

World markets rally after Monday's collapse

NYSE vice-president speaks at HUB

By BRAD GIBSON
Collegian Staff Writer

The New York Stock Exchange's 508-point drop this week is a signal people are questioning whether the bull market is finished, NYSE vice president of business development said last night.

The market will continue to rise back up as it did Tuesday and Wednesday, William M. Earley said. "I do not see any reason why it will not," he said.

Earley, a 1969 Liberal Arts graduate of the University, spoke to a group of about 60 people in the HUB about the spirit of marketing, and took time out to discuss recent stock market developments.

Consumer spending will be much more cautious because of Monday's record decline, he predicted. The Dow industrials' plunge Monday wiped out 22.6 percent of the index's value — a bigger one-day decline than during the crash of 1929.

Earley said playing the market takes courage. "Some people have it and some do not," he said. "Some wish they had more," he added.

The Dow Jones Industrial Average's increase Tuesday and Wednesday is due to companies buying back their own stock, he said.

Earley said this purchasing has a two fold effect: it drives stock prices back up and allows companies to regain more control.

His generation is used to market swings of 25 to 50 points, Earley said.

In the future, swings of 750 points may not be inconceivable, he said.

Yesterday afternoon, James Miles, associate professor of finance, said Monday's record decline will have little long-term effect, and that the market is recovering nicely.

Miles said that the market could drop as much as 50 or 60 percent and not cause a national catastrophe similar to the Great Depression of the 1920s.

"People were 22 percent poorer on Tuesday than on Friday. To them it is a big deal," Miles said.

He said he has no idea what caused Monday's crash.



Collegian Photo / Jody Stecher
William M. Earley

Tokyo, New York, London on rebound

By PETER COY
AP Business Writer

NEW YORK — Investors flocked back to the world's stock markets yesterday, shaking off a trillion-dollar panic and sending indexes to record gains in New York, London and Tokyo.

The Dow Jones industrial average, climbing halfway back from Monday's historic 508-point collapse, rose 186.84 points to 2,027.85. The index had risen a record 102.27 points Tuesday.

A partial recovery in New York on Tuesday contributed to record point gains yesterday in indexes on the Tokyo and London stock exchanges. The improved attitude carried over into trading in the United States.

"They're bouncing. They're really bouncing," said Andrew Lanyi, managing director at Ladenburg, Thalmann & Co. Inc.

Analysts speculated that investors may have been pleased by world leaders' response to the market's panic, which erased more than \$500 billion from the value of U.S. stocks and more than \$1 trillion from world stocks in 24 hours.

The Dow industrials' plunge Monday wiped out 22.6 percent of the index's value — a bigger one-day decline than during the crash of 1929. West Germany took a small step

this week to hold down its interest rates, and President Reagan and leaders of Congress recommitted themselves to whittling away the federal budget deficit.

Reagan said yesterday he has not eased his opposition to higher tax rates and his chief budget adviser said flat out that the president "is not going to take a tax increase."

Nevertheless, economists said there was no major news event to account for either the plunge or the partial recovery.

Advancing issues outnumbered declining ones by a 8-to-1 margin on the New York Stock Exchange in very heavy trading. That contrasted with Tuesday, when the Dow industrials gained but losers outnumbered gainers 5-to-2.

Stocks also gained on the American Stock Exchange and in the over-the-counter market, reversing sharp losses both Monday and Tuesday.

"Today it's a much broader rally. You're getting buying from all of the country and the world," said Peter DaPuzzo, head of stock trading for Shearson Lehman Brothers Inc.

Some of the money flowing into stocks had probably been in limbo after having been yanked out of the market in the preceding days, DaPuzzo said. It takes five days to settle a transaction, he said.

Near-collision reports rise by 50 percent

By H. JOSEF HEBERT
Associated Press Writer

WASHINGTON, D.C. — The number of near-collision reports involving commercial aircraft jumped nearly 50 percent during the first nine months of this year, according to Federal Aviation Administration figures.

There was disagreement yesterday, however, among aviation safety experts on the significance of the increase on air safety.

The chairman of the National Transportation Safety Board said the sharp rise in near collisions shows that travelers were exposed to an "increased risk" of an aerial collision during the past summer, but the head of the FAA called the statistical jump "not in itself very meaningful."

According to the FAA, the agency received 857 near-collision reports from pilots during the first nine months of the year, a 37 percent increase over last year. The number of such reports involving planes carrying revenue-paying passengers increased even more sharply from 258 last year to 383 this year, up 48 percent.

During the busy summer months — June through August — there were 159 near-collision reports involving at least one commercial plane, an increase of 50 percent over the summer of 1986. The sharpest increase — 69 percent — came in August when there were nearly two such incidents reported a day, according to the FAA figures.

"If you look at near midair collisions they continued throughout the summer at very high levels," said Jim Burnett, chairman of the NTSB. "Somehow we're going to have to get a handle on that."

He said the levels represented "an increased risk" of a mid-air collision to air travelers despite efforts by the FAA during the summer to reduce such risks.

But FAA Administrator Allan McArtor said that while the increase during the nine-month period, compared to the same months in 1986, is a matter of concern to his agency he does not consider the figures in themselves "very meaningful" because actual collisions continue to be extremely rare.

"The statistics of near midair collisions taken by themselves are not good indicators of exposure to risk in the national air system," McArtor maintained in a telephone interview.

At the same time, he acknowledged, "We have a very busy air system. We know that. We're taking very aggressive action to minimize the exposure to risk." He cited agency actions already taken or planned to reduce the mix of commercial and private aircraft and installation of airborne collision-avoidance devices in jetliners over the next few years.

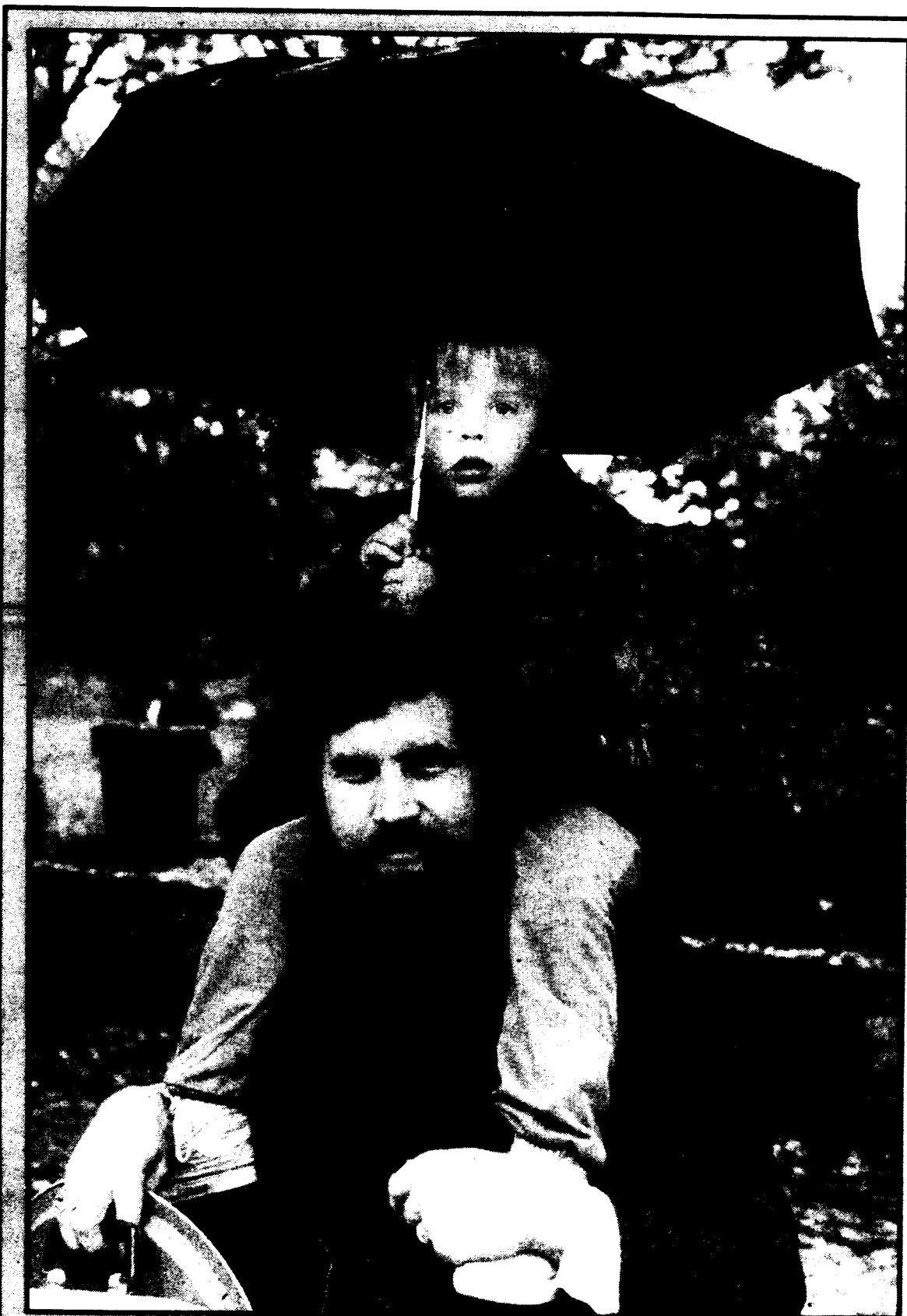
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weather

This afternoon partly sunny but still cold, high 47. Tonight partly cloudy, chance of showers toward morning, low 33. Friday variable cloudiness with rain showers ending by late afternoon, high 53....Ross Dickman



Umbrella economy

Kyle Peck and his son, K.C., a member of the College Avenue walk, and display an efficient way to share an umbrella.

Collegian Photo / Jody Stecher

University retirement plan to get boost

By CAROL CHASE
Collegian Staff Writer

A retirement plan used by two-thirds of the University faculty will be worth twice as much as its current value under a bill passed by the state's General Assembly Tuesday.

The legislation increases the amount of money the University contributes to the Teacher's Insurance and Annuity Association/College Retirement Equities Fund retirement plan from 4.45 percent to 8.95 percent of the employee's gross income, said William J. Walsh, director of the University salary administration and benefits office.

Gov. Robert P. Casey must sign the bill before it will become law. If he approves, it will be retroactive to the 1987-88 fiscal year, Walsh said.

Raising the University's contribution rate makes the retirement system at the University stable and predictable, he said. Under the TIAA-CREF plan, University employees contribute five percent of their gross income toward retirement.

"Adding 8.95 percent from the employer will put (the University)

smack dab in the middle of the national average of 12 to 15 percent," Walsh said.

The plan would keep the University competitive with institutions nationwide. Potential faculty members may base their decision about working at Penn State on retirement benefits, Walsh said.

The law would be effective for five years, providing financial security for employees at the University and other state institutions, Walsh said. After five years, the law would be subject to change, he said.

Ken Babe, University corporate controller, said the increase will not affect University students' tuition because the extra money has already been planned in the budget.

The increase will cost the University \$1.9 million more than the average amount paid yearly to TIAA-CREF since 1974.

Frank Forni, University special assistant to the president for government relations, said the bill "is going to be very helpful to the University's faculty."

Hampton Shirer, associate professor of meteorology, said the increase

will make the University look more attractive to incoming professors. Walsh said TIAA-CREF allows employees nationwide to transfer benefits from one university to another.

The alternate retirement plan to TIAA-CREF, used by one-third of

University faculty members, is the State Employee Retirement System.

Under SERS, employees contribute 6.25 percent of their gross income to retirement, and the University contributes a rate that is based on employees' salary and length of service.

Contributions have varied yearly

University contributions toward the Teacher's Insurance and Annuity Association/College Retirement Equities Fund retirement plan in the past have varied each year, said William J. Walsh, director of the University salary administration and benefits office.

University contributions in the past were based on a rate set by the State Employee Retirement System. They were:

1983	7.83%
1984	54.0%
1985	6.85%
1986	6.42%
1987	3.60%
1987	4.45%

Employee contributions are five percent of gross income; their applications will remain the same under the proposed law. University contributions have been fixed at 8.95 percent of the employee's gross income by a state bill passed by the General Assembly Tuesday. The level was determined by the Public Employee Retirement Study Commission.

Exiled guerilla calls for end to Salvadoran aid

By MAUREEN QUINN
Collegian Staff Writer

The United States must stop economic support of the El Salvadoran government for peace to come to the war-torn region, an exiled member of the country's opposition forces said last night.

"The only support the president of El Salvador has is from the United States and the huge military and economic support given to continue this war," Ernesto Godoy told an audience of 80 in the HUB.

The eight-year old civil war between Salvadoran troops and leftist guerilla, or opposition, troops has killed 63,000 Salvadoran citizens and 23,000 government troops, Godoy said.

The \$500 million in U.S. aid sent to the Duarte government to date has mostly helped Salvadoran troops, and not the economic crisis racking the Central American nation, Godoy said.

One and one-half million dollars per day is given to the Salvadoran government, yet the country has a 32 percent inflation rate and 50 percent unemployment rate, Godoy added.

"In the entire history of the country, there's never been a crisis like this," he said, adding that citizen's wages can't cover even basic necessities.

Opposition forces hope to stop the many human rights violations that Godoy said most Americans never hear about. The abductions, killings and detentions of political prisoners are displayed by the U.S. govern-



Ernesto Godoy

ment, which portrays a different image of the Salvadoran government to justify military aid, he said.

The Central American Peace Plan signed in August by five Central American presidents, including Duarte, established a favorable context for each Central American government, Godoy said.

Duarte's government had set conditions before it would speak with the guerilla forces, he added, but outside pressures have forced the government to negotiate with the rebel group.

Godoy said he is sure, with the popular support of the people, that opposition forces can eventually conquer the Duarte troops.

Flag to mark completion of hotel exterior

An American flag will be displayed today atop Atherton Hotel on South Atherton Street, marking the end of a year and a half of exterior construction at the site.

A construction industry tradition calls for the placement of a good-luck object at the top of a new building, said Pam Stewart, head of advertising for the Atherton Street Partnership and Atherton Hotel.

Following tomorrow's "topping off" ceremony, construction workers are expected to begin moving away the giant crane that was needed for the exterior stage of construction.

Stewart said Atherton Street will be blocked Monday while the crane is dismantled.

The project was undertaken by the Atherton Street Partnership and the Hughes Crawford division of K.C. Orr Contractors. Construction will now begin on a fitness room, cocktail lounge, kitchen, dining room and guest rooms.

—by Ted Sickler