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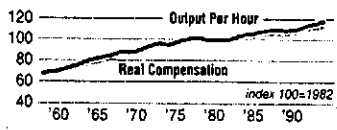
75¢

INSIDE Today

The Economy

Surprise!

Wages do follow productivity...



■ **MISSING LINK?** Many critics have declared that the link between higher productivity and higher wages—which is airtight, according to theory—is now gone. But that's flat wrong. The correct data show why.

■ **CHICAGO INDEX SLIPS:** Manufacturing activity in the Chicago area contracted for the fifth time in the past six months (see Vital Signs). **B1**

Executive Update

■ **TOYOTA'S HIROSHI OKUDA:** Toyota may have "more money than God," as one rival put it. But it also has its share of problems. An interview with CEO Hiroshi Okuda. **A4**

Computers & Technology

■ **IN THE WINGS:** Windows 95 may be basking in the spotlight now, but Windows NT—Microsoft's networking software—is a rising star. **A8**

The New America

■ **PC QUOTE:** When Microsoft said it will lift the enrollment cap on its on-line service, attention focused on the small firms helping it build the network from scratch. **A6**

Companies In The News

■ **TEXTRON:** Conglomerates went out of style with investors after they slumped at the end of the '80s. But some regrouped and got going again. **A29**

EXECUTIVE NEWS SUMMARY

Long Bond Advances 7/8 As Rate Cut Hopes Climb

Bonds rose for a fourth day and yields dropped to a two-year low, amid optimism the Federal Reserve will soon lower interest rates. The benchmark 30-year U.S. Treasury bond jumped about 7/8 point. Its yield ended at about 6.02%, the lowest since Oct. 29, 1993, after briefly dipping below 6%. But T-bill rates rose to 5.31% for three months and 5.21% for six. — See story / page B10

Industrials Advance 5/8; Some Techs Up 10-15¢

The drop in the bond yields set off a stampede into stocks that drove the major averages to new highs. The Dow industrials soared 52.39 to 5139.52, and advances led 2 to 1 on the NYSE. LSI Logic jumped 4 1/2 to 44 on a new Internet computer chip. The Nasdaq hit a new high for the first time in seven weeks. Netscape leapt 12 1/2 to 149 1/2. CMG Information Services 14 1/2 to 91 and Premisys 11 to 110 1/2. — See stories / pages A11, A21

White House And GOP Are No Closer On Budget

White House officials and Republican lawmakers are no closer to an agreement over how to balance the federal budget in seven years than they were last month when the impasse forced a government shutdown. Little, beyond fingerpointing, was accomplished during four days of talks on Capitol Hill last week, and so far neither side has scheduled talks this

Microsoft's Rivals Plan New Internet Software

Shares of Netscape Communications Corp. and Sun Microsystems Inc. surged after the companies joined forces to thwart a rival effort by Microsoft Corp. to develop programming software for the Internet. Netscape, Sun and Silicon Graphics Inc. unveiled an Internet language, JavaScript, that companies and developers will use to create sites on the Web. — See story / page A8

Did Microsoft Sabotage Others' Net Software?

Justice Department antitrust investigators are examining whether Microsoft Corp. intentionally set up roadblocks in its new Windows 95 operating system to disable rival companies' Internet access programs, an attorney said. The department last month reportedly issued civil subpoenas to Netscape Communications Corp. and the CompuServe Inc. on-line service. — See story / page A5

PC Software Sales Rose 47% In September Qtr

Sales of personal computer application software in the U.S. and Canada increased 47% in the third quarter, the Software Publishers Association said. Sales reached \$2.2 billion, compared with \$1.5 billion in the third quarter of 1994. The group attributed much of the increase to the introduction of Microsoft Corp.'s Windows 95 operating system.

WASHINGTON & WORLD

■ **U.S. and European soldiers** landed in the Balkans, the first wave of advance troops for a 60,000-strong NATO peace mission that introduces American forces into the Bosnian conflict. Three cam-

130 Hercules transport down in Sarajevo c soldiers: French, B two Americans.

■ **The Pentagon on** is to prepare for d peacekeeping opera retary William Pi directed 3,000 U.S. many to move into staging bases and the movement of U.S. troops into no

■ **France ordered it** of U.N. peaceke back to Paris after peace accord was the capital. Gen. J said the agreement jevo and its suburb the Muslim-Croat Serbs in Sarajevo. "the suitcase and th

■ **A U.S. services** Japanese court that dragged him out o and forced him to o of a 12-year-old gi Marine Pfc. Rodr lowed charges by fa the three serviceme the Japanese girl w by the U.S. militar they are black.

■ **The Supreme Co**

NATIONAL ISSUE

THE GOV'T'S WAR ON RECYCLING

Many Laws Discourage Prudent Waste Handling

By Charles Oliver
Investor's Business Daily

Reduce, reuse and recycle. That became a mantra just a few years ago. Since then, most states have passed laws that mandate or encourage recycling.

Some require newsprint manufacturers to have a set minimum of recycled content in their product. Others have so-called bottle bills that encourage the recycling of glass containers. And more than 7,000 local governments have set up recycling programs.

Government at all levels is doing everything it can to encourage and even require recycling. Or is it?

Environmentalists charge that many government rules actually discourage recycling. And some free-market economists agree with them.

As some governments debate recycling laws, the chance for these laws working at cross-purposes with other

Those who deal in recycled materials have to shoulder a cost of doing business—a great cost—that producers of virgin materials don't.

— Tom Wolfe,
Institute of Scrap Recycling Industries.

Experts say that there are two ways that government hurts recycling. For one, it provides subsidies to virgin materials. And it passes rules that restrict recycling efforts or the use of products made from recycled material. "The federal government subsidizes the production of virgin paper, for instance, when it holds money-losing sales of timber from national forests,"

oil and gas development as a subsidy to virgin materials, because they encourage people to drill.

But how much do such subsidies actually affect the market for recycled goods?

For instance, the Forest Service doesn't lose money because it sells timber below the market price.

Rather, it loses money because its costs are so high compared to the private sector. Or for that matter, to state governments.

A study by PERC, formerly the Political Economy Research Center, a Montana-based think tank, compared timber sales from federal forests there with sales from state-owned lands.

It found that the state had a fraction of the federal government's labor costs. The state took 4.5 hours of labor to produce 1,000 board feet. The feds took 11.6 hours.

And the feds spent anywhere from four to nine times per mile what the state does to build roads to timber stands.

NEWS FOR YOU

Four Ways To Avoid Estate Planning Errors

Listen To Your Advisers But Read Legal Documents Carefully

By Grace W. Weinstein
Investor's Business Daily

Many people find estate planning an overwhelming task—even with the help of a financial professional.

The process is complicated and it's easy to slip up.

Here are four tips from estate planning pros to help you avoid some of the most common mistakes.

■ **Don't insist on simplicity if more complex plans will yield big benefits.**

According to Bill Knox, an estate planning attorney with Neuberger & Berman Trust Co. in New York, "Many wealthy people, especially those who have built successful businesses or professional practices, are impatient with, or even distrustful of, estate planning techniques they can't easily

understand."

But unless estate planning is your specialty, you should find advisers you can rely on and then relax. You don't have to understand the technicalities of tax law or estate planning, Knox said.

But you should "insist on understanding the consequences: How will it affect your access to, your income from, and your control over the assets in question, and what are the bottom-line tax savings?"

■ **No matter how boring or complicated estate-planning documents may seem, read them carefully.**

You should be able to rely on your advisers, but you still should pay attention to details, stressed Michael B. Allmon, a certified public accountant who chairs the estate planning committee for the Los Angeles chapter of the California Society of CPAs.

Allmon pointed to one client who left

several specific bequests of property in his will. But the client ended up selling the property before he died.

"The estate plans were reviewed several months before he died," Allmon said, "but he didn't read the papers and the attorneys didn't know he'd sold the property." If he intended to leave the proceeds to the named beneficiaries, he should have said so in the will. Since he didn't, and the property no longer exists, the bequest lapsed.

"Specific bequests are fairly common, especially in larger estates," Allmon said. You should be sure that if you sell designated property you understand the impact on your estate plans.

Also be sure that you give your attorneys accurate information. The same client left several properties that he did own but referred to them by incorrect addresses. As a result, Allmon

Continued on Next Page

INVESTOR'S CORNER

Christmas Hits In January For Small Stocks

return of 12.4%, who teaches fifty of Pennsylvania stocks for the Long

fifth of stocks — tialization — gen of 17.6%.

A dollar invested start of 1926 grew of 1992. A dollar s during the same 27.

arn bigger returns what's so special

That huge gap makes up for the fact that since the Roaring '20s, small stocks have underperformed overall the other 11 months.

"The only time to own small stocks as a group is January," Siegel said.

Here are some more fascinating facts about the January Effect:

■ It actually should be called the Last Trading Day of December and First Two Weeks of January Effect. Why is that? The bulk of the returns from small

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What To Do When Estate Planning

From page 1
said, "We think we can take care of his intent, but will have to get the court involved to do so. If he had read and reviewed his documents carefully, this wouldn't have happened."

Leave Information and Instructions.

It's tough enough to lose a loved one. You don't want your family to have to struggle with your financial affairs as well because of inadequate information.

So be sure to make a list of all assets and liabilities. And remember that "locations, identification numbers, and contact people matter as much as the exact amounts," Knox said. Update the list periodically, and make sure family members and your lawyer or accountant know where it is.

Share the outline of your estate plans with your family, especially if any child will be treated differently from others. "Children can make peace with your wishes a lot easier if they hear

them in person instead of reading documents after you're gone," Knox said.

"If you're a co-owner of a business or investment venture," Knox continued, "make sure there's a binding agreement covering the liquidation or continuation of your interest upon your death."

Letters of instruction typically are nonbinding documents expressing wishes and desires. Allmon cautioned, however, that even letters of instruction should be reviewed by an attorney. If not drafted carefully, they might at best be confusing and at worst be legally binding.

He cited a recent case in which a letter of instruction let someone live on a piece of property for a period of time. But the particular piece of property was left to someone else in the will. Now the courts will have to resolve the issue when, Allmon said, "the simple step of sending a copy of the letter to an attorney for review could have avoided problems."

■ Think twice in appointing trustees and executors.

"Even after carefully addressing the tax issues in their estate plan," Knox noted, "many people casually name family members, friends or other individuals as executors of their estates and trustees of their trusts." When investment issues, tax filings and the other details of estate administration overwhelm people leading active lives of their own, the estate suffers.

Naming a trust company or bank as co-trustee or co-executor can back up a family member or friend.

But choose that professional with care. One of Allmon's clients named a large brokerage firm as executor. The firm took six months to decide that it wouldn't accept. Bills have to be paid right away and other details taken care of and it creates real problems when six months go by.

The issue here was a large piece of property with possible toxic contamination. Although the client covered the issue with the brokerage firm, she didn't discuss the specific property in her estate. "It's a good idea to review the assets the trustee or executor will be handling," Allmon said.