

# The Decree

OFFICIAL STUDENT NEWSPAPER OF  
NORTH CAROLINA WESLEYAN COLLEGE

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## Find good outlets for easing tension

There's only two more weeks to go until the Christmas holidays. And in those two weeks there will be tremendous amounts of work to be given to our Professors. With all this work to do and the pressure to do it right, we all will need some kind of outlet.

In the past a lot of school property has been destroyed in the process of letting off steam. Not only is this wrong but unfortunately everyone ends up paying for it in the long run.

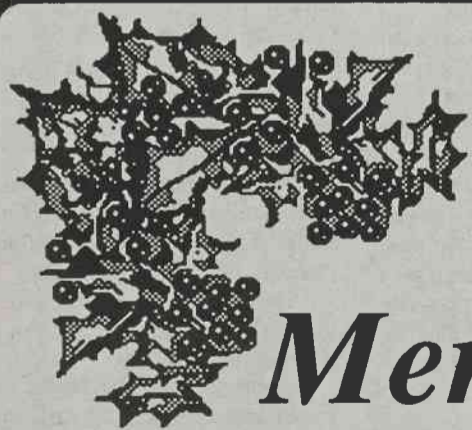
There are many better alternatives than physical destruction of property. One of

them is doing something physical such as playing basketball, football, running, etc. Even though it may be too cold to go out doors, be creative and think of something that can take your mind off the books.

And if you're going to hit the bottle, like some people already have, please use this in moderation. You must know when to say when.

You'll not only please your neighbors by saving them the hassle of dealing with you, but you'll also be better off in the long run where your grades are concerned.

Stay loose, but stay cool.



# Merry Christmas

From the staff  
of

# The Decree



### Their stocks fare better

## Students survive crash

College money managers say they're still trying to dig out from under the debris of the precipitous "Black Monday" stock market crash of October 19, but some students seemed to have done pretty well, at least on paper.

In an investment game designed to teach students how to manage stock holdings, for example, Babson College (in Ma.) students' "portfolio" dropped "only" 5.7 percent in October while the real stock market plunged nearly 30 percent, Professor Bob Kleiman reports.

Business departments often let their students manage real or imagined stock portfolios, learning to "buy" or "sell" stocks to maximize "profits."

Inevitably, some of the student investment clubs did worse than others in the crash — during which The Dow Jones Industrial Averages fell a record 508 points in one day — and in the wild swings of the market in subsequent weeks.

At the University of Nebraska, for instance, business students lost a real \$43,000 from a portfolio worth \$300,000 before Black Monday. Yale's student investment club lost about \$100,000 in the crash.

And campus business managers didn't do any better.

Many colleges own portfolios that include stock holdings, and use the profits to pay for capital improvements and to provide for student financial aid.

Most campus portfolio managers, however, noted colleges typically are conservative investors, and that there the crash consequently may not hurt them in the long run:

The University of Pennsylvania lost \$40-50 million during the crash, a 15 percent drop. The loss could have been worse, but the university — sensing the stock market would go through a "correctional phase" —

had sold a significant percentage of its stock holdings prior to Black Monday.

Penn State lost less than 10 percent of its \$130 million endowment, and officials there also say the pinch should not affect daily operations. "We will still be able to fund all programs," said senior vice president for financial operations Steve Garban.

The University of Southern California's \$160 million stock holdings dropped a 13 percent, or \$20.8 million, on Black Monday.

Duke postponed issuing tax-exempt bonds that would help finance several capital improvement programs, figuring the bonds would be hard to sell now. "The volatile stock market could scare bond investors," said Mark Reeder, and E.F. Hutton broker in Durham.

Faculty members nearing retirement will bear the brunt of the stock market's volatility, and critics of higher education's largest pension companies said the pension managers are too rigid in their planning. The Teachers Insurance Annuity Association and College Retirement Equities Fund (TIAA-CREF) delayed establishing other investments for faculty members, denying them a port in the stock market storm.

CREF funds lost 18 percent of their value during October as the company explored new and more flexible investment vehicles.

College fundraisers say the market's violent swings have diminished prospects for year-end giving and capital improvement campaigns. The University of Arizona, for example, has delayed construction of football stadium skyboxes because the shaky market has raised concerns about financing the project.

Students interested in working as brokers will face stiff competition for jobs and may have to work in related

fields until the stock market stabilizes, a University of Iowa job placement officer said.

"Until the stock market recoups, the hiring that investment firms do will be limited and highly selective," Nancy Noth said. "It should make students take a strong look at what they're doing right now."

Babson students, though, are happy about "The Wall Street Game," the investment game they've been playing since early September.

"The product is quite good, particularly for intro courses. It's realistic," Kleiman said.

The game, marketed and developed by Babson alumnus and former stockbroker Tim DeMello, allows students to buy, sell and trade stocks in the American, OTC and New York stock exchanges. Although no real money changes hands the students are given mock \$100,000 accounts to "invest."

Students call a toll-free telephone number at DeMello's office to arrange immediate access to the New York based exchanges. "It's direct duplication of what brokers do," said DeMello.

"The students can get to manage portfolios and the universities can provide hands-on education without incurring liabilities," DeMello explained.

Other schools use closing prices from The Wall Street Journal to determine how well a student manages a portfolio, but closing prices don't indicate the value of a stock when it is purchased or sold, he added.

"They can do anything that's done on Wall Street," DeMello said of Babson students.

Although Babson is the only college in the nation currently using "The Wall Street Game," DeMello says several other schools have signed up for the spring semester and more will use the game next fall.