Pierre Vinken , 61 years old , will join the board as a nonexecutive director Nov. 29 .

Mr. Vinken is chairman of Elsevier N.V. , the Dutch publishing group .

Rudolph Agnew , 55 years old and former chairman of Consolidated Gold Fields PLC , was named a nonexecutive director of this British industrial conglomerate .

A form of asbestos once used to make Kent cigarette filters has caused a high percentage of cancer deaths among a group of workers exposed to it more than 30 years ago , researchers reported .

The asbestos fiber , crocidolite , is unusually resilient once it enters the lungs , with even brief exposures to it causing symptoms that show up decades later , researchers said .

Lorillard Inc. , the unit of New York-based Loews Corp. that makes Kent cigarettes , stopped using crocidolite in its Micronite cigarette filters in 1956 .

Although preliminary findings were reported more than a year ago , the latest results appear in today 's New England Journal of Medicine , a forum likely to bring new attention to the problem .

A Lorillard spokewoman said , `` This is an old story .

We 're talking about years ago before anyone heard of asbestos having any questionable properties .

There is no asbestos in our products now . ''

Neither Lorillard nor the researchers who studied the workers were aware of any research on smokers of the Kent cigarettes .

`` We have no useful information on whether users are at risk , '' said James A. Talcott of Boston 's Dana-Farber Cancer Institute .

Dr. Talcott led a team of researchers from the National Cancer Institute and the medical schools of Harvard University and Boston University .

The Lorillard spokeswoman said asbestos was used in `` very modest amounts '' in making paper for the filters in the early 1950s and replaced with a different type of filter in 1956 .

From 1953 to 1955 , 9.8 billion Kent cigarettes with the filters were sold , the company said .

Among 33 men who worked closely with the substance , 28 have died -- more than three times the expected number .

Four of the five surviving workers have asbestos-related diseases , including three with recently diagnosed cancer .

The total of 18 deaths from malignant mesothelioma , lung cancer and asbestosis was far higher than expected , the researchers said .

`` The morbidity rate is a striking finding among those of us who study asbestos-related diseases , '' said Dr. Talcott .

The percentage of lung cancer deaths among the workers at the West Groton , Mass. , paper factory appears to be the highest for any asbestos workers studied in Western industrialized countries , he said .

The plant , which is owned by Hollingsworth & Vose Co. , was under contract with Lorillard to make the cigarette filters .

The finding probably will support those who argue that the U.S. should regulate the class of asbestos including crocidolite more stringently than the common kind of asbestos , chrysotile , found in most schools and other buildings , Dr. Talcott said .

The U.S. is one of the few industrialized nations that does n't have a higher standard of regulation for the smooth , needle-like fibers such as crocidolite that are classified as amphobiles , according to Brooke T. Mossman , a professor of pathlogy at the University of Vermont College of Medicine .

More common chrysotile fibers are curly and are more easily rejected by the body , Dr. Mossman explained .

In July , the Environmental Protection Agency imposed a gradual ban on virtually all uses of asbestos .

By 1997 , almost all remaining uses of cancer-causing asbestos will be outlawed .

About 160 workers at a factory that made paper for the Kent filters were exposed to asbestos in the 1950s .

Areas of the factory were particularly dusty where the crocidolite was used .

Workers dumped large burlap sacks of the imported material into a huge bin , poured in cotton and acetate fibers and mechanically mixed the dry fibers in a process used to make filters .

Workers described `` clouds of blue dust '' that hung over parts of the factory , even though exhaust fans ventilated the area .

`` There 's no question that some of those workers and managers contracted asbestos-related diseases , '' said Darrell Phillips , vice president of human resources for Hollingsworth & Vose .

`` But you have to recognize that these events took place 35 years ago .

It has no bearing on our work force today .

Yields on money-market mutual funds continued to slide , amid signs that portfolio managers expect further declines in interest rates .

The average seven-day compound yield of the 400 taxable funds tracked by IBC 's Money Fund Report eased a fraction of a percentage point to 8.45 % from 8.47 % for the week ended Tuesday .

Compound yields assume reinvestment of dividends and that the current yield continues for a year .

Average maturity of the funds ' investments lengthened by a day to 41 days , the longest since early August , according to Donoghue 's .

Longer maturities are thought to indicate declining interest rates because they permit portfolio managers to retain relatively higher rates for a longer period .

Shorter maturities are considered a sign of rising rates because portfolio managers can capture higher rates sooner .

The average maturity for funds open only to institutions , considered by some to be a stronger indicator because those managers watch the market closely , reached a high point for the year -- 33 days .

Nevertheless , said Brenda Malizia Negus , editor of Money Fund Report , yields `` may blip up again before they blip down '' because of recent rises in short-term interest rates .

The yield on six-month Treasury bills sold at Monday 's auction , for example , rose to 8.04 % from 7.90 % .

Despite recent declines in yields , investors continue to pour cash into money funds .

Assets of the 400 taxable funds grew by $ 1.5 billion during the latest week , to $ 352.7 billion .

Typically , money-fund yields beat comparable short-term investments because portfolio managers can vary maturities and go after the highest rates .

The top money funds are currently yielding well over 9 % .

Dreyfus World-Wide Dollar , the top-yielding fund , had a seven-day compound yield of 9.37 % during the latest week , down from 9.45 % a week earlier .

It invests heavily in dollar-denominated securities overseas and is currently waiving management fees , which boosts its yield .

The average seven-day simple yield of the 400 funds was 8.12 % , down from 8.14 % .

The 30-day simple yield fell to an average 8.19 % from 8.22 % ; the 30-day compound yield slid to an average 8.53 % from 8.56 % .

J.P. Bolduc , vice chairman of W.R. Grace & Co. , which holds a 83.4 % interest in this energy-services company , was elected a director .

He succeeds Terrence D. Daniels , formerly a W.R. Grace vice chairman , who resigned .

W.R. Grace holds three of Grace Energy 's seven board seats .

Pacific First Financial Corp. said shareholders approved its acquisition by Royal Trustco Ltd. of Toronto for $ 27 a share , or $ 212 million .

The thrift holding company said it expects to obtain regulatory approval and complete the transaction by year-end .

McDermott International Inc. said its Babcock & Wilcox unit completed the sale of its Bailey Controls Operations to Finmeccanica S.p . A. for $ 295 million .

Finmeccanica is an Italian state-owned holding company with interests in the mechanical engineering industry .

Bailey Controls , based in Wickliffe , Ohio , makes computerized industrial controls systems .

It employs 2,700 people and has annual revenue of about $ 370 million .

The federal government suspended sales of U.S. savings bonds because Congress has n't lifted the ceiling on government debt .

Until Congress acts , the government has n't any authority to issue new debt obligations of any kind , the Treasury said .

The government 's borrowing authority dropped at midnight Tuesday to $ 2.80 trillion from $ 2.87 trillion .

Legislation to lift the debt ceiling is ensnarled in the fight over cutting capital-gains taxes .

The House has voted to raise the ceiling to $ 3.1 trillion , but the Senate is n't expected to act until next week at the earliest .

The Treasury said the U.S. will default on Nov. 9 if Congress does n't act by then .

Clark J. Vitulli was named senior vice president and general manager of this U.S. sales and marketing arm of Japanese auto maker Mazda Motor Corp .

In the new position he will oversee Mazda 's U.S. sales , service , parts and marketing operations .

Previously , Mr. Vitulli , 43 years old , was general marketing manager of Chrysler Corp. 's Chrysler division .

He had been a sales and marketing executive with Chrysler for 20 years .

When it 's time for their biannual powwow , the nation 's manufacturing titans typically jet off to the sunny confines of resort towns like Boca Raton and Hot Springs .

Not this year .

The National Association of Manufacturers settled on the Hoosier capital of Indianapolis for its fall board meeting .

And the city decided to treat its guests more like royalty or rock stars than factory owners .

The idea , of course : to prove to 125 corporate decision makers that the buckle on the Rust Belt is n't so rusty after all , that it 's a good place for a company to expand .

On the receiving end of the message were officials from giants like Du Pont and Maytag , along with lesser knowns like Trojan Steel and the Valley Queen Cheese Factory .

For starters , the executives joined Mayor William H. Hudnut III for an evening of the Indianapolis Symphony Orchestra and a guest pianist-comedian Victor Borge .

Champagne and dessert followed .

The next morning , with a police escort , busloads of executives and their wives raced to the Indianapolis Motor Speedway , unimpeded by traffic or red lights .

The governor could n't make it , so the lieutenant governor welcomed the special guests .

A buffet breakfast was held in the museum , where food and drinks are banned to everyday visitors .

Then , in the guests ' honor , the speedway hauled out four drivers , crews and even the official Indianapolis 500 announcer for a 10-lap exhibition race .

After the race , Fortune 500 executives drooled like schoolboys over the cars and drivers .

No dummies , the drivers pointed out they still had space on their machines for another sponsor 's name or two .

Back downtown , the execs squeezed in a few meetings at the hotel before boarding the buses again .

This time , it was for dinner and dancing -- a block away .

Under the stars and moons of the renovated Indiana Roof ballroom , nine of the hottest chefs in town fed them Indiana duckling mousseline , lobster consomme , veal mignon and chocolate terrine with a raspberry sauce .

Knowing a tasty -- and free -- meal when they eat one , the executives gave the chefs a standing ovation .

More than a few CEOs say the red-carpet treatment tempts them to return to a heartland city for future meetings .

But for now , they 're looking forward to their winter meeting -- Boca in February .

South Korea registered a trade deficit of $ 101 million in October , reflecting the country 's economic sluggishness , according to government figures released Wednesday .

Preliminary tallies by the Trade and Industry Ministry showed another trade deficit in October , the fifth monthly setback this year , casting a cloud on South Korea 's export-oriented economy .

Exports in October stood at $ 5.29 billion , a mere 0.7 % increase from a year earlier , while imports increased sharply to $ 5.39 billion , up 20 % from last October .

South Korea 's economic boom , which began in 1986 , stopped this year because of prolonged labor disputes , trade conflicts and sluggish exports .

Government officials said exports at the end of the year would remain under a government target of $ 68 billion .

Despite the gloomy forecast , South Korea has recorded a trade surplus of $ 71 million so far this year .

From January to October , the nation 's accumulated exports increased 4 % from the same period last year to $ 50.45 billion .

Imports were at $ 50.38 billion , up 19 % .

Newsweek , trying to keep pace with rival Time magazine , announced new advertising rates for 1990 and said it will introduce a new incentive plan for advertisers .

The new ad plan from Newsweek , a unit of the Washington Post Co. , is the second incentive plan the magazine has offered advertisers in three years .

Plans that give advertisers discounts for maintaining or increasing ad spending have become permanent fixtures at the news weeklies and underscore the fierce competition between Newsweek , Time Warner Inc. 's Time magazine , and Mortimer B. Zuckerman 's U.S. News & World Report .

Alan Spoon , recently named Newsweek president , said Newsweek 's ad rates would increase 5 % in January .

A full , four-color page in Newsweek will cost $ 100,980 .

In mid-October , Time magazine lowered its guaranteed circulation rate base for 1990 while not increasing ad page rates ; with a lower circulation base , Time 's ad rate will be effectively 7.5 % higher per subscriber ; a full page in Time costs about $ 120,000 .

U.S. News has yet to announce its 1990 ad rates .

Newsweek said it will introduce the Circulation Credit Plan , which awards space credits to advertisers on `` renewal advertising . ''

The magazine will reward with `` page bonuses '' advertisers who in 1990 meet or exceed their 1989 spending , as long as they spent $ 325,000 in 1989 and $ 340,000 in 1990 .

Mr. Spoon said the plan is not an attempt to shore up a decline in ad pages in the first nine months of 1989 ; Newsweek 's ad pages totaled 1,620 , a drop of 3.2 % from last year , according to Publishers Information Bureau .

`` What matters is what advertisers are paying per page , and in that department we are doing fine this fall , '' said Mr. Spoon .

Both Newsweek and U.S. News have been gaining circulation in recent years without heavy use of electronic giveaways to subscribers , such as telephones or watches .

However , none of the big three weeklies recorded circulation gains recently .

According to Audit Bureau of Circulations , Time , the largest newsweekly , had average circulation of 4,393,237 , a decrease of 7.3 % .

Newsweek 's circulation for the first six months of 1989 was 3,288,453 , flat from the same period last year .

U.S. News ' circulation in the same time was 2,303,328 , down 2.6 % .

New England Electric System bowed out of the bidding for Public Service Co. of New Hampshire , saying that the risks were too high and the potential payoff too far in the future to justify a higher offer .

The move leaves United Illuminating Co. and Northeast Utilities as the remaining outside bidders for PS of New Hampshire , which also has proposed an internal reorganization plan in Chapter 11 bankruptcy proceedings under which it would remain an independent company .

New England Electric , based in Westborough , Mass. , had offered $ 2 billion to acquire PS of New Hampshire , well below the $ 2.29 billion value United Illuminating places on its bid and the $ 2.25 billion Northeast says its bid is worth .

United Illuminating is based in New Haven , Conn. , and Northeast is based in Hartford , Conn .

PS of New Hampshire , Manchester , N.H. , values its internal reorganization plan at about $ 2.2 billion .

John Rowe , president and chief executive officer of New England Electric , said the company 's return on equity could suffer if it made a higher bid and its forecasts related to PS of New Hampshire -- such as growth in electricity demand and improved operating efficiencies -- did n't come true .

`` When we evaluated raising our bid , the risks seemed substantial and persistent over the next five years , and the rewards seemed a long way out .

That got hard to take , '' he added .

Mr. Rowe also noted that political concerns also worried New England Electric .

No matter who owns PS of New Hampshire , after it emerges from bankruptcy proceedings its rates will be among the highest in the nation , he said .

`` That attracts attention ...

it was just another one of the risk factors '' that led to the company 's decision to withdraw from the bidding , he added .

Wilbur Ross Jr. of Rothschild Inc. , the financial adviser to the troubled company 's equity holders , said the withdrawal of New England Electric might speed up the reorganization process .

The fact that New England proposed lower rate increases -- 4.8 % over seven years against around 5.5 % boosts proposed by the other two outside bidders -- complicated negotiations with state officials , Mr. Ross asserted .

`` Now the field is less cluttered , '' he added .

Separately , the Federal Energy Regulatory Commission turned down for now a request by Northeast seeking approval of its possible purchase of PS of New Hampshire .

Northeast said it would refile its request and still hopes for an expedited review by the FERC so that it could complete the purchase by next summer if its bid is the one approved by the bankruptcy court .

PS of New Hampshire shares closed yesterday at $ 3.75 , off 25 cents , in New York Stock Exchange composite trading .

Norman Ricken , 52 years old and former president and chief operating officer of Toys `` R '' Us Inc. , and Frederick Deane Jr. , 63 , chairman of Signet Banking Corp. , were elected directors of this consumer electronics and appliances retailing chain .

They succeed Daniel M. Rexinger , retired Circuit City executive vice president , and Robert R. Glauber , U.S. Treasury undersecretary , on the 12-member board .

Commonwealth Edison Co. was ordered to refund about $ 250 million to its current and former ratepayers for illegal rates collected for cost overruns on a nuclear power plant .

The refund was about $ 55 million more than previously ordered by the Illinois Commerce Commission and trade groups said it may be the largest ever required of a state or local utility .

State court Judge Richard Curry ordered Edison to make average refunds of about $ 45 to $ 50 each to Edison customers who have received electric service since April 1986 , including about two million customers who have moved during that period .

Judge Curry ordered the refunds to begin Feb. 1 and said that he would n't entertain any appeals or other attempts to block his order by Commonwealth Edison .

`` The refund pool ... may not be held hostage through another round of appeals , '' Judge Curry said .

Commonwealth Edison said it is already appealing the underlying commission order and is considering appealing Judge Curry 's order .

The exact amount of the refund will be determined next year based on actual collections made until Dec. 31 of this year .

Commonwealth Edison said the ruling could force it to slash its 1989 earnings by $ 1.55 a share .

For 1988 , Commonwealth Edison reported earnings of $ 737.5 million , or $ 3.01 a share .

A Commonwealth Edison spokesman said that tracking down the two million customers whose addresses have changed during the past 3 1\/2 years would be `` an administrative nightmare . ''

In New York Stock Exchange composite trading yesterday , Commonwealth Edison closed at $ 38.375 , down 12.5 cents .

The $ 2.5 billion Byron 1 plant near Rockford , Ill. , was completed in 1985 .

In a disputed 1985 ruling , the Commerce Commission said Commonwealth Edison could raise its electricity rates by $ 49 million to pay for the plant .

But state courts upheld a challenge by consumer groups to the commission 's rate increase and found the rates illegal .

The Illinois Supreme Court ordered the commission to audit Commonwealth Edison 's construction expenses and refund any unreasonable expenses .

The utility has been collecting for the plant 's construction cost from its 3.1 million customers subject to a refund since 1986 .

In August , the commission ruled that between $ 190 million and $ 195 million of the plant 's construction cost was unreasonable and should be refunded , plus interest .

In his ruling , Judge Curry added an additional $ 55 million to the commission 's calculations .

Last month , Judge Curry set the interest rate on the refund at 9 % .

Commonwealth Edison now faces an additional court-ordered refund on its summer\/winter rate differential collections that the Illinois Appellate Court has estimated at $ 140 million .

And consumer groups hope that Judge Curry 's Byron 1 order may set a precedent for a second nuclear rate case involving Commonwealth Edison 's Braidwood 2 plant .

Commonwealth Edison is seeking about $ 245 million in rate increases to pay for Braidwood 2 .

The commission is expected to rule on the Braidwood 2 case by year end .

Last year Commonwealth Edison had to refund $ 72.7 million for poor performance of its LaSalle I nuclear plant .

Japan 's domestic sales of cars , trucks and buses in October rose 18 % from a year earlier to 500,004 units , a record for the month , the Japan Automobile Dealers ' Association said .

The strong growth followed year-to-year increases of 21 % in August and 12 % in September .

The monthly sales have been setting records every month since March .

October sales , compared with the previous month , inched down 0.4 % .

Sales of passenger cars grew 22 % from a year earlier to 361,376 units .

Sales of medium-sized cars , which benefited from price reductions arising from introduction of the consumption tax , more than doubled to 30,841 units from 13,056 in October 1988 .

Texas Instruments Japan Ltd. , a unit of Texas Instruments Inc. , said it opened a plant in South Korea to manufacture control devices .

The new plant , located in Chinchon about 60 miles from Seoul , will help meet increasing and diversifying demand for control products in South Korea , the company said .

The plant will produce control devices used in motor vehicles and household appliances .

The survival of spinoff Cray Computer Corp. as a fledgling in the supercomputer business appears to depend heavily on the creativity -- and longevity -- of its chairman and chief designer , Seymour Cray .

Not only is development of the new company 's initial machine tied directly to Mr. Cray , so is its balance sheet .

Documents filed with the Securities and Exchange Commission on the pending spinoff disclosed that Cray Research Inc. will withdraw the almost $ 100 million in financing it is providing the new firm if Mr. Cray leaves or if the product-design project he heads is scrapped .

The documents also said that although the 64-year-old Mr. Cray has been working on the project for more than six years , the Cray-3 machine is at least another year away from a fully operational prototype .

Moreover , there have been no orders for the Cray-3 so far , though the company says it is talking with several prospects .

While many of the risks were anticipated when Minneapolis-based Cray Research first announced the spinoff in May , the strings it attached to the financing had n't been made public until yesterday .

`` We did n't have much of a choice , '' Cray Computer 's chief financial officer , Gregory Barnum , said in an interview .

`` The theory is that Seymour is the chief designer of the Cray-3 , and without him it could not be completed .

Cray Research did not want to fund a project that did not include Seymour . ''

The documents also said that Cray Computer anticipates needing perhaps another $ 120 million in financing beginning next September .

But Mr. Barnum called that `` a worst-case '' scenario .

The filing on the details of the spinoff caused Cray Research stock to jump $ 2.875 yesterday to close at $ 38 in New York Stock Exchange composite trading .

Analysts noted yesterday that Cray Research 's decision to link its $ 98.3 million promissory note to Mr. Cray 's presence will complicate a valuation of the new company .

`` It has to be considered as an additional risk for the investor , '' said Gary P. Smaby of Smaby Group Inc. , Minneapolis .

`` Cray Computer will be a concept stock , '' he said .

`` You either believe Seymour can do it again or you do n't . ''

Besides the designer 's age , other risk factors for Mr. Cray 's new company include the Cray-3 's tricky , unproven chip technology .

The SEC documents describe those chips , which are made of gallium arsenide , as being so fragile and minute they will require special robotic handling equipment .

In addition , the Cray-3 will contain 16 processors -- twice as many as the largest current supercomputer .

Cray Computer also will face intense competition , not only from Cray Research , which has about 60 % of the world-wide supercomputer market and which is expected to roll out the C-90 machine , a direct competitor with the Cray-3 , in 1991 .

The spinoff also will compete with International Business Machines Corp. and Japan 's Big Three -- Hitachi Ltd. , NEC Corp. and Fujitsu Ltd .

The new company said it believes there are fewer than 100 potential customers for supercomputers priced between $ 15 million and $ 30 million -- presumably the Cray-3 price range .

Under terms of the spinoff , Cray Research stockholders are to receive one Cray Computer share for every two Cray Research shares they own in a distribution expected to occur in about two weeks .

No price for the new shares has been set .

Instead , the companies will leave it up to the marketplace to decide .

Cray Computer has applied to trade on Nasdaq .

Analysts calculate Cray Computer 's initial book value at about $ 4.75 a share .

Along with the note , Cray Research is transferring about $ 53 million in assets , primarily those related to the Cray-3 development , which has been a drain on Cray Research 's earnings .

Pro-forma balance sheets clearly show why Cray Research favored the spinoff .

Without the Cray-3 research and development expenses , the company would have been able to report a profit of $ 19.3 million for the first half of 1989 rather than the $ 5.9 million it posted .

On the other hand , had it existed then , Cray Computer would have incurred a $ 20.5 million loss .

Mr. Cray , who could n't be reached for comment , will work for the new Colorado Springs , Colo. , company as an independent contractor -- the arrangement he had with Cray Research .

Regarded as the father of the supercomputer , Mr. Cray was paid $ 600,000 at Cray Research last year .

At Cray Computer , he will be paid $ 240,000 .

Besides Messrs. Cray and Barnum , other senior management at the company includes Neil Davenport , 47 , president and chief executive officer ; Joseph M. Blanchard , 37 , vice president , engineering ; Malcolm A. Hammerton , 40 , vice president , software ; and Douglas R. Wheeland , 45 , vice president , hardware .

All came from Cray Research .

Cray Computer , which currently employs 241 people , said it expects a work force of 450 by the end of 1990 .

John R. Stevens , 49 years old , was named senior executive vice president and chief operating officer , both new positions .

He will continue to report to Donald Pardus , president and chief executive officer .

Mr. Stevens was executive vice president of this electric-utility holding company .

Arthur A. Hatch , 59 , was named executive vice president of the company .

He was previously president of the company 's Eastern Edison Co. unit .

John D. Carney , 45 , was named to succeed Mr. Hatch as president of Eastern Edison .

Previously he was vice president of Eastern Edison .

Robert P. Tassinari , 63 , was named senior vice president of Eastern Utilities .

He was previously vice president .

The U.S. , claiming some success in its trade diplomacy , removed South Korea , Taiwan and Saudi Arabia from a list of countries it is closely watching for allegedly failing to honor U.S. patents , copyrights and other intellectual-property rights .

However , five other countries -- China , Thailand , India , Brazil and Mexico -- will remain on that so-called priority watch list as a result of an interim review , U.S. Trade Representative Carla Hills announced .

Under the new U.S. trade law , those countries could face accelerated unfair-trade investigations and stiff trade sanctions if they do n't improve their protection of intellectual property by next spring .

Mrs. Hills said many of the 25 countries that she placed under varying degrees of scrutiny have made `` genuine progress '' on this touchy issue .

She said there is `` growing realization '' around the world that denial of intellectual-property rights harms all trading nations , and particularly the `` creativity and inventiveness of an -LCB- offending -RCB- country 's own citizens . ''

U.S. trade negotiators argue that countries with inadequate protections for intellectual-property rights could be hurting themselves by discouraging their own scientists and authors and by deterring U.S. high-technology firms from investing or marketing their best products there .

Mrs. Hills lauded South Korea for creating an intellectual-property task force and special enforcement teams of police officers and prosecutors trained to pursue movie and book pirates .

Seoul also has instituted effective search-and-seizure procedures to aid these teams , she said .

Taiwan has improved its standing with the U.S. by initialing a bilateral copyright agreement , amending its trademark law and introducing legislation to protect foreign movie producers from unauthorized showings of their films .

That measure could compel Taipei 's growing number of small video-viewing parlors to pay movie producers for showing their films .

Saudi Arabia , for its part , has vowed to enact a copyright law compatible with international standards and to apply the law to computer software as well as to literary works , Mrs. Hills said .

These three countries are n't completely off the hook , though .

They will remain on a lower-priority list that includes 17 other countries .

Those countries -- including Japan , Italy , Canada , Greece and Spain -- are still of some concern to the U.S. but are deemed to pose less-serious problems for American patent and copyright owners than those on the `` priority '' list .

Gary Hoffman , a Washington lawyer specializing in intellectual-property cases , said the threat of U.S. retaliation , combined with a growing recognition that protecting intellectual property is in a country 's own interest , prompted the improvements made by South Korea , Taiwan and Saudi Arabia .

`` What this tells us is that U.S. trade law is working , '' he said .

He said Mexico could be one of the next countries to be removed from the priority list because of its efforts to craft a new patent law .

Mrs. Hills said that the U.S. is still concerned about `` disturbing developments in Turkey and continuing slow progress in Malaysia . ''

She did n't elaborate , although earlier U.S. trade reports have complained of videocassette piracy in Malaysia and disregard for U.S. pharmaceutical patents in Turkey .

The 1988 trade act requires Mrs. Hills to issue another review of the performance of these countries by April 30 .

So far , Mrs. Hills has n't deemed any cases bad enough to merit an accelerated investigation under the so-called special 301 provision of the act .

Argentina said it will ask creditor banks to halve its foreign debt of $ 64 billion -- the third-highest in the developing world .

The declaration by Economy Minister Nestor Rapanelli is believed to be the first time such an action has been called for by an Argentine official of such stature .

The Latin American nation has paid very little on its debt since early last year .

`` Argentina aspires to reach a reduction of 50 % in the value of its external debt , '' Mr. Rapanelli said through his spokesman , Miguel Alurralde .

Mr. Rapanelli met in August with U.S. Assistant Treasury Secretary David Mulford .

Argentine negotiator Carlos Carballo was in Washington and New York this week to meet with banks .

Mr. Rapanelli recently has said the government of President Carlos Menem , who took office July 8 , feels a significant reduction of principal and interest is the only way the debt problem may be solved .

But he has not said before that the country wants half the debt forgiven .

-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-

THREE COMPUTERS THAT CHANGED the face of personal computing were launched in 1977 .

That year the Apple II , Commodore Pet and Tandy TRS-80 came to market .

The computers were crude by today 's standards .

Apple II owners , for example , had to use their television sets as screens and stored data on audiocassettes .

But Apple II was a major advance from Apple I , which was built in a garage by Stephen Wozniak and Steven Jobs for hobbyists such as the Homebrew Computer Club .

In addition , the Apple II was an affordable $ 1,298 .

Crude as they were , these early PCs triggered explosive product development in desktop models for the home and office .

Big mainframe computers for business had been around for years .

But the new 1977 PCs -- unlike earlier built-from-kit types such as the Altair , Sol and IMSAI -- had keyboards and could store about two pages of data in their memories .

Current PCs are more than 50 times faster and have memory capacity 500 times greater than their 1977 counterparts .

There were many pioneer PC contributors .

William Gates and Paul Allen in 1975 developed an early language-housekeeper system for PCs , and Gates became an industry billionaire six years after IBM adapted one of these versions in 1981 .

Alan F. Shugart , currently chairman of Seagate Technology , led the team that developed the disk drives for PCs .

Dennis Hayes and Dale Heatherington , two Atlanta engineers , were co-developers of the internal modems that allow PCs to share data via the telephone .

IBM , the world leader in computers , did n't offer its first PC until August 1981 as many other companies entered the market .

Today , PC shipments annually total some $ 38.3 billion world-wide .

F.H. Faulding & Co. , an Australian pharmaceuticals company , said its Moleculon Inc. affiliate acquired Kalipharma Inc. for $ 23 million .

Kalipharma is a New Jersey-based pharmaceuticals concern that sells products under the Purepac label .

Faulding said it owns 33 % of Moleculon 's voting stock and has an agreement to acquire an additional 19 % .

That stake , together with its convertible preferred stock holdings , gives Faulding the right to increase its interest to 70 % of Moleculon 's voting stock .

Oil production from Australia 's Bass Strait fields will be raised by 11,000 barrels a day to about 321,000 barrels with the launch of the Whiting field , the first of five small fields scheduled to be brought into production before the end of 1990 .

Esso Australia Ltd. , a unit of New York-based Exxon Corp. , and Broken Hill Pty. operate the fields in a joint venture .

Esso said the Whiting field started production Tuesday .

Output will be gradually increased until it reaches about 11,000 barrels a day .

The field has reserves of 21 million barrels .

Reserves for the five new fields total 50 million barrels .

The Perch and Dolphin fields are expected to start producing early next year , and the Seahorse and Tarwhine fields later next year .

Esso said the fields were developed after the Australian government decided in 1987 to make the first 30 million barrels from new fields free of excise tax .

R.P. Scherer Corp. said it completed the $ 10.2 million sale of its Southern Optical subsidiary to a group led by the unit 's president , Thomas R. Sloan , and other managers .

Following the acquisition of R.P. Scherer by a buy-out group led by Shearson Lehman Hutton earlier this year , the maker of gelatin capsules decided to divest itself of certain of its non-encapsulating businesses .

The sale of Southern Optical is a part of the program .

The White House said President Bush has approved duty-free treatment for imports of certain types of watches that are n't produced in `` significant quantities '' in the U.S. , the Virgin Islands and other U.S. possessions .

The action came in response to a petition filed by Timex Inc. for changes in the U.S. Generalized System of Preferences for imports from developing nations .

Previously , watch imports were denied such duty-free treatment .

Timex had requested duty-free treatment for many types of watches , covered by 58 different U.S. tariff classifications .

The White House said Mr. Bush decided to grant duty-free status for 18 categories , but turned down such treatment for other types of watches `` because of the potential for material injury to watch producers located in the U.S. and the Virgin Islands . ''

Timex is a major U.S. producer and seller of watches , including low-priced battery-operated watches assembled in the Philippines and other developing nations covered by the U.S. tariff preferences .

U.S. trade officials said the Philippines and Thailand would be the main beneficiaries of the president 's action .

Imports of the types of watches that now will be eligible for duty-free treatment totaled about $ 37.3 million in 1988 , a relatively small share of the $ 1.5 billion in U.S. watch imports that year , according to an aide to U.S. Trade Representative Carla Hills .

Magna International Inc. 's chief financial officer , James McAlpine , resigned and its chairman , Frank Stronach , is stepping in to help turn the automotive-parts manufacturer around , the company said .

Mr. Stronach will direct an effort to reduce overhead and curb capital spending `` until a more satisfactory level of profit is achieved and maintained , '' Magna said .

Stephen Akerfeldt , currently vice president finance , will succeed Mr. McAlpine .

An ambitious expansion has left Magna with excess capacity and a heavy debt load as the automotive industry enters a downturn .

The company has reported declines in operating profit in each of the past three years , despite steady sales growth .

Magna recently cut its quarterly dividend in half and the company 's Class A shares are wallowing far below their 52-week high of 16.125 Canadian dollars -LRB- US$ 13.73 -RRB- .

On the Toronto Stock Exchange yesterday , Magna shares closed up 37.5 Canadian cents to C$ 9.625 .

Mr. Stronach , founder and controlling shareholder of Magna , resigned as chief executive officer last year to seek , unsuccessfully , a seat in Canada 's Parliament .

Analysts said Mr. Stronach wants to resume a more influential role in running the company .

They expect him to cut costs throughout the organization .

The company said Mr. Stronach will personally direct the restructuring , assisted by Manfred Gingl , president and chief executive .

Neither they nor Mr. McAlpine could be reached for comment .

Magna said Mr. McAlpine resigned to pursue a consulting career , with Magna as one of his clients .

Lord Chilver , 63-year-old chairman of English China Clays PLC , was named a nonexecutive director of this British chemical company .

Japanese investors nearly single-handedly bought up two new mortgage securities-based mutual funds totaling $ 701 million , the U.S. Federal National Mortgage Association said .

The purchases show the strong interest of Japanese investors in U.S. mortgage-based instruments , Fannie Mae 's chairman , David O. Maxwell , said at a news conference .

He said more than 90 % of the funds were placed with Japanese institutional investors .

The rest went to investors from France and Hong Kong .

Earlier this year , Japanese investors snapped up a similar , $ 570 million mortgage-backed securities mutual fund .

That fund was put together by Blackstone Group , a New York investment bank .

The latest two funds were assembled jointly by Goldman , Sachs & Co. of the U.S. and Japan 's Daiwa Securities Co .

The new , seven-year funds -- one offering a fixed-rate return and the other with a floating-rate return linked to the London interbank offered rate -- offer two key advantages to Japanese investors .

First , they are designed to eliminate the risk of prepayment -- mortgage-backed securities can be retired early if interest rates decline , and such prepayment forces investors to redeploy their money at lower rates .

Second , they channel monthly mortgage payments into semiannual payments , reducing the administrative burden on investors .

By addressing those problems , Mr. Maxwell said , the new funds have become `` extremely attractive to Japanese and other investors outside the U.S. . ''

Such devices have boosted Japanese investment in mortgage-backed securities to more than 1 % of the $ 900 billion in such instruments outstanding , and their purchases are growing at a rapid rate .

They also have become large purchasers of Fannie Mae 's corporate debt , buying $ 2.4 billion in Fannie Mae bonds during the first nine months of the year , or almost a tenth of the total amount issued .

James L. Pate , 54-year-old executive vice president , was named a director of this oil concern , expanding the board to 14 members .

LTV Corp. said a federal bankruptcy court judge agreed to extend until March 8 , 1990 , the period in which the steel , aerospace and energy products company has the exclusive right to file a reorganization plan .

The company is operating under Chapter 11 of the federal Bankruptcy Code , giving it court protection from creditors ' lawsuits while it attempts to work out a plan to pay its debts .

Italian chemical giant Montedison S.p.A. , through its Montedison Acquisition N.V. indirect unit , began its $ 37-a-share tender offer for all the common shares outstanding of Erbamont N.V. , a maker of pharmaceuticals incorporated in the Netherlands .

The offer , advertised in today 's editions of The Wall Street Journal , is scheduled to expire at the end of November .

Montedison currently owns about 72 % of Erbamont 's common shares outstanding .

The offer is being launched pursuant to a previously announced agreement between the companies .

Japan 's reserves of gold , convertible foreign currencies , and special drawing rights fell by a hefty $ 1.82 billion in October to $ 84.29 billion , the Finance Ministry said .

The total marks the sixth consecutive monthly decline .

The protracted downturn reflects the intensity of Bank of Japan yen-support intervention since June , when the U.S. currency temporarily surged above the 150.00 yen level .

The announcement follows a sharper $ 2.2 billion decline in the country 's foreign reserves in September to $ 86.12 billion .

Pick a country , any country .

It 's the latest investment craze sweeping Wall Street : a rash of new closed-end country funds , those publicly traded portfolios that invest in stocks of a single foreign country .

No fewer than 24 country funds have been launched or registered with regulators this year , triple the level of all of 1988 , according to Charles E. Simon & Co. , a Washington-based research firm .

The turf recently has ranged from Chile to Austria to Portugal .

Next week , the Philippine Fund 's launch will be capped by a visit by Philippine President Corazon Aquino -- the first time a head of state has kicked off an issue at the Big Board here .

The next province ?

`` Anything 's possible -- how about the New Guinea Fund ? '' quips George Foot , a managing partner at Newgate Management Associates of Northampton , Mass .

The recent explosion of country funds mirrors the `` closed-end fund mania '' of the 1920s , Mr. Foot says , when narrowly focused funds grew wildly popular .

They fell into oblivion after the 1929 crash .

Unlike traditional open-end mutual funds , most of these one-country portfolios are the `` closed-end '' type , issuing a fixed number of shares that trade publicly .

The surge brings to nearly 50 the number of country funds that are or soon will be listed in New York or London .

These funds now account for several billions of dollars in assets .

`` People are looking to stake their claims '' now before the number of available nations runs out , says Michael Porter , an analyst at Smith Barney , Harris Upham & Co. , New York .

Behind all the hoopla is some heavy-duty competition .

As individual investors have turned away from the stock market over the years , securities firms have scrambled to find new products that brokers find easy to sell .

And the firms are stretching their nets far and wide to do it .

Financial planners often urge investors to diversify and to hold a smattering of international securities .

And many emerging markets have outpaced more mature markets , such as the U.S. and Japan .

Country funds offer an easy way to get a taste of foreign stocks without the hard research of seeking out individual companies .

But it does n't take much to get burned .

Political and currency gyrations can whipsaw the funds .

Another concern : The funds ' share prices tend to swing more than the broader market .

When the stock market dropped nearly 7 % Oct. 13 , for instance , the Mexico Fund plunged about 18 % and the Spain Fund fell 16 % .

And most country funds were clobbered more than most stocks after the 1987 crash .

What 's so wild about the funds ' frenzy right now is that many are trading at historically fat premiums to the value of their underlying portfolios .

After trading at an average discount of more than 20 % in late 1987 and part of last year , country funds currently trade at an average premium of 6 % .

The reason : Share prices of many of these funds this year have climbed much more sharply than the foreign stocks they hold .

It 's probably worth paying a premium for funds that invest in markets that are partially closed to foreign investors , such as South Korea , some specialists say .

But some European funds recently have skyrocketed ; Spain Fund has surged to a startling 120 % premium .

It has been targeted by Japanese investors as a good long-term play tied to 1992 's European economic integration .

And several new funds that are n't even fully invested yet have jumped to trade at big premiums .

`` I 'm very alarmed to see these rich valuations , '' says Smith Barney 's Mr. Porter .

The newly fattened premiums reflect the increasingly global marketing of some country funds , Mr. Porter suggests .

Unlike many U.S. investors , those in Asia or Europe seeking foreign-stock exposure may be less resistant to paying higher prices for country funds .

`` There may be an international viewpoint cast on the funds listed here , '' Mr. Porter says .

Nonetheless , plenty of U.S. analysts and money managers are aghast at the lofty trading levels of some country funds .

They argue that U.S. investors often can buy American depositary receipts on the big stocks in many funds ; these so-called ADRs represent shares of foreign companies traded in the U.S. .

That way investors can essentially buy the funds without paying the premium .

For people who insist on jumping in now to buy the funds , Newgate 's Mr. Foot says : `` The only advice I have for these folks is that those who come to the party late had better be ready to leave quickly .

The U.S. and Soviet Union are holding technical talks about possible repayment by Moscow of $ 188 million in pre-Communist Russian debts owed to the U.S. government , the State Department said .

If the debts are repaid , it could clear the way for Soviet bonds to be sold in the U.S. .

However , after two meetings with the Soviets , a State Department spokesman said that it 's `` too early to say '' whether that will happen .

Coincident with the talks , the State Department said it has permitted a Soviet bank to open a New York branch .

The branch of the Bank for Foreign Economic Affairs was approved last spring and opened in July .

But a Soviet bank here would be crippled unless Moscow found a way to settle the $ 188 million debt , which was lent to the country 's short-lived democratic Kerensky government before the Communists seized power in 1917 .

Under a 1934 law , the Johnson Debt Default Act , as amended , it 's illegal for Americans to extend credit to countries in default to the U.S. government , unless they are members of the World Bank and International Monetary Fund .

The U.S.S.R. belongs to neither organization .

Moscow has settled pre-1917 debts with other countries in recent years at less than face value .

The State Department stressed the pre-1933 debts as the key to satisfying the Johnson Act .

But the Soviets might still face legal obstacles to raising money in the U.S. until they settle hundreds of millions of dollars in additional debt still outstanding from the World War II lend-lease program .

In another reflection that the growth of the economy is leveling off , the government said that orders for manufactured goods and spending on construction failed to rise in September .

Meanwhile , the National Association of Purchasing Management said its latest survey indicated that the manufacturing economy contracted in October for the sixth consecutive month .

Its index inched up to 47.6 % in October from 46 % in September .

Any reading below 50 % suggests the manufacturing sector is generally declining .

The purchasing managers , however , also said that orders turned up in October after four months of decline .

Factories booked $ 236.74 billion in orders in September , nearly the same as the $ 236.79 billion in August , the Commerce Department said .

If not for a 59.6 % surge in orders for capital goods by defense contractors , factory orders would have fallen 2.1 % .

In a separate report , the department said construction spending ran at an annual rate of $ 415.6 billion , not significantly different from the $ 415.8 billion reported for August .

Private construction spending was down , but government building activity was up .

The figures in both reports were adjusted to remove the effects of usual seasonal patterns , but were n't adjusted for inflation .

Kenneth Mayland , economist for Society Corp. , a Cleveland bank , said demand for exports of factory goods is beginning to taper off .

At the same time , the drop in interest rates since the spring has failed to revive the residential construction industry .

`` What sector is stepping forward to pick up the slack ? '' he asked .

`` I draw a blank . ''

By most measures , the nation 's industrial sector is now growing very slowly -- if at all .

Factory payrolls fell in September .

So did the Federal Reserve Board 's industrial-production index .

Yet many economists are n't predicting that the economy is about to slip into recession .

They cite a lack of `` imbalances '' that provide early warning signals of a downturn .

Inventories are closely watched for such clues , for instance .

Economists say a buildup in inventories can provoke cutbacks in production that can lead to a recession .

But yesterday 's factory orders report had good news on that front : it said factory inventories fell 0.1 % in September , the first decline since February 1987 .

`` This conforms to the ` soft landing ' scenario , '' said Elliott Platt , an economist at Donaldson , Lufkin & Jenrette Securities Corp .

`` I do n't see any signs that inventories are excessive . ''

A soft landing is an economic slowdown that eases inflation without leading to a recession .

The department said orders for nondurable goods -- those intended to last fewer than three years -- fell 0.3 % in September to $ 109.73 billion after climbing 0.9 % the month before .

Orders for durable goods were up 0.2 % to $ 127.03 billion after rising 3.9 % the month before .

The department previously estimated that durable-goods orders fell 0.1 % in September .

Factory shipments fell 1.6 % to $ 234.4 billion after rising 5.4 % in August .

Shipments have been relatively level since January , the Commerce Department noted .

Manufacturers ' backlogs of unfilled orders rose 0.5 % in September to $ 497.34 billion , helped by strength in the defense capital goods sector .

Excluding these orders , backlogs declined 0.3 % .

In its construction spending report , the Commerce Department said residential construction , which accounts for nearly half of all construction spending , was off 0.9 % in September to an annual rate of $ 191.9 billion .

David Berson , economist for the Mortgage Bankers Association , predicted the drop in interest rates eventually will boost spending on single-family homes , but probably not until early next year .

Spending on private , nonresidential construction was off 2.6 % to an annual rate of $ 99.1 billion with no sector showing strength .

Government construction spending rose 4.3 % to $ 88 billion .

After adjusting for inflation , the Commerce Department said construction spending did n't change in September .

For the first nine months of the year , total construction spending ran about 2 % above last year 's level .

The government 's construction spending figures contrast with a report issued earlier in the week by McGraw-Hill Inc. 's F.W. Dodge Group .

Dodge reported an 8 % increase in construction contracts awarded in September .

The goverment counts money as it is spent ; Dodge counts contracts when they are awarded .

The government includes money spent on residential renovation ; Dodge does n't .

Although the purchasing managers ' index continues to indicate a slowing economy , it is n't signaling an imminent recession , said Robert Bretz , chairman of the association 's survey committee and director of materials management at Pitney Bowes Inc. , Stamford , Conn .

He said the index would have to be in the low 40 % range for several months to be considered a forecast of recession .

The report offered new evidence that the nation 's export growth , though still continuing , may be slowing .

Only 19 % of the purchasing managers reported better export orders in October , down from 27 % in September .

And 8 % said export orders were down last month , compared with 6 % the month before .

The purhasing managers ' report also added evidence that inflation is under control .

For the fifth consecutive month , purchasing managers said prices for the goods they purchased fell .

The decline was even steeper than in September .

They also said that vendors were delivering goods more quickly in October than they had for each of the five previous months .

Economists consider that a sign that inflationary pressures are abating .

When demand is stronger than suppliers can handle and delivery times lengthen , prices tend to rise .

The purchasing managers ' report is based on data provided by more than 250 purchasing executives .

Each of the survey 's indicators gauges the difference between the number of purchasers reporting improvement in a particular area and the number reporting a worsening .

For the first time , the October survey polled members on imports .

It found that of the 73 % who import , 10 % said they imported more in October and 12 % said they imported less than the previous month .

While acknowledging one month 's figures do n't prove a trend , Mr. Bretz said , `` It does lead you to suspect imports are going down , or at least not increasing that much . ''

Items listed as being in short supply numbered only about a dozen , but they included one newcomer : milk and milk powder .

`` It 's an odd thing to put on the list , '' Mr. Bretz noted .

He said that for the second month in a row , food processors reported a shortage of nonfat dry milk .

They blamed increased demand for dairy products at a time of exceptionally high U.S. exports of dry milk , coupled with very low import quotas .

Pamela Sebastian in New York contributed to this article .

Here are the Commerce Department 's figures for construction spending in billions of dollars at seasonally adjusted annual rates .

Here are the Commerce Department 's latest figures for manufacturers in billions of dollars , seasonally adjusted .

Judging from the Americana in Haruki Murakami 's `` A Wild Sheep Chase '' -LRB- Kodansha , 320 pages , $ 18.95 -RRB- , baby boomers on both sides of the Pacific have a lot in common .

Although set in Japan , the novel 's texture is almost entirely Western , especially American .

Characters drink Salty Dogs , whistle `` Johnny B. Goode '' and watch Bugs Bunny reruns .

They read Mickey Spillane and talk about Groucho and Harpo .

They worry about their careers , drink too much and suffer through broken marriages and desultory affairs .

This is Japan ?

For an American reader , part of the charm of this engaging novel should come in recognizing that Japan is n't the buttoned-down society of contemporary American lore .

It 's also refreshing to read a Japanese author who clearly does n't belong to the self-aggrandizing `` we-Japanese '' school of writers who perpetuate the notion of the unique Japanese , unfathomable by outsiders .

If `` A Wild Sheep Chase '' carries an implicit message for international relations , it 's that the Japanese are more like us than most of us think .

That 's not to say that the nutty plot of `` A Wild Sheep Chase '' is rooted in reality .

It 's imaginative and often funny .

A disaffected , hard-drinking , nearly-30 hero sets off for snow country in search of an elusive sheep with a star on its back at the behest of a sinister , erudite mobster with a Stanford degree .

He has in tow his prescient girlfriend , whose sassy retorts mark her as anything but a docile butterfly .

Along the way , he meets a solicitous Christian chauffeur who offers the hero God 's phone number ; and the Sheep Man , a sweet , roughhewn figure who wears -- what else -- a sheepskin .

The 40-year-old Mr. Murakami is a publishing sensation in Japan .

A more recent novel , `` Norwegian Wood '' -LRB- every Japanese under 40 seems to be fluent in Beatles lyrics -RRB- , has sold more than four million copies since Kodansha published it in 1987 .

But he is just one of several youthful writers -- Tokyo 's brat pack -- who are dominating the best-seller charts in Japan .

Their books are written in idiomatic , contemporary language and usually carry hefty dashes of Americana .

In Robert Whiting 's `` You Gotta Have Wa '' -LRB- Macmillan , 339 pages , $ 17.95 -RRB- , the Beatles give way to baseball , in the Nipponese version we would be hard put to call a `` game . ''

As Mr. Whiting describes it , Nipponese baseball is a `` mirror of Japan 's fabled virtues of hard work and harmony . ''

`` Wa '' is Japanese for `` team spirit '' and Japanese ballplayers have miles and miles of it .

A player 's commitment to practice and team image is as important as his batting average .

Polls once named Tokyo Giants star Tatsunori Hara , a `` humble , uncomplaining , obedient soul , '' as the male symbol of Japan .

But other than the fact that besuboru is played with a ball and a bat , it 's unrecognizable : Fans politely return foul balls to stadium ushers ; the strike zone expands depending on the size of the hitter ; ties are permitted -- even welcomed -- since they honorably sidestep the shame of defeat ; players must abide by strict rules of conduct even in their personal lives -- players for the Tokyo Giants , for example , must always wear ties when on the road .

`` You Gotta Have Wa '' is the often amusing chronicle of how American ballplayers , rationed to two per team , fare in Japan .

Despite the enormous sums of money they 're paid to stand up at a Japanese plate , a good number decide it 's not worth it and run for home .

`` Funny Business '' -LRB- Soho , 228 pages , $ 17.95 -RRB- by Gary Katzenstein is anything but .

It 's the petulant complaint of an impudent American whom Sony hosted for a year while he was on a Luce Fellowship in Tokyo -- to the regret of both parties .

In sometimes amusing , more often supercilious , even vicious passages , Mr. Katzenstein describes how Sony invades even the most mundane aspects of its workers ' lives -- at the regimented office , where employees are assigned lunch partners -- and at `` home '' in the austere company dormitory run by a prying caretaker .

Some of his observations about Japanese management style are on the mark .

It 's probably true that many salarymen put in unproductive overtime just for the sake of solidarity , that the system is so hierarchical that only the assistant manager can talk to the manager and the manager to the general manager , and that Sony was chary of letting a young , short-term American employee take on any responsibility .

All of this must have been enormously frustrating to Mr. Katzenstein , who went to Sony with degrees in business and computer science and was raring to invent another Walkman .

But Sony ultimately took a lesson from the American management books and fired Mr. Katzenstein , after he committed the social crime of making an appointment to see the venerable Akio Morita , founder of Sony .

It 's a shame their meeting never took place .

Mr. Katzenstein certainly would have learned something , and it 's even possible Mr. Morita would have too .

Ms. Kirkpatrick , the Journal 's deputy editorial features editor , worked in Tokyo for three years .

More and more corners of the globe are becoming free of tobacco smoke .

In Singapore , a new law requires smokers to put out their cigarettes before entering restaurants , department stores and sports centers or face a $ 250 fine .

Discos and private clubs are exempt from the ban , and smoking will be permitted in bars except during meal hours , an official said .

Singapore already bans smoking in all theaters , buses , public elevators , hospitals and fast-food restaurants .

In Malaysia , Siti Zaharah Sulaiman , a deputy minister in the prime minister 's office , launched a `` No-Smoking Week '' at the Mara Institute of Technology near Kuala Lumpur and urged other schools to ban on-campus smoking .

South Korea has different concerns .

In Seoul , officials began visiting about 26,000 cigarette stalls to remove illegal posters and signboards advertising imported cigarettes .

South Korea has opened its market to foreign cigarettes but restricts advertising to designated places .

A marketing study indicates that Hong Kong consumers are the most materialistic in the 14 major markets where the survey was carried out .

The study by the Backer Spielvogel Bates ad agency also found that the colony 's consumers feel more pressured than those in any of the other surveyed markets , which include the U.S. and Japan .

The survey found that nearly half of Hong Kong consumers espouse what it identified as materialistic values , compared with about one-third in Japan and the U.S. .

More than three in five said they are under a great deal of stress most of the time , compared with less than one in two U.S. consumers and one in four in Japan .

The Thai cabinet endorsed Finance Minister Pramual Sabhavasu 's proposal to build a $ 19 million conference center for a joint meeting of the World Bank and International Monetary Fund two years from now .

The meeting , which is expected to draw 20,000 to Bangkok , was going to be held at the Central Plaza Hotel , but the government balked at the hotel 's conditions for undertaking necessary expansion .

A major concern about the current plan is whether the new center can be built in such a short time .

Yasser Arafat has written to the chairman of the International Olympic Committee asking him to back a Palestinian bid to join the committee , the Palestine Liberation Organization news agency WAFA said .

An official of the Palestinian Olympic Committee said the committee first applied for membership in 1979 and renewed its application in August of this year .

The PLO in recent months has been trying to join international organizations but failed earlier this year to win membership in the World Health Organization and the World Tourism Organization .

A Beijing food-shop assistant has become the first mainland Chinese to get AIDS through sex , the People 's Daily said .

It said the man , whom it did not name , had been found to have the disease after hospital tests .

Once the disease was confirmed , all the man 's associates and family were tested , but none have so far been found to have AIDS , the newspaper said .

The man had for a long time had `` a chaotic sex life , '' including relations with foreign men , the newspaper said .

The Polish government increased home electricity charges by 150 % and doubled gas prices .

The official news agency PAP said the increases were intended to bring unrealistically low energy charges into line with production costs and compensate for a rise in coal prices .

In happier news , South Korea , in establishing diplomatic ties with Poland yesterday , announced $ 450 million in loans to the financially strapped Warsaw government .

In a victory for environmentalists , Hungary 's parliament terminated a multibillion-dollar River Danube dam being built by Austrian firms .

The Nagymaros dam was designed to be twinned with another dam , now nearly complete , 100 miles upstream in Czechoslovakia .

In ending Hungary 's part of the project , Parliament authorized Prime Minister Miklos Nemeth to modify a 1977 agreement with Czechoslovakia , which still wants the dam to be built .

Mr. Nemeth said in parliament that Czechoslovakia and Hungary would suffer environmental damage if the twin dams were built as planned .

Czechoslovakia said in May it could seek $ 2 billion from Hungary if the twindam contract were broken .

The Czech dam ca n't be operated solely at peak periods without the Nagymaros project .

A painting by August Strindberg set a Scandinavian price record when it sold at auction in Stockholm for $ 2.44 million .

`` Lighthouse II '' was painted in oils by the playwright in 1901 ...

After years of decline , weddings in France showed a 2.2 % upturn last year , with 6,000 more couples exchanging rings in 1988 than in the previous year , the national statistics office said .

But the number of weddings last year -- 271,124 -- was still well below the 400,000 registered in 1972 , the last year of increasing marriages .

BRAMALEA Ltd. said it agreed to issue 100 million Canadian dollars -LRB- US$ 85.1 million -RRB- of 10.5 % senior debentures due Nov. 30 , 1999 , together with 100,000 bond purchase warrants .

The Toronto-based real estate concern said each bond warrant entitles the holder to buy C$ 1,000 principal amount of debentures at par plus accrued interest to the date of purchase .

The warrants expire Nov. 30 , 1990 .

The issue will be swapped into fixed-rate U.S. dollars at a rate the company said is less than 9 % ; a spokesman declined to elaborate .

Lead underwriters for the issue are Scotia McLeod Inc. and RBC Dominion Securities Inc. , both Toronto-based investment dealers .

Bramalea said it expects to complete the issue by the end of the month .

As an actor , Charles Lane is n't the inheritor of Charlie Chaplin 's spirit .

Steve Martin has already laid his claim to that .

But it is Mr. Lane , as movie director , producer and writer , who has been obsessed with refitting Chaplin 's Little Tramp in a contemporary way .

In 1976 , as a film student at the Purchase campus of the State University of New York , Mr. Lane shot `` A Place in Time , '' a 36-minute black-and-white film about a sketch artist , a man of the streets .

Now , 13 years later , Mr. Lane has revived his Artist in a full-length movie called `` Sidewalk Stories , '' a poignant piece of work about a modern-day tramp .

Of course , if the film contained dialogue , Mr. Lane 's Artist would be called a homeless person .

So would the Little Tramp , for that matter .

I say `` contained dialogue '' because `` Sidewalk Stories '' is n't really silent at all .

Composer Marc Marder , a college friend of Mr. Lane 's who earns his living playing the double bass in classical music ensembles , has prepared an exciting , eclectic score that tells you what the characters are thinking and feeling far more precisely than intertitles , or even words , would .

Much of Mr. Lane 's film takes a highly romanticized view of life on the streets -LRB- though probably no more romanticized than Mr. Chaplin 's notion of the Tramp as the good-hearted free spirit -RRB- .

Filmed in lovely black and white by Bill Dill , the New York streets of `` Sidewalk Stories '' seem benign .

On Wall Street men and women walk with great purpose , noticing one another only when they jostle for cabs .

The Artist hangs out in Greenwich Village , on a strip of Sixth Avenue populated by jugglers , magicians and other good-natured hustlers .

-LRB- This clearly is not real life : no crack dealers , no dead-eyed men selling four-year-old copies of Cosmopolitan , no one curled up in a cardboard box . -RRB-

The Artist has his routine .

He spends his days sketching passers-by , or trying to .

At night he returns to the condemned building he calls home .

His life , including his skirmishes with a competing sketch artist , seems carefree .

He is his own man .

Then , just as the Tramp is given a blind girl to cure in `` City Lights , '' the Artist is put in charge of returning a two-year-old waif -LRB- Nicole Alysia -RRB- , whose father has been murdered by thugs , to her mother .

This cute child turns out to be a blessing and a curse .

She gives the Artist a sense of purpose , but also alerts him to the serious inadequacy of his vagrant life .

The beds at the Bowery Mission seem far drearier when he has to tuck a little girl into one of them at night .

To further load the stakes , Mr. Lane dreamed up a highly improbable romance for the Artist , with a young woman who owns her own children 's shop and who lives in an expensive high-rise apartment building .

This story line might resonate more strongly if Mr. Lane had as strong a presence in front of the camera as he does behind it .

Mr. Lane 's final purpose is n't to glamorize the Artist 's vagabond existence .

He has a point he wants to make , and he makes it , with a great deal of force .

The movie ends with sound , the sound of street people talking , and there is n't anything whimsical or enviable in those rough , beaten voices .

The French film maker Claude Chabrol has managed another kind of weird achievement with his `` Story of Women . ''

He has made a harsh , brilliant picture -- one that 's captivating -- about a character who , viewed from the most sympathetic angle , would seem disagreeable .

Yet this woman , Marie-Louise Giraud , carries historical significance , both as one of the last women to be executed in France and as a symbol of the Vichy government 's hypocrisy .

While Vichy collaborated with the Germans during World War II in the deaths of thousands of Resistance fighters and Jews , its officials needed a diversionary symbolic traitor .

Marie-Louise , a small-time abortionist , was their woman .

She became an abortionist accidentally , and continued because it enabled her to buy jam , cocoa and other war-rationed goodies .

She was untrained and , in one botched job killed a client .

Her remorse was shallow and brief .

Although she was kind and playful to her children , she was dreadful to her war-damaged husband ; she openly brought her lover into their home .

As presented by Mr. Chabrol , and played with thin-lipped intensity by Isabelle Huppert , Marie-Louise -LRB- called Marie Latour in the film -RRB- was not a nice person .

But she did n't deserve to have her head chopped off .

There is very little to recommend `` Old Gringo , '' a confused rendering of the Carlos Fuentes novel of the Mexican Revolution .

Most of the picture is taken up with endless scenes of many people either fighting or eating and drinking to celebrate victory .

I mention the picture only because many bad movies have a bright spot , and this one has Gregory Peck , in a marvelously loose and energetic portrayal of an old man who wants to die the way he wants to die .

Video Tip : Before seeing `` Sidewalk Stories , '' take a look at `` City Lights , '' Chaplin 's Tramp at his finest .

Boeing Co. said it is discussing plans with three of its regular Japanese suppliers to possibly help build a larger version of its popular 767 twin-jet .

The discussions are still in preliminary stages , and the specific details have n't been worked out between the Seattle aerospace company and Kawasaki Heavy Industries Ltd. , Mitsubishi Heavy Industries Ltd. and Fuji Heavy Industries Ltd .

The three Japanese companies build the body sections of the 767 , accounting for a combined 15 % of the aircraft .

Japanese press reports have speculated that the Japanese contribution could rise to between 20 % and 25 % under the new program .

If Boeing goes ahead with the larger 767 , the plane could hit the market in the mid-1990s .

This is the year the negative ad , for years a secondary presence in most political campaigns , became the main event .

The irony is that the attack commercial , after getting a boost in last year 's presidential campaign , has come of age in an off-off election year with only a few contests scattered across the country .

But in the three leading political contests of 1989 , the negative ads have reached new levels of hostility , raising fears that this kind of mudslinging , empty of significant issues , is ushering in a new era of campaigns without content .

`` Now , '' says Joseph Napolitan , a pioneer in political television , `` the idea is to attack first , last and always . ''

A trend that started with the first stirrings of politics , accelerated with the dawn of the television age and became a sometimes-tawdry art form in 1988 , has reached an entirely new stage .

`` To get people 's attention these days , '' says Douglas Bailey , a political consultant , `` your TV ad needs to be bold and entertaining , and , more often than not , that means confrontational .

And , unlike a few years ago , you do n't even have to worry whether the ad is truthful . ''

In 1989 , as often as not , the principal fights in the major campaigns are prompted by the ads themselves .

Take a look , then , at the main attack commercials that set the tone for Tuesday 's elections in New York City , New Jersey and Virginia :

New York City :

The screen fills with a small , tight facial shot of David Dinkins , Democratic candidate for mayor of New York City .

`` David Dinkins failed to file his income taxes for four straight years , '' says a disembodied male voice .

And then this television commercial , paid for by Republican Rudolph Giuliani 's campaign and produced by Roger Ailes , the master of negative TV ads , really gets down to business .

Mr. Dinkins , the ad charges , also failed to report his campaign contributions accurately , hid his links to a failing insurance company and paid a convicted kidnapper `` through a phony organization with no members , no receipts and no office . ''

`` David Dinkins , '' says the kicker , `` Why does he always wait until he 's caught ? ''

`` Nasty innuendoes , '' says John Siegal , Mr. Dinkins 's issues director , `` designed to prosecute a case of political corruption that simply does n't exist . ''

Stung by the Giuliani ads , Mr. Dinkins 's TV consultants , Robert Shrum and David Doak , finally unleashed a negative ad of their own .

The screen shows two distorted , unrecognizable photos , presumably of two politicians .

`` Compare two candidates for mayor , '' says the announcer .

`` One says he 's for banning cop-killer bullets .

The other has opposed a ban on cop-killer bullets .

One claims he 's pro-choice .

The other has opposed a woman 's right to choose . ''

`` Funny thing , '' says the kicker , `` both these candidates are named Rudolph Giuliani . ''

Who 's telling the truth ?

Everybody -- and nobody .

It 's a classic situation of ads that are true but not always fully accurate .

Mr. Dinkins did fail to file his income taxes for four years , but he insists he voluntarily admitted the `` oversight '' when he was being considered for a city job .

He was on the board of an insurance company with financial problems , but he insists he made no secret of it .

The city 's Campaign Finance Board has refused to pay Mr. Dinkins $ 95,142 in matching funds because his campaign records are incomplete .

The campaign has blamed these reporting problems on computer errors .

And , says Mr. Dinkins , he did n't know the man his campaign paid for a get-out-the-vote effort had been convicted of kidnapping .

But , say Mr. Dinkins 's managers , he did have an office and his organization did have members .

Mr. Giuliani 's campaign chairman , Peter Powers , says the Dinkins ad is `` deceptive . ''

The other side , he argues , `` knows Giuliani has always been pro-choice , even though he has personal reservations .

They know he is generally opposed to cop-killer bullets , but that he had some reservations about the language in the legislation . ''

Virginia :

Democratic Lt. Gov. Douglas Wilder opened his gubernatorial battle with Republican Marshall Coleman with an abortion commercial produced by Frank Greer that analysts of every political persuasion agree was a tour de force .

Against a shot of Monticello superimposed on an American flag , an announcer talks about the `` strong tradition of freedom and individual liberty '' that Virginians have nurtured for generations .

Then , just as an image of the statue of Thomas Jefferson dissolves from the screen , the announcer continues : `` On the issue of abortion , Marshall Coleman wants to take away your right to choose and give it to the politicians . ''

That commercial -- which said Mr. Coleman wanted to take away the right of abortion `` even in cases of rape and incest , '' a charge Mr. Coleman denies -- changed the dynamics of the campaign , transforming it , at least in part , into a referendum on abortion .

The ad prompted Mr. Coleman , the former Virginia attorney general , to launch a series of advertisements created by Bob Goodman and designed to shake Mr. Wilder 's support among the very women who were attracted by the abortion ad .

The Coleman counterattack featured a close-up of a young woman in shadows and the ad suggested that she was recalling an unpleasant courtroom ordeal .

A voice says , `` C'mon , now , do n't you have boyfriends ? ''

Then an announcer interjects : `` It was Douglas Wilder who introduced a bill to force rape victims age 13 and younger to be interrogated about their private lives by lawyers for accused rapists .

So the next time Mr. Wilder talks about the rights of women , ask him about this law he tried to pass . ''

Mr. Wilder did introduce such legislation 17 years ago , but he did so at the request of a constituent , a common legislative technique used by lawmakers .

The legislation itself noted that it was introduced `` by request , '' and in 1983 Mr. Wilder introduced a bill to protect rape victims from unfounded interrogation .

`` People have grown tired of these ads and Coleman has gotten the stigma of being a negative campaigner , '' says Mark Rozell , a political scientist at Mary Washington College .

`` Wilder has managed to get across the idea that Coleman will say anything to get elected governor and -- more important -- has been able to put the onus for all the negative campaigning on Coleman . ''

Mr. Coleman said this week that he would devote the remainder of the political season to positive campaigning , but the truce lasted only hours .

By Tuesday night , television stations were carrying new ads featuring Mr. Coleman himself raising questions about Mr. Wilder 's sensitivity to rape victims .

New Jersey :

The attacks began when Democratic Rep. James Florio aired an ad featuring a drawing of Pinocchio and a photograph of Mr. Florio 's rival , Republican Rep. Jim Courter .

`` Remember Pinocchio ? '' says a female voice .

`` Consider Jim Courter . ''

And then this commercial , produced by Bob Squier , gets down to its own mean and dirty business .

Pictures of rusted oil drums swim into focus , and the female voice purrs , `` That hazardous waste on his -LCB- Mr. Courter 's -RCB- property -- the neighbors are suing for consumer fraud . ''

And the nose on Mr. Courter 's face grows .

The only fraud involved , cry Mr. Courter 's partisans , is the Florio commercial itself , and so the Courter campaign has responded with its own Pinocchio commercial , produced by Mr. Ailes .

In this one , the screen fills with photographs of both candidates .

`` Who 's really lying ? '' asks a female voice .

`` Florio 's lying , '' the voice goes on , because `` the barrel on Courter 's land ... contained heating oil , was cleaned up and caused no pollution . ''

Mr. Courter 's long nose shrinks while Mr. Florio 's grows .

Who 's telling the truth ?

Stephen Salmore , a political scientist at New Jersey 's Eagleton Institute , says it 's another example of an ad that 's true but not fully accurate .

Barrels were dumped on the Courter property , a complaint was made , but there is no evidence the barrels were a serious threat to the environment .

Even so , according to Mr. Salmore , the ad was `` devastating '' because it raised questions about Mr. Courter 's credibility .

But it 's building on a long tradition .

In 1966 , on route to a re-election rout of Democrat Frank O'Connor , GOP Gov. Nelson Rockefeller of New York appeared in person saying , `` If you want to keep the crime rates high , O'Connor is your man . ''

A seat on the Chicago Board of Trade was sold for $ 350,000 , down $ 16,000 from the previous sale last Friday .

Seats currently are quoted at $ 331,000 , bid , and $ 350,000 , asked .

The record price for a full membership on the exchange is $ 550,000 , set Aug. 31 , 1987 .

Japanese investment in Southeast Asia is propelling the region toward economic integration .

Interviews with analysts and business people in the U.S. suggest that Japanese capital may produce the economic cooperation that Southeast Asian politicians have pursued in fits and starts for decades .

But Japan 's power in the region also is sparking fears of domination and posing fresh policy questions .

The flow of Japanese funds has set in motion `` a process whereby these economies will be knitted together by the great Japanese investment machine , '' says Robert Hormats , vice chairman of Goldman Sachs International Corp .

In the past five years , Japanese companies have tripled their commitments in Asia to $ 5.57 billion .

In Thailand , for example , the government 's Board of Investment approved $ 705.6 million of Japanese investment in 1988 , 10 times the U.S. investment figure for the year .

Japan 's commitment in Southeast Asia also includes steep increases in foreign assistance and trade .

Asia 's other cash-rich countries are following Japan 's lead and pumping capital into the region .

In Taiwan and South Korea , rising wages are forcing manufacturers to seek other overseas sites for labor-intensive production .

These nations , known as Asia 's `` little tigers , '' also are contributing to Southeast Asia 's integration , but their influence will remain subordinate to Japan 's .

For recipient countries such as Thailand and Malaysia , the investment will provide needed jobs and spur growth .

But Asian nations ' harsh memories of their military domination by Japan in the early part of this century make them fearful of falling under Japanese economic hegemony now .

Because of budget constraints in Washington , the U.S. encourages Japan to share economic burdens in the region .

But it resists yielding political ground .

In the coming decade , analysts say , U.S.-Japanese relations will be tested as Tokyo comes to terms with its new status as the region 's economic behemoth .

Japan 's swelling investment in Southeast Asia is part of its economic evolution .

In the past decade , Japanese manufacturers concentrated on domestic production for export .

In the 1990s , spurred by rising labor costs and the strong yen , these companies will increasingly turn themselves into multinationals with plants around the world .

To capture the investment , Southeast Asian nations will move to accommodate Japanese business .

These nations ' internal decisions `` will be made in a way not to offend their largest aid donor , largest private investor and largest lender , '' says Richard Drobnick , director of the international business and research program at the University of Southern California 's Graduate School of Business .

Japanese money will help turn Southeast Asia into a more cohesive economic region .

But , analysts say , Asian cooperation is n't likely to parallel the European Common Market approach .

Rather , Japanese investment will spur integration of certain sectors , says Kent Calder , a specialist in East Asian economies at the Woodrow Wilson School for Public and Internatonal Affairs at Princeton University .

In electronics , for example , a Japanese company might make television picture tubes in Japan , assemble the sets in Malaysia and export them to Indonesia .

`` The effect will be to pull Asia together not as a common market but as an integrated production zone , '' says Goldman Sachs 's Mr. Hormats .

Countries in the region also are beginning to consider a framework for closer economic and political ties .

The economic and foreign ministers of 12 Asian and Pacific nations will meet in Australia next week to discuss global trade issues as well as regional matters such as transportation and telecommunications .

Participants will include the U.S. , Australia , Canada , Japan , South Korea and New Zealand as well as the six members of the Association of Southeast Asian Nations -- Thailand , Malaysia , Singapore , Indonesia , the Philippines and Brunei .

In addition , the U.S. this year offered its own plan for cooperation around the Pacific rim in a major speech by Secretary of State James Baker , following up a proposal made in January by Australian Prime Minister Bob Hawke .

The Baker proposal reasserts Washington 's intention to continue playing a leading political role in the region .

`` In Asia , as in Europe , a new order is taking shape , '' Mr. Baker said .

`` The U.S. , with its regional friends , must play a crucial role in designing its architecture . ''

But maintaining U.S. influence will be difficult in the face of Japanese dominance in the region .

Japan not only outstrips the U.S. in investment flows but also outranks it in trade with most Southeast Asian countries -LRB- although the U.S. remains the leading trade partner for all of Asia -RRB- .

Moreover , the Japanese government , now the world 's largest aid donor , is pumping far more assistance into the region than the U.S. is .

While U.S. officials voice optimism about Japan 's enlarged role in Asia , they also convey an undertone of caution .

`` There 's an understanding on the part of the U.S. that Japan has to expand its functions '' in Asia , says J. Michael Farren , undersecretary of commerce for trade .

`` If they approach it with a benevolent , altruistic attitude , there will be a net gain for everyone . ''

Some Asian nations are apprehensive about Washington 's demand that Tokyo step up its military spending to ease the U.S. security burden in the region .

The issue is further complicated by uncertainty over the future of the U.S. 's leases on military bases in the Philippines and by a possible U.S. troop reduction in South Korea .

Many Asians regard a U.S. presence as a desirable counterweight to Japanese influence .

`` No one wants the U.S. to pick up its marbles and go home , '' Mr. Hormats says .

For their part , Taiwan and South Korea are expected to step up their own investments in the next decade to try to slow the Japanese juggernaut .

`` They do n't want Japan to monopolize the region and sew it up , '' says Chong-sik Lee , professor of East Asian politics at the University of Pennsylvania .

Cathryn Rice could hardly believe her eyes .

While giving the Comprehensive Test of Basic Skills to ninth graders at Greenville High School last March 16 , she spotted a student looking at crib sheets .

She had seen cheating before , but these notes were uncanny .

`` A stockbroker is an example of a profession in trade and finance ... .

At the end of World War II , Germany surrendered before Japan ... .

The Senate-House conference committee is used when a bill is passed by the House and Senate in different forms . ''

Virtually word for word , the notes matched questions and answers on the social-studies section of the test the student was taking .

In fact , the student had the answers to almost all of the 40 questions in that section .

The student surrendered the notes , but not without a protest .

`` My teacher said it was OK for me to use the notes on the test , '' he said .

The teacher in question was Nancy Yeargin -- considered by many students and parents to be one of the best at the school .

Confronted , Mrs. Yeargin admitted she had given the questions and answers two days before the examination to two low-ability geography classes .

She had gone so far as to display the questions on an overhead projector and underline the answers .

Mrs. Yeargin was fired and prosecuted under an unusual South Carolina law that makes it a crime to breach test security .

In September , she pleaded guilty and paid a $ 500 fine .

Her alternative was 90 days in jail .

Her story is partly one of personal downfall .

She was an unstinting teacher who won laurels and inspired students , but she will probably never teach again .

In her wake she left the bitterness and anger of a principal who was her friend and now calls her a betrayer ; of colleagues who say she brought them shame ; of students and parents who defended her and insist she was treated harshly ; and of school-district officials stunned that despite the bald-faced nature of her actions , she became something of a local martyr .

Mrs. Yeargin 's case also casts some light on the dark side of school reform , where pressures on teachers are growing and where high-stakes testing has enhanced the temptation to cheat .

The 1987 statute Mrs. Yeargin violated was designed to enforce provisions of South Carolina 's school-improvement laws .

Prosecutors alleged that she was trying to bolster students ' scores to win a bonus under the state 's 1984 Education Improvement Act .

The bonus depended on her ability to produce higher student-test scores .

`` There is incredible pressure on school systems and teachers to raise test scores , '' says Walt Haney , an education professor and testing specialist at Boston College .

`` So efforts to beat the tests are also on the rise . ''

And most disturbing , it is educators , not students , who are blamed for much of the wrongdoing .

A 50-state study released in September by Friends for Education , an Albuquerque , N.M. , school-research group , concluded that `` outright cheating by American educators '' is `` common . ''

The group says standardized achievement test scores are greatly inflated because teachers often `` teach the test '' as Mrs. Yeargin did , although most are never caught .

Evidence of widespread cheating has surfaced in several states in the last year or so .

California 's education department suspects adult responsibility for erasures at 40 schools that changed wrong answers to right ones on a statewide test .

After numerous occurrences of questionable teacher help to students , Texas is revising its security practices .

And sales of test-coaching booklets for classroom instruction are booming .

These materials , including Macmillan\/McGraw-Hill School Publishing Co. 's Scoring High and Learning Materials -- are nothing short of sophisticated crib sheets , according to some recent academic research .

By using them , teachers -- with administrative blessing -- telegraph to students beforehand the precise areas on which a test will concentrate , and sometimes give away a few exact questions and answers .

Use of Scoring High is widespread in South Carolina and common in Greenville County , Mrs. Yeargin 's school district .

Experts say there is n't another state in the country where tests mean as much as they do in South Carolina .

Under the state 's Education Improvement Act , low test scores can block students ' promotions or force entire districts into wrenching , state-supervised `` interventions '' that can mean firings .

High test scores , on the other hand , bring recognition and extra money -- a new computer lab for a school , grants for special projects , a bonus for the superintendent .

And South Carolina says it is getting results .

Since the reforms went in place , for example , no state has posted a higher rate of improvement on the Scholastic Aptitude Test than South Carolina , although the state still posts the lowest average score of the about 21 states who use the SAT as the primary college entrance examination .

Critics say South Carolina is paying a price by stressing improved test scores so much .

Friends of Education rates South Carolina one of the worst seven states in its study on academic cheating .

Says the organization 's founder , John Cannell , prosecuting Mrs. Yeargin is `` a way for administrators to protect themselves and look like they take cheating seriously , when in fact they do n't take it seriously at all . ''

Paul Sandifer , director of testing for the South Carolina department of education , says Mr. Cannell 's allegations of cheating `` are purely without foundation , '' and based on unfair inferences .

Partly because of worries about potential abuse , however , he says the state will begin keeping closer track of achievement-test preparation booklets next spring .

South Carolina 's reforms were designed for schools like Greenville High School .

Standing on a shaded hill in a run-down area of this old textile city , the school has educated many of South Carolina 's best and brightest , including the state 's last two governors , Nobel Prize winning physicist Charles Townes and actress Joanne Woodward .

But by the early 1980s , its glory had faded like the yellow bricks of its broad facade .

`` It was full of violence and gangs and kids cutting class , '' says Linda Ward , the school 's principal .

`` Crime was awful , test scores were low , and there was no enrollment in honors programs . ''

Mrs. Ward took over in 1986 , becoming the school 's seventh principal in 15 years .

Her immediate predecessor suffered a nervous breakdown .

Prior to his term , a teacher bled to death in the halls , stabbed by a student .

Academically , Mrs. Ward says , the school was having trouble serving in harmony its two disparate , and evenly split , student groups : a privileged white elite from old monied neighborhoods and blacks , many of them poor , from run-down , inner city neighborhoods .

Mrs. Ward resolved to clean out `` deadwood '' in the school 's faculty and restore safety , and she also had some new factors working in her behalf .

One was statewide school reform , which raised overall educational funding and ushered in a new public spirit for school betterment .

Another was Nancy Yeargin , who came to Greenville in 1985 , full of the energy and ambitions that reformers wanted to reward .

`` Being a teacher just became my life , '' says the 37-year-old Mrs. Yeargin , a teacher for 12 years before her dismissal . ``

I loved the school , its history .

I even dreamt about school and new things to do with my students . ''

While Mrs. Ward fired and restructured staff and struggled to improve curriculum , Mrs. Yeargin worked 14-hour days and fast became a student favorite .

In 1986-87 and 1987-88 , she applied for and won bonus pay under the reform law .

Encouraged by Mrs. Ward , Mrs. Yeargin taught honor students in the state `` teacher cadet '' program , a reform creation designed to encourage good students to consider teaching as a career .

She won grant money for the school , advised cheerleaders , ran the pep club , proposed and taught a new `` Cultural Literacy '' class in Western Civilization and was chosen by the school PTA as `` Teacher of the Year . ''

`` She was an inspirational lady ; she had it all together , '' says Laura Dobson , a freshman at the University of South Carolina who had Mrs. Yeargin in the teacher-cadet class last year .

She says that because of Mrs. Yeargin she gave up ambitions in architecture and is studying to become a teacher .

Mary Beth Marchand , a Greenville 11th grader , also says Mrs. Yeargin inspired her to go into education .

`` She taught us more in Western Civilization than I 've ever learned in other classes , '' says Kelli Green , a Greenville senior .

In the classroom , students say , Mrs. Yeargin distinguished herself by varying teaching approaches -- forcing kids to pair up to complete classroom work or using college-bowl type competitions .

On weekends , she came to work to prepare study plans or sometimes , even to polish the furniture in her classroom .

`` She just never gave it up , '' says Mary Marchand , Mary Beth 's mother .

`` You 'd see her correcting homework in the stands at a football game . ''

Some fellow teachers , however , viewed Mrs. Yeargin as cocky and too yielding to students .

Mrs. Ward says she often defended her to colleagues who called her a grandstander .

Pressures began to build .

Friends told her she was pushing too hard .

Because of deteriorating hearing , she told colleagues she feared she might not be able to teach much longer .

Mrs. Yeargin 's extra work was also helping her earn points in the state 's incentive-bonus program .

But the most important source of points was student improvement on tests .

Huge gains by her students in 1987 and 1988 meant a total of $ 5,000 in bonuses over two years -- a meaningful addition to her annual salary of $ 23,000 .

Winning a bonus for a third year was n't that important to her , Mrs. Yeargin insists .

But others at Greenville High say she was eager to win -- if not for money , then for pride and recognition .

Mary Elizabeth Ariail , another social-studies teacher , says she believed Mrs. Yeargin wanted to keep her standing high so she could get a new job that would n't demand good hearing .

Indeed , Mrs. Yeargin was interested in a possible job with the state teacher cadet program .

Last March , after attending a teaching seminar in Washington , Mrs. Yeargin says she returned to Greenville two days before annual testing feeling that she had n't prepared her low-ability geography students adequately .

When test booklets were passed out 48 hours ahead of time , she says she copied questions in the social studies section and gave the answers to students .

Mrs. Yeargin admits she made a big mistake but insists her motives were correct .

`` I was trying to help kids in an unfair testing situation , '' she says .

`` Only five of the 40 questions were geography questions .

The rest were history , sociology , finance -- subjects they never had . ''

Mrs. Yeargin says that she also wanted to help lift Greenville High School 's overall test scores , usually near the bottom of 14 district high schools in rankings carried annually by local newspapers .

Mostly , she says , she wanted to prevent the damage to self-esteem that her low-ability students would suffer from doing badly on the test .

`` These kids broke my heart , '' she says .

`` A whole day goes by and no one even knows they 're alive .

They desperately needed somebody who showed they cared for them , who loved them .

The last thing they needed was another drag-down blow . ''

School officials and prosecutors say Mrs. Yeargin is lying .

They found students in an advanced class a year earlier who said she gave them similar help , although because the case was n't tried in court , this evidence was never presented publicly .

`` That pretty much defeats any inkling that she was out to help the poor underprivileged child , '' says Joe Watson , the prosecutor in the case , who is also president of Greenville High School 's alumni association .

Mrs. Yeargin concedes that she went over the questions in the earlier class , adding : `` I wanted to help all '' students .

Mr. Watson says Mrs. Yeargin never complained to school officials that the standardized test was unfair .

`` Do I have much sympathy for her ? '' Mr. Watson asks .

`` Not really .

I believe in the system .

I believe you have to use the system to change it .

What she did was like taking the law into your own hands . ''

Mrs. Ward says that when the cheating was discovered , she wanted to avoid the morale-damaging public disclosure that a trial would bring .

She says she offered Mrs. Yeargin a quiet resignation and thought she could help save her teaching certificate .

Mrs. Yeargin declined .

`` She said something like ` You just want to make it easy for the school . '

I was dumbfounded , '' Mrs. Ward recalls .

`` It was like someone had turned a knife in me . ''

To the astonishment and dismay of her superiors and legal authorities -- and perhaps as a measure of the unpopularity of standardized tests -- Mrs . Yeargin won widespread local support .

The school-board hearing at which she was dismissed was crowded with students , teachers and parents who came to testify on her behalf .

Supportive callers decried unfair testing , not Mrs. Yeargin , on a local radio talk show on which she appeared .

The show did n't give the particulars of Mrs. Yeargin 's offense , saying only that she helped students do better on the test .

`` The message to the board of education out of all this is we 've got to take a serious look at how we 're doing our curriculum and our testing policies in this state , '' said the talk-show host .

Editorials in the Greenville newspaper allowed that Mrs. Yeargin was wrong , but also said the case showed how testing was being overused .

The radio show `` enraged us , '' says Mrs. Ward .

Partly because of the show , Mr. Watson says , the district decided not to recommend Mrs. Yeargin for a first-time offenders program that could have expunged the charges and the conviction from her record .

And legal authorities cranked up an investigation worthy of a murder case .

Over 50 witnesses , mostly students , were interviewed .

At Greenville High School , meanwhile , some students -- especially on the cheerleading squad -- were crushed .

`` It 's hard to explain to a 17-year-old why someone they like had to go , '' says Mrs. Ward .

Soon , T-shirts appeared in the corridors that carried the school 's familiar red-and-white GHS logo on the front .

On the back , the shirts read , `` We have all the answers . ''

Many colleagues are angry at Mrs. Yeargin .

`` She did a lot of harm , '' says Cathryn Rice , who had discovered the crib notes .

`` We work damn hard at what we do for damn little pay , and what she did cast unfair aspersions on all of us . ''

But several teachers also say the incident casts doubt on the wisdom of evaluating teachers or schools by using standardized test scores .

Says Gayle Key , a mathematics teacher , `` The incentive pay thing has opened up a can of worms .

There may be others doing what she did . ''

Mrs. Yeargin says she pleaded guilty because she realized it would no longer be possible to win reinstatement , and because she was afraid of further charges .

Mrs. Ward , for one , was relieved .

Despite the strong evidence against Mrs. Yeargin , popular sentiment was so strong in her favor , Mrs. Ward says , that `` I 'm afraid a jury would n't have convicted her .

Since chalk first touched slate , schoolchildren have wanted to know : What 's on the test ?

These days , students can often find the answer in test-coaching workbooks and worksheets their teachers give them in the weeks prior to taking standardized achievement tests .

The mathematics section of the widely used California Achievement Test asks fifth graders : `` What is another name for the Roman numeral IX ? ''

It also asks them to add two-sevenths and three-sevenths .

Worksheets in a test-practice kit called Learning Materials , sold to schools across the country by Macmillan\/McGraw-Hill School Publishing Co. , contain the same questions .

In many other instances , there is almost no difference between the real test and Learning Materials .

What 's more , the test and Learning Materials are both produced by the same company , Macmillan\/McGraw-Hill , a joint venture of McGraw-Hill Inc. and Macmillan 's parent , Britain 's Maxwell Communication Corp .

Close parallels between tests and practice tests are common , some educators and researchers say .

Test-preparation booklets , software and worksheets are a booming publishing subindustry .

But some practice products are so similar to the tests themselves that critics say they represent a form of school-sponsored cheating .

`` If I took -LCB- these preparation booklets -RCB- into my classroom , I 'd have a hard time justifying to my students and parents that it was n't cheating , '' says John Kaminski , a Traverse City , Mich. , teacher who has studied test coaching .

He and other critics say such coaching aids can defeat the purpose of standardized tests , which is to gauge learning progress .

`` It 's as if France decided to give only French history questions to students in a European history class , and when everybody aces the test , they say their kids are good in European history , '' says John Cannell , an Albuquerque , N.M. , psychiatrist and founder of an educational research organization , Friends for Education , which has studied standardized testing .

Standardized achievement tests are given about 10 million times a year across the country to students generally from kindergarten through eighth grade .

The most widely used of these tests are Macmillan\/McGraw 's CAT and Comprehensive Test of Basic Skills ; the Iowa Test of Basic Skills , by Houghton Mifflin Co. ; and Harcourt Brace Jovanovich Inc. 's Metropolitan Achievement Test and Stanford Achievement Test .

Sales figures of the test-prep materials are n't known , but their reach into schools is significant .

In Arizona , California , Florida , Louisiana , Maryland , New Jersey , South Carolina and Texas , educators say they are common classroom tools .

Macmillan\/McGraw says `` well over 10 million '' of its Scoring High test-preparation books have been sold since their introduction 10 years ago , with most sales in the last five years .

About 20,000 sets of Learning Materials teachers ' binders have also been sold in the past four years .

The materials in each set reach about 90 students .

Scoring High and Learning Materials are the best-selling preparation tests .

Michael Kean , director of marketing for CTB Macmillan\/McGraw , the Macmillan\/McGraw division that publishes Learning Materials , says it is n't aimed at improving test scores .

He also asserted that exact questions were n't replicated .

When referred to the questions that matched , he said it was coincidental .

Mr. Kaminski , the schoolteacher , and William Mehrens , a Michigan State University education professor , concluded in a study last June that CAT test versions of Scoring High and Learning Materials should n't be used in the classroom because of their similarity to the actual test .

They devised a 69-point scale -- awarding one point for each subskill measured on the CAT test -- to rate the closeness of test preparatives to the fifth-grade CAT .

Because many of these subskills -- the symmetry of geometrical figures , metric measurement of volume , or pie and bar graphs , for example -- are only a small part of the total fifth-grade curriculum , Mr. Kaminski says , the preparation kits would n't replicate too many , if their real intent was general instruction or even general familiarization with test procedures .

But Learning Materials matched on 66.5 of 69 subskills .

Scoring High matched on 64.5 .

In CAT sections where students ' knowledge of two-letter consonant sounds is tested , the authors noted that Scoring High concentrated on the same sounds that the test does -- to the exclusion of other sounds that fifth graders should know .

Learning Materials for the fifth-grade contains at least a dozen examples of exact matches or close parallels to test items .

Rick Brownell , senior editor of Scoring High , says that Messrs. Kaminski and Mehrens are ignoring `` the need students have for becoming familiar with tests and testing format . ''

He said authors of Scoring High `` scrupulously avoid '' replicating exact questions , but he does n't deny that some items are similar .

When Scoring High first came out in 1979 , it was a publication of Random House .

McGraw-Hill was outraged .

In a 1985 advisory to educators , McGraw-Hill said Scoring High should n't be used because it represented a `` parallel form '' of the CAT and CTBS tests .

But in 1988 , McGraw-Hill purchased the Random House unit that publishes Scoring High , which later became part of Macmillan\/McGraw .

Messrs. Brownell and Kean say they are unaware of any efforts by McGraw-Hill to modify or discontinue Scoring High .

Alleghany Corp. said it completed the acquisition of Sacramento Savings & Loan Association from the H.N. & Frances C. Berger Foundation for $ 150 million .

The Sacramento-based S&L , which has 44 branch offices in north central California , had assets of $ 2.4 billion at the end of September .

New York-based Alleghany is an insurance and financial services concern .

The purchase price includes two ancillary companies .

The Department of Health and Human Services plans to extend its moratorium on federal funding of research involving fetal-tissue transplants .

Medical researchers believe the transplantation of small amounts of fetal tissue into humans could help treat juvenile diabetes and such degenerative diseases as Alzheimer 's , Parkinson 's and Huntington 's .

But anti-abortionists oppose such research because they worry that the development of therapies using fetal-tissue transplants could lead to an increase in abortions .

James Mason , assistant secretary for health , said the ban on federal funding of fetal-tissue transplant research `` should be continued indefinitely . ''

He said the ban wo n't stop privately funded tissue-transplant research or federally funded fetal-tissue research that does n't involve transplants .

Department officials say that HHS Secretary Louis Sullivan will support Dr. Mason 's ruling , which will be issued soon in the form of a letter to the acting director of the National Institutes of Health .

Both Dr. Mason and Dr. Sullivan oppose federal funding for abortion , as does President Bush , except in cases where a woman 's life is threatened .

The controversy began in 1987 when the National Institutes of Health , aware of the policy implications of its research , asked for an HHS review of its plan to implant fetal tissue into the brain of a patient suffering from Parkinson 's disease .

The department placed a moratorium on the research , pending a review of scientific , legal and ethical issues .

A majority of an NIH-appointed panel recommended late last year that the research continue under carefully controlled conditions , but the issue became embroiled in politics as anti-abortion groups continued to oppose federal funding .

The dispute has hampered the administration 's efforts to recruit prominent doctors to fill prestigious posts at the helm of the NIH and the Centers for Disease Control .

Several candidates have withdrawn their names from consideration after administration officials asked them for their views on abortion and fetal-tissue transplants .

Antonio Novello , whom Mr. Bush nominated to serve as surgeon general , reportedly has assured the administration that she opposes abortion .

Dr. Novello is deputy director of the National Institute of Child Health and Human Development .

Some researchers have charged that the administration is imposing new ideological tests for top scientific posts .

Earlier this week , Dr. Sullivan tried to defuse these charges by stressing that candidates to head the NIH and the CDC will be judged by `` standards of scientific and administrative excellence , '' not politics .

But the administration 's handling of the fetal-tissue transplant issue disturbs many scientists .

`` When scientific progress moves into uncharted ground , there has to be a role for society to make judgments about its applications , '' says Myron Genel , associate dean of the Yale Medical School .

`` The disturbing thing about this abortion issue is that the debate has become polarized , so that no mechanism exists '' for finding a middle ground .

Yale is one of the few medical institutions conducting privately funded research on fetal-tissue transplants .

But Dr. Genel warns that Dr. Mason 's ruling may discourage private funding .

`` The unavailability of federal funds , and the climate in which the decision was made , certainly do n't provide any incentive for one of the more visible foundations to provide support , '' he said .

Despite the flap over transplants , federal funding of research involving fetal tissues will continue on a number of fronts .

`` Such research may ultimately result in the ability to regenerate damaged tissues or to turn off genes that cause cancer '' or to regulate genes that cause Down 's syndrome , the leading cause of mental retardation , according to an NIH summary .

The NIH currently spends about $ 8 million annually on fetal-tissue research out of a total research budget of $ 8 billion .

Rekindled hope that two New England states will allow broader interstate banking boosted Nasdaq 's bank stocks , but the over-the-counter market was up only slightly in lackluster trading .

The Nasdaq composite index added 1.01 to 456.64 on paltry volume of 118.6 million shares .

In terms of volume , it was an inauspicious beginning for November .

Yesterday 's share turnover was well below the year 's daily average of 133.8 million .

In October , the busiest month of the year so far , daily volume averaged roughly 145 million shares .

The Nasdaq 100 index of the biggest nonfinancial stocks gained 1.39 to 446.62 .

The index of the 100 largest Nasdaq financial stocks rose modestly as well , gaining 1.28 to 449.04 .

But the broader Nasdaq bank index , which tracks thrift issues , jumped 3.23 to 436.01 .

The bank stocks got a boost when Connecticut Bank & Trust and Bank of New England said they no longer oppose pending legislation that would permit banks from other regions to merge with Connecticut and Massachusetts banks .

The two banks merged in 1985 .

Bank of New England 's shares are traded on the New York Stock Exchange .

The stocks of banking concerns based in Massachusetts were n't helped much by the announcement , traders said , because many of those concerns have financial problems tied to their real-estate loan portfolios , making them unattractive takeover targets .

But speculators , anticipating that Connecticut will approve a law permitting such interstate banking soon , immediately bid up shares of Connecticut banks on the news .

`` A lot of the stocks that have been under water finally saw a reason to uptick , '' said George Jennison , head trader of banking issues in Shearson Lehman Hutton 's OTC department .

The biggest beneficiary was Northeast Bancorp , which surged 7 3\/4 to 69 .

The Stamford , Conn. , concern has agreed to a buy-out by Bank of New York in a transaction with an indicated value of about $ 100 a share that expires next August .

Ed Macheski , a Wilton , Conn. , money manager who follows bank stocks , said the announcement effectively gives the deal `` the green light . ''

Mr. Jennison said Northeast Bancorp also fared well because takeover stocks have returned to favor among investors .

Another OTC bank stock involved in a buy-out deal , First Constitution Financial , was higher .

It rose 7\/8 to 18 1\/4 .

First Constitution has signed a merger agreement with WFRR L.P. and GHKM Corp. , under which all of its common shares will be acquired for $ 25 each , or $ 273.5 million .

Among other Connecticut banks whose shares trade in the OTC market , Society for Savings Bancorp , based in Hartford , saw its stock rise 1 3\/4 to 18 1\/4 .

Centerbank added 5\/8 to 8 3\/4 ; shares of NESB , a New London-based bank holding company , rose 5\/8 to 5 7\/8 .

Among other banking issues , Pennview Savings Association leapt more than 44 % with a gain of 6 5\/8 to 21 5\/8 .

The Pennsylvania bank agreed to be acquired in a merger with Univest Corp. of Pennsylvania for $ 25.50 a share .

Valley Federal Savings & Loan , a California thrift issue , gained 1 to 4 1\/4 after reporting a third-quarter loss of $ 70.7 million after an $ 89.9 million pretax charge mostly related to its mobile home financing unit .

Dan E. Nelms , Valley Federal 's president and chief executive officer , said the one-time charge substantially eliminates future losses associated with the unit .

He said the company 's core business remains strong .

He also said that after the charges , and `` assuming no dramatic fluctuation in interest rates , the company expects to achieve near-record earnings in 1990 . ''

Weisfield 's surged 6 3\/4 to 55 1\/2 and Ratners Group 's American depositary receipts , or ADRs , gained 5\/8 to 12 1\/4 .

The two concerns said they entered into a definitive merger agreement under which Ratners will begin a tender offer for all of Weisfield 's common shares for $ 57.50 each .

Also on the takeover front , Jaguar 's ADRs rose 1\/4 to 13 7\/8 on turnover of 4.4 million .

Since the British auto maker became a takeover target last month , its ADRs have jumped about 78 % .

After troubled Heritage Media proposed acquiring POP Radio in a stock swap , POP Radio 's shares tumbled 4 to 14 3\/4 .

Heritage Media , which already owns about 51 % of POP Radio , proposed paying POP Radio shareholders with shares of a new class of Heritage Media preferred stock that would be convertible into four shares of Heritage Media 's common .

Rally 's lost 1 3\/4 to 21 3\/4 .

The restaurant operator said it has redeemed its rights issued Monday under its shareholder rights plan .

The fast-food company said its decision was based on discussions with a shareholder group , Giant Group Ltd. , `` in an effort to resolve certain disputes with the company . ''

Giant Group is led by three Rally 's directors , Burt Sugarman , James M. Trotter III and William E. Trotter II , who earlier this month indicated they had a 42.5 % stake in Rally 's and planned to seek a majority of seats on Rally 's nine-member board .

SCI Systems slipped 7\/8 to 10 on volume of 858,000 shares .

The Huntsville , Ala. , electronic products maker said it expects to post a `` significant '' loss for its fiscal first quarter ended Sept. 30 .

In the year-earlier period , SCI had net income of $ 4.8 million , or 23 cents a share , on revenue of $ 225.6 million .

The Internal Revenue Service has threatened criminal sanctions against lawyers who fail to report detailed information about clients who pay them more than $ 10,000 in cash .

The warnings , issued to at least 100 criminal defense attorneys in several major cities in the last week , have led to an outcry by members of the organized bar , who claim the information is protected by attorney-client privilege .

The IRS warnings stem from a 1984 law that requires anyone who receives more than $ 10,000 in cash from a client or customer in one or more related transactions `` in the course of trade or business '' to report the payment on a document known as Form 8300 .

The form asks for such details as the client 's name , Social Security number , passport number and details about the services provided for the payment .

Failure to complete the form had been punishable as a misdemeanor until last November , when Congress determined that the crime was a felony punishable by up to 10 years in prison .

Attorneys have argued since 1985 , when the law took effect , that they can not provide information about clients who do n't wish their identities to be known .

Many attorneys have returned incomplete forms to the IRS in recent years , citing attorney-client privilege .

Until last week , the IRS rarely acted on the incomplete forms .

`` This form forces a lawyer to become , in effect , a witness against his client , '' said Neal R. Sonnett , president of the National Association of Criminal Defense Lawyers .

`` The IRS is asking lawyers to red-flag a criminal problem to the government , '' added Mr. Sonnett , a Miami lawyer who has heard from dozens of attorneys who received letters in recent days and has himself received the computer-generated IRS forms sent by certified mail .

Mr. Sonnett said that clients who pay cash may include alleged drug dealers who do n't have domestic bank accounts .

These individuals may not necessarily be under investigation when they hire lawyers .

Mr. Sonnett said there also may be other circumstances under which individuals would n't want the government to know they had retained criminal defense lawyers .

Filling out detailed forms about these individuals would tip the IRS off and spark action against the clients , he said .

The defense lawyers ' group formed a task force this week , chaired by New York attorney Gerald Lefcourt , to deal with the matter .

The American Bar Association 's House of Delegates passed a resolution in 1985 condemning the IRS reporting requirement .

Michael Ross , a New York lawyer who heads the ABA 's grand jury committee , said that lawyers are prohibited by the ABA 's code of ethics from disclosing information about a client except where a court orders it or to prevent the client from committing a criminal act that could result in death .

Mr. Ross said he met with officials of the IRS and the Justice Department , which would bring any enforcement actions against taxpayers , to discuss the issue last May .

At that meeting , he said , the Justice Department assured him that enforcement procedures would n't be threatened against attorneys without further review and advance notice .

Mr. Ross said IRS officials opposed the Justice Department 's moderate stance on the matter .

But in the letters sent in recent days , Christopher J. Lezovich of the IRS computing center in Detroit , told attorneys that `` failing to voluntarily submit the requested information could result in summons enforcement action being initiated . ''

In some cases , the IRS asked for information dating back to forms it received in 1985 .

A spokesman for the IRS confirmed that `` there has been correspondence mailed about incomplete 8300s , '' but he declined to say why the letters were sent to lawyers now .

Individuals familiar with the Justice Department 's policy said that Justice officials had n't any knowledge of the IRS 's actions in the last week .

Lawyers worry that if they provide information about clients , that data could quickly end up in the hands of prosecutors .

Prosecutors need court permission to obtain the tax returns of an individual or a business .

But they have obtained 8300 forms without court permission and used the information to help develop criminal cases .

Some criminal lawyers speculated that the IRS was sending the letters to test the issue .

In a number of recent cases , federal courts have refused to recognize attorneys ' assertions that information relating to fees from clients should be confidential .

THE WAR OVER FEDERAL JUDICIAL SALARIES takes a victim .

Often , judges ease into more lucrative private practice with little fanfare , but not federal Judge Raul A. Ramirez in Sacramento , Calif .

On Tuesday , the judge called a news conference to say he was quitting effective Dec. 31 to join a San Francisco law firm .

The reason : the refusal of Congress to give federal judges a raise .

`` A couple of my law clerks were going to pass me in three or four years , and I was afraid I was going to have to ask them for a loan , '' the judge quipped in an interview .

Federal judges make $ 89,500 annually ; in February , Congress rejected a bill that would have increased their pay by 50 % .

Judge Ramirez , 44 , said it is unjust for judges to make what they do .

`` Judges are not getting what they deserve .

You look around at professional ballplayers or accountants ... and nobody blinks an eye .

When you become a federal judge , all of a sudden you are relegated to a paltry sum . ''

At his new job , as partner in charge of federal litigation in the Sacramento office of Orrick , Herrington & Sutcliffe , he will make out much better .

The judge declined to discuss his salary in detail , but said : `` I 'm going to be a high-priced lawyer . ''

DOONESBURY CREATOR'S UNION TROUBLES are no laughing matter .

Cartoonist Garry Trudeau is suing the Writers Guild of America East for $ 11 million , alleging it mounted a `` campaign to harass and punish '' him for crossing a screenwriters ' picket line .

The dispute involves Darkhorse Productions Inc. , a TV production company in which Mr. Trudeau is a co-owner .

Mr. Trudeau , a Writers Guild member , also was employed as a writer for Darkhorse , which was covered by a guild collective-bargaining agreement .

The guild began a strike against the TV and movie industry in March 1988 .

In his lawsuit , Mr. Trudeau says the strike illegally included Darkhorse , and the cartoonist refused to honor the strike against the company .

A spokesman for the guild said the union 's lawyers are reviewing the suit .

He said disciplinary proceedings are confidential and declined to comment on whether any are being held against Mr. Trudeau .

Mr. Trudeau 's attorney , Norman K. Samnick , said the harassment consists mainly of the guild 's year-long threats of disciplinary action .

Mr. Samnick said a guild disciplinary hearing is scheduled next Monday in New York .

Mr. Samnick , who will go before the disciplinary panel , said the proceedings are unfair and that any punishment from the guild would be unjustified .

In addition to the damages , the suit seeks a court order preventing the guild from punishing or retaliating against Mr. Trudeau .

ABORTION RULING UPHELD :

A federal appeals court upheld a lower court ruling that the U.S. can bar the use of federal funds for family-planning programs that include abortion-related services .

A Department of Health and Human Services rule adopted in 1988 prohibits the use of so-called Title X funds for programs that assist a woman in obtaining an abortion , such as abortion counseling and referrals .

The rule also prohibits funding for activities that `` encourage , promote or advocate abortion . ''

Title X funds are the single largest source of federal funding for family-planning services , according to the opinion by the Second U.S. Circuit Court of Appeals in New York .

The panel ruled that the restrictions do n't violate the freedom of speech of health care providers and that the limits on counseling services do n't violate the rights of pregnant women .

INQUIRY CLEARS TEXAS JUDGE of bias in comments on homosexual murder victims .

Dallas District Judge Jack Hampton had sparked calls for a judicial inquiry with his remarks to the press last December , two weeks after sentencing an 18-year-old defendant to 30 years in state prison for killing two homosexual men in a city park .

The judge was quoted as referring to the victims as `` queers '' and saying they would n't have been killed `` if they had n't been cruising the streets picking up teenage boys . ''

But Robert R. Murray , a special master appointed by the Texas Supreme Court , said Judge Hampton did n't breach any judicial standards of fairness , although he did violate the state 's judicial code by commenting publicly on a pending case .

Observing that the judge `` has never exhibited any bias or prejudice , '' Mr. Murray concluded that he `` would be impartial in any case involving a homosexual or prostitute '' as a victim .

Mr. Murray also said Judge Hampton 's comments did n't discredit the judiciary or the administration of justice .

The report is subject to review by the State Commission on Judicial Conduct , which is empowered to impose sanctions .

GAF TRIAL goes to round three .

Attorneys in the third stock-manipulation trial of GAF Corp. began opening arguments yesterday in the Manhattan courtroom of U.S. District Judge Mary Johnson Lowe .

In an eight-count indictment , the government has charged GAF , a Wayne , N.J. , specialty chemical maker , and its Vice Chairman James T. Sherwin with attempting to manipulate the common stock of Union Carbide Corp. in advance of GAF 's planned sale of a large block of the stock in November 1986 .

The first two GAF trials ended in mistrials earlier this year .

This trial is expected to last five weeks .

SWITCHING TO THE DEFENSE :

A former member of the prosecution team in the Iran\/Contra affair joined the Chicago firm of Mayer , Brown & Platt .

Michael R. Bromwich , a member since January 1987 of the three-lawyer trial team in the prosecution of Oliver North , became a partner in the Washington , D.C. , office of the 520-lawyer firm .

He will specialize in white-collar criminal defense work .

Mr. Bromwich , 35 , also has served as deputy chief and chief of the narcotics unit for the U.S. attorney 's office for the Southern District of New York , based in Manhattan .

Cooper Tire & Rubber Co. said it has reached an agreement in principle to buy buildings and related property in Albany , Ga. , from Bridgestone\/Firestone Inc .

Terms were n't disclosed .

The tire maker said the buildings consist of 1.8 million square feet of office , manufacturing and warehousing space on 353 acres of land .

Fujitsu Ltd. 's top executive took the unusual step of publicly apologizing for his company 's making bids of just one yen for several local government projects , while computer rival NEC Corp. made a written apology for indulging in the same practice .

Meanwhile , business and government leaders rebuked the computer makers , and fretted about the broader statement the companies ' actions make about Japanese cutthroat pricing .

Fujitsu said it bid the equivalent of less than a U.S. penny on three separate municipal contracts during the past two years .

The company also disclosed that during that period it offered 10,000 yen , or about $ 70 , for another contract .

But Fujitsu , Japan 's No. 1 computer maker , is n't alone .

NEC , one of its largest domestic competitors , said it bid one yen in two separate public auctions since 1987 .

In both cases , NEC lost the contract to Fujitsu , which made the same bid and won a tie-breaking lottery .

All the contracts were for computer-system-design contracts and involved no hardware or software .

The Ministry of International Trade and Industry summoned executives from the companies to `` make sure they understood '' the concern about such practices , according to a government spokesman .

`` These cases lead to the loss of the firms ' social and international credibility , '' a ministry statement said .

Japan 's Fair Trade Commission has said it is considering investigating the bids for possible antitrust-law violations .

`` We would like to apologize for having caused huge trouble , '' Fujitsu President Takuma Yamamoto , read from a prepared statement as he stood before a packed news conference at his company 's downtown headquarters .

The bids , he added , were `` contrary to common sense . ''

NEC released a statement saying , `` We feel sorry for having caused trouble to society , '' a form of apology common in Japan for companies caught in embarrassing situations .

Japanese companies have long had a reputation for sacrificing short-term profits to make a sale that may have long-term benefits .

But the growing controversy comes as many practices historically accepted as normal here -- such as politicians accepting substantial gifts from businessmen or having extramarital affairs -- are coming under close ethical scrutiny .

The fire is also fueled by growing international interest in Japanese behavior .

So far there have been no public overseas complaints about the issue .

But in one of the auctions in question , International Business Machines Corp. made a bid substantially higher than the Fujitsu offer , according to the municipality .

The low-ball bids touch on issues central to the increasingly tense trade debate .

Foreigners complain that they have limited access to government procurement in Japan , in part because Japanese companies unfairly undercut them .

The U.S. government in recent years has accused Japanese companies of excessively slashing prices on semiconductors and supercomputers -- products Fujitsu and NEC make .

Asked whether the bidding flap would hurt U.S.-Japan relations , Mr. Yamamoto said , `` this will be a minus factor . ''

The `` one-yen '' controversy first came to a head last week when the city of Hiroshima announced that Fujitsu won a contract to design a computer system to map its waterworks .

The city had expected to pay about 11 million yen -LRB- $ 77,000 -RRB- , but Fujitsu essentially offered to do it for free .

Then Wednesday , Fujitsu said it made a similar bid to win a library contract in Nagano prefecture two weeks earlier .

It also said that in July , it bid 10,000 yen to design a system for the Saitama prefectural library , and two years ago , it bid one yen to plan the telecommunications system for Wakayama prefecture .

The company said it has offered to withdraw its bids in Hiroshima and Nagano .

The municipalities said they have n't decided whether to try to force the company to go through with the contracts .

Fujitsu and NEC said they were still investigating , and that knowledge of more such bids could emerge .

Mr. Yamamoto insisted that headquarters had n't approved the bids , and that he did n't know about most of the cases until Wednesday .

Other major Japanese computer companies contacted yesterday said they have never made such bids .

`` One yen is not ethical , '' Michio Sasaki , an official at Keidanren , the Japan Federation of Economic Organizations , said .

`` Profit may be low , but at least costs should be covered .

PAPERS :

Backe Group Inc. agreed to acquire Atlantic Publications Inc. , which has 30 community papers and annual sales of $ 7 million .

Terms were n't disclosed .

Backe is a closely held media firm run by former CBS Inc. President John Backe .

TV :

Price Communications Corp. completed the sale of four of its TV stations to NTG Inc. for $ 120 million in cash and notes , retaining a 10 % equity stake in the new concern .

NTG was formed by Osborn Communications Corp. and Desai Capital .

Michaels Stores Inc. , which owns and operates a chain of specialty retail stores , said October sales rose 14.6 % to $ 32.8 million from $ 28.6 million a year earlier .

Sales in stores open more than one year rose 3 % to $ 29.3 million from $ 28.4 million .

Furukawa Co. of Japan said it will acquire two construction machinery plants and a sales unit in France formerly belonging to Dresser Industries Inc. of the U.S. .

The company said it made the purchase in order to locally produce hydraulically operated shovels .

Last October , the company also bought a wheel-loader manufacturing plant in Heidelberg , West Germany , from Dresser .

Furukawa said the purchase of the French and German plants together will total about 40 billion yen -LRB- $ 280 million -RRB- .

Structural Dynamics Research Corp. , which makes computer-aided engineering software , said it introduced new technology in mechanical design automation that will improve mechanical engineering productivity .

@

Money Market Deposits-a 6.21 %

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 % .

LSI Logic Corp. reported a surprise $ 35.7 million third-quarter net loss , including a special restructuring charge that reflects a continuing industry-wide slowdown in semiconductor demand .

In September , the custom-chip maker said excess capacity and lagging billings would result in an estimated $ 2 million to $ 3 million net loss for the third quarter .

But company officials said yesterday that they decided to take a $ 43 million pretax charge for the period to cover a restructuring of world-wide manufacturing operations , citing extended weakness in the market as well as a decision to switch to more economical production techniques .

`` Over the summer months , there has been a slowing in the rate of new orders from the computer sector , our primary market , '' said Wilfred J. Corrigan , chairman and chief executive officer .

`` In addition , recent industry forecasts for 1990 indicate a slow environment , at least until midyear . ''

As a result , the company said it decided to phase out its oldest capacity and `` make appropriate reductions '' in operating expenses .

The $ 35.7 million net loss equals 86 cents a share .

Not counting the extraordinary charge , the company said it would have had a net loss of $ 3.1 million , or seven cents a share .

A year earlier , it had profit of $ 7.5 million , or 18 cents a share .

Revenue rose 42 % to $ 133.7 million from $ 94 million .

The charge partly reflects a switch from older five-inch to more-efficient six-inch silicon wafers with which to fabricate chips .

Related to that decision , the company said it was converting its Santa Clara , Calif. , factory to a research and development facility .

A spokesman declined to speculate about possible reductions in force .

`` This is a company that has invested in capacity additions more aggressively than any other company in the industry and now the industry is growing more slowly and they are suddenly poorly positioned , '' said Michael Stark , chip analyst at Robertson , Stephens & Co .

`` I think the stock is dead money for a while . ''

Yesterday 's announcement was made after markets closed .

U.S. chip makers are facing continued slack demand following a traditionally slow summer .

Part of the problem is that chip buyers are keeping inventories low because of jitters about the course of the U.S. economy .

INGERSOLL-RAND Co . -LRB- Woodcliff Lake , N.J . -RRB- --

William G. Kuhns , former chairman and chief executive officer of General Public Utilities Corp. , was elected a director of this maker of industrial and construction equipment , increasing board membership to 10 .

The dollar posted gains against all major currencies yesterday , buoyed by persistent Japanese demand for U.S. bond issues .

While market sentiment remains cautiously bearish on the dollar based on sluggish U.S. economic indicators , dealers note that Japanese demand has helped underpin the dollar against the yen and has kept the U.S. currency from plunging below key levels against the mark .

At the same time , dealers said the U.S. unit has been locked into a relatively narrow range in recent weeks , in part because the hefty Japanese demand for dollars has been offset by the mark 's strength , resulting in a stalemate .

Jay Goldinger , with Capital Insight Inc. , reasons that while the mark has posted significant gains against the yen as well -- the mark climbed to 77.70 yen from 77.56 yen late Tuesday in New York -- the strength of the U.S. bond market compared to its foreign counterparts has helped lure investors to dollar-denominated bonds , rather than mark bonds .

`` Dollar-yen -LCB- trade -RCB- is the driving force in the market , '' said Tom Trettien , a vice president with Banque Paribas in New York , `` but I 'm not convinced it will continue .

Who knows what will happen down the road , in three to six months , if foreign investment starts to erode ? ''

In late New York trading yesterday , the dollar was quoted at 1.8500 marks , up from 1.8415 marks late Tuesday , and at 143.80 yen , up from 142.85 yen late Tuesday .

Sterling was quoted at $ 1.5755 , down from $ 1.5805 late Tuesday .

In Tokyo Thursday , the U.S. currency opened for trading at 143.93 yen , up from Wednesday 's Tokyo close of 143.08 yen .

Douglas Madison , a corporate trader with Bank of America in Los Angeles , traced the dollar 's recent solid performance against the yen to purchases of securities by Japanese insurance companies and trust banks and the sense that another wave of investment is waiting in the wings .

He contends that the perception in Japan of a vitriolic U.S. response to Sony Corp. 's announcement of its purchase of Columbia Pictures Entertainment Inc. has been temporarily mollified .

He cites the recent deal between the Mitsubishi Estate Co. and the Rockefeller Group , as well as the possible white knight role of an undisclosed Japanese company in the Georgia-Pacific Corp. takeover bid for Great Northern Nekoosa Corp. as evidence .

The forthcoming maturity in November of a 10-year Japanese government yen-denominated bond issue valued at about $ 16 billion has prompted speculation in the market that investors redeeming the bonds will diversify into dollar-denominated instruments , according to Mr. Madison .

It remains unclear whether the bond issue will be rolled over .

Meanwhile , traders in Tokyo say that the prospect of lower U.S. interest rates has spurred dollar buying by Japanese institutions .

They point out that these institutions want to lock in returns on high-yield U.S. Treasury debt and suggest demand for the U.S. unit will continue unabated until rates in the U.S. recede .

The market again showed little interest in further evidence of a slowing U.S. economy , and traders note that the market in recent weeks has taken its cues more from Wall Street than U.S. economic indicators .

Dealers said the dollar merely drifted lower following the release Wednesday of the U.S. purchasing managers ' report .

The managers ' index , which measures the health of the manufacturing sector , stood at 47.6 % in October , above September 's 46 % , and also above average forecasts for the index of 45.3 % .

Some dealers said the dollar was pressured slightly because a number of market participants had boosted their expectations in the past day and were looking for an index above 50 , which indicates an expanding manufacturing economy .

But most said the index had no more than a minimal effect on trade .

On the Commodity Exchange in New York , gold for current delivery settled at $ 374.20 an ounce , down 50 cents .

Estimated volume was a moderate 3.5 million ounces .

In early trading in Hong Kong Thursday , gold was quoted at $ 374.19 an ounce .

`` The Cosby Show '' may have single-handedly turned around ratings at NBC since its debut in 1984 , and the Huxtable family still keeps millions of viewers laughing Thursday night on the network .

But some of the TV stations that bought `` Cosby '' reruns for record prices two years ago are n't laughing much these days .

The reruns have helped ratings at many of the 187 network affiliates and independent TV stations that air the shows .

But the ratings are considerably below expectations , and some stations say they may not buy new episodes when their current contracts expire .

Meanwhile , stations are fuming because , many of them say , the show 's distributor , Viacom Inc. , is giving an ultimatum : Either sign new long-term commitments to buy future episodes or risk losing `` Cosby '' to a competitor .

At the same time , Viacom is trying to persuade stations to make commitments to `` A Different World , '' a spin-off of `` Cosby '' whose reruns will become available in 1991 .

Viacom denies it 's using pressure tactics .

`` We 're willing to negotiate , '' says Dennis Gillespie , executive vice president of marketing .

`` We 're offering this plan now because we feel it 's the right time . ''

But , says the general manager of a network affiliate in the Midwest , `` I think if I tell them I need more time , they 'll take ` Cosby ' across the street , ''

Viacom 's move comes as the syndication market is being flooded with situation comedies that are still running on the networks .

One station manager says he believes Viacom 's move is a `` pre-emptive strike '' because the company is worried that `` Cosby '' ratings will continue to drop in syndication over the next few years .

`` Cosby '' is down a full ratings point in the week of Oct. 2-8 over the same week a year ago , according to A.C. Nielsen Co .

Mr. Gillespie at Viacom says the ratings are rising .

And executives at stations in such major markets as Washington ; Providence , R.I. ; Cleveland ; Raleigh , N.C. ; Minneapolis , and Louisville , Ky. , say they may very well not renew `` Cosby . ''

Dick Lobo , the general manager of WTVJ , the NBC-owned station in Miami , for example , says the show has `` been a major disappointment to us . ''

`` At the prices we were charged , there should have been some return for the dollar .

There was n't . ''

Neil Kuvin , the general manager of WHAS , the CBS affiliate in Louisville , says `` Cosby '' gets the station 's highest ratings and he 's `` pleased . ''

But he adds , `` I feel pressured , disappointed , uncomfortable and , frankly , quite angry with Viacom .

The Life Insurance Co. of Georgia has officially opened an office in Taipei .

David Wu , the company 's representative in Taiwan , said Atlanta-based Life of Georgia will sell conventional life-insurance products .

Life of Georgia is part of the Nationale Nederlanden Group , based in the Netherlands .

In this era of frantic competition for ad dollars , a lot of revenue-desperate magazines are getting pretty cozy with advertisers -- fawning over them in articles and offering pages of advertorial space .

So can a magazine survive by downright thumbing its nose at major advertisers ?

Garbage magazine , billed as `` The Practical Journal for the Environment , '' is about to find out .

Founded by Brooklyn , N.Y. , publishing entrepreneur Patricia Poore , Garbage made its debut this fall with the promise to give consumers the straight scoop on the U.S. waste crisis .

The magazine combines how-to pieces on topics like backyard composting , explanatory essays on such things as what happens after you flush your toilet , and hard-hitting pieces on alleged environmental offenders .

Garbage editors have dumped considerable energy into a whirling rampage through supermarket aisles in a bid to identify corporate America 's good guys and bad boys .

In one feature , called `` In the Dumpster , '' editors point out a product they deem to be a particularly bad offender .

From an advertising standpoint , the problem is these offenders are likely to be some of the same folks that are major magazine advertisers these days .

With only two issues under its belt , Garbage has alienated some would-be advertisers and raised the ire of others .

Campbell Soup , for one , is furious its Souper Combo microwave product was chastised in the premiere `` In the Dumpster '' column .

The magazine 's editors ran a giant diagram of the product with arrows pointing to the packaging 's polystyrene foam , polyproplene and polyester film -- all plastic items they say are non-biodegradable .

`` It 's precisely the kind of product that 's created the municipal landfill monster , '' the editors wrote .

`` I think that this magazine is not only called Garbage , but it is practicing journalistic garbage , '' fumes a spokesman for Campbell Soup .

He says Campbell was n't even contacted by the magazine for the opportunity to comment .

Modifications had been made to the Souper Combo product at the time the issue was printed , he says , making it less an offender than was portrayed .

He admits , though , it is n't one of Campbell Soup 's better products in terms of recyclability .

Campbell Soup , not surprisingly , does n't have any plans to advertise in the magazine , according to its spokesman .

Some media experts question whether a young magazine can risk turning off Madison Avenue 's big spenders .

`` You really need the Campbell Soups of the world to be interested in your magazine if you 're going to make a run of it , '' says Mike White , senior vice president and media director at DDB Needham , Chicago .

`` The economics of magazine publishing pretty much require that you have a pretty solid base '' of big-time ad spenders , he adds .

The first two issues featured ads from only a handful of big advertisers , including General Electric and Adolph Coors , but the majority were from companies like Waste Management Inc. and Bumkins International , firms that do n't spend much money advertising and ca n't be relied on to support a magazine over the long haul .

A Waste Management spokeswoman says its ad in the premiere issue was a one-time purchase , and it does n't have any plans to advertise in future issues .

`` We do n't spend much on print advertising , '' she says .

But Ms. Poore , the magazine 's editor and publisher , contends Garbage can survive , at least initially , on subscription revenues .

Individual copies of the magazine sell for $ 2.95 and yearly subscriptions cost $ 21 .

-LRB- It is , of course , printed on recycled paper . -RRB-

According to Ms. Poore , Old-House Journal Corp. , her publishing company , printed and sold all 126,000 copies of the premiere issue .

The first and second issues sold out on newsstands , she says , and the magazine has orders for 93,000 subscriptions .

Asked whether potential advertisers will be scared away by the magazine 's direct policy , Ms. Poore replies : `` I do n't know and I do n't care .

I 'm not saying advertising revenue is n't important , '' she says , `` but I could n't sleep at night '' if the magazine bowed to a company because they once took out an ad .

Ad Notes ... .

INTERPUBLIC ON TV :

Interpublic Group said its television programming operations -- which it expanded earlier this year -- agreed to supply more than 4,000 hours of original programming across Europe in 1990 .

It said the programs , largely game shows , will be provided by its E.C. Television unit along with Fremantle International , a producer and distributor of game shows of which it recently bought 49 % .

It said that volume makes it the largest supplier of original TV programming in Europe .

Interpublic is providing the programming in return for advertising time , which it said will be valued at more than $ 75 million in 1990 and $ 150 million in 1991 .

It plans to sell the ad time to its clients at a discount .

NEW ACCOUNT :

CoreStates Financial Corp. , Philadelphia , named Earle Palmer Brown & Spiro , Philadelphia , as agency of record for its $ 5 million account .

The business had been handled by VanSant Dugdale , Baltimore .

AT&T FAX :

American Telephone & Telegraph 's General Business Systems division , New York , awarded the ad account for its Fax product line to Ogilvy & Mather , New York , a WPP Group agency .

Billings were n't disclosed for the small account , which had been serviced at Young & Rubicam , New York .

FIRST CAMPAIGN :

Enterprise Rent-A-Car Inc. breaks its first national ad campaign this week .

The St. Louis firm specializes in replacement-car rentals , those provided by insurance companies for cars damaged in accidents .

Developed by Avrett , Free & Ginsberg , New York , the $ 6 million campaign pitches Enterprise 's consumer-driven service and its free pick-up and drop-off service .

LANDOR ASSOCIATES :

Young & Rubicam said it completed its acquisition of Landor Associates , a San Francisco identity-management firm .

ACQUISITION :

Ketchum Communications , Pittsburgh , acquired Braun & Co. , a Los Angeles investor-relations and marketing-communications firm .

Terms were n't disclosed .

Sea Containers Ltd. said it might increase the price of its $ 70-a-share buy-back plan if pressed by Temple Holdings Ltd. , which made an earlier tender offer for Sea Containers .

Sea Containers , a Hamilton , Bermuda-based shipping concern , said Tuesday that it would sell $ 1.1 billion of assets and use some of the proceeds to buy about 50 % of its common shares for $ 70 apiece .

The move is designed to ward off a hostile takeover attempt by two European shipping concerns , Stena Holding AG and Tiphook PLC .

In May , the two companies , through their jointly owned holding company , Temple , offered $ 50 a share , or $ 777 million , for Sea Containers .

In August , Temple sweetened the offer to $ 63 a share , or $ 963 million .

Yesterday , Sea Containers ' chief executive officer , James Sherwood , said in an interview that , under the asset-sale plan , Sea Containers would end up with a cash surplus of approximately $ 620 million .

About $ 490 million of that would be allocated to the buy-back , leaving about $ 130 million , he said .

That $ 130 million , Mr. Sherwood said , `` gives us some flexibility in case Temple raises its bid .

We are able to increase our price above the $ 70 level if necessary .

'' He declined to say , however , how much Sea Containers might raise its price .

Mr. Sherwood speculated that the leeway that Sea Containers has means that Temple would have to `` substantially increase their bid if they 're going to top us . ''

Temple , however , harshly criticized Sea Containers ' plan yesterday , characterizing it as a `` highly conditional device designed to entrench management , confuse shareholders and prevent them from accepting our superior cash offer . ''

A spokesman for Temple estimated that Sea Containers ' plan -- if all the asset sales materialize -- would result in shareholders receiving only $ 36 to $ 45 a share in cash .

The lower figures , the spokesman said , would stem from preferred shares being converted to common stock and the possibility that Sea Containers ' subsidiaries might be required to place their shares in the open market .

Temple added that Sea Containers is still mired in legal problems in Bermuda , where the Supreme Court has temporarily barred Sea Containers from buying back its own stock in a case brought by Stena and Tiphook .

-LCB- The court has indicated it will rule on the case by the end of the month . -RCB-

Temple also said Sea Containers ' plan raises `` numerous legal , regulatory , financial and fairness issues , '' but did n't elaborate .

Mr. Sherwood said reaction to Sea Containers ' proposal has been `` very positive . ''

In New York Stock Exchange composite trading yesterday , Sea Containers closed at $ 62.625 , up 62.5 cents .

The Transportation Department , responding to pressure from safety advocates , took further steps to impose on light trucks and vans the safety requirements used for automobiles .

The department proposed requiring stronger roofs for light trucks and minivans , beginning with 1992 models .

It also issued a final rule requiring auto makers to equip light trucks and minivans with lap-shoulder belts for rear seats beginning in the 1992 model year .

Such belts already are required for the vehicles ' front seats .

`` Today 's action , '' Transportation Secretary Samuel Skinner said , `` represents another milestone in the ongoing program to promote vehicle occupant safety in light trucks and minivans through its extension of passenger car standards . ''

In September , the department had said it will require trucks and minivans to be equipped with the same front-seat headrests that have long been required on passenger cars .

The Big Three auto makers said the rule changes were n't surprising because Bush administration officials have long said they planned to impose car safety standards on light trucks and vans .

Safety advocates , including some members of Congress , have been urging the department for years to extend car-safety requirements to light trucks and vans , which now account for almost one-third of all vehicle sales in the U.S. .

They say that many vehicles classed as commercial light trucks actually carry more people than cargo and therefore should have the same safety features as cars .

They did n't have much luck during the Reagan administration .

`` But now , there seems to be a fairly systematic effort to address the problem , '' said Chuck Hurley , vice president of communications for the Insurance Institute for Highway Safety .

`` We 're in a very different regulatory environment . ''

Sen. John Danforth -LRB- R. , Mo . -RRB- praised the department 's actions , noting that rollover crashes account for almost half of all light-truck deaths .

`` We could prevent many of these fatalities with minimum roof-crush standards , '' he said .

Sen. Danforth and others also want the department to require additional safety equipment in light trucks and minivans , including air bags or automatic seat belts in front seats and improved side-crash protection .

The department 's roof-crush proposal would apply to vehicles weighing 10,000 pounds or less .

The roofs would be required to withstand a force of 1.5 times the unloaded weight of the vehicle .

During the test , the roof could n't be depressed more than five inches .

In Detroit , a Chrysler Corp. official said the company currently has no rear-seat lap and shoulder belts in its light trucks , but plans to begin phasing them in by the end of the 1990 model year .

He said Chrysler fully expects to have them installed across its light-truck line by the Sept. 1 , 1991 , deadline .

Chrysler said its trucks and vans already meet the roof-crush resistance standard for cars .

John Leinonen , executive engineer of Ford Motor Co. 's auto-safety office , said Ford trucks have met car standards for roof-crush resistance since 1982 .

Ford began installing the rear-seat belts in trucks with its F-series Crew Cab pickups in the 1989 model year .

The new Explorer sport-utility vehicle , set for introduction next spring , will also have the rear-seat belts .

Mr. Leinonen said he expects Ford to meet the deadline easily .

Consolidated Rail Corp. said it would spend more than $ 30 million on 1,000 enclosed railcars for transporting autos .

The multilevel railcars , scheduled for delivery in 1990 , will be made by Thrall Manufacturing Co. , a Chicago Heights , Ill. , division of closely held Duchossois Industries Inc. , Elmhurst , Ill .

This year , the railroad holding company acquired 850 such railcars .

Sir Peter Walters , 58-year-old chairman of British Petroleum Co. until next March , joins the board of this cement products company on Dec. 1 .

Sir Peter will succeed Sir John Milne , 65 , who retires as Blue Circle nonexecutive chairman on June 1 .

Bank of New England Corp. said it has held talks with potential merger partners outside New England , although it added that nothing is imminent and it has n't received any formal offers .

The discussions were disclosed as the bank holding company said that it has dropped its longstanding opposition to full interstate banking bills in Connecticut and in Massachusetts .

Later yesterday , a Massachusetts senate committee approved a bill to allow national interstate banking by banks in the state beginning in 1991 .

Currently , both Massachusetts and Connecticut , where most of Bank of New England 's operations are , allow interstate banking only within New England .

Richard Driscoll , vice chairman of Bank of New England , told the Dow Jones Professional Investor Report , `` Certainly , there are those outside the region who think of us prospectively as a good partner .

We have , and I 'm sure others have , considered what our options are , and we 've had conversations with people who in the future might prove to be interesting partners . ''

He added , `` There 's nothing very hot . ''

Mr. Driscoll did n't elaborate about who the potential partners were or when the talks were held .

A bank spokeswoman also declined to comment on any merger-related matters , but said the company decided to drop its opposition to the interstate banking legislation because `` prevailing sentiment is in favor of passage . ''

Bank of New England has been hit hard by the region 's real-estate slump , with its net income declining 42 % to $ 121.6 million , or 61 cents a share , in the first nine months of 1989 from the year-earlier period .

The company recently said it would sell some operations and lay off 4 % of its work force , altogether reducing employment to less than 16,000 from about 18,000 .

It recently signed a preliminary agreement to negotiate exclusively with the Bank of Tokyo Ltd. for the sale of part of its leasing business to the Japanese bank .

GOODY PRODUCTS Inc. cut its quarterly dividend to five cents a share from 11.5 cents a share .

The reduced dividend is payable Jan. 2 to stock of record Dec. 15 .

The Kearny , N.J.-based maker of hair accessories and other cosmetic products said it cut the dividend due to its third-quarter loss of $ 992,000 , or 15 cents a share .

In the year-ago quarter , the company reported net income of $ 1.9 million , or 29 cents a share .

The company also adopted an anti-takeover plan .

Michael Henderson , 51-year-old group chief executive of this U.K. metals and industrial materials maker , will become chairman in May , succeeding Ian Butler , 64 , who is retiring .

Mr. Butler will remain on the board as a nonexecutive director .

Rally 's Inc. said it has redeemed its rights outstanding issued Monday in its shareholder rights plan .

The company said holders of stock of record Nov. 10 will receive 1\/10th of one cent a share as the redemption payment .

The fast-food company said its decision was based upon discussions with a shareholder group , Giant Group Ltd. , `` in an effort to resolve certain disputes with the company . ''

Giant Group is led by three Rally 's directors , Burt Sugarman , James M. Trotter III and William E. Trotter II , who last month indicated they hold a 42.5 % stake in Rally 's and plan to seek a majority of seats on Rally 's nine-member board .

When Warren Winiarski , proprietor of Stag 's Leap Wine Cellars in Napa Valley , announced a $ 75 price tag for his 1985 Cask 23 Cabernet this fall , few wine shops and restaurants around the country balked .

`` This is the peak of my wine-making experience , '' Mr. Winiarski declared when he introduced the wine at a dinner in New York , `` and I wanted to single it out as such . ''

It is in my estimation the best wine Stag 's Leap has produced , and with fewer than 700 cases available , it is sure to sell quickly .

The price is a new high for California Cabernet Sauvignon , but it is not the highest .

Diamond Creek 1985 Lake Vineyard Cabernet weighed in this fall with a sticker price of $ 100 a bottle .

One of the fastest growing segments of the wine market is the category of superpremiums -- wines limited in production , of exceptional quality -LRB- or so perceived , at any rate -RRB- , and with exceedingly high prices .

For years , this group included a stable of classics -- Bordeaux first growths -LRB- Lafite-Rothschild , Latour , Haut-Brion , Petrus -RRB- , Grand Cru Burgundies -LRB- Romanee-Conti and La Tache -RRB- deluxe Champagnes -LRB- Dom Perignon or Roederer Cristal -RRB- , rarefied sweet wines -LRB- Chateau Yquem or Trockenbeerenauslesen Rieslings from Germany , and Biondi-Santi Brunello Riserva from Tuscany -RRB- .

These first magnitude wines ranged in price from $ 40 to $ 125 a bottle .

In the last year or so , however , this exclusive club has taken in a host of flashy new members .

The classics have zoomed in price to meet the competition , and it almost seems that there 's a race on to come up with the priciest single bottle , among current releases from every major wine region on the globe .

France can boast the lion 's share of high-priced bottles .

Bordeaux 's first growths from 1985 and 1986 are $ 60 to $ 80 each -LRB- except for the smallest in terms of production , Chateau Petrus , which costs around $ 250 ! -RRB- .

These prices seem rather modest , however , in light of other French wines from current vintages .

Chateau Yquem , the leading Sauternes , now goes for well over $ 100 a bottle for a lighter vintage like 1984 ; the spectacularly rich 1983 runs $ 179 .

In Champagne , some of the prestige cuvees are inching toward $ 100 a bottle .

The first Champagne to crack that price barrier was the 1979 Salon de Mesnil Blanc de Blancs .

The '82 Salon is $ 115 .

Roederer Cristal at $ 90 a bottle sells out around the country and Taittinger 's Comtes de Champagne Blanc de Blancs is encroaching upon that level .

The great reds of the Rhone Valley have soared in price as well .

E. Guigal 's 1982 Cote Rotie La Landonne , for example , is $ 120 .

None of France 's wine regions can steal a march on Burgundy , however .

The six wines of the Domaine de la Romanee-Conti , 72 of the most precious acres of vineyard anywhere in the world , have commanded three-digit price tags for several years now .

With the 1985 vintage , they soared higher : La Tache , $ 195 ; Richebourg , $ 180 ; Romanee-Conti , $ 225 .

Another small Burgundy estate , Coche-Dury , has just offered its 1987 Corton-Charlemagne for $ 155 .

From Italy there is Angelo Gaja Barbaresco at $ 125 a bottle , Piero Antinori 's La Solaia , a $ 90 Cabernet from Tuscany , and Biondi-Santi Brunello at $ 98 .

Spain 's Vega Secilia Unico 1979 -LRB- released only in its 10th year -RRB- is $ 70 , as is Australia 's Grange Hermitage 1982 .

`` There are certain cult wines that can command these higher prices , '' says Larry Shapiro of Marty 's , one of the largest wine shops in Dallas .

`` What 's different is that it is happening with young wines just coming out .

We 're seeing it partly because older vintages are growing more scarce . ''

Wine auctions have almost exhausted the limited supply of those wines , Mr. Shapiro continued : `` We 've seen a dramatic decrease in demand for wines from the '40s and '50s , which go for $ 300 to $ 400 a bottle .

Some of the newer wines , even at $ 90 to $ 100 a bottle or so , almost offer a bargain . ''

Take Lake Vineyard Cabernet from Diamond Creek .

It 's made only in years when the grapes ripen perfectly -LRB- the last was 1979 -RRB- and comes from a single acre of grapes that yielded a mere 75 cases in 1987 .

Owner Al Brownstein originally planned to sell it for $ 60 a bottle , but when a retailer in Southern California asked , `` Is that wholesale or retail ? '' he re-thought the matter .

Offering the wine at roughly $ 65 a bottle wholesale -LRB- $ 100 retail -RRB- , he sent merchants around the country a form asking them to check one of three answers : 1 -RRB- no , the wine is too high -LRB- 2 responses -RRB- ; 2 -RRB- yes , it 's high but I 'll take it -LRB- 2 responses -RRB- ; 3 -RRB- I 'll take all I can get -LRB- 58 responses -RRB- .

The wine was shipped in six-bottle cases instead of the usual 12 , but even at that it was spread thin , going to 62 retailers in 28 states .

`` We thought it was awfully expensive , '' said Sterling Pratt , wine director at Schaefer 's in Skokie , Ill. , one of the top stores in suburban Chicago , `` but there are people out there with very different opinions of value .

We got our two six-packs -- and they 're gone . ''

Mr. Pratt remarked that he thinks steeper prices have come about because producers do n't like to see a hit wine dramatically increase in price later on .

Even if there is consumer resistance at first , a wine that wins high ratings from the critics will eventually move .

`` There may be sticker-shock reaction initially , '' said Mr. Pratt , `` but as the wine is talked about and starts to sell , they eventually get excited and decide it 's worth the astronomical price to add it to their collection . ''

`` It 's just sort of a one-upsmanship thing with some people , '' added Larry Shapiro .

`` They like to talk about having the new Red Rock Terrace -LCB- one of Diamond Creek 's Cabernets -RCB- or the Dunn 1985 Cabernet , or the Petrus .

Producers have seen this market opening up and they 're now creating wines that appeal to these people . ''

That explains why the number of these wines is expanding so rapidly .

But consumers who buy at this level are also more knowledgeable than they were a few years ago .

`` They wo n't buy if the quality is not there , '' said Cedric Martin of Martin Wine Cellar in New Orleans .

`` Or if they feel the wine is overpriced and they can get something equally good for less . ''

Mr. Martin has increased prices on some wines -LRB- like Grgich Hills Chardonnay , now $ 32 -RRB- just to slow down movement , but he is beginning to see some resistance to high-priced red Burgundies and Cabernets and Chardonnays in the $ 30 to $ 40 range .

Image has , of course , a great deal to do with what sells and what does n't , and it ca n't be forced .

Wine merchants ca n't keep Roederer Cristal in stock , but they have to push Salon le Mesnil , even lowering the price from $ 115 to $ 90 .

It 's hardly a question of quality -- the 1982 Salon is a beautiful wine , but , as Mr. Pratt noted , people have their own ideas about value .

It 's interesting to find that a lot of the expensive wines are n't always walking out the door .

In every major market in the U.S. , for instance , you can buy '86 La Tache or Richebourg , virtually all of the first growth Bordeaux -LRB- except Petrus -RRB- , as well as Opus One and Dominus from California and , at the moment , the Stag 's Leap 1985 Cask 23 .

With the biggest wine-buying period of the year looming as the holidays approach , it will be interesting to see how the superpremiums fare .

By January it should be fairly clear what 's hot -- and what 's not .

Ms. Ensrud is a free-lance wine writer in New York .

Signs of a slowing economy are increasing pressure on the Federal Reserve to cut short-term interest rates , but it is n't clear whether the central bank will do so .

A survey by the Fed 's 12 district banks shows economic growth has been sluggish in recent weeks , while upward pressures on prices have moderated .

`` The economy is clearly slowing , '' says Robert Black , president of the Richmond Federal Reserve Bank .

`` If you look at the third quarter as posting roughly 2.5 % growth , I do see some slowing in the fourth quarter , '' agrees Kansas City Fed President Roger Guffey .

Nevertheless , both Mr. Guffey and Mr. Black say the slowdown so far is no cause for concern .

`` We 're coming closer to achieving the stated objective of slowing the economy to a point where hopefully some downward trend in prices will occur , '' said Mr. Guffey .

Bush administration officials are looking to the Fed to bring down rates , and financial markets seem to be expecting easier credit as well .

`` I think the market had been expecting the Fed to ease sooner and a little more than it has to date , '' said Robert Johnson , vice president of global markets for Bankers Trust Co .

The Fed cut the key federal funds interest rate by about 0.25 percentage point to 8.75 % after the Oct. 13 stock market plunge , but has shown no sign of movement since .

The report from the Fed found that manufacturing , in particular , has been weak in recent weeks .

The Philadelphia Fed , for instance , reported that manufacturing activity `` continues to decline '' for the fourth month in a row .

And in the Chicago district , the report said , `` a manufacturer of capital goods noted slower orders for some types , including defense equipment , petroleum equipment , food packaging machinery and material handling equipment . ''

Retail sales also were reported slow in most districts , particularly `` for discretionary , big-ticket items such as furniture , home appliances and consumer electronics . ''

And construction also was described as slow in most areas .

Despite the economic slowdown , there are few clear signs that growth is coming to a halt .

As a result , Fed officials may be divided over whether to ease credit .

Several Fed governors in Washington have been pushing for easier credit ; but many of the regional Fed presidents have been resisting such a move .

Mr. Black said he is `` pleased '' with the economy 's recent performance , and does n't see `` a lot of excesses out there that would tilt us into recession . ''

`` There is always a chance of recession , '' added Mr. Guffey , `` but if you ask me to put a percentage on it , I would think it 's well below a 50 % chance .

Integra-A Hotel & Restaurant Co. said its planned rights offering to raise about $ 9 million was declared effective and the company will begin mailing materials to shareholders at the end of this week .

Under the offer , shareholders will receive one right for each 105 common shares owned .

Each right entitles the shareholder to buy $ 100 face amount of 13.5 % bonds due 1993 and warrants to buy 23.5 common shares at 30 cents a share .

The rights , which expire Nov. 21 , can be exercised for $ 100 each .

Integra , which owns and operates hotels , said that Hallwood Group Inc. has agreed to exercise any rights that are n't exercised by other shareholders .

Hallwood , a Cleveland merchant bank , owns about 11 % of Integra .

Copperweld Corp. , a specialty steelmaker , said 445 workers at a plant in Shelby , Ohio , began a strike after the United Steelworkers Local 3057 rejected a new contract on Tuesday .

The previous contract between Copperweld 's Ohio Steel Tube division and the union expired at midnight Tuesday .

The union vote to reject the proposed pact was 230-215 .

Copperweld said it does n't expect a protracted strike .

It said it has taken measures to continue shipments during the work stoppage .

The Treasury said it plans to sell $ 30 billion in notes and bonds next week , but said the auctions will be postponed unless Congress acts quickly to lift the federal debt ceiling .

Michael Basham , deputy assistant secretary for federal finance , said the Treasury may wait until late Monday or even early Tuesday to announce whether the autions are to be rescheduled .

Unless it can raise money in financial markets , Mr. Basham said , the federal government wo n't have the cash to pay off $ 13.8 billion in Treasury bills that mature on Thursday .

Without congressional action , the Treasury ca n't sell any new securities -- even savings bonds .

But despite partisan bickering over the debt ceiling , which has become entangled in the fight over cutting capital-gains taxes , Congress is almost certain to act in time to avoid default .

`` Each day that Congress fails to act ... will cause additional disruption in our borrowing schedule , possibly resulting in higher interest costs to the taxpayer , '' Treasury Secretary Nicholas Brady said in a speech prepared for delivery last night to a group of bankers .

`` To avoid these costs , and a possible default , immediate action is imperative . ''

The securities to be sold next week will raise about $ 10 billion in cash and redeem $ 20 billion in maturing notes .

The new securities , part of the federal government 's regular quarterly refunding , will consist of :

-- $ 10 billion of three-year notes , to be auctioned Tuesday and to mature Nov. 15 , 1992 .

-- $ 10 billion of 10-year notes , to be auctioned Wednesday and to mature Nov. 15 , 1999 .

-- $ 10 billion of 30-year bonds , to be auctioned Thursday and to mature Aug. 15 , 2019 .

The Treasury also said it plans to sell $ 10 billion in 36-day cash management bills on Thursday .

They will mature Dec. 21 .

None of the securities will be eligible for when-issued trading until Congress approves an increase in the debt ceiling , clearing the way for a formal offering , Mr. Basham said .

The Treasury said it needs to raise $ 47.5 billion in the current quarter in order to end December with a $ 20 billion cash balance .

Auctions held in October and those scheduled for next week will raise a total of $ 25.6 billion .

The remaining $ 21.9 billion could be raised through the sale of short-term Treasury bills , two-year notes in November and five-year notes in early December , the Treasury said .

In the first three months of 1990 , the Treasury estimates that it will have to raise between $ 45 billion and $ 50 billion , assuming that it decides to aim for a $ 10 billion cash balance at the end of March .

Lancaster Colony Corp. said it acquired Reames Foods Inc. in a cash transaction .

Terms were n't disclosed .

Reames , a maker and marketer of frozen noodles and pre-cooked pasta based in Clive , Iowa , has annual sales of about $ 11 million , Lancaster said .

Investors took advantage of Tuesday 's stock rally to book some profits yesterday , leaving stocks up fractionally .

Bond prices and the dollar both gained modestly .

The Dow Jones Industrial Average finished less than a point higher to close at 2645.90 in moderate trading .

But advancing issues on the New York Stock Exchange were tidily ahead of declining stocks , 847 to 644 .

Long-term bond prices rose despite prospects of a huge new supply of Treasury debt this month .

Continuing demand for dollars from Japanese investors boosted the U.S. currency .

Analysts were disappointed that the enthusiasm investors showed for stocks in the wake of Georgia-Pacific 's $ 3.18 billion bid for Great Northern Nekoosa evaporated so quickly .

The industrial average jumped more than 41 points Tuesday as speculators rushed to buy shares of potential takeover targets .

But with the end of the year in sight , money managers are eager to take profits and cut their risks of losing what for many have been exceptionally good returns in

Economic news had little effect on financial markets .

As expected , a national purchasing managers ' report indicated the nation 's manufacturing sector continues to contract modestly .

The Federal Reserve 's Beige Book , a summary of economic conditions across the country , indicated that the overall economy remains in a pattern of sluggish growth .

In major market activity :

Stock prices rose fractionally in moderate trading .

Big Board volume totaled 154.2 million shares .

Bond prices were up .

The Treasury 's benchmark 30-year bond gained about a quarter of a point , or $ 2.50 for each $ 1,000 of face amount .

The yield fell to 7.88 % .

The dollar rose .

In late afternoon New York trading the currency was at 1.8500 marks and 143.80 yen compared with 1.8415 marks and 142.85 yen .

Mitsui Mining & Smelting Co. posted a 62 % rise in pretax profit to 5.276 billion yen -LRB- $ 36.9 million -RRB- in its fiscal first half ended Sept. 30 compared with 3.253 billion yen a year earlier .

Net income more than tripled to 4.898 billion yen from 1.457 billion yen a year earlier .

Eaton Corp. said it sold its Pacific Sierra Research Corp. unit to a company formed by employees of that unit .

Terms were n't disclosed .

Pacific Sierra , based in Los Angeles , has about 200 employees and supplies professional services and advanced products to industry .

Eaton is an automotive parts , controls and aerospace electronics concern .

Investor Harold Simmons and NL Industries Inc. offered to acquire Georgia Gulf Corp. for $ 50 a share , or about $ 1.1 billion , stepping up the pressure on the commodity chemicals concern .

The offer follows an earlier proposal by NL and Mr. Simmons to help Georgia Gulf restructure or go private in a transaction that would pay shareholders $ 55 a share .

Georgia Gulf rebuffed that offer in September and said it would study other alternatives .

However , it has n't yet made any proposals to shareholders .

Late yesterday , Georgia Gulf said it reviewed the NL proposal as well as interests from `` third parties '' regarding business combinations .

Georgia Gulf said it has n't eliminated any alternatives and that `` discussions are being held with interested parties , and work is also continuing on other various transactions . ''

It did n't elaborate .

Analysts saw the latest offer as proof that Mr. Simmons , an aggressive and persistent investor , wo n't leave Georgia Gulf alone until some kind of transaction is completed .

`` He has clamped on their ankle like a pit bull , '' says Paul Leming , a vice president with Morgan Stanley & Co .

`` He appears to be in it for the long haul . ''

Mr. Simmons and NL already own a 9.9 % stake in Georgia Gulf .

Mr. Simmons owns 88 % of Valhi Inc. , which in turn owns two-thirds of NL .

NL is officially making the offer .

Mr. Leming was n't surprised by the lower price cited by NL , saying he believes that $ 55 a share is `` the most you can pay for Georgia Gulf before it becomes a bad acquisition . ''

Georgia Gulf stock rose $ 1.75 a share yesterday to close at $ 51.25 a share , while NL shares closed unchanged at $ 22.75 and Valhi rose 62.5 cents to $ 15 , all in New York Stock Exchange composite trading .

J. Landis Martin , NL president and chief executive officer , said NL and Mr. Simmons cut the price they were proposing for Georgia Gulf because they initially planned a transaction that included about $ 250 million in equity and a substantial amount of high-yield subordinated debt .

However , the junk-bond market has collapsed in recent weeks , lessening the likelihood that such a transaction would succeed .

Now , he said , the group plans to put in `` several hundred million '' dollars in equity and finance the remainder with bank debt .

He also said that the group reduced its offer because it was n't allowed to see Georgia Gulf 's confidential financial information without agreeing that it would n't make an offer unless it had Georgia Gulf 's consent .

In a letter to Georgia Gulf President Jerry R. Satrum , Mr. Martin asked Georgia Gulf to answer its offer by Tuesday .

It was n't clear how NL and Mr. Simmons would respond if Georgia Gulf spurns them again .

Mr. Martin said they have n't yet decided what their next move would be , but he did n't rule out the possibility of a consent solicitation aimed at replacing Georgia Gulf 's board .

In other transactions , Mr. Simmons has followed friendly offers with a hostile tender offer .

Although Georgia Gulf has n't been eager to negotiate with Mr. Simmons and NL , a specialty chemicals concern , the group apparently believes the company 's management is interested in some kind of transaction .

The management group owns about 18 % of the stock , most purchased at nominal prices , and would stand to gain millions of dollars if the company were sold .

In the third quarter , Georgia Gulf earned $ 46.1 million , or $ 1.85 a share , down from $ 53 million , or $ 1.85 a share on fewer shares outstanding .

Sales fell to $ 251.2 million from $ 278.7 million .

A licensing company representing the University of Pennsylvania added Johnson & Johnson to its lawsuit challenging a university faculty member over rights to Retin-A acne medicine .

University Patents Inc. , based in Westport , Conn. , said it seeks Johnson & Johnson 's profits from sales of Retin-A , estimated at $ 50 million , a similar amount of punitive damages and the right to license Retin-A elsewhere .

In May , University Patents filed a suit in federal court in Philadelphia against Albert M. Kligman , a researcher and professor at the University of Pennsylvania School of Medicine who developed Retin-A in the 1960s to combat acne .

Dr. Kligman patented the medicine while employed by the University , but later licensed the Retin-A to a division of Johnson & Johnson .

In New Brunswick , N.J. , a Johnson & Johnson spokesman declined comment .

Criticism in the U.S. over recent Japanese acquisitions is looming ever larger in the two countries ' relations .

Officials from both nations say the U.S. public 's skittishness about Japanese investment could color a second round of bilateral economic talks scheduled for next week in Washington .

Not that Washington and Tokyo disagree on the Japanese acquisitions ; indeed , each has come out in favor of unfettered investment in the U.S. .

Where they disagree is on the subject of U.S. direct investment in Japan .

The U.S. wants the removal of what it perceives as barriers to investment ; Japan denies there are real barriers .

The heated talk stirred up by recent Japanese investments in the U.S. is focusing attention on the differences in investment climate , even though it 's only one of many subjects to be covered in the bilateral talks , known as the Structural Impediments Initiative .

The Japanese `` should see this rhetoric as a signal of the need for a change in their own economy , '' says Charles Dallara , U.S. assistant Treasury secretary , who has been in Tokyo this week informally discussing the impending negotiations with government and business leaders .

`` We have a long history of maintaining an open direct-investment policy , '' Mr. Dallara says .

`` U.S. investors should have a greater opportunity at direct investment '' in Japan .

The Japanese fret openly about the U.S. public 's rancor .

One clear sign of Japan 's nervousness came this week , when a spokesman for Japan 's Foreign Ministry devoted nearly all of a regular , half-hour briefing for foreign journalists to the subject of recent Japanese investments in the U.S. .

`` We believe that it is vitally important for those Japanese business interests -LCB- in the U.S. . -RCB- to be more aware of the emotions and concerns of the American people , '' said the spokesman , Taizo Watanabe .

At the same time , though , he chastised the media for paying such close attention to Japanese investment when other foreign countries , notably Britain , are acquiring more American assets .

Fears that Japanese investors are buying up America have escalated sharply in the past several weeks , with Sony Corp. 's purchase of Columbia Pictures Entertainment Inc. from Coca-Cola Co. and Mitsubishi Estate Co. 's acquisition of a 51 % holding in Rockefeller Group , the owner of some of midtown Manhattan 's most exclusive real estate .

Even before those moves added fuel , the fires of discontent had been well stoked by the highly publicized experience in Japan of one U.S. investor , T. Boone Pickens Jr .

The Texas oilman has acquired a 26.2 % stake valued at more than $ 1.2 billion in an automotive-lighting company , Koito Manufacturing Co .

But he has failed to gain any influence at the company .

Koito has refused to grant Mr. Pickens seats on its board , asserting he is a greenmailer trying to pressure Koito 's other shareholders into buying him out at a profit .

Mr. Pickens made considerable political hay with his troubles in Japan .

The Senate Finance Committee , chaired by a fellow Texan , Democratic Sen. Lloyd Bentsen , last month urged U.S. Trade Representative Carla Hills to use Mr. Pickens 's experience in talks with Tokyo `` to highlight this problem facing Americans who seek access to the Japanese capital markets . ''

While Mr. Dallara and Japanese officials say the question of investors ' access to the U.S. and Japanese markets may get a disproportionate share of the public 's attention , a number of other important economic issues will be on the table at next week 's talks .

Among them are differences in savings and investment rates , corporate structures and management , and government spending .

Each side has a litany of recommendations for the other .

The U.S. says it is anxious for results .

`` We feel very strongly that we really need action across the full range of issues we 've identified , and we need it by next spring , '' Mr. Dallara says .

Both sides have agreed that the talks will be most successful if negotiators start by focusing on the areas that can be most easily changed .

But they have n't clarified what those might be .

After the first set of meetings two months ago , some U.S. officials complained that Japan had n't come up with specific changes it was prepared to make .

The Japanese retort that the first round was too early to make concessions .

`` Just to say the distribution system is wrong does n't mean anything , '' says a Ministry of International Trade and Industry official .

`` We need to clarify what exactly is wrong with it . ''

That process of sorting out specifics is likely to take time , the Japanese say , no matter how badly the U.S. wants quick results .

For instance , at the first meeting the two sides could n't even agree on basic data used in price discussions .

Since then , a team of about 15 MITI and U.S. Commerce Department officials have crossed the globe gauging consumer prices .

By Monday , they hope to have a sheaf of documents both sides can trust .

`` Little by little , there is progress , '' says the MITI official .

`` Both sides are taking action . ''

Elisabeth Rubinfien contributed to this article .

While worry grows about big Japanese investments in the U.S. , Japan 's big trading companies are rapidly increasing their stake in America 's smaller business .

For Japan , the controversial trend improves access to American markets and technology .

But for small American companies , it also provides a growing source of capital and even marketing help .

Take the deal with Candela Laser Corp. , a Wayland , Mass. , manufacturer of high-tech medical devices , which three years ago set its sights on Japan as an export market .

Partly to help clear the myriad obstacles facing any overseas company trying to penetrate Japan , tiny Candela turned to Mitsui & Co. , one of Japan 's largest trading companies , for investment .

In a joint-venture deal , Mitsui guided Candela through Tokyo 's bureaucratic maze .

It eventually secured Ministry of Health import approval for two Candela laser products -- one that breaks up kidney stones and another that treats skin lesions .

At last count , Candela had sold $ 4 million of its medical devices in Japan .

The deal also gave Mitsui access to a high-tech medical product .

`` They view this as a growth area so they went about it with a systematic approach , '' says Richard Olsen , a Candela vice president .

Indeed , for many Japanese trading companies , the favorite U.S. small business is one whose research and development can be milked for future Japanese use .

The Japanese companies bankroll many small U.S. companies with promising products or ideas , frequently putting their money behind projects that commercial banks wo n't touch .

Japanese companies have financed small and medium-sized U.S. firms for years , but in recent months , the pace has taken off .

In the first half of 1989 alone , Japanese corporations invested $ 214 million in minority positions in U.S. companies , a 61 % rise from the figure for all of 1987 , reports Venture Economics Inc .

The Needham , Mass. , concern tracks investments in new businesses .

In addition , of course , some of the Japanese investments involved outright purchase of small U.S. firms .

Heightened Japanese interest in American small business parallels an acceleration of investments giving Japanese companies control of large , highly visible U.S. corporations , such as Columbia Pictures Entertainment Inc .

Only this week , it was announced that Mitsubishi Estate Co. had acquired a 51 % stake in Rockefeller Group , which owns New York 's prestigious Rockefeller Center .

While the small deals are far less conspicuous , they add to Japanese penetration of the U.S. market .

As the deals also improve Japanese access to American technology and market knowledge , they feed American anxieties in this area , too .

Even a low-tech product like plate glass can catch a trading company 's fancy if there 's a strategic fit .

Free State Glass Industries of Warrenton , Va. , a small fabricator of architectural glass , was foundering under its original management .

Last year , Mitsubishi International Corp. , the New York-based arm of Mitsubishi Corp. , bought controlling interest in the glass company in a joint venture with Ronald Bodner , a glass industry executive and Mitsubishi consultant .

The deal is chiefly designed to give Mitsubishi a window on the U.S. glass industry , says Ichiro Wakui , an executive in Mitsubishi 's general merchandise department in New York .

`` It 's not just a simple investment in a small company , '' Mr. Wakui says .

`` We want to see the glass market from the inside , not the outside . ''

Mitsubishi 's investment in Free State is `` very small ... less than $ 4 million , '' Mr. Wakui says .

Mr. Bodner declines to comment on the arrangement .

Trading companies such as Mitsubishi , Mitsui , C. Itoh & Co. and Nissho-Iwai Corp. , which make many of the Japanese investments in small U.S. concerns , have no U.S. counterpart .

These vertically integrated combines , some of which got their start in Japan 's feudal period , deal globally in commodities , construction and manufacturing .

They operate ships and banks .

`` All the `` sogo-shosha '' are looking for new business , '' says Arthur Klauser , adviser to the president of Mitsui , U.S.A. , using the Japanese term for the largest of the global trading houses .

Adds Takeshi Kondo , senior vice president of C. Itoh America Inc. : `` We have a great interest in making investments , particularly in new ventures . ''

A host of electronics firms in California 's Silicon Valley were financed with trading-company venture capital .

Profit , at least in the short term , is usually a secondary goal .

`` Strategic objectives , not financial return , drive many of the deals , '' says a Venture Economics spokesman .

In investing on the basis of future transactions , a role often performed by merchant banks , trading companies can cut through the logjam that small-company owners often face with their local commercial banks .

`` It 's the classic problem of the small businessman , '' says Malcolm Davies , managing director of Trading Alliance Corp. of New York .

`` People are queuing at the door to take his product but he does n't have the working capital to make the thing and commercial banks are very unsympathetic .

They want assets , they want a balance sheet , which has no relation to the business a company can generate . ''

Adds Mitsui 's Mr. Klauser : `` Unlike corporations in this country , trading companies are n't so much interested in a high return on investment as they are on increasing trade flows .

To the extent they can do this , they 're quite content to get a return on investment of 1 % to 2 % . ''

Mr. Klauser says Mitsui has 75 U.S. subsidiaries in which it holds 35 % interest or more and the trading company hopes to double the number of its U.S. affiliates in 1990 .

Sales by these subsidiaries in the fiscal year ending last March were more than $ 17 billion .

A 1 % to 2 % return on $ 17 billion `` ai n't hay , '' Mr. Klauser says .

Hudson General Corp. 's president and chief executive officer , Alan J. Stearn , resigned .

Mr. Stearn , 46 years old , could n't be reached for comment .

A company spokesman declined to elaborate on the departure .

Hudson General , which provides maintenance , fueling and other services to airlines and airports , reported a loss for its most recent fiscal year and last month omitted the semiannual dividend on its common shares .

Mr. Stearn , who had been with the company more than 20 years and had been president since 1984 , will act as a consultant to Hudson General .

His duties as chief executive will be assumed by Chairman Jay B. Langner .

For 10 years , Genie Driskill went to her neighborhood bank because it was convenient .

A high-balance customer that banks pine for , she did n't give much thought to the rates she was receiving , nor to the fees she was paying .

But in August , First Atlanta National Bank introduced its Crown Account , a package designed to lure customers such as Ms. Driskill .

Among other things , it included checking , safe deposit box and credit card -- all for free -- plus a good deal on installment loans .

All she had to do was put $ 15,000 in a certificate of deposit , or qualify for a $ 10,000 personal line of credit .

`` I deserve something for my loyalty , '' she says .

She took her business to First Atlanta .

So it goes in the competitive world of consumer banking these days .

For nearly a decade , banks have competed for customers primarily with the interest rates they pay on their deposits and charge on their loans .

The competitive rates were generally offset by hefty fees on various services .

But many banks are turning away from strict price competition .

Instead , they are trying to build customer loyalty by bundling their services into packages and targeting them to small segments of the population .

`` You 're dead in the water if you are n't segmenting the market , '' says Anne Moore , president of Synergistics Research Corp. , a bank consulting firm in Atlanta .

NCNB Corp. of Charlotte , N.C. , recently introduced its Financial Connections Program aimed at young adults just starting careers .

The program not only offers a pre-approved car loan up to $ 18,000 , but throws in a special cash-flow statement to help in saving money .

In September , Union Planters Corp. of Memphis , Tenn. , launched The Edge account , a package designed for the `` thirtysomething '' crowd with services that include a credit card and line of credit with no annual fees , and a full percentage point off on installment loans .

The theory : Such individuals , many with young children , are in their prime borrowing years -- and , having borrowed from the bank , they may continue to use it for other services in later years .

For some time , banks have been aiming packages at the elderly , the demographic segment with the highest savings .

Those efforts are being stepped up .

Judie MacDonald , vice president of retail sales at Barnett Banks Inc. of Jacksonville , Fla. , says the company now targets sub-segments within the market by tailoring its popular Seniors Partners Program to various life styles .

`` Varying age , geography and life-style differences create numerous sub-markets , '' Ms. MacDonald says .

She says individual Barnett branches can add different benefits to their Seniors Partners package -- such as athletic activities or travel clubs -- to appeal to local market interests .

`` An active 55-year-old in Boca Raton may care more about Senior Olympic games , while a 75-year-old in Panama City may care more about a seminar on health , '' she says .

Banks have tried packaging before .

In 1973 , Wells Fargo & Co. of San Francisco launched the Gold Account , which included free checking , a credit card , safe-deposit box and travelers checks for a $ 3 monthly fee .

The concept begot a slew of copycats , but the banks stopped promoting the packages .

One big reason : thin margins .

Many banks , particularly smaller ones , were slow to computerize and could n't target market niches that would have made the programs more profitable .

As banks ' earnings were squeezed in the mid-1970s , the emphasis switched to finding ways to cut costs .

But now computers are enabling more banks to analyze their customers by age , income and geography .

They are better able to get to those segments in the wake of the deregulation that began in the late 1970s .

Deregulation has effectively removed all restrictions on what banks can pay for deposits , as well as opened up the field for new products such as high-rate CDs .

Where a bank once offered a standard passbook savings account , it began offering money-market accounts , certificates of deposit and interest-bearing checking , and staggering rates based on the size of deposits .

The competition has grown more intense as bigger banks such as Norwest Corp. of Minneapolis and Chemical Banking Corp. of New York extend their market-share battles into small towns across the nation .

`` Today , a banker is worrying about local , regional and money-center -LCB- banks -RCB- , as well as thrifts and credit unions , '' says Ms. Moore at Synergistics Research .

`` So people who were n't even thinking about targeting 10 years ago are scrambling to define their customer base . ''

The competition has cultivated a much savvier consumer .

`` The average household will spread 19 accounts over a dozen financial institutions , '' says Michael P. Sullivan , who runs his own bank consulting firm in Charlotte , N.C .

`` This much fragmentation makes attracting and keeping today 's rate-sensitive customers costly . ''

Packages encourage loyalty by rewarding customers for doing the bulk of their banking in one place .

For their troubles , the banks get a larger captive audience that is less likely to move at the drop of a rate .

The more accounts customers have , Mr. Sullivan says , the more likely they are to be attracted to a package -- and to be loyal to the bank that offers it .

That can pay off down the road as customers , especially the younger ones , change from borrowers to savers\/investors .

Packaging has some drawbacks .

The additional technology , personnel training and promotional effort can be expensive .

Chemical Bank spent more than $ 50 million to introduce its ChemPlus line , several packages aimed at different segments , in 1986 , according to Thomas Jacob , senior vice president of marketing .

`` It 's not easy to roll out something that comprehensive , and make it pay , '' Mr. Jacob says .

Still , bankers expect packaging to flourish , primarily because more customers are demanding that financial services be tailored to their needs .

`` These days , banking customers walk in the door expecting you to have a package especially for them , '' Ms. Moore says .

Some banks are already moving in that direction , according to Alvin T. Sale , marketing director at First Union Corp. in Charlotte .

First Union , he says , now has packages for seven customer groups .

Soon , it will split those into 30 .

Says Mr. Sale : `` I think more banks are starting to realize that we have to be more like the department store , not the boutique . ''

IRAs .

SHAREDATA Inc. said it will amend a registration statement filed with the Securities and Exchange Commission to delete a plan to sell 500,000 newly issued common shares .

The Chandler , Ariz. , company said it will resubmit the registration to cover only the 2.3 million warrants , each exercisable for the purchase of one common share .

Currently , ShareData has about 4.1 million common shares outstanding .

ShareData develops and markets low-cost software , peripheral equipment and accessories for computers .

Five things you can do for $ 15,000 or less :

1 . Buy a new Chevrolet .

2 . Take a Hawaiian vacation .

3 . Send your child to a university .

4 . Buy a diamond necklace .

5 . Make a lasting difference in the regulatory life of an American savings-and-loan association through the Foster Corporate Parents Plan .

Americans today spend $ 15,000 like pocket change -- they do n't think much about it .

But for an ailing savings-and-loan association -- teetering on insolvency -- it can lead to safety from imminent demise and to a future full of promise .

Your $ 15,000 will help keep a needy savings and loan solvent -- and out of the federal budget deficit .

As a Foster Corporate Parent , you 'll be helping a neighborhood S&L in areas crucial to its survival .

Like healthy regulatory capital .

A steady deposit base .

Performing loans .

At the same time , you 'll give your Foster Savings Institution the gift of hope and freedom from the federal regulators who want to close its doors -- for good .

As a Foster Corporate Parent , you will experience the same joy felt by Robert Bass , Lewis Ranieri , William Simon and others , who find ways to help troubled savings institutions and their employees help themselves .

That builds confidence , self sufficiency , not to mention critical regulatory net worth .

Do n't wait -- a savings institution needs your help now !

Every day you delay , a savings institution 's health -- and the federal budget deficit -- grows worse .

Think about the good you can do for just $ 15,000 a month , about the cost of a mid-size Chevrolet or two semesters at a state university .

Then send your support to a savings institution that has taken a bad rap in the press and on its bottom line .

Every $ 15,000 you send will go a long way to boost sagging net worth and employee morale -- and keep your Foster Savings Institution off the federal budget deficit !

Mr. Baris is a lawyer in New York .

The Chicago Mercantile Exchange said it plans to institute an additional `` circuit breaker '' aimed at stemming market slides .

Separately , John Phelan told a closed House subcommittee meeting in Washington that he would support Securities and Exchange Commission halts of program trading during market emergencies .

But the New York Stock Exchange chairman said he does n't support reinstating a `` collar '' on program trading , arguing that firms could get around such a limit .

The Chicago Merc said a new one-hour price limit would take effect in its Standard & Poor 's 500 stock-index futures pit once S&P 500 futures fell 20 index points -- the equivalent of about a 150-point drop in the Dow Jones Industrial Average .

If the 20-point limit is triggered after 1:30 p.m . Chicago time , it would remain in effect until the normal close of trading at 3:15 p.m .

With the limit in effect , members would be able to execute trades at the limit price or at higher prices , but not below it .

The exchange said it decided a new circuit breaker was needed following a review of the tumultuous trading in stocks and stock-index futures on Friday Oct. 13 , when the Dow Jones industrials plunged 190 points and stock-index futures prices skidded as well .

Late that afternoon the S&P 500 stock-index futures contract fell a total of 30 index points , hitting a Merc circuit breaker limit that remained in effect for the rest of the trading session .

The Merc said that its existing 30-minute , 12-point limit on S&P 500 stock-index futures trading -LRB- equal to about 100 points on the Dow Jones industrials -RRB- , which was triggered Oct. 13 , will remain in effect .

Leo Melamed , Merc executive committee chairman , said that the 12-point limit appeared to lessen the selling panic Oct. 13 .

But when the contract reopened , the subsequent flood of sell orders that quickly knocked the contract down to the 30-point limit indicated that the intermediate limit of 20 points was needed to help keep stock and stock-index futures prices synchronized .

Several traders maintained that the Merc 's 12-point circuit-breaker aggravated the market slide Oct. 13 by directing additional selling pressure to the floor of the New York Stock Exchange .

All of the changes require regulatory approval , which is expected shortly .

The exchange also said that the 30-point circuit breaker , which currently provides only a one-hour respite during market sell-offs , will become the maximum one-day limit for the S&P 500 stock-index futures contract ; the one-day limit now is 50 index points .

A final modification was made to the five-point opening limit for the contract .

The Merc said that five-point limit will remain in effect for the first 10 minutes of trading .

The limit lapses under current exchange rules if contracts trade above the limit price during the opening 10 minutes of trading .

In Washington , House aides said Mr. Phelan told congressmen that the collar , which banned program trades through the Big Board 's computer when the Dow Jones Industrial Average moved 50 points , did n't work well .

He said that firms could get around the collar by executing trades manually .

In a post-hearing news conference , Mr. Phelan , who has publicly expressed concern about market volatility , said he told the House finance and telecommunications subcommittee that he would support the program-trading halt proposal `` providing the SEC would be comfortable with the language '' in a bill .

The program-trading issue is heating up on Capitol Hill as it is on Wall Street , and several legislators want to grant the SEC the power to shut off the programs when trading becomes too volatile .

SEC Chairman Richard Breeden has said he would be willing to consider circuit breakers that have preset trigger points , but he does n't want discretionary power to stop programs .

A House aide suggested that Mr. Phelan was so `` vague and mushy '' that it was the kind of meeting where people of all viewpoints could `` come out feeling good . ''

At one point , Mr. Phelan angered the subcommittee 's chairman , Rep. Edward Markey -LRB- D. , Mass. -RRB- , by not going much beyond what already had been reported in the morning newspapers .

`` Markey said we could have done this in public '' because so little sensitive information was disclosed , the aide said .

Mr. Phelan then responded that he would have been happy just writing a report to the panel , the aide added .

At another point during the hearing , Rep. Markey asked Mr. Phelan what would be discussed at a New York exchange board meeting today .

Mr. Phelan said the Big Board is likely to study the program-trading issue .

That response annoyed Rep. Markey , House aides said , and the congressman snapped back that there had been enough studies of the issue and that it was time for action on the matter .

Fifteen of the 26 subcommittee members attended the hearing , most notably Rep. John Dingell -LRB- D. , Mich. -RRB- , the full House Energy and Commerce Committee chairman , who has been willing to let Mr. Markey carry the legislation in recent months .

Mr. Dingell expressed concern , sources said , about jurisdictional problems in regulating program trading , which uses futures to offset stock trades .

The futures industry is regulated by the Commodity Futures Trading Commission , which reports to the Agriculture committees in both houses .

The art of change-ringing is peculiar to the English , and , like most English peculiarities , unintelligible to the rest of the world .

-- Dorothy L. Sayers , `` The Nine Tailors ''

ASLACTON , England

-- Of all scenes that evoke rural England , this is one of the loveliest : An ancient stone church stands amid the fields , the sound of bells cascading from its tower , calling the faithful to evensong .

The parishioners of St. Michael and All Angels stop to chat at the church door , as members here always have .

In the tower , five men and women pull rhythmically on ropes attached to the same five bells that first sounded here in 1614 .

But there is also a discordant , modern note in Aslacton , though it ca n't be heard by the church-goers enjoying the peal of bells this cool autumn evening .

Like most of the other 6,000 churches in Britain with sets of bells , St. Michael once had its own `` band '' of ringers , who would herald every Sunday morning and evening service .

Now , only one local ringer remains : 64-year-old Derek Hammond .

The others here today live elsewhere .

They belong to a group of 15 ringers -- including two octogenarians and four youngsters in training -- who drive every Sunday from church to church in a sometimes-exhausting effort to keep the bells sounding in the many belfries of East Anglia .

`` To ring for even one service at this tower , we have to scrape , '' says Mr. Hammond , a retired water-authority worker .

`` We 've tried to train the youngsters , but they have their discos and their dances , and they just drift away . ''

Mr. Hammond worries that old age and the flightiness of youth will diminish the ranks of the East Anglian group that keeps the Aslacton bells pealing .

History , after all , is not on his side .

According to a nationwide survey taken a year ago , nearly a third of England 's church bells are no longer rung on Sundays because there is no one to ring them .

It is easy to see why the ancient art is on the ropes .

The less complicated version of playing tunes on bells , as do the carillons of continental Europe , is considered by the English to be childish , fit only for foreigners .

Change-ringing , a mind-boggling exercise the English invented 380 years ago , requires physical dexterity -- some bells weigh more than a ton -- combined with intense mental concentration .

Proper English bells are started off in `` rounds , '' from the highest-pitched bell to the lowest -- a simple descending scale using , in larger churches , as many as 12 bells .

Then , at a signal , the ringers begin varying the order in which the bells sound without altering the steady rhythm of the striking .

Each variation , or change , can occur only once , the rules state .

Ringers memorize patterns of changes , known as `` methods , '' which have odd-sounding names like Kent Treble Bob Major or Grandsire Caters .

A series of 5,000 or so changes is a `` peal '' and takes about three hours .

A look at a Thursday night practice at St. Mary Abbot church in the Kensington district of London gives an idea of the work involved .

Ten shirt-sleeved ringers stand in a circle , one foot ahead of the other in a prize-fighter 's stance , each pulling a rope that disappears through a small hole in the high ceiling of the ringing chamber .

No one speaks , and the snaking of the ropes seems to make as much sound as the bells themselves , muffled by the ceiling .

Totally absorbed , the ringers stare straight ahead , using peripheral vision -LRB- they call it `` rope-sight '' -RRB- to watch the other ropes and thus time their pulls .

Far above in the belfry , the huge bronze bells , mounted on wheels , swing madly through a full 360 degrees , starting and ending , surprisingly , in the inverted , or mouth-up position .

Skilled ringers use their wrists to advance or retard the next swing , so that one bell can swap places with another in the following change .

In a well-known detective-story involving church bells , English novelist Dorothy L. Sayers described ringing as a `` passion -LCB- that -RCB- finds its satisfaction in mathematical completeness and mechanical perfection . ''

Ringers , she added , are `` filled with the solemn intoxication that comes of intricate ritual faultlessly performed . ''

`` Ringing does become a bit of an obsession , '' admits Stephanie Pattenden , master of the band at St. Mary Abbot and one of England 's best female ringers .

It is a passion that usually stays in the tower , however .

More often than not , ringers think of the church as something stuck on the bottom of the belfry .

When their changes are completed , and after they have worked up a sweat , ringers often skip off to the local pub , leaving worship for others below .

This does not sit well with some clerics .

With membership of the Church of England steadily dwindling , strong-willed vicars are pressing equally strong-willed and often non-religious ringers to attend services .

Two years ago , the Rev. Jeremy Hummerstone , vicar of Great Torrington , Devon , got so fed up with ringers who did n't attend service he sacked the entire band ; the ringers promptly set up a picket line in protest .

`` They were a self-perpetuating club that treated the tower as sort of a separate premises , '' the Vicar Hummerstone says .

An entirely new band rings today at Great Torrington , several of whom are members of the congregation .

But there still are n't enough ringers to ring more than six of the eight bells .

At St. Mary 's Church in Ilminster , Somerset , the bells have fallen silent following a dust-up over church attendance .

The vicar , W.D. Jones , refuses to talk about it , saying it would `` reopen the wound . ''

But C.J.B. Marshall , vicar of a nearby church , feels the fault is in the stairs from the bell tower that are located next to the altar .

`` So crunch , crunch , crunch , bang , bang , bang -- here come the ringers from above , making a very obvious exit while the congregation is at prayer , '' he says .

Vicar Marshall admits to mixed feelings about this issue , since he is both a vicar and an active bell-ringer himself .

`` The sound of bells is a net to draw people into the church , '' he says .

`` I live in hopes that the ringers themselves will be drawn into that fuller life . ''

The Central Council of Church Bell Ringers , a sort of parliament of ringing groups , aims to improve relations with vicars , says John C. Baldwin , president .

It hopes to speak to students at theological colleges about the joys of bell ringing and will shortly publish a booklet for every vicar in the country entitled , `` The Bells in Your Care . ''

Says Mr. Baldwin , `` We recognize that we may no longer have as high a priority in church life and experience . ''

Mr. Baldwin is also attacking the greater problem : lack of ringers .

One survey says that of the 100,000 trained bellringers in England today , only 40,000 of them still ring .

Also , ringers do n't always live where the bells need to be rung -- like in small , rural parishes and inner-city churches .

But the council 's program to attract and train ringers is only partly successful , says Mr. Baldwin .

`` Right now , we 're lucky if after five years we keep one new ringer out of 10 , '' he adds .

One bright sign is that a growing number of women have entered the once male-dominated field ; more than a third of the ringers today are women .

They are n't accepted everywhere , however .

The oldest bell-ringing group in the country , the Ancient Society of College Youths , founded in 1637 , remains male-only , a fact that 's particularly galling to women because the group is the sole source of ringers for Britain 's most prestigious churches , St. Paul 's Cathedral and Westminster Abbey .

This being Britain , no woman has filed an equal-opportunity suit , but the extent of the problem surfaced this summer in a series of letters to `` The Ringing World , '' a weekly newspaper for ringers .

One writer , signing his letter as `` Red-blooded , balanced male , '' remarked on the `` frequency of women fainting in peals , '' and suggested that they `` settle back into their traditional role of making tea at meetings . ''

In the torrent of replies that followed , one woman ringer from Solihull observed that `` the average male ringer leaves quite a lot to be desired : badly dressed , decorated with acne and a large beer-belly , frequently unwashed and unbearably flatulent in peals . ''

Another women wrote from Sheffield to say that in her 60 years of ringing , `` I have never known a lady to faint in the belfry .

I have seen one or two men die , bless them .

Investors unsettled by the stock market 's gyrations can take some comfort in the predictable arrival of quarterly dividend checks .

That has been particularly true this year with many companies raising their payouts more than 10 % .

But do n't breathe too easy : Those dividend increases may signal trouble ahead for stock prices , some analysts warn .

In the past , they say , the strongest dividend growth has often come at times when the stock-market party was almost over .

That can be a trap for unwary investors , says Richard Bernstein , senior quantitative analyst at Merrill Lynch & Co .

Strong dividend growth , he says , is `` the black widow of valuation '' -- a reference to the female spiders that attract males and then kill them after mating .

Stephen Boesel , president of T. Rowe Price Growth and Income Fund , explains that companies raise their payouts most robustly only after the economy and corporate profits have been growing for some time .

`` Invariably , those strong periods in the economy give way to recessionary environments , '' he says .

`` And recessionary environments are n't hospitable to the stock market . ''

Indeed , analysts say that payouts have sometimes risen most sharply when prices were already on their way down from cyclical peaks .

In 1976 , for example , dividends on the stocks in Standard & Poor 's 500-stock index soared 10 % , following much slower growth the year before .

The S&P index started sliding in price in September 1976 , and fell 12 % in 1977 -- despite a 15 % expansion in dividends that year .

That pattern has n't always held , but recent strong growth in dividends makes some market watchers anxious .

Payouts on the S&P 500 stocks rose 10 % in 1988 , according to Standard & Poor 's Corp. , and Wall Street estimates for 1989 growth are generally between 9 % and 14 % .

Many people believe the growth in dividends will slow next year , although a minority see double-digit gains continuing .

Meanwhile , many market watchers say recent dividend trends raise another warning flag : While dividends have risen smartly , their expansion has n't kept pace with even stronger advances in stock prices .

As a result , the market 's dividend yield -- dividends as a percentage of price -- has slid to a level that is fairly low and unenticing by historical standards .

Put another way , the decline in the yield suggests stocks have gotten pretty rich in price relative to the dividends they pay , some market analysts say .

They are keeping a close watch on the yield on the S&P 500 .

The figure is currently about 3.3 % , up from 3.2 % before the recent market slide .

Some analysts say investors should run for the exits if a sustained market rebound pushes the yield below 3 % .

A drop below that 3 % benchmark `` has always been a strong warning sign that stocks are fully valued , '' says Mr. Boesel of T. Rowe Price .

In fact , `` the market has always tanked .

Always .

There 's never been an exception , '' says Gerald W. Perritt , a Chicago investment adviser and money manager , based on a review of six decades of stock-market data .

The last time the S&P 500 yield dropped below 3 % was in the summer of 1987 .

Stockholders who took the hint and sold shares escaped the October debacle .

There have been only seven other times -- in 1929 , 1933 , 1961 , 1965 , 1968 , 1971 and 1972 -- when the yield on the S&P 500 dropped below 3 % for at least two consecutive months , Mr. Perritt found .

And in each case , he says , a sharp drop in stock prices began within a year .

Still , some market analysts say the current 3.3 % reading is n't as troublesome as it might have been in years past .

`` It 's not a very meaningful indicator currently because corporations are not behaving in a traditional manner , '' says James H. Coxon , head of stock investments for Cigna Corp. , the Philadelphia-based insurer .

In particular , Mr. Coxon says , businesses are paying out a smaller percentage of their profits and cash flow in the form of dividends than they have historically .

So , while stock prices may look fairly high relative to dividends , they are not excessive relative to the underlying corporate strength .

Rather than increasing dividends , some companies have used cash to buy back some of their shares , notes Steven G. Einhorn , co-chairman of the investment policy committee at Goldman , Sachs & Co .

He factors that into the market yield to get an adjusted yield of about 3.6 % .

That is just a tad below the average of the past 40 years or so , he says .

What will happen to dividend growth next year ?

Common wisdom suggests a single-digit rate of growth , reflecting a weakening in the economy and corporate profits .

PaineWebber Inc. , for instance , is forecasting growth in S&P 500 dividends of just under 5 % in 1990 , down from an estimated 11 % this year .

In other years in which there have been moderate economic slowdowns -- the environment the firm expects in 1990 -- the change in dividends ranged from a gain of 4 % to a decline of 1 % , according to PaineWebber analyst Thomas Doerflinger .

The minority argument , meanwhile , is that businesses have the financial wherewithal this time around to declare sharply higher dividends even if their earnings weaken .

Dividend growth on the order of 12 % is expected by both Mr. Coxon of Cigna and Mr. Einhorn of Goldman Sachs .

Those dividend bulls argue that corporations are in the unusual position of having plenty of cash left over after paying dividends and making capital expenditures .

One indicator investors might want to watch is the monthly tally from Standard & Poor 's of the number of public companies adjusting their dividends .

A total of 139 companies raised dividends in October , basically unchanged from 138 a year ago , S&P said Wednesday .

That followed four straight months in which the number of increases trailed the year-earlier pace .

While the S&P tally does n't measure the magnitude of dividend changes , a further slippage in the number of dividend increases could be a harbinger of slower dividend growth next year .

In any case , opinion is mixed on how much of a boost the overall stock market would get even if dividend growth continues at double-digit levels .

Mr. Einhorn of Goldman Sachs estimates the stock market will deliver a 12 % to 15 % total return from appreciation and dividends over the next 12 months -- vs. a `` cash rate of return '' of perhaps 7 % or 8 % if dividend growth is weak .

But Mr. Boesel of T. Rowe Price , who also expects 12 % growth in dividends next year , does n't think it will help the overall market all that much .

`` Having the dividend increases is a supportive element in the market outlook , but I do n't think it 's a main consideration , '' he says .

With slower economic growth and flat corporate earnings likely next year , `` I would n't look for the market to have much upside from current levels .

Your Oct. 13 page-one story on the renewed plight of Western Union says that Western Union had lost its chance to be in the telephone business by turning down Alexander Graham Bell 's offer to it of his invention , because it supposedly felt that voice communication would never replace the telegraph .

Such is hardly the case .

Bell 's father-in-law , Gardner G. Hubbard , wealthy and well-connected , obtained financing to start the American Bell Telephone Co. in Boston , which even had a subsidiary in New York called the Telephone Co. of New York .

This is where Bell 's patents went .

Western Union indeed wanted to get into the telephone business .

It acquired Thomas Edison 's microphone patent and then immediately sued the Bell Co. claiming that the microphone invented by my grandfather , Emile Berliner , which had been sold to Bell for a princely $ 50,000 , infringed upon Western Union 's Edison patent .

When Bell established that the Berliner patent caveat was registered 10 days before Edison 's application , Western Union dropped the lawsuit and agreed never to enter the telephone business -- the basis for the company 's current plight .

Oliver Berliner Beverly Hills , Calif .

Troubled NBI Inc. said it fired more than half its work force and is discontinuing its hardware business to focus on its software and service operations .

The ailing company , which has reported net losses for 16 consecutive quarters , said it wo n't manufacture network computer systems any more and will greatly reduce its costly direct sales force .

Altogether , NBI said it will eliminate 266 jobs at its Boulder headquarters , 176 field sales jobs and 50 jobs at its Canadian and United Kingdom headquarters .

The company 's work force will fall to about 400 people .

Stephen G. Jerritts , president and chief executive officer , said customers were n't willing to commit to an expensive NBI hardware systems because of the company 's financial troubles .

Further , he said , the company does n't have the capital needed to build the business over the next year or two .

`` We flat ran out of financing resources , '' Mr. Jerritts said .

`` We had to do something structurally and radically different . ''

As a result , he said NBI will focus on servicing its installed base of systems , trying to provide maintenance for other manufacturers and expanding its software business , using some of the applications it developed for its hardware .

The company currently offers a word-processing package for personal computers called Legend .

The company , which recently said it lacked the profits and capital to pay dividends on its Series A convertible preferred stock , said it has hired an investment banker to help it raise additional cash .

In New York Stock Exchange composite trading yesterday , NBI common closed at 93 cents a share , up 31 cents .

It was Richard Nixon 's first visit to China in 1972 that set in motion the historic rapprochement between Beijing and Washington .

But the former U.S. president 's sixth visit to China , during which he spoke at length with Chinese leaders , was nowhere near as successful at easing strains that have recently afflicted the Sino-U.S. relationship .

Mr. Nixon , the most prominent American to come to China since Beijing 's bloody suppression of pro-democracy demonstrators in June , harped on international outrage over the massacre .

The Chinese , in turn , took aim at American `` interference '' in China 's domestic affairs .

One official newspaper , Legal Daily , even directly criticized Mr. Nixon , who is normally referred to here as an `` old friend . ''

The paper accused him of being a leading proponent of `` peaceful evolution , '' a catch phrase to describe what China believes is the policy of Western countries to seduce socialist nations into the capitalist sphere .

The tension was evident on Wednesday evening during Mr. Nixon 's final banquet toast , normally an opportunity for reciting platitudes about eternal friendship .

Instead , Mr. Nixon reminded his host , Chinese President Yang Shangkun , that Americans have n't forgiven China 's leaders for the military assault of June 3-4 that killed hundreds , and perhaps thousands , of demonstrators .

`` Many in the United States , including many friends of China , believe the crackdown was excessive and unjustified , '' Mr. Nixon told Mr. Yang , who was directly involved in ordering the attack .

`` The events of April through June damaged the respect and confidence which most Americans previously had for the leaders of China . ''

The Chinese responded in an equally undiplomatic fashion .

In talks with Mr. Nixon , Chinese leaders expressed no regret for the killings , and even suggested that the U.S. was prominently involved in the demonstrations this spring .

In a meeting Tuesday , supreme leader , Deng Xiaoping , told Mr. Nixon , `` Frankly speaking , the U.S. was involved too deeply in the turmoil and counterrevolutionary rebellion which occurred in Beijing not long ago .

China was the real victim and it is unjust to reprove China for it . ''

Despite the harsh exchanges , the U.S. and China still seem to be looking for a way to mend relations , which have deteriorated into what Mr. Nixon referred to as `` the greatest crisis in Chinese-American relations '' since his initial visit to China 17 years ago .

In his return toast to Mr. Nixon , Mr. Yang said the relationship had reached a `` stalemate . ''

Relations between China and the U.S. have been tense since June 7 , when Chinese dissident Fang Lizhi and his wife , Li Shuxian , took refuge in the U.S. Embassy in Beijing .

Shortly afterwards , Mr. Bush imposed a series of anti-China sanctions , including suspension of most high-level talks , which could be codified in U.S. congressional legislation in the coming weeks .

Mr. Nixon is traveling in China as a private citizen , but he has made clear that he is an unofficial envoy for the Bush administration .

Mr. Nixon met Mr. Bush and his national security adviser , Brent Scowcroft , before coming to China on Saturday .

And he plans to brief the president at the end of the week , U.S. sources said .

Mr. Nixon was to leave China today .

According to an American member of the Nixon party , the former president raised a number of controversial issues in his 20 hours of talks with top-level Chinese officials .

These included China 's economic policies , human rights and the question of Mr. Fang .

Mr. Nixon also proposed that China restore its participation in the Fulbright Program , a U.S. government-funded academic exchange .

China pulled out of the program in July .

In his talks , the former president urged China 's leaders to acknowledge that their nation is part of the world community and welcome the infusion of outside contacts and ideas .

`` Ideas are going over borders , and there 's no SDI ideological weapon that can shoot them down , '' he told a group of Americans at the U.S. Embassy on Wednesday .

There are no signs , however , of China 's yielding on key issues .

But in one minor matter , Mr. Nixon appears to have gained a concession .

In a meeting with Premier Li Peng on Monday , Mr. Nixon said that he hoped he would n't encounter guards with machine guns during his visit to the U.S. Embassy .

Sure enough , when he arrived at the embassy two days later , the machine-gun-toting guards were gone -- for the first time in five months .

A few blocks away , at the U.S. ambassador 's residence , the guards encircling the compound also had discarded their Uzi-model arms for the first time since early June .

But the guards there retained their pistols , and a large contingent of plainclothes police remained nearby in unmarked cars .

Moreover , police and soldiers continue to harass Americans , who have filed several protests with the Foreign Ministry in the past week .

Several times , Chinese guards have pointed their automatic rifles at young children of U.S. diplomats and clicked the trigger .

The rifles were n't loaded .

Your Oct. 6 article `` Japan 's Financial Firms Lure Science Graduates '' states , `` Industrial companies are accusing financial institutions of jeopardizing Japan 's economy by raising the salary stakes for new employees . ''

The Japanese industrial companies should know better .

They are barking up the wrong tree , because it is basically their fault they ca n't attract new employees .

Takuma Yamamoto , president of Fujitsu Ltd. , believes `` the ` money worship ' among young people ... caused the problem . ''

He is just passing the buck to young people .

What 's wrong with asking for more money ?

Money is not everything , but it is necessary , and business is not volunteer work .

It is not unethical to choose a higher-salaried job .

Unfortunately , Japanese manufacturers have neither good working conditions nor good compensation packages .

I get the impression that some Japanese managers believe working harder for less money is beautiful .

I visited a lot of major Japanese manufacturers , but I never felt I would want to be employed by any of them .

Many of them recently have been spending a lot of money on public relations and advertising to improve their images , but they should realize that the most important thing is real change , not changing people 's perceptions .

If the Japanese companies are seriously considering their survival , they could do at least three things to improve the situation : raise salaries higher than those of financial institutions ; improve working conditions -LRB- better offices and more vacations , for example -RRB- ; accept and hire more labor from outside Japan .

Hiroshi Asada

In reference to your Oct. 9 page-one article `` Barbara Bush Earns Even Higher Ratings Than the President , '' it is regrettable that you must continually define blacks by our negatives : `` Among liberals , 60 % have positive views of her , while 50 % approve of the president 's job performance .

In part , this may reflect the fact that ` she speaks a more progressive language ' than her husband , as Columbia 's Prof . -LCB- Ethel -RCB- Klein puts it .

Among professionals , 76 % have a favorable opinion of her , compared to 62 % who approve of her husband 's performance .

While a quarter of black voters disapprove of Mr. Bush 's handling of his job , only 15 % have a negative view of his spouse . ''

The statistics imply that three-quarters of blacks approve of Mr. Bush 's job performance and 85 % of blacks approve of Mrs. Bush .

If the assumption is that it is surprising that so few blacks find Mr. and Mrs. Bush distasteful , the positive view is even more newsworthy .

Such an editorial point of view perpetuates an insidious , stereotyped perspective .

Why are we blacks continually defined by our minority and the lowest common denominator .

Preston G. Foster Birmingham , Ala .

The National Association of Securities Dealers , the self-regulatory organization for the over-the-counter securities markets , disciplined a number of firms and individuals for alleged violations of industry rules .

Two firms were expelled from the NASD , three were suspended or barred and nine were fined .

First Securities Group of California and a principal of the firm , Louis Fernando Vargas of Marina del Rey , Calif. , were jointly fined $ 15,000 and expelled for alleged violations of reporting requirements on securities sales .

Also , Mr. Vargas was barred from association with any NASD member .

Neither First Securities , of Beverly Hills , nor Mr. Vargas could be reached for comment .

A telephone-information operator had no listing for either party .

J.L. Henry & Co. , Miami , and a principal of the firm , Henry I. Otero of Miami , were jointly fined $ 30,000 and expelled , for alleged improper use of a customer 's funds , among other things .

Also , Mr. Otero was barred from association with any NASD member .

J.L. Henry has n't any Miami telephone listing , an operator said .

Mr. Otero , who apparently has an unpublished number , also could n't be reached .

Biscayne Securities Corp. , of Lauderhill , Fla. , and a principal of the firm , Alvin Rosenblum of Plantation , Fla. , were jointly fined $ 20,000 and given 10-day suspensions for allegedly selling securities at unfair prices .

Biscayne has n't any telephone listing , an operator said .

Mr. Rosenblum , who apparently has an unpublished phone number , also could n't be reached .

Triton Securities , of Danville , Calif. , and a principal of the firm , Delwin George Chase , also of Danville , were jointly fined $ 10,000 and given 30-day suspensions as part of a settlement .

While neither admitting nor denying wrongdoing , Triton and Mr. Chase consented to findings of violations in connection with limited-partnership sales .

Officials of Triton could n't be reached for comment .

Mr. Chase did n't return a telephone call to his office .

Crane & Co. Securities Inc. , of Mount Clemens , Mich. , and its president , Glenn R. Crane , of Sterling Heights , Mich. , consented to a joint fine of $ 10,000 .

Without admitting or denying wrongdoing , they consented to findings of violations of escrow and record-keeping rules .

Mr. Crane did n't return a call seeking comment .

First Commonwealth Securities Corp. , of New Orleans , and its president , Kenneth J. Canepa , also of New Orleans , consented to a $ 10,000 fine .

Also , Mr. Canepa received a two-week suspension `` in a principal capacity . ''

Without admitting or denying wrongdoing , they consented to findings that they had inaccurately represented the firm 's net capital , maintained inaccurate books and records , and made other violations .

Mr. Canepa confirmed he had consented to the sanctions but declined to comment further .

Weatherly Securities Corp. , New York , and three of its principals -- Dell Eugene Keehn and William Northy Prater Jr. , both of Mercer Island , Wash. , and Thomas Albert McFall , of Red Bank , N.J . -- consented to a fine of $ 20,000 .

Without admitting or denying wrongdoing , they consented to findings that they failed to return funds owed to customers in connection with a limited-partnership offering .

Reached at his office , Mr. McFall , currently chairman , said , `` An implication that we failed to return investor funds is inappropriate and inaccurate . ''

He described the situation as `` an escrow problem , a timing issue , '' which he said was rapidly rectified , with no losses to customers .

W.N. Whelen & Co. , of Georgetown , Del. , and its president , William N. Whelen Jr. , also of Georgetown , were barred from transacting principal trades for 90 days and were jointly fined $ 15,000 .

The firm and Mr. Whelen allegedly sold securities to the public at unfair prices , among other alleged violations .

Mr. Whelen denied the firm had sold securities at unfair prices and suggested that the examination practices of the NASD need improvement .

The firm and the NASD differ over the meaning of markup and markdown , he added .

Shearson Lehman Hutton Inc. , New York , which is 62%-owned by American Express Co. , consented to a $ 10,000 fine .

Without admitting or denying wrongdoing , the firm consented to findings that it failed to respond `` in a timely manner '' to the NASD 's requests for information in connection with a customer complaint .

A Shearson spokesman had no comment .

The following individuals were fined as indicated and barred from association with NASD members , or , where noted , suspended .

Except where noted , none of these people could be reached for comment or had any comment .

Andrew Derel Adams , Killeen , Texas , fined $ 15,000 ; John Francis Angier Jr. , Reddington Shores , Fla. , $ 15,000 ; Mark Anthony , Arlington Heights , Ill. , $ 10,000 and 30-day suspension ; William Stirlen , Arlington Heights , Ill. , $ 7,500 and 30-day suspension ; Fred W. Bonnell , Boulder , Colo. , $ 2,500 and six-month suspension ; Michael J. Boorse , Horsham , Pa. ; David Chiodo , Dallas , $ 5,000 , barred as a principal ; Camille Chafic Cotran , London , $ 25,000 ; John William Curry , fined $ 5,000 , ordered to disgorge $ 30,000 , one-year suspension .

John William Davis , Colonsville , Miss. , fined $ 200,000 ; Jeffrey Gerard Dompierre , Valrico , Fla. , $ 5,000 and 10-day suspension ; Eugene Michael Felten , La Canada , Calif. , fined $ 25,000 , ordered to disgorge $ 16,072 and suspended one year ; Marion Stewart Spitler , La Canada , fined $ 15,000 , ordered to disgorge $ 18,444 and suspended six months .

Mr. Felten said , `` We got what amounted to a parking ticket , and by complaining about it , we ended up with a sizable fine and suspension . ''

The matter `` did n't involve anybody 's securities transactions , '' he added .

Victor Stanley Fishman , Longwood , Fla. , fined $ 25,000 ; William Harold Floyd , Houston , $ 100,000 ; Michael Anthony Houston , Bronx , N.Y. , $ 15,000 ; Amin Jalaalwalikraam , Glenham , N.Y. , $ 60,000 ; Richard F. Knapp , London , $ 10,000 and 30-day suspension ; Deborah Renee Martin , St. Louis , $ 15,000 ; Joseph Francis Muscolina Jr. , Palisades Park , N.J. , $ 15,000 ; Robert C. Najarian , Brooklyn Park , Minn. , $ 15,000 ; Edward Robert Norwick , Nesconset , N.Y. , $ 30,000 .

Charles D. Phipps Sr. , Hermitage , Pa. , fined $ 10,000 ; David Scott Rankin , Lake St. Louis , Mo. , $ 15,000 ; Leigh A. Sanderoff , Gaithersburg , Md. , fined $ 45,000 , ordered to disgorge $ 12,252 ; Sandra Ann Smith , Ridgefield , N.J. , $ 15,000 ; James G. Spence , Aloha , Ore. , $ 5,000 and six-month suspension ; Mona Sun , Jamaica Estates , N.Y. , $ 60,000 ; William Swearingen , Minneapolis , $ 15,000 and six-month suspension ; John Bew Wong , San Francisco , $ 25,000 ; Rabia M. Zayed , San Francisco , $ 50,000 .

The following were neither barred nor suspended : Stephanie Veselich Enright , Rolling Hills , Calif. , fined $ 2,500 and ordered to disgorge $ 11,762 ; Stuart Lane Russel , Glendale , Calif. , fined $ 2,500 and ordered to disgorge $ 14,821 ; Devon Nilson Dahl , Fountain Valley , Calif. , fined $ 82,389 .

Mr. Dahl , a registered representative in the insurance business , said he `` screwed up '' because he did n't realize he was breaking securities laws .

`` Insurance agents have been forced by their companies into becoming registered reps , '' he said , `` but they are not providing compliance and security-type training so that we can avoid stupid mistakes . ''

The following were barred or , where noted , suspended and consented to findings without admitting or denying wrongdoing : Edward L. Cole , Jackson , Miss. , $ 10,000 fine ; Rita Rae Cross , Denver , $ 2,500 fine and 30-day suspension ; Thomas Richard Meinders , Colorado Springs , Colo. , $ 2,000 fine , five-day suspension and eight-month suspension as a principal ; Ronald A. Cutrer , Baton Rouge , La. , $ 15,000 fine and one-month suspension ; Karl Grant Hale , Midvale , Utah , $ 15,000 fine ; Clinton P. Hayne , New Orleans , $ 7,500 fine and one-week suspension ; Richard M. Kane , Coconut Creek , Fla. , $ 250,000 fine ; John B. Merrick , Aurora , Colo. , $ 1,000 fine and 10-day suspension ; John P. Miller , Baton Rouge , $ 2,000 fine and two-week suspension ; Randolph K. Pace , New York , $ 10,000 fine and 90-day suspension ; Brian D. Pitcher , New Providence , N.J. , $ 30,000 fine ; Wayne A. Russo , Bridgeville , Pa. , $ 4,000 fine and 15-day suspension ; Orville Leroy Sandberg , Aurora , Colo. , $ 3,500 fine and 10-day suspension ; Richard T. Marchese , Las Vegas , Nev. , $ 5,000 and one-year suspension ; Eric G. Monchecourt , Las Vegas , $ 5,000 and one-year suspension ; and Robert Gerhard Smith , Carson City , Nev. , two-year suspension .

`` I was n't ever actively engaged in any securities activities , '' said Mr. Cutrer .

`` I never had any clients at all .

It was just a stupid mistake to get the license , '' he said , adding , `` I 'd just as soon not get into '' details of the settlement .

Program traders are fond of predicting that if they are blocked in the U.S. , they will simply emigrate to foreign stock markets .

But in London and Tokyo , where computer-driven trading now plays a small but growing role , traders say a number of hurdles loom .

Government officials , especially in Japan , probably would resist any onslaught of program trading by players trying to shrug off the U.S. furor over their activities and marching abroad with their business .

Japan is `` very concerned '' about the possible effects of program trading , a senior Japanese official said after the Oct. 13 stock plunge in New York .

U.S. stock-index futures are n't even traded in Japan now .

And because of the time difference , the Japanese and the U.S. markets ' trading hours do n't overlap .

It all adds up to a barrier to American-style index arbitrage , the most popular form of U.S. program trading that seeks to exploit brief differences between prices of stocks in New York and the price of a futures contract in Chicago based on those stocks .

About 11.6 % of all program trading by New York Stock Exchange firms in September took place in foreign markets , according to Big Board data .

Yet it is difficult to imagine Japan racing to introduce Chicago-style stock-index futures .

Japan 's Finance Ministry already is scrutinizing institutional investors ' activity to see whether policy changes are needed to cope with the current level of program trading , said Makato Utsumi , vice minister for international finance .

Program trading has taken off in Japan since last year 's introduction of home-market stock-index futures trading on the Tokyo and Osaka stock exchanges .

But regulators are wary .

They have n't forgotten the leap in share prices last Dec. 7 , when the first bout of foreign-led index arbitrage drove stocks skyward in the last half-hour of trading , startling regulators who thought they had written enough rules to prevent such a swing .

Japan 's Finance Ministry had set up mechanisms to limit how far futures prices could fall in a single session and to give market operators the authority to suspend trading in futures at any time .

`` Maybe it was n't enough , '' a Finance Ministry official noted after the Dec. 7 surge .

Japan 's regulators have since tightened controls on index-related stock purchases .

Tokyo 's leading program traders are the big U.S. securities houses , though the Japanese are playing catch-up .

Some U.S. firms , notably Salomon Inc. and Morgan Stanley Group Inc. , have reaped a hefty chunk of their Japanese earnings from index arbitrage , both for customers and for their own accounts .

-LRB- Morgan Stanley last week joined a growing list of U.S. securities firms that have stopped doing index arbitrage for their own accounts . -RRB-

Both Deryck C. Maughan , who heads Salomon in Tokyo , and John S. Wadsworth , who heads Morgan Stanley there , ascribe a good part of their firms ' success in Tokyo to their ability to offer sophisticated , futures-related investment strategies to big institutional clients .

They do n't have plans to cut back .

`` It has not been disruptive in the markets here , '' Mr. Maughan said .

`` The real difference seems to be that the cash market here ... is big enough and liquid enough that the futures market is n't having the same impact it does in America . ''

The British also are scrutinizing program trades .

Index-arbitrage trading is `` something we want to watch closely , '' an official at London 's Stock Exchange said .

`` We do n't think there is cause for concern at the moment . ''

London serves increasingly as a conduit for program trading of U.S. stocks .

Market professionals said London has several attractions .

First , the trading is done over the counter and is n't reported on either the U.S. or London stock trading tapes .

Second , it can be used to unwind positions before U.S. trading begins , but at prices pegged to the previous session 's Big Board close .

In addition to the extra privacy of these trades , the transactions can often be less expensive to execute , because the parties do n't have to pay a floor brokerage fee or a specialist 's fee .

Still , `` Much less -LCB- index-arbitrage activity -RCB- is done over here than in the U.S. '' said Richard Barfield , chief investment manager at Standard Life Assurance Co. , which manages about # 15 billion -LRB- $ 23.72 billion -RRB- in United Kingdom institutional funds .

Britain has two main index-arbitrage instruments .

A Financial Times-Stock Exchange 100-share index option contract is traded on the London Stock Exchange 's Traded Options Market .

And an FT-SE futures contract is traded on the London International Financial Futures Exchange .

Both contracts have gained a following since the 1987 global market crash .

The average number of FT-SE option contracts traded on the London exchange has surged nearly tenfold since the contract 's launch in 1984 .

This year , the average of daily contracts traded totaled 9,118 , up from 4,645 a year earlier and from 917 in 1984 .

But a survey early this summer indicated that the volume of index-options trading was only 15 % of the size of the underlying equity market , exchange officials said .

This compares with estimates that the U.S. `` derivatives '' market is perhaps four times as large as the underlying domestic market .

The House voted to boost the federal minimum wage for the first time since early 1981 , casting a solid 382-37 vote for a compromise measure backed by President Bush .

The vote came after a debate replete with complaints from both proponents and critics of a substantial increase in the wage floor .

Advocates said the 90-cent-an-hour rise , to $ 4.25 an hour by April 1991 , is too small for the working poor , while opponents argued that the increase will still hurt small business and cost many thousands of jobs .

But the legislation reflected a compromise agreed to on Tuesday by President Bush and Democratic leaders in Congress , after congressional Republicans urged the White House to bend a bit from its previous resistance to compromise .

So both sides accepted the compromise , which would lead to the first lifting of the minimum wage since a four-year law was enacted in 1977 , raising the wage to $ 3.35 an hour from $ 2.65 .

Under the measure passed yesterday , the minimum wage would rise to $ 3.80 next April .

The Senate plans to take up the measure quickly and is expected to pass it .

`` There are no smiles about this bill , '' Rep. Pat Williams -LRB- D. , Mont . -RRB- said during House floor debate yesterday .

But `` because it 's all we 've got , I 'm going to vote for it . ''

While the minimum wage had traditionally been pegged at half the average U.S. manufacturing wage , the level of $ 4.25 an hour in 1991 will still be less than 35 % of average factory pay , Mr. Williams said .

But Rep. Marge Roukema -LRB- R. , N.J . -RRB- instead praised the House 's acceptance of a new youth `` training '' wage , a subminimum that GOP administrations have sought for many years .

Adopting a training-wage policy means `` getting beyond the nickel and diming of the minimum wage , '' Mrs. Roukema said .

Policy makers regard the youth wage as helping to limit the loss of jobs from an increase in the minimum wage , but they have lately touted it as necessary to help impart job skills to entrants into the work force .

Labor unions and Democrats long fought the idea , but recently acceded to it in the face of Bush administration insistence .

The compromise sets the training wage at $ 3.35 an hour next April , and at $ 3.61 an hour , or 85 % of the minimum wage , in April 1991 .

Employers can pay the subminimum for 90 days , without restriction , to workers with less than six months of job experience , and for another 90 days if the company uses a government-certified training program for the young workers .

The training wage covers only workers who are 16 to 19 years old .

The White House previously insisted on an unrestricted six-month training wage that could be paid any time a worker of any age took a new job .

The U.S. Chamber of Commerce , still opposed to any mininum-wage increase , said the compromise plan to lift the wage floor 27 % in two stages between April 1990 and April 1991 `` will be impossible for many employers to accommodate and will result in the elimination of jobs for American workers and higher prices for American consumers .

Zenith Data Systems Corp. , a subsidiary of Zenith Electronics Corp. , received a $ 534 million Navy contract for software and services of microcomputers over an 84-month period .

Rockwell International Corp. won a $ 130.7 million Air Force contract for AC-130U gunship replacement aircraft .

Martin Marietta Corp. was given a $ 29.9 million Air Force contract for low-altitude navigation and targeting equipment .

Federal Data Corp. got a $ 29.4 million Air Force contract for intelligence data handling .