

University assets survive stock storm

By CLAY THORP
Staff Writer

The UNC endowment seems to have weathered the recent stock market plummet. "I think we came through in very good shape," said Robert Eubanks, chairman of the endowment board. The board anticipated the crash and pulled out some of their funds from the stock market, Eubanks said. Only 45 percent of the endowment was in stocks, he added. A large portion of the endowment was invested in bonds, which actually went up in value, he said. At the market's close Tuesday, the endowment total of \$130 million was down 10 percent, said Wayne Jones,

associate vice chancellor of finance at UNC. With the resurgence of the market Wednesday, the endowment losses were even lower. "Overall, we were in a defensive position because we had reduced our stock percentage to 45 percent this summer," he said. Jones said that such a rapid market plummet like the one on Monday does not damage the endowment very much because the University is more concerned about long-term effects. Also, the University invested in good, strong companies, he added. Endowment Board member Phil Phillips said, "I think we will stand the crash very well. Sure, (the endowment) has been affected, but

we have a high quality portfolio." Board member Julian Robertson agreed. "As far as (the endowment) was invested in common stocks, I'm sure it was affected," he said. While the value of the endowment has varied, the income from investments has probably remained the same, UNC-system President C.D. Spangler said. "Obviously, the endowment value must have declined," said Stanley Black, chairman of UNC's department of economics. Contributions to the University also may have been affected, Black said. It will be hard to detect whether the crash will cause a decrease in contributions because the change in

the tax laws is already expected to lower the number and size of contributions to education, he added. Farris Womack, vice chancellor for business and finance, said the University's recent decision to divest funds from companies directly tied to South Africa had no effect on the amount of UNC's stock losses. Even if the University's stock managers in New York have already liquidated the funds, they have reinvested them in other companies, Womack said. The managers will issue a report on the status of the divested funds at the end of the month, he said. Assistant Business Editor Brian Long contributed to this story.

Wall Street closes early to cool off market

By MATT BIVENS
Staff Writer

The New York Stock Exchange took action Thursday to alleviate erratic trading, while overseas markets continued their downward spirals. Wall Street announced it would close early, at 2:30 p.m. on Friday, Monday and Tuesday, to sort out huge amounts of paperwork created by frenzied trading, said Fred Warren, branch manager of The First Albany Corp., a brokerage firm. Closing the market outright could fuel panic, but simply closing early gives stockholders trading freedom, Warren said. "No one is going to be shut out of the market," he said. "It's not as if we're opening it up for 10 minutes and closing it down again. There is plenty of time to trade." The Securities and Exchange Commission (SEC) supported the market's decision to close early, and announced it would consider action to make the market less volatile, said Chiles Larson, deputy director of

public affairs at the SEC. The market is too erratic to function properly, largely as a result of computer-programmed selling, said Bob Marquis, vice president of Kidder, Peabody and Co., a brokerage house. "The conditions here (in the market) are unreal," he said, and have changed the way business is done "by 100 percent." Warren said computer selling discriminates against the average investor who does not have computer resources available. Although domestic markets began showing signs of recovery, foreign markets continued to decline. The London Stock Exchange, Tokyo Stock Exchange and markets in Australia and Taiwan were among several foreign exchanges closing with losses. Since many capitalist economies are interconnected, panic selling spread from Wall Street across to other exchanges, said Dennis Appleyard, UNC professor of economics.

"Certainly the other markets look to the New York Exchange," he said. "Percentage-wise, our (the U.S.) drop was among the largest in the world." Many U.S. firms trade on other exchanges, further integrating global markets, said Richard McEnally, a UNC business professor. "If IBM (stock) is down here, they (stockholders) will be pessimistic abroad," he said. The U.S. stock market is influenced in turn by stock markets and economic policies of other nations, Appleyard said. The London Stock Exchange may have influenced the Wall Street crash Monday morning when it closed with a loss, creating anxiety among some U.S. stockholders, McEnally said. Fears that German banks would raise interest rates also factored into the stock market losses, Appleyard said. Higher interest rates would stunt German economic growth, because bank deposits would pay better than investments in new enterprises. Ger-

many would import fewer goods as a result, hurting the U.S. trade deficit, he said. U.S. investors would also deposit money in German banks to take advantage of high interest rates and further aggravate the trade deficit, Appleyard said. In contrast to foreign markets, the New York Stock Exchange requires stricter attention to disclosure and accounting, promoting more confidence in the U.S. system, McEnally said. "Prices are less dependent on whim and rumor, and more on solid information," he said. The SEC also provides more thorough regulation than most of its foreign counterparts can boast, further enhancing confidence in the New York exchange, McEnally said. But SEC spokesperson Larson said all stock exchanges regulate themselves to a large degree, enforcing rules of conduct and trade. "This acts as a layer between the regulating commissions and the brokerage community," he said.

Robertson's campaign fund-raising questioned

From Associated Press reports

WASHINGTON — Former television evangelist Pat Robertson's sale of a computer system to a mystery group of investors in Denver raised questions Thursday about whether his presidential campaign is making an improper profit. The transaction was arranged by Clarence "Archie" Decker, a former Colorado state senator and Denver lawyer who also serves as Robertson's regional political director, campaign spokeswoman Connie Snapp confirmed in a news conference. She declined to disclose the names of any investors involved in the \$337,500 computer sale from the campaign, saying only that they were "people not in politics." She characterized them as "people who are in the business, interested in buying used hardware." Federal Election Committee spokesman Fred Eiland said he could not answer questions about whether such investors might be in violation of the \$1,000 limit on individual contributions to a presidential campaign. He noted that the commission in the past has permitted the sale of

campaign assets or denied them, depending on the circumstances. Such rulings have held that a campaign cannot sell equipment for the purpose of raising revenue, nor if the campaign intends to lease back the equipment. Snapp characterized the computer sale as "a solid business transaction," and said that there was no impropriety. She added, "There's nothing illegal about it; it does not violate FEC laws. It's a typical, normal business procedure." She said the Robertson campaign intends to purchase a new, larger computer system. The one it is selling was purchased for \$233,480 at the beginning of this year from another Robertson associate, George Border of Chesapeake, Va. Robertson's report to the FEC last week listed the sale price for the IBM computer system at \$337,500, which Snapp said was a "conservative" figure that might be increased moderately pending a formal appraisal. She said the sale was not intended to raise money, and the increase in value was based on the fact that the

campaign had upgraded its system and added to it with several personal computers in its 24 state offices. Robertson's financial statement lists the purchaser as Computer Futures Inc., which Snapp said was a partnership of the unidentified investors. Colorado records show the firm registered only as a name reserved for future use by Decker, not an entity that has incorporated at this point. Snapp said she had no information on the firm, and Decker refused to comment on the deal. "I have no statement at all," he said.

Stock Market Terminology

With the recent flurry of activity in global stock markets, followers of the crisis have been flooded with technical business terminology. To aid in deciphering the stock market stories, here is a quick reference guide to Wall Street jargon:

- **arbitrage** — The purchase of securities on one market for immediate resale on another to profit from a price discrepancy.
- **bear market** — A period in which stock prices continually decline.
- **blue chip stock** — A stock that sells at a high price because of public confidence in its long record of steady earnings. (For example, IBM, General Motors and AT&T).
- **bonds** — A certificate of debt issued by a government or corporation, guaranteeing payment of the original investment plus interest by a specified future date.
- **bull market** — A period in which stock prices continually rise.
- **common stock** — Ordinary capital shares of a corporation that have exclusive residual claim on the net assets and net income of the corporation after all prior claims have been paid.
- **dividend** — A share of profits received by a stockholder.
- **earnings per share** — The figure obtained by dividing the number of outstanding shares of common stock into the amount left after dividends have been paid on any preferred stock.
- **inflation** — An abnormal increase in available currency and credit beyond the proportion of available goods, resulting in a sharp and continuing rise in price levels.
- **liquidity** — The condition of having sufficient cash or liquid assets to pay debts or assume obligations.
- **preferred stock** — The portion of a corporation's stock having a priority or preference over the common stock in the distribution of dividends and assets.
- **prime rate** — The lowest rate of interest on bank loans at any given time and place, offered to preferred borrowers.
- **recession** — A moderate and temporary decline in economic activity that occurs during a period of otherwise increasing prosperity.
- **SEC** — Securities and Exchange Commission, a government agency which regulates the stock market.
- **stocks** — The capital or fund that a corporation raises through the sale of shares entitling the holder to dividends and other rights of ownership.
- **yield** — The profit obtained from an investment; a return.

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