

Pay raise battle possible

By HOWARD TROXLER

RALEIGH — To be ignored, in politics, is the unkindest cut of all.

That's the position President Carter and his chief inflation fighter Alfred E. Kahn face in North Carolina, where the state legislature is pushing through a pay raise of 7 percent in addition to an across-the-board bonus of \$200 per worker.

Kahn angrily charges that the pay hike is in direct violation of Carter's voluntary anti-inflation wage guidelines, and he warns of dire economic consequences if other states follow North Carolina's lead.

That hasn't stopped the legislature, where a key subcommittee has already approved the raise. In their turn, General Assembly leaders say the plan violates none of Carter's guidelines and accuse Kahn of "double-talk."

For in North Carolina, inflation-fighting has taken a back seat to politics. Everyone involved is hoping to benefit from the raise, and it's just not expedient to preach belt-tightening when votes are at stake. The main supporters of the bill, such as Lt. Gov. James C. Green and House Speaker Carl J. Stewart Jr., hope to earn the gratitude of the state's employees by raising their pay. And legislators who oppose the hike will have to face the not-inconsiderable wrath of various employees' and teachers' groups.

Gov. James B. Hunt Jr. has expressed nominal opposition to the pay raise. Earlier,

Gov. Hunt suggested a 5 percent general raise and 2 percent merit and longevity raises, but without the \$200 bonus. He has said he will not support the plan until the federal government tells him it's all right.

Of course, Gov. Hunt's vocal opposition costs him nothing; in fact, he hopes to gain from his stance on two fronts. In the state, it will be known that Gov. Hunt exercised none of his political muscle to shoot the plan down. In Washington, though, Gov. Hunt has won lavish praise for his verbal opposition.

And it never hurts to look good in Washington — especially if you are a moderate Southern governor trying to look like prime ticket-balancing material.

Putting political considerations aside, the pay plan does not technically violate the guidelines since they expire in September, before the heftier checks are distributed. Besides, Green and Stewart argue, the \$200 bonus is one-shot and will not permanently affect the wage base.

They also point to other states such as Georgia, where legislators recently approved a 9 percent pay hike. They argue — perhaps rightfully — North Carolina should not be the only state forced to toe the line.

"It might do the guidelines some good if someone else, like U.S. Steel, observed them on occasion," one observer said.

On economic grounds, the plan faces the same problems any new expenditure does. The pay hike will cost the state some \$31 million, which the state may very well need elsewhere in the coming years.



On the other hand, it would be difficult to argue that state employees do not need a raise. They have had to settle for only occasional raises and even then at half of requested levels. Teachers, for example, have long lagged behind other states in pay levels.

Although at first glance it is easy to cast blame at the state, it must not be done without looking at all the pressures on those making the decision. It is unfortunate that parochial politics must play a role in economic affairs — but it is equally unavoidable.

Regardless of politics, the monetary questions that confront the wage hikes are not black and white. Kahn, by the nature of his job, must be concerned with reducing expenditures. We've not heard criticism as strong from Carter himself, who surely realizes there must be a balance between fiscal conservatism and keeping the government funded at subsistence levels.

Howard Troxler is a junior journalism and political science major from Burlington.

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