

Oil price plunge spurs economic growth

By ROBERT KEEFE
Business Editor

The nation's economy should grow 3 to 4 percent this year, according to many professional forecasters and economists. This growth will be due mainly to the recent plunge in oil prices, along with the drop in the dollar against foreign currencies.

Wharton Econometrics, a private forecasting firm, has recently updated their previous forecast of 3 percent growth in December to 3.7 percent, not far from the Reagan administration's predictions of a 4 percent growth in the economy this year. The Federal Reserve Board is presently predicting economic growth at three to 3.5 percent.

"I would think that (the Federal Reserve Board) prediction is more reasonable than the (Reagan administration) forecast, said Dr. Stanley W. Black III, chairman of the UNC economics department. "The administration is not that accurate because of its desire to be optimistic."

"I think the big issue is whether or not the Gramm-Rudman act will pull down the economy," he said. "Presumably, it would have that effect." The Gramm-Rudman act is Congress' effort to balance the federal budget by 1991 by putting a yearly ceiling on the deficit.

But other factors, such as foreign dollar prices and oil prices would tend to offset that effect, Black said. Low oil prices could also have a negative effect on the economies of oil-producing states like Texas and

Louisiana though. "But it's pretty clear that the positive effects (of the drop in oil prices) outweigh the negative effects," he said.

Crude oil prices fell below \$15 a barrel Tuesday for the first time in seven years. The low prices reflect the actions of nervous sellers who are worried about a flooded market.

The oil market is becoming increasingly oversupplied because of British Prime Minister Margaret Thatcher's decision to continue uncontrolled oil production in the North Sea, according to Black.

In his semiannual report to Congress on Wednesday, Federal Reserve Board Chairman Paul Volcker said the low oil prices will be good news to consumers not only at the gas station, but in other areas as well. The low oil prices will tend to offset any increase in inflation that will be caused by the U.S. dollar's slide against foreign markets.

"In general, the inflation picture looks like a bit worse than in '85," Black said, "but not a lot worse because of the decline in the dollar and the fall in oil prices, which tends to lower energy prices."

Blake Tharin, an account executive with E.F. Hutton and Company on East Franklin St. said he thinks low interest rates have played a big role in creating a strong economy as well.

"We can probably give Paul Volcker more credit than Reagan," he said. "I think that what the line came down to was his keeping the interest rates adjusted."

"I think that we've got some long term growth ahead," said Tharin. "If we could just balance the budget, everything will be in place for a beautiful economy for a long time."

Black agreed with Tharin's comments about economic prosperity if the Reagan administration achieves a balanced budget, but said they must be very careful in doing so.

"If they try to balance it in the next year, a recession will occur," Black said. "But if they gradually try to balance the budget over the next four years or so, it will certainly be an improvement."

The stock market has set record gains in the past few weeks because of the strong economy, a trend that Tharin said he hopes will continue.

"Of course we can't constantly hit new highs forever," he said, "but we've hit record highs in seven of the last eight sessions."

On Wednesday, the Dow Jones average of 30 industrials fell 20.52 points to close at 1,658.26, the biggest drop since the market fell 39.10 points on Jan. 8.

But Tharin said he thinks the stock market is still the place to be, at least for now. In the past, a lot of people invested their money in bank certificates of deposit and in money market accounts, but according to Tharin, "... these (investments) just will not provide the type of returns you can get elsewhere right now."

Cuts in Philippine aid debated

From Associated Press reports

WASHINGTON — With anger still building over the Philippine election, a plan to curb American aid to the government of President Ferdinand Marcos won key converts while the Reagan administration said it prized democracy more than the strategic military bases in that country.

The desire to punish Marcos quickly was reflected in the Senate's approval Wednesday of a resolution declaring the presidential election results were "marked by such widespread fraud that they cannot be considered a fair reflection of the will

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of the people of the Philippines." The vote was 86-9.

North Carolina Sens. Helms and East both voted against the resolution.

The Reagan administration urged caution on a more substantive proposal to curb American aid, which amounts to \$245 million for fiscal 1986. Defense Secretary Casper Weinberger warned that cutting off military aid could play into the hands of the insurgents.

Fox issues obscenity guidelines

By MIKE GUNZENHAUSER
Staff Writer

District Attorney Carl Fox has developed obscenity guidelines for county video dealers concerned their videotapes are in violation of the state pornography law.

Local video dealers met with Fox Feb. 7 to review the guidelines, and dealers are currently checking their tapes to determine which videos violate the law. Fox also made the guidelines available to local merchants.

According to Fox's guidelines, videotapes are considered obscene if they contain scenes of child pornography, incest, rape or bestiality.

The guidelines also make scenes in which adult actors portray children engaging in sexual activity illegal, Fox said earlier this week.

Scenes that show torture, bondage, excretion, sado-masochism or use of harmful devices for sexual gratification are also illegal, Fox said.

A single scene in violation of the law would render a videotape obscene. "If they have one scene, they're gone," Fox said.

Mainstream movies are not included in the guidelines, he said, even though some include scenes of sexual torture or rape.

The state pornography law went into effect Oct. 1, making the sale and distribution of obscene materials a felony. It included a "harmful to minors" statute requiring that sexually

explicit and obscene materials be inaccessible to minors in businesses that serve minors.

Defined by the state law, sexual activity includes touching, in an act of apparent sexual stimulation or sexual abuse, of the clothed or unclothed genitals, pubic area or buttocks of another person or the clothed or unclothed breasts of a human female.

The law allows obscenity to be defined by local standards, and local video dealers had been unsure of what materials they could legally sell.

Store owners have been very cooperative, Fox said. "They contacted me first," he said, adding that adult videos are just one branch of their businesses.

"These are people who live in this community," Fox said of the dealers. "They want to be within the letter of the law."

From what owners have told him, Fox said, stores will find anywhere from none to one-third of their adult videos in violation of the law.

Fox said he will strongly enforce the guidelines, although he did not have the manpower to install an officer in every video store. Investigators will routinely screen films from the stores, he said, and charges will be brought against store owners who violated the law.

"If they abide by the guidelines, it doesn't bother me that we wouldn't make any arrests," Fox said.

The law allows people to rent adult videos at age 16, Fox said, but he asked store owners to check identification and to not rent adult tapes to anyone under 18.

The age 16 was not a good cut-off age, he said, since most people between 16 and 18 live with their parents anyway.

Fox said that by law, dealers cannot advertise adult movies, and dealers must keep X-rated tapes in a room or case separate from other tapes. "People have to ask for it," he said.

'Star Wars' debate to take place today

The UNC Department of Computer Science will sponsor a debate today called "Star Wars: Can the Computing Requirements be Met?" in O8 Peabody Hall from 2:35 to 5:00 p.m.

Number of bankruptcy claims rises sharply

By GORDON RANKIN
Staff Writer

Bankruptcy of unsuccessful firms is running rampant in this state and nationwide, according to Nick Ferrena, editor of *Sotheastern Financial Monthly*. The sheer rise in bankruptcy claims comes even after recent improvements in the economy.

"The rash of commercial failures is linked directly to the presence of high interest rates," said Ferrena, "and the potential growth of those companies is being stunted by the lagging effects of those rates."

Veronica Upchurch, a representative

of the North Carolina Credit Bureau, disagrees about the cause of the financial burden. She said she feels that the problems began in the earliest years of this decade. Many North Carolina creditors tightened their hold on debtors at that time, and often they would not extend deadlines when debtors were unable to make payments on time.

"Naturally, the strict circumstances under which North Carolina companies would render services and collect debts led to a snowballing number of bankruptcy filers," Upchurch said.

Those failing firms normally file under Chapter 11 of the state's economic policy. This clause is intended to ensure that creditors do not take actions against debtors while they are attempting to financially reconstruct themselves.

Orange County and other local municipalities have had a larger-than-

average number of petitions to the district court for bankrupt companies located within their boundaries. Betacol, a Sanford producer of herbicides, had its petition approved in early November. Warren Wheeler, the company founder, said he hopes to be out of debt in as minimal an amount of time as possible.

"Under the ruling, Betacol will have to repay the loan at a fixed interest rate of roughly 7 percent within five years," Wheeler said.

Not only do the bankrupt companies suffer, but the firms that supply goods and services to them do also. The inability of the former to reimburse the latter for the debts they accumulate places a severe financial strain on the suppliers. Often they may lose large sums of money, as in the case of a Durham grain and fertilizer company that lost \$350,000.

Fraud is often a consequence of the bankruptcy laws, according to Upchurch.

"I know of one case in the western part of the state in which a manufacturer petitioned for bankruptcy, was approved, and then simply 'paid back' at the rate of two cents per dollar before it was discovered that the company had no financial problems in the first place."

The persons responsible for the error will probably never be found, she said.

Ferrena said one way to help solve the bankruptcy problem was to make sure companies did not incur debt that equalled more than one-third of their assets.

In order to reduce the problem of fraud, he said, the state legislature should require intensive investigation of all potentially bankrupt firms.

"Only when these conditions are met can we even hope to put an end to the two problems," he said.

Dermatology professor gets research prize

By MITRA LOTFI
Staff Writer

Dr. Robert Briggaman, professor of dermatology at UNC, was given the Marion B. Sulzberger Memorial Award by the American Academy of Dermatology this past December. The academy is a medical specialty organization whose members are from the United States and Canada.

This award is given by the academy's selection committee each year for outstanding contributions in research and basic science related to clinical research, according to Briggaman.

"My biggest single effort is in research," said Briggaman. The remainder of his time is split between working with patients and teaching at the post-graduate level.

Briggaman gave a speech in Las Vegas last December at the academy's annual meeting. He discussed the structure, biochemistry and function of the basement membrane of the skin and diseases that relate to this area. This is also the topic of his main area of research.

"I was very, very pleased and surprised to receive this award," he said.

A native of Hartford, Conn., Briggaman attended Trinity College and then did his graduate work at the New York University School of Medicine. He finished his training in medicine and dermatology at the University of Virginia and UNC and has been a member of the staff at UNC since 1967.

For the Record

The *Daily Tar Heel* incorrectly reported in Thursday's article "Students seek to recover deposit from bankrupt apartment builder," that Arthur Schultz had filed for bankruptcy. The company, not Arthur Schultz, had filed for bankruptcy. The *DTH* regrets this reporting error.

Also in Thursday's paper, the article "Student supply vs. class demand," incorrectly identified Associate Professor James A. Wilde as James L. Wilden, and incorrectly identified James L. Murphy as the Departmental Chairman of the Economics Department. Murphy was departmental chairman until July, 1985. The *DTH* regrets this copyediting errors.

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