

WORLD and NATION

Federal government shuts down except for essential services

President fights to include deficit reduction in budget

By STACI COX
State and National Editor

As the U.S. economy teeters on the brink of recession, President George Bush and the U.S. Congress are struggling to devise a deficit-reducing budget proposal in a firestorm of political bickering and criticism.

"I think Bush blew it the day he said he was going back on his 'no new taxes' pledge," said Roger Waud, UNC professor of economics. "What's really at issue is putting control over the expansion of government spending."

Congress voted down the original proposed budget late Friday night, even after a televised plea for the package by Bush and Democratic leadership.

"(Bush) certainly made a fairly high-profile commitment," said Tim McKeown, UNC associate professor of political science. "But when he went out on a limb, he couldn't rally support."

Key Republicans, including Whip Newt Gingrich, R-Ga., openly opposed the President's reversal of his "no new taxes" election promises.

"You had Gingrich vote this thing down and now he hasn't got the slightest idea for an alternate plan," said Thad Beyle, UNC political science professor. "Right now you've got a lot of veto groups running around who can gather support to stop something but cannot get it going in favor of any plans."

With a schism developing in the Republican Party, any hope for bipartisan support was ended, and the budget package was easily defeated.

"(The Congress) has effectively told Bush he's outside negotiations," Beyle said. "One of the things about president's domestic policy is he hasn't been conducting it. He hasn't come to grips with domestic policy, and he really has no agenda."

A subsequent bill was passed Friday to continue government spending until Oct. 12, even though there was no approved budget. Bush vetoed the continuation, and the veto was upheld by Congress in an emergency vote Saturday.

"The veto vote was not unlike a Florida lottery," said Rep. Howard Coble, R-N.C. "It was a numbers game,

trying to figure out who would be there and how many votes we could get together (to carry the veto)."

Most opposition to the first budget package surrounded the multitude of tax increases in the bill, including steep gas, cigarette and alcohol tax increases.

"I voted against the budget deal," Coble said. "The President reminded me when he called seeking support for the budget that he had to break (his 'no new taxes') pledge as well. We may well have to do that now."

Gingrich reportedly reversed his stance on the budget Sunday and is now advocating an increase in income taxes for the wealthiest Americans. But Bush's Chief of Staff John Sununu told CNN the administration would oppose any increase in income taxes.

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"It's almost a civil war in the Republican Party," Waud said. "Bush is eroding his base of power. The Democrats are delighted."

McKeown agreed. "It certainly has serious interior consequences for the Republican Party," he said. "More interesting is how little control the Bush White House seems to have over Republican congressmen. It's akin to (President Jimmy) Carter's inef-

fectiveness with the Democratic Congress."

Both parties held meetings in Washington Sunday afternoon to discuss possible adjustments of the original budget. In the meantime, the U.S. government was effectively shut down: Federal parks and museums were closed to tourists, and federal employees were warned they might be sent home Tuesday when they returned from the Columbus Day holiday if an agreement was not reached.

"Bush seems to have decided to play a fairly high-risk game with his stop-gap of government," McKeown said. "He seems to be thinking this will focus the blame on Democrats in Congress, but that is not at all clear right now."

Gramm-Rudman across-the-board cuts still loom over the budget as well, which would force the furlough of thousands of federal employees, from secretaries to air-traffic controllers.

"If some agreement isn't reached, elected members of government would lose a lot of respect," Beyle said. "We have to get through the month with a balanced checkbook. Failing to handle this would cast a negative pall on all elected officials, including the president."

Some of the Republican Party discontent is not aimed squarely at the President, but at his staff, especially Sununu. When a comment was made in the House recently that the budget negotiations were being hindered by "unelected officials," many representatives were said to have applauded.

"There's definitely too many cooks stirring the stew," Coble said. "But I think the importance of the White House message is to quit living by the continuing resolution."

But the administration reversal on taxes could cause a split in the Republican Party that might not heal until long after the upcoming election.

"When Bush changed his position it was an about-face," McKeown said. "The best way for Republicans to get elected was to contrast themselves with the tax-proponent Democrats. But when their leader deserts them, it leaves each Republican in the political lurch."

Legislators, economists speculate on final budget plan

By STACI COX
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Budget negotiations continued in Washington Sunday, but few people seemed certain what the final proposal might be.

"I'm sure some kind of deal will be worked out," said Rep. Cass Ballenger, R-N.C. "But I don't know about the acceptability. The first proposal amounted to too many taxes on poor people."

The original budget package, which was defeated Friday night, proposed several tax increases, including:

■ **ENERGY:** The present federal gasoline tax would have risen to 14 cents per gallon Dec. 1 and another 5 cents next July 1. An additional 2-cent-per-gallon tax on most refined petroleum products would have kicked in Jan. 1.

■ **TOBACCO:** The cigarette tax would have risen to 20 cents per pack on Jan. 1, with another 4-cent rise two years later. Taxes on cigars, chewing tobacco and snuff would have been increased at each step by 25 percent.

■ **ALCOHOL:** The tax on hard liquor, now \$12.50 for a gallon of 100-proof (50 percent alcohol), would have risen to \$14, up 30 cents for a fifth.

Lower-proof liquor would have gone up by the same ratio. The 16-cent tax on a six-pack of beer would have doubled. The 3-cent tax on a fifth of table wine would have risen to 25 cents.

■ **MEDICARE WAGES:** About 8 million workers earning more than \$51,300 would have paid more for Medicare coverage. The tax (withheld from paychecks as part of the Social Security levy) is 1.45 percent of the first \$51,300 earned each year. That wage limit would have been raised to \$73,000, meaning a \$315-a-year tax increase.

About 2 million employees of state and local governments hired before April 1, 1986, who do not now pay for Medicare, would have been required to pay the 1.45 percent tax for the first time.

■ **SOCIAL SECURITY:** About 4 million state and local workers not covered by a public retirement plan would have had to start paying the 6.2 percent Social Security tax on their first

\$51,300 of wages. The employer would have paid an equal amount.

"All the politically easy cuts happened 5 to 10 years ago," said Tim McKeown, UNC associate professor of political science. "The politicians are afraid of making cuts that hurt vocal, politically organized constituents."

By Sunday afternoon, most congressional representatives were unsure of what amendments would be made to the first budget proposal.

"There are 535 voting members in the House and Senate, and everybody has his or her own plan," said Rep. Howard Coble, R-N.C. "We're all going to have to be willing to sacrifice a little bit."

But with the threat of a major recession facing the U.S. economy, raised taxes and decreased government

"We're back (to) dealing with capital gains taxes," Ballenger said. "My guess (is that) there will be a flattening of the income tax increase to about 31 percent, with capital gains concessions. Each little bit will mean a vote here or there, but I don't know what is necessary to get something passed."

While Republicans have been unable to rally support for regressive taxes like the gas and cigarette tax, Democrats have been reluctant to suggest progressive taxes because that could alienate wealthy voters, McKeown said.

"That creates a stalemate in revenue," McKeown said. "One would think the Democrats might see the reaction to regressive taxes as an opening way to more progressive taxes, but there is no sign of that now."

Currently, there seem to be no major breakthroughs to make the budget agreements palatable to enough congressional members to pass, which could mean that thousands of federal workers will be turned away when they return on Tuesday from the Columbus Day holiday.

"It's not really a shutdown as much as a slowdown," said Thad Beyle, UNC professor of political science. "But our financial trouble is becoming like a large circle, or a boulder growing larger and larger."

And even if some agreement is reached and granted approval before Tuesday, it may be too late to help.

"From an economist's standpoint, raising taxes will only serve to make the budget deficit worse," Waud said. "The increase could encourage recession, creating higher unemployment and reducing actual revenues."

There was agreement, too, that whatever the final budget plan is, the poorest Americans will be most adversely affected.

"The poorest and homeless are without the political wallop or understanding to turn their anger against the elected officials," Beyle said. "You get down to the politics of noise. If you hurt the mid-level voter, they're going to raise hell. In too many cases, Joe Six-Pack is still going to go out and buy a six-pack despite the 25-cent increase."

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spending could be the worst course of action, said Roger Waud, UNC professor of economics.

"This is not a time to worry only about deficit reduction, because the necessary cuts can be very bad in a recession," Waud said. "The attempt may make the recession worse."

Rumored additions to the budget package include an increase in the taxes on the wealthiest percentage of Americans from 28 percent to 33 percent and a cut in the increase on the gas tax, Ballenger said.

Kuwaiti refugees stream across Saudi border

From Associated Press reports

KHAFJI, Saudi Arabia — Several hundred Kuwaiti refugees arrived at this border-crossing Sunday, part of a growing exodus as Iraq again relaxed its restrictions on Kuwaitis leaving the occupied emirate.

The border opened on Friday following intensified night searches in Kuwait City, according to refugees. The searches prompted many of them to leave out of fear.

Iraqi troops were confiscating all identification papers in Kuwait, the refugees reported.

That raised Saudi fears that the Iraqis were planning to attempt to infiltrate agents into the kingdom, where a U.S.-led multinational force has gathered to

confront Saddam Hussein's troops in Kuwait.

The new refugee influx is the largest since mid-September, when 7,000 Kuwaitis entered in a three-day frenzy.

Iraq's motive in opening the border point was unclear. But those crossing said they suspected Baghdad was allowing people to leave for several reasons, including its program of turning the city into an armed camp, isolating the resistance movement and resettling Iraqis in Kuwait.

About 1,000 people have arrived since Friday, most lacking any identification, border officials said.

Up to 700 people, most of them women and children, were camped inside the border-crossing awaiting con-

firmation of their identities by Saudi officials and the Saudi-based Kuwaiti government-in-exile.

Saudi Arabia has sharply increased security at the Khafji crossing, and reporters are not allowed to circulate there.

There are an estimated 300,000 Kuwaiti refugees in the Saudi kingdom and neighboring Persian Gulf states out of a pre-invasion native population of 600,000.

Those arriving said Iraqi troops at the border were grabbing some men under age 40 and taking bribes to allow others to cross.

Sara Ismail Ibrahim, who fled with nine members of her family, said two men, aged 21 and 22, were taken out of their car while trying to cross the border and were not seen again.

Refugees claim young men are being sent back for Iraqi military service.

The similar seizure of young men at the border had dried up the flow of refugees in September.

One young man who swore at the Iraqi soldiers was shot at a checkpoint before the border earlier this week, said a Saudi who had been in close contact with arriving refugees. He also spoke on condition of anonymity.

One group of six young Kuwaiti men said Sunday that they escaped across the desert because they feared they

would be seized on the road. They said Iraqi soldiers had fired on their car.

The men were later brought to the border for processing.

The border opening was announced via the Iraqi-controlled media in occupied Kuwait, refugees said. Iraqi troops have been allowing only about 30 cars an hour to leave in the morning and mid-afternoon only.

Issa el-Nasrallah, a Health Ministry employee who fled with his wife and four children, said many people in Kuwait thought Iraq was preparing for combat there soon.

"They also want to isolate the resistance to have everyone but them leave. They're trying to force people out," he said.

Nasrallah said acts of resistance had stopped in Kuwait City since the Iraqis began killing anyone suspected of belonging to the resistance, many in front of their families.

The refugees said Iraqi authorities had announced that everyone has to have identification cards issued in Baghdad, effectively changing them all into Iraqi citizens.

Several hundred Westerners are still believed to be hiding in Kuwait, fearful of being taken to Iraq for use as human shields at military and other strategic installations.

Citizens protest minority hazing in Soviet military, U.S.S.R.—U.S. arms buildup

From Associated Press reports

MOSCOW — Scores of radical activists, grieving mothers and leather-clad youths rallied side-by-side at the gates of the Defense Ministry Sunday, demanding alternatives to compulsory military service.

Several hundred people watched and often applauded as speakers from the fledgling Radical Party, organizers of the rally, criticized the United States and the Soviet Union for the arms buildups they said made the drafts necessary.

"There is no reason for a universal military draft. Who is threatening us? It's our own heaping stockpile that is threatening us," said Alexander Kalipina, a Radical Party member and deputy on the Moscow City Council.

"Those who don't want to serve according to their own consciences should be allowed to serve in the civil (sector) instead of the military," he told the crowd.

The rally on Constitution Day, which marked the adoption of the Soviet Constitution in 1977, was held without official permission. But there were no confrontations with the dozens of policemen posted at each entrance to the white marble Defense Ministry building.

Every Soviet male age 18 or older must serve in the military and can be called up during seasonal draft periods, one of which is occurring this fall.

Soviet officials have admitted that thousands of youths have been ignoring draft orders in the last year. Many refuse to serve outside their home republics because, among other issues, they fear the vicious hazing process that often is ethnically motivated.

Beatings and harassment of minorities were so rampant that several republics refused to allow youths to be drafted this year. One report said 15,000 Soviet soldiers died in the last five years in murders, suicides and training accidents.

Kalipina said many of the 3,800 soldiers killed already this year had died of injuries from hazings.

"The mass media have led a campaign against hazings, but it has not been very enthusiastic," he said.

A half-dozen women, representing an increasingly active mothers' group that seeks more information about sons who died while in service, staked out an area at the center of the rally. Each of the women held a photo of a soldier and a hand-lettered sign detailing his birth, place of service and date of death.

At one point, an elderly woman charged to the front of the group, pulled an olive green officer's hat from a bag and flailed it in the air, wailing and chanting for her son killed in Afghanistan. The speaker hesitated slightly while the woman sobbed and retreated into the crowd.

"We Don't Want To Kill, We Don't Want To Fight," said one sign carried by several youths opposed to military service. "Communist Party Army, Whom Do You Fight For?" read another.

"We need alternative service like all civilized European countries have," said Igor Ptychnikov, leader of a raucous group called the Moscow Committee for Youth Solidarity. "We want to be able to opt out of military service for religious, conscience and other reasons. We'll serve anywhere but the army."

He said the group, many of whose members were clad in leather jackets covered with peace slogans and English words, has chapters and 3,000 members in 14 Russian cities. But he said it has none in the surrounding republics because "we don't want to be occupiers."

Also in the crowd were several anarchists waving black flags and selling literature. Others waved the red, blue and white pre-Revolutionary Russian flag, and two people held huge light blue and yellow flags of the nationalist Ukraine.

Former Klansman Duke concedes senatorial vote, won't challenge outcome

From Associated Press reports

NEW ORLEANS — Former Ku Klux Klansman David Duke conceded Sunday that U.S. Sen. Bennett Johnston was re-elected in the Louisiana open primary and said he would not challenge the outcome in court.

"I'm here to concede the election to Bennett Johnston, but I'm not going to concede or relinquish my commitment to the principle of equal rights for every American," Duke, a first-term state representative, said in a news conference.

In unofficial returns from the Saturday voting, Johnston had 54 percent of the vote and Duke 44 percent.

As the vote was counted, Duke had said he would ask for a court order to challenge absentee votes that were cast before Ben Bagert, the official Republican candidate, dropped out on Thursday. Under state law, any votes for Bagert were not counted after he dropped out.

Though he backed off on the idea of filing his own challenge, Duke said

Sunday that his organization would support any individual who wanted to pursue the matter in court.

"We'll help people who feel their right to vote has been abrogated," he said. "We'll help them pursue that if they so desire."

"I want to see the state together. I want people to get behind Bennett but I want them to make sure that Bennett pursues policies that are good for the people of Louisiana."

Bagert dropped out and encouraged his backers to vote for Bennett after polls showed him running a distant third in the race.

Several Republicans in the U.S. Senate also took the unusual step of backing Democrat Johnston in the primary, saying they didn't want the former Klansman to force Johnston into a runoff.

In the state, candidates all run in one primary, regardless of party. If no one candidate gains a majority of the votes, a runoff is held between the top two vote-getters.

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PEPPER'S PIZZA

CUSTOMER PROFILE

PROFESSION: Professor of English and American Studies, UNC
HOBBY: Old-Time String Band Music
LATEST ACCOMPLISHMENTS:
1. Election to membership in the American Antiquarian Society, 2. Competed in Galax Old-Time Fiddlers Convention, old-time banjo category.
WHY I DO WHAT I DO: Because, quoting Emerson, "To be great is to be misunderstood."
QUOTE: Chapel Hill desperately needs to transform part of E. Columbia Street into a pedestrian mall like that in Boulder, Colorado. All else will follow, as it did in that community, a model of civic responsibility.

LAST BOOK READ: William Freehling, The Road to Disunion: Secessionists at Bay.
PROFILE: Gemini. Thus, interest in totally different spheres at the same time.
HIS PIZZA: Green Pepper.

PEPPER'S PIZZA A Sunny Place for Shady People

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