

# Upped yen to lead to higher import costs

By FELISA NEURINGER  
Staff Writer

Americans will soon be paying more for Japanese imports now that the U.S. dollar is worth significantly less against the yen, say many economists.

"Prices (on Japanese imports) will rise, and North Carolina consumers will pay as much as anyone else," said Jim Hinkle, director of the International Division of the North Carolina Chamber of Commerce.

"As for (major) exports, leaf tobacco won't be affected because buyers want the high quality of N.C. tobacco and are willing to pay the price."

Hinkle said that consumers all over the nation will notice higher prices on Japanese cameras, television sets and automobiles in the near future.

Other foreign currencies have been rising as well, but not as noticeably as the yen, which has risen close to 30 percent. The British pound and the West German mark have increased by

close to 7 percent.

"We have our largest trade deficit with Japan—about \$50 billion in 1985," said Hinkle, "and that is why they get the attention."

The total U.S. trade deficit for 1985 was close to \$150 billion, which was considerably larger than in 1983 and 1984. For 1985, the U.S. import total was \$361.6 billion; 6 percent more than 1984's \$341.2 billion total. The 1985 export total was \$213.1 billion.

"The dollar depreciation will ease the pressure on the North Carolina textile and apparel industries, giving more protection for imports," said Professor Dennis Appleyard with the UNC Department of Economics.

This depreciation will also stimulate North Carolina's exports in the areas of furniture, tobacco, and agriculture, according to Appleyard.

Many area businesses have already noticed the impact on prices of imported Japanese goods.

Alex Tremel, a salesman at Foister's Camera Store on Franklin Street said his store's prices have increased 5 to 15 percent on Japanese cameras because of the depreciation of the dollar.

Prices in Japanese stereo equipment have increased 5 to 8 percent across the board, according to Michael Weiner, president of Woofer and Tweeter. "However, there has been no drop in sales," he said. Weiner added he thought people were willing to pay a little extra for a quality product.

The auto industry will definitely be affected by the rise in the dollar over the yen, according to Edward M. Graham, an associate professor with the UNC School of Business Administration.

"In general terms, exports will be more competitive, and imports will be more expensive," said Graham. Area automobile dealers agreed.

"All Japanese cars have experienced an adjustment in price because of

differences between the yen and the dollar," said Don Cox, president of Cox Toyota in Chapel Hill. "This has given the domestic manufacturers the opportunity to raise their prices."

Although the Toyota Corporation has raised its prices by about 3 percent, Cox said his business was still strong.

Walter Brown, sales representative for South Square Motors in Durham, said Nissan car prices have increased by 4 percent. That results in an \$1,800 increase on Nissan's most expensive model, a fully loaded 300Z. The current price for a 300Z is close to \$22,000.

Buck Copeland, general manager of Yates Motor Company Inc. on Franklin Street, said that American car sales should improve, but that the rising yen

"... won't stop import sales too much." As for the future, Appleyard concluded: "The depreciation of the dollar and the trade deficit are at their peak. They shouldn't keep rising unless something unexpected happens."

# Crew was dead, but Challenger crew cabin went down intact

From Associated Press reports

CAPE CANAVERAL, Fla. Challenger's crew cabin hit the surface of the Atlantic Ocean intact inside the nose section of the space shuttle after the spacecraft blew apart on Jan. 28, a federal safety inspector reported Wednesday.

Most experts do not believe the astronauts survived the nine-mile plunge to the ocean. They believe the seven probably were killed instantly from the shock of the explosion or from aerodynamic forces as the nose section and enclosed cabin tumbled from the sky.

## Libyan diplomats expelled

BONN, West Germany — West Germany ordered two Libyan diplomats to leave the country Wednesday, but officials said the move was

## State & National

not directly connected to "indications" of Libyan involvement in the bombing of a West Berlin nightclub.

A U.S. Army sergeant and a Turkish woman died in the blast Saturday at the La Belle discotheque and 230 people were injured, including 63 Americans. American officials have indicated they believe Libya was behind the bombing.

West German government representative, Friedhelm Ost, told a news conference the decision to expel the Libyans was made after police began investigating the Saturday bombing but was not directly connected to the bombing. He said they had been under surveillance for some time.

# OPEC squabbles should keep oil prices low, speaker says

By BRUCE WOOD  
Staff Writer

These days of drastically reduced oil prices should remain, to be followed by a gradual rise in prices near the end of the year, according to Samuel Schwartz, executive vice president of Conoco.

In the concluding speech of the business school's executive lecture

series, Schwartz discussed "The Oil Price Roller-Coaster or If I'm having so much fun why am I green?"

The speech outlined the background of the Organization of Petroleum Exporting Countries (OPEC) and its manipulations of the market. It also explained the causes of the current low oil prices and speculated on the future.

OPEC succeeded in keeping the price

at \$2 a barrel and remained relatively inactive with the stable oil prices that followed. But an increasing demand

caused it to become active again a few years later, according to Schwartz. The early 1970s brought a worldwide economic boom which in turn caused higher prices and a rapid acceleration of demand for oil. A major turning point was the Arab-Israeli War of 1973,

when OPEC had to assert itself as being in control, Schwartz said.

"OPEC essentially used two different methods at the same time," Schwartz said. "They invoked an oil embargo and simultaneously increased their prices," Schwartz said. "The economic boom suddenly came to a halt and we were dealing with recession."

Schwartz said the next turning point was in 1979 with the Iranian Revolution. Five percent of the world's oil was gone and there was a clamor for oil. This increase in demand resulted in a sharp price increase from \$12 to \$40 per barrel, with a leveling off at \$34. These previously unheard of prices caused a drop in the demand for oil and stimulated exploration of other areas, such as the North Sea and

Mexico.

"OPEC was squeezed; its production fell about half, with Saudi Arabia bearing the brunt of the continuing decrease. They (the Saudis) concluded in 1985 that something had to be done, and their solution was to increase their production quota in OPEC," Schwartz said.

This overproduction caused the low oil prices that are present today. The problems that came with this overproduction were hidden though, according to Schwartz.

Oil companies could soon discontinue searching for petroleum in other countries. This would reduce the total amount of oil being produced, and drive the prices up once again.

"OPEC would be back in the driver's seat then and there would be a steep ascent (in prices)," Schwartz said.

Another possibility that may affect future oil prices is that OPEC may become completely reunited in the near future and agree to manage excessive production levels. Schwartz said he

thinks this is unlikely though because not only would each country have to adjust its lifestyle at lower production levels, but also two of the members, Iran and Iraq, are presently at war.

"It's by no means evident that these various problems will be resolved; even though there are various benefits for their getting together," Schwartz said. "One does have to worry whether (low prices) represent a sustainable situation or just equilibrium. I suggest it's the latter."

He said after enough time has passed, OPEC will realize it needs to remedy the situation quickly. They, along with the "new" oil countries such as Britain, Norway, and Mexico, will be able to accept prices at about \$20, even though that represents a sizable reduction from two or three years ago.

"Let enough of 1986 pass and you're a hero when you come in and say they can come up to \$20," he said. "With enough history behind them, maybe they'll say: 'we've had enough of this roller-coaster fun; let's work together.'"

# Eastwood elected Carmel mayor

Associated Press

CARMEL-BY-THE-SEA, Calif. — Clint Eastwood, hero of detective films and spaghetti westerns, proved to be as big a draw at the polling place as at the box office as voters turned out in record numbers to make him mayor.

Smiling broadly, Eastwood said the triumph "ranks solidly" with his successes as a director and star. "It's a hit movie at the moment," he said.

"It's surprising, and yet it's not surprising," the star of 40 movies and

one election said in his victory speech Tuesday night. "I knew there was a lot of dissatisfaction."

"I think the great turnout of the voters and the wide margin by which we won are very important."

According to complete but unofficial results, Eastwood had 2,166 votes, or 72.2 percent, to 799 votes, or 26.6 percent, for two-time incumbent Charlotte Townsend. Two other candidates had a total of 37 votes, or 1.2 percent.

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