

World and Nation

Governor proposes hike in sales tax

By KARI BARLOW
Staff Writer

Gov. Jim Martin proposed a 1-cent increase in state sales tax Wednesday to fund a pay raise for teachers and state employees.

The tax increase would generate about \$510 million annually, said Tim Pittman, communications director for Martin. The tax on goods would increase to 6 cents per dollar.

"It's his feeling the state spends millions and millions of dollars on education annually, but we aren't getting any results from it," Pittman said. After looking at the lack of resources, Martin came to the decision to make an improvement in teachers' salaries.

"He (Martin) has always said before you try and raise taxes, you should fund your priorities within the budget," Pittman said.

A tax increase is a necessity, said Rep. Jim Crawford, D-Granville, chairman of the Education Appropriation subcommittee.

"Nobody likes a tax increase, but we just have a dire need to educate our students so they can participate in the future," Crawford said. "We

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— N.C. Rep. Jim Crawford,
D-Granville

must do a better job in education."

"(The tax increase is) primarily for education, and we're all affected by education," he said. "I don't see it as a particular burden on the poor."

Karen Garr, president of the North Carolina Association of Educators, said her organization was pleased that Martin left the Basic Education Plan (BEP) intact. The BEP was passed by the General Assembly in 1985 to upgrade the quality of N.C. public schools and to guarantee a basic education to every child in the state.

"We are very, very pleased he had enough courage to open the debate on funding public schools," Garr said. "He's no longer talking about a salary

freeze or about trading good programs for kids in order to fund a salary increase for teachers."

Martin's proposal has met some opposition in the General Assembly.

An increase in the sales tax would be a big burden on the working man and woman in North Carolina, said Sen. Marshall Rauch, D-Gaston, chairman of the Senate Finance Committee.

The state should look at raising taxes on cigarettes and wine as an alternative, he said.

"Cigarette tax in North Carolina is the lowest in the United States," Rauch said. "There are places to tighten up in state government."

Legislators should not rush into

any decision on the governor's proposal, he said.

"I think we are going to try and accomplish the same goal with different methods," Rauch said. "If we wait until May to make these decisions, we'll have a lot more facts to base our assumptions on. We need to look at the revenue picture of the state; we need to see the changes in economic conditions."

"You don't need \$500 million. The regressive sales tax accumulates \$200 million more per year than is needed for salary increases."

The General Assembly needs to find a way to raise only the \$300 million needed to fund the pay raise, Rauch said.

The state needs to make some improvements in education, but an increase in the sales tax is not the best way to do it, said Kathy Travers, director of the Atlantic Conference for Research in Education.

"The sales tax tends to hit hard on the low income people," Travers said. "I think it's a definite step in the right direction, but I hope the legislature might find a tax that is more fair."

Key figure enters guilty plea in Pentagon purchasing trial

From Associated Press reports

ALEXANDRIA, Va. — A New York businessman whose testimony is considered key to unraveling the Pentagon purchasing scandal pleaded guilty Thursday to bribing a high-ranking Navy official and channeling illegal contributions to congressional campaigns.

Two private consultants, James Neal and Kenneth Brooke, also pleaded guilty, to other charges, in U.S. District Court.

U.S. Attorney Henry Hudson told reporters outside the federal courthouse the pleas were a significant development in the 2-year-old investigation into fraud in the Defense Department's \$150-billion-a-year procurement system.

"The cooperation we will receive from these three individuals will move this investigation forward at a tremendous pace," Hudson said.

Witness's testimony questioned

WASHINGTON — Oliver North's lawyer tried to show Thursday that a prosecution witness had changed his story on a damaging conversation in which the witness quotes North as not caring about lying to Congress or going to jail.

"Yesterday you were putting the words in Ollie's mouth," North attorney Brendan Sullivan told the witness, Carl Channell, a former fund-raiser for the Nicaraguan Contras. On other occasions, he said, Channell had either left out the statement entirely or attributed the words to Nelson Bunker Hunt, the other person in the conversation.

Even U.S. District Judge Gerhard Gesell signaled his skepticism, saying at one point that Channell had offered "three ver-

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sions already that Colonel North said what he did relating to these two questions."

Britain threatens deportations

LONDON — The government has targeted nine former Iranian Embassy employees for deportation if they do not leave Britain voluntarily within 10 days, an immigration official said Thursday.

The U.N. secretary-general, Javier Perez de Cuellar, said he has issued appeals to protect the life of British author Salman Rushdie, whose new novel led to the Britain-Iran dispute.

A conservative Roman Catholic bishop in the Netherlands joined Moslems in denouncing the book, "The Satanic Verses," saying it "defiled" the figure of Mohammed.

Spain's national EFE news agency quoted intelligence sources as saying an Iranian commando team recently was in that country trying to obtain weapons, apparently to kill Rushdie and collect a \$5.2 million bounty offered by Iranian clerics.

House panel OKs wage bill

WASHINGTON — A House panel on Thursday approved legislation to gradually add \$1.30 an hour to the \$3.35 minimum wage as Democratic leaders said they're willing to compromise with the Bush administration by adding a reduced "training wage" for new workers.

The move to raise the minimum for the first time in eight years was approved on a party-line vote by the House labor standards subcommittee.

Federal workers may get smoking clinics

By SANDY WALL
Staff Writer

The federal government may soon follow the lead of private businesses and begin assisting employees in their efforts to stop smoking.

A proposal from the Office of Personnel Management (OPM) would allow government agencies to use existing funds — such as employee health care benefits — to pay for approved stop-smoking programs for their employees.

"If a federal employee wanted to stop smoking, then the (employee's) agency would pay for it," said Elce Roeder, a spokeswoman for the OPM in Washington.

The OPM proposal contains several important regulations, such as the question of which programs will be covered and who can participate, said Anice Nelson, an employee counseling program specialist with the Employee Health Services Branch

of the OPM.

If the OPM proposal is implemented, government agencies would pay for their employees to attend one of five pre-approved stop-smoking programs, she said.

The Employee Health Services Board, where the proposal originated, has said the approved programs would include those offered by the American Cancer Society and the American Lung Association.

Employees who want to participate in a program would need permission from their agency before enrolling, Nelson said.

The proposal, which will not be finalized until later this month, is being circulated within government agencies so the OPM can get input and comments on its regulations, she said.

The use of funds to assist employees in their efforts to stop smoking was originally forbidden but

has recently been approved in a ruling by the comptroller general, Nelson said.

The comptroller general cited evidence that smoking caused serious illnesses, and by helping federal employees quit, the government could save medical costs.

The new government proposal has met with approval from traditional stop-smoking groups.

"The American Cancer Society supports any efforts to reduce the number of smokers in America," said Kelley McNeill, director of communications for the society's N.C. chapter in Raleigh.

McNeill agreed paying for stop-

smoking programs would save the government money in the long run.

"It's like you pay me now or you pay me later," she said. Smoking-related diseases cost employers about \$26 billion a year in lost productivity, McNeill added.

The Tobacco Institute, a lobbying group for tobacco companies in Washington, D.C., did not issue any formal reaction to the OPM proposal.

"Our feeling over the years has been we really don't have any business getting into someone's personal decisions whether to stop smoking," said Walker Merryman, vice president of the institute.

Senate refuses Tower nomination

From Associated Press reports

WASHINGTON — The Senate on Thursday rejected the nomination of John Tower as defense secretary, 53-47, handing President Bush a major defeat in his first high-stakes showdown with the Democrat-controlled Congress.

The White House said Bush would act swiftly to submit a replacement nomination to the Senate.

Tower's nomination was scuttled by concerns about his drinking habits coupled with senatorial unhappiness that he left his government post as arms negotiator and quickly began earning hundreds of thousands of dollars as a defense industry consultant.

The vote was the culmination of a tumultuous six-day Senate debate and closely followed party lines. Howell Heflin of Alabama, Lloyd Bentsen of Texas and Christopher Dodd of Connecticut were the only Democrats to support the nomination, and one Republican, Nancy Kassebaum of Kansas, voted against.

Tower, in a statement he delivered at the Pentagon moments after the vote, said, "I will be recorded as the first Cabinet nominee in the history of the republic to be rejected in the first 90 days of a presidency and

perhaps be harshly judged.

"But I depart from this place at peace with myself, knowing that I have given a full measure of devotion to my country," Tower said.

He said no other public figure "has been subjected to such a far-reaching and thorough investigation, nor had his human foibles bared to such intensive and demeaning public scrutiny."

"And yet, there is no finding that I have ever breached established legal and ethical standards nor been derelict in my duty," he said.

Tower said he would return to private life in Texas but would remain "deeply grateful" to Bush for his

support and "obliged to my old colleagues in the Senate who rallied to me with fervor, zeal and eloquence in the face of staggering political odds." He took no questions from reporters.

The Senate rendered its verdict in an atmosphere of unusual formality. Vice President Dan Quayle presided over the session, practically all senators remained in their chairs during the roll call and the gallery was packed with spectators.

"We ought to hang our heads after what we've done to this good man," Senate Republican Leader Bob Dole of Kansas said in a final defiant

speech of support before the roll was called.

"America has lost a good public servant. The president has won because he stood by his man."

Majority Leader George Mitchell summed up for the opponents, saying that Tower's experience and competence on defense issues weren't at issue. But "serious problems exist" with conflict of interest and "character integrity," he said.

He said, "I emphasize my strongly held belief that this should not be interpreted as a vote to harm the president," but acknowledged that others saw it that way.

Eastern seeks refuge in bankruptcy court

From Associated Press reports

NEW YORK — Eastern Airlines filed for protection from creditors in bankruptcy court Thursday, the sixth day of a Machinists' strike, blaming pilots for a "cash crisis" that paralyzed the nation's seventh-largest airline.

The move came a day after Eastern insisted such a step remained a last resort in the airline's effort to endure the strike, which had strong support from pilots and flight attendants and was costing Eastern an estimated \$4 million a day.

The filing under Chapter 11 in U.S. Bankruptcy Court in New York is designed to give Eastern a reprieve from debts while it tries to restructure and extricate itself from the worst crisis in its 60-year history.

Eastern boss Frank Lorenzo blamed "the damage that has been caused by the pilots' union." He and Eastern President Phil Bakes insisted they intend to restore the airline in bankruptcy court, though in a smaller form.

"We tried mightily to keep Eastern from bankruptcy," Bakes said at a news conference. "We intend to operate our airline — make no mistake about that."

Bakes said Eastern faces a "cash crisis that can only be averted and stabilized by" turning to the bankruptcy court, he said.

Union leaders lashed out at Lorenzo as a "robber baron." Machinists called for a public boycott of Eastern's sister airline, Continental,

and said they would oppose Eastern's reorganization plan and any sale of assets.

Lorenzo and Bakes pledged that all creditors would be paid in full, shareholders would receive "fair value," passengers would be protected, and as many employees as possible would return to work. Eastern had 31,200 employees before the strike.

Only six bigger companies have sought Chapter 11 protection, the largest being Texaco Inc., with assets of \$35 billion.

John Peterpaul, a Machinists vice president, said Eastern filed for bankruptcy on payday "in a spiteful attempt to deny Eastern workers their last paycheck earned before the strike." Paychecks were frozen by the move.

Henry Duffy, president of the Air Line Pilots Association, said he hoped the move meant Lorenzo is "finished" at Eastern.

The company, which is a staggering \$2.5 billion in debt, has admitted it was taken by surprise when most of the 3,600 Eastern pilots honored Machinists' picket lines, forcing Miami-based Eastern to shut down nearly all operations Monday and lay off 9,500 non-union employees.

Eastern, running just 4 percent of its flights with a crew of 1,500, is losing \$4 million a day, Bakes said. Before the 8,500 Machinists struck Saturday in a dispute over concessions, losses were pegged at \$1 million daily.

Undergraduate Library Spring Break Schedule

Fri., March 10...8 a.m.-5 p.m.
Sat., March 11.....1-5 p.m.
Sun., March 12.....CLOSED
March 13-17.....8 a.m.-5 p.m.
Sat., March 18.....1-5 p.m.
Sun., March 19.....resume regular schedule

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Spring Break Hours:
March 11 & 12 - Closed
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