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Nation in recession — experts

by Bruce Henderson
Staff Writer

The United States is definitely in a recession and the federal government is to blame, UNC's business school dean and economics department chairman agreed Monday.

"We are clearly in a recession," economics department Chairman David McFarland said. "There's no question about it."

A recession is popularly defined as a temporary slow-down of business activity with rising unemployment. Industries throughout the nation have slowed production during recent weeks due to a combination of high inventories and growing public resistance to high prices. Unemployment on the national level passed six per cent last month.

"We've been in a recession since November of 1973," business school Dean Maurice W. Lee said. "Consumer overspending and government deficits have combined to put pressure on the economy."

The Federal Reserve has been depended on in the past to alleviate money shortages, Lee said. But the Federal Reserve system will not be able to continue a steady flow of cash at its past level.

Chapel Hill's Central Carolina Bank vice president Gordon Kage declined to label the present economic situation a recession because there is full employment in this area, but he did agree there are serious economic problems.

"For the last two years Congress has been involved in personal problems—Watergate has taken all their time and effort," Kage said.

The federal budget must be curtailed right away to stop deficit spending. Another cause of tight money, Kage thought, was overextended credit to consumers.

"The overextension of credit has prevented people from putting their money in savings, and therefore banks have little money to lend. So money is tight."

Interest rates in banks across the country, following the trends in large New York banks, have reduced prime lending rates during the past week. In Chapel Hill, Central Carolina Bank reported a rate of 10 1/2 per cent. First-Citizens and NCNB reported 11 per cent, while Wachovia, First Union National Bank and the Northwestern Bank had 11 1/4 per cent, anticipating future rates declines.

"We haven't had any real economic leadership" in the past several years, Lee said. While remaining unimpressed with the Ford administration's proposals, he said for the first time, Washington is honestly trying to solve economic problems.

"They're awful sincere—shown quite a lot of grit," Lee said.

He singled out the gas tax, never put into law, as one instance where the government could have helped the economy overcome its problems.

Government deficit spending and public overspending since about 1965 are at the root of the problem, Lee said. He expressed more concern for world-wide economics.

"It is very dangerous right now—even more dangerous abroad. A world-wide depression is a possibility." The next four to five months will determine if such a radical problem will occur, Lee said.

"There is a serious structural problem in our economy," McFarland said. "The decline of production output is a lot more serious than rising prices."

The Federal government should first concentrate on stimulating output. "A lot more should be done than is now being done," McFarland said. "This can't be dealt with by any short-term solutions."

Both Lee and McFarland said inflation of consumer goods prices could not be included in any discussion of a recession. "Rising prices is a completely different problem," McFarland said.

Bomb threats disrupts High Noon gathering

Friday's gathering of the High Noon Society, which has convened for the past three weeks at Forest Theatre, was disrupted when police evacuated the area because of a bomb threat.

One bearded young man with shoulder-length hair, glasses and a black, floppy hat said two policemen with walkie-talkies came from behind the stage about 12:30 p.m. and asked everyone to leave or "they'd get blown up."

The High Noon member said the society gave the police a standing ovation when they arrived.

Campus policeman Lt. S.L. Edmonds said the Chapel Hill police phoned at 12:30 p.m. Friday and said they had received a call from Graham Dorm that there was a bomb in the outdoor Forest Theatre.

Two campus policemen were dispatched immediately.

Edmonds said he asked for the group's instructor at first, thinking they were gathered for a class. He then asked the group to leave, surveyed the area for 45 minutes and departed.

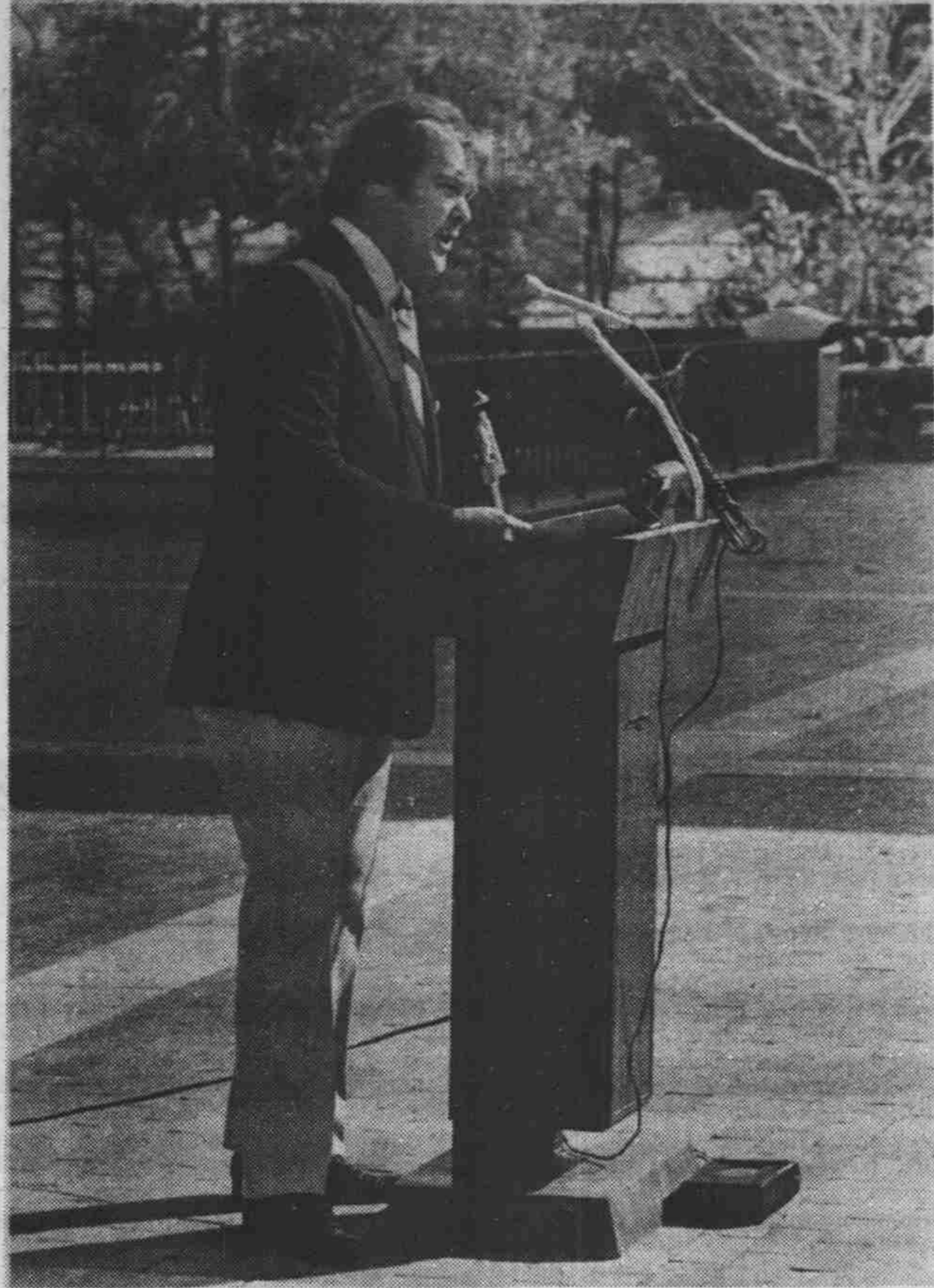
Some of the 220 members gathered at the theatre apparently thought the police disbanded the group for smoking marijuana.

"There were plenty of joints going around," one member said.

The society, he explained, is "for people who enjoy each other's fellowship, to find out where all the parties will be for the weekend and to get high—in that order."

One campus policeman said he smelled no dope and that he was "pretty good at that kind of thing." He had no explanation for the bomb threat and said the case is now classified as inactive.

One High Noon member summed up the affair as "kind of a bummer."



Staff photo by Alice Boyle

North Carolina Insurance Commissioner John Ingram speaks Monday in the Pit

Ingram lauds gains in insurance reform

by George Bacso
Staff Writer

"During my campaign in 1972, I made two specific promises to the people of North Carolina," state Insurance Commissioner John Ingram said in the Pit Monday, "to abolish the assigned risk and to do away with discrimination in auto rates which penalize safe drivers."

Less than a year after Ingram took office, assigned risk was replaced by a reinsurance plan which guarantees immediate coverage for any consumer by the agent and company of his choice.

"Today I am announcing that we are going to win the fight to abolish age discrimination against all safe drivers, young and old," Ingram said during his speech delivered as part of Student Government's Individual Rights colloquium.

"Just as we did away with the assigned risk," he said, "we are going to do away with a system which allows someone over 25 convicted of drunk driving to buy his auto liability insurance cheaper than a young man under 25 with a perfect driving record."

Ingram said the threat of insurance cancellation "hangs over the head of our citizens like an invisible guillotine — this threat perpetuates rate discrimination."

Although North Carolina was the first state in the nation to do away with assigned risk, Ingram said he regretted the state would not be a trailblazer in the field of age discrimination.

"The state of Hawaii has just enacted legislation prohibiting discriminatory practices in setting rates," Ingram said.

Hawaii's statute says no insurer may base rates, in whole or in part, upon race, age, sex, degree of driving experience, credit rating or marital status.

"The new statute in Hawaii illustrates that

people all across this nation are fed up with age discrimination and the gimmick plans insurance companies and their lobbyists have devised to circumvent change which is fair," Ingram said.

Ingram has recently concluded hearings on rate injustices and has entered an order abolishing the use of age in the setting of rates.

This order is an appeal to the courts by the insurance industry.

Ingram said age discrimination cuts across party lines and its abolishment can only be accomplished through the electoral process.

"The people's cry for change must be answered in the ballot box . . . for the tide of events to continue flowing for the people, you must elect members of the House and Senate who support the people," Ingram said.

This is the last of several visits to college campuses Ingram has made to "help elect legislators who will vote with the people, and not the insurance lobby."

Ingram did not name any particular candidates but praised the Democratic party for overwhelmingly adopting a new plank in its platform, calling for legislation to abolish age discrimination.

Republicans hopeful of last-minute shift

From wire and staff reports

WASHINGTON — Fighting inflation, high unemployment, voter apathy and Watergate fallout, beleaguered Republicans Monday headed for the elections hoping that a

last-minute shift will hold their losses to a minimum Tuesday.

But all polls and predictions by party leaders indicated that Democrats were on the verge of a sweep that would continue their generation-long domination of Congress and increase,

perhaps dramatically, their control over the nation's statehouses.

In an election-eve message, President Ford abandoned his tough partisan campaign in behalf of Republican candidates and pleaded with Americans to vote.

At the same time, Senate Republican Leader Hugh Scott and House GOP Leader John J. Rhodes urged the voters to purge congressional Democrats in a last-minute appeal.

A *Daily Tar Heel* poll showed Monday that UNC students will probably vote overwhelmingly for Democratic candidates. Democrat Robert Morgan was favored by a two to one margin over his Republican opponent for U.S. Senate. William Stevens, Democrat Rufus Edmisten was favored four to one over Republican James Carson for N.C. attorney general.

A UPI survey indicated that the Democrats would finish with a likely net gain of five Senate seats, five governorships, and 20 House seats. Some prominent Democrats, including National Chairman Robert S. Strauss, predicted even bigger gains.

In a full-page letter published in the *New York Times*, Rhodes and Scott said "the only way for the American people to change Congress, as they must, is to change the leadership in Congress."

"And the only way for this to happen is to elect more Republicans than Democrats," they added. "The Democrats have certainly had ample time in which to prove their ability and, according to the people, they have failed their test."

Ford's election-eve message — aimed at an anticipated low voter turnout — noted that some surveys indicated that only about 40 per cent of the voters will go to the polls.

"If this is true, the Congress with which I work here in Washington to control the inflation, strengthen the economy, and preserve peace in the world could be elected by only 21 per cent of the voters," he said. "I don't think anyone wants that kind of minority decision."

Ford added, "So I ask you, my fellow Americans, to make the time tomorrow to go to the polls and vote for the candidates of your choice."

Cloudy

Partly cloudy through tonight with a 50 per cent chance of thundershowers until tomorrow. Highs will be in the middle 70s today dropping to the lower 40s tonight. The humidity is 55 per cent and the winds are from the southwest at 10 to 15 miles per hour.

Where to vote		
Polls will be open until 7:30 p.m. today in North Carolina. The polling places in Chapel Hill and Carrboro are:		
Precinct	Polling Place	Areas
Mason Farm	Community Church Purefoy Road	James, Craige, Odum Village, Spring Garden
Country Club	Woolen Gym	Morrison, Ehringhaus, Parker, Teague, Avery
Greenwood	UNC General Administration Bldg., Raleigh Rd. at 15-501	Upper and Lower Quad, Cobb, Joyner, Connor, Winston, Alexander, Carr
East Franklin	Lutheran Ch., E. Rosemary St.	Alderman, Kenan, McIver, Old East, Old West, Spencer, Towne House, Brookside, Colonial Arms, Northampton
Battle Park	Public Library, E. Franklin St.	Camelot, Shepherd Ln., Village Green, Brookwood
Ridgefield	Binkley Church	Willow Terrace, Colony Apts.
Eastside	Ephesus Rd. School	Oxford, Kings Arms, Castilian Villa, Foxcroft, Booker Creek, Pinegate
Glenwood	Glenwood School	Glen Lennox, Golf Course Fraternities
Estes Hills	Guy B. Phillips Jr. High School	Stratford Hills
Northside	Municipal Building	University Gardens
Colonial Heights	Umstead Rec. Center Umstead Drive	Bollinwood, Sharon Heights, Village West
Lincoln	Lincoln School, Merritt Mill Rd.	Granville Towers, Whitehead, Big and Little Frat Courts
Westwood	Frank Porter Graham School	Kingswood, Laurel Ridge, Chase Park
Dogwood Acres	Grey Culbreth Sch.	Villages Apts.
North Carrboro	Carrboro School	Estes Park, Cedar Ct.
South Carrboro	Carrboro Town Hall	Chateau, Park West, Berkshire, Fidelity Court, Northampton West
University Lake	Water Plant, Jones Ferry Rd.	Carrolla, Old Well, Yum Yum, Royal Park, Ridgewood, Rocky Brook

Who's running

Orange County voters will decide over 50 issues today.

Here is a review of the issues and the candidates:

Running for one seat in the U.S. Senate are Robert Morgan, Democrat; William E. Stevens, Republican; and Henry Rudolph (Rudy) Nesmith, Labor. Incumbent Democrat L.H. Fountain is running unopposed for U.S. House of Representatives.

Running for attorney general of North Carolina are Rufus L. Edmisten, Democrat; James H. Carson Jr., Republican; and Marion Raine Porter, Labor. In the race for state judicial officers: for chief justice of supreme court, Susie Sharp, Democrat; James Milford Newcomb, Republican; and Stanley Ezrol, Labor; and for one seat as associate justice of supreme court are J. William Copeland, Democrat and James M. Baley Jr., Republican.

Four candidates seek two state senate seats; Charles E. Vickery and Russell Walker, Democrats; and Michael Budd and Ed Tenney, Republicans. Three candidates are running for two state house seats; Edward S. Holmes and Patricia (Trish) Stanford Hunt, Democrats; and Francis E. Henry, Republican.

Running for three county commissioner seats are: Norm Gustavson, Jan Pinney and Norman Walker, Democrats; and Raymond Montgomery, Republican.

Four candidates seek three

nonpartisan positions on the Soil and Water Conservation District Board of Supervisors; William H. Breeze, Henry S. Hogan, Clifton P. Jones and John Pope.

Running unopposed are: James G. Exum Jr., Democrat, for reelection as an associate justice of the state supreme court; seven Democrats for seven seats as judges of the state court of appeals; Edward B. Clark, David M. Britt, Walter E. Brock, Robert M. Martin, Naomi E. Morris, Frank M. Parker and Gerald Arnold; incumbents Roland C. Scott and Larry Sturdivant for seats on the Orange County Board of Education; incumbent Herbert E. Pierce for district solicitor; incumbent Orange County sheriff, C.D. "Buck" Knight; incumbent Betty June Hayes for registrar of deeds; and incumbent clerk of courts, Frank S. Frederick.

Orange County voters will also choose from 23 Democrats and two Republicans for 23 seats as judges for state superior court. D. Marsh McLelland is seeking reelection as superior court judge from the 15th judicial district, encompassing Orange County.

Two amendments to the state constitution will also be on the ballot; the first to change the title of the constitutional office of "solicitor" to "district attorney"; the second "to create jobs and employment opportunities and to protect the environment..."



Staff photo by Alice Boyle