

# Economist: 'We're running a costly country club'

By Marian Lucas

"We're running a country club where the dues are too high," a member of the Federal Reserve System's board of governors said Saturday morning.

Economist Robert Holland told members of an open student forum that the monetary problem of New York City is a result of what he called their "social spending."

He said if the city defaults, Nebraskans also will be hurt, and added that New York City hasn't shown enough self-effort to justify the nation's assistance.

If the city made a gesture such as voting a significant tax increase, Holland said it would get the nation's sympathy. Nebraska

citizens then could raise their taxes one per cent to aid them, he said.

The Federal Reserve System has a tremendous net yield, Holland said.

"It's a great advantage when you pay two cents to produce a one dollar bill," Holland said. "That's our profit margin."

Holland, whose three day visit was part of the College of Business Administration's executive-in-residence program, said America is experiencing a succession of economic shocks to its financial institutions and markets.

"How much different the adjustability of markets and institutions are rests on the fact that financial markets are more adjustable than financial institutions,"

Holland said.

Markets adjust, he said. If New York City defaulted next week, there would be a great shock wave, but the markets would conform, he said.

He added that, by their nature, markets are "bumpy, unfair and ruthless."

However, Holland said that although financial institutions are valuable to capitalism, their adjustability is inhibited. Great strains and stresses are put on these institutions to readjust, he said.

Institutions, including banks, savings and loan companies and insurance companies, have grown because of markets, Holland said. "They are go-betweens among borrowers and savers," he said.

Future directors of these institutions will need foresight to prudently manage them so they absorb these adjustments, Holland said.

He said he would like membership of all banks to the Federal Reserve System made mandatory.

"Wherever banking work is done, it ought to carry the burden of reserve requirements," he said.

With respect to a change in the Social Security System, Holland said he advocates moving the retirement age up. Even if the age requirement were moved up one month every year, he said, it would change the burden problem and the fiscal outlook.

## Montgomery Ward executive:

# Consumer confidence slowly rising

daily nebraskan

A shift in consumer spending is occurring, the executive vice president of finance of Montgomery Ward and Co. said Friday afternoon.

Chicagoan Gordon Worley, who spoke to an open student forum as part of the College of Business Administration's executive-in-residence program, said consumers shopped around much more before making purchases last year. Customers, now are buying lower priced promotional items, he said.

"I think you've seen some trading down in the last 18 months among consumers and stores," Worley said.

Consumer confidence is up, but is increasing slowly, he said. He added that the Midwest has a stronger economy than

the East.

The retail business has improved over the last four months, he said.

However, Worley said a rise in the number of individual people filing for bankruptcy has been discouraging. These bankruptcies, he said, seem to originate from the same law firm.

According to Worley, the American consumer has done well in the recession. He said customers stopped buying when they saw they couldn't pay for an item.

Montgomery Ward has had increased credit losses, he said. Among 6 million credit accounts, 40 per cent of the store's credit losses are in bankruptcy, Worley said.

"We think it's a bad trend," he said.

"Generally, I think it (bankruptcy) had been abused in our system."

Montgomery Ward Co., Worley said, had a total sale of \$3.5 billion last year among their 465 retail stores and catalog sales.

Worley said the secret to lower prices is that Wards buys in large quantities. Without their volume, manufacturers' costs would go up, he said.

Although he said there is a place for the department store, Worley said he thinks the consumer gets more quality in a chain store.

Worley, formerly of Lincoln, said Montgomery Ward Co. has continued to expand even though costs have risen because they built up a large cash reserve between 1940 and 1958.

Editor-in-chief: Rebecca Brite, News Editors: Randy Gordon and Lori Demo, Managing Editor: Stan Linhorst, Associate News Editor: Gina Hills, Layout Editor: Michele Schmal, Sports Editor: Larry Stunkel, Third Dimension Editor: Vince Boucher, Business Manager: Jerri Hausler, Advertising Manager: Mary Ann Myers, Production Manager: Kitty Policky.

Second Class Postage paid at Lincoln, Neb., 68501.

Address: The Daily Nebraskan, Nebraska Union 34, 14th and R streets, Lincoln, Neb. 68508. Telephone: (402) 472-2688.

The Daily Nebraskan is published by the Publications Committee on Monday, Wednesday, Thursday and Friday through the autumn and spring semesters.

Copyright 1975, the Daily Nebraskan. Material may be reprinted without permission if attributed to the Daily Nebraskan, except material covered by another copyright.

# OCTOBER 14

That's the last date you can enroll in the Student Accident and Sickness Insurance Plan endorsed by your University . . . a plan that provides comprehensive hospital-surgical-medical protection at rates considerably below what Mutual charges for similar plans issued on an individual basis.

Make sure sudden and unexpected medical expenses don't disrupt your college budget. Contact John Van Bloom and Associates today for full details.

Find out why so many of your fellow students are already enrolled in this fine program.

John Van Bloom and Associates  
1701 South 17th St., Suite 20  
Lincoln Phone: 475-5902

UNDERWRITTEN BY  
**Mutual of Omaha**  
People you can count on...  
Life Insurance Affiliate: United of Omaha



## heads together

Men and Womens Hairstyling

Haircutting Specialists

Lamp Perms

17th & R

475-4902

475-4428

Free Parking

Mon-Fri

8:30 am to 7:30 pm

Sat 8 am to 4 pm

## Take a good look at "The Good-Lookers."



They'll make you glad you wear glasses!

Come in and see one of the most extensive selection of eyeglass frames anywhere: all colors, all styles, all designs . . . including frames by such famous names as Pierre Cardin and Oscar De La Renta. There's a pair for every personality, priced so everyone can afford to look good!

But frames are only half the story. To look your best, you need good vision. With our precision-ground lenses, life never looked better . . . and neither did you: in your own Good-Lookers only from us.

FREE! Just for dropping in: "I'm a Good-Looker" button.

## Duling Optical

Because nothing you wear is as important as your glasses.

1324 "O" Street, Lincoln, 432-9652

840 North 48th Street, Lincoln, 466-1924

Bank Americard and Master Charge accepted

Members of the Opticians Association of America