computer industry that started full operation last month , relies on 12 human readers to code news releases by topic in order to select items for each subscriber .

The computers find all the key words they can , but the editors confirm every one .

Computer picking is n't perfect , says Harvey Golomb , president and founder of Pinpoint .

The humans also write abstracts of articles from some 200 computer industry publications .

Once all the articles are coded and put in a data base , Pinpoint 's computers pick the most relevant for each subscriber and lay them out in a three-to-five-page newsletter format ; each newsletter is sent directly from the computer to the subscriber 's fax machine .

Mr. Golomb says each of his computers can produce and send about 75 unique newsletters a night .

Many computer network users who never see news wires would like to sort through their electronic mail automatically .

So-called E-mail is the collection of inter-office memos , gossip , technical data , schedules and directives distributed over local and national computer networks .

All these interconnected computers make it difficult to sort out what 's junk and what 's important , says Chuck Digate , a former Lotus Development executive who has started a new company to cope with the problem .

Mr. Digate says his firm , Beyond Inc. , has licensed technology known as Information Lens from Massachusetts Institute of Technology and plans to develop it for commercial use .

The MIT project devised ways for E-mail to be automatically categorized as top priority if it comes from certain designated senders or requires action in the next couple of days .

Mr. Digate says that Beyond will refine the product so the message will be smart enough to know to come back and bother you again next week . ''

And if a user is busy , he can set it for crisis mode : Do n't bother me with reports until Monday . ' ''

A program called Notes , which is under development by Lotus , also is designed to sort E-mail sent within work groups .

One thing that makes E-mail difficult to sift through is that each item looks the same .

Notes , which is designed for advanced computers that display graphics , allows mail senders to put different logos on their mail .

A daily news briefing from the company librarian , for example , would have a distinctive format on the screen , just as a paper version would have .

With E-mail , you do n't have the visual clues of paper , says Mr. Tarter , the editor of SoftLetter .

With Notes , they 're visually distinct .

Dean Witter Reynolds Inc. lost its second recent arbitration case involving a former bond-trading executive .

A New York Stock Exchange arbitration panel ordered Dean Witter to pay $ 404,294 in back bonuses to William Kelly , the company 's former head of high-yield , high-risk junk-bond trading and sales .

It also awarded $ 196,785 in back bonuses to former trader Michael Newcomb and $ 69,105 in fees to the two men 's attorneys .

The sums awarded to Messrs. Kelly and Newcomb represent bonuses the two men said they deserved from the first half of 1988 , but which were n't paid because of a dispute over an incentive contract .

Jeffrey L. Liddle , the two men 's attorney at Liddle , O'Connor , Finkelstein & Robinson , said Mr. Kelly began working at Dean Witter in 1987 .

Mr. Kelly built the company 's high-yield bond group , which has been a minor player in the junk-bond arena .

Dean Witter lost a separate case involving a former bond executive earlier this year ; in August it paid $ 666,666 in back pay and a bonus to a former corporate-bond trading chief , Harold Bachman .

That award ended a dispute between Dean Witter and Mr. Bachman over who was responsible for certain bond-trading losses around the time of the 1987 stock-market crash .

A spokesman for Dean Witter , a unit of Sears , Roebuck & Co. , declined to comment .

DILLARD DEPARTMENT STORES Inc. said it offered $ 50 million of 9 1\/2 % debentures due 2001 at par .

The Little Rock , Ark. , department-store retailer said proceeds will be used to reduce short-term debt .

Goldman , Sachs & Co. was the underwriter .

American Brands Inc. said third-quarter net income rose 13 % , reflecting strong gains in its tobacco and distilled spirits businesses .

The company , which also has businesses in life insurance , office products and hardware , and home-improvement products , said net income rose to $ 166.4 million , or $ 1.71 a share , from $ 146.8 million , or $ 1.53 a share , a year earlier .

Year-earlier results for the quarter and the nine months were restated to reflect a change in accounting standards .

Revenue declined 2 % , to $ 3.06 billion from $ 3.13 billion , because of the sale of Southland Life in March , and the impact of the stronger U.S. dollar on overseas results .

Operating profit for world-wide tobacco products rose 10 % to $ 247.6 million .

For distilled spirits , operating profit rose 36 % , to $ 24.8 million .

In the first nine months , net rose 1.5 % , to $ 458.8 million , or $ 4.76 a share , from $ 452 million , or $ 4.50 a share , a year earlier .

The year-earlier period included $ 40.1 million , or 41 cents a share , from discontinued operations .

Revenue rose to $ 9.03 billion from $ 8.98 billion .

The average number of shares outstanding rose 2 % in the third quarter but was down 4 % for the nine months .

In composite trading on the New York Stock Exchange , American Brands shares rose $ 1.75 to $ 73 .

SANTA FE PACIFIC PIPELINE PARTNERS Limited Partnership , of Los Angeles , increased its quarterly cash dividend to 60 cents a unit from 55 cents , payable Nov. 14 to units of record Oct. 31 .

The company is an independent refined-petroleum-products pipeline serving six Western states .

WASHINGTON LIES LOW after the stock market 's roller-coaster ride .

Lawmakers , haunted by charges that some of their comments contributed to the 1987 crash , generally shy away from calls for sweeping new legislation .

But a House Energy and Commerce subcommittee will quiz SEC Chairman Breeden Wednesday , and Treasury Secretary Brady will go before the Senate Banking panel Thursday .

The market 's wild week may speed along the market-reform legislation that has been pending for months in the aftermath of the 1987 crash .

It may also expedite the SEC 's modest pending changes in junk-bond disclosure rules and intensify the Treasury 's look at plans for giving new tax breaks on dividends and raising taxes on short-term trades by pension funds .

Brady and Breeden work well together on the plunge , despite the fact that the Treasury secretary opposed Breeden 's nomination to the SEC post .

BAKER FALTERS in the Mideast amid Israeli paralysis and Palestinian politics .

Despite seeing his plan for Israeli-Palestinian elections wither , the cautious secretary of state is so far unwilling to cut U.S. economic or military aid to force Israeli cooperation .

Baker nonetheless remains furious both at Shamir , for backing down on the elections , and at Shamir 's rival , Peres , for political ineptitude in forcing a premature cabinet vote on Baker 's plan .

Meanwhile , some U.S. officials fear PLO chief Arafat is getting cold feet and may back off from his recent moderation and renunciation of terrorism .

He is under intense fire from other Palestinian groups ; Syria is pushing Ahmad Jibril , whose terrorist band is blamed for the Pan Am 103 bombing , as an alternative to Arafat .

DARMAN'S MANEUVERS on the budget and capital gains hurt him in Congress .

Republicans as well as Democrats were angered by the budget director 's rejection of Speaker Foley 's effort to expedite a deficitcutting measure by stripping it of the capital-gains tax cut as well as pet Democratic projects .

Darman now blames the clash on miscommunication , but House GOP leader Michel , who carried the offer to him , observes , I was speaking English at the time , and quite loud so I could be understood . ''

Senate GOP leader Dole ridicules the budget chief on the Senate floor .

Democratic counterpart Mitchell , asked to interpret Darman 's threat to make permanent the across-the-board Gramm-Rudman cuts that took effect this week , says , I do n't even bother to interpret them . ''

But Darman suggests such tensions will dissipate quickly .

If I can show signs of maturity , almost anybody can , he jokes .

HHS OFFICIALS expect Secretary Sullivan to continue a ban on research using fetal tissue .

Before he was confirmed , Sullivan said he had reservations about any blanket prohibitions on medical research . ''

But now , an official says , he is surrounded by right-to-lifers , who contend that any breakthroughs in fetal-tissue research could increase the demand for abortions .

COOPERATION WANES on weapons development between the U.S. and Europe .

Britain , France and Italy pull out of a proposal to build new NATO frigates ; the U.S. and West Germany have each withdrawn from missile projects .

Defense experts say joint projects are increasingly squeezed by budget pressures and the desire to save domestic jobs ; some also fear rising protectionism as European unity nears .

BOTH SIDES NOW :

Virginia GOP lieutenant governor candidate Eddy Dalton tries to have it both ways on the abortion issue .

Though she opposes abortion in almost all cases , she airs a TV commercial using pro-choice buzzwords .

A woman ought to have a choice in cases where her life or health are in danger and in cases of rape or incest , she proclaims .

HOT TOPIC :

Interest in the abortion issue is so great that the Hotline , a daily , computer-distributed political newsletter , comes up with a spinoff product called the Abortion Report dealing solely with its political implications .

CONSERVATIVES EXPECT Bush to solidify their majority on a key court .

Bush has three vacancies to fill on the prestigious D.C. Circuit Court , which handles many important regulatory issues and is often considered a warm-up for future Supreme Court nominees .

Conservatives now hold only a 5-4 edge .

One slot is expected to go to EEOC Chairman Clarence Thomas , a black conservative ; after mulling a fight , liberals now probably won’t put up a major struggle against him .

Other conservatives thought to be on the administration 's short list include Washington lawyer Michael Uhlmann , who was passed over for the No. 2 job at the Justice Department , and Marshall Breger , chairman of a U.S. agency on administration .

The Bush administration would also like to nominate a woman ; one possibility is former Justice Department official Victoria Toensing .

MINOR MEMOS :

In the wake of the failed Panama coup , a bumper sticker appears : Ollie Would Have Got Him . '' ...

Rep. Garcia , on trial for bribery and extortion , puts statements in the Congressional Record attributing missed votes to scheduling conflicts . '' ...

A GOP Senate fund-raising letter from Sen. Burns of Montana is made to appear personally written , and its opening line is , Please excuse my handwriting . ''

But Burns confesses in an interview : That 's not my handwriting .

MC SHIPPING Inc. , New York , declared an initial quarterly of 60 cents a share payable Nov. 15 to shares of record Oct. 30 .

The announcement boosted the charter-shipping company 's shares , which closed at $ 15.125 , up $ 1.25 a share , in composite trading on the American Stock Exchange .

The company , which went public in May , intends to pay dividends from available cash flow ; the amount may vary from quarter to quarter .

Ever since the hotly contested America 's Cup race last year , the famous yachting match has run into more rough sailing out of the water than in it .

Now that a key member of the San Diego Yacht Club team is splitting off to form his own team , even more competition lies ahead .

Peter Isler , the winning navigator in the past two America 's Cup challenges , has split from the team led by Dennis Conner , skipper of the victorious Stars & Stripes , to form his own team for the next contest in 1992 .

And , in addition to a crack team of sailors , Mr. Isler has lined up some real brass to help him finance the syndicate .

Isler Sailing International 's advisory board includes Ted Turner , Turner Broadcasting chairman and a former Cup victor ; Peter G. Diamandis , head of Diamandis Communications , and Joseph B. Vittoria , chairman and chief executive of Avis Inc .

His steering committee includes other notable businessmen , including the California investor and old salt Roy E. Disney .

We have the structure , people and plan , Mr. Isler said in a statement .

Now , the first order of business is raising enough money to keep his team afloat -- a new yacht will cost about $ 3 million alone , and sailing syndicate budgets can easily run to $ 25 million for a Cup challenge .

The split comes in the midst of a court battle over whether the San Diego Yacht Club should be allowed to keep the international trophy for sailing a catamaran against the New Zealand challengers ' 90-foot monohull .

In September , a New York appellate court overturned a state judge 's ruling that awarded the Cup to the New Zealand team .

Pending an appeal by the New Zealand team , led by Michael Fay , the finals for the next Cup challenge are scheduled to be held in mid-1992 in San Diego .

But because of the uncertainty of the outcome of the suit , Mr. Conner 's team has done little to begin gearing up to defend its title .

If you do n't know what the rules of the game are , it 's hard to start your fund-raising or design , said Dana Smith , an official with Team Dennis Conner .

The Conner team won’t be able to negotiate with corporate sponsors until the suit is resolved and the race site is determined , Mr. Smith said , and the syndicate 's budget could easily reach $ 30 million .

But spokesmen for both Mr. Isler and Mr. Conner say the formation of the new syndicate has to do with Mr. Isler 's desire to skipper his own team and begin planning now , rather than any falling out between the two sportsmen .

Mr. Smith and a spokesman for the America 's Cup Organizing Committee insist that the added competition for the defender 's spot will only improve the race .

Missouri farmer Blake Hurst writing in the fall issue of the Heritage Foundation 's Policy Review about the proposed location of a hazardous-waste incinerator in his county :

Of course I 'd rather have a computer software firm in my backyard than a hazardous waste incinerator .

But I 'd also rather live next door to an incinerator than to some of the hog farms I 've seen -LRB- and smelt -RRB- in these parts .

An incinerator is also probably better than having nobody next door -- on our farm there are four unoccupied houses .

On my four-mile drive to farm headquarters each morning , I drive by another four empty houses .

A community of abandoned farmsteads , failing businesses , and crumbling roads and bridges is hardly a desirable one ... .

The loss of 40 jobs by a depressed county in rural Missouri is hardly of national importance except for this : If the most environmentally safe way of dealing with a national problem can not be built in Atchinson County , what hope have we for dealing with the wastes our economy produces ?

After all , farmers here work with hazardous '' chemicals every day , many of them the same chemicals that would have been destroyed in the incinerator .

We know they are dangerous , but if handled with care , their benefits far outweigh any risk to the environment .

Just because Stamford , Conn. , High School did nothing when its valuable 1930s mural was thrown in the trash does n't mean the city no longer owns the work of art , a federal judge ruled .

The mural , now valued at $ 1.3 million according to appraisers , was tossed in a trash heap in 1971 by workers who were renovating the building .

The 100-foot-long mural , painted by James Daugherty in 1934 , was commissioned by the federal Works Project Administration .

After the discarded mural was found outside the school by a concerned Stamford graduate , it eventually was turned over to Hiram Hoelzer , a professional art restorer .

Throughout the 1970s , Stamford school and city officials made no effort to locate the mural .

Apparently the officials didn’t even know the mural was missing until 1980 , when a researcher found that the painting was in Mr. Hoelzer 's studio and questioned school officials about it .

In 1986 , Stamford officials thanked Mr. Hoelzer for taking care of the mural -- and demanded he return it as soon as possible .

Mr. Hoelzer , however , sued Stamford , claiming that the city had abandoned the artwork and that it had waited too long to reclaim it .

But Judge Louis L. Stanton of federal court in Manhattan ruled that the city could n't be faulted for waiting too long because it didn’t realize until 1986 that its ownership of the painting was in dispute .

The judge also ruled that the painting was n't abandoned because officials didn’t intend for it to be thrown away and were unaware that the workmen had discarded it .

Mr. Hoelzer didn’t return phone calls seeking comment on the judge 's decision .

The judge ordered that a hearing be held Nov. 17 to determine how much the city should pay Mr. Hoelzer for his services .

Mary E. Sommer , corporate counsel for Stamford , said the city has discussed several possible plans for displaying the mural , which portrays various scenes from the Great Depression .

She said the mural preserves an era in Stamford and in our country when this type of work was being done .

The prices of corn futures contracts jumped amid rumors that the Soviet Union is keeping up its dizzying October buying binge of U.S. corn .

Those rumors were confirmed after the end of trading yesterday when the U.S. Agriculture Department announced that the Soviets had bought 1.2 million metric tons of U.S. corn , bringing their U.S. corn purchases confirmed so far this month to about five million metric tons .

In trading at the Chicago Board of Trade , the corn contract for December delivery jumped 5.75 cents a bushel to settle at $ 2.44 a bushel .

The Soviet purchases are close to exceeding what some analysts had expected the Soviet Union to buy this fall , the season in which it usually buys much of the corn it imports from the U.S. .

That pace is causing some analysts to speculate that the Soviet Union might soon purchase as much as another two million metric tons .

One sign that more Soviet purchases are possible is that U.S. grain companies yesterday bought an unusually large amount of corn futures contracts .

That sometimes signals that they are laying plans to export corn .

By some estimates , several grain companies combined bought contracts for the possession of roughly one million metric tons of corn .

By buying futures contracts , these companies attempt to protect themselves from swings in the price of the corn that they are obligated to deliver .

Rumors of Soviet interest also pushed up the prices of soybean futures contracts .

Among other things , the Agriculture Department is widely thought to be mulling whether to subsidize the sale of soybean oil to the Soviet Union .

On top of all this , corn and soybean prices rose on reports that the Midwest harvest was disrupted by a freakishly early snow storm that dumped several inches in parts of Indiana and Ohio .

The harvest delays , however , are expected to be temporary .

Balmy temperatures are forecast for next week , said Robert Lekberg , an analyst at Farmers Grain & Livestock Corp. , Chicago .

Many farmers used the jump in prices to sell their recently harvested crop to grain elevator companies .

The heavy selling by farmers helped to damp the price rally .

Wheat futures prices rose slightly .

In other commodity markets yesterday :

PRECIOUS METALS :

Futures prices declined .

A number of developments were negatively interpreted by traders .

December delivery gold fell $ 1.80 an ounce to $ 370.60 .

December silver eased 2.7 cents an ounce to $ 5.133 .

January platinum was down $ 3.60 an ounce at $ 491.10 .

One price-depressing development was the lower-than-expected increase of only 0.2 % in the consumer price index for September , an analyst said .

He noted that the core inflation rate , which excludes food and energy , was also low at 0.2 % .

Other news that weighed on the market : Initial unemployment claims rose by 62,000 last week ; American Telephone & Telegraph Co. will reduce its managerial staff by 15,000 through attrition ; the oil market turned weaker ; there was n't any investor demand for bullion ; and the dollar strengthened during the day , putting pressure on gold .

Also , the analyst said , economic circumstances are such that both South Africa and the Soviet Union , the principal gold and platinum producers , are being forced to continue selling the metals .

Both are in great need of foreign exchange , and South Africa is also under pressure to meet foreign loan commitments , he said .

Putting it all together , we have a negative scenario that does n't look like it will improve overnight , he said .

COPPER :

Futures prices recovered in quiet trading .

The December contract rose 1.50 cents a pound to $ 1.2795 .

That contract fell a total of 5.75 cents during the first three days of this week , mostly in reaction to last Friday 's stock market plunge , which prompted concern that it might signal a similar sharp slowing of the U.S. economy and thus reduced demand for copper , a leading industrial metal .

In recent days , however , there has been increased purchasing of copper in London , an analyst said .

Some of this buying was by Japan , which has had its supplies sharply reduced by long production stoppages at the Bougainville mine in Papua New Guinea , Highland Valley mine in British Columbia , and the Cananea mine in Mexico , which are major shippers to Japan .

The increasing likelihood that Cananea and Highland Valley will soon return to production may have cut some of that purchasing , but even if any of these mines begin operating soon , their output won’t be significant until at least the end of the year , analysts note .

So , one analyst said , even though the long-term production problems may be easing , there will still be a significant need for copper over the next three months , when inventories will remain relatively low .

ENERGY :

Crude oil prices ended mixed .

West Texas Intermediate for November delivery fell 14 cents a barrel to $ 20.42 .

But so-called outer month contracts finished higher .

For instance , December contracts for WTI rose 17 cents to $ 20.42 .

Most energy futures opened lower , following Wednesday 's market downturn .

But a flurry of late trading yesterday beefed up prices .

Heating oil and gasoline futures ended higher as well .

Melvin Belli 's San Francisco law offices may have been the epicenter of legal activity after Tuesday 's earthquake .

In the first 25 minutes after his office 's telephone service was restored yesterday morning , 17 potential clients had called seeking the services of the self-proclaimed King of Torts .

Mr. Belli , like many other personal-injury lawyers , suspects that the earthquake , which measured 6.9 on the Richter scale , will generate enough lawsuits to keep this city 's personal-injury and construction lawyers busy for quite some time .

Suits are likely to be filed against engineering firms , contractors and developers , as well as against local-government agencies .

But lawyers looking to cash in on the quake may have a tough time once their cases reach a judge .

Experts on California tort law say protections afforded government agencies in such cases are pretty ironclad .

Even claims against individuals and companies face significant roadblocks .

The major legal barrier is the principle that no one can be held liable for an act of God . ''

For now , says Laurence Drivon , president-elect of the 6,000-member California Trial Lawyers Association , the last thing we really need to worry about is whether anybody is going to get sued , or whether they have liability or not .

We still have people wandering around in a daze in San Francisco worrying about whether it 's going to rain tonight . ''

But that won’t stop plaintiffs ' lawyers from seeking a little room for maneuvering .

In San Francisco , they argue , an earthquake was a near certainty .

Therefore , engineering firms , construction contractors and developers can be sued for not keeping structures up to standard , and government agencies can be held accountable for failing to properly protect citizens from such a foreseeable disaster , if negligence can be proven .

My prediction is there will be mass litigation over errors and omissions in engineering and contracting , says Stanley Chesley , a well-known Cincinnati plaintiffs lawyer .

From what he saw on television , Mr. Chesley points out that Interstate 880 , which collapsed and killed more than 200 commuters , suffered serious damage while surrounding buildings appeared to sustain no damage whatsoever .

He adds that they were aware of the propensity for earthquakes and the San Andreas Fault . ''

The flamboyant and publicity-conscious Mr. Belli says he already has investigators looking into who could be held liable for the damage on the Bay Bridge and the interstate approaching it .

We won’t know until the smoke clears -- but yes , we 're looking into it , he says .

Mr. Belli says he wants to know whether state or federal engineers or private companies could have prevented the damage .

Mr. Belli , who was at Candlestick Park for the World Series Tuesday night , says he has hired civil engineers to check out his own mildly damaged building and to investigate the bridge collapse .

Defense lawyers , perhaps understandably , say that plaintiffs ' lawyers taking such an approach will have little success in pursuing their claims , though they add that the facts of each case must be looked at individually .

A lot of this is going to be code-related , says Ignazio J. Ruvolo , a construction law specialist at Bronson , Bronson & McKinnon , a San Francisco law firm .

Plaintiffs , he says , will argue that damaged structures were n't built to proper design standards .

But if defendants can prove that they met San Francisco 's stringent building codes , that 's probably going to protect them , Mr. Ruvolo says .

Government entities , continues Mr. Ruvolo , could be protected by the California Government Tort Liability Act .

Under the statute , agencies are provided defenses that normally are n't available in the private sector , Mr. Ruvolo says .

The legislature does not want to inhibit the unique government activities by exposing public entities to liability . ''

Built into the statute are so-called design immunities , which are likely to protect government agencies , according to Mr. Ruvolo and Richard Covert , a lawyer with the California Department of Transportation , which oversees the damaged Bay Bridge .

The state is protected when plans and designs for public structures were approved ahead of time or when structures met previously approved standards , says Mr. Covert .

He believes those defenses might well apply to the Bay Bridge collapse .

Nevertheless , he adds , I would n't get totally shocked if we get lawsuits out of the Bay Bridge . ''

If there 's going to be a race to the courthouse , it has n't started yet .

Mr. Covert had to search through law books scattered on the floor of his office yesterday , and Mr. Belli 's courtyard was strewn with bricks .

Wednesday , Mr. Belli 's staff was n't permitted into his office by city officials worried about their safety .

He said he set up shop on the sidewalk in front of his town-house office and helped victims apply for federal aid -- free of charge .

In a news release issued by Mr. Drivon , the trial lawyers association also promised free assistance to victims .

The association said it would monitor the conduct of lawyers and warned that solicitation of business is unethical .

What 's in a name ?

Apparently a lot , according to the British firm of Deloitte , Haskins & Sells .

The British firm has begun court proceedings in London to prevent the use of the name Deloitte '' by Deloitte , Haskins & Sells and Touche Ross & Co. in England and the rest of the world .

The British Deloitte firm recently withdrew from the merger of Deloitte and Touche world-wide and joined Coopers & Lybrand .

John Bullock , senior partner of Deloitte in the U.K. , said the decision to start these proceedings has n't been taken lightly . ''

Mr. Bullock said the British firm has used the name Deloitte '' since 1845 .

In the U.S. , Deloitte , Haskins & Sells was known as Haskins & Sells until 1978 , when it added the Deloitte '' name of its British affiliate .

John C. Burton , an accounting professor at Columbia University 's Graduate School of Business , said there 's a lot of emotion involved in the name of an accounting firm with a long history and with roots in England , where accounting predates the U.S. . ''

Although accountants are n't noted as being deeply emotional , they really hold it all in , said Mr. Burton , former chief accountant of the Securities and Exchange Commission .

J. Michael Cook , chairman of Deloitte , Haskins & Sells International , said he believes the legal action by the British firm to be without merit . ''

Mr. Cook said that last June , the international executive committes of Deloitte and Touche agreed to a world-wide merger .

The merger is proceeding according to plan , except as to the withdrawal of the Deloitte U.K. firm , he said .

Partners at other accounting firms say that the Deloitte firm in the U.K. is filing the suit to get even with the merged Deloitte-Touche firm for keeping major auditing work in England .

General Motors Corp. , a Deloitte audit client , for example , has agreed to keep its annual $ 18 million world-wide audit and associated tax work with the merged Deloitte-Touche firm , to be known as Deloitte & Touche in the U.S. .

In England , this would mean that the British Deloitte would lose revenue for its audit of GM 's Vauxhill unit .

The defection of Deloitte 's affiliates in Britain and the Netherlands to Coopers & Lybrand will make Coopers one of the biggest accounting firms in Europe , rivaling KPMG Peat Marwick there .

Although Coopers has n't been courted by other major accounting firms for a merger , it is benefiting greatly from fallout from the Deloitte-Touche merger .

In New York , Harris Amhowitz , general counsel of Coopers , said Coopers was aware of the litigation , but he declined further comment .

He also declined to comment on the name that Coopers would use in England if Deloitte UK won its litigation to keep its name .

Coopers uses the Coopers & Lybrand name world-wide .

William Bennett , the White House drug-policy director , accused local officials in the Washington area of blocking construction of prison facilities to house convicted drug dealers .

Politics has essentially put up a roadblock '' to finding sites for new federal prisons , Mr. Bennett said at a news conference called to report on his emergency assistance program '' for the capital .

Without more space to incarcerate convicted criminals , he added , we will not win the war on drugs . ''

Mr. Bennett declared in April that he would make Washington a test case '' for how the Bush administration would aid cities afflicted by heavy drug trafficking and violence .

The drug czar claimed that enforcement efforts are working here , albeit at a slower and more halting pace than we would like . ''

He acknowledged , however , that Washington 's drug-related murder rate is intolerably high .

The prisons are too crowded .

Drugs continue to be sold openly around schools , parks and housing projects . ''

Mr. Bennett declined to name the area officials who he believes have impeded plans for building more federal prisons to ease Washington 's problem .

But other Bush administration officials have criticized Maryland Gov. William Schaefer for blocking the use of possible sites in that state .

Administration officials also have said that Washington Mayor Marion Barry has delayed consideration of sites in the city .

In a letter to Mr. Bennett 's office , released yesterday , Washington 's city administrator , Carol Thompson , complained that the drug czar had exaggerated the amount of federal drug-related assistance provided to the capital .

Referring to Mr. Bennett 's claim that the federal government would provide $ 97 million in emergency federal support , Ms. Thompson wrote , Our analysis was unable to even come close to documenting that figure . ''

Of his successes in Washington , Mr. Bennett stressed that existing federal prisons have taken custody of 375 local inmates .

He also noted that the federal Drug Enforcement Administration has established a federal-local task force responsible since April for 106 arrests and more than $ 2 million in seizures of drug dealers ' assets .

The Defense Department has lent the Washington U.S. attorney 10 prosecutors , and the Federal Bureau of Investigation has provided crime laboratory facilities and training , he added .

What if it happened to us ?

In the wake of the earthquake in California and the devastation of Hurricane Hugo , many companies in disaster-prone areas are pondering the question of preparedness .

Some , particularly in West Coast earthquake zones , are dusting off their evacuation plans , checking food stocks and reminding employees of what to do if emergency strikes .

Others say they feel confident that steps they 've already taken would see them through a disaster .

Preparedness involves more than flashlights and fire alarms these days .

Some big companies have teams of in-house experts focusing on safety and business resumption .

Many companies in the path of potential disaster have set up contingency offices in safe regions , hoping they can transport employees there and resume operations quickly .

That means making sure that copies of vital computer software and company records are out of harm 's way .

Some businesses -- like Disneyland -- claim that even if they became isolated in a crisis , they would be able to feed and care for their people for as long as five days .

Self-sufficiency has to be the cornerstone of your plan , says Stephanie Masaki-Schatz , manager of corporate emergency planning at Atlantic Richfield Co. in Los Angeles .

If you do n't save your critical people , you won’t be able to bring up your vital business functions . ''

Although ARCO 's head office , more than 300 miles from the epicenter , was n't affected by this week 's tremors , Ms. Masaki-Schatz used the occasion to distribute a three-page memo of Earthquake Tips '' to 1,200 ARCO employees .

You need to capitalize on these moments when you have everyone 's attention , she says .

It was a good reminder that we all need to prepare prior to an event . ''

The ARCO memo urges employees to keep certain supplies at work , such as solid shoes and heavy gloves to clear debris . ''

It also recommends that employees be aware of everyday office items that could be used for emergency care or shelter .

Among the suggestions : Pantyhose and men 's ties could be used for slings , while removable wooden shelves might aid in breaking through office walls . ''

ARCO maintains an office in Dallas that would take over if payroll operations in Pasadena were disrupted .

Two months ago the company set up a toll-free number , based outside California , to handle queries from employees about when they should report back to work after an earthquake or other disaster .

The ARCO plan takes into account such details as which aspects of business are busier at certain times of the year .

This way , depending on when a quake might strike , priorities can be assigned to departments that should be brought back on line first .

At Hewlett-Packard Co. , the earthquake came just as the company was reviewing its own emergency procedures .

We were talking about scheduling a practice drill for November , says Joan Tharp , a spokeswoman .

Then we had a real one in the afternoon . ''

The Palo Alto , Calif. , computer maker scrambled to set up a special phone line to tell manufacturing and support staff to stay home Wednesday .

Sales and service employees were asked to report to work to help Bay area clients who called with computer problems .

Hewlett-Packard also called in its systems experts to restore its own computer operations .

That means we can accept orders '' and begin getting back to normal , says Ms. Tharp .

Prompted by an earlier California earthquake , as well as a fire in a Los Angeles office tower , Great Western Bank in the past year hired three emergency planners and spent $ 75,000 equipping a trailer with communications gear to serve as an emergency headquarters .

Although officials of the savings and loan , a unit of Great Western Financial Corp. , used some of their new plans and equipment during this week 's quake , they still lost touch for more than 24 hours with 15 branches in the affected areas , not knowing if employees were injured or vaults were broken open .

Some people flat out didn’t know what to do , says Robert G. Lee , vice president for emergency planning and corporate security at Great Western .

As it turned out , bank employees were n't hurt and the vaults withstood the jolts .

Still , says Mr. Lee : We need to educate people that they need to get to a phone somehow , some way , to let someone know what their status is . ''

Some companies are confident that they 're prepared .

Occidental Petroleum Corp. holds regular evacuation drills and stocks food , oxygen and non-prescription drugs at checkpoints in its 16-story headquarters .

The company also maintains rechargeable flashlights in offices and changes its standby supply of drinking water every three months .

We feel we are doing everything we can , an Occidental spokesman says .

Walt Disney Co. 's Disneyland in Anaheim , Calif. , stocks rescue equipment , medical supplies , and enough food and water to feed at least 10,000 visitors for as long as five days in the event that a calamity isolates the theme park .

The park also has emergency centers where specially trained employees would go to coordinate evacuation and rescue plans using walkie-talkies , cellular phones , and a public-address system .

The centers are complete with maps detailing utility lines beneath rides and safe havens '' where people can be assembled away from major structures .

Vista Chemical Co. , with three chemical plants in and near Lake Charles , La. , prepares for every hurricane that enters the Gulf of Mexico , says Keith L. Fogg , a company safety director .

Hurricane Hugo , an Atlantic storm , didn’t affect Vista .

But two other major storms have threatened operations so far this year , most recently Hurricane Jerry this week .

Because hurricanes can change course rapidly , the company sends employees home and shuts down operations in stages -- the closer a storm gets , the more complete the shutdown .

The company does n't wait until the final hours to get ready for hurricanes .

There are just tons of things that have to be considered , Mr. Fogg says .

Empty tank cars will float away on you if you get a big tidal surge . ''

Still , Vista officials realize they 're relatively fortunate .

With a hurricane you know it 's coming .

You have time to put precautionary mechanisms in place , notes a Vista spokeswoman .

A situation like San Francisco is so frightening because there 's no warning .

Former Democratic fund-raiser Thomas M. Gaubert , whose savings and loan was wrested from his control by federal thrift regulators , has been granted court permission to sue the regulators .

In a ruling by the Fifth U.S. Circuit Court of Appeals in New Orleans , Mr. Gaubert received the go-ahead to pursue a claim against the Federal Home Loan Bank Board and the Federal Home Loan Bank of Dallas for losses he suffered when the Bank Board closed the Independent American Savings Association of Irving , Texas .

Mr. Gaubert , who was chairman and the majority stockholder of Independent American , had relinquished his control in exchange for federal regulators ' agreement to drop their inquiry into his activities at another savings and loan .

As part of the agreement , Mr. Gaubert contributed real estate valued at $ 25 million to the assets of Independent American .

While under the control of federal regulators , Independent American 's net worth dropped from $ 75 million to a negative $ 400 million , wiping out the value of Mr. Gaubert 's real estate contribution and his stock in the institution .

Mr. Gaubert 's suit to recover his damages was dismissed last year by U.S. District Judge Robert Maloney of Dallas under the Federal Tort Claims Act , which offers broad protection for actions by federal agencies and employees .

Earlier this week , a Fifth Circuit appellate panel upheld Judge Maloney 's dismissal of Mr. Gaubert 's claim as a shareholder but said the judge should reconsider Mr. Gaubert 's claim for the loss of his property .

It may depend on whether there was an express or implied promise ... that the federal officials would not negligently cause the deterioration '' of Independent American , the court wrote .

Mr. Gaubert 's lawyer , Abbe David Lowell of Washington , D.C. , says the impact of the ruling on other cases involving thrift takeovers will depend on the degree of similarity in the facts .

I do n't know if this will affect one institution or a hundred , Mr. Lowell says .

It does establish a very clear precedent for suing the FHLBB where there was none before . ''

MAITRE'D CLAIMS in suit that restaurant fired her because she was pregnant .

In a suit filed in state court in Manhattan , the American Civil Liberties Union is representing the former maitre 'd of the chic Odeon restaurant .

The suit , which seeks compensatory and punitive damages of $ 1 million , alleges that the firing of Marcia Trees Levine violated New York state 's human-rights law .

Among other things , the law prohibits discrimination on the basis of sex and pregnancy .

The suit alleges that Ms. Levine was fired after she refused to accept a lower paying , less visible job upon reaching her sixth month of pregnancy .

Ms. Levine told her employer that she was pregnant in February ; a month later , the suit says , the restaurant manager told Ms. Levine that she would be demoted to his assistant because he felt customers would be uncomfortable with a pregnant maitre 'd .

Kary Moss , an attorney with the ACLU 's Women 's Rights Project , said , They wanted a svelte-looking woman , and a pregnant woman is not svelte .

They told her , We do n't hire fat people and we do n't hire cripples .

And pregnant women are fat . ' ''

Ms. Moss said Ms. Levine secretly taped many conversations with her bosses at the Odeon in which they told her she was being fired as maitre 'd because she was pregnant .

Paul H. Aloe , an attorney for Odeon owner Keith McNally , denied the allegations .

He said Ms. Levine had never been fired , although she had stopped working at the restaurant .

The Odeon made a written offer to Marcia Levine on July 10 to return to work as the maitre 'd , at the same pay , same hours and with back pay accrued , he said .

Mr. Aloe said the Odeon has no policy against hiring pregnant people . ''

LAWYERS IN Texas 's biggest bank-fraud case want out in face of retrial .

Lawyers representing five of the seven defendants in the case say their clients can no longer afford their services .

The trial of the case lasted seven months and ended in September with a hung jury .

The defendants were indicted two years ago on charges that they conspired to defraud five thrifts of more than $ 130 million through a complicated scheme to inflate the price of land and condominium construction along Interstate 30 , east of Dallas .

The defense lawyers , three of whom are solo practitioners , say they ca n't afford to put their law practices on hold for another seven-month trial .

Some of the lawyers say they would continue to represent their clients if the government pays their tab as court-appointed lawyers .

Assistant U.S. Attorney Terry Hart of Dallas says the government will oppose any efforts to bring in a new defense team because it would delay a retrial .

FEDERAL JUDGE ALCEE HASTINGS of Florida , facing impeachment , received an unanticipated boost yesterday .

Sen. Arlen Specter -LRB- R. , Pa . -RRB- urged acquittal of the judge in a brief circulated to his Senate colleagues during closed-door deliberations .

Among other things , the brief cited insufficient evidence .

Sen. Specter was vice chairman of the impeachment trial committee that heard evidence in the Hastings case last summer .

A former prosecutor and member of the Senate Judiciary Committee , Sen. Specter is expected to exercise influence when the Senate votes on the impeachment today .

RICHMOND RESIGNATIONS :

Six partners in the Richmond , Va. , firm of Browder , Russell , Morris & Butcher announced they are resigning .

Five of the partners -- James W. Morris , Philip B. Morris , Robert M. White , Ann Adams Webster and Jacqueline G. Epps -- are opening a boutique in Richmond to concentrate on corporate defense litigation , particularly in product liability cases .

The sixth partner , John H. OBrion , Jr. , is joining Cowan & Owen , a smaller firm outside Richmond .

LAW FIRM NOTES :

Nixon , Hargrave , Devans & Doyle , based in Rochester , N.Y. , has opened an office in Buffalo , N.Y ... .

Mayer , Brown & Platt , Chicago , added two partners to its Houston office , Eddy J. Roger Jr. , and Jeff C. Dodd ... .

Copyright specialist Neil Boorstyn , who writes the monthly Copyright Law Journal newsletter , is joining McCutchen , Doyle , Brown & Enersen .

New York Times Co. 's third-quarter earnings report is reinforcing analysts ' belief that newspaper publishers will be facing continued poor earnings comparisons through 1990 .

The publisher was able to register soaring quarter net income because of a onetime gain on the sale of its cable-TV system .

However , operating profit fell 35 % to $ 16.4 million .

The decline reflected the expense of buying three magazines , lower earnings from the forest-products group , and what is proving to be a nagging major problem , continued declines in advertising linage at the New York Times , the company 's flagship daily newspaper .

In composite trading on the American Stock Exchange , New York Times closed at $ 28.125 a share , down 37.5 cents .

Analysts said the company 's troubles mirror those of the industry .

Retail advertising , which often represents half of the advertising volume at most daily newspapers , largely is n't rebounding in the second half from extended doldrums as expected .

At the same time , newspapers are bedeviled by lagging national advertising , especially in its financial component .

Dow Jones & Co. recently reported net fell 9.9 % , a reflection , in part , of continued softness in financial advertising at The Wall Street Journal and Barron 's magazine .

We expect next year to be a fairly soft year in newspaper-industry advertising , said John Morton , an analyst for Lynch , Jones & Ryan .

Next year , earnings will hold steady , but we just do n't see a big turnaround in the trend in advertising . ''

John S. Reidy , an analyst for Drexel Burnham Lambert Inc. , said , The Times faces the same problem of other publishers : linage is down .

It will be hard to do handstands until real linage starts heading back up . ''

In the quarterly report , Arthur Ochs Sulzberger , New York Times Co. chairman and chief executive officer , said negative factors affecting third-quarter earnings will continue .

Analysts agreed with company expectations that operating profit will be down this year and in 1990 .

Mr. Sulzberger said the scheduled opening of a new color-printing plant in Edison , N.J. , in 1990 would involve heavy startup and depreciation costs .

With the Edison plant coming on line next summer , the Times is facing some tough earnings comparison in the future , said Peter Appert , an analyst with C.J. Lawrence , Morgan Grenfell .

But many newspapers are facing similar comparisons . ''

The sale of the company 's cable franchise brought an after-tax gain of $ 193.3 million , part of which will be used to reduce debt .

The company also has a stock-repurchase plan .

Analysts said they were impressed by the performance of the company 's newspaper group , which consists of the Times , 35 regional newspapers and a one-third interest in the International Herald Tribune ; group operating profit for the quarter increased slightly to $ 34.9 million from $ 34.5 million on flat revenue .

Drexel Burnham 's Mr. Reidy pointed out that profits held up in a tough revenue environment .

That 's a good sign when profits are stable during a time revenue is in the trough .

Investors celebrated the second anniversary of Black Monday with a buying spree in both stocks and bonds .

But the dollar was mixed .

Stock and bond investors were cheered by last month 's encouragingly low inflation rate .

This news raised hopes for further interest-rate cuts .

Treasury-bond prices immediately rallied , setting the stock market rolling from the opening bell .

The Dow Jones Industrial Average , up about 60 points in mid-afternoon , finished with a gain of 39.55 points , to 2683.20 .

That brought the average 's cumulative gain this week to about 114 points .

Since the 1987 crash , the industrials have soared more than 54 % , and the widely watched market barometer is about 4 % below its record high set earlier this month .

The stock-market rally was led by blue-chip issues , but , unlike Monday 's rebound , was broadly based .

Indeed , over-the-counter stocks , led by technology issues , outleaped the industrial average .

The Nasdaq Composite Index soared 7.52 , or 1.6 % , to 470.80 , its highest one-day jump in points this year .

Many takeover-related stocks rose after news that a group obtained financing commitments for the proposed buy-out of American Medical International Inc .

Among the biggest winners were brokerage-house stocks , responding to heavy trading volume .

The government said consumer prices rose only 0.2 % last month .

Economists expected twice as large an increase .

That news , plus recent signs of economic sluggishness , greatly increases pressure on the Federal Reserve to ease credit further , which in turn would be good news for stocks , investment managers say .

I see a lot of evidence indicating a slower economy , and that means my interest-rate outlook has a downward tilt , said Garnett L. Keith Jr. , vice chairman of Prudential Insurance Co. of America , one of the nation 's largest institutional investors .

Fed officials probably won’t drive down rates immediately , Mr. Keith said .

Despite the inflation news , several Fed officials still fear consumer-price pressures will intensify because they insist the economy is stronger than generally believed .

But Wall Street analysts expect further signs of economic weakness in government reports during the next few weeks .

If so , that will cinch the case for another shot of credit-easing within a month or so .

That , in turn , is expected to persuade banks to cut their prime lending rate , a benchmark rate on many corporate and consumer loans , by half a percentage point , to 10 % .

We 're not out of the woods yet by any means , said George R. Mateyo , president and chief executive of Carnegie Capital Management Co. , Cleveland .

But the economy is slowing enough to give the Federal Reserve leeway to reduce interest rates . ''

But many individual investors are leery about stocks because of fresh signs of fragility in the huge junk-bond market .

Investors also are anxious about today 's witching hour , the monthly expiration of stock-index futures and options , and options on individual stocks .

This phenomenon often makes stock prices swing wildly at the end of the trading session .

In major market activity : Stock prices surged in heavy trading .

Volume on the New York Stock Exchange rose to 198.1 million shares from 166.9 million Wednesday .

Gaining Big Board issues outnumbered decliners by 1,235 to 355 .

The dollar was mixed .

In New York late yesterday , it was at 141.70 yen , up from 141.45 yen late Wednesday .

But it fell to 1.8470 marks from 1.8485 .

Tuesday 's rout of a GOP congressional hopeful in a Mississippi district that has n't backed a Democratic presidential candidate since Adlai Stevenson is another reminder that , at least at the federal level , political ticket splitting '' has been on the rise over the past half century .

In only one presidential election year prior to 1948 did more than 20 % of the nation 's congressional districts choose a different party 's candidate for the White House than for the House of Representatives .

Now that percentage routinely equals a third and twice has been above 40 % .

As we know , voters tend to favor Republicans more in races for president than in those for Congress .

In every presidential election over the past half century , except for the Goldwater presidential candidacy , the GOP has captured a greater percentage of the major-party popular vote for president than it has of congressional seats or the popular vote for Congress .

Prior to 1932 , the pattern was nearly the opposite .

What accounts for the results of recent decades ?

A simple economic theory may provide at least a partial explanation for the split personality displayed by Americans in the voting booth .

The theory relies on three assumptions :

1 -RRB- Voters can buy '' one of two brands when they select their political agents -- a Republican brand that believes in the minimalist state and in the virtues of private markets over the vices of public action , and a Democratic brand that believes in big government and in public intervention to remedy the excesses attendant to the pursuit of private interest .

2 -RRB- Congressional representatives have two basic responsibilities while voting in office -- dealing with national issues -LRB- programmatic actions such as casting roll call votes on legislation that imposes costs and\/or confers benefits on the population at large -RRB- and attending to local issues -LRB- constituency service and pork barrel -RRB- .

3 -RRB- Republican congressional representatives , because of their belief in a minimalist state , are less willing to engage in local benefit-seeking than are Democratic members of Congress .

If these assumptions hold , voters in races for Congress face what in economic theory is called a prisoner 's dilemma and have an incentive , at the margin , to lean Democratic .

If they put a Republican into office , not only will they acquire less in terms of local benefits but their selected legislator will be relatively powerless to prevent other legislators from bringing home the bacon '' to their respective constituencies .

Each legislator , after all , is only one out of 535 when it comes to national policy making .

In races for the White House , a voter 's incentive , at the margin , is to lean Republican .

Although a GOP president may limit local benefits to the voter 's particular district\/state , such a president is also likely to be more effective at preventing other districts\/states and their legislators from bringing home the local benefits .

The individual voter 's standing consequently will be enhanced through lower taxes .

While this theory is exceedingly simple , it appears to explain several things .

First , why ticket splitting has increased and taken the peculiar pattern that it has over the past half century : Prior to the election of Franklin Roosevelt as president and the advent of the New Deal , government occupied a much smaller role in society and the prisoner 's dilemma problem confronting voters in races for Congress was considerably less severe .

Second , it explains why voters hold Congress in disdain but generally love their own congressional representatives : Any individual legislator 's constituents appreciate the specific benefits that the legislator wins for them but not the overall cost associated with every other legislator doing likewise for his own constituency .

Third , the theory suggests why legislators who pay too much attention to national policy making relative to local benefit-seeking have lower security in office .

For example , first-term members of the House , once the most vulnerable of incumbents , have become virtually immune to defeat .

The one exception to this recent trend was the defeat of 13 of the 52 freshman Republicans brought into office in 1980 by the Reagan revolution and running for re-election in 1982 .

Because these freshmen placed far more emphasis on their partisan role -- spreading the Reagan revolution -- in national policy making , they were more vulnerable to defeat .

Fourth , the theory indicates why the Republican Party may have a difficult time attracting viable candidates for congressional office .

Potential candidates may be discouraged from running less by the congressional salary than by the prospect of defeat at the hands of a Democratic opponent .

To the extent that potential Republican candidates and their financial backers realize that the congressional prisoner 's dilemma game works to their disadvantage , the Republican Party will be hindered in its attempts to field a competitive slate of congressional candidates .

Fifth , the theory may provide at least a partial reason for why ticket splitting has been particularly pronounced in the South .

To the extent that Democratic legislators from the South have held a disproportionate share of power in Congress since 1932 and have been able to translate such clout into relatively more local benefits for their respective constituencies , voters in the South have had an especially strong incentive to keep such Democrats in office .

Finally , the theory suggests why Republicans generally have fared better in Senate races than in campaigns for the House .

Since local benefit-seeking matters more and national policy making matters less in the lower chamber of Congress , this is precisely the pattern one would expect if Republicans are less willing to engage in local benefit-seeking than their Democratic counterparts .

Is there any empirical support for this theory ?

Three pieces of evidence corroborate the key assumption that Democratic legislators are more willing to engage in local benefit-seeking than their Republican colleagues .

First , economists James Bennett and Thomas DiLorenzo find that GOP senators turn back roughly 10 % more of their allocated personal staff budgets than Democrats do .

To the extent that the primary duty of personal staff involves local benefit-seeking , this indicates that political philosophy leads congressional Republicans to pay less attention to narrow constituent concerns .

Second , if the key assumption is valid , Democrats should have lower attendance rates on roll-call votes than Republicans do to the extent that such votes reflect national policy making and that participating in such votes takes away from the time a legislator could otherwise devote to local benefit-seeking .

This is indeed what the data indicate , particularly in the case of the House .

The Democratic House attendance rate has not exceeded the Republican House attendance rate since 1959 .

Finally , as shown in the table , Democrats allocate a higher proportion of their personal staffs to district offices -- where local benefit-seeking duties matter more and national policy making activities matter less relative to Washington offices .

An examination of changes in personal staffing decisions in the Senate between 1986 and 1987 -LRB- when control of that body changed party hands -RRB- , moreover , reveals that the personal staffing differences noted in the table can not be attributed to the disproportionate control Democrats exercise , due to their majority-party status , over other resources such as committee staff .

An additional piece of evidence from the Senate : Holding other factors constant , such as incumbency advantages and regional factors , the difference between popular votes for Republican presidential and senatorial candidates in states conducting a Senate election turns out to be a positive function of how onerous the federal government 's tax burden is per state -LRB- a progressive tax rate hits higher-income states harder -RRB- .

Put more simply , GOP candidates for president are looked on more kindly by voters than Republican candidates for the Senate when the prisoner 's dilemma is more severe .

Moreover , ticket splitting appears to take the same peculiar pattern at the state government level as it does at the federal level .

State government is more typically split along Republican-governor\/Democratic-legislature lines than the reverse .

A cross-state econometric investigation , furthermore , reveals that , holding other factors constant , the difference between a state 's major-party vote going to the Republican gubernatorial candidate and the Republican share of the lower state house is a positive function of the state tax rate .

In sum , at both the federal and state government levels at least part of the seemingly irrational behavior voters display in the voting booth may have an exceedingly rational explanation .

Mr. Zupan teaches at the University of Southern California 's business school .

A House-Senate conference approved a nearly $ 17 billion State , Justice and Commerce Department bill that makes federal reparations for Japanese-Americans held in World War II internment camps a legal entitlement after next Oct. 1 .

The measure provides no money for the promised payments until then , but beginning in fiscal 1991 , the government would be committed to meeting annual payments of as much as $ 500 million until the total liability of approximately $ 1.25 billion is paid .

The action abandons earlier efforts to find offsetting cuts to fund the payments , but is widely seen as a more realistic means of expediting reparations first authorized in 1988 .

The action came as Congress sent to President Bush a fiscal 1990 bill providing an estimated $ 156.7 billion for the Departments of Labor , Education , Health and Human Services .

Final approval was on a 67-31 roll call in the Senate , which sets the stage for a veto confrontation with Mr. Bush over the issue of publicly financed abortions for poor women .

Reversing an eight-year federal policy , the measure supports Medicaid abortions in cases of rape and incest , but Mr. Bush has so far refused to support any specific exemption beyond instances in which the mother 's life is in danger .

Mr. Bush 's veto power puts him a commanding position in the narrowly divided House , but a vote to override his position could well pick up new support because of the wealth of health and education programs financed in the underlying bill .

The measure before the conference yesterday funds the Departments of State , Justice and Commerce through fiscal 1990 .

An estimated $ 1.32 billion is provided for next year 's census , and negotiators stripped a Senate-passed rider seeking to block the counting of illegal aliens .

Elsewhere in the Commerce Department , nearly $ 191.2 million is preserved for assistance programs under the Economic Development Administration .

And in a footnote to the fall of House Speaker James Wright this year , the conference voted to rescind $ 11.8 million in unspent EDA funds for a Fort Worth , Texas , stockyards project that figured in ethics charges against the former Democratic leader .

Fiscal pressures also forced the adoption of new fees charged by federal agencies , and an 18 % increase in the Securities and Exchange Commission 's budget would be financed entirely by an added $ 26 million in filing fees .

In an unprecedented step , the measure anticipates another $ 30 million in receipts by having the Federal Bureau of Investigation charge for fingerprint services in civil cases -- a change that is almost certain to increase Pentagon costs in processing personnel and security clearances .

The bill does n't include an estimated $ 1.9 billion in supplemental anti-drug funds for Justice Department and law-enforcement accounts that are still in conference with the House .

But yesterday 's agreement would make it easier for state governments to handle the promised aid by deferring for one year a scheduled 50 % increase in the required state matching funds for law-enforcement grants .

Similarly , the measure adjusts the current funding formula to promise smaller states such as New Hampshire and Delaware a minimum allocation of $ 1.6 million each in drug grants , or three times the current minimum .

The odd mix of departments in the bill makes it one of the more eclectic of the annual appropriations measures , and the assorted provisions attached by lawmakers run from $ 1.5 million for a fish farm in Arkansas to a music festival in Moscow under the United States Information Agency .

Lawmakers scrapped all of a $ 7.4 million State Department request for the 1992 Expo in Seville , Spain , but agreed elsewhere to $ 15,000 for an oil portrait of former Chief Justice Warren Burger .

Senate Commerce Committee Chairman Ernest Hollings -LRB- D. , S.C. -RRB- , who also chairs the Senate appropriations subcommittee for the department , attached $ 10 million for an advanced technology initiative , including work on high-definition television .

His Republican counterpart , Sen. Warren Rudman -LRB- R. , N.H. -RRB- , has used his position to wage a legislative war with the conservative board of the Legal Services Corp .

An estimated $ 321 million is provided to maintain the program , but Mr. Rudman also succeeded in attaching language seeking to curb the authority of the current board until new members are confirmed .

The effective date of any new regulations by the current board would be delayed until Oct. 1 next year , and the bill seeks to reverse efforts by the corporation to cut off funds to service organizations such as the Food Research and Action Center .

The bill also provides $ 620.5 million to meet U.S. contributions to international organizations and $ 80 million for peace-keeping activities .

Both accounts reflect significant increases from fiscal 1989 , although the amount for peace-keeping shows a 27 % cut from the administration 's request .

Mercury Savings & Loan Association said it retained Merrill Lynch Capital Markets as its lead investment banker to advise it regarding a possible sale or other combination of the Huntington Beach , Calif. , thrift .

Mercury , which has assets of more than $ 2 billion and 24 branches in California , said the action to improve its regulatory capital position is related directly to new capital requirements mandated by recently adopted federal legislation .

Mercury also said it extended its two-year advisory relationship with Montgomery Securities of San Francisco .

Mercury 's stock closed yesterday at $ 4.875 , unchanged in composite trading on the New York Stock Exchange .

Watching Congress sweat and grimace through its annual budget labors , fighting the urge to spend more , we 're reminded of those late-night movies in which the anguished serial killer turns himself in to police and says , Stop me before I kill again . ''

The Members know they 're doing wrong , but they need help to restrain their darker compulsions .

Arkansas Democrat David Pryor spilled his guts on the Senate floor the other day after he 'd joined the Finance Committee 's early-morning pork-barrel revels : I must tell you ...

I come to the floor tonight as one who ended up with a busload of extraneous matter .

It was nothing more or nothing less than a feeding frenzy . ''

He was turning himself in .

Frankly , as I was walking back to get in my car , I heard many , many people ... opening champagne bottles and celebrating individual victories that some of us had accomplished in getting our little deal in the tax bill and winking at this person for slipping this in , he said .

As I was driving home , I did not feel very good about myself . ''

We can applaud Mr. Pryor 's moment of epiphany , even as we understand that he and his confreres need restraint lest they kill again .

A good place to start the rehabilitation is a legislative line-item veto '' bill now being offered by Indiana Senator Dan Coats .

The Coats bill , which already has 32 Senate co-sponsors , is n't a pure line-item veto because it would apply only to spending bills .

Instead it 's a form of enhanced rescission , giving a President a chance to rescind , or strike , specific spending items that just go too far .

Under the proposal , a President would have a chance twice each year to return a package of rescissions '' to the Hill -- once when he proposes his budget and again after Congress disposes .

Congress would have 20 days to reject the package with a 50 % majority , but then a President could veto that rejection .

Congress would then need the usual two-thirds majority to override any veto .

The proposal would restore some discipline erased from the budget process by the 1974 Budget Reform '' Act .

Before 1974 , a President could impound , or refuse to spend , funds appropriated by Congress .

Presidents Kennedy and Johnson were both big users of the impoundment power , but Congress saw its chance against a weakened President Nixon and stripped it away .

Today a President can still send up spending rescissions , but they 're meaningless unless Congress has a guilty conscience and changes its mind .

This is like asking foxes to feel remorse about chickens , and naturally rescissions are almost never approved .

In 1987 , President Reagan sent 73 rescissions back to the Hill , but only 3 % of the spending total was approved by Congress .

Senator Coats 's proposal would let the proposed spending cuts take place automatically unless Congress acts .

The Members could still try to serve their constituents with special-interest goodies , but the police -LRB- in the form of a President -RRB- would be there with a straitjacket if they really get crazy , as they do now .

Mr. Coats plans to offer his proposal as an amendment to a bill to raise the federal debt limit before the end of the month .

President Bush has endorsed the idea , and at least 50 sitting Senators have voted to support enhanced rescission authority in the past .

We 're told Senator Pryor is n't yet a co-sponsor , but if he and his colleagues are serious about kicking their compulsions , they 'll sign up .

Business and civic operations lurched back toward normalcy here as congressional officials estimated that the price tag for emergency assistance to earthquake-ravaged California would total at least $ 2.5 billion .

That is a minimum figure , and I underscore minimum , said House Speaker Thomas Foley -LRB- D. , Wash . -RRB- after conferring with California lawmakers .

It 's impossible to put an exact figure on it at this time . ''

The Office of Management and Budget has begun looking into legislation to provide more funds for earthquake repairs .

And California 's 45-member delegation in the House is expected to propose that emergency funds be added to a stop-gap spending bill that the House Appropriations Committee is to consider Monday .

For the most part , major corporations ' headquarters and plants were unaffected or only slightly damaged by Tuesday 's earthquake , which registered 6.9 on the Richter scale .

One of the last big employers in the Silicon Valley to report in , Seagate Technology , said it expects to be back at full strength Monday .

The day before the quake , Seagate completed three days of emergency training and drills .

Echoing the response of almost all big corporations in the Bay Area , Don Waite , Seagate 's chief financial officer , said , I would n't expect this to have any significant financial impact . ''

The city 's recovery from the earthquake was uneven .

Banks indicated they were operating at greater than 90 % of their usual capacity , but a Nob Hill hotel said tourists had fled , leaving the previously full hotel with an 80 % vacancy rate .

City crews tallied the wreckage to buildings , but lacked a clear sense of how gravely transportation arteries were disabled .

Among the city 's banks , Bank of America said all but eight of its 850 branches were open .

The closed branches , in San Francisco , Hayward , Santa Clara and Santa Cruz , sustained structural damage .

Power failures kept just seven of its 1,500 automated-teller machines off-line .

Securities-trading operations were moved to Bank of America 's Concord office , and foreign-exchange trading operations were shifted to Los Angeles , the bank said .

Wells Fargo & Co. said its Emergency Operations Committee -- which met all night Tuesday -- moved its global-funds transfer system to El Monte , Calif. , 500 miles to the south .

Only five of 496 branches statewide remain closed , while 23 of 600 automated-teller machines remained out of order .

The most extensive damage was in small towns near the quake 's epicenter , 80 miles south of San Francisco .

Santa Cruz County estimates total damage at nearly $ 600 million .

Santa Clara County has a running total so far of $ 504 million , excluding the hard-hit city of Los Gatos .

Oakland officials were still uncertain about the magnitude of structural damage late yesterday ; a section of I-880 , a twotiered highway , collapsed in Oakland , causing a majority of the deaths resulting from the quake .

San Francisco Mayor Art Agnos estimated that damages to the city total $ 2 billion .

That includes dwellings in the ravaged Marina district that must be demolished , peeled business facades south of Market Street , and houses in the city 's outer Richmond district that were heaved off their foundations .

Many streets and sidewalks buckled , and subterranean water mains and service connections ruptured .

The federal funds would go to a range of programs , including the Federal Emergency Management Agency , highway construction accounts and the Small Business Administration , according to Rep. Vic Fazio -LRB- D. , Calif . -RRB- .

FEMA , which coordinates federal disaster relief , is already strapped by the costs of cleaning up after Hurricane Hugo , which hit the Carolinas last month .

It is likely to get as much as $ 800 million initially in additional funds , and eventually could get more than $ 1 billion , according to Mr. Fazio , a member of the House Appropriations Committee .

White House spokesman Marlin Fitzwater said there is enough money on hand to deal with immediate requirements .

The Bush administration has at its disposal $ 273 million in funds remaining from the $ 1.1 billion Congress released for the cleanup after Hurricane Hugo .

We feel we have the money necessary to handle the immediate , short-term requirements , Mr. Fitzwater said .

He added that the Office of Management and Budget , the Transportation Department and other agencies are developing longer-term legislation '' that should be ready soon .

Much of the cost of cleaning up after the earthquake will involve repairing highways and bridges .

California lawmakers are seeking changes in rules governing the federal highway relief program so more money can be made available for the state .

Some things ca n't be repaired .

The Asian Art Museum in Golden Gate Park reports $ 10 million to $ 15 million in damage , including shattered porcelains and stone figures .

Its neighbor , the De Young Museum , totaled $ 3 million to $ 5 million in structural damage and shattered sculpture .

The city 's main library is closed because of fissures that opened in its walls , and marble facings and ornamental plaster at the Beaux Arts City Hall broke off in the temblor .

The ground along the Embarcadero the street that skirts the city 's eastern boundary and piers -- dropped six inches after the quake , wreaking major damage to at least one of the piers .

At San Francisco International Airport , shock waves wrecked the control tower , knocking down computers and shattering glass .

Offices of the city 's Rent Board were destroyed .

Mayor Agnos 's $ 2 billion estimate does n't include damage to freeway arteries leading into the city , some of which remained closed .

A major chunk of the $ 2 billion is expected to be eaten up by overtime for city workers deployed in the emergency , said a spokesman for Mr. Agnos .

All of the city 's $ 5.9 million emergency reserve was spent in the first 24 hours '' on overtime salaries , he said .

Insurers struggled to to get a firm grasp on the volume of claims pouring into their offices .

At Fireman 's Fund Corp. , a spokesman said 142 claims were received in the first 24 hours after the quake , and the company is braced for as many as 5,000 claims from its 35,000 residential and 35,000 business policyholders in the affected area .

Claims range from a scratched fender -- and there were an awful lot of cars damaged in this -- to a major processing plant , a spokesman said .

We 're delivering a check for $ 750,000 to an automotive business in Berkeley that burned on Tuesday . ''

Fireman 's is part of a $ 38 million syndicate that supplies business interruption insurance to the city on the Bay Bridge , which must pay employees during the three weeks or more it is expected to be out of service and deprived of toll income .

California lawmakers want to eliminate temporarily a $ 100 million cap on the amount of federal highway relief for each state for each disaster , as well as a prohibition on using the emergency highway aid to repair toll roads .

In addition , under the highway-relief program , the federal government provides 100 % of emergency highway aid for only the first 90 days of a repair effort .

After that , the federal share diminishes .

For interstate highways , the federal share normally would drop to 90 % of the cost of repairs , and the state would have to pick up the remainder of the cost .

But lawmakers want to extend the period for 100 % federal funding for several months .

Those changes also would apply to two areas hit hard by Hurricane Hugo -- South Carolina and the U.S. Virgin Islands , according to an aide to Rep. Fazio .

Meanwhile , the FEMA announced a toll-free telephone number -LRB- 800-462-9029 -RRB- to expedite service to victims of the earthquake .

Lines will be available 24 hours a day to take applications for such disaster relief as temporary housing and emergency home repairs by phone .

Transportation officials are expecting utter traffic pandemonium beginning Monday and growing worse over the next several weeks .

Some 250,000 cars normally cross the closed Bay Bridge between Oakland and San Francisco daily .

Officials say it is clear that alternate routes ca n't handle the overflow .

The state is calling in a flotilla of navy landing vessels and other boats to expand ferry service across the bay and hopes to add numerous new bus routes and train departures to help alleviate the traffic problem .

Moreover , state officials are urging freight haulers to bypass many of the area 's main highways and to travel late at night or during predawn hours .

Even so , We 're looking for chaos , said George Gray , a deputy district director at the California Department of Transportation .

If there 's any way you can do it , you ought to go to Idaho and go fishing for a while . ''

Most of San Francisco 's tourists and business travelers already have left -- despite hotel 's offers of rate cuts .

Everyone left , said Peter Lang , reservations manager of the Mark Hopkins Hotel .

The Westin St. Francis hotel , which survived the 1906 earthquake and fire , currently is less than 50 % occupied .

We still have our die-hard baseball fans , a spokesman said .

One lady from New York said she 's not going home until the -LCB- World Series -RCB- is over . ''

Gerald F. Seib and Joe Davidson in Washington contributed to this article .

Is an American Secretary of State seriously suggesting that the Khmer Rouge should help govern Cambodia ?

Apparently so .

There are no easy choices in Cambodia , but we ca n't imagine that it benefits the U.S. to become the catalyst for an all-too-familiar process that could end in another round of horror in Cambodia .

Now that Vietnam appears to have pulled out its occupation army , the State Department is talking again about accepting an interim '' coalition government in the Cambodian capital of Phnom Penh .

The coalition would include the current Vietnamese-backed Hun Sen regime , the two non-communist resistance groups led by Son Sann and Prince Sihanouk , and the Khmer Rouge .

The aim would be to end the guerrilla war for control of Cambodia by allowing the Khmer Rouge a small share of power .

The State Department says that any Khmer Rouge participation would have to be minimal . ''

The usual problem with including communists in interim '' coalition governments is that their ideology and methods require they squeeze out everyone else .

Recall that Nicaragua 's Sandinistas came into Managua as partners in a coalition government with anti-Somoza moderates .

Within two years , the moderates were exiled or in prison , Nicaragua had gone communist , and the Sandinistas were building one of the biggest armies in Latin America and threatening their neighbors .

In Laos , when the Western powers bowed to pressure for such a coalition it turned out they were opening the door to communist domination .

Even Mao Tse-tung 's China began in 1949 with a partnership between the communists and a number of smaller , non-communist parties .

What complicates the scene in Cambodia is that the current regime is already communist , as are its Vietnamese overseers back in Hanoi , as are the Khmer Rouge -- who are the strongest of the three guerrilla groups .

It 's not clear which crew of communists might prevail in a coalition government , but the one good bet is that the non-communists would disappear .

That would leave Hun Sen and the Khmer Rouge .

The Hun Sen regime has sent thousands of conscript laborers to die of malaria and malnourishment while building Cambodia 's equivalent of the Berlin Wall near the Thai border .

The Khmer Rouge , however , carry an unsurpassed record for Cambodian tyranny .

These utopians caused the deaths -- by starvation , disease or execution -- of well over one million Cambodians .

The Cambodian horror was so bad that the Vietnamese occupation in 1978 was a perverse form of relief .

The world might want to believe that the Khmer Rouge ca n't still be such bad guys , just as in the late 1970s it was reluctant to credit the reports of genocide then taking place .

But there is no solid evidence that the Khmer Rouge have changed .

Some of our sources in Thailand say the notorious old Khmer Rouge leader , Pol Pot , has been holed up this summer in Khmer Rouge camps near the Thai-Cambodian border .

So it 's difficult to swallow the notion that Mr. Baker is willing to accept conditions that would help the Khmer Rouge set up shop again in Phnom Penh .

True , Prince Sihanouk backs the idea of such a coalition , at least for this week .

But Prince Sihanouk has backed all sorts of ideas over the years , and done rather better by himself than by Cambodia .

Nor should the U.S. worry much about offending China , which still aids the Khmer Rouge .

It 's time the State Department recognized that China does not play by gentlemen 's rules .

For the U.S. to lend even the slightest support to the most infamous killers on Indochina 's bleak scene could only disturb America 's allies elsewhere .

It would be entirely rational for communist insurgents in countries such as the Philippines or Peru to conclude the following : Fight viciously enough and the U.S. , under the banner of pragmatism , might eventually help negotiate your way to victory .

U.S. diplomacy has done it before , and it will likely do it again .

The administration and Congress have lately tangoed around the idea of sending military aid to Cambodia 's non-communists .

But now the possibility of diplomatic movement '' -LRB- Vietnam 's withdrawal , the Baker initiative -RRB- has put that plan on hold , with the proviso that if the going got rough , the U.S. would then rearm the opposition .

Why the timidity ?

At the very least , the odds are heavily weighted against the prospects of preventing the Khmer Rouge and Cambodia 's communists from ultimately moving against their opponents .

When that day comes , it would be particularly awful to know that the United States sat on military aid and deprived these people of the means to settle their fate with at least a little honor .

Michael F. Harris , 53 , was named executive vice president , North America , for the Financial Times , the business newspaper published by this company that also has interests in book publishing , fine china , oil services and investment banking .

Mr. Harris had been vice president for the newspaper 's advertising in New York .

He takes additional responsibility for newspaper sales and distribution of the Financial Times in North America .

Laurance V. Allen , 44 , who had been director for North America , resigned to pursue other business interests and do some consulting .

Cipher Data Products Inc. posted a net loss of $ 14.2 million , or 97 cents a share , for its fiscal first quarter , compared with net income of $ 3.8 million , or 27 cents a share , a year ago .

Revenue for the quarter ended Sept. 30 fell 20 % , to $ 41.3 million from $ 51.9 million in the year-earlier period .

Cipher Data , a San Diego maker of magnetic tape peripherals and optical disc drives , said the loss included reserves of $ 3.8 million related to a corporate restructuring .

The restructuring calls for a 24 % reduction in its work force over the next two months , affecting about 525 jobs , Cipher Data said .

It is eliminating the positions of president and chief operating officer , formerly held by Edward L. Marinaro .

Cipher Data said Mr. Marinaro consequently has resigned from those posts and from the company 's board .

Mr. Marinaro could n't immediately be reached for comment .

FileNet Corp. , Costa Mesa , Calif. , said it expects to report a third-quarter loss of about $ 1.8 million , or 17 cents a share , because of a $ 2.5 million reserve to be taken against potential losses on a contract with the state of California .

Revenue is estimated at $ 18.6 million .

The maker of document image processing equipment said the state procurement division had declared FileNet in default on its contract with the secretary of state uniform commercial code division .

FileNet said it does n't believe the state has a valid basis of default and is reviewing its legal rights under the contract , but said it ca n't predict the outcome of the dispute .

The disagreement centers on testing deadlines and other issues involving a FileNet system installed earlier this year .

State officials could n't be reached for comment late yesterday .

FileNet noted that it had cash and marketable securities totaling $ 22.5 million on Sept. 30 , and stockholders ' equity is $ 60.1 million .

The company made the announcement after the close of the markets , where its stock finished at $ 10.75 , up 25 cents , in over-the-counter trading .

Clinton Gas Systems Inc. said it received a contract from Timken Co. , Canton , Ohio , to manage the natural gas purchasing , scheduling and transportation activities for Timken 's seven Ohio and two Pennsylvania plants .

Clinton and Timken agreed not to disclose the value of the contract .

Timken , a producer of bearings and specialty steel , already buys gas from Clinton .

Clinton said in Columbus , Ohio , that its Clinton Gas Marketing unit wants to line up a number of such gas management contracts .

Manufacturers frequently do n't have anyone who is a specialist in natural gas , Clinton said , and a specialist such as Clinton can save them substantial amounts of money .

The scene opens with pinstripe-suited executives -- Easterners , obviously -- glued to cellular phones and hightailing it out of town in chauffeur-driven limousines .

The carpetbaggers , snorts the narrator with a Texas twang , have packed their bags and went . ''

But , he continues , They 're forgetting we 're all Texans .

The Lone Star is on the rise again . ''

As the music swells , viewers discover they 're watching a commercial for Lone Star Beer , the pride of Texas , a product of G. Heileman Brewing Co. , a La Crosse , Wis. , unit of Bond Corp .

As the ad 's tone implies , the Texas spirit is pretty xenophobic these days , and Lone Star is n't alone in trying to take advantage of that .

From Chevy trucks to Lipton iced tea to a host of battling banks , the state has been inundated with broadcast commercials and print advertising campaigns celebrating Texans and castigating outsiders .

While advertisers have long appealed to Texans ' state pride and prejudices , the latest trend has been sparked , in part , by the state 's recent hard economic times .

That has taken some of the swagger out of natives who like to brag that Texas is the only state that was once a nation , but it has increased their legendary resentment of outsiders .

In the past , writes Houston Chronicle columnist Jim Barlow , outlanders were accepted only after passing a series of tests to prove they had the right '' Texas attitudes and of course they had to be dipped for parasites . ''

There is no small irony in the fact that some of the most-jingoistic advertising comes courtesy of -- you guessed it -- outsiders .

Lone Star 's Bond Corp. parent , for instance , hails from Perth , Australia .

North Carolinians , New Yorkers , Californians , Chicagoans and Ohioans own Texas banks .

All kinds of landmark Texas real estate has been snapped up by out-of-staters .

Even the beloved Dallas Cowboys were bought by an Arkansas oil man .

Texas has lost its distinctiveness , leaving Texans with a hunger to feel proud about themselves , says Stephen Klineberg , a sociology professor at Rice University , Houston .

This plays right into the hands of the advertising agencies . ''

For example , the iced-tea radio campaign for Thomas J. Lipton Co. , an Englewood Cliffs , N.J. , unit of Anglo-Dutch Unilever Group , emphatically proclaims : Real Texans do not wear dock-siders -- ever .

Real Texans do n't play paddleball , at least I hope not .

This is football country .

And another thing -- real Texans drink Lipton iced tea . ''

In developing that theme at Interpublic Group of Cos . ' Lintas : New York unit , account supervisor Lisa Buksbaum says she made a couple of phone calls '' to Dallas ad friends and reported her findings '' to a team of writers .

Her findings ?

You know , she says , stereotypical stuff like armadillos , cowboys and football . ''

Not exactly sophisticated market research , but who cares as long as the campaigns work .

And ad agencies insist that they do .

Stan Richards of Richards Group Inc. , Dallas , tells of the Texan who saw the agency 's tear-jerking commercial for First Gibraltar Bank F.S.B. -- complete with the state 's anthem -- and promptly invested $ 100,000 in the thrift 's CDs .

Never mind that First Gibraltar is one of the failed Texas thrifts taken over by outsiders -- in this case , an investor group headed by New York financier Ronald Perelman .

The North Texas Chevy Dealers recently had a record sales month after the debut of ad campaign that thumbs its nose at elite Easterners .

And deposits at NCNB Texas National Bank , a unit of NCNB Corp. , Charlotte , N.C. , have increased $ 2 billion since last year after heavy advertising stressing commitment to Texas .

Obviously , pride sells in Texas , says a spokeswoman for Bozell Inc. , Omaha , Neb. , which represents

The ad campaigns usually follow one of three tracks -- stressing the company 's Texasness , ' pointing out the competition 's lack thereof , or trying to be more Texan than Texans .

Ford trucks may outsell Chevy trucks in places like Connecticut and Long Island , sniffs a commercial for Chevrolet , a division of General Motors Corp .

The commercial , created by Bateman , Bryan & Galles Inc. , of Dallas , adds derisively : I bet it takes a real tough truck to haul your Ivy League buddies to the yacht club . ''

Because they want a truck that is Texas tough , the commercial concludes , Texans drive Chevy . ''

J.C. Penney Co. , which relocated from New York to suburban Dallas two years ago , gently wraps itself in Texas pride through a full-page magazine ad : Taking the long-range view to conserve what is of value to future generations is part of the Lone Star lifestyle , the ad reads .

It 's part of our style , too . ''

According to several ad-agency sources , newcomers to the Texas banking market are spending a combined $ 50 million this year to woo Texans .

Meanwhile , surviving Texas banking institutions are busily pitching themselves as the only lenders who truly care about the state .

The most-strident anti-outsider sentiment among bankers comes from the Independent Bankers Association of Texas , although it 's hard to tell from previews of the $ 5 million The I 's of Texas '' TV campaign .

Commercials will highlight heart-rending scenes of Texas and chest-swelling , ain't-it-great-to-be-a-Texan music .

Supporting banks will sign a Texas Declaration of Independents . ''

But in introductory material for the campaign , the trade group urges members to arm '' for a revolution '' against big , out-of-state bank-holding companies .

A video sent to association members , featuring shots of the Alamo , cowboys , fajitas and a statue of Sam Houston , does n't mince words .

Texans can sniff a phony a mile away , the narrator warns outsiders .

So , do n't come and try to con us with a howdy y'all or a cowboy hat . ''

Young & Rubicam 's Pact

Young & Rubicam , fighting charges that it bribed Jamaican officials to win the Jamaica Tourist Board ad account in 1981 , said it will no longer create the tourist board 's advertising .

In a statement , Alex Kroll , Young & Rubicam 's chairman , said under the present circumstances -LCB- we -RCB- have agreed that it is prudent to discontinue that contract . ''

Young & Rubicam has pleaded innocent to the charges .

The board would n't comment on its impending search for a new ad agency to handle its estimated $ 5 million to $ 6 million account .

Ad Notes ... .

NEW ACCOUNT :

Sunshine Biscuits Inc. , Woodbridge , N.J. , awarded its estimated $ 5 million account to Waring & LaRosa , New York .

The account had been at Della Femina McNamee WCRS , New York .

MEDIA POLICY :

MacNamara Clapp & Klein , a small New York shop , is asking magazine ad representatives to tell it when major advertising inserts will run in their publications .

It says it may pull its clients ' ads from those magazines .

COKE ADS :

Coca-Cola Co. said it produced a new version of its 1971 I 'd like to teach the world to sing '' commercial .

The ad is part of Classic Coke 's 1990 ad campaign , with the tag line , Ca n't beat the Real Thing . ''

Basketball star Michael Jordan and singer Randy Travis have also agreed to appear in ads .

Dell Computer Corp. , squeezed by price pressure from its larger competitors and delays in its new product line , said its per-share earnings for fiscal 1990 will be half its previous forecasts .

Although the personal computer maker said it expects revenue to meet or exceed previous projections of $ 385 million for the year ending Jan. 28 , 1990 , earnings are expected to be 25 cents to 35 cents a share , down from previous estimates of 50 cents to 60 cents .

Earnings for fiscal 1989 were $ 14.4 million , or 80 cents a share , on sales of $ 257.8 million .

Results for the third quarter ending Oct. 31 , are expected to be released the third week of November , according to Michael Dell , chairman and chief executive officer .

Mr. Dell said he does n't expect a loss in either the third or fourth quarter , but said third-quarter earnings could be as low as four cents a share .

In the third quarter last year , Dell had net income of $ 5 million , or 26 cents a share , on sales of $ 75.2 million .

Mr. Dell attributed the earnings slide to new product delays , such as a laptop scheduled for September that won’t be introduced until early November .

Some delays have been caused by a shortage of micoprocessors -- notably Intel Corp. 's newest chip , the 486 -- but others apparently have been caused by Dell 's explosive growth and thinly stretched resources .

They 've got a lot of different balls in the air at the same time , observes Jim Poyner , a computer securities analyst with Dallas-based William K. Woodruff & Co .

Mr. Dell , meanwhile , concedes the company was definitely too optimistic '' in its expectations .

Product delays , however , have left Dell buffeted by harsher competition in its bread-and-butter line of desktop computers , as powerhouse competitors Compaq Computer Corp. and International Business Machines Corp. price their PCs more aggressively .

The result has been thinner margins , which have been further eroded by an ambitious research and development effort and rapid overseas expansion .

Analyst James Weil of the Soundview Financial Group believes Dell 's response has been to place increased emphasis on product quality , in an effort to rise above some of that price pressure . ''

But that has been the key to Compaq 's success , he adds , whereas Dell carved out its market niche as a direct seller of low-cost but reliable computers -- and it might be too late in the game for a shift in strategy .

In national over-the-counter trading , Dell closed yesterday at $ 6 a share , down 87.5 cents .

TransAtlantic Holdings PLC , a British-based , South African-controlled financial services investment group , and France 's Societe Centrale Union des Assurances de Paris reached an accord effectively reducing chances of an unfriendly takeover for Sun Life Assurance Society PLC .

In a joint statement , the two companies , whose combined holdings equal 52.7 % of Sun Life 's ordinary shares , said their agreement is aimed at reducing the uncertainty and instability for Sun Life that has resulted from two major shareholders owning '' a controlling interest in the company .

TransAtlantic , whose Transol Investments Ltd. unit owns the largest minority stake in Sun Life , has agreed not to make a takeover bid for the British life insurer without the prior consent of the French company , known as UAP .

In return , the agreement would force UAP to buy TransAtlantic 's 29.8 % holding in Sun Life or sell its 22.9 % stake to TransAtlantic at a price set by Transatlantic .

Pride Petroleum Services Inc. said it agreed to buy well-servicing assets of two companies and expects to report higher third-quarter revenue and earnings .

In the year-earlier quarter , the well-servicing contractor had net income of $ 319,000 , or 3 cents a share , on revenue of about $ 15 million .

Results for the earlier quarter included a $ 100,000 restructuring charge .

Separately , the Houston concern said it signed letters of intent for the cash and stock purchases of a total of 29 well-servicing rigs from two concerns located in New Mexico and California .

It didn’t disclose specifics but said it expects to complete the purchases by Nov. 1 .

Schlumberger Ltd. , New York , reported third-quarter net income edged up as growth in its oil-field services sector offset a decline in interest income .

The lower interest income occurred because Schlumberger spent $ 1.2 billion buying back its stock last year .

Net for the oil-field services and electronic measurements and systems concern rose to $ 114.2 million , or 48 cents a share , from $ 112.2 million , or 42 cents a share , a year earlier .

Per-share earnings advanced 14 % because of the buy-back .

Revenue declined 6.3 % to $ 1.11 billion from $ 1.18 billion .

But excluding businesses acquired or sold , revenue was flat at about $ 1.24 billion .

Nine-month net fell 9.5 % to $ 323.4 million , or $ 1.36 a share , from $ 357.2 million , or $ 1.32 a share , a year earlier .

Revenue dropped 5.4 % to $ 3.48 billion from $ 3.68 billion .

This year 's nine-month results include gains of $ 13 million , or five cents a share , from the sale of Schlumberger 's defense systems business , and $ 22 million , or nine cents a share , from an award by the IranU.S . Claims Tribunal .

The year-earlier nine months include a gain of $ 35 million , or 13 cents a share , from sale of the company 's Electricity Control & Transformers division .

NEW ENGLAND CRITICAL CARE Inc. offered $ 35 million in convertible subordinated debentures through Morgan Stanley & Co. and Prudential-Bache Capital Funding .

The debentures , due in 2014 , have a coupon of 7 3\/4 % , payable semiannually .

The debentures may be converted into common stock of the Westborough , Mass. , home health care concern at $ 52.50 a share .

Proceeds will be used for working capital and general corporate purposes , including expansion of the company 's operations .

The French building group Dumez S.A. said profit jumped 70 % in the first half of 1989 , partly on the strength of nonrecurring gains from a share issue by its Canadian unit .

Dumez said group profit after payments to minority interests rose to 252 million francs -LRB- $ 40.1 million -RRB- from 148 million a year earlier .

Revenue rose 40 % to 13.32 billion francs from 9.53 billion .

The group noted that 75 million francs of the advance reflected a one-time gain from the June offering by its United Westburne unit in Canada .

It didn’t say if its year-earlier results were influenced significantly by nonrecurring elements .

For all of 1988 , Dumez had group profit of 452 million francs after payment to minority interests .

Revenue was 21.98 billion francs .

The group has n't forecast full-year earnings for 1989 , although it said that its first-half results are n't a good indication because of one-time elements and the seasonal nature of its operations .

Tuesday 's earthquake will depress local real-estate values in the short term and force companies to reconsider expanding in or relocating to the Bay Area and California , real-estate and relocation specialists said .

Few specialists said they expect the quake to have much of an effect on most California property values .

But real-estate experts and brokers said the quake undoubtedly will drag down prices in neighborhoods built on less stable ground , especially in the Bay Area .

California prices were already coming down .

This is n't going to help , said Kenneth T. Rosen , chairman of the Center for Real Estate and Urban Economics at the University of California at Berkeley .

State housing prices , at a median $ 201,028 , have declined in recent months because of potential buyers ' inability to afford homes .

Mr. Rosen , among others , suggested that the quake , the strongest since the 1906 temblor that struck San Francisco , will in the short term create a two-tier price system for quake-prone communities , with dwellings built on sturdy ground likely to demand higher prices .

One San Francisco neighborhood likely to test Mr. Rosen 's theory soon is the city 's fashionable Marina district , which boasts some of the highest home prices in the state .

The district , built on landfill , suffered heavy quake damage , including collapsed buildings .

Yesterday , the city demolished two dwellings in the district because of severe structural damage and said as many as 19 of the district 's 350 dwellings might have to be razed .

Brokers agreed with the two-tier price theory .

My gut feeling is that the Marina properties will be affected , said Grace Perkins , senior vice president at Grubb & Ellis Residential Brokerage Inc .

Neither she nor other real-estate executives and brokers could project how much less Marina properties might bring , but she said the two-tier price structure would affect prices for a while . ''

Mr. Rosen said the quake will revive consumer interest in a little-publicized 1972 state law that requires brokers to disclose to potential buyers how close a property sits to a fault line .

Because of the size of the California market , few relocation specialists expect a widespread corporate flight in the quake 's aftermath .

But they said the quake will force some companies to relocate or expand part or all of their operations outside the state .

What you 're going to get is We do n't want to put all of our eggs in one basket ' theory , said James H. Renzas , president of Location Management Services Inc. , a Palo Alto , Calif. , relocation concern .

Mr. Renzas , among others , said the quake will prod companies in certain industries , like semiconductors , computers and aerospace , to consider moving operations that involve particularly sensitive machinery to locations outside California .

Because of the quake threat , some firms have evaluated what the cost is to shore up their buildings and compared it with the cost of building it elswehere , he said .

One Southern California aerospace firm , for example , two months ago asked Location Management to compare the costs of reinforcing its current building against earthquakes with the cost of building a new structure elsewhere .

A new dwelling would cost $ 21 million , Location Management found , compared with $ 22 million to make the present building earthquake-proof .

The company , Mr. Renzas said , has n't yet determined what to do .

NATIONWIDE HEALTH PROPERTIES , Pasadena , Calif. , said it would n't pay its fourth-quarter dividend , despite a 44 % increase in third-quarter earnings , to $ 3.5 million , or 42 cents a share .

Net income included a gain of $ 708,000 on asset sales , the real estate investment trust said .

A year earlier , Nationwide Health earned $ 2.4 million , or 29 cents a share .

Revenue rose 3 % to $ 9 million from $ 8.8 million .

Nationwide Health said that although it has the cash to cover the 25-cent-a-share dividend , its banks have denied the company 's request to pay it because the trust has n't met certain terms .

Nationwide Health said it has numerous financing activities '' under way to remedy the problem and will make up the dividend payment later if possible .

Aussedat Rey S.A. , a French paper producer , said it concluded an agreement with Japan 's Fuji Photo Film Co. that will allow Aussedat Rey to manufacture and sell thermal paper using Fuji technology .

Aussedat Rey is a leading French maker of copying and electronic printing paper .

Thermal paper is used in facsimile machines .

Terms of the agreement were n't disclosed .

Aussedat Rey 's move follows similar technology-licensing agreements between Japanese producers of thermal paper and European paper groups .

W.R. Grace & Co. , New York , said its earnings for the third quarter nearly doubled as a result of a $ 114.4 million pre-tax gain from restructuring its energy operations and other adjustments .

Net income rose to $ 97.9 million , or $ 1.15 a share , from $ 50.5 million , or 60 cents a share , a year earlier .

Sales increased 7 % to $ 1.49 billion from $ 1.39 billion .

The gain resulted from the sale of Grace Equipment Co. , the initial public offering of a one-sixth interest in Grace Energy Corp. and an adjustment in the carrying value of certain natural resource assets not part of Grace Energy .

The international specialty chemical company 's earnings were hurt by an accrual for stock-appreciation rights that reflected a 19 % increase in the stock price , and higher interest expenses .

Anglo American Corp. of South Africa Ltd. said the third-quarter combined profit of its six gold mines dropped 8.5 % from the previous quarter .

Total net income fell to 471.6 million rand -LRB- $ 178.0 million -RRB- from 515.4 million rand in the June quarter .

Total gold production by all six mines rose 4 % to 63,971 kilograms from 61,493 kilograms in the previous quarter .

Doman Industries Ltd. said it increased its stake in Western Forest Products Ltd. to 56 % from 22 % , through a two-step transaction valued at 137 million Canadian dollars -LRB- $ US116.7 million -RRB- .

Doman is based in Duncan , British Columbia .

The company , founded and controlled by Harbanse Doman , its chairman and president , said the purchase would make it Canada 's 10th largest forest products company .

Under terms of the transaction , which was proposed in June , Doman said it acquired International Forest Products Ltd. 's 22 % stake in Western Forest , and Western Forest , in a related transaction , bought back a 22 % interest in the company from Fletcher Challenge Canada Ltd .

The Fletcher Challenge Canada stake was then canceled , Doman said , raising Doman 's interest in Western Forest to 56 % .

Doman said it was also granted an option to acquire the remaining 44 % interest in Western Forest , which is currently held by two Canadian banks .

International Forest , Western Forest , and Fletcher Challenge Canada are Vancouver-based forest products concerns .

The Canadian government introduced in the House of Commons legislation to extend federal regulatory authority over provincial government-owned telephone utilities in Alberta , Saskatchewan and Manitoba .

The legislation would open the way for more telephone services and more competition in the telephone business in the three provinces , federal officials said .

The federal government initiative follows a recent Canadian Supreme Court decision that held that the major telephone companies in Alberta , Saskatchewan and Manitoba and in the Atlantic coast provinces were interprovincial undertakings and subject to federal legislative authority .

Prior to the ruling the federal government had regulated only the telephone companies in Quebec , Ontario , British Columbia and the Northwest Territories .

The governments of Alberta , Saskatchewan and Manitoba have strongly opposed federal regulation of their telephone companies .

The extension of federal regulatory authority over telephone utilities in the Atlantic provinces has n't required special legislation because they are investor-owned .

Amdura Corp. said its bank group , led by Chicago-based Continental Bank , agreed to extend its $ 40 million bridge loan until March 31 , 1990 , and gave it a new $ 30 million credit line .

Under terms of the loan agreement , Amdura said it will omit the next quarterly dividends on its Series A , B , C and D preferred shares , which are due Nov. 15 .

Since the preferred stock is cumulative , Amdura said it will pay all omitted dividends , which range from $ 1.19 to $ 4.88 a share , when debt-reduction requirements have been met .

Amdura 's bridge loan , part of the financing for Amdura 's acquisition of CoastAmerica in December 1988 , was to come due next Friday .

The company 's new management , which took control of Amdura 's board after a consent solicitation last month , wanted to extend the loan while it tries to sell two units .

Proceeds from those sales will be used to reduce debt .

Amdura , a Denver hardware and automotive distributor , said the new credit agreement will provide the working capital needed to meet ongoing requirements .

Three savings-and-loan institutions in Kansas and Texas were added to the Resolution Trust Corp. 's conservatorship program after federal regulators declared the thrifts insolvent and named the RTC their receiver .

The deposits , assets and certain liabilities of the three thrifts were transferred to newly chartered federal mutual institutions .

The three institutions are : Mid Kansas Federal Savings & Loan Association , Wichita , which had $ 830.5 million in assets ; Valley Federal Savings & Loan Association of McAllen , McAllen , Texas , with $ 582.6 million in assets ; and Surety Savings Association , El Paso , with $ 309.3 million in assets .

The three insolvent thrifts will maintain normal business hours and operations under RTC-appointed managing agents , while the RTC tries to negotiate permanent resolutions .

Separately , Century Bank , Phoenix , Ariz. , was closed by Arizona banking officials .

The Federal Deposit Insurance Corp. approved the assumption of Century 's deposits and fully secured liabilities by a newly chartered subsidiary of Valley Capital Corp. , Las Vegas .

The new institution is also called Century Bank , and the failed bank 's five offices will reopen today .

The failed bank had assets of about $ 129.6 million .

The newly chartered bank will assume about $ 125.7 million in 10,300 deposit accounts and pay the FDIC a purchase premium of $ 2.9 million .

It also will buy about $ 91.7 million of assets , and the FDIC will advance $ 31.8 million to the assuming bank .

Lonrho PLC of Britain is to come to the rescue of the French distribution group Societe Commerciale de l'Ouest Africaine in an operation that has been engineered with the Paribas financial group , Societe Commerciale 's main shareholder .

The announcement came as Societe Commerciale , a trading company with activities in more than 40 countries , reported a loss of 320.5 million francs -LRB- $ 51 million -RRB- for the first six months of this year , partly because of provisions on future losses .

The rescue operation will consist of a capital boost for Societe Commerciale of one billion francs through issues of new shares and convertible bonds .

Cie . Financiere de Paribas said it intends to transfer its 30 % shareholding in Societe Commerciale to a new company which will be jointly owned with Lonrho .

This will give Paribas and Lonrho joint control of Societe Commerciale .

Paribas said Lonrho will participate in the forthcoming capital boost for Societe Commerciale .

International Business Machines Corp. and MCA Inc. said they agreed to sell their Discovision Associates joint venture to U.S. units of Pioneer Electronic Corp. for $ 200 million .

The joint venture licenses a portfolio of about 1,400 patents and patent applications relating to optical-disk recording technology .

IBM and MCA formed Discovision in 1979 to make laser-read optical products .

But the partners didn’t believe the market for the systems was developing as rapidly as they had hoped .

After reportedly investing $ 100 million in the business , Discovision ceased manufacturing operations in 1982 and sold many of its assets to Tokyo-based Pioneer , among others .

Discovision now has world-wide license agreements with major manufacturers covering CD audio disks , audio disk players , videodisks and videodisk players .

It also licenses optically based data storage and retrieval devices .

James N. Fiedler , president of Discovision and a vice president of MCA , said that IBM and MCA had n't planned to sell the joint venture , which is now profitable , but that Pioneer approached Discovision earlier this year .

He said it is n't certain whether Discovision 's current management will remain when Pioneer buys the company .

The agreement is contingent on certain government approvals and should be completed later this year .

Tokyo stocks closed higher in moderately active but directionless trading as the recent anxiety in world stock markets continued to fade .

London shares also closed firmer in thin trading driven largely by technical factors and support from a new Wall Street rally .

Prices also rose on almost every other major exchange in Europe , Asia and the Pacific .

Tokyo 's Nikkei index of 225 issues , which gained 111.48 points Wednesday , climbed 266.66 , or 0.76 % , to 35374.22 .

Volume on the first section was estimated at 800 million shares , compared with 841 million Wednesday .

Winners outnumbered losers 645-293 , with 186 issues unchanged .

In early trading in Tokyo Friday , the Nikkei index rose 170.65 points , to 35544.87 .

On Thursday , the Tokyo Stock Price Index of all issues listed in the first section , which gained 0.24 point Wednesday , was up 22.78 , or 0.86 % , at 2665.66 .

The morning session was dominated by individuals and dealers , but some institutions participated in the afternoon , encouraged by the market 's firmness , traders said .

Sentiment was helped by the small gain made by New York stocks Wednesday despite anxiety over possible effects of the major earthquake that struck northern California Tuesday .

Having survived both last Friday 's 6.9 % Wall Street plunge and the immediate aftermath of the San Francisco Bay area earthquake , Tokyo market participants expressed relief that trading had returned to normal .

Hiroyuki Murai , general manager of the stock trading division at Nikko Securities , said that after looking at the reasons for Friday 's Wall Street plunge , participants realized that the Tokyo and New York markets have different economic fundamentals .

This conclusion , he said , restored the credibility of Tokyo stocks .

Yoshiaki Mitsuoka , head of the investment information department at Daiwa Investment Trust & Management , said that if New York stocks just fluctuate in or near their current range , the Tokyo market will remain firm with a moderately upward trend for the rest of the year .

But traders said the market lacks a base on which to set long-term buying strategy , as the future direction of U.S. interest rates remains unclear .

Investor interest switches back and forth ceaselessly as they are unable to shift their weight to one side for sure , Mr. Mitsuoka of Daiwa Investment Trust said .

Many of Wednesday 's winners were losers yesterday as investors quickly took profits and rotated their buying to other issues , traders said .

Pharmaceuticals made across-the-board advances .

Fujisawa Pharmaceutical gained 130 to 1,930 yen -LRB- $ 13.64 -RRB- a share , Mochida Pharmaceutical was up 150 at 4,170 , and Eisai advanced 60 to 2,360 .

Housing issues were boosted by a report that Daiwa House expects to post 43 % higher earnings for its latest fiscal year , traders said .

Daiwa House advanced 100 to 2,610 , Misawa Homes was up 60 at 2,940 , and Sekisui House gained 100 to 2,490 .

Leading construction companies also attracted interest for their strong earnings outlooks , traders said .

They and many other major Japanese corporations will issue results soon for the fiscal first half ended Sept. 30 .

Ohbayashi was up 60 to close at 1,680 , Shimizu gained 50 to 2,120 , and Kumagai-Gumi advanced 40 to 1,490 .

Other winners included real estate issues Mitsubishi Estate , which closed at 2,500 , up 130 , and Mitsui Real Estate Development , which gained 100 to 2,890 .

Steel shares fell back after advancing for three days .

Kawasaki Steel was down 11 at 788 , Kobe Steel lost 5 to 723 , and Nippon Steel slipped 6 to 729 .

Mitsubishi Rayon , a leading advancer Wednesday , fell 44 to 861 as investors grabbed profits .

London 's Financial Times-Stock Exchange 100-share index finished 19.2 points higher at 2189.3 .

The Financial Times 30-share index ended 13.6 higher at 1772.1 .

Volume continued to ease from the active dealings at the start of the week .

Turnover was 382.9 million shares , compared with 449.3 million Wednesday .

Dealers said the market was underpinned by a squeeze in FT-SE 100 stocks , particularly among market-makers seeking shares that had been hit hard in recent weeks , such as retailers and building-related concerns .

But despite the flurry of interest in those shares , dealers said , the market remains nervous about Wall Street 's volatility and high U.K. interest rates .

U.K. money supply figures for September , released yesterday , showed continued growth in corporate and personal lending , which will keep pressure on the government to maintain tight credit .

Among the stocks featured in the market-makers ' squeeze was Sears , which closed at 107 pence -LRB- $ 1.70 -RRB- a share , up 3 .

General Universal Stores , another top-tier stock hit recently by concerns over retail demand in the face of high interest rates , gained 20 to # 10.44 .

Storehouse gained 2 to

Another active FT-SE 100 stock was clothing and furniture retailer Burton , which gained 6 to 196 .

Insurers recovered ground again on market-maker demand and speculative buying linked to talk of mergers in the industry before the European Community 's planned market unification in

Royal Insurance was the sector 's hottest issue , ending 15 higher at 465 .

Sun Alliance fell 1 to close at 289 , and General Accident jumped 10 to # 10.13 .

B.A.T Industries surged in afternoon dealings after its shareholders approved a plan to dispose of its U.S. and U.K. retailing operations to fend off Hoylake Investment 's # 13.4 billion -LRB- $ 21.33 billion -RRB- hostile bid .

With the company also exercising a plan to buy back as many as 10 % of its shares outstanding , B.A.T closed at 783 , up 27 .

Turnover was 6.8 million shares , including about four million shares traded in the afternoon after the shareholders ' meeting .

B.A.T said it purchased 2.5 million shares at 785 .

In other European markets , shares closed sharply higher in Stockholm , Frankfurt , Zurich and Paris and higher in Milan , Amsterdam and Brussels .

South African gold stocks closed firmer .

Prices also closed higher in Singapore , Sydney , Taipei , Wellington , Hong Kong and Manila but were lower in Seoul .

Here are price trends on the world 's major stock markets , as calculated by Morgan Stanley Capital International Perspective , Geneva .

To make them directly comparable , each index is based on the close of 1969 equaling 100 .

The percentage change is since year-end .

The federal response to California 's earthquake crisis was marred by coast-to-coast name-calling between the White House and San Francisco 's Mayor Art Agnos .

Mr. Agnos complained that he was ticked off '' that Vice President Dan Quayle , who toured the earthquake site Wednesday , didn’t schedule a private meeting with him .

The mayor said the Quayle visit was a publicity stunt . ''

The White House said Mr. Quayle 's staff had invited the mayor to two meetings of the vice president and groups of local officials and had offered to dispatch a helicopter to pick him up .

Mr. Agnos declined the invitations , the White House said .

Marlin Fitzwater , White House press secretary , also asserted that Mr. Agnos had failed to return telephone calls from John Sununu , White House chief of staff .

We regret very much that the mayor of San Francisco has decided not to cooperate with us on this matter in making sure that there is adequate federal support for the disaster in his city , Mr. Fitzwater said .

By late yesterday , both sides appeared prepared to bury the hatchet .

The White House announced that Mr. Agnos , along with the mayors of Oakland and Alameda , are to accompany President Bush on a tour of the earthquake area today .

And one White House official reported that Mr. Agnos had been very helpful '' in making arrangements for Mr. Bush 's hastily scheduled trip to California .

Gold and silver broker Preston Semel asked a federal court to halt the Commodity Exchange from imposing a record $ 550,000 fine on his firm .

The suit , filed in federal court in Manhattan , also asks that the Comex 's nine-month suspension of Mr. Semel be lifted , pending the broker 's appeal of the disciplinary measures .

The fine and suspension , announced in August , are the stiffest sanctions the Comex has ever ordered against one of its members .

The Comex accused the 39-year-old Mr. Semel of fraudulent conduct '' and improper trading .

The disciplinary proceedings stem from trading in April 1987 .

Mr. Semel and his firm , Semel & Co. , have appealed the Comex decision and the sanctions to the Commodity Futures Trading Commission .

The commission denied Mr. Semel 's request that the fine and suspension be delayed pending the appeal .

The lawsuit states that unless the sanctions are halted pending an appeal , the broker and his firm will be irreparably injured and their business will be totally and permanently destroyed . ''

Already the firm has paid $ 211,666 of the fine , the suit said , and it will have to liquidate additional assets in order to pay the rest .

A spokesman for the Comex could n't be reached to comment .

The Federal National Mortgage Association said 39 lenders across the U.S. have agreed to offer home loans under Fannie Mae 's pilot program for elderly people .

Fannie Mae , a federally chartered and shareholder-owned company , said the lenders include Prudential Home Mortgage Co. , a unit of Prudential Insurance Co. of America that operates in every state .

Prudential Insurance is based in Newark , N.J .

Fannie Mae has agreed to buy as much as $ 100 million of loans under its Seniors ' Housing Opportunities pilot program , which offers four types of loans to people 62 years of age or older to help them maintain their home or obtain housing .

The loans can be for accessory apartments , for cottages built in a relative 's yard , for home-sharing or for sale-lease-back transactions .

Fannie Mae makes a secondary market in home loans .

It buys loans from lenders , packages some into securities for sale to investors and holds the remainder in a portfolio .

Robert M. Gintel , senior partner of a Greenwich , Conn. , investment firm , said he plans to launch a proxy fight against the board of Boston-based Xtra Corp .

Mr. Gintel , head of Gintel & Co. , said he plans to conduct a proxy contest to elect a majority of Xtra 's board at the next annual stockholders meeting .

Xtra , a transportation leasing company , said in a statement it would have no comment on Mr. Gintel 's plans until further information has been disclosed by him . ''

The company also said its 1990 annual meeting has not been scheduled .

Mr. Gintel owns 300,000 of the company 's 6.3 million common shares outstanding .

Xtra said it recently bought back approximately 55,000 of its shares pursuant to its existing authorization to acquire as many as 650,000 shares .

Mr. Gintel has filed suit in Delaware Chancery Court , seeking to block Xtra 's anti-takeover tactic .

In a filing with the Securities and Exchange Commission , Mr. Gintel said Xtra has pursued business strategies that are n't in the best interest of stockholders .

STOCKS AND BONDS SURGED on the second anniversary of Black Monday as a favorable inflation report prompted speculation of lower interest rates .

The Dow Jones industrials closed up 39.55 , at 2683.20 , after rising over 60 points in mid-afternoon .

The rally brought the gain so far this week to about 114 points .

The dollar finished mixed , while gold declined .

Consumer prices climbed a moderate 0.2 % in September , mostly due to higher clothing costs .

Energy prices continued to fall at the retail level , but economists worried about a big rise in wholesale energy costs .

British Airways dropped out of the current bidding for United Air 's parent , leaving a UAL management-pilots group without a key partner .

British Air 's move raised new questions about the buy-out group 's efforts to revive a stalled bid for UAL .

A capital-gains tax-cut plan was dropped by Senate Democrats under pressure from their leadership .

The move is a setback for Bush , who needs Democratic support to pass a capital-gains cut in the Senate .

Other tax breaks also are likely to be restored or created in the coming months as special interest groups try to undo the 1986 tax overhaul .

Many retailers are worried that a price war could erupt this Christmas if cash-strapped firms such as Campeau slash prices to spur sales .

AT&T unveiled a sweetened early retirement plan for management that the company hopes will save it $ 450 million in the next year .

Also , profit rose 19 % in the third quarter .

Chrysler will idle a Toledo assembly plant temporarily due to slowing sales of its profitable Jeep Cherokee and Wagoneer sport utility vehicles .

Digital Equipment 's profit fell 32 % in the latest quarter , prompting forecasts of weaker results ahead .

Analysts were troubled by signs of flat U.S. orders at the computer maker .

IBM plans to unveil over 50 software products on Tuesday to try to end some of the problems in computerizing manufacturing operations .

The TV units of Paramount and MCA are exploring offering prime-time programming to independent stations two nights a week .

BankAmerica 's profit jumped 34 % in the third quarter .

The rapid recovery continued to be fueled by growth in consumer loans , higher interest margins and only minor loan losses .

Big Board short interest fell 4.2 % for the month ended Oct. 13 , the second decline in a row .

Borrowed shares on the Amex rose to another record .

Bell Atlantic posted a strong earnings gain for the third quarter , as did Southern New England Telecommunications .

But Nynex , Pacific Telesis and U S West had lower profits .

B.A.T Industries won shareholder approval for a defensive restructuring to fend off Sir James Goldsmith .

American Express 's profit climbed 21 % in the quarter , aided by a surge in its travel business and despite a big rise in Third World loan reserves .

Markets --

Stocks : Volume 198,120,000 shares .

Dow Jones industrials 2683.20 , up 39.55 ; transportation 1263.51 , up 15.64 ; utilities 215.42 , up 1.45 .

Bonds : Shearson Lehman Hutton Treasury index 3398.65 , up

Commodities : Dow Jones futures index 130.13 , up 0.23 ; spot index 130.46 , up 0.10 .

Dollar : 141.70 yen , up 0.25 ; 1.8470 marks , off 0.0015 .

Computer Sciences Corp. , El Segundo , Calif. , said the National Aeronautics and Space Administration will negotiate details of a contract valued at about $ 170 million to provide software for the Ames Research Center .

Included in the three-year contract are options for two one-year renewals .

NASA awarded the contract to CSC in November but an appeal by Sterling Software Inc. of Dallas sent the contract to the General Services Administration Board of Contract Appeals and the board required NASA to re-evaluate bidders ' proposals .

Sterling had completed a five-year contract for NASA but lost its bid for renewal .

As directed by the board , NASA completed the evaluation and again chose CSC .

For its fiscal year ended March 31 , CSC had revenue of $ 1.3 billion .

AFTERSHOCKS RATTLED Northern California amid an earthquake cleanup .

As power and commuters returned to much of downtown San Francisco for the first time since Tuesday 's temblor in the Bay area , three strong aftershocks , one measuring 5.0 on the Richter scale , jolted the region .

Serious injuries or damages were n't reported .

Californians , meanwhile , tried to cope with still-limited services , blocked roadways and water shortages in the aftermath of the tremor that left scores dead and injured .

Thousands remained homeless .

Bush is to visit the area today , and officials in Washington estimated that emergency assistance would total at least $ 2.5 billion .

A series of earthquakes struck northern China , killing at least 29 people , injuring hundreds and razing about 8,000 homes , the Xinhua News Agency said .

The Senate rejected a constitutional amendment sought by Bush to prohibit desecration of the U.S. flag .

While the proposal won a slight majority , the 51-48 vote was well short of the two-thirds needed to approve changes in the Constitution .

It was considered a victory for Democratic leaders , who favor a law barring flag burning .

The House approved an $ 837 million aid package for Poland and Hungary , nearly double what Bush had requested .

The vote of 345-47 sent the measure to the Senate .

Britain 's chief justice quashed the murder convictions of four people for Irish Republican Army bombings that killed seven people in 1974 .

The reversal came after the government conceded that investigators may have faked evidence .

The Guildford Four , three Irishmen and an Englishwoman , have been imprisoned since 1975 .

The Nobel Prize in literature was won by Camilo Jose Cela , a Spanish writer .

His 1942 novel The Family of Pascual Duarte '' is considered the most popular work of fiction in Spanish since Cervantes 's Don Quixote '' was published 400 years ago .

The Swedish Academy in Stockholm cited the 73-year-old Cela for rich and intensive prose . ''

The editor of Pravda was dismissed and succeeded by a confidant of Soviet leader Gorbachev .

The action at the Communist Party daily , viewed as the Soviet Union 's most authoritative newspaper , was considered the most significant development in a week of Kremlin wrangling over the press , including sharp criticism from Gorbachev .

East Germany 's new leader met with Lutheran Church officials to discuss a growing opposition movement demanding democratic freedoms .

As they conferred near East Berlin , a pro-democracy protest erupted in the Baltic city of Greifswald , and activists threatened further rallies against leader Krenz 's expected hard-line policies .

Police in Prague raided an international meeting on human rights , detaining Czechoslovakia 's former foreign minister , Jiri Hajak , and 14 other activists .

A leading U.S. human-rights monitor also was briefly held .

Dissident playwright Vaclav Havel reportedly escaped the crackdown , the fourth against activists in recent days .

Bush met in Washington with Spain 's Prime Minister Gonzalez and discussed what the president called the unique role '' that Madrid can play in furthering democracy in Eastern Europe and Latin America .

Gonzalez , who pledged to help monitor voting in Nicaragua , was said to be carrying proposals for free elections in Panama .

The Galileo spacecraft sped unerringly toward the planet Jupiter , while five astronauts aboard the space shuttle Atlantis measured the Earth 's ozone layer .

The robot probe was dispatched Wednesday by the shuttle crew , which is to conduct a series of medical and other experiments before their scheduled landing Monday in California .

Argentina and Britain agreed to resume diplomatic and economic relations , seven years after the two nations battled over the Falkland Islands .

The announcement , in which they said hostilities had ceased , followed a two-day meeting in Madrid .

Rebel artillerists bombarded the capital of Afghanistan , killing at least 12 people , as the Soviet Union was reported to be airlifting arms and food to Kabul 's forces .

Fighting also was reported around the strategic town of Khost , near the Pakistani border .

Saudi Arabia 's foreign minister met in Damascus with President Assad to develop a plan for the withdrawal of Syria 's 40,000 troops from Lebanon as part of a settlement of that nation 's 14-year-old civil war .

The talks came as Lebanese negotiations on political changes appeared deadlocked .

GOP Sen. Specter of Pennsylvania said he would vote to acquit federal Judge Alcee Hastings in his impeachment trial on charges of perjury and bribery conspiracy .

Specter , the vice chairman of the Senate 's evidence panel , said there was insufficient evidence to convict '' the Miami jurist .

After slipping on news of a smaller-than-expected U.S. inflation figure , the dollar rebounded later in the trading day .

The U.S. unit dipped to a session low against the mark just after the release of the U.S. consumer price index .

The report showed that September consumer prices rose just 0.2 % , a smaller increase than expected .

The market had anticipated a 0.4 % rise in the price index .

The September index fueled speculation , damaging to the dollar , that the Federal Reserve soon will ease monetary policy further .

But foreign-exchange dealers said the dollar staged a quick comeback , prompted by a round of short covering and some fresh buying interest later in the trading day .

Traders said that a nearly 40-point gain in the Dow Jones Industrial Average , fueled in part by news of a lower-than-expected price index , had little influence on the dollar 's moves .

The market is beginning to disassociate itself from Wall Street , said one New York trader .

In late New York trading yesterday , the dollar was quoted at 1.8470 marks , down from 1.8485 marks late Wednesday , and at 141.70 yen , up from 141.45 yen late Wednesday .

Sterling was quoted at $ 1.5990 , up from $ 1.5920 late Wednesday .

In Tokyo Friday , the U.S. currency opened for trading at 141.93 yen , up from Thursday 's Tokyo close of 141.55 yen .

Some analysts said the consumer price index reflects a more significant slowdown in the U.S. economy than earlier indicated .

They point out that September 's producer-price index showed a 0.9 % increase .

They noted that because the consumer price index , known as the CPI , is a more comprehensive measure of inflation and is rising less rapidly than the producer-price index , or PPI , it could signal further easing by Fed .

Others suggested , however , that the Fed will hold any changes in monetary policy in check , leaving fed funds at around 8 3\/4 % , down from the 9 % level that prevailed from July through September .

Kevin Logan , chief economist with the Swiss Bank Corp. , said that both PPI and CPI climbed around 4 1\/2 % year-to-year in September .

He argued that both CPI and PPI have in fact decelerated since spring .

The Fed won’t be stampeded into easing , Mr. Logan said , predicting that for now , interest rates will stay where they are .

A four-day matched sale-purchase agreement , a move to drain liquidity from the system , was viewed as a technical move , rather than an indication of tightening credit .

Market participants note that the mark continues to post heftier gains against its U.S. counterpart than any other major currency , particularly the yen .

There 's a bottomless pit of dollar demand '' by Japanese investors , said Graham Beale , managing director of foreign exchange at Hongkong & Shanghai Banking Corp. in New York , adding that purely speculative demand would n't hold the dollar at its recent levels against the Japanese currency .

Mr. Beale commented that the mark remains well bid against other currencies as well .

Robert White , manager of corporate trading at First Interstate of California , called the market psychologically pro-mark , noting that the U.S. remains a veritable grab bag '' for Japanese investors which accounts for the unabated demand for U.S. dollars .

On the Commodity Exchange in New York , gold dropped $ 1.60 to $ 367.10 an ounce in moderate trading .

Estimated volume was three million ounces .

In early trading in Hong Kong Friday , gold was at about $ 366.85 an ounce .

Hotel Investors Trust and its affiliate , Hotel Investors Corp. , said the companies plan to sell all of the hotels the companies own and operate , except for two hotel-casinos in Las Vegas , Nev .

The hotels and management interests will be sold at an auction , said John Rothman , president and chief executive officer of the trust and a director of the corporation .

Value of the properties and management interests was n't disclosed .

In all , the Los Angeles-based trust plans to sell its interests in 36 hotels , while the corporation will sell its management interests in 32 of those properties .

Excluded from the sale are the interests of the trust and the corporation in two Las Vegas hotel-casinos .

After completing the sale and paying debts , the trust and corporation will consider a number of options including a stock repurchase , payment of special dividend or investment in more gaming properties .

The companies will retain their current regular quarterly dividend of 25 cents during the sale process , Mr. Rothman said .

For the first six months , the trust and corporation had a net loss of $ 244,000 .

Baxter International Inc. , citing cost-cutting moves and increased sales of its home-care products and dialysis treatments , posted a 20 % rise in third-quarter net income on a 5.9 % sales boost .

The Deerfield , Ill. , medical products and services company posted net of $ 102 million , or 34 cents a share , compared with $ 85 million , or 28 cents a share , a year ago .

Sales totaled $ 1.81 billion up from $ 1.71 billion the previous year .

For the nine-month period , Baxter said net rose 15 % to $ 307 million , or $ 1.02 a share , from $ 267 million , or 89 cents a share , during the year-ago period .

Sales for the nine months were up 8 % to $ 5.44 billion from $ 5.04 billion in the same period in 1988 .

In New York Stock Exchange composite trading , Baxter closed at $ 22.25 a share , down 12.5 cents .

A group bidding for American Medical International Inc. , New York , said it formally received the final financing needed for a $ 3 billion bid for about 86 % of the hospital operator 's stock .

The offer from IMA Acquisition Corp. , for as many as 63 million shares , is set to expire Wednesday .

Earlier this month , IMA said it had received about $ 1 billion of senior debt financing from Chemical Bank and six other banks ; Chemical Bank said it was highly confident '' it could arrange the balance of about $ 509 million .

In addition , the $ 3 billion bid includes $ 1 billion of debt that will be assumed by IMA , $ 600 million of high-yield junk bonds that will be sold by First Boston Corp. and $ 285 million of equity .

In New York Stock Exchange composite trading yesterday , American Medical closed at $ 23.625 , up $ 1.875 .

American Medical has agreed to the offer , but earlier this month said it had received new expressions of interest '' from two previous bidders .

American Medical said it would pursue the inquiries from the companies , but would n't identify them unless they make firm offers .

H&R Block is one of the great success stories of U.S. business .

Oddly enough , this presents a problem for the stock .

Some money managers are disenchanted with H&R Block because they suspect the company 's glory days are past , or at least passing .

Block 's tax-preparation business is mature , they say , and some of its diversifications are facing tough competition .

It 's no secret that Block dominates the mass-market tax-preparation business .

The Street knows all about the predictability of its earnings , which are headed for a ninth consecutive yearly increase .

The company has consistently earned more than a 20 % annual return on its net worth while many companies would be happy with 15 % .

But the tax-preparation business simply has no more room to grow , says Mark Cremonie , director of research for Capital Supervisors Inc. , a Chicago firm that manages $ 6.5 billion .

You go to any medium-sized town in the U.S. and you 're going to see H&R Block tax services . ''

Mr. Cremonie 's firm once held about 4.8 % of H&R Block .

That was before the 1986 tax reform '' made taxes more complex than ever .

One thing you can bet on , he says , is that Congress will do stupid things with the Tax Code . ''

But Capital Supervisors sold the last of its H&R Block holdings earlier this year .

They 're thrashing around for diversification , he says .

I think a lot of their businesses are just so-so . ''

Last week the stock hit an all-time high of 37 1\/4 before getting roughed up in the Friday-the-13th minicrash .

It closed yesterday at 34 3\/4 .

To be sure , the stock still has a lot of fans .

If you invested $ 10,000 in the initial public offering in 1962 , it would be worth well over $ 5 million today , says Fredric E. Russell , a Tulsa , Okla. , money manager .

I do n't know what the risk is -LCB- of holding the stock -RCB- .

Taxes are not going out of business . ''

Many of his peers feel the same way .

The number of big institutions that own H&R Block shares is 207 and growing , according to a midyear tally by CDA Investment Technologies .

Brokerage houses are sweet on H&R Block , too .

Zacks Investment Research counts five brokerage houses that consider the stock a buy , and four that call it a hold .

None dare say to sell it .

But some money managers are doing just that .

Eugene Sit , president of Sit Investment Associates in Minneapolis , says , When we bought it , we thought the growth rate was going to accelerate '' because of computerized tax filing and instant refunds -LRB- the customer gets a refund immediately but pays extra to the tax preparer , which waits for Uncle Sam 's check -RRB- .

But neither of those developments did much to juice up growth , Mr. Sit says .

He figures Block earnings are now growing at about a 10 % annual rate -LRB- down from about 14 % the past five years -RRB- and will grow at an 8%-10 % rate in the future .

That 's not bad , Mr. Sit says , but it sure does n't justify Block shares being priced at 15 to 16 times estimated earnings for fiscal 1990 .

He wants stocks whose price\/earnings ratio is less than their growth rate ; as he figures it , H&R Block does n't even come close .

Two other money managers , in explaining why they have sold large amounts of H&R Block stock this year , spoke on the condition they not be named .

The stock was going no place and the earnings were so-so , said one .

-LRB- In the past two years , the stock almost stalled out .

It was above 33 , adjusted for a subsequent split , in 1987 , and has n't gotten much higher since . -RRB-

There 's no more growth in the tax business -LCB- except -RCB- for increasing prices , the money manager added .

The CompuServe subsidiary -LRB- which provides information to home-computer users -RRB- is where the growth is , he said , but its format is still too complicated . ''

CompuServe provides about 20 % of both sales and earnings .

The tax business still provides about 70 % of earnings , on about 50 % of sales .

Personnel Pool -LRB- temporary workers , mostly in the health-care area -RRB- chips in close to 25 % of sales but only about 9 % of earnings .

The shortage of nurses is crimping profit at Personnel Pool , said the second money manager .

He concedes H&R Block is well-entrenched '' and a great company , but says it does n't grow fast enough for us .

We 're looking for something that grows faster and sells at a comparable -LCB- price-earnings -RCB- multiple . ''

Thomas M. Bloch , president and chief operating officer , says I would disagree '' that the tax business is mature .

For example , he says , the company is planning to go nationwide with a new service , tested in parts of the country , aimed at taxpayers who want refunds in a hurry .

Mr. Bloch concedes that a recent diversification attempt fell through .

We 're still interested -LCB- in diversifying -RCB- , he says , but we 'd rather be prudent than make a mistake . ''

He also says CompuServe 's earnings continue to grow 20 % to 30 % a year '' in spite of tough competition from giants like Sears and IBM .

And he says Block 's other businesses are growing , although less consistently .

H&R Block -LRB- NYSE ; Symbol:HRB -RRB-

Business : Tax Preparation

Year ended April 30 , 1989 :

Revenue : $ 899.6 million

Net loss : $ 100.2 million ; $ 1.90 a share

First quarter , July 31 , 1989 :

Per-share earnings : Loss of 8 cents vs. loss of 9 cents

Average daily trading volume : 145,954 shares

Philips Industries Inc. said its board authorized the redemption Dec. 6 of the company 's $ 1 cumulative convertible special preferred stock at $ 37.50 a share , not including a 25 cent dividend for the current quarter , and the $ 3 cumulative convertible preferred stock at $ 75 , plus a 75 cent dividend for the current quarter .

The Dayton , Ohio , maker of parts for the building and transportation industries said holders of the two issues can convert their stock into common shares through the close of business Dec. 1 .

Each $ 1 cumulative share can be converted into 4.92 common shares ; the ratio on the $ 3 cumulative is eight common shares for each $ 3 cumulative preferred .

Philips didn’t indicate how many shares outstanding it has of either issue .

Company officials could n't be reached .

Earlier this month the company said its board approved a proposed management-led leveraged buy-out at $ 25.50 a share , or $ 750 million .

-LRB- During its centennial year , The Wall Street Journal will report events of the past century that stand as milestones of American business history . -RRB-

PUTS AND CALLS , STOCK MARKET PATOIS for options to sell or buy a company 's shares , were long an arcane Wall Street art best left to the experts , who used them either as a hedge or for pure speculation .

Options lost some of their mystery in 1973 when the Chicago Board of Trade set up a special exchange to deal in them .

Until then , options had been traded only in the over-the-counter market , mostly in New York , and in an almost invisible secondary market operating chiefly by telephone .

The Chicago Board of Trade , the No. 1 U.S. grain market , had long chafed under the attention won by its innovative archrival , the livestock-dealing Mercantile Exchange .

So the men who ran the grain pits listened when Joseph Sullivan , a 35-year-old former Wall Street Journal newsman , offered them the idea of all-options trading .

After four year of tinkering and $ 2.4 million in seed money , the board set up the new marketplace , titled it the Chicago Board Options Exchange , and named Sullivan its first president .

The beginnings were modest .

The CBOE opened for business on April 26 , 1973 , in what had been a Board of Trade lunchroom .

It listed just 16 options to buy a pilot list '' of stocks on the New York Stock Exchange .

-LRB- Puts , or sell options , would not be added until 1977 . -RRB-

The 282 members had paid $ 10,000 apiece for seats .

-LRB- The 1989 price : $ 250,000 . -RRB-

The first day 's business was 911 contracts -LRB- each for 100 shares of one of the listed stocks -RRB- .

By the end of 1973 , the number of underlying '' Big Board stocks had been increased to 50 and the options exchange had run up volume of 1.1 million contracts .

A year later , it was 5.7 million .

Last year , more than 1,800 traders on the CBOE bought and sold 112 million contracts on 178 listed stocks , 60 % of all U.S. listed options trading .

The new exchange drew instant recognition from an unwelcome quarter .

The government , campaigning against fixed brokerage commissions , promptly sued the CBOE over its minimum-fee system .

The Nuclear Regulatory Commission ruled unanimously that the financial troubles facing the Seabrook , N.H. , nuclear-power plant have no impact on whether the plant receives a full-power license .

Massachusetts Attorney General James Shannon , opposing the license , said he will appeal the ruling in federal court .

Seabrook officials said the plant could receive a full-power license by the end of the year .

The NRC rejected Mr. Shannon 's argument that Public Service Co. of New Hampshire , which owns the largest share of Seabrook , and 11 other owners are financially unable to guarantee the plant 's safe operation .

Mr. Shannon was seeking a waiver of NRC policy that ignores financial considerations in making licensing decisions .

In its ruling , the NRC said that because Seabrook will be allowed to charge rates sufficient to run the plant and make payments on past construction costs , consideration of the owners ' financial condition is pointless .

The commissioners found the circumstances of the case didn’t undercut the assurance from government rate setters of available funds adequate for safe operation , said a commission spokesman .

In January 1988 , the utility filed for protection under Chapter 11 of the federal Bankruptcy Code , allowing it to continue to operate while protected from creditors ' lawsuits .

Bristol-Myers Squibb Co. , New York , the newly merged drug and health-care-product company , reported record third-quarter earnings for both companies in the merger .

Bristol-Myers Co. and Squibb Corp. , Princeton , N.J. , merged Oct. 4 , but the new company reported third-period earnings for both companies .

For the fourth quarter , Bristol-Myers Squibb will report one set of earnings .

Bristol-Myers said net income rose 15 % to $ 266.2 million , or 93 cents a share , from $ 232.3 million , or 81 cents a share , a year earlier .

Sales gained 5 % to $ 1.59 billion from $ 1.52 billion .

Squibb Corp. said net rose 17 % to $ 144.5 million , or $ 1.47 a share , from $ 123 million , or $ 1.25 a share .

Sales were $ 730.1 million , up 7 % from $ 679.5 million .

In New York Stock Exchange composite trading , Bristol-Myers Squibb rose $ 1.75 to $ 52.75 .

PPG Industries Inc. , hurt by softness in the U.S. automotive and construction industries , said third-quarter net income fell 5.5 % to $ 106.7 million , or 97 cents a share , from $ 112.9 million , or $ 1.03 a share , a year ago .

Sales were nearly identical to the year-earlier $ 1.36 billion .

The drop in earnings didn’t surprise analysts who said the Pittsburgh glass , coatings and chemical concern had been predicting a slow quarter because of the sluggish construction industry , a major market for the company 's flat glass .

Glass sales to Canadian and European auto makers and sales of replacement auto glass in all markets increased .

The coating segment also posted higher sales particularly in North America and Europe .

But sale increases were offset by slumping sales in flat glass and fiberglass reinforcements , the company said .

Also , chemicals sales were slightly down because of lower prices for vinyl chloride monomer and other chlorine derivatives .

In New York Stock Exchange composite trading , PPG closed at $ 41 a share , down 37.5 cents .

Jefferies Group Inc. said third-quarter net income fell 4 % , to $ 2.2 million , or 35 cents a share , from $ 2.3 million , or 31 cents a share on more shares , a year earlier .

Revenue rose 15 % , to $ 36 million from $ 31.2 million .

Jefferies , a Los Angeles holding company primarily engaged in securities trading , also said stock market declines since the quarter ended Sept. 30 created an unrealized pretax loss of about $ 6 million in its risk arbitrage account .

For the nine months , Jefferies said net fell 39 % , to $ 6.8 million , or $ 1.07 a share , from $ 11.1 million , or $ 1.50 a share .

Revenue fell 3 % , to $ 105.2 million from $ 108.4 million .

Sony Corp. , New York , said its bids for Columbia Pictures Entertainment Inc. and Guber-Peters Entertainment Co. have been cleared by federal antitrust regulators .

The Japanese company said the waiting period under the Hart-Scott-Rodino antitrust act for the $ 3.4 billion bid for Columbia and the $ 200 million offer for Guber-Peters expired Monday .

Sony has agreed to buy both companies , but is in a legal battle with Warner Communications Inc. over the services of producers Peter Guber and Jon Peters .

In a filing with the Securities and Exchange Commission , Sony also said two more suits have been filed opposing the company 's agreement to buy Columbia .

Sony added that a hearing has been set for Thursday in the Delaware Chancery Court in one of the suits .

Thursday , October 19 , 1989

The key U.S. and foreign annual interest rates below are a guide to general levels but do n't always represent actual transactions .

PRIME RATE : 10 1\/2 % .

The base rate on corporate loans at large U.S. money center commercial banks .

FEDERAL FUNDS : 8 3\/4 % high , 8 5\/8 % low , 8 11\/16 % near closing bid , 8 11\/16 % offered .

Reserves traded among commercial banks for overnight use in amounts of $ 1 million or more .

Source : Fulton Prebon -LRB- U.S.A . -RRB- Inc .

DISCOUNT RATE : 7 % .

The charge on loans to depository institutions by the New York Federal Reserve Bank .

CALL MONEY : 9 3\/4 % to 10 % .

The charge on loans to brokers on stock exchange collateral .

COMMERCIAL PAPER placed directly by General Motors Acceptance Corp. : 8.45 % 30 to 44 days ; 8.25 % 45 to 73 days ; 8.325 % 74 to 99 days ; 7.75 % 100 to 179 days ; 7.50 % 180 to 270 days .

COMMERCIAL PAPER : High-grade unsecured notes sold through dealers by major corporations in multiples of $ 1,000 : 8.525 % 30 days ; 8.425 % 60 days ; 8.375 % 90 days .

CERTIFICATES OF DEPOSIT : 8.05 % one month ; 8.02 % two months ; 8 % three months ; 7.98 % six months ; 7.95 % one year .

Average of top rates paid by major New York banks on primary new issues of negotiable C.D.s , usually on amounts of $ 1 million and more .

The minimum unit is $ 100,000 .

Typical rates in the secondary market : 8.60 % one month ; 8.60 % three months ; 8.45 % six months .

BANKERS ACCEPTANCES : 8.45 % 30 days ; 8.32 % 60 days ; 8.32 % 90 days ; 8.17 % 120 days ; 8.08 % 150 days ; 7.98 % 180 days .

Negotiable , bank-backed business credit instruments typically financing an import order .

LONDON LATE EURODOLLARS : 8 11\/16 % to 8 9\/16 % one month ; 8 11\/16 % to 8 9\/16 % two months ; 8 11\/16 % to 8 9\/16 % three months ; 8 5\/8 % to 8 1\/2 % four months ; 8 9\/16 % to 8 7\/16 % five months ; 8 9\/16 % to 8 7\/16 % six months .

LONDON INTERBANK OFFERED RATES -LRB- LIBOR -RRB- : 8 3\/4 % one month ; 8 11\/16 % three months ; 8 9\/16 % six months ; 8 9\/16 % one year .

The average of interbank offered rates for dollar deposits in the London market based on quotations at five major banks .

FOREIGN PRIME RATES : Canada 13.50 % ; Germany 8.50 % ; Japan 4.875 % ; Switzerland 8.50 % ; Britain 15 % .

These rate indications are n't directly comparable ; lending practices vary widely by location .

TREASURY BILLS : Results of the Monday , October 16 , 1989 , auction of short-term U.S. government bills , sold at a discount from face value in units of $ 10,000 to $ 1 million : 7.37 % 13 weeks ; 7.42 % 26 weeks .

FEDERAL HOME LOAN MORTGAGE CORP . -LRB- Freddie Mac -RRB- : Posted yields on 30-year mortgage commitments for delivery within 30 days .

9.87 % , standard conventional fixed-rate mortgages ; 7.875 % , 2 % rate capped one-year adjustable rate mortgages .

Source : Telerate Systems Inc .

FEDERAL NATIONAL MORTGAGE ASSOCIATION -LRB- Fannie Mae -RRB- : Posted yields on 30 year mortgage commitments for delivery within 30 days -LRB- priced at par -RRB- 9.81 % , standard conventional fixed-rate mortgages ; 8.70 % , 6\/2 rate capped one-year adjustable rate mortgages .

Source : Telerate Systems Inc .

MERRILL LYNCH READY ASSETS TRUST : 8.50 % .

Annualized average rate of return after expenses for the past 30 days ; not a forecast of future returns .

China said the question of Taiwan 's membership in the General Agreement on Tariffs and Trade should be considered only after China 's own membership in the 97-nation organization is restored .

Both China and Taiwan are seeking seats in GATT , which sponsors trade-liberalizing agreements and sets world-commerce rules .

As one of China 's provinces , Taiwan has no right to join GATT on its own , Foreign Ministry spokesman Li Zhaoxing said .

China , under the Nationalist government of Chiang Kai-shek , was a founding member of GATT in 1947 .

The Nationalists withdrew in 1950 , after their flight to Taiwan , and the Communist government in Beijing applied for restoration of China 's membership in July 1986 .

The U.S. has voiced opposition to China 's bid for GATT membership , saying China has yet to undertake needed economic reforms .

Japan 's biggest women 's underwear maker , Wacoal Corp. , said that it developed a sports car that it plans to market in two years .

The Jiotto Caspita '' can run at over 188 miles an hour , a company spokesman said .

The base price of the car is estimated at 30 million yen -LRB- about $ 213,000 -RRB- .

Wacoal said it intends to produce the cars through a car manufacturer .

Along with the car , Wacoal plans to launch a series of Caspita-brand men 's underwear .

Our image is a company that makes women 's products , said a Wacoal spokesman .

Now , we 're going to sell to men . ''

The British satirical magazine Private Eye won an appeal against the size of a $ 960,000 libel award to Sonia Sutcliffe , the estranged wife of the Yorkshire Ripper '' mass murderer .

An appeals-court panel slashed all but $ 40,000 from the award , the largest ever set by a British jury , pending a reassessment of the damages .

But the panel dismissed the magazine 's contention that it had n't libeled Mrs. Sutcliffe when it accused her of trying to sell her story to capitalize on the notoriety of her husband .

Private Eye had been threatened with closure because it could n't afford the libel payment .

Senshukai Co. , a travel agent based in Osaka , Japan , announced that it and Nissho Iwai Corp. , a major Japanese trading house , will jointly build a 130-unit condominium in Queensland , Australia .

Senshukai said the partners plan to rent to tourists but will also sell to interested parties .

Senshukai has a 60 % stake in the venture and Nissho Iwai has the rest .

Construction of the 34-floor building will begin next May and should be completed in April 1992 .

Units will cost from 500,000 to 3.5 million Australian dollars -LRB- about US$ 386,000 to US$ 2.7 million -RRB- .

The Soviet Union has halted construction of two Chernobyl-type nuclear reactors and is reassessing the future of 12 other existing reactors .

Viktor Sidorenko , vice chairman of the State Committee on Nuclear Safety , said the two reactors were at Kursk and Smolensk .

News of the halt comes amid growing anger in the Ukraine and Byelorussia over continuing high levels of radiation from Chernobyl .

A former vice president of the Singapore branch of Drexel Burnham Lambert Group Inc. was charged in court yesterday on 19 counts of cheating .

Francis Dang , 41 , is alleged to have been involved in cheating Drexel Burnham Lambert of up to 2.1 million Singapore dollars -LRB- US$ 1.1 million -RRB- by carrying out unauthorized transactions on the London Commodities Exchange and the International Petroleum Exchange .

Mr. Dang is alleged to have used the account of Singapore hotel and property magnate Ong Beng Seng to effect the transactions .

Japan says its economic growth will fall sharply if it cuts back on the use of oil , coal and gas to cap emissions of carbon dioxide .

A Ministry of International Trade and Industry official said that a study found that Japan 's annual economic growth rate would eventually be only 0.8 % if carbon-dioxide emissions remained at this year 's level of 300 million tons .

The study will support arguments against capping carbon-dioxide emissions that Japan will make at a U.N.-backed conference on atmospheric pollution next month .

The study said Japan 's carbon-dioxide emissions would slightly more than double by 2010 unless the nation reduced its dependence on fossil fuels .

It said that expanding nuclear-power capability is the quickest way to lessen that dependence .

But increased reliance on nuclear power would meet stiff opposition from environmentalists , a second ministry official said .

Just in time for Halloween , Britain 's Oxford University Press is publishing a Dictionary of Superstitions . ''

The books 1,500 entries include stepping on cracks and knocking on wood ... .

In New Zealand 's tiny township of Kaitaia , which has had direct dialing for less than a year , about 30 angry phone-company customers questioned the size of their bills .

It turned out their children had been dialing a sex fantasy '' service in the U.S. .

Slowing sales of its profitable Jeep Cherokee and Wagoneer sport utility vehicles are forcing Chrysler Corp. to temporarily idle its Toledo , Ohio , assembly plant for the first time since April 1986 .

About 5,500 hourly workers will be laid off for a week beginning Oct. 23 , and overtime has been eliminated at the plant for the fourth quarter , a Chrysler spokesman said .

That 's a significant change from earlier this year when the plant worked substantial overtime only to have sales fall short of the company 's bullish expectations .

Sales of Cherokee , the best-selling Jeep , and the lower-volume Wagoneer were actually up about 10 % through the end of last month .

But that 's less than Chrysler officials had hoped when they set ambitious production schedules for the Toledo plant earlier this year .

Even when it became clear this spring that demand was n't coming up to expectations , Chrysler officials resisted '' cutting output because Cherokee and Wagoneer are very profitable vehicles , the spokesman said .

Instead , Chrysler officials in late May slapped $ 1,000 cash rebates on the vehicles , including the first such incentives on the popular four-door Cherokee since Chrysler bought Jeep in 1987 .

The incentives boosted sales for a while , but the pace had cooled by last month .

The result : Chrysler dealers had a bloated 82-day supply of the Cherokee as of the end of last month and a 161-day supply of the Comanche pickup , which Toledo also builds .

A 60-day to 65-day supply is considered normal .

At Jasper Jeep-Eagle , one of the largest Jeep dealerships in the country , inventories have continued to swell .

Steve Lowe , general manager of Jasper , Ga. , dealership , said new rebates of $ 500 to $ 1,000 on the models have stimulated sales , but not enough to significantly cut dealer stocks .

If people are n't buying , you have to close plants , he said .

Separately , Chrysler said it will idle for four weeks the St. Louis assembly plant that builds the Chrysler LeBaron and Dodge Daytona models .

Chrysler officials said the plant is scheduled to resume production on Nov. 20. , and 3,300 hourly workers will be affected .

General Motors Corp. , meanwhile , said it will idle for yet another week its Linden , N.J. , assembly plant , bringing to three weeks the total time that plant will be idled during October .

GM said the assembly plant , which builds the Chevrolet Corsica and Beretta compact cars , originally was scheduled to reopen Monday but now will not resume production until Oct. 30 .

The shutdown affects 3,000 workers and will cut output by about 4,320 cars .

Sluggish sales of the Beretta and Corsica spurred GM to offer $ 800 rebates on those cars .

The Corsica and Beretta make up the highest-volume car line at Chevrolet , but sales of the cars are off 9.6 % for the year , and fell a steep 34.2 % early this month .

GM has scheduled overtime at its Lordstown , Ohio , and Janesville , Wis. , assembly plants , which build the Chevrolet Cavalier .

Ford Motor Co. said it will shut down for one week its Kentucky Truck Plant because of a shortage of dealer orders . ''

The shutdown will idle 2,000 hourly employees and eliminate production of about 1,300 medium and heavy duty trucks .

The assembly plant is scheduled to resume production on Oct. 30 .

Meanwhile , the nine major U.S. auto makers plan to build 143,178 cars this week , down 11.7 % from 162,190 a year ago and flat with last week 's 142,117 car output .

f - Includes Chevrolet Prizm and Toyota Corolla .

r - Revised .

x - Year-to-date 1988 figure includes Volkswagen domestic-production through July .

LOTUS DEVELOPMENT Corp. 's net income rose 61 % in the third quarter from the year-earlier period .

Yesterday 's edition misstated the percentage increase .

First Fidelity Bancorp. , Lawrenceville , N.J. , reported a 24 % drop in third-quarter profit , because of a decline in earning assets , lower loan volume and tighter interest margins .

The bank holding company posted net income of $ 54.4 million , or 87 cents a share , including $ 1.7 million , or three cents a share , in one-time tax benefits .

A year earlier , net was $ 71.6 million , or $ 1.22 a share .

First Fidelity said non-performing assets increased to $ 482.3 million Sept. 30 from $ 393.1 million June 30 .

The rise resulted from the transfer to non-accrual status of $ 96 million owed by two national borrowers and one local commercial real-estate customer , First Fidelity said .

It said it does n't anticipate any loss of principal on two of the loans , comprising $ 85 million of these credits .

First Fidelity said it boosted its loan-loss provision to $ 50.9 million from $ 20.4 million a year ago , primarily because of a weaker real-estate sector in the region .

VIACOM Inc. 's loss narrowed to $ 21.7 million in the third quarter from $ 56.9 million a year ago .

Thursday 's edition misstated the narrowing .

Coastal Corp. said it signed a definitive agreement with Aruba to restart a 150,000-barrel-a-day oil refinery .

Coastal would n't disclose the terms .

Coastal , a Houston oil and gas company , said it expects to begin operations in October 1990 .

The company said it may install additional processing units at the refinery to produce higher octane gasolines and other products .

The company said it was leasing the site of the refinery from Aruba .

Exxon Corp. built the plant but closed it in 1985 and sold off much of the equipment to dismantling contractors , from whom Coastal bought back much of the equipment .

A Coastal spokesman said the biggest expense will be to refurbish the refinery but would n't say how much that would be .

The prime minister of Aruba has said it could cost around $ 100 million .

Coastal said the refinery 's expected daily production will include 34,000 barrels of jet fuel , 32,000 barrels of low-sulfur diesel fuel , 30,000 barrels of naphtha , 17,000 barrels of residual fuel oil , 8,000 barrels of asphalt and 25,000 barrels of low-sulfur catalytic cracker feedstock .

Loral Corp. said fiscal second-quarter net income was $ 19.8 million , or 79 cents a share , compared with year-earlier earnings from continuing operations of $ 15.6 million , or 62 cents a share .

Year-earlier net of $ 21 million , or 84 cents a share , included the results of Loral 's former Aircraft Braking Systems and Engineered Fabrics divisions , which were sold April 27 to the company 's chairman , Bernard L. Schwartz .

The defense electronics concern attributed the operating improvement to higher profit margins and lower net interest expense .

Loral also reported that its bookings more than doubled to $ 654 million in the quarter , ended Sept. 30 , from $ 257 million , in the year-before period .

The increase was due mainly to a $ 325 million order from Turkey to equip its fleet of F-16 fighters with Loral 's ALQ-178 Rapport III electronic countermeasures system .

The order is the biggest in the company 's history .

Sales in the latest period edged up to $ 295.7 million from $ 293.9 million .

Mr. Schwartz said the recent increase in orders puts us well on the way to our goal of $ 1.6 billion in bookings for the year . ''

He added : I expect to see the earnings momentum we experienced this quarter continue for the rest of the year . ''

Loral said it expects sales to accelerate in both the third and fourth quarters of this fiscal year .

Loral 's profit from continuing operations for the first six months of fiscal 1990 was $ 36.4 million , or $ 1.44 a share , up 31 % from $ 27.8 million , or $ 1.11 a share , a year earlier .

Net income fell 8.6 % to $ 37.1 million , or $ 1.43 a share , from $ 40.6 million , or $ 1.56 a share .

Fiscal first-half sales slipped 3.9 % to $ 528.4 million from $ 549.9 million .

Bookings for the first half totaled $ 813 million , compared with the $ 432 million recorded last year .

In New York Stock Exchange composite trading , Loral closed at $ 33.25 , down 37.5 cents .

HealthVest said two of its lenders have given it notices of default on bank loans and said they may take actions to recover their loans .

HealthVest , an Austin , Texas , real estate investment trust , said that Chemical Bank , the lead bank under its domestic bank agreement , told it that if $ 3.3 million owed to the bank group is n't paid by today , the group will call the $ 120 million that HealthVest has outstanding under the credit line .

The bank group also said that it won’t make additional advances under the $ 150 million credit line .

HealthVest missed a payment to the group that was due in late September .

In addition , HealthVest said Bank of Tokyo Trust Co. also has notified it of a default and said it might take action to cure the default .

HealthVest missed an interest payment to Bank of Tokyo on Oct. 1 .

However , HealthVest said the Tokyo bank indicated that it won’t accelerate HealthVest 's $ 50 million loan .

HealthVest is in a severe liquidity bind because its affiliate , Healthcare International Inc. , has failed to make about $ 10.6 million in principal and interest payments owed since August .

Healthcare operates many of the health-care properties that HealthVest owns .

EMPIRE PENCIL , later called Empire-Berol , developed the plastic pencil in 1973 .

Yesterday 's Centennial Journal misstated the company 's name .

Storage Technology Corp. had net income of $ 8.3 million , or 32 cents a share , for its fiscal-third quarter ended Sept. 29 , almost 15 times the $ 557,000 , or two cents a share , it posted for the year-ago period .

Storage , Louisville , Colo. , which makes data-storage devices for mainframe computers , said the huge increase in net reflects strong sales '' of its tape products , particularly the 4400 Automated Cartridge System , which holds a library of tape cartridges .

The company said it recently sold its 750th cartridge system , which cost $ 400,000 to $ 500,000 each .

Quarter revenue was $ 232.6 million , up 12 % from $ 206 million last year .

The stock market reacted strongly to the news .

Storage rose $ 1.125 a share , to close at $ 14 , in New York Stock Exchange composite trading .

For the nine months , Storage had net of $ 25.5 million , or 98 cents a share , including an $ 11.3 million extraordinary gain for the anticipated proceeds from liquidating an Irish unit .

Net was up 69 % from $ 15.1 million , or 57 cents a share , last year .

Revenue for the latest period was up 11 % to $ 682.7 million , from $ 614.6 million .

A Canadian government agency conditionally approved proposed exports to the U.S. of natural gas from big , untapped fields in the Mackenzie River delta area of the western Canadian Arctic .

Three companies , Esso Resources Canada Ltd. , Shell Canada Ltd. and Gulf Canada Resources Ltd. , applied to the Canadian National Energy Board to export 9.2 trillion cubic feet of Mackenzie delta natural gas over 20 years starting in 1996 .

To be economically feasible , the 11 billion Canadian dollar -LRB- US$ 9.37 billion -RRB- project requires almost a doubling of natural gas export prices .

It also faces numerous other hurdles including an agreement on a pipeline route for the gas .

The board said the export licenses would be issued on the condition that Canadian interests would also be allowed to bid for the Mackenzie delta gas on terms similar to those offered to U.S. customers .

U.S. buyers have already been lined up .

They include Enron Corp. , Texas Eastern Corp. , Pacific Interstate Transmission Co. and Tennessee Gas Pipeline Co .

The project could result in the U.S. taking more than 10 % of its natural gas supplies from Canada , up from about 5 % currently .

It would bring 13 gas fields into production at a combined rate of about 1.2 billion cubic feet a day .

The board estimated that the cost of building a pipeline from the Mackenzie delta to Alberta would be about C$ 5.9 million .

It also said projections of surging U.S. demand for natural gas and price forecasts of C$ 5.25 per thousand cubic feet by 2005 would make the project economically viable .

Esso , a unit of Imperial Oil Ltd. which is 71%-owned by Exxon Corp. , will be allowed to export 5.1 trillion cubic feet to the U.S. in the 20-year period .

Shell , a subsidiary of Royal Dutch\/Shell Group , will be allowed to export 0.9 trillion cubic feet , and Gulf , a unit of Olympia & York Developments Ltd. will be allowed to export 3.2 trillion cubic feet .

Combustion Engineering Inc. , Stamford , Conn. , said it sold and agreed to sell several investments and nonstrategic businesses for about $ 100 million , which will be used for reducing debt and general purposes .

The transactions are unrelated .

The company agreed to sell its minority investments in makers of steam-generating and related equipment , Stein Industrie and Energie & Verfahrenstechnik , to the major shareholder in the companies , Dutch-based GEC Alsthom N.V .

Combustion Engineering , which provides engineered products , systems and services for power generation , also sold Illinois Minerals Co. , based in Cairo , Ill .

That unit of its Georgia Kaolin Co. subsidiary was sold to a unit of Unimin Corp .

Assets of Construction Equipment International , Houston , were sold to Essex Crane Inc. , and the assets of Elgin Electronics , Erie , Pa. , were sold to closely held Charter Technologies Inc .

Where do Americans put their money ?

It depends on when you look .

In 1900 , for instance , less than 8 % of assets went into bank deposits .

That rose to nearly 18 % during the Depression , and has n't changed much since .

Pension reserves , on the other hand , made up a relatively small part of household assets until the last decade , when they skyrocketed .

And there has been a drastic decline in the importance of unincorporated business assets -- thanks to industry consolidation and a decline in family farms .

That 's some of what emerges from the following charts , which show how Americans have changed their investment patterns over the past 90 years .

Some results are self-explanatory .

But other figures are surprising .

Housing , for instance , has remained a fairly steady component of household assets over the past decade -- although common wisdom would have expected an increase .

There is a lot of attention paid to housing as a form of household wealth , says Edward N. Wolff , professor of economics at New York University .

But it has n't increased much relative to other assets .

It suggests that households accumulate wealth across a broad spectrum of assets .

And housing though it appears in the popular mind as being the major -LCB- growing -RCB- household asset , is n't . ''

In addition , investors ' desire to hold stocks -- directly and through mutual funds -- has held surprisingly steady ; stocks ' importance among assets largely reflects the ups and downs of the stock market , and not a shift in stock-holding preferences .

Stocks have not spread to the general public , despite the fact that the environment is much different , concludes Robert Avery , an economist at Cornell University .

To me it says that despite all the views that we spend too much of our wealth on paper assets , we have ways of holding wealth similar to 100 years ago . ''

-- The charts show how househld assets have been distributed over time .

The main components of the various asseet categories : Housing : Primary home , but not the land it 's on .

Land and Other Real Estate : Land on which primary home is built , investment property .

Consumer Durables : Automobiles , appliances , furniture .

Bank Deposits : Currency , checking-account deposits , small savings and time deposits , certificates of deposits , money-market fund shares .

Bonds : Excludes bond funds .

Stocks\/Mutual Funds : Stocks and mutual funds other than money-market funds .

Unincorporated Business : Partnerships and sole proprietorships , professional corporations .

Pension Reserves : Holdings by pension funds .

McCaw Cellular Communications Inc. said it sent a letter to LIN Broadcasting Corp. clarifying its revised tender offer for LIN and asking LIN to conduct a fair auction . ''

The letter apparently came in response to a request for clarification by LIN earlier this week .

LIN , which has agreed with BellSouth Corp. to merge their cellular-telephone businesses , said then that it would n't take a position on McCaw 's revised tender offer .

Earlier this month , McCaw revised its offer to $ 125 a share for 22 million LIN shares .

McCaw is seeking 50.3 % of the cellular and broadcasting concern ; the revised offer includes a feature requiring McCaw to begin an auction process in July 1994 that would buy out remaining holders at a per-share price roughly equivalent to what a third party might then have to pay for all of LIN .

The letter outlines broad powers for an independent group of directors provided for in the revised offer .

In a statement , Craig O. McCaw , chairman and chief executive officer of McCaw , said : We trust LIN will take no further actions that favor BellSouth . ''

McCaw said the three independent directors provided for in the offer would be designated by the current board .

The successors would be nominated by the independent directors .

LIN would have a priority right to pursue all opportunities to acquire U.S. cellular interests in markets other than those in which McCaw holds an interest , or which are contiguous to those markets , unless LIN has an interest there or contiguous to it .

Independent directors would have veto rights to any acquisition if they unanimously decide it is n't in LIN 's best interest .

Independent directors would be able to block transactions they unanimously deem would be likely to depress the private market value of LIN at the time it is to be sold in five years .

If LIN is put up for sale rather than purchased by McCaw in five years , McCaw won’t submit a bid unless the independent directors request it , and the independent directors will run the bidding .

The directors would be able to sell particular assets to enable such buyers as the regional Bell operating companies to purchase the company 's interests .

MCA Inc. said third-quarter net fell 6.3 % to $ 50.8 million , or 69 cents a share , from $ 54.3 million , or 74 cents a share , a year earlier .

MCA said revenue rose 14 % to $ 918.4 million from $ 806.7 million .

The entertainment concern said the success of several movies released during the quarter , including Parenthood '' and Uncle Buck , contributed to record revenue for its film unit .

Both MCA 's music-entertainment and book-publishing units also posted record revenue and operating profit .

The parent company 's net included a loss -- which it didn’t specify -- that was related to the company 's 50 % stake in Cineplex Odeon Corp .

Cineplex , a Toronto theater chain , had a second-quarter net loss of $ 38.7 million .

MCA said net also included certain reserves related to the restructuring of its LJN Toys ' international operations .

These items were partly offset , MCA said , by an unspecified gain on the sale of its Miller International unit , a maker and distributor of budget-priced audio cassettes .

In New York Stock Exchange composite trading , MCA rose $ 1.50 to $ 64 .

In the nine months , net rose 35 % to $ 120.1 million , or $ 1.64 a share , from $ 89.2 million , or $ 1.22 a share , a year earlier .

Revenue increased 22 % to $ 2.5 billion from $ 2.1 billion .

Past Due Impasse

I never pay my bills Till the very last day ; I lose far less interest By proceeding that way .

But it all evens out , It 's so easy to see : Not till the last moment Am I paid what 's due me .

-- Arnold J. Zarett .

Rex Tremendae

The effete Tyrannosaurus Rex Had strict Cretaceous views on sex , And that is why you only see him Reproduced in the museum .

-- Laurence W. Thomas .

Helmsley Enterprises Inc. plans to close its company-owned insurance business and is seeking other brokers to take over its policies , according to individuals familiar with the New York firm .

Helmsley Enterprises is the umbrella organization for companies controlled by Harry B. Helmsley .

These include office and residential real estate giant , HelmsleySpear Inc. , and Helmsley Hotels .

The insurance brokerage agency , just a fragment of Helmsley 's vast empire , would be the first piece of the company to be stripped away since last summer when Mr. Helmsley 's wife , Leona Helmsley , was found guilty of tax evasion .

Industry sources estimate the agency brokers property and casualty premiums worth about $ 25 million annually , and has revenue , based on a standard 10 % commission rate , of about $ 2.5 million .

The insurance firm acts as a broker on policies covering buildings managed by HelmsleySpear and others .

Many of the properties are owned through limited partnerships controlled by Mr. Helmsley .

New York State law prohibits insurance brokerages from deriving more than 10 % of revenue from insuring affiliated companies .

Helmsley 's insurance division had slightly exceeded that percentage , sources say , but the division was n't considered significant enough to the company to be restructured , particularly at a difficult time for the firm .

Adverse publicity from the scandal surrounding its founder 's wife and related management strife have put pressure on the entire Helmsley organization .

However , individuals close to the company insist shuttering the insurance division , a sideline from the company 's core property management business , is n't the beginning of a sale of assets .

Helmsley 's insurance premiums are expected to be transferred to several different insurance brokerage companies .

Frank B. Hall Inc. of Briarcliff Manor , N.Y. is reportedly working out an agreement with Helmsley .

Officials there declined to comment , as did Helmsley management .

Outside the white-walled headquarters of the socalled Society of Orange Workers , all seems normal in South Africa 's abnormal society .

A pickup truck driven by a white farmer rumbles past with a load of black workers bouncing in the back .

Over at Conradies , the general store , a black stock boy scurries to help an elderly white woman with her packages .

Down the street , a car pulls into the Shell station and is surrounded by black attendants .

But inside the white walls of the Orange Workers ' office -- just about the largest building in town , save for the Dutch Reformed Church and the school -- South Africa 's neat racial order is awry .

A dozen white office workers fold newsletters and stuff them into envelopes .

White women serve tea and coffee , and then wash the cups and saucers afterwards .

White children empty the wastepaper baskets and squeegee the windows .

There is n't a black worker in sight .

Not in the kitchen , or the storeroom or the book shop .

If we want to have our own nation , then we must be willing to do all the work ourselves , says Hendrik Verwoerd Jr. , son of the former prime minister and the leader of the Orange Workers , founded in 1980 .

They do indeed want their own nation .

The pillars of apartheid may be trembling in the rest of South Africa , with Johannesburg opening its public facilities to all races , blacks storming the all-white beaches of the Cape and the government releasing seven leaders of the banned African National Congress .

But here in Morgenzon , a sleepy town amid the corn fields of the eastern Transvaal , the Orange Workers are holding the pillars steady .

The Orange Workers -- who take their name from William of Orange of the Netherlands , a hero of the Dutch-descended Afrikaners -- believe that the solution to South Africa 's racial problems is n't the abolition of apartheid , it 's the perfection of apartheid -- complete and total separation of the races .

Here , then , is where the Orange Workers have come to make apartheid 's last stand .

Their idea is to create a city , first , and then an entire nation -- without blacks .

This may seem to be a preposterous and utterly futile effort in Africa .

And the fact that there are only 3,000 card-carrying Orange Workers may put them on the loony fringe .

But their ideal of an Afrikaner homeland , an all-white reserve to be carved out of present-day South Africa , is a mainstream desire of the right-wing , which embraces about one-third of the country 's five million whites .

Afrikaner philosophers and theologians have long ruminated on the need for a white homeland .

The Orange Workers are just putting this preaching into practice .

Thus , farmer Johan Fischer , his T-shirt and jeans covered in grease , crawls around under his planter , tightening bolts and fixing dents .

On almost every other farm in South Africa , black workers do the repairs .

But not here .

Mr. Fischer plows his own fields , sows his own corn and sunflowers , and feeds his own sheep .

Over at the fiberglass factory , four white workers assemble water tanks on their own , and in their spare time they build townhouses across the road .

On Main Street , Alida Verwoerd and her daughters look after the clothes and fabric shop , then hurry home to fix lunch for the rest of the family .

Down by the stream , a group of Orange Workers puts the finishing touches on a golf course .

If whites want to play there by themselves , says consulting engineer Willem van Heerden , whites should also build it by themselves .

If we want to survive as a people , he says , we have to change our way of life .

The Afrikaner must end his reliance on others . ''

In their quest to perfect apartheid , the Orange Workers have discovered a truth that most of privileged white South Africa tries mightily to deny : The master ca n't become dependent on the slave and expect to remain master forever .

If apartheid means you want cheap black labor and all the comforts that go with it , but you also want to exclude the blacks from social and political integration , then these are two contradictions that ca n't go on forever , says Mr. Verwoerd .

He is sitting in his living room , beneath a huge portrait of his late father , Hendrik F. Verwoerd , apartheid 's architect and South African prime minister from 1958 to 1966 .

Somewhere , the son sighs , things went terribly wrong with apartheid ; today , whites even rely on blacks to police their separation .

People took separate development as an opportunity to use black labor without ever getting rid of it .

But my father meant it to mean real separation , says the son .

The Orange Workers speak sincerely .

We agree with world opinion that the status quo in South Africa is morally wrong , says Pieter Bruwer , the Orange Workers ' chief scribe and pamphleteer .

We must either integrate honestly or segregate honestly . ''

Morgenzon has long been a special domain of Afrikanerdom .

According to Mr. Verwoerd , the early Afrikaner pioneers were the first people to settle in the eastern Transvaal , even before the blacks .

Then , when Morgenzon was incorporated in 1908 , the farmer who owned the land stipulated that only whites could reside in town ; blacks could work there , but they had to leave at night .

Today , Morgenzon is a town of 800 whites and two paved roads .

Weeds push up through the cracks in the sidewalks , and many houses and storefronts are empty .

There are few factories and no mines .

It was an ideal place for the Orange Workers to start their new nation , unencumbered by the demographics that have undermined apartheid elsewhere in South Africa .

So far , about 150 Orange Workers have moved here , spending nearly $ 1 million buying up property over the past three years .

Still , complete and total segregation remains elusive .

Just beyond the city limits is a shantytown of 2,000 blacks who are employed throughout the area .

Despite the Orange Workers ' intention to put them all out of work , they are in no hurry to leave .

A young man called July -LRB- that 's when he was born -RRB- , who works at the railroad station just up the street from the Orange Workers office , points at the whitewalled building and says matter-of-factly , We 're not allowed in there , that 's all I know . ''

The 650-or-so local whites who are n't Orange Workers are more troubled .

Try as they might , they just ca n't conceive of life without black workers .

Impossible , impossible , say the Conradies , an elderly couple who have run the general store for decades .

We ca n't do without their help , says Mrs. Conradie .

Oh no .

We need them and I thank God for them . ''

Over at the Shell station , owner Rudi van Dyk , who doubles as Morgenzon 's mayor , worries that the Orange Workers have made his town the laughingstock of the nation .

What they want us to do just is n't practical , he says , noting that he employs 16 blacks .

I could n't afford to hire 16 whites .

The only Afrikaners who would be willing to work for this salary would n't know how to handle money . ''

Back at the Verwoerd house , Hendrik Sr. peers down over the shoulder of Hendrik Jr .

The son believes that when the Afrikaners finally realize there is no turning back the integration of South African society and politics , Morgenzon will boom .

We urge our people not to wait until they have to fight for their own nation , says Mr. Verwoerd .

By populating a place now , we make ourselves a power any new government will have to take into account . ''

Curiously , he compares the Orange Workers to the ANC , which his father outlawed in 1960 .

The ANC won’t be stopped until there is a provision for black aspirations , says Mr. Verwoerd .

Likewise , no government will stop this idea of the Afrikaners . ''

He apologizes for sounding pushy .

Look , he says , If the rest of South Africa wants to have an integrated melting pot , that 's their choice .

We 'll leave them alone .

We just want to have our own cup of tea . ''

And they will even serve it themselves .

Okay , now you can pick up that phone .

But do n't do anything rash .

After last Friday 's stock-market plunge , investment professionals cautioned people to resist the urge to call their brokers and sell stocks .

Not selling into a panic turned out to be very good advice : Despite the market 's volatility , the Dow Jones Industrial Average has surged 114 points in the past four days .

Now , with a semblance of normalcy returning , some advisers say it 's time for investors to take a hard , cold look at the stocks they own and consider some careful pruning .

The market is sending nervous signals , says Peter J. Canelo , chief market strategist for Bear , Stearns & Co. , and it 's unwise '' to be overcommitted to stocks .

Alan Weston , president of Weston Capital Management , a Los Angeles money-management firm , adds that in periods of uncertainty like today , it 's a good time to cut out the dead branches of your portfolio . ''

Not everybody agrees that it 's time to trim .

We are n't inclined to prune stock portfolios now , says Steven G. Einhorn , chairman of the investment policy committee of Goldman , Sachs & Co .

Investors should stay with their stocks .

We expect a choppy and sloppy market for a short period , but we do n't think it will be ugly .

The downside is limited . ''

And even those who say some selective selling may be in order stress that individuals need to be in the stock market to achieve their long-term investment objectives and to help balance their other assets .

Any selling , they say , should be well thought-out , and executed gradually , during market rallies .

They offer these suggestions :

GET RID OF THE DOGS .

Sell stocks that are n't doing well now , and that do n't have good earnings prospects , says Alfred Goldman , technical analyst at St. Louis-based A.G. Edwards & Sons .

Most people do just the opposite : They sell their winners and keep their losers . ''

Which types of stocks are most likely to qualify ?

Technology stocks , says Mr. Goldman .

WATCH FOR EARNINGS DISAPPOINTMENTS .

A company does n't have to post a loss to be a candidate for sale , says Charles I. Clough Jr. , chief market strategist at Merrill Lynch & Co .

If earnings do n't live up to analysts ' expectations , he says , that 's enough to dump the stock .

John Markese , director of research for the American Association of Individual Investors , raises a cautionary note .

Substituting a rule of thumb for your own judgment '' can be a mistake , he says .

An earnings disappointment may reflect a situation that 's short-term .

But Mr. Clough says , The risk is that earnings disappointments will continue . ''

The economy is decelerating after six good years , and right now it 's better to shoot first and ask questions later . ''

Which types of stocks currently have the greatest earnings risks ?

Computer companies ; commodity cyclical stocks , like autos ; and retailing stocks , he says .

BEWARE OF HEAVY DEBT .

The companies apt to run into earnings problems soonest are the ones with heavy debt loads , says Larry Biehl , partner in the San Mateo , Calif. , money-management firm of Bailard , Biehl & Kaiser .

Mr. Canelo of Bear Stearns agrees : If we do have an economic slowdown , he says , companies with high debt ratios will be dumped en masse . ''

The best course for individual investors is to sell these stocks now , the two advisers say .

SELL WHISPER ' STOCKS .

UAL Corp. 's difficulty in obtaining bank financing for its leveraged buy-out and its resulting price plunge is a tip-off to what 's going to happen to takeover stocks , says Mr. Canelo .

Takeover activity will slow down as more and more banks tighten their lending requirements , he says .

There 'll be fewer and fewer deals . ''

Moreover , many financial advisers say individuals should be in the stock market as long-term investors , not as traders trying to catch the next hot stock .

In general , they say , avoid takeover stocks .

COMPARE P\/E RATIOS WITH PROSPECTS .

Mr. Canelo suggests that investors compare price\/earnings ratios -LRB- the price of a share of stock divided by a company 's per-share earnings for a 12-month period -RRB- with projected growth rates .

If you think earnings will grow at 20 % a year , it 's all right to pay 20 times earnings , he says .

But do n't pay 30 times earnings for a company that 's expected to grow at 15 % a year . ''

Mr. Canelo thinks the market will probably go higher , but will be ruthless with stocks if the earnings are n't there . ''

Mr. Markese cautions that investors should n't slavishly follow any specific price\/earnings sell trigger .

If you say sell anytime a company 's price\/earnings ratio exceeds 15 , that knocks out all your growth stocks , he says .

You eliminate companies with substantial prospects that are moving up in price . ''

EXAMINE WHAT HAS CHANGED .

Tom Schlesinger , market analyst at A.G. Edwards & Sons Inc. , says investors should consider selling if there has been a fundamental change in a company since they bought its stock .

Say you purchased a stock because of a new product that was in the works .

Now , because of various difficulties , the product has been scrapped .

Time to sell , says Mr. Schlesinger .

Similarly , he says , suppose you were attracted to a company because of expectations that sales would hit $ 200 million by 1990 .

If things have n't worked out that well , and sales won’t hit $ 200 million until 1992 , it 's time to consider selling , he says .

USX Corp. declined a United Steelworkers request for a reopening of its four-year labor contract that is due to expire Jan. 31 , 1991 .

The union on Oct. 5 requested that the contract be reopened to restore all pay and benefits that the union gave up in the 1982-83 and 1986-87 rounds of bargaining .

A United Steelworkers spokeman said Lynn Williams , the union 's president , was out of town .

The union won’t respond to the USX statement until Mr. Williams has studied it , the spokesman said .

Robert A. Oswald , chief financial officer and a director of this natural-gas pipeline company , was elected to the additional position of executive vice president .

In addition , Michael W. O'Donnell , executive vice president of a Columbia unit , was named assistant chief financial officer and a senior vice president of the parent company .

The appointments take effect Nov. 1 .

Both men are 44 years old .

This magazine and book publisher said three men were elected directors , increasing the board to 10 .

They are : James R. Eiszner , 62 years old and chairman and chief executive officer of CPC International Inc. ; Robert G. Schwartz , 61 , chairman , president and chief executive officer of Metropolitan Life Insurance Co. , and Walter V. Shipley , 53 , chairman and chief executive officer of Chemical Banking Corp .

BankAmerica Corp. reported a 34 % jump in third-quarter earnings , as its rocket-like recovery from nearly ruinous losses several years ago continued to be fueled by growth in consumer loans , higher interest margins and negligible loan losses .

For the quarter , BankAmerica said it earned $ 254 million , or $ 1.16 a share , compared with $ 190 million , or 97 cents a share , a year earlier .

BankAmerica spokesmen said preliminary reports indicate the company was n't materially affected by the Tuesday earthquake .

All but eight of the 850 branches , which had some structural damage , reopened yesterday for business .

Automated teller machine operations also were up and operating yesterday , a bank spokesman said .

For the first time in nearly two years , BankAmerica results failed to improve in consecutive quarters , but the decline from the second quarter was attributable to special factors .

Third-quarter profit was 16 % below the $ 304 million , or $ 1.50 a share , earned in the 1989 second quarter .

The company cited higher tax credits in the second quarter , totaling $ 63 million , compared with $ 28 million in the third quarter .

Excluding tax credits , profit was 6 % below the second quarter .

But that drop was caused entirely by a decline in Brazilian interest paid , to $ 5 million from $ 54 million the second quarter .

Moreover , BankAmerica continued to build its reserve against troubled foreign loans by boosting its loan-loss provision to $ 170 million , about the same as the previous quarter but well above the $ 100 million in the year-earlier quarter .

The provision rate was far above BankAmerica 's actual net credit losses of $ 24 million in the third quarter , compared with $ 18 million in the second period and $ 38 million a year earlier .

As a result , BankAmerica said its reserve against troubled foreign-country loans , once below 25 % , now amounts to 45 % of the $ 6.4 billion of non-trade debt it calculates it is owed by those nations .

That level is about the same as some other big banks , but far below the 85 % and 100 % reserves of Bankers Trust New York Corp. and J.P. Morgan & Co. , respectively .

By any measure , third-quarter earnings were still robust , equivalent to a 0.92 % return on assets even excluding tax credits .

By that key measure of operating efficiency , BankAmerica turned in a better performance than its well-regarded Los Angeles-based competitor , Security Pacific Corp. , which posted a 0.89 % return in the third quarter .

But it continued to badly trail its San Francisco neighbor , Wells Fargo & Co. , which reported an extraordinary 1.25 % return on assets .

Both returns do n't include any tax credits .

They -LCB- BankAmerica -RCB- continue to show good performance , said Donald K. Crowley , an analyst with Keefe , Bruyette & Woods Inc. , San Francisco .

In composite trading yesterday on the New York Stock Exchange , BankAmerica common stock edged up 12.5 cents to close at $ 32 a share .

Shareholder equity improved to 4.68 % from 4.23 % in the previous quarter .

The 4.52 % net interest margin , or the difference between the yield on a bank 's investments and the rate it pays for deposits and other borrowings , was still markedly higher than the 3.91 % ratio a year earlier , and is among the best in the industry , analysts said .

The high margin partly stems from continued strong growth in high-yielding consumer loans , which jumped 31 % to $ 17.47 billion from a year earlier , and residential mortgages , which rose 25 % to $ 12 billion .

BankAmerica 's total loans rose 8 % to $ 71.36 billion .

For the nine months , BankAmerica profit soared 81 % to $ 833 million , or $ 4.07 a share , from $ 461 million , or $ 2.40 a share .

International Business Machines Corp. will announce on Tuesday a slew of software products aimed at eliminating some of the major problems involved in computerizing manufacturing operations , industry executives said .

Many plant floors currently resemble a Tower of Babel , with computers , robots and machine tools that generally speak their own language and have trouble talking to each other .

As a result , if a problem develops on a production line , it is unlikely some supervisor sitting in front of a personal computer or workstation will know about it or be able to correct it .

So IBM will be announcing more than 50 products that will be aimed at letting even the dumbest machine tool talk to the smartest mainframe , or anything in between .

In an unusual display of openness , IBM also will be helping customers tie together operations that include lots of equipment made by IBM 's competitors .

In addition , the executives said IBM will be offering programming tools designed to let anyone working on a factory floor write ad-hoc software , for instance , to do statistical analysis that would pinpoint a problem on a manufacturing line .

In Armonk , N.Y. , an IBM spokeswoman confirmed that IBM executives will be announcing some computer-integrated-manufacturing plans next week but declined to elaborate .

The industry executives said that , as usual with such broad announcements from IBM , this one will be part reality and part strategy .

So it will take many quarters for IBM to roll out all the products that customers need , and it will take years for customers to integrate the products into their operations .

Also as usual , the products will appeal mostly to heavy users of IBM equipment , at least initially .

Still , consultants and industry executives said the products could help make manufacturing operations more efficient , and provide a boost to the computer-integrated-manufacturing market -- a market that Yankee Group , a research firm , has said may double to $ 40 billion by 1993 .

This is a step in the right direction , said Martin Piszczalski , a Yankee Group analyst .

He added , though , that a lot of this is intentions ... .

We 'll have to wait and see '' how the plan develops .

The announcements also should help IBM go on the offensive against Digital Equipment Corp. on the plant floor .

While IBM has traditionally dominated the market for computers on the business side of manufacturing operations and has done well in the market for design tools , Digital has dominated computerized manufacturing .

Hewlett-Packard Co. also has begun to gain share in the whole computer-integrated-manufacturing arena .

IBM will face an uphill climb against Digital , given Digital 's reputation for being better than IBM at hooking together different manufacturers ' computers .

In addition , Hewlett-Packard , while a much smaller player , has made a big commitment to the sorts of industry standards that facilitate those hookups and could give IBM some problems .

Both can be expected to go after the market aggressively : Gartner Group Inc. , a research firm , estimated the Digital gets 30 % of its revenue from the manufacturing market , and Hewlett-Packard gets 50 % .

IBM , which Gartner Group said generates 22 % of its revenue in this market , should be able to take advantage of its loyal following among buyers of equipment .

That is because many companies will standardize on certain types of equipment as the various parts of the manufacturing market merge , and IBM is the biggest player .

But much will depend on how quickly IBM can move .

The whole idea of computer-integrated manufacturing , CIM , seems to be making a comeback after losing a little luster over the past couple of years when it became apparent that it was n't a panacea that would make U.S. plants more efficient and banish foreign competition .

Erik Keller , a Gartner Group analyst , said organizational changes may still be required to really take advantage of CIM 's capabilities -- someone on the shop floor may not like having someone in an office using a personal computer to look over his shoulder , for instance , and may be able to prevent that from happening .

But he said a system such as IBM 's should help significantly .

In making polyethylene sheets out of plastic chips , for instance , a chip sometimes does n't melt , gets caught in the machinery and creates a run in the sheets .

That can be expensive , because the problem may not be noticed for a while , and the sheets are typically thrown away .

But Mr. Keller said that , if computers can be integrated into the process , they could alert an operator as soon as the problem occurred .

They could also check through the orders on file to find a customer that was willing to accept a lower grade of polyethylene .

The computer would let the machine run just until that order was filled , eliminating waste .

This sort of improved link figures to eventually become a significant weapon for some companies .

Companies might be able to tell salespeople daily , for instance , about idle equipment , so they could offer discounts on whatever that equipment produces .

Salespeople also could get a precise reading on when products could be delivered -- in much the same way that Federal Express has marketed its ability to tell exactly where a package is in the delivery system .

Ford Motor Co. 's Merkur , the company 's first new car franchise in the U.S. since the Edsel was unveiled in 1957 , now will share Edsel 's fate .

Ford said yesterday it will halt imports of the Merkur Scorpio , a $ 28,000 luxury sedan built by Ford of Europe in West Germany .

The cars are sold under a separate franchise with its own sign in front of Lincoln-Mercury dealers -- as opposed to new models such as Taurus or Escort , which are sold under existing Ford divisions .

The move to halt imports -- announced 29 years and 11 months to the day after Henry Ford II declared that the Edsel division and its gawky car would be scrapped -- kills the four-year-old Merkur brand in the U.S. market .

It will continue to be sold in the European market .

Merkur 's death is n't nearly as costly to Ford as was the Edsel debacle , because Merkur was a relatively low-budget project with limited sales goals .

Still , Merkur 's demise is a setback for Ford at a time when the company 's image as the U.S. auto maker with the golden touch is showing signs of strain .

The No. 2 auto maker 's new Thunderbird and Mercury Cougar models have n't met sales expectations in the year since they were introduced , and Ford 's trucks are losing ground to their GM rivals .

This fall , Ford introduced only one new product : A restyled version of its hulking Lincoln Town Car luxury model .

The demise of Merkur -LRB- pronounced mare-COOR -RRB- comes after a September in which 670 Merkur dealers managed to sell only 93 Scorpios .

Total Merkur sales for the first nine months dropped 46 % from a year ago to just 6,320 cars .

Merkur is n't the only European luxury brand having problems in the U.S. .

The Japanese assault on the luxury market is rapidly overshadowing such European makes as Audi and Saab , which at least have clear brand images .

Merkur , as an import on domestic car lots , suffered from the same sort of image confusion that is hobbling sales of imports at General Motors Corp. and Chrysler Corp .

Merkur was originally aimed at enticing into Lincoln-Mercury dealerships the kind of young , affluent buyers who would n't be caught dead in a Town Car -- a vehicle so bargelike that Ford is staging a press event next month linking the Town Car 's launch to the commissioning of a new aircraft carrier in Norfolk , Va .

But the brand had trouble from the start .

The first Merkur , the XR4Ti , went on sale in early 1985 .

The sporty coupe foundered in part because American buyers didn’t go for the car 's unusual double-wing rear spoiler .

In May 1987 , Ford began importing the Scorpio sedan from West Germany to sell next to a redesigned XR4Ti in showrooms .

Ford officials said they expected the two Merkurs would sell about 15,000 cars a year , and in 1988 they reached that goal , as sales hit 15,261 cars .

It was downhill from there , however .

One major factor was the decline of the dollar against the mark , which began less than a year after Merkur 's 1985 launch .

As the West German currency rose , so did Merkur prices .

The Merkur cars also suffered from spotty quality , some dealers say .

It was like a comedy of errors , says Martin J. Hoot '' McInerney , a big dealer whose Star Lincoln-Mercury-Merkur operation in Southfield , Mich. , sold more XR4Ti 's than any other dealership .

But by the third quarter of 1988 , Scorpios had a high satisfaction rating in internal Ford studies , a spokesman said .

Apparently , however , the improvement came too late .

Last fall , Ford announced it would discontinue the XR4Ti in the U.S. at the end of the 1989 model year .

Ford said then it would keep the Scorpio .

This year , Scorpio sales plummeted , and at the current sales pace it would take Ford 242 days to sell off the current Scorpio inventory of about 4,600 cars .

Canadian Pacific Ltd. said it proposed acquiring the 44 % of Soo Line Corp. it does n't already own for $ 19.50 a share , or about $ 81.9 million , after failing to find a buyer for its majority stake earlier this year .

Soo Line said its board appointed a special committee of independent directors to study the proposal .

The troubled Minneapolis-based railroad concern said the committee has the authority to hire financial and legal advisers to assist it .

The proposed acquisition will be subject to approval by the Interstate Commerce Commission , Soo Line said .

In New York Stock Exchange composite trading yesterday , Soo Line shares jumped well above the proposed price , closing at $ 20.25 , up $ 2.75 .

Canadian Pacific put its 56 % stake in Soo Line up for sale last year but could n't find any takers .

Canadian Pacific , which has interests in transportation , telecommunications , forest products , energy and real estate , finally took its majority block off the market this spring .

It turned out we could n't sell it , a Canadian Pacific official said , adding that acquiring the remainder of Soo Line is now the best way to rationalize operations . ''

Canadian Pacific is Soo Line 's biggest customer and has owned a majority stake in the U.S. railroad since 1947 .

Canadian Pacific and Soo Line tracks connect at two points in the West on the Canada-U.S. border and the two companies operate a very successful Chicago-Montreal rail service .

Separately , for the first nine months , Soo Line reported a loss of $ 398,000 , or four cents a share , compared with net income of $ 12.5 million , or $ 1.32 a share , a year earlier .

Revenue fell 5.8 % to $ 407.9 million from $ 433.2 million .

The company had a loss from operations of $ 1.7 million .

Golden Nugget Inc. reported a third-quarter net loss of $ 13.1 million , or 76 cents a share , based on 17.2 million common shares and dilutive equivalents outstanding .

The results compare with a year-earlier net loss of $ 1.5 million , or seven cents a share , based on 20.3 million common and dilutive equivalents outstanding .

Operating revenue rose 25 % to $ 52.1 million from $ 41.8 million a year ago .

Results for the latest quarter include nonoperating items of $ 23.9 million , versus $ 8.4 million a year earlier .

Most of the expenses stem from the company 's huge Mirage resort-casino scheduled to open next month along the Strip , and an April 1989 financing by units operating the downtown Golden Nugget property .

For the nine months , Golden Nugget reported a net loss of $ 11.4 million , or 69 cents a share , based on 16.6 million common and dilutive equivalents outstanding .

The year earlier , the company had a net loss of $ 4.3 million , or 20 cents a share , based on 21 million common shares and dilutive equivalents outstanding .

The 1988 results include a $ 10.7 million charge stemming from a litigation judgment .

Separately , the casino operator said its board approved a plan to buy-back as many as three million common shares from time to time , either in the open market or through private transactions .

An additional 299,000 shares are authorized for repurchase under an earlier stock buy-back program .

John Uphoff , an analyst with Raymond James & Associates , said the results were n't surprising , and attributed the buy-back to management 's confidence in the Mirage 's ability to generate strong cash flow in 1990 .

Yesterday , in New York Stock Exchange composite trading , Golden Nugget common closed at $ 28.25 , up $ 2 .

Capital Holding Corp. said it requested and received the resignation of John A. Franco , its vice chairman , as an officer and a director of the life insurance holding company .

The company said Mr. Franco developed a plan to establish a business that might be competitive with Capital Holding Corp. 's Accumulation and Investment Group , which Mr. Franco headed .

The group temporarily will report to Irving W. Bailey II , chairman , president and chief executive officer of Capital Holding .

Mr. Franco , 47 years old , said in a telephone interview that he has been considering and discussing a number of possible business ventures , but that nothing is at a mature stage . ''

He said he didn’t argue with '' the company 's decision to seek his resignation because contemplating outside business ventures can distract an executive from performing his best at the job he is paid to do . ''

Martin H. Ruby , a managing director of Capital Holding 's Accumulation and Investment Group , also resigned to pursue other business interests , Capital Holding said .

Mr. Ruby , 39 , said that he had an amicable parting '' with Capital Holding and that he has a number of ventures in the financial-services area '' under consideration .

He said that his resignation was a mutual decision with Capital Holding management , but that he was n't actually asked to resign .

The Accumulation and Investment Group is responsible for the investment operations of all Capital Holding 's insurance businesses and markets guaranteed investment contracts to bank trust departments and other institutions .

It also sells single-premium annuities to individuals .

Mr. Bailey said he expects to name a new group president to head that operation following the Nov. 8 board meeting .

@

Money Market Deposits - a 6.23 %

a - Average rate paid yesterday by 100 large banks and thrifts in the 10 largest metropolitan areas as compiled by Bank Rate Monitor .

b - Current annual yield .

Guaranteed minimum 6 % .

-LRB- During its centennial year , The Wall Street Journal will report events of the past century that stand as milestones of American business history . -RRB-

PLASTIC PENCILS , CODE-NAMED E-71 , made their hush-hush debut in children 's pencil boxes at five-and-dime stores in 1973 .

But few knew it then and most still think all pencils are wooden .

Eagle Pencil of Shelbyville , Tenn. , Pencil City U.S.A. , had made its earliest pilot plastic pencils in 1971 .

But it was n't until after it hired Arthur D. Little , a Cambridge , Mass. , research concern , that its new product was refined for commercial sale in 1973 .

Three A.D.L. inventors applied April 6 , 1973 , for the patent , which was assigned and awarded in 1976 to Hasbro Industries , then Eagle 's parent .

Pencil pushers chew and put the plastic models behind their ears just like traditional pencils made of glued strips of California incense cedar filled with ceramic lead .

It takes five steps to make standard pencils , just one for the plastic type .

Automated machines coextrude long plastic sheaths with graphite-plastic cores that are printed , cut , painted and eraser-fitted .

After more than 200 years , something new has happened to pencils , said Arthur D. Little in a 1974 report that publicly described the previously secret item .

Eagle 's plastic type sharpens and looks like a wooden pencil .

A major difference is that a snapped wooden pencil will have a slivered break while a plastic model will break cleanly .

The softness of the core constrains the plastic models to No. 1 , No. 2 or No. 3-type pencils , which account for the bulk of the market .

Artists and draftsmen need harder leads . ''

Eagle , now called Eagle-Berol , remains a leading company among the 10 in the U.S. that produced about 2.3 billion pencils last year , according to the Pencil Makers Association .

It 's a trade secret how many were plastic , and most writers still do n't know what they 're using .

H.F. Ahmanson & Co. , the nation 's largest thrift holding company , posted a 12 % earnings decline for the third quarter while another large California savings and loan , Great Western Financial Corp. , reported a slight earnings gain .

H.F. Ahmanson , parent of Home Savings of America , reported third-quarter net of $ 49.2 million , or 50 cents a share , down from $ 56.1 million , or 57 cents a share , in the year-earlier period .

Most of the earnings decline reflected an increase in the company 's effective tax rate to 44 % from 37 % in the year-ago third quarter when nonrecurring tax credits were recorded , the company said .

Pretax earnings declined 1.3 % .

For the nine months , Los Angeles-based H.F. Ahmanson had profit of $ 128.1 million , or $ 1.29 a share , a 4.6 % decline from earnings of $ 134.2 million in the year-ago nine months .

The company said the decline was attributable to a 79 % reduction in net gains on loan sales this year .

Third-quarter spreads widened to the highest level in two years as loan portfolio yields rose and money costs declined , the company said .

Great Western Financial said third-quarter profit rose slightly to $ 68.4 million , or 52 cents a share , from $ 67.9 million , or 53 cents a share , from a year ago .

Great Western , based in Beverly Hills , Calif. , is a financial services firm and parent to Great Western Bank , an S&L .

Great Western said it had a sharp increase in margins in the recent third quarter .

Margins are the difference between the yield on the company 's earning assets and its own cost of funds .

But a reduction in one-time gains on the sale of various assets and an increase in the company 's provision for loan losses held down the earnings gain , the company said .

Great Western 's provision for loan losses was increased to $ 27.9 million for the recent quarter compared with $ 21.8 million a year ago primarily as a result of continued weakness in various commercial and multifamily real estate markets outside California . ''

For the nine months Great Western posted net of $ 177.5 million , or $ 1.37 a share , a 5.9 % decline from $ 188.7 million , or $ 1.48 a share , in the year-ago period .

Dun & Bradstreet Corp. posted a 15 % rise in third-quarter earnings .

But revenue declined more than 2 % , reflecting in part a continuing drop in sales of credit services in the wake of controversy over the company 's sales practices .

The information company also cited the stronger dollar , the sale last year of its former Official Airline Guides unit and other factors .

Net income rose to a record $ 155.3 million , or 83 cents a share , from $ 134.8 million , or 72 cents a share .

Revenue fell to $ 1.04 billion from $ 1.07 billion .

In composite trading on the New York Stock Exchange , Dun & Bradstreet closed yesterday at $ 53.75 , down 25 cents a share .

Analysts said the results were as expected , but several added that the earnings masked underlying weaknesses in several businesses .

The quality of earnings was n't as high as I expected , said Eric Philo , an analyst for Goldman , Sachs & Co .

For example , he noted , operating profit was weaker than he had anticipated , but nonoperating earnings of $ 14.6 million and a lower tax rate helped boost net income .

Dun & Bradstreet said operating earnings rose 8 % , excluding the sale of Official Airline Guides .

Third-quarter sales of U.S. credit services were disappointingly below sales '' of a year earlier , Dun & Bradstreet said .

As previously reported , those sales have been declining this year in the wake of allegations that the company engaged in unfair sales practices that encouraged customers to overpurchase services .

The company has denied the allegations but has negotiated a proposed $ 18 million settlement of related lawsuits .

Analysts predict the sales impact will linger .

There is n't much question there will continue to be a ripple effect , said John Reidy , an analyst with Drexel Burnham Lambert Inc .

Dun & Bradstreet noted that price competition in its Nielsen Marketing Research , Nielsen Clearing House and Donnelley Marketing businesses also restrained revenue growth .

It cited cyclical conditions in its Moody 's Investors Service Inc. and D&B Plan Services units .

For the nine months , net income rose 19 % to $ 449 million , or $ 2.40 a share , from $ 375.9 million , or $ 2.01 a share , a year earlier .

Year-earlier earnings reflected costs of $ 14.3 million related to the acquisition of IMS International .

Revenue rose slightly to $ 3.16 billion from $ 3.13 billion .

Control Data Corp. said it licensed its airline yield-management software to the International Air Transport Association .

Terms include a royalty arrangement , but details were n't disclosed .

The computer equipment and financial services company said IATA , a trade group , will sell access to the package to its 180 airline members world-wide .

Control Data will receive revenue linked to the number of passengers served by the software , IATA said .

The package helps carriers solve pricing problems , such as how to react to discounts offered by competitors or what would be the optimum number of seats to offer at a given price .

Wheeling-Pittsburgh Steel Corp. said it decided to proceed with installation of automatic gauge and shape controls at its 60-inch tandem cold rolling mill in Allenport , Pa .

The new equipment , which will produce steel sheet with more uniform thickness and flatness , is likely to cost more than $ 20 million , the company said .

When the company last considered adding the equipment two years ago , it estimated the cost at $ 21 million to $ 22 million , but a task force will have to prepare a detailed plan before the company can predict the current cost .

The time schedule for installing the equipment also will be developed by the task force , the company said .

Sir Richard Butler , 60-year-old chairman of Agricola -LRB- U.K . -RRB- Ltd. , was named chairman of County NatWest Investment Management Ltd. , the investment management subsidiary of County NatWest Ltd. , the investment banking arm of this British bank .

Sir Richard succeeds John Plastow , who resigned in July .

Sir Richard is also a non-executive director at National Westminister Bank and NatWest Investment Bank Ltd .

In the long , frightening night after Tuesday 's devastating earthquake , Bay Area residents searched for comfort and solace wherever they could .

Some found it on the screen of a personal computer .

Hundreds of Californians made their way to their computers after the quake , and checked in with each other on electronic bulletin boards , which link computers CB-radio-style , via phone lines .

Some of the most vivid bulletins came over The Well , a Sausalito , Calif. , board that is one of the liveliest outposts of the electronic underground .

About two-thirds of the Well 's 3,000 subscribers live in the Bay Area .

The quake knocked The Well out for six hours , but when it came back up , it teemed with emotional first-hand reports .

Following are excerpts from the electronic traffic that night .

The time is Pacific Daylight Time , and the initials or nicknames are those subscribers use to identify themselves .

11:54 p.m .

JCKC :

Wow !

I was in the avenues , on the third floor of an old building , and except for my heart -LRB- Beat , BEAT ! -RRB- I 'm OK .

Got back to Bolinas , and everything had fallen : broken poster frames with glass on the floor , file cabinets open or dumped onto the floor .

11:59 p.m .

JKD :

I was in my favorite watering hole , waiting for the game to start .

I felt the temblor begin and glanced at the table next to mine , smiled that guilty smile and we both mouthed the words , Earth-quake ! '' together .

That 's usually how long it takes for the temblors to pass .

This time , it just got stronger and then the building started shaking violently up and down as though it were a child 's toy block that was being tossed .

12:06 a.m .

HRH :

I was in the Berkeley Main library when it hit .

Endless seconds wondering if those huge windows would buckle and shower us with glass .

Only a few books fell in the reading room .

Then the auto paint shop fire sent an evil-looking cloud of black smoke into the air .

12:07 a.m .

ONEZIE :

My younger daughter and I are fine .

This building shook like hell and it kept getting stronger .

Except for the gas tank at Hustead 's Towing Service exploding and burning in downtown Berkeley , things here are quite peaceful .

A lot of car alarms went off .

The cats are fine , although nervous .

12:15 a.m .

DHAWK :

Huge fire from broken gas main in the Marina in SF .

Areas that are made of fill ' liquefy .

A woman in a three-story apartment was able to walk out the window of the third floor onto street level after the quake .

The house just settled right down into the ground .

12:38 a.m .

DAYAC :

I was driving my truck , stopped at a red light at the corner of Shattuck and Alcatraz at the Oakland-Berkeley border when it hit .

Worst part was watching power lines waving above my head and no way to drive away .

12:48 a.m .

LMEYER :

Was 300 ft. out on a pier in San Rafael .

It flopped all around , real dramatic !

Many hairline cracks in the concrete slabs afterwards .

Ruined the damn fishing !

1:00 a.m .

HEYNOW :

I rode it out on the second floor of Leo 's at 55th and Telegraph in Oakland .

I heard parts of the building above my head cracking .

I actually thought that I might die .

I could n't decide if I should come home to Marin , because my house is on stilts .

I decided to brave the storm .

There was a horrible smell of gas as I passed the Chevron refinery before crossing the Richmond-San Rafael Bridge .

I could also see the clouds across the bay from the horrible fire in the Marina District of San Francisco .

I have felt many aftershocks .

My back is still in knots and my hands are still shaking .

I think a few of the aftershocks might just be my body shaking .

1:11 a.m.

GR8FLRED :

I could see the flames from San Francisco from my house across the bay .

It 's hard to believe this really is happening .

1:11 a.m .

RD :

Building on the corner severely damaged , so an old lady and her very old mother are in the guest room .

Books and software everywhere .

This being typed in a standing position .

1:20 a.m .

DGAULT :

Bolinas -- astride the San Andreas Fault .

Didn’t feel a thing , but noticed some strange bird behavior .

Duck swarms .

3:25 a.m .

SAMURAI :

I just felt another aftershock a few seconds ago .

I 'm just numb .

3:25 a.m .

MACPOST :

Downtown Bolinas seems to be the part of town that 's worst off .

No power , minimal phones , and a mess of mayonnaise , wine , and everything else all over the floors of the big old general store and the People 's Co-op .

The quivers move through my house every few minutes at unpredictable intervals , and the mouse that 's been living in my kitchen has taken refuge under my desk .

It runs out frantically now and then , and is clearly pretty distressed .

I was in Stinson Beach when the quake rolled through town .

At first , we were unfazed .

Then as things got rougher , we ran for the door and spent the next few minutes outside watching the brick sidewalk under our feet oozing up and down , and the flowers waving in an eerie rhythm .

Amazing what it does to one 's heart rate and one 's short-term memory .

Everyone looked calm , but there was this surreal low level of confusion as the aftershocks continued .

4:02 a.m .

SHIBUMI :

Power is back on , and UCSF -LCB- medical center -RCB- seems to have quieted down for the night -LRB- they were doing triage out in the parking lot from the sound and lights of it -RRB- .

A friend of mine was in an underground computer center in downtown SF when the quake hit .

He said that one of the computers took a three-foot trip sliding across the floor .

Today should be interesting as people realize how hard life is going to be here for a while .

4:30 a.m .

KIM :

I got home , let the dogs into the house and noticed some sounds above my head , as if someone were walking on the roof , or upstairs .

Then I noticed the car was bouncing up and down as if someone were jumping on it .

I realized what was happening and screamed into the house for the dogs .

Cupboard doors were flying , the trash can in the kitchen walked a few feet , the dogs came running , and I scooted them into the dog run and stood in the doorway myself , watching the outside trash cans dance across the concrete .

When I realized it was over , I went and stood out in front of the house , waiting and praying for Merrill to come home , shivering as if it were 20 below zero until he got there .

Never in my life have I been so frightened .

When I saw the pictures of 880 and the Bay Bridge , I began to cry .

5:09 a.m .

JROE :

The Sunset -LCB- District -RCB- was more or less like a pajama party all evening , lots of people & dogs walking around , drinking beer .

6:50 a.m .

CAROLG :

I was just sitting down to meet with some new therapy clients , a couple , and the building started shaking like crazy .

It 's a flimsy structure , built up on supports , and it was really rocking around .

The three of us stopped breathing for a moment , and then when it kept on coming we lunged for the doorway .

Needless to say , it was an interesting first session !

7:13 a.m .

CALLIOPE :

Albany escaped embarrassingly unscathed .

Biggest trouble was scared family who could n't get a phone line through , and spent a really horrible hour not knowing .

8:01 a.m .

HLR :

Judy and I were in our back yard when the lawn started rolling like ocean waves .

We ran into the house to get Mame , but the next tremor threw me in the air and bounced me as I tried to get to my feet .

We are all fine here , although Mame was extremely freaked .

Kitchen full of broken crystal .

Books and tapes all over my room .

Not one thing in the house is where it is supposed to be , but the structure is fine .

While I was standing on the lawn with Mame , waiting for another tremor , I noticed that all the earthworms were emerging from the ground and slithering across the lawn !

9:31 a.m.

GR8FLRED :

It 's amazing how one second can so completely change your life .

9:38 a.m .

FIG :

I guess we 're all living very tentatively here , waiting for the expected but dreaded aftershock .

It 's hard to accept that it 's over and only took 15 seconds .

I wonder when we 'll be able to relax .

9:53 a.m .

PANDA :

Flesh goes to total alert for flight or fight .

Nausea seems a commonplace symptom .

Berkeley very quiet right now .

I walked along Shattuck between Delaware and Cedar at a few minutes before eight this morning .

Next to Chez Panisse a homeless couple , bundled into a blue sleeping bag , sat up , said , Good morning '' and then the woman smiled , said , Is n't it great just to be alive ? ''

I agreed .

It is .

Great .

Georgia-Pacific Corp. , exceeding some analysts ' expectations , said third-quarter earnings rose 56 % to $ 178 million , or $ 2.03 a share , from $ 114 million , or $ 1.19 a share , in the year-earlier period .

Sales increased 10 % to $ 2.65 billion from $ 2.41 billion .

Per-share earnings were enhanced by the company 's share buy-back program , which reduced the average shares outstanding to 87.5 million in the quarter from 95.8 million in the same quarter of 1988 .

With strong prices in the company 's two major areas -- building products as well as pulp and paper -- analysts had expected a roaring quarter .

But the performance exceeded some estimates of around $ 1.90 a share .

Fueling the growth , among other things , were higher-than-expected prices for certain building products .

One reason : efforts to protect the spotted owl led to restrictions on logging in the Pacific Northwest , constricting supply and forcing prices up .

Another reason : strikes , both at Georgia-Pacific and other lumber companies also cut supplies and raised prices , analysts said .

For the nine months , Georgia-Pacific 's earnings increased 49 % to $ 504 million , or $ 5.58 a share , from $ 338 million , or $ 3.41 a share .

Sales rose 11 % to $ 7.73 billion from $ 6.94 billion .

In composite New York Stock Exchange Trading , Georgia-Pacific stock rose $ 1.25 a share yesterday to close at $ 58 .

The House Public Works and Transportation Committee approved a bill that would give the Transportation Department power to block airline leveraged buy-outs , despite a clear veto threat from the Bush administration .

The 23-5 vote clears the way for consideration on the House floor next week or the week after .

Transportation Secretary Samuel Skinner , in a letter to the committee , warned that he would urge President Bush to veto the legislation if it passed Congress .

The Senate Commerce Committee already has approved similar legislation .

On Monday , a letter from Mr. Skinner 's deputy , Elaine Chao , said the administration opposed the legislation in its present form . ''

Some of the bill 's supporters had taken heart from the fact that the letter was n't signed by Mr. Skinner and that it didn’t contain a veto threat .

The stepped-up administration warnings annoyed some lawmakers , especially senior Republicans who supported the bill because they thought the Transportation Department favored it .

We backed this bill because we thought it would help Skinner , one Republican said , and now we 're out there dangling in the wind . ''

A few weeks ago , Mr. Skinner testified before Congress that it would be cleaner , more efficient '' if he had authority to block buy-outs in advance .

But he never took an official position on the bill and has steadfastly maintained that he already has enough authority to deal with buy-outs .

Under the committee bill , the Transportation secretary would have 30 days , and an additional 20 days if needed , to review any proposed purchase of 15 % or more of a major U.S. airline 's voting stock .

The secretary would be required to block an acquisition if he concluded that it would so weaken an airline financially that it would hurt safety or reduce the carrier 's ability to compete , or if it gave control to a foreign interest .

Although the legislation would apply to any acquisition of a major airline , it is aimed at transactions financed by large amounts of debt .

Supporters of the bill are concerned an airline might sacrifice costly safety measures in order to repay debt .

The panel 's action occurs in a politically charged atmosphere surrounding recent buy-out proposals , their apparent collapse and the volatile conditions in the stock market .

It became apparent in hearings that there ought to be regulation of leveraged buy-outs of some sort , Rep. James Oberstar -LRB- D. , Minn. -RRB- , chairman of the House Aviation Subcommittee , said during the panel 's deliberations .

I do n't believe in the airline business you can be totally laissez-faire because of the high degree of public interest '' at stake .

But Mr. Skinner disagreed , calling the legislation a retreat from the policy of deregulaton of the airline industry . ''

In his letter to Committee Chairman Glenn Anderson -LRB- D. , Calif. -RRB- , the secretary also said the bill would be at odds with the administration 's policies welcoming open foreign investment and market allocation of resources . ''

Currently , the Transportation Department does n't have the authority to block a takeover in advance .

However , if the secretary concludes that a transaction has made a carrier unfit to operate , the department may revoke its certificate , grounding the airline .

Such authority is more than adequate , say opponents of the legislation .

But supporters argue that grounding an airline is so drastic that the department would hesitate doing it .

The panel rejected a proposal pushed by AMR Corp. , the parent of American Airlines , to allow the Transportation secretary to block corporate raiders from waging proxy fights to oust boards that oppose a leveraged buy-out .

It also voted down proposals to give the secretary much more discretion on whether to block a buy-out and to require the department to consider the impact of a buy-out on workers .

London shares rallied to post strong gains after initial fears evaporated that the California earthquake would depress Wall Street prices .

Tokyo stocks , which rebounded strongly Tuesday , extended their gains yesterday , but most other Asian and Pacific markets closed sharply lower .

In London , the Financial Times-Stock Exchange 100-share index jumped 34.6 points to close at its intraday high of 2170.1 .

The index was under pressure for most of the morning over concerns that the effects of Tuesday night 's major earthquake in the San Francisco area would undermine the U.S. market .

The mood changed after dealers reappraised the direct impact of the disaster on shares and Wall Street rebounded from early losses .

The Financial Times 30-share index settled 27.8 points higher at 1758.5 .

Volume was 449.3 million shares , the slowest of a hectic week , compared with 643.4 million Tuesday .

U.K. composite , or non-life , insurers , which some equity analysts said might be heavily hit by the earthquake disaster , helped support the London market by showing only narrow losses in early trading .

The insurers ' relative resilience gave the market time to reappraise the impact of the California disaster on U.K. equities , dealers said .

Dealers said the market still has n't shaken off its nervousness after its bumpy ride of the past several sessions , caused by interest-rate increases last week and Wall Street 's 6.9 % plunge Friday .

But technical factors , including modest gains in the value of the pound , helped draw buying back into the market and reverse losses posted a day earlier .

Among composite insurers , General Accident rose 10 pence to # 10.03 -LRB- $ 15.80 -RRB- a share , Guardian Royal climbed 5 to 217 pence , Sun Alliance rose 3 to 290 , and Royal Insurance jumped 12 to 450 .

Life insurers fared similarly , with Legal & General advancing 3 to 344 , although Prudential fell 2 to 184 1\/2 .

Pearl Group rose 5 to 628 , and Sun Life finished unchanged at # 10.98 .

Most banking issues retreated after a sector downgrade by Warburg Securities , although National Westminister showed strength on positive comments from brokerage firms about its long-term prospects .

NatWest , the most actively traded of the banks , finished at 300 , up 1 .

B.A.T Industries fell in early dealings but recovered to finish at 754 , up 5 .

Dealers said the market was nervous ahead of a special B.A.T holders ' meeting today .

The session is to consider a defensive plan to spin off assets to fend off Sir James Goldsmith 's # 13.4 billion bid for B.A.T .

The recent stock market drop has shaken confidence in the plan , but dealers said the shares fell initially on questions about whether Mr. Goldsmith 's highly leveraged bid will come to fruition .

Trading was suspended in WCRS Group , a U.K. advertising concern , pending an announcement that it is buying the remaining 50 % of France 's Carat Holding for 2.02 billion French francs -LRB- $ 318.7 million -RRB- and expanding commercial and equity ties with advertising group Eurocom .

Merchant banker Morgan Grenfell climbed 14 to 406 on renewed takeover speculation .

S.G. Warburg , also mentioned in the rumor mill , jumped 14 at to 414 .

Jaguar advanced 19 to 673 as traders contemplated a potential battle between General Motors and Ford Motor for control of the U.K. luxury auto maker .

Tokyo 's Nikkei index of 225 issues rose 111.48 points , or 0.32 % , to 35107.56 .

The index gained 527.39 Tuesday .

Volume was estimated at 800 million shares , compared with 678 million Tuesday .

Declining issues outnumbered advancers 505-455 , with 172 unchanged .

The Tokyo Stock Price Index of all issues listed in the first section , which gained 41.76 Tuesday , was up 0.24 points , or 0.01 % , at 2642.88 .

In early trading in Tokyo Thursday , the Nikkei index rose 135.09 points to 35242.65 .

On Wednesday , shares were pushed up by index-related buying on the part of investment trusts as well as small orders from individuals and corporations , traders said .

Institutions , meanwhile , stepped back to the sidelines as the direction of U.S. interest rates remained unclear .

The uncertainty was multiplied by the persistent strength of the dollar , traders said , and by the U.S. trade deficit , which widened by 31 % in August from the previous month .

Traders and analysts said they didn’t see any effect on Tokyo stocks from the California earthquake .

The impact on Japanese insurers and property owners with interests in the San Francisco area is still being assessed , they said .

Buying was scattered across a wide range of issues , making the session fairly characterless , traders said .

With uncertainty still hanging over interest rates and the dollar , the market failed to find a focus that might lead to further investor commitments , they said .

Some traders said the popularity of issues that gained yesterday won’t last long , as investors will rotate their buying choices over the short term .

Interest rate-sensitive shares such as steel , construction and electric utility companies , which rose early in the week , saw their advance weaken yesterday .

Traders said these issues need large-volume buying to push up their prices , so substantial gains are n't likely unless institutional investors participate .

An outstanding issue in yesterday 's session was Mitsubishi Rayon , which surged 95 to 905 yen -LRB- $ 6.34 -RRB- a share .

Its popularity was due to speculation about the strong earnings potential of a new type of plastic wrap for household use , a trader at County Natwest Securities Japan said .

Some laggard food issues attracted bargain-hunters , traders said .

Kirin Brewery was up 100 at 2,000 , and Ajinomoto gained 70 to 2,840 .

Pharmaceuticals were mostly higher , with SS Pharmaceutical gaining 140 to 1,980 .

Shares closed lower in other major Asian and Pacific markets , including Sydney , Hong Kong , Singapore , Taipei , Wellington , Seoul and Manila .

Most of those markets had rebounded the day before from Monday 's slide .

But unlike the Tokyo exchange , they failed to extend the rise to a second session .

Elsewhere , prices surged for a second day in Frankfurt , closed higher in Zurich , Stockholm and Amsterdam and were broadly lower in Milan , Paris and Brussels .

South African gold stocks ended marginally firmer .

In Brussels , it was the first trading day for most major shares since stocks tumbled on Wall Street Friday .

Trading had been impeded by a major computer failure that took place before the start of Monday 's session .

Here are price trends on the world 's major stock markets , as calculated by Morgan Stanley Capital International Perspective , Geneva .

To make them directly comparable , each index is based on the close of 1969 equaling 100 .

The percentage change is since year-end .

Housing construction sank in September to its lowest level since the last recession , the Commerce Department reported .

Work began on homes and apartments at an annual rate of 1,263,000 units last month , down 5.2 % from August , the department said .

The September decline followed an even steeper drop of 6.2 % in August and left housing starts at their weakest since October 1982 , when the country was nearing the end of a recession .

Originally the department had reported the August decline as 5 % .

The numbers suggest that the housing industry is still suffering the effects of the Federal Reserve 's battle against inflation .

The industry had shown signs of recovery this summer , after the central bank began to relax its clamp on credit , allowing interest rates to drop a bit after pushing them up for a year .

Sales of new homes rose and inventories of houses , which had been climbing , dropped .

But last month new construction in all types of homes waned , from single-family houses to large apartment complexes .

It 's pretty much weak across the board , said Martin Regalia , chief economist of the National Council of Savings Institutions .

Mr. Regalia said the industry may be reluctant to step up building at the moment for fear the inventories of unsold homes will increase again .

Another reason for the weakness , he said , may be that mortgage rates have hit a plateau since they began edging down after a peak in March .

In August , rates on 30-year fixed-rate mortgages started creeping up a bit , but they inched down again through September .

Rates have n't really peeled off that much , Mr. Regalia said .

We 've kind of settled now into an interest-rate environment that 's fairly high . ''

Work was begun on single family homes -- the core of the housing market -- at an annual rate of 971,000 in September , a drop of 2.1 % from the previous month .

That followed a 3.3 % decline in August .

Construction of apartments and other multi-family dwellings slipped 2.2 % to an annual rate of 1,022,000 following a 3.5 % decline in August .

The number of building permits issued for future construction dropped 2.4 % to a 1,296,000 annual rate after rising 3.7 % in August .

All the numbers were adjusted for normal seasonal variations in building activity .

The housing starts numbers , however , are one of the least precise of the government 's economic indicators and are often revised significantly as more information is collected .

Shearson Lehman Hutton Holdings Inc. posted a sharp third-quarter turnaround from a year earlier , but net income would have dropped from the second quarter without a $ 37 million after-tax gain .

The securities firm posted third-quarter net of $ 66 million , or 64 cents a share , compared with a restated year-earlier loss of $ 3 million , or 11 cents a share .

Revenue climbed 25 % to $ 3.3 billion from $ 2.6 billion .

The latest period included the gain , which was $ 77 million before tax , from the previously announced sale of the institutional money management business of Lehman Management Co .

The 1988 period was restated from net income of $ 8 million to correct an overstatement in the company 's Boston Co. subsidiary .

In the 1989 second quarter , Shearson had net income of $ 55 million , or 54 cents a share .

An average 102.5 million common shares were outstanding in the latest quarter , up from 87.1 million .

In New York Stock Exchange composite trading yesterday , Shearson shares lost 37.5 cents to $ 18.125 .

The company said the improved performance from a year ago reflects higher commissions and revenue from marketmaking and trading for its own account .

Commission revenue was $ 522 million , up 49 % .

But industrywide trading activity slowed in September as institutional investors turned cautious and individuals continued to shy away from the market .

Investment banking revenue fell 32 % to $ 205 million , in part reflecting the continued slowdown of the underwriting business .

In the nine months , net fell 3 % to $ 106 million , or 98 cents a share , from $ 110 million , or $ 1.05 a share .

Revenue advanced 26 % to $ 9.6 billion from $ 7.6 billion .

Two major drug companies posted strong third-quarter earnings , in line with profits already reported by industry leaders and analysts ' expectations .

But Pfizer Inc. , based in New York , reported flat earnings .

Schering-Plough Corp. , based in Madison , N.J. , reported a 21 % rise in earnings as American Home Products Corp. of New York posted an 11 % increase in net .

American Home Products

American Home Products said sales and earnings for the third quarter and nine months were at record levels .

Sales for the third quarter increased 6.5 % to $ 1.51 billion from $ 1.42 billion .

Sales of health-care products increased 6 % in the third quarter , based in part on strong sales of prescription drugs such as Premarin , an estrogen-replacement drug , and sales of the company 's infant formula .

American Home Products said net income benefited from a lower effective tax rate , reflecting a reduction of foreign tax rates , and additional operations in Puerto Rico .

Net also was aided by a gain on the sale of the company 's equity interests in South Africa effective Sept. 1 .

In New York Stock Exchange composite trading yesterday , American Home Products closed at $ 102.25 a share , down 75 cents .

Pfizer

Pfizer said third-quarter sales increased 4 % to $ 1.44 billion from $ 1.38 billion .

The company said net income was flat because of investment in research and development and costs related to launches of several products .

The company said the dollar 's continued strengthening reduced world-wide sales growth by three percentage points .

Pfizer posted its largest gains in healthcare sales , up 3 % , and consumer products , up 23 % .

Sales by the specialty chemicals and materials science segments were flat , and sales by the agriculture segment declined 5 % .

In the health-care segment , pharmaceutical sales increased 4 % and sales of hospital products increased 1 % .

During the quarter , Pfizer received federal approval of Procardia XL , a calcium channel blocker approved for both angina and hypertension , and Monorail Piccolino , used to open obstructed coronary arteries .

In New York Stock Exchange composite trading yesterday , Pfizer closed at $ 67.75 a share , up 75 cents .

Schering-Plough

Schering-Plough said sales gained 2.7 % to $ 743.7 million from $ 724.4 million .

In the period , the company completed the sale of its European cosmetics businesses , sold a majority interest in its Brazilian affiliate , and announced the reorganization of its over-the-counter drug businesses into a new unit , Schering-Plough Health Care Products .

These actions didn’t affect results because the gain on the sale of the European cosmetics businesses was offset by provisions relating to the Brazil divestiture and drug restructuring .

U.S. pharmaceutical sales rose 15 % , led by allergy , asthma and cold products ; dermatological products ; anti-infectives and anti-cancer products ; and cardiovascular products .

World-wide consumer product sales declined 12 % , primarily because of the European cosmetics sale .

Significantly lower sales of Stay Trim ' diet aids also were a factor in the drop .

The Maybelline beauty product line had higher sales following a sluggish first half .

In Big Board composite trading , Schering-Plough shares fell 75 cents to close at $ 74.125 .

Swedish auto and aerospace concern Saab-Scania AB said it received a 250 million krona -LRB- $ 39 million -RRB- order from Swiss Crossair , one of Europe 's leading regional air companies , for five Saab 340B turboprop commuter aircraft .

It is quite unfortunate that you failed so miserably in reporting the Hurricane Hugo disaster .

Your Sept. 27 page-one article Charleston Lost Quite a Lot to Hugo , Especially Gentility '' leaves the impression that the storm was little more than an inconvenience .

The damage reported focused on a select few who owned irreplaceable historic homes on the Battery .

Not mentioned were the 50,000 people rendered homeless , and the more than 200,000 out of work for an indeterminable period ; the $ 1 billion-plus in losses to homes and personal property on the barrier islands ; the near - and long-term impact on the state 's largest industry , tourism , not to mention the human suffering .

In centering on the disruption of a few proud local customs such as the historic homes tour and the damage to the antiquities , your reporter served to only perpetuate an outdated and stereotypically provincial view of this otherwise thriving port city .

The damage will undoubtedly prove to be one of the epic human and economic disasters of the decade in this country .

David M. Carroll

Columbia , S.C .

Your story was tasteless and insensitive .

Depicting the people of a traumatized city reeling from a disaster of unprecedented proportions was at the very best ludicrous under the circumstances .

Your narrow focus appears to be a contrived attempt to show the people of that historic city to be doddering fools .

You had to have been blind not to see the scenario there for what it was and is and will continue to be for months and even years -- a part of South Carolina that has sustained a blow that the Red Cross expects will cost that organization alone some $ 38 million .

William C. Barksdale Jr .

Columbia , S.C .

Charleston is historic and aristocratic , as your reporter said , but not haughty , as he suggested .

Charlestonians are instead indomitable and have contributed mightily to the culture and history of our country for more than 300 years .

I suggest your reporter see Charleston next spring in its full glory .

William C. Stuart III

Silver Spring , Md .

Affiliated Bankshares of Colorado Inc. said it agreed to sell its 10 % interest in Rocky Mountain Bankcard Systems for $ 18.5 million to Colorado National Bank of Denver and Central Bank of Denver .

Colorado National is a unit of Colorado National Bankshares Inc. and Central is a unit of First Bank System of Minneapolis .

Affiliated said it expects to record a pretax gain of about $ 18.5 million from the sale of the credit-card business , which should more than offset any reduction in the carrying value of real estate and real-estate loans on its books .

The U.S. Export-Import Bank tentatively decided to guarantee commercial bank financing for the purchase of two Boeing Co. 767 airliners by Avianca , Colombia 's international airline , at a cost of about $ 150 million .

The loan guarantee would amount to about $ 127.5 million , or 85 % of the cost of the aircraft .

Because of the size of the proposed loan guarantee , the Ex-Im Bank 's preliminary commitment is subject to review by the House and Senate Banking committees .

Ex-Im Bank officials said this review process currently is under way .

Sebastian Guzman Cabrera took over the oil workers union , Mexico 's most powerful labor organization , only last January .

But even in that short time Mr. Guzman Cabrera has become as controversial in his own way as his deposed predecessor , Joaquin Hernandez Galicia , known as La Quina .

President Carlos Salinas de Gortari used the army to oust La Quina , who reigned for 28 years over a graft-riddled empire that made state-run Petroleos Mexicanos , or Pemex , one of the world 's most inefficient oil companies .

Now , Mr. Guzman Cabrera is facing accusations that he 's as much a company man as La Quina was a crook .

In recent contract negotiations with Pemex management , Mr. Guzman Cabrera accepted major concessions that greatly curtail the union 's role in subcontracting , long a source of millions of dollars in illicit earnings .

And with the quiet pragmatism of Mr. Guzman Cabrera replacing the prickly populism of La Quina , government technocrats have been given a free hand to open the petrochemical sector to wider private and foreign investment .

Mr. Guzman Cabrera 's new order has n't arrived without resistance .

Brawls between union factions still erupt at Pemex installations .

Leftist leader Cuauhtemoc Cardenas publicly questioned Mr. Guzman Cabrera 's moral quality , suggesting he is part of a conspiracy to turn over the country 's oil , a symbol of Mexican nationalism , to foreigners .

The 61-year-old Mr. Guzman Cabrera takes such criticisms in stride .

This is n't a new kind of union leadership , it 's a new Mexico .

We 're no longer afraid of associating with private or foreign capital , he says .

Pemex , which produces 40 % of government revenue , desperately needs new investment .

Since world oil prices collapsed in 1982 , the government has siphoned Pemex 's coffers to make payments on Mexico 's $ 97 billion foreign debt .

Little money has been returned to upgrade Pemex 's aging facilities .

While the government drains Pemex from above , the union has drained it from below .

A bloated payroll and pervasive graft caused Pemex 's operating costs to balloon to 95 cents of each $ 1 in sales , far above the industry norm .

The declines in investment and efficiency explain in part why Mexico has been importing gasoline this year .

Some projections show Mexico importing crude by the end of the century , barring an overhaul of operations .

Whatever you tried to change , whether it was cutting costs or attracting new partners , the big obstacle was the old union leadership , says oil consultant George Baker .

Enter Mr. Guzman Cabrera , who has a clear understanding of where union leaders fit in the pro-enterprise regime of President Salinas .

I 'm the secretary-general , if there is one , he says , greeting a visitor to his office .

Beginning as a laborer in a refinery , Mr. Guzman Cabrera put in more than 40 years at Pemex before being pushed into retirement by La Quina after a dispute two years ago .

Though he also long benefited from the system built by La Quina , Mr. Guzman Cabrera says union perks had simply gotten out of hand .

They are at the base of all of the problems of corruption , he says .

Thus , in recent contract negotiations , Mr. Guzman Cabrera gave up the union 's right to assign 40 % of all of Pemex 's outside contracts -- an enormous source of kickbacks .

The union also ceded the 2 % commission it had received on all Pemex maintenance contracts .

-LRB- The union will keep a 2 % commission on construction projects . -RRB-

The new contract also eliminates the $ 15 monthly coupon , good only at union-owned grocery stores , that was part of the salary of every worker , from roughneck to chief executive .

About 9,800 technical workers , notably chemists and lawyers , were switched to non-union status .

Also , because of its reduced capital budget , Pemex has phased out about 50,000 transitory construction workers , reducing the work force to about 140,000 , the union leader says .

Mr. Guzman Cabrera says the union 's sacrifices will be offset by a wage and benefit package that amounts to a 22 % increase in compensation .

But Pemex managers are the ones most thrilled by the contract .

We are retaking the instruments of administration , says Raul Robles , a Pemex subdirector .

Pemex officials would n't say how much money the new contract would save the company , but one previous government estimate pegged savings at around $ 500 million a year .

Pemex 's customers also are pleased with the company 's new spirit .

Grupo Desc , a big conglomerate , has long depended on Pemex petrochemicals to produce plastic packing material .

But when the Pemex plant shut down for an annual overhaul , it would never give notice to its customers .

The capriciousness would completely disrupt our operations , says Ernesto Vega Velasco , Desc 's finance director .

This year , for the first time , Desc and other customers were consulted well in advance of the Pemex plant 's shutdown to ensure minimal inconvenience .

Taming the union complements previous moves by the government to attract private investment in petrochemicals , which Mexico has been forced to import in large quantities in recent years .

In May , the government unveiled new foreign investment regulations that create special trusts allowing foreigners , long limited to a 40 % stake in secondary petrochemical companies , to own up to 100 % .

Later , the government reclassified several basic petrochemicals as secondary products .

But Pemex 's courtship with private companies , and especially foreign ones , is controversial in a country where oil has been a symbol of national sovereignty since foreign oil holdings were nationalized in 1938 .

They are preparing the workers for what 's coming : foreign control , wrote Heberto Castillo , a leftist leader .

Mr. Guzman Cabrera and government officials insist that foreigners will be limited to investing in secondary petroleum products .

But the new union leader makes no apologies for Pemex 's more outward-looking attitude .

If we do not integrate into this new world of interdependence , sooner or later we 're going to become victims of our own isolation , he says .

Couple Counseling Grows to Defuse Stress

MORE EXECUTIVES and their spouses are seeking counseling as work and family pressures mount .

Some employers initiate referrals , especially if work problems threaten a top manager 's job .

Many couples are like ships passing in the night , a communications gulf that sparks problems on the job and at home , says psychologist Harry Levinson .

His Levinson Institute in Belmont , Mass. , has seen in recent years a doubling in the number of executives and spouses at its weeklong counseling program .

Employers foot the bill , he says , figuring what 's good for the couple is good for the company .

One East Coast manufacturing executive , faced with a job transfer his wife resented , found that counseling helped them both come to grips with the move .

And the vice president of a large Midwestern company realized that an abrasive temperament threatened his career when his wife confided that similar behavior at home harmed their marriage .

More dual-career couples also are getting help , with men increasingly bringing their working wives for joint counseling .

The level of stress for a woman is often so high , it 's the husband who says , I 'm worried about her , ' '' says psychologist Marjorie Hansen Shaevitz .

Her Institute for Family and Work Relationships in La Jolla , Calif. , has noted a doubling in the number of couples seeking help the past two years .

No matter how competent and smart you both are , the relationship almost certainly will erode if you do n't have time to talk , to have fun and to be sexual , says Ms. Shaevitz .

She urges client couples to begin a detoxification '' period , purging social and other nonproductive activities and setting time apart for themselves .

Putting those times on the calendar , she says , is as important as remembering business appointments . ''

Power of Suggestion Stronger in Japan

HERE 'S ONE more explanation for why Japan is a tough industrial competitor : Two of three Japanese employees submit suggestions to save money , increase efficiency and boost morale , while only 8 % of American workers do .

And the Japanese make far more suggestions -- 2,472 per 100 eligible employees vs. only 13 per 100 employees in the

Data for 1987 from the National Association of Suggestion Systems and the Japan Human Relations Association also indicate that Japanese employers adopt four of five suggestions , while their U.S. counterparts accept just one in four .

In Japan , small suggestions are encouraged .

Each new employee is expected to submit four daily in the first few months on the job .

U.S. companies tend to favor suggestions that go for the home runs , says Gary Floss , vice president of corporate quality at Control Data Corp .

That helps explain why American employers grant an average award of $ 604.72 per suggestion , while Japan 's payment is $ 3.23 .

Still , suggestions ' net savings per 100 employees is $ 274,475 in Japan vs. $ 24,891 in the U.S. .

U.S. companies developing management teams are wrestling with how to handle individual suggestion systems .

Control Data , for one , plays down its employee suggestion program because it favors the team-management focus .

Merger Fallout : Beware Employee Dishonesty

CORPORATE security directors increasingly worry that merger mania spawns a rise in employee dishonesty .

A Security magazine survey places the effect of takeovers and buy-outs among the industry 's 10 biggest challenges .

If it causes management to take their eye off the ball , inventory shrinkage is going to be affected , says Lewis Shealy , vice president for loss prevention at Marshall Field 's , the department store chain .

A separate study of the extent of employee misconduct linked general job satisfaction to property loss .

Co-author Richard Hollinger cites what happened at one family-owned company absorbed by a foreign giant .

Pilferage climbed dramatically as many angry employees felt abandoned by the former owners , says the University of Florida sociologist .

But top management should watch for other tell-tale signs of employee misdeeds , like expense-account fudging and phone misuse .

Security consultant Dennis Dalton of Ventura , Calif. , thinks mergers often trigger longer lunch hours and increased absenteeism , conduct which can sap the bottom line more than thefts .

New management can take several steps to reduce dishonesty .

Most important , experts say , is to show that a company 's ethical tone is set at the top .

Mr. Dalton also recommends that the chief executive establish a rumor control center and move swiftly to bolster morale .

Consultant John Keller of Southlake , Texas , urges that top management adopt a tough hands-on approach '' with very tight controls and monitoring .

And security authority Robert L. Duston favors disciplining all employees who cheat .

Firms Walk Fine Line In Distributing Profits

ARE CORPORATE profits distributed fairly ?

A survey by Sirota , Alper & Pfau , a New York consulting firm , underscores the difficulty for top management in satisfying employees and investors on that score .

Nearly seven of 10 investors think companies reinvest too little '' of their profits in the business .

And half the employees surveyed think companies dole out too little to them .

But both see a common enemy : About 66 % of employees and 73 % of investors think senior managers get too big a slice of the profit pie .

Bank of New York Co. said it agreed in principle to acquire the credit-card business of Houston-based First City Bancorp. of Texas for between $ 130 million and $ 134 million .

The move , subject to a definitive agreement , is part of a trend by big-city banks that have been buying up credit-card portfolios to expand their business .

Just last month , a Bank of New York subsidiary agreed to buy the credit-card operation of Dreyfus Corp. 's Dreyfus Consumer Bank for $ 168 million , a transaction that is expected to be completed by the end of the year .

First City 's portfolio includes approximately 640,000 accounts with about $ 550 million in loans outstanding .

First City , which issues both MasterCard and Visa cards , has agreed to act as an agent bank .

At the end of the third quarter , Bank of New York 's credit-card business consisted of 2.4 million accounts with $ 3.6 billion in loans outstanding .

Bank of New York is currently the seventh-largest issuer of credit cards in the

First City said that because of increased competition in the credit-card business , it had decided it either had to expand its own holdings substantially or sell them .

We think there 's a good prospect that competition is going to get pretty fierce in this market , said James E. Day , a First City vice president .

We see it becoming a bargain-basement kind of business . ''

The company estimated that the transaction would enhance its book value , which stood at $ 28.55 a share on Sept. 30 , by more than $ 100 million , or about $ 4 a share .

The company also said the transaction would bolster after-tax earnings by $ 3.25 a share when completed and boost its primary capital ratio to 7 % from 6.63 % .

First City , which recently purchased three small Texas banking concerns , said it would use the proceeds to pursue additional expansion opportunities in the Southwest and elsewhere .

With that possibility in mind , analysts said the transaction was a positive move for First City .

I think they 'll be able to move faster to make acquisitions in Texas , said Brent Erensel , an analyst with Donaldson , Lufkin & Jenrette .

That 's something they can do very well .

British Airways PLC said it is seeking improved terms and a sharply lower price in any revised bid for United Airlines parent UAL Corp. following the collapse of a $ 6.79 billion , $ 300-a-share buy-out bid .

Derek Stevens , British Air 's chief financial officer , told Dow Jones Professional Investor Report a price of $ 230 a share is certainly not too low , and indicated his company would like to reduce the size of its $ 750 million cash investment .

He added the airline is n't committed to going forward with any new bid , and has n't participated in bankers ' efforts to revive the transaction that collapsed .

We 're in no way committed to a deal going through at all .

We 're not rushing into anything .

We do n't want to be party to a second rejection , he said , adding that coming up with a revised offer could easily take several weeks .

Mr. Stevens 's remarks , confirming a report in The Wall Street Journal that British Air wants to start from scratch in any new bid for the nation 's second-largest airline , helped push UAL stock lower for the fourth straight day .

UAL fell $ 6.25 a share to $ 191.75 on volume of 2.3 million shares in composite trading on the New York Stock Exchange as concern deepened among takeover stock traders about the length of time it will take to revive the purchase .

Under the original buy-out approved by the UAL board Sept. 14 , UAL 's pilots planned to put up $ 200 million in cash and make $ 200 million in annual cost concessions for a 75 % stake .

UAL management was to pay $ 15 million for 10 % , and British Air was to receive a 15 % stake .

The buy-out fell through when Citicorp and Chase Manhattan Corp. unexpectedly failed to obtain bank financing .

Since then , UAL stock has fallen 33 % in what may rank as the largest collapse of a takeover stock ever .

The tenor of Mr. Stevens 's remarks seemed to indicate that British Air will take a more active , high-profile role in pursuing any new bid .

He said he believes UAL management was badly advised on the funding of its original transaction .

Mr. Stevens said British Air has n't received any new buy-out proposals from the labor-management group , led by UAL Chairman Stephen Wolf , and has n't received any indication of when one might be forthcoming .

As far as we 're concerned , we 're waiting for the dust to settle , he said .

Although British Air is waiting to see what the buy-out group comes up with , Mr. Stevens said a revised transaction with less debt leverage is likely to be more attractive to banks .

He said the original proposal is dead , and all aspects of a revised version are up for change , in light of the changes in UAL 's market price , the amount of debt banks are willing to fund , and the price British Air would be willing to pay .

Mr. Stevens said he expects the new price will be considerably lower , but declined to specify a figure .

Asked whether a $ 230-a-share figure circulating in the market yesterday is too low , he said , It 's certainly not too low . ''

He added the original offer was a pretty full price , and that British Air 's contribution was quite a large chunk for us . ''

British Air was originally attracted to the chance of obtaining a 15 % stake in the company , but was n't particularly happy with paying $ 750 million .

If the -LCB- new -RCB- deal had us putting up less money but still having 15 % , that would be a point in our favor , he said .

In any new proposal , British Air would expect a greater rate of return than the 20%-plus in the original proposal .

In the event that the buy-out group stalls in reviving its bid , the UAL board could remain under some pressure to seek another transaction , even without any legal obligation to do so .

Roughly one-third of its stock is believed held by takeover stock traders , who could vote to oust the board if they become impatient .

Meanwhile , the buy-out group 's task of holding its fragile coalition together , in the face of the bid 's collapse and internal opposition from two other employee groups , has been further complicated by an apparent rift in the ranks of the pilot union itself .

A pilot representing a group of 220 pilots hired during United 's 1985 strike filed suit Friday in Chicago federal court to block the takeover .

The dissident pilots oppose the plan because it would cause them to lose their seniority .

UAL 's management agreed to reduce the seniority of those pilots in exchange for the support of the United pilot union for the buy-out proposal .

The 220 pilots involved in the suit are n't members of the union .

The airline had allowed them to move ahead of some union members in seniority following the 1985 strike , a move the union had contested in a previous lawsuit .

Judith Valente contributed to this article .

Corporate efforts to control health-care costs by requiring evaluations prior to planned hospitalization and surgery have n't been sweeping enough to reduce the long-term rate of cost increases , according to a study by the Institute of Medicine .

In the last decade , many corporations have embraced the utilization management '' cost containment strategy as a way to control health-care costs for employees .

These programs vary widely , but often require second opinions on proposed surgery , preadmission reviews of elective hospitalizations and reviews of treatment during illnesses or recovery periods .

Between 50 % and 75 % of today 's workers are covered by such plans , up from 5 % five years ago .

Although it probably has reduced the level of expenditures for some purchasers , utilization management -- like most other cost containment strategies -- does n't appear to have altered the long-term rate of increase in health-care costs , the Institute of Medicine , an affiliate of the National Academy of Sciences , concluded after a two-year study .

Employers who saw a short-term moderation in benefit expenditures are seeing a return to previous trends . ''

While utilization management frequently reduces hospitalization costs , these savings are often offset by increases in outpatient services and higher administrative costs , according to the report by a panel of health-care experts .

The report suggested that current review programs are too narrow .

The unnecessary and inappropriate use of the hospital , and not the actual need for a particular procedure , has been the main focus , the panel said .

As a general rule , prior-review programs have not made case-by-case assessments of the comparative costs of alternative treatments or sites of care . ''

The report said that utilization management should have more of an impact as federal research on the effectiveness of medical treatments helps lead to medical practice guidelines .

Howard Bailit , a panel member and a vice president of Aetna Life & Casualty , said that utilization management will also do a better job of containing costs as it spreads to cover medical services delivered outside of hospitals .

There 's pretty good evidence that utilization management has reduced inappropriate hospitalization , he said .

But at the same time , spending on physician services and ambulatory care have mushroomed .

It 's like squeezing a balloon , Dr. Bailit said .

David Rahill of A. Foster Higgins & Co. said that clients of his consulting firm report that utilization management reduces their hospital care bills by about 5 % , but he agreed that for the health-care system as whole , some of these savings are offset by administrative and outpatient care costs .

Jerome Grossman , chairman of the panel , agrees that administrative costs of utilization management programs can be high .

You have a whole staff standing ready '' to evaluate the appropriateness of recommended treatment , he said .

Dr. Grossman , who also is president of New England Medical Center Hospitals in Boston , noted that the hospitals he runs deal with more than 100 utilization management firms and that many of them have different procedures and requirements .

The panel urged greater efforts to reduce the complexity , paperwork and cost of utilization review .

Utilization management needs to better demonstrate that it reduces the wasteful use of resources , improves the appropriateness of patient care and imposes only reasonable burdens on patients and providers , the panel concluded .

Renault and DAF Trucks NV announced a preliminary agreement to jointly manufacture a line of trucks in Britain and France .

Philippe Gras , a Renault managing director , said the new line will cover trucks of between 2.5 tons and 4.2 tons and will be built at Renault 's Bapilly plant in France and at DAF 's British plant .

The French state-controlled auto group and the Dutch truck maker plan to incorporate the new trucks into their product lines when they begin production toward the middle of the 1990s .

Mr. Gras said he expects a definitive agreement between the two companies to be completed in the next few months .

The venture is the latest example of the trend toward cooperative projects in Europe ahead of the 1992 deadline for eliminating trade barriers within the European Community .

Renault and DAF are expected to invest a total of about three billion French francs -LRB- $ 157.8 million -RRB- in the venture , including FFr 1 billion for design and development costs .

In addition , the companies will each spend about FFr 1 billion on tooling up their plants .

Mr. Gras said the joint venture represents considerable savings for both Renault and DAF , since both companies would in any case have had to renew their existing ranges of light goods vehicles .

By pooling their resources , the two groups have effectively halved the design and development costs that would otherwise have been entailed , he said .

Renault officials said the potential European market for light trucks in the 2.5-ton to 4.2-ton range is between 700,000 and 800,000 vehicles annually , and Renault and DAF are aiming for a combined market share of about 11 % .

Both Renault and DAF will have world-wide marketing rights for the new range of vans and light trucks .

Under a separate arrangement , British Aerospace PLC 's Rover Group PLC subsidiary will also be able to offer the vehicles through its dealers in the U.K. , and Renault 's truck-building subsidiary Renault Vehicles Industriels will have similar rights in France .

DAF is 16%-owned by British Aerospace , with a further 6.5 % held by the Dutch state-owned chemical group NV DSM .

The van Doorne family of the Netherlands holds an additional 11 % of DAF 's capital .

The Federal Reserve System is the standard object of suggestions for organizational and institutional changes , for two reasons .

First , its position in the government is anomalous .

It has an unusual kind of independence from elected officials and still has authority over one of the most powerful of government 's instruments -- the control of the money supply .

Thus we have a condition that is easily described as undemocratic .

Second , the responsibilities of the Federal Reserve as guardian of the currency , which means as guardian of the stability of the price level , sometimes lead it to take measures that are unpopular .

As former Fed Chairman William McChesney Martin used to say , they would have to take the punch bowl away just as the party is getting interesting .

So the Federal Reserve is an attractive target for complaint by politicians .

The Fed is easily assigned the blame for unpleasantness , like high interest rates or slow economic growth , while the politicians can escape responsibility by pointing to the Fed 's independence .

This leads to proposals for reform '' of the Fed , which have the common feature of making the Fed more responsive to the administration , to the Congress and to public opinion -- without , however , any assumption of additional responsibility by the politicians .

These proposals include changing the term of the chairman , shortening the terms of the members , eliminating the presidents of the Federal Reserve Banks from the decision-making process , putting the Secretary of the Treasury on the Federal Reserve Board , having the Fed audited by an arm of Congress -LRB- the General Accounting Office -RRB- , putting the Fed 's expenditures in the budget , and requiring prompt publication of the Fed 's minutes .

Some of these ideas are again under consideration in Congress .

But these proposals do not rest on a view of what the Fed 's problem is or , if they do , they rest on an incorrect view .

They would not solve the problem ; they would make it worse .

The problem is not that the Fed is too unresponsive to the public interest .

On the contrary , it is too responsive to an incorrect view of the public interest .

The price level in the U.S. is now about 4 1\/4 times as high as it was 30 years ago .

On average , something that cost $ 100 30 years ago now costs $ 425 .

Or , a wage that was $ 100 30 years ago would buy only $ 23.53 worth of stuff today .

On two occasions the inflation rate rose to more than 10 % a year .

In each case the ending of this unsustainable inflation caused a severe recession -- the two worst of the postwar period .

The enormous inflation over the past 30 years was largely due to monetary policy .

At least , it would not have happened without the support of monetary policy that provided for a 10-fold increase in the money supply during the same period .

And that increase in the money supply would not have happened without the consent of the Federal Reserve .

The basic problem of monetary policy , to which reform of the Fed should be addressed , is to prevent a recurrence of this experience .

There were two general reasons for the mistaken monetary policy of the past 30 years :

1 . To some extent the Federal Reserve shared the popular but incorrect view that expansionary monetary policy could yield a net improvement in employment and output .

2 . Even where the Fed did not share this view it felt the need to accommodate to it .

Despite all the formal provisions for its independence , the Fed seems constantly to feel that if it uses its independence too freely it will lose it .

The common proposals for reforming the Fed would only make the situation worse , if they had any effect at all .

Putting the Secretary of the Treasury on the Board of Governors , one of the leading proposals today , is an example .

The secretary is the world 's biggest borrower of money .

He has a built-in , constant longing for lower interest rates .

Moreover , he is a political agent of a political president , who naturally gives extraordinary weight to the way the economy will perform before the next election , and less to its longer-run health .

These days , the secretary suffers the further disqualification that he is a member of a club of seven finance ministers who meet occasionally to decide what exchange rates should be , which is a diversion from the real business of the Federal Reserve to stabilize the price level .

How should a reasonable member of the Federal Reserve Board interpret a congressional decision to put the secretary on the board ?

Could he plausibly interpret it as encouragement for the Fed to give primary emphasis to stabilizing the price level ?

Or would he interpret it as instruction to give more weight to these other objectives that the secretary represents -- low interest rates , short-run economic expansion , and stabilization of exchange rates at internationally managed levels ?

The answer seems perfectly clear .

-LRB- True , a succession of Fed chairmen has given color to the notion that the Secretary of the Treasury belongs on the Fed .

By their constant readiness to advise all and sundry about federal budgetary matters the chairmen have encouraged the belief that fiscal policy and monetary policy are ingredients of a common stew , in which case it is natural that the Fed and the Treasury , and probably also the Congress , should be jointly engaged in stirring the pot .

The Fed 's case for its own independence would be a little stronger if it were more solicitous of the independence of the rest of the government . -RRB-

The Fed 's problem is not that it is too independent , or too unpolitical .

The Fed is responsive to , and can not help being responsive to , the more overtly political part of the government .

The Fed exercises a power given to it by Congress and the president .

But Congress and the president accept no responsibility for the exercise of the power they have given the Fed .

Critics of the present arrangement are correct to say that it is undemocratic .

What is undemocratic is the unwillingness of the more political parts of the government to take the responsibility for deciding the basic question of monetary policy , which is what priority should be given to stabilizing the price level .

To leave this decision to an independent '' agency is not only undemocratic .

It also prevents the conduct of a policy that has a long-term rationale , because it leaves the Fed guessing about what are the expectations of its masters , the politicians , who have never had to consider the long-term consequences of monetary policy .

The greatest contribution Congress could make at this time would be to declare that stabilizing the price level is the primary responsibility of the Federal Reserve System .

Legislation to this effect has been introduced in Congress in this session by Rep. Stephen Neal -LRB- D. , N.C . -RRB- .

It is not the kind of thing that is likely to be enacted , however .

Congress would be required to make a hard decision , and Congress would much prefer to leave the hard decision to the Fed and retain its rights of complaint after the fact .

People will say that the nation and the government have other objectives , in addition to stabilizing the price level , which is true .

But that is not the same as saying that the Federal Reserve has other objectives .

The government has other agencies and instruments for pursuing these other objectives .

But it has only the Fed to pursue price-level stability .

And the Fed has at most very limited ability to contribute to the achievement of other objectives by means other than by stabilizing the price level .

The two objectives most commonly thought to be legitimate competitors for the attention of the Fed are high employment and rapid real growth .

But the main lesson of economic policy in the past 30 years is that if the Fed compromises with the price-stability objective in the pursuit of these other goals , the result is not high employment and rapid growth but is inflation .

A former chairman of the president 's Council of Economic Advisers , Mr. Stein is an American Enterprise Institute fellow .

Republic New York Corp. joined the list of banks boosting reserves for losses on loans to less-developed countries , setting out a $ 200 million provision and posting a $ 155.4 million third-quarter net loss as a result .

The per-share loss was $ 5.32 .

In the year earlier period , the New York parent of Republic National Bank had net income of $ 38.7 million , or $ 1.12 a share .

Excluding the provision , Republic earned $ 44.6 million , up 15 % from a year ago .

The bank 's medium-term and long-term loans to less-developed countries total $ 293 million , of which $ 146 million are n't accruing interest , the bank said .

Republic 's total of nonperforming assets was $ 167 million at Sept. 30 , with its reserve for loan losses now standing at $ 357 million .

Abortion-rights advocates won last week 's battles , but the war over the nation 's most-contentious social question is about to pick up again on turf that favors those seeking to restrict abortions .

Strict new regulations seem certain to pass the state House in Pennsylvania next week , with easy approval by the Senate and by Democratic Gov. Bob Casey expected shortly thereafter .

Legislation to require the consent of parents before their daughters under the age of 18 can have abortions will probably pass both houses of the Michigan legislature and set up a grinding battle to override the expected veto of Democratic Gov. James Blanchard .

The short-term shift in the political climate surrounding abortion reflects two factors that are likely to govern the debate in the next several months : the reawakening of the abortion-rights movement as a potent force after years of lassitude , and the ability of each side to counter the other 's advance in one arena with a victory of its own elsewhere .

The action in Pennsylvania , for example , will follow last week 's collapse of a special session of the Florida legislature to enact restrictions on abortions in that state , and the vote here in Washington by the House to permit federally paid abortions for poor women who are victims of rape or incest .

But President Bush is expected to veto the congressional legislation and that , along with the easy approval of the Pennsylvania measure , is likely to mute the abortion-rights activists ' claims of momentum and underline the challenges faced by this resurgent movement .

It 's great to feel good for once in 15 years , says Harrison Hickman , a consultant to abortion-rights advocates , reflecting the relief of his compatriots after last week 's victories , the first major events since the Supreme Court , in its July 3 Webster decision , permitted the states to enact restrictions on abortions .

But how many more times we 're going to feel good in the next 15 is another question . ''

Indeed , abortion-rights activists still face their greatest tests .

The pro-choice movement has shown -- finally -- that it can mobilize , says Glen Halva-Neubauer , a Furman University political scientist who specializes in how state legislators handle the abortion question .

But it still has n't shown that it can win in a state like Pennsylvania or Missouri , where abortion has been clearly an electoral issue and where it 's been an emotional issue for a long time . ''

The foes of abortion hold the strong whip hand in Pennsylvania , where abortion-rights activists are so much on the defensive that their strategy is less to fight the proposed legislation than it is to stress how the state legislature does n't reflect the viewpoints of the state 's citizens .

As a result , GOP state Rep. Stephen Freind of Delaware County , the legislature 's leading foe of abortion , has been given all but free rein to press a strict seven-point plan to restrict abortion and , he hopes , to force the Supreme Court directly to reassess its 1973 Roe v. Wade decision that established the right of abortion in the first place .

The Freind legislation -- the state 's House Judiciary Committee approved it in Harrisburg this week and the full Pennsylvania House is expected to take up the bill next Tuesday -- includes a provision to ban abortions after 24 weeks of pregnancy , except to avert the death of the mother .

Mr. Freind calculates that the provision , which attacks the trimester standards that Roe established , will make it necessary '' for the Supreme Court to review Roe and , perhaps , to overturn it .

But the Pennsylvania measure also includes an informed consent '' provision that may become widely imitated by abortion foes who want to make women contemplating abortion as uncomfortable as possible with the procedure and with themselves .

Under this legislation , a woman must be informed 24 hours before the operation of the details of the procedure and its risks .

Regardless of whether one supports or opposes the right to an abortion , Mr. Freind argues , it is virtually impossible for any rational human being to disagree with the concept that a woman has the right to have all of the appropriate materials and advice made available to her before she makes a decision which , one way or the other , might remain with her for the rest of her life . ''

In Michigan , where the state Senate is expected to approve parental-consent legislation by the end of next week , Gov. Blanchard is the principal obstacle for anti-abortionists .

Susan Rogin , a consultant to abortion-rights activists in the state , takes comfort from the fact that the state 's House abortion opponents have n't been able to muster the votes to overturn a veto on abortion in 16 years . ''

But proponents believe they may be able to shake enough votes loose to override the veto if they are successful in portraying the legislation as a matter of parents ' rights .

In Illinois , lawmakers will vote before next spring on legislation requiring physicians to perform tests on fetuses at 20 weeks to determine their gestational age , weight and lung maturity along with a provision requiring that , if fetuses survive an abortion , a second doctor must be on hand to help it survive .

The legislation failed by one vote to clear the House Rules Committee Tuesday , but anti-abortionists still may succeed in bringing the measure to the floor this fall .

Pamela Sutherland , executive director of the Illinois Planned Parenthood Council , says she and her allies are cautiously optimistic '' they can defeat it if it comes to a floor vote .

Abortion foes in Wisconsin , meanwhile , expect a parental-consent bill to be sent to the state assembly floor by early November and are hopeful of prevailing in both houses by next March .

In Texas , abortion opponents want to pass parental-consent legislation along with a statewide ban on the use of public funds , personnel and facilities for abortion , and viability tests for fetuses 19 weeks and older .

The anti-abortionists are urging GOP Gov. Bill Clements to press the issues in a special session scheduled to run Nov. 14 to Dec. 13 .

The prognosis is only fair , says Kathie Roberts , administrative director of the Texas Right to Life Committee .

Next year is an election year and the legislators just do n't want to do anything about this now . ''

This legislative activity comes as both sides are undertaking new mobilization efforts , plunging into gubernatorial races in Virginia and New Jersey , and girding for next autumn 's state elections .

At the same time , abortion foes have developed a national legislative strategy , deciding to move on what Jacki Ragan , the National Right to Life Committee 's director of state organizational development , calls reasonable measures that an overwhelming mainstream majority of Americans support . ''

These include bans on the use of abortion for birth control and sex selection , and the public funding of alternatives for abortion .

Those who are on the other side can hardly oppose alternative funding if they continue to insist on calling themselves pro-choice ' rather than pro-abortion , ' '' says Mary Spaulding , the group 's associate state legislative coordinator .

Over the weekend , the National Abortion Rights Action League singled out eight politicians , including Pennsylvania 's Mr. Freind , as 1990 targets and held a Washington seminar designed to train its leaders in political techniques , including how to put the anti-abortionists on the defensive in state legislatures .

We now see pro-choice legislators going on the offensive for the first time , says Kate Michelman , executive director of the group .

Wall Street

When I was just a child And confronted by my fears , The things that I thought would get me Had fangs and pointed ears .

Nothing much has changed -- My periodic scares Are still from hostile animals , Only now , they 're bulls and bears .

-- Pat D'Amico .

Daffynition

Trained dolphins : pur-poises .

-- Marrill J. Pederson .

This maker and marketer of cartridge tape systems said it completed the sale of 2.85 million shares of common priced at $ 10 a share in an initial public offering .

The company said that it is selling two million shares and that the rest are being sold by certain stockholders .

Proceeds will be used for capital expenditures and working capital .

Goldman , Sachs & Co. and Montgomery Securities Inc. are co-managing the offering .

Congress sent President Bush an $ 18.4 billion fiscal 1990 Treasury and Postal Service bill providing $ 5.5 billion for the Internal Revenue Service and increasing the Customs Service 's air-interdiction program nearly a third .

Final approval came on a simple voice vote in the Senate , and the swift passage contrasted with months of negotiations over the underlying bill which is laced with special-interest provisions for both members and the executive branch .

An estimated $ 33 million was added for university and science grants , including $ 1.5 million for Smith College .

And Southwest lawmakers were a driving force behind $ 54.6 million for U.S.-Mexico border facilities , or more than double the administration 's request .

More than $ 1.8 million is allocated for pensions and expenses for former presidents , and the budget for the official residence of Vice President Quayle is more than doubled , with $ 200,000 designated for improvements to the property .

Even the Office of Management and Budget is remembered with an extra $ 1 million to help offset pay costs that other government departments are being asked to absorb .

Within the IRS , nearly $ 1.95 billion is provided for processing tax returns , a 12 % increase over fiscal 1989 and double what the government was spending five years ago .

Investigation and taxpayer service accounts would grow to $ 1.6 billion , and Congress specifically added $ 7.4 million for stepped up criminal investigations of money laundering related to drug traffic .

The large increase in Customs Service air-interdiction funds is also intended to counter smuggling , and the annual appropriations level has more than quadrupled in five years .

The $ 196.7 million provided for fiscal 1990 anticipates the purchase of a Lockheed P-3 surveillance aircraft and five Cessna Citation II jets .

Despite administration reservations , the plan has had the quiet backing of customs officials as well as influential lawmakers from Cessna 's home state , Kansas .

Among legislative provisions attached to the bill is a ban on any Treasury Department expenditure for enforcement of a 1986 tax provision intended to counter discrimination in employee-benefit plans .

Small-business interests have lobbied against the so-called Section 89 tax rules .

Repeal is considered likely now , but the Treasury Department bill has been used as a vehicle to raise the profile of the issue and block any action in the interim .

Less noticed is a bit of legislative legerdemain by Houston Republicans on behalf of HEI Corp. of Texas to retroactively move '' a Missouri hospital from one county to the next to justify higher Medicare reimbursements .

The provision seeks to wipe out an estimated $ 1.4 million in claims made by the Health Care Finance Administration against HEI , which owned the hospital in Sullivan , Mo. , during most of the four-year period -- 1983-1987 -- covered in the amendment .

In a separate development , a private meeting is scheduled this morning between House Appropriations Committee Chairman Jamie Whitten -LRB- D. , Miss . -RRB- and Sen. Dale Bumpers -LRB- D. , Ark . -RRB- in an effort to end a dispute which for two weeks has delayed action on an estimated $ 44 billion agriculture bill .

A House-Senate conference reached agreement Oct. 5 on virtually all major provisions of the bill , but final settlement has been stalled because of differences between the two men over the fate of a modest Arkansas-based program to provide technical information to farmers seeking to reduce their dependence on chemical fertilizers and pesticides .

The program 's nonprofit sponsors received $ 900,000 in fiscal 1989 through an Extension Service grant , but Mr. Whitten has been adamant in insisting that the program be cut in 1990 .

The 79-year-old Mississippian takes a more orthodox , entrenched view of agriculture policy than those in the movement to reduce chemical use , but as a master of pork-barrel politics , he is believed to be annoyed as well that the project moved to Arkansas from a Tennessee center near Memphis and the northern Mississippi border .

Michael F. Klatman , director of corporate public relations at Data General Corp. , was named to the new position of vice president , corporate communications , of this maker of data storage equipment .

B.A.T Industries PLC may delay aspects of its defensive restructuring plan -- including the sale of its Saks Fifth Avenue and Marshall Field units -- in the wake of the current upheaval in financial markets , company officials said .

The British conglomerate , planning its own defensive restructuring to fight off a # 13.35 billion -LRB- $ 21.03 billion -RRB- takeover bid by Anglo-French financier Sir James Goldsmith , intends to press ahead with an extraordinary shareholder vote today to clear the way for its value-boosting measures .

If anything , the gyrations in world stock markets -- and in B.A.T 's share price -- since last Friday 's sharp Wall Street sell-off have increased the likelihood of shareholder approval for the restructuring , analysts and several big institutional holders said .

Thank God we have some deal on the table , said Stewart Gilchrist , a director at Scottish Amicable Investment Managers , which intends to vote its roughly 1 % stake in favor of the restructuring .

Investors in B.A.T have been on a roller coaster .

B.A.T has been London 's best-performing blue chip over the past six months , up 40 % against a 4 % rise in the Financial Times 100-Share Index .

But this week , B.A.T has been hit harder than other big U.K. stocks -- first by the market gyrations , then by Tuesday 's San Francisco earthquake , which could leave B.A.T 's Farmers Group Inc. insurance unit facing big claims .

B.A.T rose five pence -LRB- eight cents -RRB- to 756 pence -LRB- $ 11.91 -RRB- in London yesterday as a late market rally erased a 28-pence fall earlier in the day .

To fight off predators , B.A.T plans to spin off about $ 6 billion in assets , largely by selling such U.S. retailing units as Marshall Field and Saks and by floating its big paper and U.K. retailing business via share issues to existing holders .

Proceeds will help pay for a planned buy-back of 10 % of its shares and a 50 % dividend increase .

I think the restructuring will get the required support , said Michael Pacitti , an analyst at London stockbroker UBS Phillips & Drew .

The shareholders effectively will support the share price by clearing the share buy-back . ''

But B.A.T 's restructuring , which was never going to happen quickly , now will take longer because of the market upheaval .

Company officials , holders and analysts who previously expected the disposals to be substantially complete by the end of next year 's first half now say the market gyrations could delay the actions well into the second half .

We are n't forced sellers .

We do n't have an absolute deadline and if market conditions are truly awful we might decide it is not the right time , to take particular steps , said Michael Prideaux , a B.A.T spokesman .

Even if B.A.T receives approval for the restructuring , the company will remain in play , say shareholders and analysts , though the situation may unfold over the next 12 months , rather than six .

The new B.A.T will be a smaller tobacco and financial-services hybrid whose price-earnings ratio may more closely reflect the lower-growth tobacco business than the higher-multiple financial-services business , these holders believe .

Thus B.A.T 's restructuring may only make the company a more manageable target for other corporate predators -- possibly such acquisitive bidders as Hanson PLC .

The last few days will surely slow down the pace of events , says Scottish Amicable 's Mr. Gilchrist .

But I would n't write off '' Sir James or other potential bidders .

Among possible delays , the sales of Saks and Marshall Field -- which were expected to be on the block soon after the crucial Christmas season -- may slide into the second quarter or second half .

Analysts estimate that sales of the two businesses could raise roughly $ 2 billion .

B.A.T is n't predicting a postponement because the units are quality businesses and we are encouraged by the breadth of inquiries , said Mr. Prideaux .

But the delay could happen if B.A.T does n't get adequate bids , he said .

People familiar with B.A.T say possible acquirers for the units include managers from both retailing chains , and General Cinema Corp. , which is interested in bidding for Saks .

Other potential bidders for parts of B.A.T 's U.S. retail unit include Dillard Department Stores Inc. , May Department Stores Co. and Limited Inc .

B.A.T has declined to identify the potential bidders .

Though Sir James has said he intends to mount a new bid for B.A.T once approval from U.S. insurance regulators is received , jitters over prospects for junk-bond financing and U.S. leverage buy-outs are making investors more skeptical about Sir James 's prospects .

His initial offer indicated he needed to raise as much as 80 % of the takeover financing through the debt markets .

Market uncertainty also clouds the outlook for B.A.T 's attracting a premium price for its U.S. retailing properties .

Finally , Tuesday 's California earthquake initially knocked 3.7 % off B.A.T 's share price in London yesterday because of fears of the potential claims to Los Angeles-based Farmers , which has a substantial portion of its property and casualty exposure in California .

On Farmers , Mr. Prideaux said it is too early to quantify the level of potential claims .

He added B.A.T has no expectation of a material impact on Farmers .

Bridge and highway collapses will disrupt truck and auto transportation in the San Francisco Bay area for months to come .

But rail , air and ocean-shipping links to the area escaped Tuesday 's earthquake with only minor damage , and many are expected to be operating normally today , government and corporate transport officials said .

Air traffic at San Francisco International Airport was running about 50 % of normal yesterday afternoon , but airport officals said they expect a return to full operations by Saturday .

The major gateway to Asia and one of the nation 's 10 busiest airports was closed to all but emergency traffic from the time the quake hit Tuesday afternoon , until 6 a.m. PDT yesterday when controllers returned to the tower .

Getting to and from the airport in coming weeks may be the problem , however .

People 's ability to drive throughout the bay area is greatly restricted , said a spokesman for the American Automobile Association .

Tom Schumacher , executive vice president and general manager of the California Trucking Association in Sacremento , said his organization urged trucking firms to halt all deliveries into the Bay area yesterday , except for emergency-medical supplies .

Some foodstuff shipments will probably resume Thursday , he said .

Right now most of the roads into the Bay area are closed , but the list of closings changes about every 20 minutes .

This -LCB- Wednesday -RCB- morning the San Mateo bridge was open and now we are informed that it is closed , Mr. Schumacher said .

United Parcel Service , Greenwich , Conn. , said its operations in the San Francisco area have been reduced to 40 % of normal .

A UPS spokesman said that although none of the company 's terminals , trucks or airplanes were damaged in the quake , road shutdowns and power failures have impeded its pickup and delivery of packages .

The spokesman noted four-hour to five-hour traffic delays on the San Mateo bridge , for example .

In addition , power failures prevented its package-sorting facilities from operating , causing delays .

But freight railroads reported that damage to their facilities was relatively minor , with Santa Fe Pacific Corp. 's rail unit the least affected by the quake .

Santa Fe stopped freight trains Tuesday night while its officials inspected track but resumed service at 10:45 p.m. when they found no damage .

Union Pacific Corp. 's rail unit said that except for damage to shipping containers in its Oakland yard , its track , bridges and structures were unharmed .

That railroad is operating trains but with delays caused by employees unable to get to work .

Southern Pacific Transportation Co. , the hardest hit of the three railroads in the Bay area , said service on its north-south coastline , which is used by an Amtrak train between Los Angeles and Seattle , was suspended temporarily because of kinked rails near the epicenter of the quake .

But service on the line is expected to resume by noon today .

We had no serious damage on the railroad , said a Southern Pacific spokesman .

We have no problem to our freight service at all expect for the fact businesses are shut down . ''

Amtrak said it suspended train service into its Oakland station , which sustained heavy structural damage '' during the quake .

The passenger railroad said it terminated some runs in Sacramento , relying on buses to ferry passengers to the Bay area .

Amtrak said it planned to resume some train operations to Oakland late yesterday .

Rail-transit operations suffered little damage , according to Albert Engelken , deputy executive director of the American Public Transit Association in Washington .

The Bay Area Rapid Transit withstood the earthquake perfectly , said Mr. Engelken , adding that the rail system was running a full fleet of 45 trains during the day to provide an alternative for highway travelers .

The highway system is screwed up '' by the earthquake , Mr. Engelken said .

The transit system is how people are going to be getting around . ''

He added that San Francisco 's trolley cars and trolley buses were also running at full service levels .

Although air-traffic delays in San Francisco were significant yesterday , they didn’t appear to spread to other airports .

The earthquake shattered windows at San Francisco International 's air-traffic control tower and rained pieces of the ceiling down on controllers , three of whom suffered minor injuries .

Terminals at San Francisco International also were damaged , but the tower itself was intact .

Tuesday night , thousands were diverted to other airports and had to wait a day to resume travel .

Runways at San Francisco were n't damaged , but traffic was being limited yesterday to 27 arrivals and 27 departures an hour -- down from 33 to 45 an hour normally -- mainly because the noise level in the control tower was overwhelming without the windows , an FAA spokeswoman said .

While the airport was closed , flights were diverted to airports in Sacramento and Stockton , Calif. ; Reno and Las Vegas , Nev. ; and Los Angeles .

United Airlines , the largest carrier at San Francisco , was operating only 50 % of its scheduled service in and out of the area because of damage to its terminal , which in turn was causing delays for travelers headed to the Bay area .

A United spokesman said 14 of its 21 gates were unusable , mainly because of water damage caused when a sprinkler system was triggered by the tremors .

The United spokesman said none of its people were injured at the airport ; in fact , as the airport was being evacuated Tuesday night , two babies were born .

Yesterday , the United ticket counter was active , with people trying to get flights out , but the airline said demand for seats into the city also was active , with people trying to get there to help family and friends .

The airports in San Jose and Oakland were both fully operational by noon yesterday , the Federal Aviation Administration said .

In terms of diversions , Denver 's Stapleton International may have experienced the most far-flung : A United flight from Japan was rerouted there .

I think that 's the first nonstop commercial passenger flight from Japan to land here , an airport spokesman said .

A Japan Air Lines spokesman said its flights into and out of San Francisco were n't affected , but getting information about its operations was difficult .

Its telecommunications headquarters in Burlingame , Calif. , had been knocked out since the quake .

We 're in the dark , he said .

Whitbread & Co. put its spirits division up for sale , triggering a scramble among global groups for the British company 's brands .

Whitbread already has been approached by about half a dozen '' companies interested in buying all or part of the spirits business , a spokesman said .

Analysts expect the spirits operations and some California vineyards that also are being sold to fetch about # 500 million -LRB- $ 788.8 million -RRB- .

Among the brands for sale are Beefeater gin , the No. 2 imported gin in the U.S. , and Laphroaig single-malt whiskey .

Also for sale are Buckingham Wile Co. , which distributes Cutty Sark blended whiskey in the U.S. , and Whitbread 's Atlas Peak Vineyards in California 's Napa Valley .

Beefeater alone is worth as much as # 300 million , analysts said .

Whitbread bought the Beefeater distillery two years ago for # 174.5 million .

That purchase represented an attempt by Whitbread , a venerable British brewer , to become a major player in the global liquor business .

But Whitbread has been squeezed by giant rivals amid widespread consolidation in the industry .

Now , it wants to concentrate on beer and its newer hotel and restaurant operations .

For rival liquor companies , the Whitbread auction is a rare opportunity to acquire valuable brands .

It 's not very often something like this comes up , said Ron Littleboy , a liquor company analyst at Nomura Research Institute in London .

The division will be sold off quite rapidly , predicted Neill Junor , an analyst at London brokers County NatWest WoodMac .

Among possible buyers , Grand Metropolitan PLC might find Beefeater a useful addition to its portfolio .

Grand Met owns Bombay gin , the No. 3 imported gin in the U.S. ; rival Guinness PLC has the No. 1 imported brand , Tanqueray .

The Whitbread spirits auction is an extremely interesting development ... and naturally we 'll be considering it carefully , a Grand Met spokesman said .

Guinness , which owns several leading whiskey brands plus Gordon 's gin , the world 's No. 1 gin , is considered less likely to bid for the Whitbread spirits .

A Guinness spokesman declined to comment .

Two other global liquor giants , Canada 's Seagram Co. and Britain 's Allied-Lyons PLC , also are possible buyers .

Seagram 's gin is the world 's No. 2 gin brand , but the company does n't own any of the major gin brands imported in the U.S. .

Allied-Lyons , while powerful in whiskey , does n't own any major white-spirit brands .

We will certainly have to take a look at '' the Whitbread spirits business , an Allied-Lyons spokesman said .

We would certainly like to have a major white-spirits brand in our portfolio . ''

A Seagram spokesman in New York would n't comment .

Smaller liquor companies , such as Brown-Forman Corp. and American Brands Inc. of the U.S. , also are likely to be interested .

Such companies are increasingly being left behind '' in the global liquor business , says Nomura 's Mr. Littleboy .

In New York , a spokesman for American Brands would n't comment .

Brown-Forman , a Louisville , Ky. distiller , also declined to comment .

Whitbread 's wine , spirits and soft-drink operations had trading profit of # 35.4 million on sales of # 315.5 million in the year ended Feb. 25 .

The company , which is retaining most of its wine and all of its soft-drink interests , didn’t break out results for the businesses it plans to sell .

But analysts estimate their trading profit at # 30 million .

Whitbread had total pretax profit in the year ended Feb. 25 of # 223.2 million , on sales of # 2.26 billion .

Whitbread 's spirits auction occurs amid a parallel shakeup in the British beer industry .

Earlier this year , the government announced plans to foster increased competition in the industry .

British brewers currently own thousands of pubs , which in turn sell only the breweries ' beer and soft drinks .

Under new rules , many of the country 's pubs would become free houses , selling beers of their choice .

Whitbread now intends to bolster its brewing interests , in an effort to grab a share of sales to free houses .

The company , which last month paid # 50.7 million for regional British brewer Boddington Group PLC , has about 13 % of the British beer market .

Whitbread also owns the license to brew and distribute Heineken and Stella Artois beers in Britain .

In addition , Whitbread intends to focus on its newer hotel , liquor store and restaurant businesses in Europe and North America .

In Britain , those interests include the Beefeater steakhouse chain and joint ownership with PepsiCo Inc. of the country 's Pizza Hut chain .

In Canada and the U.S. , Whitbread owns The Keg chain of steak and seafood restaurants .

Focusing on beer , restaurants and hotels means we can concentrate our skills and resources more effectively , Peter Jarvis , Whitbread 's managing director , said in a statement .

The spirits business would require substantial additional investment to enable it to compete effectively in the first division of global players . ''

Whitbread also announced that Mr. Jarvis , who is 48 , will become the company 's chief executive March 1 .

At that time Sam Whitbread , the company 's chairman and a descendant of its 18th-century founder , will retire from executive duties .

He will retain the honorary title of non-executive chairman .

The Treasury plans to raise $ 700 million in new cash with the sale Tuesday of about $ 10 billion in two-year notes to redeem $ 9.29 billion in maturing notes .

The offering will be dated Oct. 31 and mature Oct. 31 ,

Tenders for the notes , available in minimum $ 5,000 denominations , must be received by 1 p.m. EDT Tuesday at the Treasury or at Federal Reserve banks or branches .

NEWHALL LAND & FARMING Co. , Valencia , Calif. , announced a 2-for-1 split in the real estate limited partnership 's units and increased its regular quarterly cash distribution 33 % , to 40 cents a unit .

The real estate limited partnership also said it will pay a special year-end cash distribution of 10 cents a unit .

Both distributions are payable Dec. 4 to limited partners of record Nov. 3 .

Mellon Bank Corp. said directors authorized the buy-back of as many as 250,000 common shares .

The bank holding company said stock repurchased will be used to meet requirements for the company 's benefit plans .

Mellon has 36.6 million shares outstanding .

Champion International Corp. 's third-quarter profit dropped 17 % , reflecting price declines for certain paper products , operating problems at certain mills , and other factors .

The paper producer reported that net income fell to $ 102.1 million , or $ 1.09 a share , from $ 122.4 million , or $ 1.29 a share , in the year-earlier period .

Sales rose 2.6 % to $ 1.32 billion from $ 1.29 billion .

In New York Stock Exchange composite trading , Champion 's shares rose 25 cents to $ 32.125 .

Digital Equipment Corp. is planning a big coming-out party on Tuesday for its first line of mainframe computers .

But an uninvited guest is expected to try to crash the party .

On the morning of the long-planned announcement , International Business Machines Corp. is to introduce its own new mainframe .

Their attitude is , You want to talk mainframes , we 'll talk mainframes , ' '' says one computer industry executive .

They 're deliberately trying to steal our thunder , a Digital executive complains .

Maybe we should take it as a compliment . ''

Digital 's target is the $ 40 billion market for mainframe computers , the closet-sized number-crunchers that nearly every big company needs to run its business .

IBM , based in Armonk , N.Y. , has dominated the market for decades .

That does n't scare Digital , which has grown to be the world 's second-largest computer maker by poaching customers of IBM 's mid-range machines .

Digital , based in Maynard , Mass. , hopes to stage a repeat performance in mainframes , and it has spent almost $ 1 billion developing the new technology .

A spoiler , nimble Tandem Computers Inc. in Cupertino , Calif. , jumped into the fray earlier this week with an aggressively priced entry .

IBM appears more worried about Digital , which has a broad base of customers waiting for the new line , dubbed the VAX 9000 .

It 's going to be nuclear war , says Thomas Willmott , a consultant with Aberdeen Group Inc .

The surge in competition is expected to stir new life into the huge mainframe market , where growth has slowed to single digits in recent years .

IBM 's traditional mainframe rivals , including Unisys Corp. , Control Data Corp. and NCR Corp. , have struggled recently .

Digital is promising a new approach .

Robert M. Glorioso , Digital 's vice president for high performance systems , says Digital 's mainframe is designed not as a central computer around which everything revolves , but as part of a decentralized network weaving together hundreds of workstations , personal computers , printers and other devices .

And unlike IBM 's water-cooled mainframes , it does n't need any plumbing .

The challengers will have a big price advantage .

Digital is expected to tag its new line from about $ 1.24 million to $ 4.4 million and up , depending on configuration .

That 's about half the price of comparably equipped IBM mainframes .

Tandem 's pricing is just as aggressive .

The heightened competition will hit IBM at a difficult time .

The computer giant 's current mainframe line , which has sold well and has huge profit margins , is starting to show its age .

The new 3090s due next week will boost performance by only about 8 % to 10 % .

And IBM is n't expected to deliver a new generation of mainframes until 1991 .

Still , no one expects IBM 's rivals to deliver a knockout .

IBM has a near-monopoly on mainframes , with an estimated 70 % share of the market .

IBM is five times the size of Digital -- and 40 times the size of Tandem -- and wields enormous market power .

It counts among its customers a majority of the world 's largest corporations , which entrust their most critical business information to IBM computers .

We 're not going to walk in and replace a company 's corporate accounting system if it 's already running on an IBM mainframe , concedes Kenneth H. Olsen , Digital 's president .

He says Digital will target faster-growing market segments such as on-line transaction processing , which includes retail-sales tracking , airline reservations and bank-teller networks .

Tandem , which already specializes in on-line transaction processing , is a potent competitor in that market .

A key marketing target for Digital will be the large number of big customers who already own both Digital and IBM systems .

One such company is Bankers Trust Co .

Stanley Rose , a vice president , technological and strategic planning at Bankers Trust , says that despite Digital 's low prices , we are n't about to unplug our IBM mainframes for a DEC machine .

The software conversion costs would dwarf any savings . ''

But Mr. Rose is still looking seriously at the 9000 .

Bankers Trust uses Digital 's VAX to run its huge money-transfer and capital markets accounts , juggling hundreds of billions of dollars each day , he says .

As that system grows , larger computers may be needed .

In the past , customers had to go to IBM when they outgrew the VAX .

Now they do n't have to , he says .

That 's going to cost IBM revenue . ''

Analysts say Digital can expect this pent-up demand for the new VAX to fuel strong sales next year .

Barry F. Willman , an analyst at Sanford C. Bernstein & Co. , estimates the 9000 could boost sales by more than $ 1 billion in the fiscal year beginning in July .

He bases the estimate on a survey of hundreds of Digital 's largest customers .

Although Digital will announce a full family of mainframes next week , it is n't expected to begin shipping in volume until next year .

The first model available will be the 210 , which is likely to appeal to many technical and scientific buyers interested in the optional super-charger , or vector processor , says Terry Shannon of International Data Corp. , a market research concern .

Four more models , aimed squarely at IBM 's commercial customers , are expected to begin shipping in late June .

Most analysts do n't expect the new mainframes to begin contributing significantly to revenue before the fiscal first quarter , which begins next July 1 .

Digital 's new line has been a long time coming .

The company has long struggled to deliver a strong mainframe-class product , and made a costly decision in 1988 to halt development of an interim product meant to stem the revenue losses at the high end .

Digital 's failure to deliver a true mainframe-class machine before now may have cost the company as much as $ 1 billion in revenue in fiscal 1989 , Mr. Willman says .

IBM will face still more competition in coming months .

Amdahl Corp. , backed by Japan 's Fujitsu Ltd. , has a growing share of the market with its low-priced , IBM-compatible machines .

And National Advanced Systems , a joint venture of Japan 's Hitachi Ltd. and General Motors Corp. 's Electronic Data Systems , is expected to unveil a line of powerful IBM-compatible mainframes later this year .

NOTE :

NAS is National Advanced Systems , CDC -- Control Data Corp. , Bull NH Information Systems Inc .

Source : International Data Corp .

Compiled by Publishers Weekly from data from large-city bookstores , bookstore chains and local bestseller lists across the U.S. .

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The frenetic stock and bond markets cooled off , but the dollar slumped .

Stocks rose slightly as trading activity slowed from the frenzied pace earlier this week .

Prices of long-term Treasury bonds hovered in a narrow band most of the day , finishing little changed despite the dollar 's weakness and fears about a wave of government borrowing coming soon .

Helped by futures-related program buying , the Dow Jones Industrial Average gained 4.92 points to close at 2643.65 .

But the Dow Jones Transportation Average fell for the seventh-consecutive session as more investors dumped UAL shares .

Bond prices rallied early yesterday morning as traders scrambled to buy Treasury issues on fears that the Northern California earthquake might lead to a stock-market debacle .

But when stocks held steady , Treasury bonds later retreated .

Speculation that the Federal Reserve will lower interest rates in coming weeks helped push the dollar down while boosting stocks , traders said .

But many investors remain wary about stocks , partly because they expect continued turbulence in the junk-bond market that would make it more difficult to finance corporate takeovers .

I 'm surprised we didn’t see more volatility '' in stocks , said Raymond F. DeVoe Jr. , market strategist at Legg Mason Wood Walker .

I think the problems in the junk-bond area are just beginning , and this will be very unsettling for companies that have issued junk bonds .

In a bull market , credit does not matter , Mr. DeVoe added .

But when it does matter , then it 's the only thing that matters . ''

However , many institutional investors are reacting to the stock market 's plunge as a great buying opportunity , said Charles I. Clough , chief investment strategist at Merrill Lynch Capital Markets .

Things are beginning to settle down .

The markets are returning to normalcy . ''

Oil prices initially rose on fears that the massive earthquake in Northern California would disrupt production .

But prices later reversed course , finishing slightly lower , as investors concluded that any cuts would n't be large and that foreign oil producers would quickly pick up the slack .

In major market activity :

Stock prices rose .

New York Stock Exchange volume shrank to 166.9 million shares from 224.1 million Tuesday .

Advancers on the Big Board outpaced decliners by 822 to 668 .

Bond prices were little changed in sluggish activity .

The yield on the Treasury 's 30-year issue fell slightly to 8.03 % .

The dollar dropped .

In New York late yesterday , the currency was at 141.45 yen and 1.8485 marks , down from 142.75 yen and 1.8667 marks late Tuesday .

James L. Madson , 46 years old , was named a vice president and assistant general manager of this producer of copper and other minerals .

He will succeed Arthur E. Himebaugh as general manager Feb. 1 , when Mr. Himebaugh retires .

AMR Corp. posted an 8.8 % drop in third-quarter net income and said the fourth quarter will be disappointing '' as well , primarily because of slimmer profit margins and increased fuel costs .

AMR 's earnings decline comes a year after the parent company of American Airlines and the rest of the airline industry set profit records .

Some analysts say the latest results only seem pale by comparison with a spectacular second half of 1988 .

Still , AMR 's stumble does n't bode well for the rest of the industry .

The Fort Worth , Texas , company is generally regarded as one of the best-run in the business , and its difficulties are likely to be reflected industrywide as other major carriers report third-quarter results over the next several days .

Meanwhile , the company 's board , which had said nothing publicly about investor Donald Trump 's recently withdrawn $ 7.5 billion offer for AMR , issued a statement condemning ill-conceived and reckless '' bids and saying it was pleased '' that Mr. Trump had backed out .

In the third quarter , AMR said , net fell to $ 137 million , or $ 2.16 a share , from $ 150.3 million , or $ 2.50 a share .

Revenue rose 17 % to $ 2.73 billion from $ 2.33 billion a year earlier .

AMR 's chairman , Robert L. Crandall , said the results were due to an 11 % year-to-year increase in fuel prices and a slight decrease in yield , an industry measure analogous to profit margin on each seat sold .

We think these trends will continue and will produce a very disappointing fourth quarter as well , he said .

Tim Pettee , an analyst with Merrill Lynch & Co. , said : The business turned faster than expected .

Costs are giving them a little bit of trouble , and the whole industry is having a pricing problem . ''

For the nine months , AMR 's net rose 15 % to $ 415.9 million , or $ 6.59 a share , from $ 360.1 million , or $ 5.99 a share .

Revenue jumped 22 % to $ 7.89 billion from $ 6.46 billion .

AMR 's board , in a statement after a regular meeting yesterday , said : Ill-considered and reckless acquisition proposals adversely affect employee , financial and business relationships and are contrary to the best interests of AMR shareholders ... .

AMR has not been , and is not , for sale . ''

Mr. Crandall said the company 's current decline in earnings is exactly the kind of situation that an excessively leveraged company laden with debt from a takeover would find difficult to weather .

Our very disappointing third-quarter results and the discouraging outlook for the fourth quarter underscore the importance of an adequate capital base , he said .

Christopher Whittington , 51-year-old deputy chairman of this British investment-banking group and chairman of Morgan Grenfell & Co. , the group 's main banking unit , has retired from his executive duties .

Succeeding Mr. Whittington as deputy chairman of the group is Anthony Richmond-Watson , 43 , currently a main board member .

Succeeding Mr. Whittington at Morgan Grenfell & Co. is Richard Webb , 50 , currently deputy chairman .

Mr. Whittington will remain on the main group board as a nonexecutive director .

Without federal subsidies to developers of beach houses , the economic and structural damage by Hurricane Hugo in South Carolina would have been much less , as highlighted by your Oct. 3 editorial Subsidizing Disaster . ''

Congress should stop throwing tax dollars out to sea by subsidizing the development of beach communities on ecologically fragile coastal barrier islands , such as the hard-hit Isle of Palms near Charleston .

As you mentioned , subsidies for development on a number of barrier islands were curtailed in 1982 by the Coastal Barrier Resource System .

The National Taxpayers Union would like Congress to add 800,000 acres to the 453,000 of shoreline in the system by enacting The Coastal Barrier Improvement Act of 1989 . ''

This bill simply says that if you want to develop property on a barrier island you have to do so without taxpayer support .

Private-property rights would be upheld because the legislation would not ban coastal development .

However , home builders would have to bear the full costs of such beach-house construction .

A Taxpayers Union study concluded the bill would save taxpayers up to $ 9.3 billion in barrier-island subsidies over 20 years .

Already , the 1982 legislation has saved an estimated $ 800 million .

Marshall Y. Taylor

Communications Director

National Taxpayers Union

The government said 13.1 % of Americans , or 31.9 million people , were living in poverty in 1988 .

While last year 's figure was down from 13.4 % in 1987 and marked the fifth consecutive annual decline in the poverty rate , the Census Bureau said the 1988 drop was n't statistically significant .

The bureau 's report also showed that while some measures of the nation 's economic well-being improved modestly in 1988 , the fruits of prosperity were shared less equitably than the year before .

Summarizing data derived from a March 1989 survey of 58,000 households , William Butz , associate director of the Census Bureau , said that most groups either stayed the same or improved . ''

But , he added , Since the late 1960s , the distribution of income has been slowly getting less equal .

There was no reversal -LCB- of that trend -RCB- between 1987 and 1988 . ''

Per capita income , a widely used measure of a nation 's economic health , hit a record in 1988 , rising 1.7 % after inflation adjustment to $ 13,120 .

But the median income of American families fell 0.2 % , the first time it has failed to rise since 1982 .

Mr. Butz said the divergence in the two measures reflects changes in family size and structure , including the rising number of female-headed families and a sharp increase in income reported by Americans who are n't living in families .

As a result of last year 's decline , the government 's estimate for the number of people living below the poverty line declined by about 500,000 .

The poverty threshold , defined as three times food expenses as calculated by the Agricultural Department , last year was $ 12,092 for a family of four .

The Census Bureau counts all cash income in determining whether families are below the line , but it does n't consider other government benefits , such as Medicare .

Thanks largely to the continued growth of the U.S. economy , the poverty rate is now substantially lower than the 1983 peak of 15.3 % , but the improvements have been modest in the past couple of years .

Poverty remains far more widespread among blacks than other Americans .

In 1988 , 31.6 % of blacks lived in poverty , compared with 10.1 % for whites and 26.8 % for Hispanics .

But two-thirds of all poor Americans were white .

More than half of poor families were headed by women living without men , the bureau said .

More than three-fourths of poor black families were headed by women .

The poverty rate of children under 18 years old dropped last year to 19.7 % from 20.5 % in 1987 , but remained far higher than a decade ago .

The rate among the elderly -- 12 % in 1988 -- was n't significantly lower than the year before .

If it were n't for Social Security payments , more than three times as many elderly would be below the poverty line , Mr. Butz said .

The Census Bureau also said :

-- Some 17.2 % of all money income received by families in 1988 went to the wealthiest 5 % of all families , up from 16.9 % in 1987 .

That is the greatest share reported for any year since 1950 , although changing definitions over the years distort the comparison .

-- The top fifth of all families got 44 % of the income , up from 41.5 % a decade earlier .

The bottom fifth of all families got 4.6 % of the income , down from 5.2 % a decade earlier .

-- Confirming other government data showing that wages are n't keeping pace with inflation , earnings of year-round , full-time male workers fell 1.3 % in 1988 after adjusting for higher prices , the first such drop since 1982 .

Earnings of female workers were unchanged .

-- Women working full-time earned 66 cents for every dollar earned by men , a penny more than in 1987 and seven cents more than in 1978 .

-- Median household income -- which includes both those living in families and those who are n't -- rose 0.3 % last year to $ 27,225 after inflation .

It rose sharply in the Northeast and Midwest and fell slightly in the South and West .

Median family income was $ 32,191 , down 0.2 % .

-- Per capita income of blacks , though still only 60 % that of whites , rose 3.9 % in 1988 , while per capita income of whites rose only 1.5 % .

-- Among married couples , the gap between blacks and whites narrowed sharply , as income of black families shot up 6.8 % while income of whites didn’t budge .

Fueling a controversy that has been simmering for years , the Census Bureau also said its figures would look far rosier if it recalculated the poverty threshold using an improved consumer-price measure adopted in 1983 .

The bureau said some 3.5 million fewer people would have fallen below the poverty line in 1988 -- and the poverty rate would have been 10.5 % instead of 13.1 % -- under the alternative calculation .

Critics on the left and right have been calling for all sorts of revisions to the measure for years .

A report by the staff of the Joint Economic Committee of Congress released yesterday concluded , It is misleading to make this change without adjusting for other changes . ''

The official poverty threshold is set by the Office of Management and Budget .

John E. Hayes Jr. was elected chairman , president and chief executive officer , succeeding David S. Black , who retired .

Mr. Hayes , 52 years old , left Southwestern Bell Telephone Co. in January , where he had been chairman , president and chief executive , to join Triad Capital Partners , a St. Louis company with interests in solid waste and recycling , telecommunications and international venture capital .

He has resigned his posts at Triad to take the Kansas Power positions .

Kansas Power said Mr. Black , 61 , chose early retirement .

The space shuttle Atlantis boosted the Galileo spacecraft on its way to Jupiter , giving a big lift as well to an ambitious U.S. program of space exploration .

Seven years late in the launching , $ 1 billion over budget and a target of anti-nuclear protestors , Galileo has long been a symbol of trouble for the National Aeronautics and Space Administration .

But yesterday , as Atlantis rumbled into a patch of clear sky above Florida with storm clouds closing in on it , NASA sought to turn Galileo into a symbol of triumph .

NASA did it right ; that 's the message , said J.R. Thompson , the agency 's deputy administrator .

The $ 1.4 billion robot spacecraft faces a six-year journey to explore Jupiter and its 16 known moons .

If all goes well , it will parachute a probe into the dense Jovian atmosphere in July 1995 to pick up detailed data about gases that may be similar to the material from which the solar system was formed 4.6 billion years ago .

Jupiter is so enormous -- its mass is 318 times that of Earth -- that its gravity may have trapped these primordial gases and never let them escape .

Investigating Jupiter in detail may provide clues to what astronomer Tobias Owen calls the cosmic paradox '' of life : Jupiter and other bodies in the outer solar system are rich in elements such as hydrogen that are essential for life on Earth , but these planets are lifeless ; Earth , on the other hand , has a diminished store of such material but is rich in life .

Some scientists have suggested that comets and asteroids may have brought enough of this kind of material from the outer solar system to Earth to spawn life .

Beginning in December 1995 , Galileo will begin a two-year tour of the Jovian moons .

In 1979 , two Voyager spacecraft sent back stunning photos of Jovian moons Io and Europa that showed them to be among the most intriguing bodies in the solar system .

The photos showed active geysers on Io spewing sulfurous material 190 miles into its atmosphere and indicated that Europa may have an ocean hidden under a thick sheet of ice .

Galileo 's photos of Europa will be more than 1,000 times as sharp as Voyager 's , according to Torrence Johnson , Galileo 's project scientist , and may show whether it actually has the only known ocean other than those on Earth .

Atlantis lifted Galileo from the launch pad at 12:54 p.m. EDT and released the craft from its cargo bay about six hours later .

Galileo is on its way to another world in the hands of the best flight controllers in this world , Atlantis Commander Donald Williams said .

Fly safely . ''

The five-member Atlantis crew will conduct several experiments , including growing plants and processing polymeric materials in space , before their scheduled landing at Edwards Air Force Base , Calif. , Monday .

The Galileo project started in 1977 , and a number of project veterans were on hand to watch the launch .

An ebullient Mr. Johnson , wearing a NASA baseball cap and carrying a camera and binoculars , called the launch fantastic . ''

Benny Chin , manager of the Galileo probe , compared it to watching a child leave home .

I 'm happy and sad , he said .

Anti-nuclear activists took a less positive view .

Having argued that Galileo 's plutonium power source could have released lethal doses of radiation if the shuttle exploded yesterday , they were n't quieted by yesterday 's successful launch .

Galileo will skim past Earth in 1990 and 1992 , collecting energy from the planet 's gravitational field to gain momentum for its trip to Jupiter .

The protesters point out that Galileo also could crash to Earth then .

They said they dropped plans to infiltrate the Kennedy Space Center after NASA beefed up its security .

One protest did get past NASA 's guard , though ; a computer virus caused anti-Galileo messages to flash onto some computer screens at NASA centers .

The successful launch continues a remarkable recovery in the U.S. space-science program .

An unmanned spacecraft , Magellan , already is heading to Venus and is due to begin mapping the planet next August .

Voyager 2 sent back spectacular photos of Neptune and its moon , Triton , this summer .

Next month , NASA plans to launch a satellite to study cosmic rays dating from the birth of the universe .

In December , the shuttle Columbia will try to retrieve a satellite that 's been in orbit for nearly five years measuring the deleterious effects of space on materials and instruments .

Next March , the shuttle Discovery will launch the Hubble space telescope , a $ 1.5 billion instrument designed to see the faintest galaxies in the universe .

Not all of NASA 's space-science work will be so auspicious , though .

Around Thanksgiving , the Solar Max satellite , which NASA repaired in orbit in 1984 , will tumble back into the Earth 's atmosphere .

NASA won’t attempt a rescue ; instead , it will try to predict whether any of the rubble will smash to the ground and where .

The Associated Press 's earthquake coverage drew attention to a phenomenon that deserves some thought by public officials and other policy makers .

Private relief agencies , such as the Salvation Army and Red Cross , mobilized almost instantly to help people , while the Washington bureaucracy took hours getting into gear . ''

One news show we saw yesterday even displayed 25 federal officials meeting around a table .

We recall that the mayor of Charleston complained bitterly about the federal bureaucracy 's response to Hurricane Hugo .

The sense grows that modern public bureaucracies simply do n't perform their assigned functions well .

Bally Manufacturing Corp. and New York developer Donald Trump have agreed in principle to a $ 6.5 million settlement of shareholder litigation stemming from Bally 's alleged greenmail payment to Mr. Trump .

According to lawyers familiar with the settlement talks , the verbal agreement to end a lawsuit filed more than two years ago was reached last week and will soon be submitted to a federal judge in Camden , N.J .

In February 1987 , Bally thwarted a possible hostile takeover bid from Mr. Trump by agreeing to buy 2.6 million of Mr. Trump 's 3.1 million Bally shares for $ 83.7 million -- more than $ 18 million above market price .

The term greenmail refers to a situation where a company pays a premium over market value to repurchase a stake held by a potential acquirer .

Lawyers for shareholders , Bally and Mr. Trump all declined to talk publicly about the proposed settlement , citing a request by a federal court magistrate not to reveal details of the agreement until it is completed .

But some attorneys who are familiar with the matter said the $ 6.5 million payment will be shared by Bally and Mr. Trump , with the casino and hotel concern probably paying the bulk of the money .

The amount Bally and Mr. Trump will pay to settle the class-action suit pales in comparison to the $ 45 million Walt Disney Co. and Saul Steinberg 's Reliance Group Holdings Inc. agreed to pay to settle a similar suit in July .

That settlement represented the first time shareholders were granted a major payment in a greenmail case .

Mr. Steinberg made a $ 59.7 million profit on the sale to Disney of his investment in the company in 1984 .

But lawyers said Mr. Steinberg probably faced much more potential liability because , when he sued Disney during his takeover battle , he filed on behalf of all shareholders .

When Disney offered to pay Mr. Steinberg a premium for his shares , the New York investor didn’t demand the company also pay a premium to other shareholders .

When Mr. Trump sued Bally , he sued only on behalf of himself .

Mr. Trump and Bally also appeared to have some leverage in the case because in the state of Delaware , where Bally is incorporated , courts have held that greenmail is often protected by the business-judgment rule .

That rule gives boards of directors wide latitude in deciding how to deal with dissident shareholders .

SENATE HEARS final arguments in impeachment trial of federal judge .

Yesterday , U.S. Judge Alcee Hastings faced his jury -- the full U.S. Senate -- and said , I am not guilty of having committed any crime . ''

Seventeen articles of impeachment against the Florida judge , one of the few blacks on the U.S. bench , were approved by the House in August 1988 .

The central charge against Judge Hastings is that he conspired with a Washington lawyer to obtain a $ 150,000 bribe from defendants in a criminal case before the judge , in return for leniency .

He is also accused of lying under oath and of leaking information obtained from a wiretap he supervised .

The Senate 's public gallery was packed with Judge Hastings ' supporters , who erupted into applause after he finished his argument .

Judge Hastings , who was acquitted of similar charges by a federal jury in 1983 , claims he is being victimized and that the impeachment proceedings against him constitute double jeopardy .

But Rep. John Bryant -LRB- D. , Texas -RRB- , the lead counsel for the House managers who conducted a lengthy inquiry into Judge Hastings ' activities , said a mountain of evidence points to his certain guilt . ''

The Senate will deliberate behind closed doors today and is scheduled to vote on the impeachment tomorrow .

If the judge is impeached , as is thought likely , he will be removed from office immediately .

However , Judge Hastings has said he will continue to fight and is contemplating an appeal of any impeachment to the U.S. Supreme Court .

COMPANIES SEEKING to make insurers pay for pollution cleanup win court victory .

In a case involving Avondale Industries Inc. and its insurer , Travelers Cos. , the Second U.S. Circuit Court of Appeals in New York ruled in favor of the company on two issues that lawyers say are central to dozens of pollution cases around the country .

Travelers and other insurers have maintained that cleanup costs are n't damages and thus are n't covered under commercial policies .

They also have argued that government proceedings notifying a company of potential responsibility do n't fit the legal definition of a lawsuit ; thus , such governmental proceedings are n't covered by the policies , the insurers say .

The appeals court disagreed on both counts .

Avondale was notified by Louisiana officials in 1986 that it was potentially responsible for a cleanup at an oil-recycling plant .

Avondale asked Travelers to defend it in the state proceeding , but the insurer didn’t respond .

The appeals court upheld a district judge 's ruling that the insurer had to defend the company in such proceedings .

The appeals court also said , We think an ordinary businessman reading this policy would have believed himself covered for the demands and potential damage claims '' stemming from any cleanup .

This decision will have a very considerable impact , said Kenneth Abraham , professor of environmental law and insurance law at the University of Virginia , because many commercial insurance policies are issued by companies based in New York .

William Greaney , an attorney for the Chemical Manufacturers Association , said that while other appeals courts have ruled differently on whether cleanup costs are damages , the influence of the appeals court in New York will make insurers sit up and listen . ''

He said the decision was the first in which a federal appeals court has ruled whether administrative government proceedings qualify as litigation .

Barry R. Ostrager , an attorney for Travelers , said , there are procedural bases on which this case will be appealed further . ''

NEW YORK 'S poor face nearly three million legal problems a year without legal help .

That is the conclusion of a report released by the New York State Bar Association .

The report was based on a telephone survey of 1,250 low-income households across the state , a mail survey of major legal-services programs and on-site interviews with individuals in the field .

The report provides detailed documentation of the extent and nature of the problem and indicates how we may want to shape solutions , said Joseph Genova , chairman of the committee that oversaw the survey and a partner at the law firm of Milbank , Tweed , Hadley & McCloy .

According to the study , slightly more than 34 % of those surveyed reported having at least one housing problem every year for which they had no legal help .

Nearly 36 % ranked housing problems as their most serious unmet legal need .

Other areas targeted by the survey 's respondents included difficulty obtaining or maintaining public benefits -LRB- 22 % -RRB- , consumer fraud -LRB- 15.4 % -RRB- , and health-care issues -LRB- 15 % -RRB- .

During the 15-month survey , 43 % of all legal-services programs said that at some period they were unable to accept new clients unless they had an emergency .

Mr. Genova said the committee may meet to propose solutions to the problems identified in the study .

PROSECUTOR TO JOIN Gibson Dunn :

Assistant U.S. Attorney Randy Mastro , who headed the government 's racketeering case against the International Brotherhood of Teamsters , will join Gibson , Dunn & Crutcher in its New York office .

Mr. Mastro has been with the New York U.S. attorney 's office for nearly five years .

In 1987 he became deputy chief of the civil division .

Mr. Mastro will do civil litigation and white-collar defense work for Gibson Dunn , which is based in Los Angeles .

FORMER APPLE COMPUTER Inc. general counsel John P. Karalis has joined the Phoenix , Ariz. , law firm of Brown & Bain .

Mr. Karalis , 51 , will specialize in corporate law and international law at the 110-lawyer firm .

Before joining Apple in 1986 , Mr. Karalis served as general counsel at Sperry Corp .

After failing to find a buyer for the Sears Tower in Chicago , Sears , Roebuck & Co. is negotiating with Boston pension fund adviser Aldrich , Eastman & Waltch Inc. to refinance the property for close to $ 850 million , according to people close to the negotiations .

Under the proposed agreement involving the world 's tallest building , Chicago-based Sears would receive about half the money through conventional mortgage financing and the other half as a convertible mortgage .

At the end of the term of the convertible loan , Sears could still own half the building , and AEW could own the other half .

Neither side would comment .

The parties are currently negotiating over who would manage the building , which will be emptied of 6,000 employees from Sears ' merchandise group , which is moving elsewhere .

The new manager will face the daunting task of leasing 1.8 million square feet in a relatively soft Chicago real estate market .

Also , it has not yet been decided exactly how much of the mortgage AEW will be able to convert into equity .

Convertible mortgages have become an increasingly popular way to finance prestigious buildings of late .

In a convertible mortgage , the investor lends the building owner a certain amount in return for the option to convert its interest into equity , usually less than 50 % , at the end of the loan term .

During the term , the lender can either receive a percentage of cash flow , a percentage of the building 's appreciation or a fixed return .

The main advantage of a convertible mortgage is that it is not a sale and therefore does not trigger costly transfer taxes and reappraisal .

Sears said it would put the 110-story tower on the block almost a year ago as part of its anti-takeover restructuring .

But Japanese institutions shied away from bidding on the high-profile tower out of fear their purchase of the property would trigger anti-Japanese sentiment .

Last summer , Sears appeared to have a deal with Canadian developer Olympia & York Developments Ltd .

But that deal fell through in September after it became clear that the sale would lead to a major real estate tax reassessment , raising property taxes , and making it difficult to lease the building at competitive prices .

Real estate industry executives said Sears ' investment banker , Goldman , Sachs & Co. , sought financing in Japan .

However , Japanese authorities apparently were concerned that a refinancing also would attract too much publicity .

Sears then went back to AEW , the Boston pension adviser that had proposed a convertible debt deal during the first round of bids last spring .

AEW has $ 3.5 billion of real estate investments nationwide , according to a spokesman .

Tandy Corp. said it signed a definitive agreement to acquire two units of Datatronic AB of Stockholm for cash .

The amount was n't disclosed .

The electronics maker and retailer previously estimated the sale price at between $ 100 million and $ 200 million for Datatronic 's Victor microcomputer and Micronic hand-held computer subsidiaries .

In addition , Tandy will acquire rights to the Victor and Micronic names for computers .

During 1988 , the Datatronic subsidiaries had combined sales in excess of $ 200 million .

The transaction will give Tandy a well-known European computer brand that includes 2,700 dealers and distributors marketing to medium-sized business and educational institutions .

Closing of the transaction is subject to certain conditions and regulatory approvals , the company said .

Two rules in pending congressional legislation threaten to hinder leveraged buy-outs by raising the price tags of such deals by as much as 10 % .

Wall Street is seething over the rules , which would curtail the tax deductibility of debt used in most LBOs .

The provisions , in deficit-reduction bills recently passed by the House and Senate , could further cool the takeover boom that has been the driving force behind the bull market in stocks for much of the 1980s , some tax experts and investment bankers argue .

Indeed , some investment bankers have already started restructuring deals to cope with the expected rules .

Wall Street has all but conceded on the issue and is now lobbying for the less onerous Senate version of one of the provisions .

At issue is the deductibility of certain junk bonds that are used in most LBOs .

Such high-yield debt is similar to a zero-coupon bond in that it is sold at a discount to face value , with interest accruing instead of being paid to the holder .

Under current rules , that accrued interest is deductible by the company issuing the debt .

The House version of the legislation would kill that deduction , and label any such debt as equity , which is n't deductible .

The less-rigorous Senate version would defer the deductibility for roughly five years .

You see these in just about every LBO , said Robert Willens , senior vice president in charge of tax issues at Shearson Lehman Hutton Inc. in New York .

It becomes a source of cash '' for the company making the LBO because it gets a deduction and does n't have to repay the debt for several years .

Typically , Mr. Willens estimates , this type of debt makes up 15 % to 20 % of the financing for LBOs .

These types of bonds have been used in buy-outs of companies such as RJR Nabisco Inc. , Storer Communications Inc. and Kroger Co .

A second provision passed by the Senate and House would eliminate a rule allowing companies that post losses resulting from LBO debt to receive refunds of taxes paid over the previous three years .

For example , if a company posted a loss of $ 100 million from buy-out interest payments , the existing rule would allow the concern to be able to receive a refund from the tax it paid from 1986 through 1989 , when it may have been a profitable public company .

But that rule is being virtually overlooked by Wall Street , which is concentrating on coping with the deduction issue .

Prices for LBOs have to come down if you do n't have that feature , argued Lawrence Schloss , managing director for merchant banking at Donaldson , Lufkin & Jenrette Securities Corp. in New York .

Several Wall Street officials say the proposed legislation already is having an impact .

An investment group led by Chicago 's Pritzker family recently lowered a $ 3.35 billion bid for American Medical International , Beverly Hills , Calif. , because of the threat of the legislation .

Moreover , one investment banker , who requested anonymity , said his firm didn’t raise the ante for a target company earlier this month after a stronger bid emerged from a public company that was n't concerned about the financing provision .

We would have paid more if we thought that law was n't going to pass , he said .

One possible solution for Wall Street is to increase the equity part of the transaction -- that is , give lenders a bigger stake in the surviving company rather than just interest payments .

That would force the buy-out firm and the target company 's management to reduce their level of ownership .

The pigs in the trough may have to give a little bit of the slop back and then the deal can go through , said Peter C. Canellos , tax partner at Wachtell , Lipton , Rosen & Katz .

Another solution , said a tax lawyer who requested anonymity , is for firms to use convertible bonds that sell at a discount .

Since they have a lower interest rate , they would n't fall under the junk-bond category that would lose its deductibility .

The House version of the bill would make debt non-deductible if it pays five percentage points above Treasury notes , has at least a five-year maturity and does n't pay interest for at least one year out of the first five .

The bill would then declare that the debt is equity and therefore is n't deductible .

The Senate bill would only deny the deduction until interest is actually paid .

Currently , even though the issuer does n't pay tax , the debt holder is taxed on the accrued interest .

But those holders are often foreign investors and tax-exempt pension funds that do n't pay taxes on their holdings .

The Senate estimates that its version of the provision would yield $ 17 million the first year and a total of $ 409 million over five years .

The House version would raise slightly more .

Even if Wall Street finds ways around the new rules , a Senate aide contends LBOs will become somewhat more difficult .

There 's no question it will make LBOs more expensive , he said .

The interest deduction was the engine that made these things more productive .

The average publicly offered commodity fund fell 4.2 % in September , largely because of the volatile markets in foreign currencies , according to Norwood Securities .

The firm said that losers outnumbered gainers by more than three to one among the 122 funds it tracks .

For the first nine months of the year , Norwood said the average fund has lost 3.3 % .

The government moved aggressively to open the spigots of federal aid for victims of the California earthquake , but its reservoir of emergency funds must be replenished soon if the aid is to continue .

President Bush signed a disaster declaration covering seven Northern California counties .

The declaration immediately made the counties eligible for temporary housing , grants and low-cost loans to cover uninsured property losses .

In addition , an unusually wide array of federal agencies moved to provide specialized assistance .

The Department of Housing and Urban Development prepared to make as many as 100 vacant houses available for those left homeless , the Agriculture Department was set to divert food from the school-lunch program to earthquake victims , and the Pentagon was providing everything from radio communications to blood transfusions to military police for directing traffic .

But the pool of federal emergency-relief funds already is running low because of the heavy costs of cleaning up Hurricane Hugo , and Congress will be under pressure to allocate more money quickly .

In Hugo 's wake , Congress allocated $ 1.1 billion in relief funds , and White House spokesman Marlin Fitzwater said $ 273 million of that money remains and could be diverted for quick expenditures related to the earthquake .

Now , though , enormous costs for earthquake relief will pile on top of outstanding costs for hurricane relief .

That obviously means that we won’t have enough for all of the emergencies that are now facing us , and we will have to consider appropriate requests for follow-on funding , Mr. Fitzwater said .

The federal government is n't even attempting yet to estimate how much the earthquake will cost it .

But Mr. Fitzwater said , There will be , I think quite obviously , a very large amount of money required from all levels of government . ''

In Congress , lawmakers already are looking for ways to add relief funds .

Money could be added to a pending spending bill covering the Federal Emergency Management Agency , which coordinates federal disaster relief .

More likely , relief funds could be added to an omnibus spending bill that Congress is to begin considering next week .

But it is n't just Washington 's relief dollars that are spread thin ; its relief manpower also is stretched .

FEMA still has special disaster centers open to handle the aftermath of Hugo , and spokesman Russell Clanahan acknowledged that we 're pretty thin . ''

Mr. Clanahan says FEMA now possibly may have the heaviest caseload in its history .

To further complicate relief efforts , the privately funded American Red Cross also finds itself strapped for funds after its big Hugo operation .

It 's been a bad month money-wise and every other way , said Sally Stewart , a spokeswoman for the Red Cross .

It just makes it a little rough when you have to worry about the budget . ''

The Red Cross has opened 30 shelters in the Bay area , serving 5,000 people .

Twenty-five trucks capable of cooking food were dispatched from other states .

All the precise types of federal aid that will be sent to California won’t be determined until state officials make specific requests to FEMA , agency officials said .

And in the confusion after the earthquake , the information flow is a little slow coming in from the affected area , said Carl Suchocki , a FEMA spokesman .

Still , some aid is moving westward from Washington almost immediately .

HUD officials said they will make available as many as 100 Bay area houses that are under HUD loans but now are vacant after the houses have been inspected to ensure they are sound .

Additional housing vouchers and certificates will be made available , officials said , and some housing and community-development funds may be shifted from other programs or made available for emergency use .

Another federal agency not normally associated with disaster relief -- the Internal Revenue Service -- moved quickly as well .

The IRS said it will waive certain tax penalties for earthquake victims unable to meet return deadlines or make payments because of the quake 's devastation .

The agency plans to announce specific relief procedures in the coming days .

And the Treasury said residents of the San Francisco area will be able to cash in savings bonds even if they have n't held them for the minimum six-month period .

One advantage that federal officials have in handling earthquake relief is the large number of military facilities in the San Francisco Bay area , facilities that provide a ready base of supplies and workers .

Even before the full extent of the devastation was known , Defense Secretary Dick Cheney ordered the military services to set up an emergency command center in the Pentagon and prepare to respond to various FEMA requests for assistance .

By yesterday afternoon , Air Force transport planes began moving additional rescue and medical supplies , physicians , communications equipment and FEMA personnel to California .

A military jet flew a congressional delegation and senior Bush administration officials to survey the damage .

And the Pentagon said dozens of additional crews and transport aircraft were on alert awaiting orders to move emergency supplies . ''

Two Air Force facilities near Sacramento , and Travis Air Force Base , 50 miles northeast of San Francisco , were designated to serve as medical-airlift centers .

Some victims also were treated at the Letterman Army Medical Center in San Francisco and at the Naval Hospital in Oakland .

In addition , 20 military police from the Presidio , a military base in San Francisco , are assisting with traffic control , and a Navy ship was moved from a naval station at Treasure Island near the Bay Bridge to San Francisco to help fight fires .

To help residents in Northern California rebuild , FEMA intends to set up 17 disaster assistance offices in the earthquake area in the next several days and to staff them with 400 to 500 workers from various agencies , said Robert Volland , chief of the agency 's individual assistance division .

At these offices , earthquake victims will be helped in filling out a one-page form that they will need to qualify for such federal assistance as home-improvement loans and to repair houses .

And federal officials are promising to move rapidly with federal highway aid to rebuild the area 's severely damaged road system .

The Federal Highway Administration has an emergency relief program to help states and local governments repair federally funded highways and bridges seriously damaged by natural disasters .

The account currently has $ 220 million .

And though federal law dictates that only $ 100 million can be disbursed from that fund in any one state per disaster , administration officials expect Congress to move in to authorize spending more now in California .

To get that money , states must go through an elaborate approval process , but officials expect red tape to be cut this time .

Keith Mulrooney , special assistant to Federal Highway Administrator Thomas Larson , also said that after the 1971 San Fernando earthquake in Southern California , the state set tougher standards for bridges , and with federal aid , began a program to retrofit highways and bridges for earthquake hazards .

The first phase of the program has been completed , but two other phases are continuing .

The two major structures that failed Tuesday night , he said , were both built well before the 1971 earthquake -- the San Francisco Bay Bridge , completed in the 1930s , and the section of I-880 , built in the 1950s .

The I-880 section had completed the first phase of the retrofitting .

Laurie McGinley contributed to this article .

FARMERS REAP abundant crops .

But how much will shoppers benefit ?

The harvest arrives in plenty after last year 's drought-ravaged effort : The government estimates corn output at 7.45 billion bushels , up 51 % from last fall .

Soybean production swells 24 % .

As a result , prices paid to farmers for the commodities , which are used in products as diverse as bubble gum and chicken feed , plummet 20 % to 33 % .

But do n't expect too much in the way of price breaks soon at the supermarket .

Economists expect consumer food prices to jump 5.5 % this year to the highest level since 1980 and up from last year 's 4.1 % rise .

Next year may see a drop of one percentage point .

Beef prices , hovering near records since the drought , could drop in earnest this winter if ranchers expand herds .

Lower feed prices may help animals eat more cheaply , but humans have to factor in an expensive middleman : the processor .

Food companies probably won’t cut their prices much , blaming other costs .

Labor takes the biggest single chunk out of the food dollar , ' '' says Frank Pankyo of the Food Institute .

Stokely says stores revive specials like three cans of peas for 99 cents .

Two cans cost 89 cents during the drought .

IF IN VITRO fertilization works , it usually does so after only a few tries .

Costly infertility problems and procedures proliferate as aging baby boomers and others decide to have children -- now .

It 's estimated that one in six couples experiences infertility , and in 1987 , Americans spent about $ 1 billion to fight the problem .

Only about five states now offer some form of insurance coverage , but more are expected .

A letter in the New England Journal of Medicine notes that while technology offers almost endless hope ... when to stop has become a difficult question ... . ''

The authors , from Boston 's Beth Israel Hospital , say that 84 % of the 50 births they followed occurred after only two in vitro cycles .

It adds that births were extremely unlikely '' after the fourth cycle and concludes couples who do n't achieve a pregnancy after four to six procedures should be advised that success is unlikely .

Some couples continue to try .

Such determination may translate into extreme physical , emotional and financial costs , the letter warns .

MARKET MOVES , these managers do n't .

Only three of the 25 corporate pension fund managers attending a Lowry Consulting Group client conference say they plan to change the asset allocation mix in their portfolios because of the market drop .

WORLD ODDITIES come alive in a multimedia version of the Guinness Book of Records .

The $ 99 CD-ROM disk -LRB- it can only be played on an Apple Macintosh computer at the moment -RRB- combines animation , music and sound .

Among the Guinness disk 's wonders : the world 's loudest recorded belch .

ARTY FAX from David Hockney begins a tongue-in-cheek exhibit today at New York 's Andre Emmerich Gallery .

One of the artist 's earliest Fax works was Little Stanley Sleeping , a portrait of his dog .

PACS GIVE and receive in a debatable duet with employees ' favored charities .

The Federal Election Commission clears corporate plans to donate to an employee 's chosen charity in exchange for the worker 's gift to the company political action committee .

Latest approvals : Bell Atlantic 's New Jersey Bell and General Dynamics .

Companies get more political clout plus a possible tax-deductible charitable donation -- so far no word from the IRS on deductibility .

Detroit Edison , the plan pioneer , generated $ 54,000 in matching funds this year , up from $ 39,000 in 1988 .

But the utility may not continue next year .

We 're on a tight budget , says Detroit Edison 's Carol Roskind .

Two election commission members opposed the matching plans .

Scott E. Thomas says the plans give employees a bonus in the form of charitable donations made from an employer 's treasury '' in exchange for the political donation .

The U.S. government could be , in effect , subsidizing political contributions to corporate PACs , he says .

New Jersey Bell awaits state clearance .

Despite federal approval , General Dynamics says it decided it won’t go ahead with the matching program .

CHRISTMAS SHOPPERS find a helping hand from some catalog companies .

Blunt Ellis & Loewi estimates direct mail catalog sales rose to $ 12 billion last year .

And while it 's too soon to tell how sales will fare in the important 1989 Christmas season , some companies take steps to ease the usual 11th-hour crush .

Spiegel promises a Guaranteed Christmas , with a pledge to deliver goods before Christmas if ordered by Dec. 20 .

And , for an extra $ 6 , Land 's End will deliver orders within two days ; customers can designate the day .

Spiegel , which also owns Eddie Bauer and Honeybee , says that since 1987 , sales have doubled during the week before Christmas .

An L.L. Bean spokeswoman notes : People are just used to living in a last-minute society . ''

Blunt Ellis , a Milwaukee brokerage firm , says part of the reason catalog sales grow in popularity is because consumers have more money but less time to spend it .

L.L. Bean hires about 2,700 workers for the season rush , about 300 more than last year ; Land 's End hires 2,000 .

BRIEFS :

Guarana Antarctica , a Brazilian soft drink , is brought to the U.S. by Amcap , Chevy Chase , Md .

New Product News says the beverage looks like ginger ale , tastes a little like cherries and smells like bubble gum . '' ...

Amenities '' planned for Chicago 's new Parkshore Tower apartments include an on-site investment counselor .

Four years ago , Pittsburgh was designated the most-livable U.S. city by Rand McNally 's Places Rated Almanac , and the honor did wonders to improve Pittsburgh 's soot-stained image .

People asked , is it really true ? '' says Maury Kelley , vice president , marketing services , for Beecham Products USA , a maker of health and personal-care products that used the ranking in its recruiting brochure .

Yuba City , Calif. , meanwhile , ranked dead last among 329 metro areas .

Unamused , residents burned Rand McNally books and wore T-shirts that said : Kiss my Atlas . ''

The almanac will be making new friends and enemies on Oct. 27 , when an updated version will be released .

Pittsburgh figures it will be dethroned but plans to accept its ouster graciously .

The city 's Office of Promotion plans media events to welcome its successor .

We 're encouraging a graceful transition , says Mary Kay Poppenberg , the organization 's president .

Our attitude is that -LRB- the ranking -RRB- is like Miss America .

Once you 're Miss America , you 're always Miss America . ''

Tell that to Atlanta , which Pittsburgh replaced as the most-livable city in 1985 .

Many Atlantans thought Pittsburgh was an unworthy heir .

A columnist in the Atlanta Journal and Constitution wrote : Who did the research for this report ?

Two guys from Gary , Ind. ? ''

Not so .

Co-authors David Savageau and Richard Boyer , live in Gloucester , Mass. , and Asheville , N.C. , respectively .

Atlanta , Mr. Savageau sniffs , has unrealistic pretensions to world-class status . ''

The new edition lists the top 10 metropolitan areas as Anaheim-Santa Ana , Calif. ; Boston ; Louisville , Ky. ; Nassau-Suffolk , N.Y. ; New York ; Pittsburgh ; San Diego ; San Francisco ; Seattle ; and Washington .

Mr. Savageau says earthquake or not , San Francisco makes the list .

But attention also rivets on who finishes last , and Pine Bluff , Ark. -- which finished third to last in 1981 and second to last in 1985 -- is certainly in the running .

I hate to dignify the publication by commenting on the obscene rating , Mayor Carolyn Robinson says , adding that cities have no way to rebut the book .

It 's like fighting your way out of a fog .

You do n't know which way to punch .

Northrop Corp. 's third-quarter net income fell 25 % to $ 21.5 million , or 46 cents a share , while General Dynamics Corp. reported nearly flat earnings of $ 76.5 million , or $ 1.83 a share .

Los Angeles-based Northrop recorded an 8.2 % decline in sales as B-2 Stealth bomber research-and-development revenue continued to ebb and high costs on some other programs cut into profit .

The aerospace concern earned $ 28.8 million , or 61 cents a share , a year earlier .

Sales in the latest period were $ 1.25 billion , down from $ 1.36 billion in the 1988 quarter .

At St. Louis-based General Dynamics , sales rose 10 % to $ 2.52 billion from $ 2.29 billion .

It earned $ 76.4 million , or $ 1.82 a share , in the 1988 quarter .

General Dynamics credited significant earnings gains in its general aviation and material service segments , an earnings recovery in submarine operations , and higher military aircraft sales .

Northrop said sales fell because of the decline in B-2 development dollars from the government as the plane continues its initial production stage and because fewer F\/A-18 fighter sections are being produced in its subcontract work with prime contractor McDonnell Douglas Corp .

In composite trading on the New York Stock Exchange , Northrop shares closed at $ 21.125 , off 25 cents .

General Dynamics closed at $ 54.875 , up 50 cents .

Northrop , which since early 1988 has declined to accept fixed-price contracts for research and development , said earnings were hurt by excessive costs on a number of such contracts won years ago .

Among them were the ALQ-135 electronic countermeasures system for the F-15 fighter .

Northrop 's interest expense also soared to $ 35 million from $ 17 million a year ago .

It said debt remained at the $ 1.22 billion that has prevailed since early 1989 , although that compared with $ 911 million at Sept. 30 , 1988 .

The backlog of undelivered orders at Northrop on Sept. 30 was $ 4.68 billion , down from $ 5.16 billion a year earlier .

For the nine months , Northrop reported a net loss of $ 46.9 million , or $ 1 a share , compared with profit of $ 190.3 million , or $ 4.05 a share , in 1988 .

Sales dipped 3.6 % to $ 3.92 billion from $ 4.07 billion .

At General Dynamics , factors reducing earnings in the military aircraft segment included higher levels of cost-sharing in development of the Advanced Tactical Fighter , and the high cost of an advanced version of the F-16 fighter .

F-16 deliveries also have fallen slightly behind schedule , although a return to the previous schedule is expected in 1990 , the company said .

Backlog at General Dynamics rose to $ 16.5 billion from $ 15.8 billion .

Its interest expense surged to $ 21.5 million from $ 12.4 million .

For the nine months , General Dynamics earned $ 210.3 million , or $ 5.03 a share , up marginally from $ 208.8 million , or $ 4.97 a share , on a 4.9 % rise in sales to $ 7.41 billion from $ 7.06 billion .

Lotus Development Corp. reported a surprisingly strong 51 % increase in third-quarter net income on a 32 % sales gain , buoyed by strong demand for a new version of its 1-2-3 computer spreadsheet .

The results topped analysts ' expectations and the earnings growth of competitors , prompting traders to all but forget the product-launch delays that bogged down the company for much of the past two years .

Yesterday , in heavy , national over-the-counter trading , Lotus shares rose to $ 32.50 , up $ 1.25 apiece , capping a threemonth run-up of more than 40 % .

Lotus said net rose to $ 23 million , or 54 cents a share , on sales of $ 153.9 million .

A year ago , net was $ 14.3 million , or 31 cents a share , on sales of $ 116.8 million .

For the nine months , net of $ 38.5 million , or 92 cents a share , trailed the year earlier 's $ 49.9 million , or $ 1.08 a share .

Sales rose to $ 406 million from $ 356 million the year earlier .

In the first half , Lotus struggled to keep market share with costly promotions while customers awaited the launch of 1-2-3 Release 3 , the upgraded spreadsheet software .

Lotus 's results were about 10 % higher than analysts ' average expectations and compared favorably with the 36 % earnings rise reported a day earlier by rival Microsoft Corp. of Redmond , Wash .

The company said results were bolstered by upgrades to Release 3 by previous customers and improved profit margins , the result of manufacturing-cost controls .

Rick Sherlund , a Goldman Sachs analyst , said Lotus had upgrade revenue of about $ 22 million in the quarter , twice what he had expected .

Also , he estimated unit shipments of 1-2-3 in all its forms were about 315,000 , up 7 % from 1988 's quarterly average .

Demand for the new version was enabling Lotus to raise prices with distributors and to hold market share against Microsoft and other competitors that tried to exploit the earlier delays in Release 3 's launch , Mr. Sherlund added .

He estimated that 1-2-3 outsold Microsoft 's Excel spreadsheet by four-to-one in the quarter , and held a 70 % or better share of the spreadsheet market .

Silicon Valley heaved a sigh of relief yesterday .

Though details were sketchy in the aftermath of the violent earthquake that shook the high-tech corridor along with the rest of the San Francisco Bay area , a spot check of computer makers turned up little , if any , potentially lingering damage to facilities or fabrication equipment .

Analysts and corporate officials said they expected practically no long-term disruption in shipments from the Valley of either hardware or software goods .

Intel Corp. , Advanced Micro Devices Inc. and National Semiconductor Corp. were all up and running yesterday , though many workers were forced to stay home because of damaged roadways ; others elected to take the day off .

These systems are more rugged than many people would believe , said Thomas Kurlak , who tracks the computer industry for Merrill Lynch Research .

It 's not the end of the world if you shake them up a little bit . ''

Other companies , including International Business Machines Corp. and Hewlett-Packard Co. , completely idled their operations because of Tuesday evening 's temblor , which registered 6.9 on the Richter scale .

Personnel spent the morning inspecting buildings for structural weaknesses , mopping up water from broken pipes and clearing ceiling tiles and other debris from factory floors .

Still , many were confident that in a day or two , everything should be back to normal , according to a spokeswoman for the Semiconductor Industry Association , based in Cupertino .

IBM , for instance , said it anticipates returning to a normal work schedule by the weekend at its San Jose plant , which puts out disk drives for the 3090 family of mainframes .

A Hewlett-Packard spokeswoman said that , while things are a big mess , some 18,000 Valley employees have been called back to work today .

Apple Computer added that it was being cautiously optimistic , despite not yet closely eyeballing all of its 50 buildings in the region .

Even the carefully calibrated machinery in its giant Fremont plant , to the north of the Valley , was believed to be undamaged .

Sun Microsystems Inc. and Tandem Computers Inc. also signaled that they should recover quickly .

Digital Equipment Corp. , with major facilities in Santa Clara , Cupertino , Palo Alto and Mountain View , said that all of its engineering and manufacturing sites had reported to corporate headquarters in Maynard , Mass. , Tuesday night .

None sustained significant '' damage , a spokesman said , adding that the delicate manufacturing process machines were checked and were all found to be operating normally . ''

For many companies , of course , there is still a slew of nagging problems to grapple with , some of which have the potential to become quite serious .

For example , a spokesman for Advanced Micro Devices said the Sunnyvale chip maker is worried about blackouts .

A sudden surge or drop in electric power could ruin integrated circuits being built .

But , given what might have happened to the fragile parts that are at the heart of the microelectronics business , the bulk of Valley companies seemed to be just about shouting hosannas .

Several factors apparently spared the Valley -- a sprawling suburban stretch from San Jose to Palo Alto -- from the kind of impact felt in San Francisco , an hour 's drive north .

For one thing , buildings there tend to be newer and , thus , in step with the latest safety codes .

Also , the soil in the Valley is solid , unlike the landfill of San Francisco 's downtown Marina District , which was hit with fires and vast destruction .

In addition , some microelectronics companies said they were prepared for tremulous conditions like Tuesday 's .

Their machine tools are even bolted to the shop floor .

Intel said that over the past decade , it has installed computer sensors and shutoff valves , sensitive to the shake of an earthquake , in the pipes that snake through its plants .

Like other large Valley companies , Intel also noted that it has factories in several parts of the nation , so that a breakdown at one location should n't leave customers in a total pinch .

That 's certainly good news for such companies as Compaq Computer Corp. , Houston , which has only a four-day supply of microprocessors from the Valley on hand because of a just-in-time manufacturing approach that limits the buildup of inventory .

Compaq said it foresees no difficulties in obtaining parts in the immediate future .

Computer makers were scrambling to help customers recover from the disaster .

Digital Equipment has set up disaster-recovery response centers in Dallas , Atlanta and Colorado Springs , Colo .

These units were handling calls both from people in the San Francisco area and from computers themselves , which are set to dial Digital automatically when trouble arises .

They then run remotely controlled self-diagnostic programs .

Digital also said it has dispatched teams of technicians to California .

Meanwhile , several other major installations around the Valley -- America 's center of high-tech -- said they , too , fared as well as could be expected .

Lawrence Livermore National Laboratory , where the Energy Department tests and conducts research on nuclear weapons , had only superficial damage , a spokesman said .

At Lockheed Corp. 's missiles and space systems group in Sunnyvale , about 40 miles south of San Francisco , workers were asked to head to work yesterday after it was realized that there were no show-stoppers '' in the 150-plus buildings on its one-square-mile campus .

Several engineering and research offices needed closer scrutiny to make sure they were n't in danger of crumbling , but the bulk of the place is in pretty good shape , an official said .

One of Lockheed 's most lucrative sectors -- accounting for more than half the aerospace company 's $ 10.59 billion in sales in 1988 -- the missiles and space group is the prime Pentagon contractor on the Trident II ballistic missile .

It also generates pieces of the missile shield called the Strategic Defense Initiative .

Fortunately , the Hubble Space Telescope -- set to be launched on the shuttle next year in a search for distant solar systems and light emitted 14 billion years ago from the farthest reaches of the universe -- was moved from Sunnyvale to the Kennedy Space Center in Florida at the beginning of October .

John R. Wilke contribued to this article .

Michael Maynard offered the world a faster way to break eggs .

As thanks , the egg industry tried to break him .

And the egg producers have done a pretty good job .

They tried to put Mr. Maynard out of business by an act of Congress .

Egg-industry lobbying helped persuade six states to ban Mr. Maynard 's automatic egg-breaking machine because of fears over salmonella .

His company , Misa Manufacturing Inc. , was forced to seek protection from creditors under federal bankruptcy law in 1987 and has since been liquidated .

Monthly sales of his Egg King machine -- which he now is marketing through a new company -- have sunk to about half a dozen from a peak of 75 , says the 46-year-old businessman .

Mr. Maynard is n't the first entrepreneur to bump up against entrenched interests .

But his case is notable both for the scale of the fight -- it is n't often that a congressional hearing is held to determine whether one small businessman is a threat to the republic -- and for what it tells about the pitfalls of marketing a new product .

Now one might ask why people who sell eggs would fight someone who is trying to make it easier to crack them .

Part of the answer lies in the nature of the industry .

Many larger egg producers are also egg processors , who crack , inspect , and sanitize billions of eggs , turning them into powdered , liquified or frozen egg products .

However , dozens of bakers , restaurant chefs and other food preparers who flocked to Mr. Maynard 's defense say that products ranging from egg bread to eclairs lose some zip when the eggs come in 30-pound cans instead of shells .

But for companies that use hundreds of eggs a day , breaking them by hand can get , well , out of hand .

The idea behind the Egg King is pretty simple : put the eggs into a cylinder that contains perforated baskets , spin them at a high speed to break the shells and strain the edible part through the baskets .

One Egg King -- which at just under four feet tall and two feet wide has been likened to the robot R2-D2 -- can crack about 20,000 eggs an hour .

Because fresh eggs are less expensive than processed ones , a big egg user can recover the Egg King 's $ 3,390 cost in a few months , says Mr. Maynard .

Such centrifugal egg breakers have been around since the 1890s .

But when Mr. Maynard came forward with his machine in the early 1970s nobody else was offering them in the U.S. .

The main reason : salmonella .

Chickens carry this bacteria , which can cause upset stomachs and , in rare cases , death among people .

Hens sometimes pass salmonella to the eggs , and it can also be found on unclean shells .

Thus , any machine that breaks large amounts of eggs at once has the potential to spread salmonella if a bad egg gets in with the good ones .

Mr. Maynard claims this is a manageable problem .

The Egg King carries written instructions to break only high-grade eggs that have been properly sanitized and , as an added precaution , to use the eggs only in products that will be cooked enough to kill bacteria .

With nearly 4,000 machines in use , there have been no salmonella problems as long as instructions were followed , Mr. Maynard boasts .

He says the handful of salmonella cases involving products that may have used eggs broken by an Egg King stemmed from a failure to adequately cook the products .

But he says that 's no more a reason for banning Egg Kings than bad drivers are a reason for banning cars .

Opponents do n't buy such arguments .

Human nature being what it is , people do n't always follow instructions , says Jack Guzewich , chief of food protection for the New York state Health Department .

Leading the assault against the Egg King has been United Egg Producers .

The Decatur , Ga. , trade group has issued a briefing book '' that claims the machine is a health hazard '' and that Mr. Maynard is trying to make a fast buck at the expense of the nation 's egg producers . ''

The UEP declines to comment , but the group 's attorney , Alfred Frawley , says the group 's actions are motivated solely by health concerns . ''

An early battleground was the U.S. Department of Agriculture .

Mr. Maynard initially won approval for his machine to be used at egg-processing facilities regulated by the USDA 's Food Safety Inspection Service .

Unfortunately for Mr. Maynard , another branch of the USDA , the Agricultural Marketing Service , was in charge of eggs .

After receiving complaints from egg producers , this branch got the other branch to rescind its approval , thus limiting the machine 's potential market to bakeries and restaurants and other establishments that are n't regulated by the USDA .

The egg producers also lobbied the Food and Drug Administration .

But the FDA in a 1985 letter to the United Egg Producers said that there was little likelihood '' of a health problem as long as instructions were followed .

So the producers went to Capitol Hill , where a congressman from Georgia introduced a measure to ban centrifugal egg-breaking machines .

Mr. Maynard , whose company at the time was based in Santa Ana , Calif. , enlisted his local congressman , and the battle was joined .

Mr. Maynard 's forces finally defeated the measure , though it took a vote on the floor of the House of Representatives to do it .

Even then , opponents managed to get a congressional hearing to examine what one congressman called an unscrupulous '' method for breaking eggs .

Foiled in their effort to get a national ban , the egg producers turned their attention to the states .

So far , New York , New Jersey , Nebraska , Georgia , Michigan and Minnesota have outlawed Mr. Maynard 's device , citing health concerns .

An antitrust suit that Mr. Maynard 's company filed in Los Angeles federal court against the United Egg Producers and others only added to the entrepreneur 's woes .

The judge dismissed the suit and ordered Mr. Maynard 's company to pay over $ 100,000 in legal fees to the defendants ' lawyers .

Mr. Maynard says the ruling pushed his company into bankruptcy court .

Now he has moved to Oklahoma where costs are lower , and started a new company , Adsi Inc. , to market his machine .

But , so far , the change of scenery has n't ended his string of bad breaks .

Mr. Maynard recently fell from a horse and fractured his arm .

Michelle Pfeiffer ca n't chew gum and sing at the same time .

But on the evidence of The Fabulous Baker Boys , that may be the only thing she ca n't do , at least when she 's acting in movies .

As the tough , slinky lounge chanteuse in The Fabulous Baker Boys , Ms. Pfeiffer sings for herself , and more than passably well .

Her Susie Diamond handles a song the way the greats do , like she 's hearing the way it should sound inside her head and she 's concentrating on matching that internal tone .

Yet her intensity stops and starts with the music .

When she is n't performing for an audience , she prepares for a song by removing the wad of gum from her mouth , and indicates that she 's finished by sticking the gum back in .

Like almost everything in this wonderfully romantic and edgy movie , Ms. Pfeiffer 's Susie seems like someone you 've seen before , in numerous show-biz stories -LRB- even her name , Susie Diamond , sounds like a character Marilyn Monroe must have played -RRB- .

Yet nothing about Baker Boys , and certainly nothing about Ms. Pfeiffer , really is like something from the video vault .

Steve Kloves , the young writer and director -LRB- he is n't yet 30 -RRB- , has only one produced picture to his credit ; he wrote the screenplay for Racing With the Moon , a lovely coming-of-age picture set in the '40s .

Both movies are infused with the nostalgic sensibility of someone much older , someone who does n't dismiss dreams , but who also has enough experience to see his limits .

However , Mr. Kloves directs his own material without sentimentality and at its own eccentric pace ; Baker Boys '' is both bluesy and funny .

He 's put a fresh spin on material that could come off terribly cliched ; for example , the way Susie wows an audience the first time she sings with the Baker Boys .

Of course , it does n't hurt that Mr. Kloves has made up for his lack of experience behind the camera with technicians who know exactly what they 're doing .

Much of the picture 's sensuality emerges from cinematographer Michael Ballhaus 's slyly seductive lens work .

After working for years with Werner Rainer Fassbinder , the late German director , and more recently with Martin Scorsese -LRB- After Hours , The Color of Money , The Last Temptation of Christ '' -RRB- , Mr. Ballhaus has developed a distinctively fluid style .

And Dave Grusin 's witty score embraces the banal requirements of banquet-hall musicianship -LRB- Feelings '' is a must -RRB- without condescension .

Though Ms. Pfeiffer has the flashy part -- she gets the best comic bits and to wear glamorous dresses and spiked heels the boys are pretty great , too .

What seemed like a good idea , to cast the Bridges brothers -LRB- Jeff and Beau -RRB- as the Baker brothers , actually turned out to be a good idea .

Anyone who 's tried to appear natural '' in front of a camera knows that it 's much more natural to end up looking like a stiff .

So it 's quite possible that the terrific play between the brothers is n't natural at all , that Jeff and Beau had to work like crazy to make their brotherly love -- and resentment and frustration and rage -- seem so very real .

When the movie opens the Baker brothers are doing what they 've done for 15 years professionally , and twice as long as that for themselves : They 're playing proficient piano , face-to-face , on twin pianos .

They 're small time in the small time-hotels -LRB- not the best ones -RRB- and restaurants in Seattle .

Yet they do n't disparage their audiences by disparaging their act .

They wear tuxedos most nights , unless circumstances -LRB- a regular gig at a tropical '' lounge , for example -RRB- require them to wear special costumes , like Hawaiian shirts .

Plump Beau , looking eager to please with his arched eyebrows and round face , plays the older brother , Frank .

Frank plans the program , takes care of business , and approaches the work like any other job .

He 's even able to think of a job that takes him out of the house 300 nights a week as an ordinary job .

He 's got a wife and two kids and a house in the suburbs ; the audience sees only the house , and only near the end of the movie .

Frank grovels a little for the bookers , probably no more or less than he would have to if he worked for a big corporation .

On his off-hours he wears cardigan sweaters .

Jeff Bridges is the younger brother , Jack , who fancies himself the rebellious artist ; he lives in a loft with his sick dog and the occasional visit from the little girl upstairs , who climbs down the fire escape .

Yet Jack 's the one who can remember every dive they ever played , and when , and he dutifully shows up for work night after night -LRB- he consoles himself with booze and by showing up at the last minute -RRB- .

Looking leaner than he has in a while , the younger Mr. Bridges 's Jack is sexy and cynical and a far sadder case than Frank , who 's managed to chisel his dreams to fit reality without feeling too cheated .

He can live with little pleasures .

Mr. Kloves has put together some priceless moments .

These include Jennifer Tilly 's audition to be the Baker Boys ' girl singer .

Ms. Tilly of the tweety-bird voice showed great comic promise during her stint as the mobster 's girlfriend on the television show , Hill Street Blues . ''

Here she delivers , especially during her enthusiastically awful rendition of the Candy Man , which she sings while prancing around in a little cotton candy pink angora sweater that could n't be more perfect .

-LRB- It matches her voice . -RRB-

And Ms. Pfeiffer 's particular version of Making Whoopee '' -- and the way Mr. Ballhaus photographs her , from the tips of her red high heels right up her clingy red velvet dress -- might make you think of Marilyn Monroe if Ms. Pfeiffer had n't gone and become a star in her own right .

VIDEO TIP :

If you 'd like to see the first time Michelle Pfeiffer sang on screen , and you have a lot of patience , take a look at Grease 2 . ''

You 'll find her there .

Better yet , check out the emergence of her comic persona in Married to the Mob , Jonathan Demme 's delightful Mafia comedy .

International Proteins Corp. definitively agreed to pay $ 49 million and 2,850,000 of its shares for Hanson PLC 's Ground Round restaurant subsidiary .

Shareholders of International Proteins , a food and agriproducts company , will vote on the transaction at a meeting late next month .

Hanson is a London producer of consumer and other goods .

International Proteins shares didn’t trade yesterday on the American Stock Exchange .

They closed Tuesday in composite trading at $ 13.625 , down 37.5 cents , giving the stock portion of the transaction an indicated value of $ 38.8 million .

Control Data Corp. agreed to sell its idle supercomputer manufacturing plant here to Minnesota Mining & Manufacturing Co. for $ 5.8 million .

The tentative agreement calls for 3M to use the 115,000-square-foot plant and 19 acres of land for research laboratories .

Control Data has been seeking a buyer for the facility since it folded its ETA Systems Inc. supercomputer unit this past April .

General Dynamics Corp. was awarded contracts totaling $ 589 million for one Navy Trident submarine and for Air Force research on the National Aerospace plane .

Grumman Corp. won a $ 58.9 million Navy contract for 12 F-14 aircraft .

Raytheon Co. was issued a $ 19.2 million Air Force contract for support of the Milstar communications satellite .

McDonnell Douglas Corp. got a $ 12.5 million Air Force contract for support work on the National Aerospace plane .

Denis C. Smith was named to the new post of vice president of world-wide advanced materials operations for this chemicals concern .

Mr. Smith , 50 years old , was formerly responsible for advanced materials , which include plastic composites and alloys , in North America only .

Himont is 81%-owned by Montedison S.p . A. of Milan , Italy .

Galveston-Houston Co. said it will redeem all 3,950 shares of its privately held 6.5 % convertible Series C preferred stock Nov. 8 .

Holders can either convert each share into 421 shares of the company 's common stock , or surrender their shares at the per-share price of $ 1,000 , plus accumulated dividends of $ 6.71 a share .

Galveston-Houston makes and markets products for the construction , mining and energy industries .

Bank Building & Equipment Corp. of America , which previously said accounting discrepancies its auditors uncovered would hurt earnings and require restatement of earlier results , increased its projections of the negative fiscal impact , and said it was exploring the company 's sale .

Bank Building , which builds and equips banks , had announced it would restate the first-three quarters of this fiscal year , which ends Oct. 31 .

On Oct. 5 , the company estimated after-tax effects on the year 's earnings would be at least '' $ 1.3 million .

Yesterday , the company said the negative after-tax effect on earnings for the year will be about $ 3.3 million .

For the nine months ended July 31 , Bank Building had a net loss of $ 1 million , on revenue of $ 66.5 million .

Bank Building , which expects to report a fourth-quarter loss , said it engaged advisers to explore financial alternatives for the company including the possible sale of the company or one or more of its units . ''

Company auditors are continuing their review , and final restated figures are n't yet available .

Bank Building earlier said the restatement is necessitated by certain errors in recording receivables and payables '' at its Loughman Cabinet division .

That division 's manager has been fired .

In American Stock Exchange composite trading , Bank Building closed at $ 4 a share , down 62.5 cents .

Gen. Paul X. Kelley , retired commandant of the U.S. Marine Corps , was elected a director of this plastics , specialty materials and aerospace concern , succeeding Jewel Lafontant , who resigned to accept a government position .

Rep. Mary Rose Oakar -LRB- D. , Ohio -RRB- at last week 's hearings on irregularities in programs at the Department of Housing and Urban Development :

I do n't want to feel guilty representing my constituents .

And if I think that some people -LCB- on HUD Secretary Jack Kemp 's -RCB- staff are off base in terms in which they 're evaluating certain things affecting my hometown , I have to tell you something -- I 'm not going to take it .

I think that I 'm elected to represent the people that sent me here .

And one of our charges is to be an ombudsman for our area .

And if we 're not ombudsman for our area , we ought to be thrown out of office .

On the other hand , if we 're asking for something unreasonable or unethical and so on , then that 's a whole different story .

But if I feel that there are situations where I 'm trying to get housing for our area -- whatever it happens to be -- and I have to feel that I ca n't even ask a question , I 've got to tell you , I think that 's outrageous . .

I think these regulations that would prohibit well-operated programs in areas across this country would be wrong to change ... .

I do n't want to see some guidelines change that 's going to inhibit my city 's opportunity to use its money .

The Chicago Mercantile Exchange said it fined Capcom Futures Inc. $ 500,000 and accepted its withdrawal from membership as part of a settlement of disciplinary actions against the firm .

Capcom Futures is a Chicago subsidiary of Capcom Financial Services Ltd. , a London financial firm that was implicated last year in a scheme to launder drug money .

The case is pending .

The firm was indicted in Tampa , Fla. , on money-laundering charges .

In June , the Chicago Board of Trade said it suspended Capcom Financial .

The Capcom Futures unit withdrew from Board of Trade membership voluntarily in August , a Board of Trade spokesman said .

Capcom Futures , while neither admitting nor denying the Merc charges , said in a statement that the Merc charges were technical in nature '' and that no customers were hurt '' as a result of the violations cited by the Merc .

The Merc alleged that , among other things , from April 1987 through October 1988 Capcom Futures failed to document trades between Capcom Futures and people or entities directly or indirectly controlled by Capcom Futures shareholders .

Frederick W. Lang , 65 years old , the founder of this software services concern , was elected to the new post of chairman .

Formerly president and treasurer , Mr. Lang remains chief executive officer .

Victor C. Benda , 58 , formerly executive vice president , succeeds Mr. Lang as president and becomes chief operating officer , a new post .

Maurice Warren , 56-year-old group managing director , was named chief executive officer of this food and agriculture group .

The post of chief executive has been vacant since July when Terry Pryce , 55 , left the company .

Money-market mutual fund assets grew at nearly three times their usual rate in the latest week , as investors opted for safety instead of the stock market .

Money-fund assets soared $ 4.5 billion in the week ended Tuesday , to a record $ 348.4 billion , according to IBC\/Donoghue 's Money Fund Report , a Holliston , Mass.-based newsletter .

We were expecting it , following the fall of the Dow Friday , said Brenda Malizia Negus , editor of Money Fund Report .

It 's the proverbial flight to safety . ''

Despite recent declines in interest rates , money funds continue to offer better yields than other comparable investments .

The average seven-day compound yield on the 400 taxable funds tracked by IBC\/Donoghue 's was 8.55 % in the latest week , down from 8.60 % .

Compound yields assume reinvestment of dividends and that current yields continue for a year .

Most short-term certificates of deposit are yielding about 8 % or less at major banks , and the yields on Treasury bills sold at Monday 's auction fell to 7.61 % for three months and 7.82 % for six months .

Money-fund assets have been rising at an average rate of $ 1.6 billion a week in recent months , Ms. Negus said , reflecting the relatively high yields .

In the latest week , funds open to institutions alone grew by $ 1.8 billion .

Some fund managers say inflows could increase in coming days as a result of stock selling in the wake of Friday 's 190.58 point drop in the Dow Jones Industrial Average .

If you 're selling equities , you do n't start getting proceeds for five to seven days , said Frank Rachwalski , who manages the Kemper Money Market Fund .

Neal Litvack , marketing vice president for Fidelity Investments , said inflows Friday into Fidelity 's Spartan and Cash Reserves money-market funds were about twice normal levels , with about half coming from equity and junk-bond funds .

Monday and Tuesday were lackluster in comparison , he said .

People are n't necessarily running scared , Mr. Litvack said .

They 're maintaining their attitude toward investing , which has leaned toward the conservative recently . ''

Money-fund yields tend to lag interestrate trends as portfolio managers adjust the maturities of their investments -- short-term Treasury securities , commercial paper and the like -- to capture the highest yields .

Maturities usually are shorter when rates are rising and longer when they are falling .

The average maturity of the funds tracked by IBC\/Donoghue 's remained at 38 days for the third consecutive week .

It was as short as 29 days at the start of this year , when rates were marching steadily upward , and hit 42 days in August .

The average seven-day simple yield of the funds fell to 8.21 % this week from 8.26 % .

The average 30-day simple yield was 8.26 % , compared with 8.27 % the week before , and the 30-day compound yield slid to 8.60 % from 8.61 % .

Some funds are posting yields far higher than the average .

The highest yielding taxable fund this week was Harbor Money Market Fund , with a seven-day compound yield of 12.75 % .

That included capital gains that were passed along to customers .

Among the other high-yielding funds , Fidelity 's Spartan Fund had a seven-day compound yield of 9.33 % in the latest week .

The seven-day compound yield of the Dreyfus Worldwide Dollar Fund was 9.51 % .

whose Della Femina McNamee WCRS agency created liar Joe Isuzu , among others -- announced a massive restructuring that largely removes it from the advertising business and includes selling the majority of its advertising unit to Paris-based Eurocom .

The complex restructuring , which was long expected , transforms London-based WCRS from primarily a creator of advertising into one of Europe 's largest buyers of advertising time and space .

It also creates a newly merged world-wide ad agency controlled by Eurocom and headed jointly by New York ad man Jerry Della Femina and two top WCRS executives .

The merged agency 's admittedly ambitious goal : to become one of the world 's 10 largest agencies , while attracting more multinational clients than the agencies were able to attract alone .

WCRS 's restructuring reflects the growing importance of media buying in Europe , where the only way to get a good price on advertising time and space is to buy it in bulk .

For Eurocom , meanwhile , the move gives it a strong U.S. foothold in Della Femina , and more than quadruples the size of its ad agency business world-wide .

It also gives the outspoken Mr. Della Femina -- who often generates as much publicity for himself as for his clients -- an international platform that he most certainly won’t be loath to use .

According to terms , WCRS will pay 2.02 billion French francs -LRB- $ 318.6 million -RRB- for the 50 % it does n't already own of Carat Holding S.A. , one of Europe 's largest media buyers .

Meanwhile , Eurocom , which had held 20 % of WCRS 's ad unit , will pay # 43.5 million -LRB- $ 68.5 million -RRB- to raise its stake to 60 % .

That price also covers Eurocom raising to 60 % its 51 % stake in Europe 's Belier Group , a joint venture ad agency network it owns with WCRS .

Eurocom will also have the right to buy the remaining 40 % of the merged ad agency group in six years .

The transaction places the three executives squarely at the helm of a major agency with the rather unwieldy name of Eurocom WCRS Della Femina Ball Ltd. , or EWDB .

The merged agency will include Della Femina McNamee based in New York , Eurocom 's various agencies in France , the Belier Group in Europe and WCRS 's other advertising and direct marketing operations .

Mr. Della Femina will be joint chairman with former WCRS executive Robin Wight .

Both will report to Tim Breene , a former WCRS executive who will be chief executive officer at the new agency .

In an interview in New York , Mr. Breene , fresh from a Concorde flight from Paris where executives had worked through most of the night , outlined big plans for the new agency .

Our goal is to develop quite rapidly to a top-10 position ... by the end of three years from now .

It implies very dramatic growth , he said .

He added that Eurocom and WCRS had agreed to provide a development fund of # 100 million for acquisitions .

The new agency group is already in discussions about a possible purchase in Spain , while Mr. Breene said it also plans to make acquisitions in Scandinavia , Germany and elsewhere .

Cracking the top 10 within three years will be difficult at best .

Della Femina had billings of just $ 660 million last year and ranked as the U.S. 's 24th-largest ad agency .

The merged company that it now becomes part of will have billings of just more than $ 2.6 billion -- most of that in Europe -- bringing it to about 14th world-wide .

To make it to top-10 status , it would have to leapfrog over such formidable forces as Grey Advertising , D'Arcy Masius Benton & Bowles and Omnicom 's DDB Needham .

The merged agency 's game plan to attract multinational packaged-goods advertisers may prove equally difficult .

When WCRS created Della Femina McNamee out of the merger of three smaller agency units in 1988 , it said it did so in order to attract larger clients , especially packaged-goods companies .

Since then , Della Femina won Pan Am as an international client and also does work for a few packaged-goods clients , including Dow Chemical Co. 's Saran Wrap .

But major packaged-goods players of the world -- such as Procter & Gamble , Colgate-Palmolive and Unilever -- have steadfastly eluded the agency .

Three of our favorite names , Mr. Della Femina calls that roster , adding hopefully , We 're a much more attractive agency to large multinationals today than we were yesterday . ''

Still , the restructuring could create one of the most powerful alliances between advertising and media-buying firms that Europe has seen .

As part of the restructuring , WCRS and Eurocom said they will look for ways to combine their media buying across Europe .

What 's more , both Eurocom and brothers Francis and Gilbert Gross , who founded Carat , will acquire 14.99 % stakes in WCRS Group , creating a powerful link between Eurocom and Carat .

Carat will receive its WCRS stake as part of payment for the 50 % Carat stake that WCRS is buying , while Eurocom said it expects to pay about # 32 million for its WCRS stake .

Mr. Della Femina says he plans to remain heavily involved in the creative product at the world-wide agency , serving as a sort of creative conscience . ''

Louise McNamee , Della Femina 's president , will continue running the U.S. agency day-to-day .

They and other top executives signed long-term employment contracts and Mr. Della Femina will receive an additional multimillion-dollar sum , which some industry executives pegged at about $ 10 million .

WCRS Group , for its part , will now be able to follow its longstanding plan of becoming a holding company for a series of media-related businesses , said Peter Scott , the firm 's chief executive .

In addition to Carat , WCRS will hold onto its public relations , TV programming and other businesses .

WCRS says its debt will be cut to # 24 million from # 66 million as a result of the transaction .

For Carat , meanwhile , the alliance with Eurocom and WCRS is intended to strengthen its own push outside France .

Carat 's Gross brothers invented the idea of large-scale buying of media space .

By buying the space in bulk , they obtain discounts as high as 50 % , which they can pass on to customers .

They thus have won the French space-buying business of such advertising giants as Coca-Cola Co. , Fiat S.p . A. , Gillette and Kodak .

But now , other agencies are getting into the business with their own competing media-buying groups -- and Carat wants to expand to the rest of Europe .

To help finance the Carat purchase , WCRS said it plans an issue of Euroconvertible preferred shares once the market settles down .

But WCRS added that in the light of the current uncertainty in the equity markets , it has arranged medium-term debt financing , which would be underwritten by Samuel Montagu & Co. Ltd .

Earthquake 's Damage

Tuesday 's earthquake brought the San Francisco ad scene to a screeching halt yesterday , with only a few staffers showing up at their offices , mainly to survey the damage or to wring their hands about imminent new-business presentations .

While no agencies reported injuries to employees , the quake damaged the offices of J. Walter Thompson , Chiat\/Day\/Mojo and DDB Needham , among others , spokesmen for those agencies said .

Staffers at Thompson , whose offices are in the ultramodern Embarcadero Center , watched pictures drop from the walls and then felt the skyscraper sway seven to eight feet , according to a spokeswoman .

Plaster fell and windows were broken at Chiat\/Day\/Mojo , a spokesman for that agency said .

Late yesterday afternoon , DDB Needham executives were scrambling to figure out what to do about a new business presentation that had been scheduled for today , a spokesman said .

DDB Needham 's office building may have sustained structural damage , the spokesman added .

All operations have stopped , he said .

A number of agencies , including Thompson and Foote , Cone & Belding , said some employees who live outside of San Francisco , fearful that they would n't be able to get home , spent the night at the agency .

Ad Notes ... .

NEW ACCOUNT :

Chesebrough-Pond 's Inc. , Greenwich , Conn. , awarded its Faberge hair care accounts to J. Walter Thompson , New York .

Thompson , a unit of WPP Group , will handle Faberge Organic shampoo and conditioner and Aqua Net hairspray .

The accounts , which billed about $ 7 million last year , according to Leading National Advertisers , were previously handled at Bozell , New York .

WHO 'S NEWS :

William Morrissey , 44 , was named executive vice president , world-wide director of McCann Direct , the direct marketing unit of Interpublic Group 's McCann-Erickson agency .

He had been president and chief operating officer of Ogilvy & Mather Direct .

BOZELL :

Los Angeles will be the site of a new entertainment division for the ad agency .

The division will be headed by Dick Porter , who returns to Bozell after being vice president of media at MGM .

AC&R ADVERTISING :

The agency 's three California offices , previously called AC&R\/CCL Advertising , will now be called AC&R Advertising to match the name of its New York office .

AC&R Advertising is a unit of Saatchi & Saatchi Co .

NEW BEER :

Sibra Products Inc. , Greenwich , Conn. , awarded its Cardinal Amber Light beer account to Heidelberg & Associates , New York .

Budget is set at $ 1.5 million .

The new beer , introduced this week at a liquor industry convention , is imported from Switzerland 's Cardinal brewery .

Heidelberg 's first ads for the brand , which Sibra says will compete with imported light beer leader Amstel Light , feature the line The best tasting light beer you 've ever seen .

Diamond-Star Motors Corp. , a joint venture of Chrysler Corp. and Mitsubishi Motors Corp. said it will begin shipping Mitsubishi Eclipse cars to Japan next week , emulating other Japanese auto ventures shipping U.S.-built vehicles back to Japan .

Diamond-Star said it will export about 1,500 Eclipse cars to Japan by year 's end .

Honda Motor Co. , the first Japanese auto maker to ship cars to Japan from the U.S. , is now exporting more than 5,000 Accord Coupes a year from its Marysville , Ohio , factory .

One of the most remarkable features of the forced marches of the ethnic Turks out of Bulgaria over the past five months has been the lack of international attention .

The deportation of more than 315,000 men , women and children by the Bulgarian regime adds up to one of the largest migrations seen in the postwar years .

Yet some people are advancing a chilling casuistry : that what we are seeing is somehow the understandable result of the historical sins committed by the Turks in the 16th century .

Today 's Turks in Bulgaria , in other words , deserve what is coming to them four centuries later .

As if this were n't enough , the Senate Judiciary Committee is getting into the act .

On Tuesday it approved Senator Bob Dole 's proposed commemorative resolution designating April 24 , 1990 , as the National Day of Remembrance of the 75th Anniversary of the Armenian Genocide of 1915-1923 , suffered at the hands of the warring Ottoman Empire .

There can be no quibbling that the Armenians endured terrible suffering , but one has to wonder what possible good such a resolution will achieve .

It puts great strain on a longstanding U.S. friendship with Turkey , a country that has been one of America 's strongest allies in NATO .

The resolution also comes at a time when Turkey has been seeking help from the United States in resolving its Bulgarian emigration controversy and pursuing democratic reforms that may lead to membership in the European Community .

Turkey has been fighting its past for years , and thus far has been only partially successful .

Must it now accept that one of its strongest allies blames it for the genocide of another people ?

Such sentiment only encourages the adverse feelings toward Turkey that surfaced when Turkey asked for assistance in dealing with its Bulgarian emigration crisis .

Mr. Dole 's odd effort notwithstanding , most of Turkey 's political problems lie with the Europeans .

Part of the problem some Europeans have with Turkey seems to stem from its location -- Turkey is n't really part of Europe .

Why , they wonder , should it belong to the EC ?

Another anti-Turkish hook is the Islamic faith of the majority of the Turkish people : Turkey , we are told , is not a Christian nation ; its people simply won’t fit in with the Western European Judeo-Christian tradition .

It 's when these rationalizations fall on deaf ears that the old standby of retribution for treatment at the hands of the Ottoman Empire comes to the fore .

No one has to accept the sins of the Ottoman Empire to reject that argument .

Turkey in any event is long past it .

The country has in recent years accepted more than 500,000 refugees from at least four bordering nations .

Kurds , suffering what many people consider to be a current extermination campaign at the hands of Syria , Iran and Iraq have inundated eastern Turkey .

Now it is their fellow Turks arriving as refugees from Bulgaria .

The Turkish refugee tragedy and the ongoing crisis can not be ignored and shuttled off to that notorious dustbin of history that has become so convenient recently .

Surely , the past suffering of any people at any time can not be simply filed away and forgotten .

But what the Senate Judiciary Committee has done in supporting the strongly worded Armenian resolution achieves no useful end ; it merely produces more controversy and embittered memories .

Congress has enough difficulty dealing with the realities of the world as it currently exists .

Bulgaria 's government has been behaving beyond the pale for months , and the U.S. does its values no credit by ignoring that while casting its votes into the past .

Many in Washington say President Bush will have to raise taxes to pay for his war on drugs .

We have a better idea : Dismantle HUD to pay for the war on drugs .

Housing and Urban Development 's budget is $ 17 billion .

From what we and the nation have been reading , the money is n't being spent very well .

The single most important contribution the government could make now to help the poor is to get the specter of drugs out of their neighborhoods .

If that takes money , take it away from this discredited federal department .

But of course the Democrats pillorying HUD in hearings and in the press have no such solution in mind .

Instead , they 're scrambling to protect the very programs at the heart of the HUD scandal .

This month , HUD Secretary Jack Kemp unveiled a series of proposed reforms to improve management at HUD .

No doubt many of his ideas are worthy , but ultimately he is proposing to make fundamentally flawed programs work slightly more fairly and efficiently .

Congress is unlikely to go even that far .

Last week , Secretary Kemp ran into a buzzsaw of criticism from House Banking Committee members .

They were appalled , for instance , that he wanted to target more of the $ 3 billion Community Development Block Grant -LRB- CDBG -RRB- program to low-income projects and zero out the notorious discretionary '' funds that have allowed HUD officials to steer contracts to political cronies .

These development grants mainly enrich developers who want to put up shopping centers and parking garages .

They also give those in Congress political credit for bringing home the pork , and so they are popular with such Members as Mary Rose Oakar .

Rep. Oakar , a Democrat from Cleveland , wants a $ 6.9 million grant so Cleveland can build an 18-story Rock and Roll Hall of Fame .

She says it 'd create 600 jobs and bring Cleveland tourist revenue .

HUD says the project does n't qualify , and Mr. Kemp says that rock 'n' roll musicians and the music industry ought to put up the money .

At the hearing , Rep. Oakar started wailing about phoney baloney regulations '' that would stand between her and housing for downtown Cleveland . ''

Rep. Chalmers Wylie , an Ohio Republican , rallied to the cause : I think the gentlelady is making an important statement .

The implication that if a congressman calls about a project in his district there 's something wrong , I think is most unfortunate . ''

We 're sure some theologian can explain the difference between what the Republican consultants have been doing with HUD and what these gentleladies and gentlemen want to do with HUD .

Our view is that given Congress 's attitude toward HUD , the place probably is beyond reform .

For more than 50 years the federal government has tried various ways to provide housing for the poor and revive cities .

In the process HUD has wasted untold billions , created slums and invited corruption .

Much of HUD 's spending actually is disguised welfare for developers or the middle class .

That includes the CDBG funds and the Federal Housing Administration , which loans out money for private home mortgages and has just been discovered to be $ 4 billion in the hole .

Selling the FHA 's loan portfolio to the highest bidder would save the taxpayers untold billions in future losses .

Some HUD money actually does trickle down to the poor , and zeroing out housing middlemen would free up more money for public housing tenants to manage and even own their units .

The rest ought to be used to clean out drugs from the neighbhorhoods .

Rival gangs have turned cities into combat zones .

Even suburban Prince George 's County , Md. , reported last week there have been a record 96 killings there this year , most of them drug-related .

Innocent bystanders often are the victims .

A man in a wheelchair was gunned down in the crossfire of a Miami drug battle .

A three-year-old Brooklyn boy was used as a shield by a drug dealer .

Decent life in the inner cities won’t be restored unless the government reclaims the streets from the drug gangs .

Until then , the billions HUD spends on inner-city housing simply is wasted .

It 's still unclear whether Secretary Kemp wants to completely overhaul the engine room at HUD or just tighten a few screws here and there .

No doubt he believes the place can be salvaged .

Having seen the hypocrisy with which Congress has addressed the HUD scandals , we disagree .

It 's time to scrap the politically infested spending machine HUD has become and channel the resources into the drug war .

Randy Delchamps was named chairman and chief executive officer of this grocery chain .

Mr. Delchamps , 46 years old , succeeds A.F. Delchamps Jr. , who died in a plane crash on Sunday at the age of 58 .

Randy Delchamps retains his position as president .

Natural upheavals , and most particularly earthquakes , are not only horrible realities in and of themselves , but also symbols through which the state of a society can be construed .

The rubble after the Armenian earthquake a year ago disclosed , quite literally , a city whose larger structures had been built with sand .

The extent of the disaster stemmed from years of chicanery and bureaucratic indifference .

The larger parallel after the earthquake centered south of San Francisco is surely with the state of the U.S. economy .

Did the stock-market tremors of Friday , Oct. 13 , presage larger fragility , far greater upheavals ?

Are the engineering and architecture of the economy as vulnerable as the spans of the Bay Bridge ?

The eerie complacency of the Reagan-Bush era has produced Panglossian paeans about the present perfection of U.S. economic and social arrangements .

A licensed government intellectual , Francis Fukuyama , recently announced in The National Interest that history is , so to speak , at an end since the course of human progress has now culminated in the glorious full stop of American civilization .

His observations were taken seriously .

But we are , in reality , witnessing the continuing decline of the political economy of capitalism : not so much the end of history but the history of the end .

The financial equivalent of the sand used by those Armenian contractors is junk bonds and the leveraged buy-outs associated with them .

Builders get away with using sand and financiers junk when society decides it 's okay , necessary even , to look the other way .

And by the early 1980s U.S. capitalists had ample reason to welcome junk bonds , to look the other way .

By that time they found extremely low profit rates from non-financial corporate investment .

Government statistics in fact show that the profit rate -- net pretax profits divided by capital stock -- peaked in 1965 at 17.2 % .

That same calculation saw profit rates fall to 4.6 % in the recession year 1982 and the supposed miracle that followed has seen the profit rate rise only to 8.1 % in 1986 and 8 % in 1987 .

Corresponding to the fall in profit rates was -- in the early 1980s -- the drop in the number arrived at if you divide the market value of firms by the replacement costs of their assets , the famous Q ratio associated with Prof. James Tobin .

In theory , the value attached to a firm by the market and the cost of replacing its assets should be the same .

But of course the market could decide that the firm 's capital stock -- its assets -- means nothing if the firm is not producing profits .

This is indeed what the market decided .

By 1982 the ratio was 43.5 % , meaning that the market was valuing every dollar 's worth of the average firm 's assets at 43 cents .

From the history of capitalism we can take it as a sound bet that if it takes only 43 cents to buy a dollar 's worth of a firm 's capital stock , an alert entrepreneur won’t look the other way .

His assumption is that the underlying profitability rate will go up and the capital assets he bought on the cheap will soon be producing profits , thus restoring the market 's faith in them .

Hence the LBO craze .

But here is where the entrepreneur made a very risky bet , and where society was maybe foolish to look the other way .

The profit rate is still low and the Q ratio was only 65 % in 1987 and 68.9 % in 1988 .

Result : a landscape littered with lemons , huge debt burdens crushing down upon the arch and spans of corporate America .

The mounting risks did not go unobserved , even in the mid-1980s .

But there were enough promoters announcing the end of history -LRB- in this case suspension of normal laws of economic gravity -RRB- for society to continue shielding its eyes .

Mainstream economists and commentators , craning their necks up at the great pyramids of junk financing , swiveling their heads to watch the avalanche of leveraged buy-outs , claimed the end result would be a leaner , meaner corporate America , with soaring productivity and profits and the weaker gone to the wall .

But this is not where the rewards of junk financing were found .

The beneficiaries were those financiers whose icon was the topic figure of '80s capitalism , Michael Milken 's $ 517 million salary in one year .

Left-stream economists I associate with -- fellows in the Union of Radical Political Economists , most particularly Robert Pollin of the economics faculty at the University of California at Riverside -- were not hypnotized in the manner of their pliant colleagues .

All along they have been noting the tremors and pointing out the underlying realities .

Profit rates after the great merger wave are no higher , and now we have an extremely high-interest burden relative to cash flow .

The consequences of building empires with sand are showing up .

In contrast to previous estimates reckoning the default rate on junk bonds at 2 % or 3 % , a Harvard study published in April of this year -LRB- and discussed in a lead story in The Wall Street Journal for Sept. 18 -RRB- found the default rate on these junk bonds is 34 % .

What is the consequence of a high-interest burden , high default rates and continued low profitability ?

Corporations need liquidity , in the form of borrowed funds .

Without liquidity from the junk-bond market or cash flow from profits , they look to the government , which obediently assists the natural motions of the capitalist economy with charity in the form of cuts in the capital-gains tax rate or bailouts .

The consequence can be inflation , brought on as the effect of a desperate bid to avoid the deflationary shock of a sudden crash .

Attacks on inflation come with another strategy of capital of a very traditional sort : an assault on wages .

Mr. Fukuyama , peering through binoculars at the end of history , said in his essay that the class issue has actually been successfully resolved in the West ...

the egalitarianism of modern America represents the essential achievement of the classless society envisioned by Marx . ''

Mr. Fukuyama might want to consult some American workers on the subject of class and egalitarianism .

From its peak in 1972 of $ 198.41 , the average American weekly wage had fallen to $ 169.28 in 1987 -- both figures being expressed in 1977 dollars .

In other words , after the glory boom of the Reagan years , wages had sunk from the post World War II peak by 16 % as capitalists , helped by the government , turned down the screws or went offshore .

But there are signs now -- the strikes by miners , Boeing workers , telephone workers , etc. -- that this attack on wages is being more fiercely resisted .

These are long-term Richter readings on American capitalism .

The whole structure is extremely shaky .

Governments have become sophisticated in handling moments of panic -LRB- a word the London Times forbade my father to use when he was reporting the Wall Street crash in 1929 -RRB- .

But sophistication has its limits .

The S&L bailout could cost $ 300 billion , computing interest on the government 's loans .

These are real costs .

Under what weights will the Federal Deposit Insurance Corporation totter ?

Capitalism may now be engineered to withstand sudden shocks , but there are fault lines -- the crisis in profits , the assault on wages , the structural inequity of the system -- that make fools of those who claim that the future is here and that history is over .

Mr. Cockburn is a columnist for The Nation and LA Weekly .

Japan Air Lines , Lufthansa German Airlines and Air France reportedly plan to form an international air-freight company this year , a move that could further consolidate the industry .

Japanese newspaper Nihon Keizai Shimbun reported that the three giants plan to integrate their cargo computers and ground-cargo and air-cargo systems .

They reportedly will invest a total of 20 billion yen -LRB- $ 140 million -RRB- in the venture , whose headquarters would be in France or West Germany .

The action follows Federal Express Corp. 's acquisition of Flying Tiger Line Inc. in August .

After that , it would make sense for airlines to talk about doing things jointly , said Cotton Daly , director of cargo services for New York consulting firm Simat , Helliesen & Eichner Inc .

Mr. Daly said such discussions are motivated by the competitive threat posed by Federal Express , United Parcel Service of America Inc. and other fast-growing air-freight companies .

Many airlines are talking about cargo ventures , and there have been rumors about such a tie between JAL and European airlines .

In Tokyo , a JAL spokesman said he could n't confirm or deny the latest Japanese report .

But he said JAL is talking to Lufthansa and Air France about some sort of cargo venture .

It is just one of a number of strategies JAL has embarked upon to come to terms with the situation in Europe after 1992 , the deadline for ending trade barriers in the EC , he said .

In Frankfurt , a Lufthansa spokesman confirmed talks are under way , but declined to comment .

A Lufthansa spokeswoman in Tokyo said the head of Lufthansa 's cargo operations had been in Toyko last week for talks with JAL .

In Paris , Air France declined to comment .

Nothing is defined or signed at this point , Mr. Daly said of the talks .

Whatever accord the three carriers reach , he said , he is skeptical it would create a separate airline .

If the three companies pool their air-freight businesses , their clout would be considerable .

According to figures from the International Air Transport Association , they carried a combined 1.8 million tons of freight last year .

Federal Express and Flying Tiger , as separate companies , carried a combined 2.6 million tons .

Air France and Lufthansa last month concluded a far-reaching cooperation accord that includes air-freight activities .

They plan to increase cooperation in freight ground-handling and create a world-wide computer system to process cargo .

Other airlines would have access to the system , they said , and negotiations with partners were already under way .

Both European airlines operate extensive fleets of Boeing 747 freighters and 747 Combis , aircraft that carry both freight and passengers on the main deck .

They currently have large orders for cargo planes .

Several airlines , including Lufthansa , JAL and Cathay Pacific Airways , are working on a so-called global cargo system and are trying to attract other carriers to join , Mr. Daly said .

JAL also has signaled it is looking for toeholds in Europe before the end of 1992 .

Last month , the carrier said it wanted to lease crews and planes from British Airways so it could funnel its passengers from London to other European destinations .

British Airways said it has n't received a proposal from JAL .

But last week there were air-traffic negotiations between the U.K. and Japan , a likely first step to any commercial agreement between JAL and British Airways or another U.K. carrier .

Federal Paper Board Co. said it completed the previously announced purchase of Imperial Cup Corp. , a closely held maker of paper cups based in Kenton , Ohio .

Terms were n't disclosed .

Imperial Cup has annual sales of approximately $ 75 million .

Federal Paper Board sells paper and wood products .

In a move to prevent any dislocation in the financial markets from the California earthquake , the Securities and Exchange Commission said it temporarily reassigned options listed on the Pacific Stock Exchange to the American , New York and Philadelphia stock exchanges and to the Chicago Board Options Exchange .

The decision , which affects millions of dollars of trading positions , was made late yesterday because the Pacific exchange 's options floor was shut down as a result of Tuesday 's earthquake .

The SEC , faced with a major squeeze on options positions , said it was necessary to ensure that options listed on the exchange could be traded today and tomorrow .

SEC Chairman Richard Breeden said the cooperation by the exchanges would enable investors to buy and sell options listed solely on the Pacific exchange , guaranteeing the liquidity of the market .

Officials at the four exchanges said well over 50 traders from the Pacific exchange were taking flights from San Francisco late yesterday to the American , New York and Philadelphia exchanges and to the CBOE , where they would continue making markets in the Pacific-listed options .

The Big Board said carpenters quickly erected a new options floor to accomodate 40 traders from the Pacific exchange .

In addition , specialists on the exchanges agreed to provide backup capital for market-making in Pacific exchange options traded on the exchanges .

Trading was light on the Pacific Stock Exchange yesterday , with workers at the exchange 's main floor in San Francisco struggling to execute orders by flashlight as a result of a continuing power outage .

The most pressing problem was the suspension of options trading .

The Pacific exchange has options for 129 underlying stock issues , including highly active Hilton Hotels Corp. , which is listed on the Big Board .

Investors were concerned that they might be unable to exercise options that expire tomorrow .

But professionals said throughout the day that the shutdown would n't be a cause for alarm even if it were to persist for several days .

I 've told my staff and clients that they still have the ability to exercise their options , because they are guaranteed by the Options Clearing Corp. , said Michael Schwartz , a senior registered options strategist at Oppenheimer & Co .

The SEC reassigned trading in the options , however , to allow investors to do more than simply exercise the options .

While the exchange 's equities floor in San Francisco remained open on a limited basis , orders were being routed and executed in Los Angeles .

Workers could dial out , but they could n't receive telephone calls .

It 's a very uncertain situation right now , said Navin Vyas , administrative assistant of trading floor operations of the exchange , which has daily volume of about 10 million shares .

Because the exchange 's computer was rerouting orders to the exchange 's trading operations in Los Angeles , business is as usual '' Mr. Vyas said .

If one city is down , the other can take over . ''

Meanwhile , the brokerage firms in San Francisco were trying to cope .

Charles Daggs , chairman and chief executive officer of Sutro & Co. , said traders came to work at 5 a.m. PDT -- many on foot because of uncertain road and traffic conditions -- but learned that they would have to await a required inspection by the city in order to turn the power back on at the company 's two main facilities there .

That should happen by today , he said .

Traders worked with the help of sunlight streaming through windows , despite large cracks in the walls and a lack of incoming phone calls .

Also , most of the telecommunications equipment was out .

The traders were executing municipal bond , mutual fund and other orders through a sister firm , Tucker Anthony Inc. , which is also owned by John Hancock Freedom Securities but is based in New York .

We are having a regular day .

Volume is down out of San Francisco , but not out of the 11 outlying offices , Mr. Daggs added .

Sutro 's Oakland office executed orders through the Sacramento office , which was n't affected by the quake .

Others , like Prudential-Bache Securities Inc. , which has eight offices in the San Francisco area , set up an 800 number yesterday morning for customers to obtain market commentary and other help .

At Kidder , Peabody & Co. 's Sacramento branch , Manager Janet White received calls yesterday morning from workers in San Francisco who offered to work in Sacramento .

Then she discovered that Quotron Systems Inc. 's Sacramento lines were down , because they are normally tied in through a system that goes through San Francisco .

So the Kidder brokers had to call other company offices to get quotes on stocks .

At Quotron , the company 's National Call-In Center , which swung into action for the first time last month for Hurricane Hugo , assembled a tactical team at 5 a.m. yesterday to begin rerouting lines and restore service to brokers and traders .

The company dispatched as many as 200 people in the San Francisco area to do the work , though most of the rerouting was done by computer .

Service appeared to be down throughout the financial district in downtown San Francisco , while just parts of Oakland and San Jose were knocked out .

But Dale Irvine , director of the emergency center , said service was being restored to outlying San Francisco areas .

In Chicago yesterday , Options Clearing confirmed that it guarantees the Pacific exchange options .

The firm also will permit its members and the public to exercise their put and call options contracts traded on the Pacific exchange '' even if the exchange is closed , said Wayne Luthringshausen , chairman of Options Clearing .

-LRB- Put options give holders the right , but not the obligation , to sell a financial instrument at a specified price , while call options give holders the right , but not the obligation , to buy a financial instrument at a specified price -RRB- .

Investors and traders in Pacific exchange options are protected to the extent that they can convert their put and call options into the underlying instrument , Mr. Luthringshausen said .

We are seeing such exercises today , in fact .

International Business Machines Corp. said its board approved the purchase of $ 1 billion of its common shares , a move that should help support its battered stock .

Even as the stock market has generally done well this year , IBM 's shares have slipped steadily from its 52-week high of $ 130.875 .

Yesterday 's closing price of $ 101.75 , down 50 cents , in composite trading on the New York Stock Exchange , puts the stock at about 1 1\/2 times book value , which is as low as it has sunk over the past decade .

The announcement came after the market 's close .

The move by IBM was n't exactly a surprise .

The company has spent some $ 5 billion over the past 3 1\/2 years to buy back 42 million common shares , or roughly 7 % of those outstanding .

In addition , despite IBM 's well-publicized recent problems , the computer giant still generates enormous amounts of cash .

As of the end of the second quarter , it had $ 4.47 billion of cash and marketable securities on hand .

As a result , some securities analysts had predicted in recent days that IBM would authorize additional purchases .

In Armonk , N.Y. , a spokesman said that although IBM didn’t view its spending as necessarily a way to support the stock , it thought the purchases were a good way to improve such financial measurements as per-share earnings and return on equity .

We view it as a good long-term investment , the spokesman said .

In the short term , the move is likely to have little effect .

At yesterday 's closing price , $ 1 billion would buy back about 10 million shares , or less than 2 % of the roughly 580 million outstanding .

In addition , as of Sept. 30 , the company still had authorization to buy $ 368 million of stock under a prior repurchase program .

Over the long term , however , IBM 's stock repurchases -- along with its hefty , $ 4.84-a-share annual dividend and generally loyal following among large institutional investors -- are providing a floor for the stock price .

Although IBM last year produced its first strong results in four years and was expected to continue to roll this year , it began faltering as early as January .

First , it had trouble manufacturing a chip for its mainframes , IBM 's bread-and-butter business .

Then it had a series of smaller glitches , including problems manufacturing certain personal computers and the delay in the announcement of some important workstations .

Finally , IBM had to delay the introduction of some high-end disk drives , which account for 10 % of its $ 60 billion of annual revenue .

None of the problems is necessarily fatal , and they are n't all necessarily even related .

There are also other factors at work that are outside IBM 's control , such as currency exchange rates .

The strong dollar , which reduces the value of overseas earnings and revenue when they are translated into dollars , is expected to knock 80 to 85 cents off IBM 's per-share earnings for the full year .

Without that problem , IBM might have matched last year 's earnings of $ 5.81 billion , or $ 9.80 a share .

Still , investors will take some convincing before they get back into IBM 's stock in a big way .

Steve Milunovich , a securities analyst at First Boston , said that while investors were looking for an excuse to buy IBM shares a year ago , even the big institutional investors are looking for a reason to avoid the stock these days .

On Wall Street yesterday , northern California 's killer earthquake was just another chance to make a buck .

At the opening bell , investors quickly began singling out shares of companies expected to profit or suffer in some way from the California disaster , including insurers , construction-related companies , refiners and housing lenders .

Brokerage houses jumped in , touting post-quake demand '' stocks , and Kidder , Peabody & Co. set up a toll-free hot line for San Franciscans who might need emergency investment advice and help in transferring funds .

Wall Street thinks of everything in terms of money , says Tom Gallagher , a senior Oppenheimer & Co. trader .

However , he added , such event-driven trading moves typically last only a few hours and are often made without full information .

The most popular plays of the day were insurance companies such as General Re Corp. , which rose $ 2.75 to $ 86.50 , Nac Re Corp. , up $ 2 to $ 37.75 , American International Group Inc. , up $ 3.25 to $ 102.625 , and Cigna Corp. , up 87.5 cents to $ 62.50 .

Yesterday , the brokerage firm Conning & Co. said insurers will use the earthquake as an excuse to raise insurance rates , ending their long price wars .

Before this bullish theory surfaced , some insurance stocks initially fell , indicating that investors thought the quake might cost insurers a lot of money .

In fact , Fireman 's Fund Corp. , which ended the day off 50 cents to $ 36.50 , said earthquake damage would slightly hurt fourth-quarter profit .

On the prospect for rebuilding northern California , investors bid up cement-makers Calmat Co. , up $ 2.75 to $ 28.75 , and Lone Star Industries Inc. , up $ 1.75 to $ 29.25 .

Bridge and road builders had a field day , including Kasler Corp. , up $ 2.125 to $ 9.875 , Guy F. Atkinson Co. , up 87.5 to $ 61.875 , and Morrison Knudsen Corp. , which reported higher third-quarter earnings yesterday , up $ 2.25 to $ 44.125 .

Fluor Corp. , a construction engineering firm , gained 75 cents to $ 33.375 .

But home-building stocks were a mixed bag .

Timber stocks got a big boost .

Georgia Pacific Corp. , up $ 1.25 to $ 58 , and Maxxam Inc. , up $ 3 to $ 43.75 , both reported strong profits .

Merrill Lynch & Co. touted Georgia-Pacific , Louisiana Pacific Corp. and Willamette Industries Inc. as the best post-quake plywood plays .

Other gainers were companies with one or more undamaged California refineries .

Tosco Corp. jumped $ 1.125 to $ 20.125 and Chevron Corp. , despite a temporary pipeline shutdown , rose $ 1 to $ 65 .

Meanwhile , shares of some big housing lenders got hit , on the likelihood that the lenders ' collateral -- people 's homes -- suffered physical damage and perhaps a loss in value .

Wells Fargo & Co. fell 50 cents to $ 81.50 , and BankAmerica Corp. fell 50 cents to $ 31.875 .

Some California thrift stocks also fell , including Golden West Financial Corp. and H.F. Ahmanson & Co. , which reported lower earnings yesterday .

Property values didn’t go up in California yesterday , says one money manager .

Pacific Gas & Electric Co. fell 37.5 cents to $ 19.625 .

One of its power generators was damaged , though the company said there won’t be any financial impact .

Pacific Telesis Group lost 62.5 cents to $ 44.625 .

A computer failure delayed its earnings announcement , and some investors think it might have extra costs to repair damaged telephone lines .

Heavy construction , property-casualty insurance and forest products were among the best performing industry groups in the Dow Jones Equity Market Index yesterday .

Friday 's stock market plunge claimed its second victim among the scores of futures and options trading firms here .

Petco Options , an options trading firm owned by the family of the deceased former Chicago Board of Trade chairman Ralph Peters , is getting out of the trade clearing , or processing and guaranteeing , business after sustaining a multimillion dollar loss Friday , options industry officials said .

Nearly 75 options traders on the Chicago Board Options Exchange who cleared trades through Petco , including a handful of traders who lost between $ 500,000 to $ 1 million themselves as a result of Friday 's debacle , are trying to transfer their business to other clearing firms , CBOE members said .

Timothy Vincent , Petco chief executive officer , confirmed that Petco was withdrawing from the clearing business .

The owners of the company got a look at the potential risks in this business , and after Monday they felt they didn’t want to be exposed any more , he said .

He added that Petco remained in compliance with all industry capital requirements during the market 's rapid plunge Friday and Monday 's rebound .

A CBOE spokeswoman declined comment on Petco .

Over the weekend Fossett Corp. , another options trading firm , transferred the clearing accounts of about 160 traders to First Options of Chicago , a unit of Continental Bank Corp. , because it could n't meet regulatory capital requirements after Friday 's market slide .

The unprecedented transfer of accounts underscored the options industry 's desire not to have its credibility tarnished by potentially widespread trading defaults on Monday .

The CBOE , American Stock Exchange , Options Clearing Corp. and Stephen Fossett , owner of Fossett , joined in putting up $ 50 million to guarantee the accounts at First Options .

The head of another small options clearing firm , who asked not to be identified , said that the heightened volatility in the financial markets in recent years makes it increasingly difficult for any but the largest financial trading firms to shoulder the risk inherent in the highly leveraged options and futures business .

Prior to the introduction of financial futures in the late 1970s , most trading firms clustered around the LaSalle Street financial district here were family operations handed down from one generation to the next .

Most also were relatively undercapitalized compared with the size of most Wall Street securities firms .

Mr. Peters , a LaSalle Street legend among the post-World War II generation of commodity traders , was rumored to have amassed a multimillion-dollar fortune from commodity trading and other activities by the time he died in May .

Part of a Series -RCB-

Betty Lombardi is a mild-mannered homemaker and grandmother in rural Hunterdon County , N.J .

But put her behind a shopping cart and she turns ruthless .

If Colgate toothpaste offers a tempting money-saving coupon , she 'll cross Crest off her shopping list without a second thought .

Never mind that her husband prefers Crest .

Some weeks when her supermarket runs a double-coupon promotion , she boasts that she shaves $ 22 off her bill .

Money is n't the only thing that makes her dump once favorite brands .

After she heard about the artery-clogging hazards of tropical oils in many cookies , she dropped Pepperidge Farm and started buying brands free of such oils .

I always thought Pepperidge Farm was tasty and high quality , Mrs. Lombardi says .

But I do n't want any of that oil for my grandkids . ''

-LRB- Pepperidge Farm says it ca n't tell exactly how many customers it has lost , but it hopes to remove the objectionable tropical oil from all its products by year end . -RRB-

Clearly , people like Mrs. Lombardi are giving marketers fits .

She represents a new breed of savvy consumer who puts bargain prices , nutritional and environmental concerns , and other priorities ahead of old-fashioned brand loyalty .

While brand loyalty is far from dead , marketing experts say it has eroded during the 1980s .

Marketers themselves are partly to blame : They 've increased spending for coupons and other short-term promotions at the expense of image-building advertising .

What 's more , a flood of new products has given consumers a dizzying choice of brands , many of which are virtually carbon copies of one other .

Marketers have brought this on themselves with their heavy use '' of promotions , contends Joe Plummer , an executive vice president at the D'Arcy Masius Benton & Bowles ad agency .

Without some real product improvements , it 's going to be difficult to win that loyalty back . ''

The Wall Street Journal 's American Way of Buying '' survey this year found that most consumers switch brands for many of the products they use .

For the survey , Peter D. Hart Research Associates asked some 2,000 consumers , including Mrs. Lombardi , whether they usually buy one brand of a certain type of product or have no brand loyalty .

More than half the users of 17 of the 25 products included in the survey said they 're brand switchers .

Overall , 12 % of consumers are n't brand loyal for any of the 25 product categories .

About 47 % are loyal for one to five of the products .

Only 2 % are brand loyal in 16 to 20 of the categories , and no one is loyal for more than 20 types of products .

For such products as canned vegetables and athletic shoes , devotion to a single brand was quite low , with fewer than 30 % saying they usually buy the same brand .

Only for cigarettes , mayonnaise and toothpaste did more than 60 % of users say they typically stick with the same brand .

People tend to be most loyal to brands that have distinctive flavors , such as cigarettes and ketchup .

Kathie Huff , a respondent in the Journal survey from Spokane , Wash. , says her husband is adamant about eating only Hunt 's ketchup .

He simply ca n't stomach the taste of Heinz , she says .

The 31-year-old homemaker adds , The only other thing I 'm really loyal to is my Virginia Slims cigarettes .

Coke and Pepsi are all the same to me , and I usually buy whichever brand of coffee happens to be on sale . ''

Brand imagery plays a significant role in loyalty to such products as cigarettes , perfume and beer .

People often stay with a particular brand because they want to be associated with the image its advertising conveys , whether that 's macho Marlboro cigarettes or Cher 's Uninhibited perfume .

Loyalty lags most for utilitarian products like trash bags and batteries .

Only 23 % of trash-bag users in the Journal survey usually buy the same brand , and just 29 % of battery buyers stick to one brand .

Underwear scored a middling 36 % in brand loyalty , but consumer researchers say that 's actually quite high for such a mundane product .

In the past , you just wore Fruit of the Loom and didn’t care , says Peter Kim , U.S. director of consumer behavior research for the J. Walter Thompson ad agency .

The high score reflects the attempts to make underwear more of a fashion image business for both men and women . ''

He believes there 's opportunity for a smart gasoline marketer to create a strong brand image and more consumer loyalty .

What loyalty there is to gas brands , he believes , is a matter of stopping at the most conveniently located service stations .

Brand loyalty was stronger among older consumers in the Journal survey .

Nearly one-fourth of participants age 60 and older claim brand loyalty for more than 10 of the 25 products in the survey ; only 9 % of those age 18 to 29 have such strong allegiance .

Higher-income people also tend to be more brand loyal these days , the Journal survey and other research studies indicate .

Marketers speculate that more affluent people tend to lead more pressured lives and do n't have time to research the products they buy for the highest quality and most reasonable price .

An established brand name is insurance that at least the product will be of acceptable quality , if not always the best value for the money .

It 's sort of loyalty by default .

Meanwhile , the bottom end of the market is becoming less loyal , says Laurel Cutler , vice chairman of the ad agency FCB\/Leber Katz Partners .

They 're buying whatever 's cheaper . ''

The biggest wild card in the brand loyalty game : How those hotly pursued but highly unpredictable baby boomers will behave as they move into middle age .

They grew up with more brand choices than any generation and have shown less allegiance so far .

But now that they 're settling down and raising families , might they also show more stability in their brand choices ?

Mr. Kim of J. Walter Thompson does n't think so .

He believes baby boomers will continue to be selective in their brand loyalties .

Earlier generations were brand loyal across categories , he says , but boomers tend to be brand loyal in categories like running shoes and bottled water , but less so in others like toilet paper and appliances . ''

While not as brand loyal as in the past , consumers today do n't buy products capriciously , either .

Rather , they tend to have a set of two or three favorites .

Sometimes , they 'll choose Ragu spaghetti sauce ; other times , it will be Prego .

Advertisers attribute this shared loyalty to the striking similarity among brands .

If a more absorbent Pampers hits the market , you can be sure a new and improved Huggies won’t be far behind .

The BBDO Worldwide ad agency studied brand parity '' and found that consumers believe all brands are about the same in a number of categories , particularly credit cards , paper towels , dry soups and snack chips .

When there 's a clutter of brands , consumers simplify the complexity by telling themselves , All brands are the same so what difference does it make which I buy , ' '' says Karen Olshan , a senior vice president at BBDO .

Too often , advertising imagery has n't done a good job of forging a special emotional bond between a brand and the consumer . ''

But given such strong brand disloyalty , some marketers are putting renewed emphasis on image advertising .

A small but growing number of companies are also trying to instill more fervent brand loyalty through such personalized direct-marketing ploys as catalogs , magazines and membership clubs for brand users .

While discount promotions are essential for most brands , some companies concede they went overboard in shifting money from advertising to coupons , refunds and other sales incentives .

Some people argue that strong brands can afford to stop advertising for a time because of the residual impact of hundreds of millions of dollars spent on advertising through the years .

But most companies are too afraid to take that chance .

And perhaps with good reason .

Says Clayt Wilhite , president of the D'Arcy Masius ad agency 's U.S. division , Every time 24 hours pass without any advertising reinforcement , brand loyalty will diminish ever so slightly -- even for a powerful brand like Budweiser . ''

Consider , for example , what happened to Maxwell House coffee .

The Kraft General Foods brand stopped advertising for about a year in 1987 and gave up several market share points and its leadership position in the coffee business .

But since returning to advertising , Maxwell House has regained the lost share and is running neck and neck with archrival Folgers .

Now , Philip Morris -LCB- Kraft General Foods ' parent company -RCB- is committed to the coffee business and to increased advertising for Maxwell House , says Dick Mayer , president of the General Foods USA division .

Even though brand loyalty is rather strong for coffee , we need advertising to maintain and strengthen it . ''

Campbell Soup Co. , for one , has concluded that it makes good sense to focus more on its most loyal customers than on people who buy competitive brands .

The probability of converting a non-user to your brand is about three in 1,000 , says Tony Adams , the company 's vice president for marketing research .

The best odds are with your core franchise .

Our heavy users consume two to three cans of soup a week , and we 'd like to increase that . ''

So Campbell is talking to its brand enthusiasts , probing their psychological attachment to its soup .

In one consumer focus group , a fan declared that , Campbell 's soup is like getting a hug from a friend . ''

That helped persuade the company to introduce a new advertising slogan : A warm hug from Campbell 's . ''

Insurers face the prospect of paying out billions of dollars for damages caused by this week 's California earthquake .

Getting a grip on the extent of the damages is proving a far more difficult task than what insurers faced after Hurricane Hugo ripped through the Caribbean and the Carolinas last month .

The earthquake 's toll , including possible deep structural damage , goes far beyond the more easily observed damage from a hurricane , says George Reider , a vice president in Aetna Life & Casualty Insurance Co. 's claims division .

But investors are betting that the financial and psychological impact of the earthquake , coming so soon after the hurricane , will help stem more than two years of intense price-cutting wars among business insurers .

Reflecting that logic , insurance-company stocks posted strong gains .

Aetna and other insurers are hiring engineers and architects to help them assess structural damage .

Most insurers already have mobilized their catastrophe '' teams to begin processing claims from their policyholders in northern California .

Since commercial air travel is interrupted , Aetna , based in Hartford , Conn. , chartered three planes to fly claims adjusters into Sacramento and then planned for them to drive to the Bay area .

About 25 adjusters were dispatched yesterday afternoon , along with laptop computers , cellular phones and blank checks .

Some adjusters , already in other parts of California , drove to the disaster area with recreational vehicles and mobile homes that could be used as makeshift claims-processing centers .

Insurers will be advertising 800 numbers -- probably on the radio -- that policyholders can call to get assistance on how to submit claims .

State Farm Mutual Automobile Insurance Co. , the largest home and auto insurer in California , believes the losses from the earthquake could be somewhat less than the $ 475 million in damages it expects to pay out for claims resulting from Hurricane Hugo .

State Farm , based in Bloomington , Ind. , is also the largest writer of personal-property earthquake insurance in California .

Earthquake insurance is sold as a separate policy or a specific endorsement rider '' on a homeowner 's policy in California , because of the area 's vulnerability to earthquakes .

State Farm said about 25 % of its policyholders in California have also purchased earthquake insurance .

Allstate Insurance Co. , a unit of Sears , Roebuck & Co. , said about 23 % of its personal property policyholders -- about 28 % in the San Franciso area -- also have earthquake coverage .

The Association of California Insurance Companies estimated damage to residential property could total $ 500 million , but only $ 100 million to $ 150 million is insured , it said .

Officials from the American Insurance Association 's property-claim service division , which coordinates the efforts of the claims adjusters in an area after a natural disaster , will be flying to San Francisco today .

They expect to have a preliminary estimate of the damages in a day or two .

Roads and bridges in the Bay area appear to have suffered some of the most costly damage .

Highways , such as the section of Interstate 880 that collapsed in Oakland , generally do n't have insurance coverage .

Industry officials say the Bay Bridge -- unlike some bridges -- has no earthquake coverage , either , so the cost of repairing it probably would have to be paid out of state general operating funds .

However , the bridge , which charges a $ 1 toll each way , does have loss of income '' insurance to replace lost revenue if the operation of the bridge is interrupted for more than seven days .

That coverage is provided by a syndicate of insurance companies including Fireman 's Fund Corp. , based in Novato , Calif. , and Cigna Corp. , based in Philadelphia .

Earthquake-related claims are n't expected to cause significant financial problems for the insurance industry as a whole .

Instead , even with the liabilities of two natural disasters in recent weeks , analysts said the total capital of the industry is likely to be higher at year end than it was at midyear .

Indeed , the earthquake could contribute to a turnaround in the insurance cycle in a couple of ways .

For example , insurers may seek to limit their future exposure to catastrophes by increasing the amount of reinsurance they buy .

Such increased demand for reinsurance , along with the losses the reinsurers will bear from these two disasters , are likely to spur increases in reinsurance prices that will later be translated into an overall price rise .

Reinsurance is protection taken out by the insurance firms themselves .

We are saying this is the breaking point , this is the event that will change the psychology of the marketplace , said William Yankus , an analyst with Conning & Co. , a Hartford firm that specializes in the insurance industry .

His firm , along with some others , issued new buy recommendations on insurer stocks yesterday .

Among the insurance stocks , big gainers included American International Group , up $ 3.25 to $ 102.625 ; General Re Corp. , up $ 2.75 to $ 86.50 ; Aetna , up $ 2.375 to $ 59.50 ; and Marsh & McLennan Inc. , up $ 3.125 to $ 75.875 .

Still , a few individual companies , most likely smaller ones , could be devastated .

I think there is a damned good chance someone is going to hit the skids on this , said Oppenheimer & Co. analyst Myron Picoult .

He suspects some insurers who had purchased reinsurance to limit their exposure to catastrophes will discover that reinsurance was used up by Hurricane Hugo .

British , West German , Scandinavian and other overseas insurers are bracing for big claims from the San Francisco earthquake disaster .

Although it 's unclear how much exposure the London market will face , U.K. underwriters traditionally have a large reinsurance exposure to U.S. catastrophe coverage .

Jack Byrne , chairman of Fireman 's Fund , said this disaster will test the catastrophe reinsurance market , causing these rates to soar .

The catastrophe losses sustained by insurers this year will probably be the worst on an inflation-adjusted basis since 1906 -- when another earthquake sparked the Great San Francisco Fire .

Orin Kramer , an insurance consultant in New York , estimates that the 1906 San Francisco destruction , on an inflation-adjusted basis , included insured losses of $ 5.8 billion .

He is estimating this week 's disaster will generate insured losses of $ 2 billion to $ 4 billion , following about $ 4 billion in costs to insurers from Hurricane Hugo .

Silicon Graphics Inc. 's first-quarter profit rose sharply to $ 5.2 million , or 28 cents a share , from $ 1 million , or six cents a share , a year ago .

The maker of computer workstations said a surge of government orders contributed to the increase .

Revenue rose 95 % to $ 86.4 million from $ 44.3 million the year earlier .

In national over-the-counter trading , the company closed yesterday at $ 23.25 a share , down 25 cents .

Hunter Environmental Services Inc. said it reached a preliminary accord on the sale of its environmental consulting and services business for about $ 40 million and assumption of related debt .

The buyer was n't identified .

The company said it also is making progress in negotiating the buy-out of its design division by management .

In addition , Hunter said it will use proceeds from a private placement of $ 8 million of preferred shares to purchase an interest in a start-up company to underwrite environmental impairment insurance .

Hunter wants to concentrate its resources on the insurance business and on a project to store hazardous wastes in salt domes .

Jaguar PLC 's chairman said he hopes to reach a friendly pact with General Motors Corp. within a month that may involve the British luxury-car maker 's producing a cheaper executive model .

Sir John Egan told reporters at London 's Motorfair yesterday he would be disappointed if we could n't do -LCB- the deal -RCB- within a month . ''

He said the tie-up would mean Jaguar could develop cars down range -LCB- in price -RCB- from where we are '' by offering access to GM 's high-volume parts production .

Besides creating joint manufacturing ventures , the accord is expected to give GM about a 15 % stake that eventually would rise to about 30 % .

Jaguar figures a friendly alliance with GM will fend off unwelcome advances from Ford Motor Co .

But Ford , Jaguar 's biggest shareholder since lifting its stake to 10.4 % this week , is pressing harder for talks with Sir John .

We 're getting to the point where we are going to have to meet '' with him , one Ford official said yesterday .

Ford probably will renew its request for such a meeting soon , he added .

Sir John has spurned Ford 's advances since the U.S. auto giant launched a surprise bid for as much as 15 % of Jaguar last month .

Ford has signaled it might acquire a majority interest later .

I 'm not obligated to sit down and talk to anybody , the Jaguar chairman asserted yesterday .

He didn’t rule out negotiations with Ford , however .

The fiercely proud but financially strapped British company prefers to remain independent and publicly held , despite Ford 's promise of access to cash and technological know-how .

Sir John noted that GM , a longtime Jaguar supplier , agrees we should remain an independent company . ''

He said Jaguar started negotiating with GM and several other car makers over a year ago , but the rest dropped by the wayside ever since the share price went above # 4 -LRB- $ 6.30 -RRB- a share . ''

Jaguar shares stood at 405 pence before Ford 's initial announcement , but the subsequent takeover frenzy has driven them up .

The stock traded late yesterday on London 's stock exchange at 673 pence , up 19 pence .

Developing an executive-model range would mark a major departure for Britain 's leading luxury-car maker .

A typical British executive car is mass produced and smaller than a luxury car .

It generally fetches no more than # 25,000 -LRB- $ 39,400 -RRB- -- roughly # 16,000 less than the highest-priced Jaguars , which are all known for their hand-crafted leather work .

We have designs for such -LCB- executive -RCB- cars , but have never been able to develop them , Sir John said .

GM 's help would make it possible -LCB- for Jaguar -RCB- to build a wider range of cars . ''

An executive model would significantly boost Jaguar 's yearly output of 50,000 cars .

You are talking about a couple hundred thousand a year , said Bob Barber , an auto-industry analyst at U.K. brokerage James Capel & Co .

A pact with GM may emerge in as little as two weeks , according to sources close to the talks .

The deal would require approval by a majority of Jaguar shareholders .

We have to make it attractive enough that -LCB- holders -RCB- would accept it , Sir John said .

That may be difficult , the Jaguar chairman acknowledged , when you have somebody else breathing down your neck .

'' Ford probably would try to kill the proposal by enlisting support from U.S. takeover-stock speculators and holding out the carrot of a larger bid later , said Stephen Reitman , European auto analyst at London brokers UBS Phillips & Drew .

Ford ca n't make a full-fledged bid for Jaguar until U.K. government restrictions expire .

The anti-takeover measure prevents any outside investor from buying more than 15 % of Jaguar shares without permission until Dec. 31 , 1990 .

But with its 10.4 % stake , Ford can convene a special Jaguar shareholders ' meeting and urge them to drop the restrictions prematurely .

It 's a very valuable weapon in their armory , which could enable Ford to bid sooner for Jaguar , observed Mr. Barber of James Capel .

Otherwise , Jaguar may have to tolerate the two U.S. auto giants each owning a 15 % stake for more than a year .

It would be difficult to see how a car company can be owned by a collective , Sir John said .

It has never been done before , but there 's always a first .

Although two Baby Bells showed strong growth in access lines , usage and unregulated business revenue , one reported a modest gain in third-quarter net while the other posted a small drop .

Ameritech Corp. 's earnings increased 2.8 % , after strong revenue gains were offset somewhat by refunds and rate reductions imposed by regulators in its Midwest territory .

BellSouth Corp. 's third-quarter earnings dropped 3.8 % as a result of debt refinancing , the recent acquisition of a cellular and paging property and rate reductions in its Southeast territory .

BellSouth

At BellSouth , based in Atlanta , customer access lines grew by 162,000 , or 3.5 % , during the 12-month period ended Sept .

For the third quarter , total operating revenue grew 2.6 % to $ 3.55 billion from $ 3.46 billion .

Total operating expenses increased 3.5 % to $ 2.78 billion from $ 2.69 billion .

Overall access minutes of use increased 10.3 % and toll messages jumped 5.2 % .

BellSouth Chairman and Chief Executive Officer John L. Clendenin said three factors accounted for the drop in third-quarter earnings .

The refinancing of $ 481 million in long-term debt reduced net income by $ 22 million , or five cents a share , but in the long run will save more than $ 250 million in interest costs .

The company previously said that the recent acquisition of Mobile Communications Corp. of America would dilute 1989 earnings by about 3 % .

In addition , earnings were reduced by rate reductions in Florida , Kentucky , Alabama , Tennessee and Louisiana .

Ameritech

At Ameritech , based in Chicago , customer access lines increased by 402,000 , or 2.6 % , and cellular mobile lines increased by 80,000 , or 62.3 % , for the 12-month period ended Sept. 30 .

For the third quarter , revenue increased 1.9 % to $ 2.55 billion from $ 2.51 billion .

Operating expenses increased 2.6 % to $ 2.04 billion , including one-time pretax charges of $ 40 million for labor contract signing bonuses .

Local service revenue increased 3.5 % and directory and unregulated business revenue jumped 9.5 % .

But network access revenue dropped 4 % and toll revenue dropped 1.4 % .

a - reflects 2-for-1 stock split effective Dec. 30 , 1988 .

b - reflects extraordinary loss of five cents a share for early debt retirement .

c - reflects extraordinary loss of five cents a share and extraordinary gain of 14 cents a share from cumulative effect of accounting change .

The Wall Street Journal American Way of Buying '' Survey consists of two separate , door-to-door nationwide polls conducted for the Journal by Peter D. Hart Research Associates and the Roper Organization .

The two surveys , which asked different questions , were conducted using national random probability samples .

The poll conducted by Peter D. Hart Research Associates interviewed 2,064 adults age 18 and older from June 15 to June 30 , 1989 .

The poll conducted by the Roper Organization interviewed 2,002 adults age 18 and older from July 7 to July 15 , 1989 .

Responses were weighted on the basis of age and gender to conform with U.S. Census data .

For each poll , the odds are 19 out of 20 that if pollsters had sought to survey every household in the U.S. using the same questionnaire , the findings would differ from these poll results by no more than 2 1\/2 percentage points in either direction .

The margin of error for subgroups -- for example , married women with children at home -- would be larger .

In addition , in any survey , there is always the chance that other factors such as question wording could introduce errors into the findings .

Program traders were buying and selling at full steam Monday , the first trading session after the stock market 's 190.58-point plunge Friday .

They accounted for a hefty 16 % of New York Stock Exchange volume Monday , the fourth busiest session ever .

On Friday , 13 % of volume was in computer-guided program trades .

In August , by contrast , program trading averaged 10.3 % of daily Big Board turnover .

Program traders were publicly castigated following the 508-point crash Oct. 19 , 1987 , and a number of brokerage firms pulled back from using this strategy for a while .

But as the outcry faded by the spring of 1988 , they resumed .

Some observers thought that after Friday 's sharp drop , the firms would rein in their program traders to avoid stoking more controversy .

But the statistics released yesterday show the firms did nothing of the sort .

One reason , they said , was that the official reports on the 1987 crash exonerated program trading as a cause .

Stock-index arbitrage is the most controversial form of program trading because it accelerates market moves , if not actually causing them .

In it , traders buy or sell stocks and offset those positions in stock-index futures contracts to profit from fleeting price discrepancies .

Under the exchange 's definitions , program trading also describes a number of other strategies that , in the opinion of some traders , do n't cause big swings in the market .

The Big Board 's disclosure of program trading activity on these two days was unusual .

Though it collects such data daily , its monthly reports on program trading usually come out about three weeks after each month ends .

The September figures are due to be released this week .

The Big Board declined to name the Wall Street firms involved in the activity Friday and Monday , or the type of strategies used .

But traders on the exchange floor , who can observe the computer-guided trading activity on monitor screens , said most of the top program-trading firms were active both days .

Through August , the top five program trading firms in volume were Morgan Stanley & Co. , Kidder , Peabody & Co. , Merrill Lynch & Co. , PaineWebber Group Inc. and Salomon Brothers Inc .

Though brokerage officials defended their use of program trading , one sign of what an issue it remains was that few executives would comment on the record .

Besides reciting the pardon for program trading contained in the Brady Commission report , they said stock-index arbitrage was actually needed Monday to restore the markets ' equilibrium .

On Friday , the stock-index futures market was unhinged from the stock market when the Chicago Mercantile Exchange halted trading in Standard & Poor 's 500 futures contract -- a circuit breaker '' procedure instituted after the 1987 crash and implemented for the first time .

Futures trading resumed a half-hour later , but the session ended shortly thereafter , leaving the stock market set up for more sell programs , traders said .

By Monday morning , they said , stock-index arbitrage sell programs helped re-establish the link between stocks and futures .

But stunning volatility was produced in the process .

The Dow Jones Industrial Average plunged a breathtaking 63.52 points in the first 40 minutes of trading Monday as stock-index arbitrage sell programs kicked in .

At about 10:10 a.m. EDT , the market abruptly turned upward on stock-index arbitrage buy programs .

By day 's end , the Dow industrials had rebounded 88.12 points , or nearly half of Friday 's drop .

FREDERICK 'S OF HOLLYWOOD Inc. , Los Angeles , said its board voted a 50 % increase in the specialty boutique-store operator 's semiannual dividend , to five cents a common share .

The dividend is payable Dec. 15 to stock of record Nov. 15 .

Valley National Corp. reported a third-quarter net loss of $ 72.2 million , or $ 3.65 a share , and suspended its quarterly dividend because of potential losses on its Arizona real estate holdings .

The Phoenix-based holding company for Arizona 's largest bank said it added $ 121 million to its allowance for losses on loans and for real estate owned .

The company earned $ 18.7 million , or 95 cents a share , a year earlier .

For the nine months , Valley National posted a net loss of $ 136.4 million , or $ 6.90 a share .

It had profit of $ 48.6 million , or $ 2.46 a share , in the 1988 period .

Valley National had been paying a quarterly dividend of 36 cents a share .

The Arizona real estate market continues to be depressed , and there is still uncertainty as to when values will recover , James P. Simmons , chairman , said .

The decision to increase the loan-loss reserve and suspend the dividend is both prudent and in the best long-term interest of the shareholders , he said .

Valley National said it made the decision on the basis of an overall assessment of the marketplace '' and the condition of its loan portfolio and after reviewing it with federal regulators .

The addition to reserves comes on top of a provision of $ 199.7 million that was announced in June .

In July , Moody 's downgraded $ 400 million of the company 's debt , saying the bank holding company had n't taken adequate write-offs against potential losses on real estate loans despite its second-quarter write-down .

Richard M. Greenwood , Valley National 's executive vice president , said then that the company believed the write-downs were adequate '' and didn’t plan to increase its reserves again .

Bruce Hoyt , a banking analyst with Boettcher & Co. , a Denver brokerage firm , said Valley National is n't out of the woods yet . ''

The key will be whether Arizona real estate turns around or at least stabilizes , he said .

They 've stepped up to the plate to take the write-downs , but when markets head down , a company is always exposed to further negative surprises , Mr. Hoyt said .

Valley National closed yesterday at $ 24.25 a share , down $ 1 , in national over-the-counter trading .

Two years of coddling , down the drain .

That 's the way a lot of brokers feel today on the second anniversary of the 1987 stock-market crash .

Ever since that fearful Black Monday , they 've been tirelessly wooing wary individual investors -- trying to convince them that Oct. 19 , 1987 , was a fluke and that the stock market really is a safe place for average Americans to put their hard-earned dollars .

And until last Friday , it seemed those efforts were starting to pay off .

Some of those folks were coming back , says Leslie Quick Jr. , chairman , of discount brokers Quick & Reilly Group Inc .

We had heard from people who had n't been active '' for a long time .

Then came the frightening 190-point plunge in the Dow Jones Industrial Average and a new wave of stock-market volatility .

All of a sudden , it was back to square one .

It 's going to set things back for a period , because it reinforces the concern of volatility , says Jeffrey B. Lane , president of Shearson Lehman Hutton Inc .

I think it will shake confidence one more time , and a lot of this business is based on client confidence . ''

Brokers around the country say the reaction from individual investors this week has been almost eerie .

Customers and potential customers are suddenly complaining about the stock market in the exact way they did in post-crash 1987 .

The kinds of questions you had before have resurfaced , says Raymond A. Chip '' Mason , chairman of regional brokerage firm Legg Mason Inc. , Baltimore .

I can just tell the questions are right back where they were : What 's going on ? , ' Ca n't anything be done about program trading ? , ' Does n't the exchange understand ? , ' Where is the SEC on this ? ' ''

Mr. Mason says he 's convinced the public still wants to invest in common stocks , even though they believe the deck is stacked against them .

But these wide swings scare them to death . ''

All of this is bad news for the big brokerage firms such as Shearson and Merrill Lynch & Co. that have big retail , or individual-investor , businesses .

After expanding rapidly during the bull-market years up to the 1987 crash , retail brokerage operations these days are getting barely enough business to pay the overhead .

True , the amount of money investors are willing to entrust to their brokers has been growing lately .

But those dollars have been going into such safe '' products as money market funds , which do n't generate much in the way of commissions for the brokerage firms .

At discount brokerage Charles Schwab & Co. , such cash-equivalent '' investments recently accounted for a record $ 8 billion of the firm 's $ 25 billion of client 's assets .

The brokers ' hope has been that they could soon coax investors into shifting some of their hoard into the stock market .

And before last Friday , they were actually making modest progress .

A slightly higher percentage of New York Stock Exchange volume has been attributed to retail investors in recent months compared with post-crash 1988 , according to Securities Industry Association data .

In 1987 , an average 19.7 % of Big Board volume was retail business , with the monthly level never more than 21.4 % .

The retail participation dropped to an average 18.2 % in 1988 , and shriveled to barely 14 % some months during the year .

Yet in 1989 , retail participation has been more than 20 % in every month , and was 23.5 % in August , the latest month for which figures are available .

Jeffrey Schaefer , the SIA 's research director , says that all of his group 's retail-volume statistics could be overstated by as much as five percentage points because corporate buy-backs are sometimes inadvertently included in Big Board data .

But there did seem to be a retail activity pickup .

But Friday didn’t help things , says Mr. Schaefer .

With the gyrations of recent days , says Hugo Quackenbush , senior vice president at Charles Schwab , many small investors are absolutely convinced that they should n't play in the stock market . ''

Joseph Grano , president of retail sales and marketing at PaineWebber Group Inc. , still thinks that individual investors will eventually go back into the stock market .

Investors will develop thicker skins , and their confidence will return , he says .

Friday 's plunge , he is telling PaineWebber brokers , was nothing more than a tremendous reaction to leveraged buy-out stocks . ''

Meanwhile , PaineWebber remains among the leaders in efforts to simply persuade investors to keep giving Wall Street their money .

It 's more of an important issue to keep control of those assets , rather than push the investor to move into -LRB- specific -RRB- products such as equities , Mr. Grano says .

The equity decision will come when the client is ready and when there 's a semblance of confidence . ''

It could be a long wait , say some industry observers .

Some investors will tiptoe back in , says Richard Ross , a market research director for Elrick & Lavidge in Chicago .

Then there 'll be another swing .

Given enough of these , this will drive everyone out except the most hardy , he adds .

Mr. Ross , who has been studying retail investors ' perception of risks in the brokerage industry , said a market plunge like Friday 's shatters investors ' confidence in their ability to make any judgments on the market . ''

The long-term outlook for the retail brokerage business is miserable , Mr. Ross declares .

The following were among yesterday 's offerings and pricings in the U.S. and non-U.S. capital markets , with terms and syndicate manager , as compiled by Dow Jones Capital Markets Report :

Washington , D.C. --

$ 200 million of general obligation tax revenue anticipation notes , Series 1990 , due Sept. 28 , 1990 .

About $ 190 million were offered through Shearson Lehman Hutton Inc .

Shearson is offering the notes as 6 3\/4 % securities priced to yield 6.15 % .

J.P. Morgan Securities Inc. is offering the remaining $ 10 million of notes .

The notes are rated MIG-1 by Moody 's Investors Service Inc .

Standard & Poor 's Corp. has them under review .

Federal National Mortgage Association --

$ 400 million of Remic mortgage securities being offered in 16 classes by Bear , Stearns & Co .

The offering , Series 1989-83 , is backed by Fannie Mae 9 % securities .

The offering used at-market pricing .

Separately , Fannie Mae issued $ 400 million of Remic mortgage securities in 12 classes through First Boston Corp .

The offering , Series 1989-84 , is backed by Fannie Mae 9 % securities .

Pricing details were n't available .

The two offerings bring Fannie Mae 's 1989 Remic issuance to $ 31 billion and its total volume to $ 43.3 billion since the program began in April 1987 .

Societa per Azioni Finanziaria Industria Manaifatturiera -LRB- Italy -RRB- --

$ 150 million of 9 % depository receipts due Nov. 27 , 1994 , priced at 101.60 to yield 9.07 % less fees , via Bankers Trust International Ltd .

Fees 1 7\/8 .

Mitsubishi Corp . Finance -LRB- Japanese parent -RRB- --

$ 100 million of 8 5\/8 % bonds due Nov. 1 , 1993 priced at 101 1\/4 to yield 8.74 % annually less full fees , via Yamaichi International -LRB- Europe -RRB- Ltd .

Fees 1 5\/8 .

Indian Oil Corp . -LRB- India -RRB- --

$ 200 million of floating-rate notes due November 1994 , paying six-month London interbank offered rate plus 3\/16 point and priced at par via Credit Suisse First Boston Ltd .

Guaranteed by India .

Fees 0.36 .

Notes offered at a fixed level of 99.75 .

National Westminster Bank PLC -LRB- U.K. -RRB- --

# 200 million of undated variable-rate notes priced at par via Merill Lynch International Ltd .

Initial interest rate set at 0.375 point over three-month Libor .

Subsequent margins set by agreement between NatWest and Merrill .

If no margin agreed , there is a fallback rate of Libor plus 0.75 point in years one to 15 , and Libor plus 1.25 point thereafter .

Keihin Electric Express Railway Co . -LRB- Japan -RRB- --

$ 150 million of bonds due Nov. 9 , 1993 , with equity-purchase warrants , indicating a 4 % coupon at par via Yamaichi International -LRB- Europe -RRB- Ltd .

Each $ 5,000 bond carries one warrant , exercisable from Dec. 1 , 1989 , through Nov. 2 , 1993 , to buy company shares at an expected premium of 2 1\/2 % to the closing share price when terms are fixed Oct. 24 .

Seiren Co . -LRB- Japan -RRB- --

110 million Swiss francs of privately placed convertible notes due March 31 , 1994 , with an indicated 0.25 % coupon at par , via Bank Leu Ltd .

Put option on March 31 , 1992 , at an indicated 109 to yield 3.865 % .

Callable on March 31 , 1992 , at 109 , also beginning Sept. 30 , 1992 , from 101 1\/2 and declining half a point semiannually to par .

Each 50,000 Swiss franc note is convertible from Nov. 20 , 1989 , to March 17 , 1994 , at an indicated 5 % premium over the closing share price Oct. 25 , when terms are scheduled to be fixed .

N. Nomura & Co . -LRB- Japan -RRB- --

50 million Swiss francs of privately placed convertible notes due March 31 , 1994 , with an indicated 0.5 % coupon at par , via Bank Julius Baer .

Put option on March 31 , 1992 , at an indicated 108 1\/4 to yield 3.846 % .

Each 50,000 Swiss franc note is convertible from Nov. 20 , 1989 , to March 17 , 1994 , at a 5 % premium over the closing share price Oct. 21 , when terms are scheduled to be fixed .

Aegon N.V . -LRB- Netherlands -RRB- --

250 million Dutch guilders of 7 3\/4 % bonds due Nov. 15 , 1999 , priced at 101 1\/4 to yield 7.57 % at issue price and 7.86 % less full fees , via AMRO Bank .

Fees 2 .

Continental Airlines --

a four-part , $ 71 million issue of secured equipment certificates priced through Drexel Burnham Lambert Inc .

The size of the issue was decreased from an originally planned $ 95.2 million .

In addition , a planned two-part offering of $ 58 million in unsecured notes was n't offered .

The first part , consisting of $ 2.5 million of 11 1\/4 % secured equipment certificates due June 15 , 1990 , was priced at 98.481 with a yield to maturity of 13.75 % .

The second part , consisting of $ 28 million of 11 3\/4 % secured equipment certificates due June 15 , 1995 , was priced at 87.026 with a yield to maturity of 15.25 % .

The third part , consisting of $ 18.5 million of 12 1\/8 % secured equipment certificates due April 15 , 1996 , was priced at 85.60 with a yield to maturity of 15.75 % .

The fourth part , consisting of $ 22 million of 12 1\/2 % secured equipment certificates due April 15 , 1999 , was priced at 85.339 with a yield to maturity of 15.50 % .

The issue was rated single-B-2 by Moody 's and single-B by S&P .

All parts of the issue are callable at any time at par .

Continental Airlines is a unit of Texas Air Corp .

John V. Holmes , an investment-newsletter publisher , and three venture-capital firms he organized were enjoined from violating the registration provisions of the securities laws governing investment companies .

As part of an agreement that settled charges brought by the Securities and Exchange Commission , a receiver was also appointed for the three venture-capital firms .

Mr. Holmes was the subject of a page one profile in The Wall Street Journal in 1984 , after the SEC questioned him about ties between him and companies he touted in a newsletter .

In 1986 , in another consent agreement with the SEC , Mr. Holmes was enjoined from violating the stock-registration and anti-fraud provisions of the securities laws .

Without any admission or denial of guilt by Mr. Holmes , that agreement settled SEC charges that Mr. Holmes sold unregistered securities and misled investors .

In charges filed last week in federal district court in Charlotte , N.C. , the SEC alleged that Venture Capitalists Inc. , Venture Finance Corp. and New Ventures Fund Inc. , all of Charlotte , failed repeatedly to file proper documents .

The SEC also charged that Mr. Holmes acted as an officer or director of New Ventures , in violation of his previous consent agreement .

Some companies were delinquent in filings and other actions , all of which cost money , Mr. Holmes said .

Two of Mr. Holmes 's business associates who worked for Venture Capitalists , Kimberly Ann Smith and Frederick Byrum , also consented to being enjoined from violations of registration provisions of the securities laws .

Ms. Smith also agreed to a permanent injunction barring her from acting as an officer , director or investment adviser of any mutual fund , unit investment trust or face-amount certificate company .

Mr. Byrum and Ms. Smith could n't be reached for comment .

In consenting to the injunctions , none of the individuals or companies admitted or denied the allegations .

Senate Republicans have settled on a proposal that would cut the capital-gains tax for individuals and corporations .

At the same time , a small group of Senate Democrats are working on a similar plan and may introduce it soon .

Sen. Bob Packwood -LRB- R. , Ore. -RRB- , the lead sponsor of the GOP proposal , said he intends to unveil the plan today and to offer it as an amendment to whatever legislation comes along , particularly this month 's bill to raise the federal borrowing limit .

He gave 10-to-1 odds that a capital-gains tax cut of some sort would be approved this year , though it probably won’t be included in the pending deficit-reduction bill .

He added that he expects to talk to the Democrats who also wanted to cut the gains tax about drafting a joint proposal .

For individuals , the Packwood plan would exclude from income 5 % of the gain from the sale of a capital asset held for more than one year .

The exclusion would rise five percentage points for each year the asset was held until it reached a maximum of 35 % .

The exclusion would apply to assets sold after Oct. 1 , 1989 .

As an alternative , he said , taxpayers could chose to reduce their gains by an inflation index .

For corporations , the top tax rate on the sale of assets held for more than three years would be cut to 33 % from the current top rate of 34 % .

That rate would gradually decline to as little as 29 % for corporate assets held for 15 years .

The Packwood plan would also include a proposal , designed by Sen. William Roth -LRB- R. , Del. -RRB- , that would expand and alter the deduction for individual retirement accounts .

The Roth plan would create a new , non-deductible IRA from which money could be withdrawn tax-free not only for retirement , but also for the purchase of a first home and to pay education and medical expenses .

Current IRAs could be rolled over into the new IRAs but would be subject to tax .

For their part , the group of Democrats are working on a plan that , like the Packwood proposal , would grant larger exclusions to assets the longer they were held by individuals and companies .

Newly acquired assets would get a bigger break than those currently held .

An extra exclusion would be given to long-held stock in small and medium-size corporations just starting up .

No one in the Senate is considering the capital-gains plan passed by the House .

That plan would provide a 30 % exclusion to assets sold over a 2 1\/2-year period ending Dec. 31 , 1991 .

After then , the House measure would boost the tax rate to 28 % and exclude from tax the gain attributable to inflation .

Senators are focusing on making a capital-gains differential permanent .

Separately , Chairman Dan Rostenkowski -LRB- D. , Ill . -RRB- of the House Ways and Means Committee said he didn’t want the capital-gains tax cut or any other amendments attached to the pending bill raising the federal borrowing limit .

The current debt limit expires Oct. 31 .

He also urged House and Senate negotiators to rid the deficit-reduction bill of all provisions that increase the budget deficit , including the House-passed capital-gains provision .

From a helicopter a thousand feet above Oakland after the second-deadliest earthquake in U.S. history , a scene of devastation emerges : a freeway crumbled into a concrete sandwich , hoses pumping water into once-fashionable apartments , abandoned autos .

But this quake was n't the big one , the replay of 1906 that has been feared for so many years .

Despite the tragic loss of more than 270 lives , and damage estimated in the billions , most businesses and their plants and offices in the Bay area were n't greatly affected .

The economic life of the region is expected to revive in a day or two , although some transportation problems may last weeks or months .

A main factor mitigating more widespread damage was the location of the quake 's epicenter -- 20 miles from the heart of the Silicon Valley and more than 50 miles from downtown San Francisco and Oakland .

Also , the region 's insistence on strict building codes helped prevent wider damage .

The tremendous energy of the quake was dissipated by the distance , so that most parts of the valley and the major cities suffered largely cosmetic damage -- broken windows , falling brick and cornices , buckled asphalt or sidewalks .

Of course , the quake was the worst since the emergence of the computer era turned Silicon Valley into the nation 's capital of high technology .

Like other major American cities , the San Francisco -- Oakland area owes its current prosperity more to its infrastructure of fiber-optic cables linking thousands of computer terminals and telephones than to its location astride one of the world 's great natural harbors .

When the tremors struck , the region 's largely unseen high-tech fabric held up surprisingly well despite the devastation visible from the air .

Michael L. Bandler , vice president for network technology at Pacific Bell Telephone Co. , says nearly all the network 's computer switches , which move thousands of calls a minute from one location to another , changed to battery power when the city lost power .

The battery packs have enough power for only three hours , but that gave emergency crews time to turn on an emergency system that runs primarily on diesel fuel .

Of some 160 switches in Pacific Bell 's network , only four went down .

One of those was in Hollister , Calif. , near the earthquake 's epicenter .

Few telephone lines snapped .

That 's because the widely used fiber-optic cable has been installed underground with 25 extra feet of cable between junction points .

The slack absorbs the pulling strain generated by an earthquake .

Nevertheless , phone service was sporadic ; many computer terminals remained dark , and by late yesterday a third of San Francisco remained without power .

Business in the nation 's fourth-largest metropolitan region was nearly paralyzed ; an estimated one million members of the work force stayed at home .

The economic dislocation was as abrupt as the earthquake itself , as virtually all businesses shut down .

The $ 125-billion-a-year Bay area economy represents one-fourth of the economy of the nation 's most populous state and accounts for 2 % to 3 % of the nation 's total output of goods and services , according to the Center for Continuing Study of the California Economy in Palo Alto .

In high-tech , the Bay area accounts for 15 % to 20 % of the U.S. computer-related industry .

This has been a major disruption for the Bay area economy , says Pauline Sweezey , the chief economist at the California Department of Finance .

Obviously , things are going to have to go on hold for many companies . ''

The damage to the Bay area 's roadways could cause significant economic hardship .

A quarter of a million people cross the Bay Bridge every day , far more than the 100,000 that use the Bay Area Rapid Transit system -LRB- BART -RRB- -- which was working but was n't stopping in the city 's Financial District yesterday afternoon because electricity was shut off and the area was being checked for gas leaks .

California state transportation officials interviewed by telephone say they nevertheless do n't expect serious problems for commerce in and out of the Bay area .

All major roadways except Interstate 880 , known as the Nimitz Freeway , and the Bay Bridge were open by 1 p.m. yesterday .

Officials expect difficulty routing traffic through downtown San Francisco .

The earthquake caused many streets to buckle and crack , making them impassible .

Other roads were obstructed by collapsed buildings and damaged water and power lines , an emergency relief spokesman says .

San Francisco Mayor Art Agnos estimated the damage to his city alone at $ 2 billion .

But many predicted that the commercial disruption would be short-lived .

Of the scores of companies contacted by this newspaper , few reported any damage that they didn’t expect to have remedied within a day or two .

It is possible , of course , that some of the most seriously damaged companies could n't be reached , particularly in areas nearest the epicenter .

Typical , perhaps , was the situation at New United Motor Manufacturing Inc. , the General Motors Corp.-Toyota joint-venture auto plant in Fremont , about 35 miles south of Oakland .

Ten of the plant 's workers were injured when the quake hit about a half-hour into the afternoon shift ; seven were hospitalized .

Metal racks on the plant floor fell over , and water mains ruptured , a spokeswoman says .

The plant was evacuated and workers sent home .

But the plant was able to resume limited production of its Toyota Corollas and Geo Prizms by 6 a.m. yesterday , and absenteeism was only 7 % of the work force , about twice normal .

Computer maker Hewlett-Packard Co. , based in Palo Alto , says one of its buildings sustained severe damage when it was knocked off its foundation .

Other buildings had broken glass , dangling light fixtures and broken pipes , a spokesperson says , estimating the cost of reconstruction in the millions . ''

Most banks were closed but were expected to reopen today with few problems anticipated .

At the Federal Reserve Bank of San Francisco , Vice President Robert Fienberg says operations were steaming along as usual '' yesterday afternoon .

When the quake hit , we turned on our emergency generator and brought our computers up , he says .

The Fed serves as a middleman for banks , taking checks from one bank and sending them to another , an operation that it handled smoothly Tuesday night after the quake .

The volume we received from the banks was a lot lower than usual , he says .

A disaster-contingency plan in which the Los Angeles Fed would come to San Francisco 's aid was n't needed , he adds .

Most of the telephone problems in the immediate aftermath stemmed from congestion .

The telephone network simply could n't handle the large number of people seeking to make a call at the same time .

The volume resulted in dial-tone delays that were as short as 15 seconds and as long as five minutes .

Mr. Bandler puts traffic volume at 10 to 50 times normal .

American Telephone & Telegraph Co. , MCI Communications Inc. and United Telecommunications ' U S Sprint unit were blocking phone calls into the Bay area to alleviate congestion .

The companies block traffic much as highway on-ramps are blocked when traffic backs up .

William E. Downing , Pacific Bell 's vice president of customer services for the Bay area , says most long-distance companies were blocking about 50 % of all calls .

Pacific Telesis says its Pacific Bell unit also was blocking about 50 % of its calls locally .

Ironically , the long-term effect of the earthquake may be to bolster the Bay area 's economic fortunes and , indeed , the nation 's gross national product .

It may also lead to new safeguards in major construction projects such as double-deck highways .

It would in the near-term give a boost to the San Francisco economy because there will be an influx of people to help , says Beth Burnham Mace , a regional economist at DRI\/McGraw Hill , a Lexington , Mass. , forecasting firm .

The construction industry is sure to feel increased demand .

There will be a big influx of federal dollars and gains in state , federal and local employment , Ms. Mace says .

Adds Stacy Kotman , an economist at Georgia State University , There 's nothing positive about an earthquake , but it will probably generate more construction activity . ''

Wall Street reacted swiftly yesterday to the disaster by bidding up stocks of construction and related companies .

Shares of Lone Star Industries Inc. , a cement maker , rose sharply in anticipation of stepped-up demand .

In Greenwich , Conn. , Lone Star spokesman Michael London says , Obviously with an earthquake of this size , there are likely to be construction projects that would n't otherwise have been anticipated .

But any increase is n't likely to be any kind of a surge .

It 's something likely to be spread out over a long period of time .

There will be a lot of repair work that won’t require the quantities of cement or concrete that new constructon would . ''

Lone Star 's San Francisco facilities were n't damaged in the quake .

The earthquake is likely to reduce GNP negligibly in the near term and then could raise it a bit as rebuilding begins .

The first effects are , of course , negative as work is disrupted and people lose income and cut spending .

Corporate profits may also dip initially .

Many of the lost tourism dollars won’t be recovered ; many trips delayed never take place .

Subsequently , however , the ill effects are likely to be offset , at least in economic terms , as construction activity begins .

Because of the way the government keeps its books , the damage to the Bay Bridge , however costly , won’t be counted as a minus .

The money spent on repairs will be counted as a plus .

It 's very difficult to model the long-term impact of this , says Andrew Goldberg , who studies the public-policy and crisis-management aspects of earthquakes at the Center for Strategic International Studies in Washington , D.C .

You certainly can say it 's going to be extremely severe .

We really are talking about shutting down a major American city for a number of days , maybe for a few weeks . ''

Mr. Goldberg says the cost of the earthquake will definitely top $ 1 billion and could reach $ 4 billion .

He cautions that early damage estimates are often low ; the damage totals in Hurricane Hugo increased tenfold as more information was received .

The earthquake damage , of course , would have been far greater if the epicenter had been in downtown San Francisco .

A direct hit on a major city , Mr. Goldberg figures , would cause $ 20 billion to $ 40 billion of damage .

Experts caution that it is far too soon for reliable estimates of the quake 's total damage , but it 's clear that insurers are likely to pay out enormous sums .

Jack Byrne , the chairman of Fireman 's Fund Corp. , which is based in Novato , Calif. , estimates insured losses resulting the earthquake could total $ 2 billion .

The impact on the insurance industry will be big and harsh , but less than -LCB- Hurricane -RCB- Hugo , says Mr. Byrne , who toured the Bay area by car yesterday afternoon to get a sense of the company 's exposure to the earthquake .

Mr. Byrne says Fireman 's Fund will probably pay hundreds of millions in primary claims , but , after taxes and use of its reinsurance lines , the company 's fourthquarter charge against earnings should n't top $ 50 million .

The company was able to assess its damage liability quickly because it has computerized maps of Northern California showing the exact locations of all the property it insures .

Fireman 's Fund had claims adjusters on the streets of San Francisco right after sunrise yesterday and was paying as many claims as it could right on the spot .

Fireman 's Fund insures 37,300 homes and autos and 35,000 businesses in the Bay area .

In addition to paying for earthquake and fire damage , the insurer must cover worker-compensation claims and also losses due to businesses being shut down by lack of power or phone service .

But many Californians may not have adequate insurance coverage to pay for damages to their property .

The Independent Insurance Agents of America says fewer than one of every five California homeowners has earthquake insurance .

A somewhat higher percentage of people living in the Bay area have bought the additional insurance protection , but the great majority are n't covered .

Earthquake insurance typically runs $ 200 or more a year for a small house .

Whatever the long-term economic effect , the scene from the helicopter above Oakland is one of tragedy .

Gargantuan sections of a double-decker freeway have been heaved about like plastic building blocks .

Atop them sit cars and trucks abandoned in a terrifying scramble to safety the day before .

In areas where the freeway made giant concrete sandwiches of itself lie cars that police say have been flattened into foot-thick slabs .

On the periphery , rescue workers seem , from the air , to move in slow motion .

They peck away at the 1 1\/2-mile section of rubble , searching for more of the 250 people thought to have died here .

About 20 other deaths were also attributed to the earthquake .

The heart of the earthquake , 6.9 on the Richter scale , was 50 miles to the south , near Santa Cruz , but its terrible fist struck here on the Nimitz Freeway , a major artery serving the Bay Bridge between Oakland and San Francisco .

Along the way , the quake toppled a mall in Santa Cruz , knocked down buildings in San Francisco 's fashionable Marina District and sent a wall of bricks crashing on motorists in the city 's Financial District .

Just a short span across the bay to the west , the quake also showed its mettle : A four-square-block area of the Marina District lies smoldering under a steady stream of seawater being pumped onto rubble to prevent it from blazing anew .

Many of the buildings , mostly condominiums and apartments , were flattened almost instantly as the underlying soil -- much of it landfill -- was literally turned to ooze by the quake 's intensive shaking , rupturing gas lines .

Onlookers say three persons died when one of the buildings exploded into a fireball shortly after the quake struck .

Efforts to fight the blaze were hampered because water mains were severed as well .

From the air , ribbons of yellow fire hose carry water from the bay to high-pressure nozzles trained on the site .

As onlookers stand behind barricades , helmeted firemen and building inspectors survey rows of nearby buildings that were twisted from their foundations and seem on the verge of collapse .

In the Marina District , residents spent yesterday assessing damage , cleaning up and trying to find friends and neighbors .

Evelyn Boccone , 85 years old , has lived in the district most of her life .

Her parents lost everything in the 1906 earthquake .

Now , we realize what our mothers must have gone through , she says .

We always heard about the earthquake , but as children we didn’t always listen .

PRINCE HENRI is the crown prince and hereditary grand duke of Luxembourg .

An article in the World Business Report of Sept. 22 editions incorrectly referred to his father , Grand Duke Jean , as the crown prince .

Resolution Funding Corp. plans to sell $ 4.5 billion of 30-year bonds Wednesday in the agency 's first sale of securities .

The new bonds will be dated Oct. 30 and mature Oct. 15 , 2019 .

Tenders for the bonds , available in minimum denominations of $ 1,000 , must be received by 1 p.m. EDT Wednesday at Federal Reserve banks .

Refcorp , created by the thrift-overhaul law enacted in August , will use the proceeds to merge or sell off ailing savings-and-loan institutions .

Congress authorized $ 50 billion to be borrowed to pay for the thrift bailout .

Of that amount , $ 20 billion has already been borrowed by the Treasury Department .

Unless otherwise specified in a particular offer , the bonds won’t be subject to redemption prior to maturity .

Interest payments on the bonds will be payable semiannually .

The bonds are subject to federal taxation in the U.S. , including income taxes .

At the state and local level , the bonds are subject to surtaxes and estate , inheritance and gift taxes , but exempt from taxation as to principal and interest .

G.D. Searle & Co. , a Monsanto Co. unit , is launching a program to give consumers more information about its drugs when doctors prescribe them .

Called Patients in the Know , the program features fact sheets designed to be easy to understand .

The sheets tell how the medicine works , describe how to use it and list its possible side effects .

They are designed to be given to patients by their doctors when the medicines are prescribed and include space for the doctor to write special instructions .

In addition , Searle will give pharmacists brochures on the use of prescription drugs for distribution in their stores .

Consumer groups have long advocated that drug companies and doctors make more information available to patients .

We believe that every drug that 's marketed to a consumer should have a consumer label , said Douglas Teich of the Public Citizen Health Research Group , a Ralph Nader affiliate .

Dr. Teich said Searle is the only company I know that voluntarily '' will make consumer information available .

According to federal officials and drug-industry studies , nearly half of the 1.6 billion prescriptions filled each year are n't used properly , meaning that money is wasted on some prescriptions and patients are deprived of the benefits of medication .

We think it 's very important to provide as much information as possible on the drugs consumers take , said Searle Chairman Sheldon Gilgore .

Bond prices rambled yesterday as investors kept close watch on the stock market and worried about a wave of new supply .

Early yesterday , bonds rose as investors rushed to buy Treasury securities on the prospect that stocks would plummet in the aftermath of the massive California earthquake .

For example , some securities analysts warned that stocks of certain insurance companies , which face massive damage claims , would get hit hard .

But when the Dow Jones Industrial Average rose instead , bonds drifted lower .

With stocks not a major focus , we 're waiting for the next guiding light , said Brian J. Fabbri , chief economist at Midland Montagu Securities Inc .

If the stock market tremors are behind us , then the bond market will go back to looking at the next batch of economic numbers to determine '' where interest rates are heading .

The Treasury 's benchmark 30-year bond , which jumped 3\/8 point , or about $ 3.75 for each $ 1,000 face amount , during the first hour of trading , ended little changed .

Interest rates barely budged from Tuesday 's levels .

Most junk bonds , which have been battered in recent weeks , continued a slow recuperation and ended unchanged to slightly higher .

But some so-called high-quality junk issues fell as some mutual funds sold their most liquid issues to raise cash .

RJR Holdings Capital Corp. 's 14.7 % bonds due 2009 fell one point .

Other RJR issues fell between 1\/2 point and 1 1\/2 point .

In the latest sign of how difficult it is to place certain junk bonds , Continental Airlines said it was forced to scale back the size of its latest offering .

Continental , a unit of Texas Air Corp. , slashed the size of its note offering from $ 150 million to $ 71 million .

The move had been widely expected .

In the multipart offering , the company sold a portion of secured notes but shelved all the unsecured notes .

A Continental spokeswoman said the notes may be offered at a later date .

This was not a do-or-die deal , she said .

I think this is a market that required some level of security .

It did not make sense to offer unsecured paper in an unsettling market . ''

Investors have been speculating for weeks about the market 's ability to place the $ 7 billion to $ 10 billion of new junk bonds scheduled to be sold by year end .

Supply troubles were also on the minds of Treasury investors yesterday , who worried about the flood of new government securities coming next week .

We 're being bombarded by new Treasury and agency debt offerings , said William Sullivan Jr. , director of money-market research at Dean Witter Reynolds Inc .

The market is concerned about its ability to underwrite all this debt at current levels . ''

In addition to the $ 15.6 billion of Treasury bills to be sold at next week 's regular Monday auction , the government will sell $ 10 billion of new two-year Treasury notes .

And Resolution Funding Corp. said late yesterday that it will sell $ 4.5 billion of 30-year bonds Wednesday .

Refcorp is the financing unit of Resolution Trust Corp. , a new government agency created to rescue the nation 's troubled thrifts .

Its securities have been dubbed bailout bonds '' by traders .

In when-issued trading , the two-year Treasurys had a yield of about 7.88 % .

In the municipal market , all eyes were on California debt as investors tried to gauge the financial ramifications of Tuesday 's earthquake .

But traders said the quake had only a minor impact on the trading of California state and local municipal debt .

There are certain bonds traders refer to as earthquake ' bonds because the -LRB- issuers -RRB- are on top of the San Andreas fault , said Zane Mann , editor of the California Municipal Bond Advisor , a newsletter for investors .

Since those bonds already pay a slightly higher yield , an extra premium for the earthquake risk , they were n't materially affected .

But some bond market analysts said that could quickly change if property casualty insurance companies scramble to sell portions of their municipal portfolios to raise cash to pay damage claims .

Insurance companies will foot a substantial amount of the bill to reconstruct San Francisco , said Charles Lieberman , chief economist at Manufacturers Hanover Securities Corp .

He also expects the performance of municipals to lag Treasurys as California is forced to issue new debt over time to repair public facilities .

A report issued late yesterday by Standard & Poor 's Corp. concluded the quake won’t cause wide-scale credit deterioration '' for issuers and debt issues in the 12-county area of Northern California affected by the quake .

Treasury Securities

Treasury bonds ended narrowly mixed in quiet trading .

The benchmark 30-year bond ended at a price of 100 29\/32 to yield 8.03 % , compared with 100 28\/32 to yield 8.04 % Tuesday .

The latest 10-year notes were quoted late at a price of 99 26\/32 to yield 8 % , compared with 99 25\/32 to yield 8.01 % .

Short-term rates were little changed .

Corporate Issues

Investment-grade corporate bonds ended 1\/4 point lower .

The Continental junk bond offering , underwritten by Drexel Burnham Lambert Inc. , was the only new issue priced yesterday .

In the four-part offering , the $ 71 million of secured equipment certificates was priced to yield 13.75 % to 15.75 % .

Municipals

Municipal bonds ended about 1\/8 to 3\/8 point lower , hurt by the circulation of two bid-wanted '' lists totaling $ 655 million .

Chemical Securities Inc. is acting as agent for the seller .

Meanwhile , some California issues were down a touch more than the broad market , but traders said there had n't been much investor selling because of the quake .

But New York City general obligation bonds came under selling pressure .

Traders said a steady stream of bonds was put up for sale yesterday , pushing yields for longer maturities up 0.05 percentage point .

Traders said investors were reacting to recent negative news on the city 's finances and are nervous ahead of the Nov. 7 election .

Washington , D.C. , topped the competitive slate yesterday with a sale of $ 200 million of general obligation tax revenue anticipation notes .

In late trading , New Jersey Turnpike Authority 's 7.20 % issue of 2018 was off 1\/4 point at 98 bid .

The yield was 7.35 % , up 0.01 percentage point .

Mortgage-Backed Securities

Mortgage securities ended little changed after light dealings .

There was no appreciable market impact from the California earthquake .

Dealers said there was some concern that insurance companies might be forced to sell mortgage securities to help pay earthquake-related claims , but no selling materialized .

The Federal Home Loan Mortgage Corp. and Federal National Mortgage Association , two dominant issuers of mortgage securities , have a sizable amount of California home loans in their mortgagebacked pools .

But their potential quake exposure is seen as small given that they require a financial cushion on all the loans they purchase .

And because Northern California home prices are so high , loans from the region often are too large to be included in Freddie Mac and Fannie Mae pools .

Meanwhile , Government National Mortgage Association 9 % securities for November delivery ended at 97 29\/32 , unchanged .

Freddie Mac 9 % securities were at 97 4\/32 , down 1\/32 .

In derivative markets , Fannie Mae issued two $ 400 million real estate mortgage investment conduits backed by its 9 % securities .

Foreign Bonds

British government bonds , or gilts , ended moderately lower as equities there recovered from Tuesday 's drop .

The Treasury 's 11 3\/4 % bond due 2003\/2007 fell 11\/32 to 111 31\/32 to yield 10.08 % , while the 12 % notes due 1995 were down 7\/32 to 103 22\/32 to yield 11.04 % .

Traders said today may be an anxious day for the market .

Several key economic figures are due out and Chancellor of the Exchequer Nigel Lawson is scheduled to give the annual Mansion House '' address to the financial community .

The chancellor sometimes has used the occasion to announce major economic policy changes .

Economists do n't expect any such changes in this year 's address , given Mr. Lawson 's apparent reluctance to adjust policy currently .

Meanwhile , Japanese government bonds retreated in quiet trading , stymied by the dollar 's resiliency .

Japan 's bellwether 4.6 % bond due 1998 ended on brokers ' screens at 95.75 to yield 5.315 % .

In West Germany , investors stayed on the sidelines as the bond market searched for direction .

The government 's 7 % issue due October 1999 fell 0.05 point to 99.90 to yield 7.01 % .

The Berlin Wall still stands .

But the man who built it has fallen .

East Germany yesterday removed Erich Honecker , one of the staunchest holdouts against the reform rumbling through the Communist world , in an effort to win back the confidence of its increasingly rebellious citizens .

But while it was a move that stunned the East bloc , it hardly ushers in an era of reform -- at least anytime soon .

For the Politburo replaced Mr. Honecker , who had led East Germany for 18 years and before that headed its security apparatus , with a man cut of the same cloth : Egon Krenz , the most recent internal-security chief and a longtime Honecker protege .

East Germany , it is clear , is no Poland , where the Communist Party now shares power with the democratically elected Solidarity union .

Nor is it a Hungary , where yesterday the parliament approved constitutional changes meant to help turn the Communist nation into a multiparty democracy .

Still , any change in East Germany has enormous implications , for both East and West .

It raises the long-cherished hopes of many Germans for reunification -- a prospect that almost equally alarms political leaders in Moscow , Washington and Western Europe .

Mr. Krenz , 52 , was named the new party chief just minutes after the Party 's 163-member Central Committee convened in East Berlin .

Although the East German news agency ADN claimed Mr. Honecker had asked to be relieved of his duties for health reasons , West German government sources said the 26-man Politburo had asked for his resignation at a separate meeting late Tuesday .

-LRB- Mr. Honecker was twice hospitalized this summer for a gall bladder ailment and his physical condition has been the subject of intense speculation in the Western media . -RRB-

ADN said Mr. Honecker , a hard-line Stalinist who in 1961 supervised the construction of the Berlin Wall , also was relieved of his title as head of state and his position as chief of the military .

Mr. Krenz is expected to be formally named to all three positions once the nation 's parliament convenes later this week .

Mr. Honecker 's ignoble fall culminates nearly two decades of iron-handed leadership during which Mr. Honecker , now 77 years old , built East Germany into the most economically advanced nation in the Soviet bloc .

His grip on power unraveled this summer as thousands of his countrymen , dissatisfied by the harshness of his rule , fled to the West .

Thousands more have taken to the streets in the last month in East Germany 's largest wave of domestic unrest since a workers ' uprising in 1953 .

In Washington , the Bush administration took a characteristically cautious and skeptical view of the leadership change .

The official line was to offer warmer ties to Mr. Krenz , provided he is willing to institute reforms .

But U.S. officials have strong doubts that he is a reformer .

President Bush told reporters : Whether that -LCB- the leadership change -RCB- reflects a change in East-West relations , I do n't think so .

Because Mr. Krenz has been very much in accord with the policies of Honecker . ''

One top U.S. expert on East Germany added : There is no clear-cut champion of reform , that we know of , in the East German leadership . ''

Indeed , Mr. Krenz said on East German television last night that there will be no sharing of power with pro-democracy groups .

He said , while dialogue is important , enough forums already exist in which different interests '' can express themselves .

The removal of Mr. Honecker was apparently the result of bitter infighting within the top ranks of the Communist party .

According to West German government sources , Mr. Honecker and several senior Politburo members fought over the last week to delay any decisions about a leadership change .

But , with public demonstrations in the country growing in size and intensity , Mr. Honecker and several key allies lost out in this battle , officials say .

Those allies included Politburo members Guenter Mittag , who has long headed economic affairs , and Joachim Hermann , chief of information policy .

Both men were also relieved of their duties yesterday .

Although other resignations may follow , it 's still not clear to what extent the change in party personnel will alter the government 's resistance to fundamental change .

Clearly , the central figure in this process is Egon Krenz .

Born in 1937 in a Baltic Sea town now part of Poland , he was eight years old when World War II ended .

Like West German Chancellor Helmut Kohl , he represents the postwar generation that has grown up during Germany 's division .

Since joining the Politburo in 1983 as its youngest member , Mr. Krenz had acquired the nickname crown prince , a reference to the widely held view that he was the hand-picked successor to Mr. Honecker .

In fact , the two men have had strikingly similar career paths , both having served as chief of internal security before their rise to the top party position .

Moreover , both men have hewn to a similar hard-line philosophy .

Notably , one of Mr. Krenz 's few official visits overseas came a few months ago , when he visited China after the massacre in Beijing .

He later defended the Chinese government 's response during a separate visit to West Germany .

East German Protestantism in particular fears Mr. Krenz , in part because of an incident in January 1988 when he was believed to have ordered the arrest of hundreds of dissidents who had sought refuge in the Church .

However , Mr. Krenz also has a reputation for being politically savvy .

His shrewd ability to read the shifting popular mood in East Germany is best illustrated by his apparent break with his old mentor , Mr. Honecker .

Indeed , according to West German government sources , he was one of the leaders in the power struggle that toppled Mr. Honecker .

In recent days , Mr. Krenz has sought to project a kinder image .

According to a report widely circulating in East Berlin , it was Mr. Krenz who ordered police to stop using excessive force against demonstrators in Leipzig .

He does n't want to have the image of the gun man , says Fred Oldenburg , an expert at the Bonn-sponsored Institute of East European and International Studies in Cologne .

He 's not a reformer -- he wants to have the image of a reformer . ''

As part of his image polishing , Mr. Krenz is expected to take modest steps toward reform to rebuild confidence among the people and reassert the party 's authority .

Besides sacking other senior Politburo officials who allied themselves with Mr. Honecker , Mr. Krenz could loosen controls on the news media , free up travel restrictions , and establish a dialogue with various dissident groups .

But will it be enough ?

West German government officials and Western analysts are doubtful .

He does n't signify what people want , so the unrest will go on , Mr. Oldenburg predicts .

At the same time , the expectations of the East German people are great and will continue to grow .

Says one West German official : What 's necessary now is the process of democratization .

Not just that people are being heard but that their interests are being taken seriously . ''

Chancellor Kohl , meanwhile , has invited Mr. Krenz to open discussions with Bonn on a wide range of subjects .

Reports in the West German press , citing sources in East Germany , suggest Mr. Krenz may serve only as a bridge between Mr. Honecker and a genuine reform leader .

Adding to that speculation is Mr. Krenz 's reputation as a heavy drinker , who is said to also suffer from diabetes .

This is a dynamic process and we 're experiencing the first step , the Bonn official adds .

The selection of Mr. Krenz may also disappoint Moscow .

Soviet leader Mikhail Gorbachev has pressed hard for a change in East Germany 's rigid stance .

Two reform-minded party leaders favored by Moscow as possible successors to Mr. Honecker , Dresden party secretary Hans Modrow and Politburo member Guenter Schabowski , were passed over .

If Mr. Krenz sticks to rigid policies the pressure from the Soviet Union could intensify .

In Moscow , Mr. Gorbachev sent Mr. Krenz a congratulatory telegram that appeared to urge the new leadership to heed growing calls for change .

According to the Soviet news agency Tass , Gorbachev expressed the conviction that the leadership of the Socialist Unity Party of -LCB- East -RCB- Germany , being sensitive to the demands of the time , ... will find solutions to complicated problems the GDR -LCB- German Democratic Republic -RCB- encountered . ''

A force of younger pro-Gorbachev members in the East German bureaucracy has for some time been pushing for relaxation within their country .

The older generation has been torn between a fear of tampering with the status quo and a fear of what might happen if they didn’t .

From the perspective of East Germany 's old guard , reforms that smack of capitalism and Western-style democracy could eliminate their country 's reason for being .

Unlike the other nations of the bloc , East Germany is a creature of the Cold War .

Erasing the differences still dividing Europe , and the vast international reordering that implies , won’t endanger the statehood of a Poland or a Hungary .

But it could ultimately lead to German reunification and the disappearance of East Germany from the map .

Which is what the Old Guard fears .

I 'm sure they 'll formulate a reform that will be a recipe for the GDR 's future as a separately identifiable state , says Michael Simmons , a British journalist whose book on East Germany , entitled The Unloved Country , was published this month .

Up to now , that recipe has consisted of a dogged effort by former leader Walter Ulbricht to establish the country 's international legitimacy , followed by Mr. Honecker 's campaign to build the East bloc 's only successful Stalinist economy into a consumer paradise .

Neither man achieved perfection .

Early in 1987 , Mr. Honecker and his team stopped paying thin compliments to Mr. Gorbachev and joined with Romania in rejecting any necessity for adjustments in their systems .

The less-self-confident Czechoslovaks and Bulgarians , in contrast , declared their intentions to reform , while doing nothing concrete about it .

The East German media soon began presenting Mr. Gorbachev 's speeches only as sketchy summaries , and giving space to his opponents .

By late 1988 , they were banning Soviet publications .

The country abandoned its former devotion to socialist unity and took to insisting instead that each country in the bloc ought to travel its own road .

Mr. Honecker spoke of generally valid objective laws of socialism '' and left no room for debate .

With this year 's dislocations in China and the Soviet Union , and the drive to democracy in Poland and Hungary , the East German leadership grew still more defensive .

Politburo member Joachim Herrman confessed to a grave concern '' over Hungarian democracy .

Under the banner that proclaims the renewal of socialism , ' '' he said , forces are at work that are striving to eliminate socialism . ''

Some loyal voices , in and out of the East German Communist party , saw the nation 's unrest coming .

The first signs were economic .

Despite heavily subsidized consumer industries , East Germans have for years watched the West pull farther out ahead .

In 1988 , for the first time , economic growth came to a dead stop .

Gingerly , some economists began to blame central planning .

Some writers in theoretical journals even raised the notion of introducing democracy , at least in the workplace .

By summer , an independent reform movement was saying out loud what it had only whispered before .

But they are stalwart socialists .

Their proclaimed purpose is to cleanse East Germany of its Stalinist muck , not to merge with the West .

One of their pastors has envisioned a new utopia '' of creative socialism . ''

Meanwhile , the man Mr. Krenz replaces has left an indelible mark on East German society .

Imprisoned by the Nazis during World War II for his political beliefs , Mr. Honecker typified the postwar generation of committed Communist leaders in Eastern Europe who took their cues from Moscow .

He was a socialist warrior '' who felt rankled by West Germany 's enormous postwar prosperity and the Bonn government 's steadfast refusal to recognize the legitimacy of his state .

Finally , during his first and only state visit to Bonn two years ago , he won some measure of the recognition he had long sought .

But ultimately he was undone by forces unleashed by his own comrade , Mr. Gorbachev .

Mr. Honecker 's removal was bound to happen , says one aide to Chancellor Kohl .

It was only a matter of time . ''

The European Community Commission increased its forecast for economic growth in the EC in 1989 to 3.5 % , slightly higher than its June projection of 3.25 % .

In its annual economic report for 1989-1990 , the commission also projected 1990 gross domestic product growth for the 12 EC members at 3 % .

EC inflation was seen at 4.8 % in 1989 , higher than 1988 's 3.6 % price rise .

However , inflation for 1990 was seen slowing to 4.5 % .

Leading EC growth forecasts in 1989 was Ireland , seen growing 5 % at constant prices .

Slower growth countries included Greece , at 2.5 % , the U.K. , at 2.25 % , and Denmark , at 1.75 % .

Inflation is expected to be highest in Greece , where it is projected at 14.25 % , and Portugal , at 13 % .

At the other end of the spectrum , West German inflation was forecast at 3 % in 1989 and 2.75 % in 1990 .

Nestle Korea Ltd. opened a coffee and non-dairy-creamer plant in Chongju , South Korea .

An official at Nestle Korea , a 50-50 joint venture between Nestle S.A. and the Doosan Group , said the new facility will manufacture all types of soluble , roasted and ground coffee , coffee mix and nondairy coffee creamer .

The South Korean coffee market , consisting mostly of instant coffee , was estimated at about 100 billion won -LRB- $ 150.7 million -RRB- last year .

Brands made by the Kraft General Foods unit of Philip Morris Cos. had about 95 % of the market share .

Nestle currently has only about a 2 % share with its Taster 's Choice coffee .

Poland plans to start negotiations soon on purchasing natural gas from Iran , the official Islamic Republic News Agency reported .

The agency said Polish Prime Minister Tadeusz Mazowiecki told Iranian Deputy Foreign Minister Mahmoud Vaezi of Poland 's willingess to purchase the gas during Mr. Vaezi 's current visit to Warsaw .

The agency didn’t mention possible quantities and didn’t say how the gas would be delivered .

A Chinese official harshly criticized plans to close a British naval base in downtown Hong Kong .

Hong Kong officials announced last week that the base will be relocated to a small island to allow downtown redevelopment .

But Beijing wants to use the base for the People 's Liberation Army after 1997 , when the territory returns to Chinese sovereignty .

Ke Zaishuo , head of China 's delegation to a Chinese-British Liaison Committee on Hong Kong , accused Britain of trying to impose a fait accompli and said , This is something we can not accept . ''

The Israeli and Soviet national airlines have reached preliminary agreement for launching the first direct flights between Tel Aviv and Moscow , a spokesman for the Israeli airline , El Al , said .

El Al director Rafi Har-Lev and top officials of the Soviet Union 's Aeroflot negotiated a preliminary pact in Moscow this week , the spokesman said .

He added that concluding the deal requires approval by the governments of both countries , which have never had direct air links .

The chairman and a director of one of the Republic of Singapore 's leading property companies , City Development Ltd. , or CDL , were charged yesterday with criminal breach of trust of some 800,000 Singapore dollars -LRB- about US$ 409,000 -RRB- .

Kwek Hong Png , chairman of CDL , and director Quek Leng Chye were arrested by the republic 's Corrupt Practices Investigation Bureau Tuesday night .

In addition to abetting in the alleged criminal breach of trust , Kwek Hong Png was also charged with dishonestly receiving S$ 500,000 that had been stolen .

Both men were charged in a subordinate court and released on bail of S$ 1 million .

The charges are the culmination of weeks of rumors concerning CDL that have depressed the company 's share price and to a lesser extent the shares of all companies owned by CDL 's controlling Quek family , brokers in Singapore say .

The Queks control the Hong Leong Group , which has widespread interests in manufacturing , property and finance in both Malaysia and Singapore .

News of the arrest and charging of the two men helped to push prices on the Singapore Stock market sharply lower in early trading yesterday , but brokers said that the market and CDL shares recovered once it became apparent the charges were limited to the two men personally .

One of the two British companies still making hard toilet paper stopped production of it .

British Tissues decided to do away with its hard paper after a major customer , British Rail , switched to softer tissues for train bathrooms ... .

Peasants in Inner Mongolia have partly dismantled a 20-mile section of China 's famed Great Wall , the official People 's Daily said .

The paper said the bricks were used to build homes and furnaces and , as a result , the wall is in terrible shape .

Wednesday , October 18 , 1989

The key U.S. and foreign annual interest rates below are a guide to general levels but do n't always represent actual transactions .

PRIME RATE : 10 1\/2 % .

The base rate on corporate loans at large U.S. money center commercial banks .

FEDERAL FUNDS : 8 15\/16 % high , 8 5\/8 % low , 8 3\/4 % near closing bid , 8 7\/8 % offered .

Reserves traded among commercial banks for overnight use in amounts of $ 1 million or more .

Source : Fulton Prebon -LRB- U.S.A . -RRB- Inc .

DISCOUNT RATE : 7 % .

The charge on loans to depository institutions by the New York Federal Reserve Bank .

CALL MONEY : 9 3\/4 % to 10 % .

The charge on loans to brokers on stock exchange collateral .

COMMERCIAL PAPER placed directly by General Motors Acceptance Corp. : 8.45 % 30 to 44 days ; 8.25 % 45 to 74 days ; 8.30 % 75 to 99 days ; 7.75 % 100 to 179 days ; 7.50 % 180 to 270 days .

COMMERCIAL PAPER : High-grade unsecured notes sold through dealers by major corporations in multiples of $ 1,000 : 8.55 % 30 days ; 8.45 % 60 days ; 8.375 % 90 days .

CERTIFICATES OF DEPOSIT : 8.05 % one month ; 8.02 % two months ; 8 % three months ; 7.98 % six months ; 7.95 % one year .

Average of top rates paid by major New York banks on primary new issues of negotiable C.D.s , usually on amounts of $ 1 million and more .

The minimum unit is $ 100,000 .

Typical rates in the secondary market : 8.53 % one month ; 8.48 % three months ; 8.40 % six months .

BANKERS ACCEPTANCES : 8.42 % 30 days ; 8.30 % 60 days ; 8.28 % 90 days ; 8.15 % 120 days ; 8.05 % 150 days ; 7.95 % 180 days .

Negotiable , bank-backed business credit instruments typically financing an import order .

LONDON LATE EURODOLLARS : 8 11\/16 % to 8 9\/16 % one month ; 8 5\/8 % to 8 1\/2 % two months ; 8 5\/8 % to 8 1\/2 % three months ; 8 9\/16 % to 8 7\/16 % four months ; 8 1\/2 % to 8 3\/8 % five months ; 8 1\/2 % to 8 3\/8 % six months .

LONDON INTERBANK OFFERED RATES -LRB- LIBOR -RRB- : 8 11\/16 % one month ; 8 11\/16 % three months ; 8 1\/2 % six months ; 8 1\/2 % one year .

The average of interbank offered rates for dollar deposits in the London market based on quotations at five major banks .

FOREIGN PRIME RATES : Canada 13.50 % ; Germany 8.50 % ; Japan 4.875 % ; Switzerland 8.50 % ; Britain 15 % .

These rate indications are n't directly comparable ; lending practices vary widely by location .

TREASURY BILLS : Results of the Monday , October 16 , 1989 , auction of short-term U.S. government bills , sold at a discount from face value in units of $ 10,000 to $ 1 million : 7.37 % 13 weeks ; 7.42 % 26 weeks .

FEDERAL HOME LOAN MORTGAGE CORP . -LRB- Freddie Mac -RRB- :

Posted yields on 30-year mortgage commitments for delivery within 30 days .

9.88 % , standard conventional fixed-rate mortgages ; 7.875 % , 2 % rate capped one-year adjustable rate mortgages .

Source : Telerate Systems Inc .

FEDERAL NATIONAL MORTGAGE ASSOCIATION -LRB- Fannie Mae -RRB- :

Posted yields on 30 year mortgage commitments for delivery within 30 days -LRB- priced at par -RRB- 9.83 % , standard conventional fixed-rate mortgages ; 8.70 % , 6\/2 rate capped one-year adjustable rate mortgages .

Source : Telerate Systems Inc .

MERRILL LYNCH READY ASSETS TRUST : 8.50 % .

Annualized average rate of return after expenses for the past 30 days ; not a forecast of future returns .

A grand jury here indicted Norton Co. 's former director of advanced-ceramics research , charging him with interstate transportation of stolen property .

Norton and General Electric Co. last month filed a lawsuit against the former research manager , Chien-Min Sung , charging him with stealing trade secrets .

Mr. Sung formerly worked at General Electric in research on synthetic diamonds .

The criminal charges brought against him involved GE technology , according the court documents .

If convicted , he could be imprisoned for up to 10 years and fined $ 250,000 .

Mr. Sung could n't be reached for comment .

He earlier denied the allegations against him in the lawsuit by Norton and GE .

Norton makes sandpaper and other abrasives , diamond tools , specialty plastics and ceramics .

As the citizens of San Francisco and surrounding communities began assessing the damage from Tuesday 's devastating earthquake , NBC News began assessing the damage from what some said was a failure to provide comprehensive coverage in the earthquake 's initial moments .

In terms of coverage , it was a disaster equal to the earthquakes , said Eric Premner , president for broadcasting of King Broadcasting Co. , which owns the NBC affiliate in Seattle , Wash .

While rival ABC News outstripped the competition in live coverage of the event by sheer luck -- the network was broadcasting the World Series from Candlestick Park when the quake struck -- NBC News was unable to get its signal out of San Francisco for the first hour after the quake .

I have to attribute the lackluster performance to a natural disaster , said Mr. Premner .

So before I start to be really critical of NBC , I would like to know more about what happened . ''

There were no complaints from affiliates of CBS Inc. and Cable News Network , a unit of Turner Broadcasting System Inc .

But that was not the case at NBC News , which has been dogged with the image of not being aggressive on major breaking stories .

Last summer , the affiliates bitterly complained to network executives about the poor coverage of the student uprising in China .

I was not pleased with the slow start , and neither was NBC News , said Guy Hempel , general manager of NBC affiliate WAVE in Louisville , Ky .

A spokesman for National Broadcasting Co. , a unit of General Electric Co. , said the network was looking into what happened . ''

The stations said they were pleased with the extended coverage yesterday , including a special five-hour edition of Today . ''

Don Browne , director of news at NBC News , said in an interview that we could n't get a signal out of San Francisco .

We were out of the box .

It was horrible .

The comment we 're hearing is that we were slow out of the box , but beat everyone else in the stretch . ''

NBC broadcast throughout the entire night and did not go off the air until noon yesterday .

The quake postponed the third and fourth games of the World Series .

In place of the games , ABC said it planned to broadcast next week 's episodes of its prime-time Wednesday and Thursday lineups , except for a one-hour special on the earthquake at 10 p.m. last night .

The series is scheduled to resume Tuesday evening in San Francisco .

There are no commercials to make up for since we 're going to eventually broadcast the World Series , said a network spokesman .

Pinnacle West Capital Corp. said it suspended indefinitely its common stock dividend and reported a 91 % plunge in third-quarter net income .

The announcement , made after the close of trading , caught analysts by surprise .

The company closed at $ 12 a share , down 62.5 cents , in composite trading on the New York Stock Exchange .

Pinnacle West slashed its quarterly dividend to 40 cents per share from 70 cents in December , saying at the time that it believed the new , lower dividend was sustainable . ''

A company spokesman said the decision to eliminate the dividend resulted from a quarterly appraisal and that circumstances had changed since the December announcement .

He declined to elaborate .

Edward J. Tirello Jr. , an analyst at Shearson Lehman Hutton Inc. , speculated that the sudden dividend elimination presages an expensive agreement with thrift regulators over the company 's insolvent MeraBank savings and loan unit .

Analysts have estimated that Pinnacle West may have to inject between $ 300 million and $ 400 million into the MeraBank unit before turning the thrift over to federal regulators .

The latest financial results at the troubled utility and thrift holding company , based in Phoenix , Ariz. , reflect continuing problems at MeraBank and losses in real-estate , venture-capital and uranium-mining operations .

Third-quarter net income slid to $ 5.1 million , or six cents a share , from $ 56 million , or 65 cents , a year earlier .

Utility operations , the only company unit operating in the black in the latest period , had a 26 % drop in profit , to $ 86.3 million , largely as a result of outages at the company 's huge Palo Verde nuclear facility and the cost of purchased replacement power .

In other operations , losses at MeraBank totaled $ 85.7 million in the latest quarter , compared with a $ 2.5 million profit a year earlier .

The latest quarter includes a $ 42.7 million addition to loan-loss reserves .

As recently as August , the company said it didn’t foresee a need for substantial additions to reserves .

Pinnacle 's SunCor Development Co . real-estate unit 's loss narrowed to $ 13.8 million from $ 78.4 million .

The latest period included a $ 9 million write-down on undeveloped land , while the year-earlier period included a $ 46 million reserve for real-estate losses .

Losses at its Malapai Resources Co . uranium-mining unit narrowed to $ 3.4 million from $ 18 million a year ago , which included a $ 9 million write-down of utility inventories .

Losses at El Dorado Investment Co. , the venture-capital operation , widened to $ 6.8 million from $ 425,000 a year earlier .

The latest quarter included a $ 6.6 million write-down of investments .

Equitec Financial Group said it will ask as many as 100,000 investors in 12 of its public real-estate limited partnerships to give approval to rolling them up into a new master limited partnership .

Under the proposal by Equitec , a financially troubled real-estate syndicator , New York-based Hallwood Group Inc. would replace Equitec as the newly formed master limited partnership 's general partner and manager .

Shares of the new partnership would trade on an exchange like a stock .

Hallwood is a merchant bank whose activities include the ownership , management and financial restructuring of shopping centers , office buildings , apartments and other real estate .

In a statement , Equitec Chairman Richard L. Saalfeld said the transfer will benefit both the company and investors in the 12 limited partnerships included in the proposed rollup .

While he didn’t describe the partnerships ' financial condition , he said their operations continue to drain the resources of Equitec . ''

Equitec posted a $ 3.3 million net loss in the second quarter on $ 11.8 million of revenue , compared with a net loss of $ 12.9 million in the year-earlier period on revenue of $ 9.1 million .

In New York Stock Exchange composite trading , Equitec closed at $ 2.625 a share , unchanged .

Because of Tuesday 's earthquake in Northern California , company officials could n't immediately be reached for additional comment .

A spokesman for Hallwood said the 12 limited partnerships , which were marketed by brokerage firms and financial planners between 1979 and 1984 , raised several hundred million dollars from investors .

With airline deals in a tailspin , legendary Wall Street trader Michael Steinhardt could have trouble parachuting out of USAir Group , traders say .

Only a week ago , when airline buy-out fever was already winding down , Mr. Steinhardt was engaged in a duel with USAir .

He was threatening to take over the carrier , after spending an estimated $ 167 million to build an 8.4 % USAir stake for his investment clients .

The would-be raider even hired an investment banker to give teeth to his takeover threat , which was widely interpreted as an effort to flush out an acquirer for USAir , or for his own stake .

In fighting USAir , Mr. Steinhardt was pitted against another investor , billionnaire Warren Buffett , who bought into USAir to help fend off Mr. Steinhardt .

Mr. Buffett 's firm , Berkshire Hathaway , holds a much bigger stake in the carrier than Mr. Steinhardt 's firm , Steinhardt Partners .

Now , in the wake of UAL 's troubles in financing its buy-out , the airline raiding game has been grounded .

Instead of hoping to sell his USAir stake at analysts ' estimated buy-out price of $ 80 a share , Mr. Steinhardt is stuck with roughly 3.7 million USAir shares that cost him $ 45 , on average , but yesterday closed at 40 1\/2 , up 1\/4 , in New York Stock Exchange composite trading .

It does n't make sense to parachute out at this price , Mr. Steinhardt says , though he has stopped his takeover talk and now commends USAir managers ' operating skills . ''

At the current price , the USAir holding represents 9 % of all the assets that Mr. Steinhardt manages .

A week ago , USAir stock briefly soared above 52 after a report in USA Today that Mr. Steinhardt might launch a hostile bid for the carrier , though takeover speculators say they were skeptical .

If USAir is worth 80 as a takeover and the stock went to 52 , the market was saying Steinhardt 's presence was n't worth anything , in terms of getting a deal done , says a veteran takeover speculator .

Traders say this all goes to show that even the smartest money manager can get infected with crowd passions .

In trying to raid USAir , Mr. Steinhardt abandoned his usual role as a passive investor , and ran into snags .

Moreover , unlike Mr. Buffett , who often holds big stakes in companies for years , Mr. Steinhardt has n't in the past done much long-term investing .

Mr. Steinhardt , who runs about $ 1.7 billion for Steinhardt Partners , made his name as a gunslinging trader , moving in and out of stocks with agility -- enriching himself and his investment clients .

Meanwhile , his big losses , for instance in 1987 's crash , generally have been trading losses .

So , some see a special irony in the fact that Mr. Steinhardt , the trader , now is encumbered with a massive , illiquid airline holding .

Analysts say USAir stock might lose four or five points if the Steinhardt stake was dumped all at once .

As a result , Mr. Steinhardt must reconcile himself to selling USAir at a loss , or to holding the shares as an old-fashioned investment .

Long-term investing -- that 's not Steinhardt 's style , chuckles an investor who once worked at Steinhardt Partners .

He does n't usually risk that much unless he thinks he has an ace in the hole , adds another Steinhardt Partners alumnus .

In recent days , traders say USAir has been buying its own shares , as part of a program to retire about eight million USAir shares , though the carrier won’t discuss its buy-back program .

If USAir stepped up its share purchases , that might be a way for Mr. Steinhardt to get out , says Timothy Pettee , a Merrill Lynch analyst .

But USAir might not want to help Mr. Steinhardt , he adds .

In 1987 , USAir Chairman Edwin Colodny stonewalled when Trans World Airlines Chairman Carl Icahn threatened to take over the carrier .

Mr. Icahn , a much more practiced raider than Mr. Steinhardt , eventually sold a big USAir stake at a tiny profit through Bear , Stearns .

Mr. Steinhardt also could take that route .

He confers big trading commissions on Wall Street firms .

However , with airline stocks cratering , he might not get a very good price for his shares , traders say .

Especially galling for Mr. Steinhardt , say people close to him , is that USAir 's Mr. Colodny won’t even take his telephone calls .

While USAir is n't considered absolutely takeover-proof , its defenses , including the sale in August of a 12 % stake in the company to Mr. Buffett 's Berkshire Hathaway , are pretty strong .

USAir 's deal with Mr. Buffett was n't exactly a shining example of shareholder democracy , Mr. Steinhardt says .

Since last April , the investor has made seven so-called 13D filings in USAir , as he bought and sold the company 's stock .

Such disclosures of big holdings often are used by raiders to try to scare a company 's managers , and to stir interest in the stock .

But of course it would be highly unusual for an investment fund such as Steinhardt Partners to take over a company .

USAir and Mr. Buffett won’t talk about Mr. Steinhardt at all .

Analysts say USAir has great promise .

By the second half of 1990 , USAir stock could hit 60 , says Helane Becker of Shearson Lehman Hutton .

She thinks traders should buy the stock if it tumbles to 35 .

But meanwhile , USAir is expected to show losses or lackluster profit for several quarters as it tries to digest Piedmont Airlines , which it acquired .

Moreover , some investors think a recession or renewed airfare wars will pummel airline stocks in coming months .

However , Mr. Steinhardt says he 's comfortable holding USAir as an investment . ''

While he has bought and sold some USAir shares in recent days , he says that contrary to rumors , he has n't tried to unload his holding .

Mr. Steinhardt adds that he bought USAir stock earlier this year as part of a fundamental investment in the airline group . ''

In 1989 , Mr. Steinhardt says he made money trading in Texas Air , AMR and UAL .

Overall , his investments so far this year are showing gains of about 20 % , he adds .

Does Mr. Steinhardt regret his incursion into the takeover-threat game ?

People close to the investor say that was an experiment he is unlikely to repeat .

I do n't think you 'll find I 'm making a radical change in my traditional investment style , Mr. Steinhardt says .

Addington Resources Inc. said it called for redemption on Nov. 21 its $ 25.8 million outstanding of 8 % convertible subordinated debentures due 2013 .

The debentures were issued in the face amount of $ 46 million on July 11 , 1988 , the Ashland , Ky. , coal mining , water transportation and construction company said .

The company said the redemption is permitted because the price of Addington 's stock has equaled or exceeded $ 19.60 for 20 consecutive trading days , a condition set in the terms of the debentures .

Debenture holders are expected to convert most of the debentures into common because the value of the stock received in a conversion would exceed the $ 1,103.11 redemption price .

Commodore International Ltd. said it will report a loss for the first quarter ended Sept. 30 because sales of personal computers for the home market remained weak in some major countries .

That will mark the second consecutive quarterly loss for Commodore and will raise additional questions about whether it can sustain the turnaround it had seemed to be engineering .

Commodore , West Chester , Pa. , had said in August that it was consolidating manufacturing to cut costs and expected to be profitable in the fiscal first quarter .

Commodore said that its announcement is based on preliminary information and that the situation could look different by the time final results are announced early next month .

In fact , Commodore 's fiscal fourth-quarter loss was $ 2 million narrower than Commodore had expected a few weeks after the quarter closed .

Still , even results approaching break-even would mark a sharp weakening compared with fiscal 1989 first-quarter earnings of $ 9.6 million , or 30 cents a share , on sales of $ 200.2 million .

Reflecting concerns about Commodore 's outlook , its stock has plunged more than 50 % since May , closing yesterday unchanged at $ 8.875 a share in composite trading on the New York Stock Exchange .

The price can be expected to erode further , because the loss estimate came after the market closed .

Commodore has seemed to be setting the stage recently for progress in the U.S. , where its personal-computer sales have been so dismal for years that Commodore is close to dropping off research firms ' market-share charts .

Commodore has assembled an experienced management team , it has persuaded many more dealers to carry its products and it has unleashed a slick advertising campaign .

But those represent long-term strategies that probably won’t succeed quickly , even if they turn out to be the right ones .

In the meantime , the strategies will increase expenses .

Commodore had been counting on its consumer business to stay sufficiently healthy to support its efforts in other areas -- mainly in getting schools and businesses to use its Amiga , which has slick graphics yet has been slow to catch on because it is n't compatible with Apple Computer Inc. or International Business Machines Corp. hardware .

But sales to consumers have become difficult during the past several months , even in West Germany , which has been by far Commodore 's strongest market .

The Commodore 64 and 128 , mainly used for children 's educational software and games , had surprised market researchers by continuing to produce strong sales even though other low-profit personal computers now operate several times as fast and have much more memory .

Commodore has said it expects sales to rebound , but market researchers have said that sales of the low-end products may finally be trailing off .

Stock prices closed slightly higher in the first routine trading day since Friday 's big plunge .

Some issues were affected by Tuesday 's devastating earthquake in the San Francisco area .

Activity continued to slow from the hectic pace set during the market 's plunge late Friday and its rebound Monday , as players began to set their sights on events coming later this week .

The Dow Jones Industrial Average drifted through the session within a trading range of about 30 points before closing with a gain of 4.92 at 2643.65 .

Broader averages also posted modest gains .

Standard & Poor 's 500-Stock Index rose 0.60 to 341.76 , the Dow Jones Equity Market Index rose 0.71 to 320.54 and the New York Stock Exchange Composite Index gained 0.43 to 189.32 .

Some 822 New York Stock Exchange issues advanced in price , while 668 declined .

But the Dow Jones Transportation Average went down for the seventh consecutive session , due largely to further selling in UAL .

The average dropped 6.40 to 1247.87 and has now lost 21.7 % of its value since the losing streak began Oct. 10 .

Big Board volume dropped to 166,900,000 shares , in line with the level of trading over the past few weeks , from 224.1 million Tuesday .

Traders cited anticipation of the consumer price report for September , due today , and tomorrow 's expiration of October stock-index futures and options as major factors in the slowdown .

In addition , activity at a number of San Francisco-based brokerage houses was curtailed as a result of the earthquake , which knocked out power lines and telephone service throughout the Bay area .

Stocks retreated to session lows just after the opening amid worries about the market impact of the quake , but quickly snapped back to higher levels with the help of futures-related program buying .

The early move essentially established the day 's trading range , and traders said they saw little of the program activity that has battered the market recently .

I didn’t expect it to be this quiet .

I expected to see more volatility as some of the institutions who were spooked last Friday did some selling , said Raymond F. DeVoe , a market strategist at Legg Mason Wood Walker , Baltimore .

Mr. DeVoe said he expects prices to show some renewed instability over the next few sessions as institutions re-evaluate their stance toward the market in light of its decline .

I would suspect that a lot of investment committees are looking into whether -LRB- they -RRB- want to be in stocks at all , he said .

Insurance stocks were sold at the opening amid concerns about the level of damage claims the companies would receive as a result of the earthquake .

But those issues recovered quickly and turned higher because of expectations that the quake and the recent Hurricane Hugo would set the stage for an increase in premium rates .

Issues of insurance brokers were especially strong .

Marsh & McLennan advanced 3 1\/8 to 75 7\/8 , Alexander & Alexander Services climbed 2 to 32 and Corroon & Black firmed 1 7\/8 to 37 1\/2 .

Elsewhere in the group , General Re rose 2 3\/4 to 86 1\/2 , American International Group gained 3 1\/4 to 102 5\/8 , Aetna Life & Casualty added 2 3\/8 to 59 1\/2 and Cigna advanced 7\/8 to 62 1\/2 .

Loews , the parent of CNA Financial , rose 1 3\/8 to 123 1\/8 .

Companies in the construction , engineering and building-products sectors were among other beneficiaries of earthquake-related buying .

The heavy-construction sector was the session 's best performer among Dow Jones industry groups ; Fluor rose 3\/4 to 33 3\/8 , Morrison Knudsen gained 2 1\/4 to 44 1\/8 , Foster Wheeler added 3\/8 to 18 1\/4 and Ameron climbed 2 3\/8 to 39 3\/4 .

Among engineering firms , CRS Sirrine rose 5\/8 to 34 1\/4 on the Big Board and four others rallied on the American Stock Exchange : Jacobs Engineering Group , which gained 1 1\/8 to 25 3\/8 , Greiner Engineering , which rose 3 1\/2 to 22 1\/2 ; Michael Baker , which added 1 1\/4 to 15 1\/4 , and American Science & Engineering , up 1\/2 to 8 1\/2 .

Within the building-materials group , Georgia-Pacific climbed 1 1\/4 to 58 and Louisiana-Pacific added 1 to 40 3\/4 after Merrill Lynch recommended the forest-products issues .

CalMat advanced 2 3\/4 to 28 3\/4 , Lone Star Industries gained 1 3\/4 to 29 1\/4 , Lafarge rose 1 to 19 1\/2 , Southdown added 5\/8 to 24 5\/8 and Eljer Industries rose 1 1\/4 to 24 7\/8 .

Pacific Gas & Electric fell 3\/8 to 19 5\/8 in Big Board composite trading of 1.7 million shares and Pacific Telesis Group slipped 5\/8 to 44 5\/8 as the companies worked to restore service to areas affected by the quake .

Chevron added 1 to 65 .

The company , based in San Francisco , said it had to shut down a crude-oil pipeline in the Bay area to check for leaks but added that its refinery in nearby Richmond , Calif. , was undamaged .

Other companies based in the area include Hewlett-Packard , which rose 1\/4 to 49 ; National Semiconductor , which went up 1\/4 to 7 5\/8 , and Genentech , which eased 1\/4 to 19 5\/8 .

None of the firms reported any major damage to facilities as a result of the quake .

BankAmerica eased 1\/2 to 31 7\/8 and Wells Fargo lost 1\/2 to 81 1\/2 ; the two bank holding companies , based in San Francisco , were forced to curtail some operations due to the temblor .

Among California savings-and-loan stocks , H.F. Ahmanson eased 3\/8 to 22 1\/4 , CalFed slid 3\/4 to 24 1\/8 , Great Western Financial dropped 1\/2 to 21 1\/4 and Golden West Financial fell 5\/8 to 29 1\/4 .

UAL , the parent company of United Airlines , swung within a 14-point range during the course of the session before closing at 191 3\/4 , down 6 1\/4 , on 2.3 million shares .

British Airways , a member of the group that had offered $ 300 a share for UAL in a leveraged buy-out , said it had yet to receive a revised proposal and it was in no way committed '' to the completion of a bid .

Separately , investor Marvin Davis withdrew his backup $ 300-a-share takeover offer .

While UAL faltered , AMR , the parent of American Airlines , pulled out of its recent nosedive by rising 3\/4 to 74 .

The stock had been on the decline since the financing for the UAL buy-out fell through on Friday and developer Donald Trump subsequently withdrew a takeover offer of $ 120 a share for AMR .

Also , AMR was the most active Big Board issue ; 2.8 million shares changed hands .

GTE added 1 1\/4 to 65 3\/8 .

PaineWebber repeated a buy recommendation on the stock and raised its 1990 earnings estimate by 35 cents a share , to $ 5.10 .

Colgate-Palmolive advanced 1 5\/8 to 63 after saying it was comfortable with analysts ' projections that third-quarter net income from continuing operations would be between 95 cents and $ 1.05 a share , up from 69 cents a year ago .

Springs Industries dropped 1 3\/8 to 36 .

Analysts at several brokerage firms lowered their 1989 and 1990 earnings estimates on the company after its third-quarter results proved disappointing .

Trinova third-quarter loss after a charge for a planned restructuring , which will include the closing or downsizing of about 25 % of its plants and a work force cut of about 1,500 over three years .

The Amex Market Value Index snapped a five-session losing streak by rising 2.91 to 378.07 .

Volume totaled 12,500,000 shares .

Carnival Cruise Lines Class A rose 1 1\/4 to 22 3\/8 .

The company , citing market conditions , postponed a $ 200 million debt offer .

Philip Morris Cos. posted a 20 % jump in third-quarter profit on a 45 % revenue increase , reflecting strength in the company 's cigarette , food and brewing businesses .

Net income rose to $ 748 million , or 81 cents a share , from the year-earlier $ 621 million , or 67 cents a share .

Per-share figures have been adjusted for a 4-for-1 stock split paid earlier this month .

The New York-based tobacco , food and beer concern said revenue increased to $ 11.25 billion from $ 7.74 billion .

In composite trading on the New York Stock Exchange , Philip Morris closed at $ 43.375 , up 12.5 cents .

Philip Morris disclosed little detailed information about performance by major business lines except to say that most , including Philip Morris U.S.A. , Kraft General Foods and Miller Brewing Co. , posted increased revenues .

For the nine months , net increased 4.4 % to $ 2.08 billion , or $ 2.25 a share , from $ 2 billion , which included $ 273 million reflecting the effect of an accounting change .

Granges Inc. , citing depressed gold prices , said it plans to suspend operations for an indefinite period at its Tartan gold mine in Manitoba .

Granges said in Vancouver , British Columbia , that the production halt will be phased in over a 10-week period .

Tartan currently produces gold at a cash operating cost of $ 393 an ounce , which is high by industry standards and $ 25 or so above the current spot price .

Granges said it also plans in the third quarter to write down the carrying value of the Tartan mine by 2.5 million Canadian dollars -LRB- US$ 2.12 million -RRB- , and to write off most of the C$ 6.3 million carrying value of its Windflower gold property in British Columbia .

Granges didn’t say what impact the moves would have on total gold output or earnings , and company officials were n't available .

Computer Associates International Inc. , Garden City , N.Y. , and Digital Equipment Corp. said they agreed to jointly develop software to help manage Digital 's Vax computers .

Computer Associates has carved out a huge business selling such software for use in managing networks of International Business Machines Corp. computers but needs to find new markets if it is to maintain its growth rate of 30 % and more each year .

The market for system-management software for Digital 's hardware is fragmented enough that a giant such as Computer Associates should do well there .

At the same time , the market is smaller than the market for IBM-compatible software .

For one thing , Digital , Maynard , Mass. , has sold fewer machines .

In addition , its machines are typically easier to operate , so customers require less assistance from software .

Wang Laboratories Inc. , Lowell , Mass. , beset by declining demand for its computers , reported a $ 62.1 million , 38-cents-a-share loss in its first quarter ended Sept. 30 .

Revenue fell 12.7 % to $ 596.8 million from $ 684 million , although some of the decline was caused by discontinued operations .

Wang had previously forecast a loss .

The company reiterated that it expects another loss in the second quarter and for the full year , although it expects a profitable fourth quarter .

A year ago , Wang had earnings of $ 13.1 million , or eight cents a share , in its first quarter , including a $ 3.1 million loss from discontinued operations .

The latest period loss included a $ 12.9 pretax charge for severance payments .

Dayton Hudson Corp. said it accepted for purchase seven million common shares at $ 62.875 each , under the terms of a Dutch auction self-tender offer .

The offer expired at 12:01 a.m. yesterday .

In a Dutch auction , the buyer sets a price range and holders give a price in that range at which they 're willing to sell their shares .

The buyer then picks a price and buys shares at that price from holders who offered to sell at that price or lower .

Dayton Hudson 's repurchase offer , representing about 9 % of its common shares outstanding , had established a range of between $ 60 and $ 65 for the buy-back .

Dayton Hudson said it accepted all odd-lot shares tendered at or below the final $ 62.875 price ; the preliminary proration factor for other shares tendered at or below the final price is 98 % .

The Minneapolis-based retailer said it expects to pay for the seven million shares next Thursday .

Tendered shares not purchased will be returned to holders .

In New York Stock Exchange composite trading , Dayton rose $ 1 to $ 61.125 .

Continental Bank Corp. 's third-quarter net income slipped 11 % despite a big gain from the sale of the company 's London headquarters building .

The $ 55 million gain on the sale was offset by lower interest income , poorer results from foreign-exchange trading and a $ 9 million loss on the sale of a unit , Securities Settlement Corp .

Chicago-based Continental earned $ 65.2 million , or $ 1.04 a share , compared with $ 73.6 million , or $ 1.19 a share , a year earlier .

The 1988 quarter also included one-time gains totaling about $ 35 million .

The bank , which has loss reserves equal to about half its long-term and medium-term loans to less-developed nations , said it does n't think additional reserves are required .

Enron Corp. said a subsidiary and two United Kingdom firms are studying the feasibility of constructing a 1,500 megawatt gas-fired power plant in northern England as an outgrowth of the government 's privatization program .

Enron Power Corp. , a unit of the Houston natural gas pipeline company , would design , construct and run the plant .

Gas to fuel it would be piped from the North Sea .

A subsidiary of Britain 's Imperial Chemical Industries would buy electricity and steam from the proposed station .

Surplus power would be sold on the open market , Enron said .

Also participating in the study , Enron said , is the National Power division of Britain 's Central Electricity Generating Board .

Upon privatization , National Power will be responsible for 70 % of the country 's power generating business .

Viacom Inc. , New York , reported that its third-quarter loss widened to $ 21.7 million , or 41 cents a share , primarily because of interest expense of $ 70.1 million .

A year ago , Viacom had a net loss of $ 56.9 million , or $ 1.07 a share .

Interest expense in the 1988 third quarter was $ 75.3 million .

In the year-ago quarter , Viacom also paid preferred stock dividends of $ 17 million ; Viacom exchanged its preferred stock for debt in March .

The communications and entertainment company said revenue rose to $ 345.5 million , from $ 311.6 million .

Viacom attributed the improvement to higher earnings from operations in its networks segment , which includes the MTV and Showtime networks .

Viacom said it also restructured bank debt under a $ 1.5 billion unsecured bank agreement that offers significant interest rate savings .

Sumner M. Redstone , Viacom 's chairman , said Viacom emerged from our leveraged buy-out structure and gained substantial operating and financial flexibility through '' the bank pact .

Trinova Corp. , Maumee , Ohio , said it is launching an extensive restructuring of its core business , and took a charge that resulted in a loss of $ 29.7 million , or 87 cents a share , for the third quarter .

Trinova said it will close , move or overhaul 40 of its 170 manufacturing facilities and over the next three years cut 1,500 jobs from its current world-wide payroll of 22,300 employees .

Most of the factory closings and job cutbacks will affect Trinova 's Aeroquip operations , which manufacture automotive plastics , hoses and other industrial and automotive parts .

Hoses and plastics together account for about 42 % of Trinova 's total annual sales .

In a separate announcement , Trinova said the Aeroquip group has agreed to sell its spring-brake , piston-brake and related businesses to Midland Brake Inc. of Branford , Conn .

Terms were n't disclosed .

To provide for the restructuring 's costs , Trinova said it took an after-tax charge of $ 38.5 million , or $ 1.13 a share , in the third quarter .

The $ 29.7 million net loss compares with net income of $ 19.6 million , or 57 cents a share , a year earlier .

Sales rose 8 % to $ 456.2 million from $ 422 million .

Trinova closed at $ 25 , down $ 1 , in New York Stock Exchange composite trading .

A group of investors , including Giancarlo Parretti 's Pathe Communications Corp. and Sasea Holding S.A. , have agreed to buy 76.66 % of Odeon Finanziaria , a financially troubled Italian TV station .

Florio Fiorini , managing director of Geneva-based Sasea , said the investors would pay only a symbolic one lira for the station , but we have agreed to raise the capital that will enable the company to continue operating .

It 's sort of a Chapter 11 situation , he added , referring to the U.S. bankruptcy law that protects companies from creditors while they restructure .

Milan-based Odeon , which draws about 3 % of Italian TV viewers , has debt of 250 billion lire -LRB- $ 181.9 million -RRB- , Mr. Fiorini said .

He added that details of the recapitalization still have to be worked out , but that Pathe will take 50 % of Odeon , Rome film producer Bruno Lucisano will take 10 % and the remaining 16.66 % , currently owned by Sasea , will eventually be sold to other investors .

Calisto Tanzi , Odeon 's owner , will retain his 23.34 % stake .

Italy 's Supreme Court this year ordered Parliament to write a law that will regulate media ownership .

We think that it 's going to be far more favorable to own a station before the law is passed than to try to buy one afterward , Mr. Fiorini said .

San Francisco area officials gave the media high marks for helping people find shelter and obtain emergency information after Tuesday 's catastrophic earthquake .

The press has been doing an excellent job .

They are telling people what roads are closed and just keeping the public informed has helped to keep the panic down , said James Ball , a station supervisor at Daly City Police Department .

Mr. Ball noted that television stations featured people holding up phone books , explaining where to call for help .

Radio stations provided an emergency number for people who smelled gas but didn’t know how to turn off their gas supply .

Kim Schwartz , a spokesperson for the American Red Cross in Los Angeles , said television and radio stations in San Francisco played a very positive role '' by providing the address of 28 shelters of the Red Cross and by giving out the Red Cross number for contributions to help earthquake victims -LRB- 1-800-453-9000 -RRB- .

The San Francisco Examiner issued a special edition around noon yesterday that was filled entirely with earthquake news and information .

The Examiner and the San Francisco Chronicle were able to publish despite Tuesday 's quake , which occurred close to deadline for many newspapers .

Sterling Software Inc. said it lost its bid to supply software services to the National Aeronautics and Space Administration 's Ames Research Center at Moffett Field , Calif .

Sterling , which estimated the value of the contract at $ 150 million , said NASA selected another bidder for final negotiations .

In 1988 , Dallas-based Sterling protested a similar decision by NASA involving the same contract , claiming it had submitted the lowest bid .

As a result , last March the General Services Administration board of contract appeals directed NASA to reopen negotiations on the contract .

Sterling said it had requested a briefing by NASA but had not decided whether to protest the agency 's latest decision .

Consolidated Rail Corp. , New York , reported that third-quarter net income climbed 4.8 % to $ 87 million , or $ 1.27 a share , exceeding analysts ' expectations .

In the year-earlier quarter , the freight railroad earned $ 83 million , or $ 1.21 a share .

James A. Hagen , chairman and chief executive officer , noted that earnings advanced in the face of a drop in business , brought on by the general economic slowdown . ''

Revenue slipped 4.6 % to $ 835 million from $ 876 million .

For the rest of 1989 , Mr. Hagen said , Conrail 's traffic and revenue will reflect the sluggish economy , but Conrail will continue to take steps to control and reduce costs . ''

For the nine months , Conrail earnings grew 0.4 % to $ 229 million , or $ 3.34 a share , from $ 228 million , or $ 3.31 a share .

Revenue was flat at $ 2.59 billion .

Georgia Gulf Corp. , hurt by declining sales and falling chemical prices , said third-quarter earnings fell 13 % to $ 46.1 million from $ 53.1 million in the year-earlier period .

Sales declined 10 % to $ 251.2 million from $ 278.7 million .

The Atlanta-based chemical manufacturer said lower prices hurt margins for most products .

We did see some relief in raw material costs , but it was n't sufficient to offset the drop in sales prices , James R. Kuse , the company 's chairman and chief executive officer said in a statement .

On a per-share basis , quarterly earnings remained at $ 1.85 , the same as last year , because of the company 's share buy-back program .

Georgia Gulf had 24.9 million shares outstanding on average in the quarter , compared with 28.6 million in the third quarter of 1988 , adjusted for a stock split paid in January 1989 .

In composite New York Stock Exchange trading , stock in Georgia Gulf , which has been mentioned as a takeover candidate , rose $ 2.125 a share to close at $ 46.125 .

This temblor-prone city dispatched inspectors , firefighters and other earthquake-trained personnel to aid San Francisco .

But a secondary agenda among officials in the City of Angels was to learn about the disaster-contingency plans that work and those that do n't .

Los Angeles Mayor Tom Bradley used the opportunity to push the City Council harder to pass a measure establishing a loss-recovery reserve of $ 100 million .

The amount would help Los Angeles cope in the first few weeks after its own anticipated quake , while waiting for federal assistance to arrive .

After San Francisco Mayor Art Agnos spoke on television of the need for building inspectors to check the soundness of buildings , Los Angeles dispatched 32 inspectors to help .

And the county of Los Angeles placed its firefighters and sheriffs on alert , ready to send in reinforcements , and alerted San Francisco that the city has 1,000 hospital beds at its disposal .

Two Los Angeles radio stations initiated Red Cross donation campaigns , and one Los Angeles bank manager forked over $ 150,000 of his own money for relief purposes , the Red Cross said .

The Los Angeles Red Cross sent 2,480 cots , 500 blankets , and 300 pints of Type-O blood .

It is also pulling 20 people out of Puerto Rico , who were helping Huricane Hugo victims , and sending them to San Francisco instead .