

## Volcker satisfied Federal Reserve on right track

By Pat Higgins

The Federal Reserve Board is firm in its commitment to the policy of financial discipline now in place, said board Chairman Paul Volcker Tuesday morning before an overflow audience in the Nebraska Union Ballroom.

Volcker came to UNL as the third annual E.J. Faulkner speaker presented by the College of Business Administration.

Volcker said that after a 15 year period of inflation, the transition to price stability will not be a painless process. Economic success is dependent upon sustaining consistent monetary and fiscal policies, he said.

"We can look forward to sustained growth for years ahead if there are fundamental changes in expectations and behavior that would reduce cost pressures, enhance productivity and unwind the inflationary process," he said.

The expectation that inflation would continue indefinitely has undermined incentives to produce, save and invest, according to Volcker.

"There is a close connection between rising inflation and poor economic performance," he said.

Two years ago the Federal Reserve Board instituted a policy of control on the growth of money and credit, a monetary policy that Volcker said is central to controlling inflation.

### Intentions carried out

"Over these last two years our actions

reflect our stated intention in that we have slowed the growth of money and credit," he said.

In addition to the monetary policy now in effect, Volcker said the net fiscal position of the government has a direct bearing on the overall economic picture, particularly the financial markets.

Last year, the federal government preempted close to \$80 billion to finance the deficit and off-budget activities. That \$80 billion is close to half the savings available in the country, he said.

"This money was preempted at a time when high interest rates were holding back investment and home buying," Volcker said. "These deficits work directly against our objectives because they absorb funds that should be used to meet our investment and housing needs."

"The need is to make progress on both sides of the savings and deficit relationship. If further spending trends aren't brought into line with our capacity to generate revenues with present taxes, then we cannot shrink from considering new revenue sources."

Federal tax receipts are more than 21 percent of the Gross National Product this year, a peacetime record, Volcker said. But the Reagan administration tax plan will lower the tax relative to GNP to 19 percent in 1984, he said.

### Cuts fall short

"In the perspective of the huge tax cuts, the defense program, and the inexorable rise in so-called entitlement programs,

those cuts fall far short of what would be needed to balance the budget in any reasonable amount of time," Volcker said.

Talk about balancing the budget is confusing unless the economic conditions are specified in which the budget could and should be balanced, he said. But to balance the budget cyclical and structural problems must be corrected first, he said.

"There is a great deal of inertia in an economy like ours for wage and price trends," he said. "This inertia has intended

to accelerate the inflation process and the average citizen will have to be shown conclusively our commitment to a sustained anti-inflation policy."

Volcker said he is optimistic that as the trend of rising costs and prices subsides there will be a firm foundation for sustained growth and low interest rates.

"The battle against inflation has been fairly joined, and we can see signs of progress. We must carry through until the battle is won."

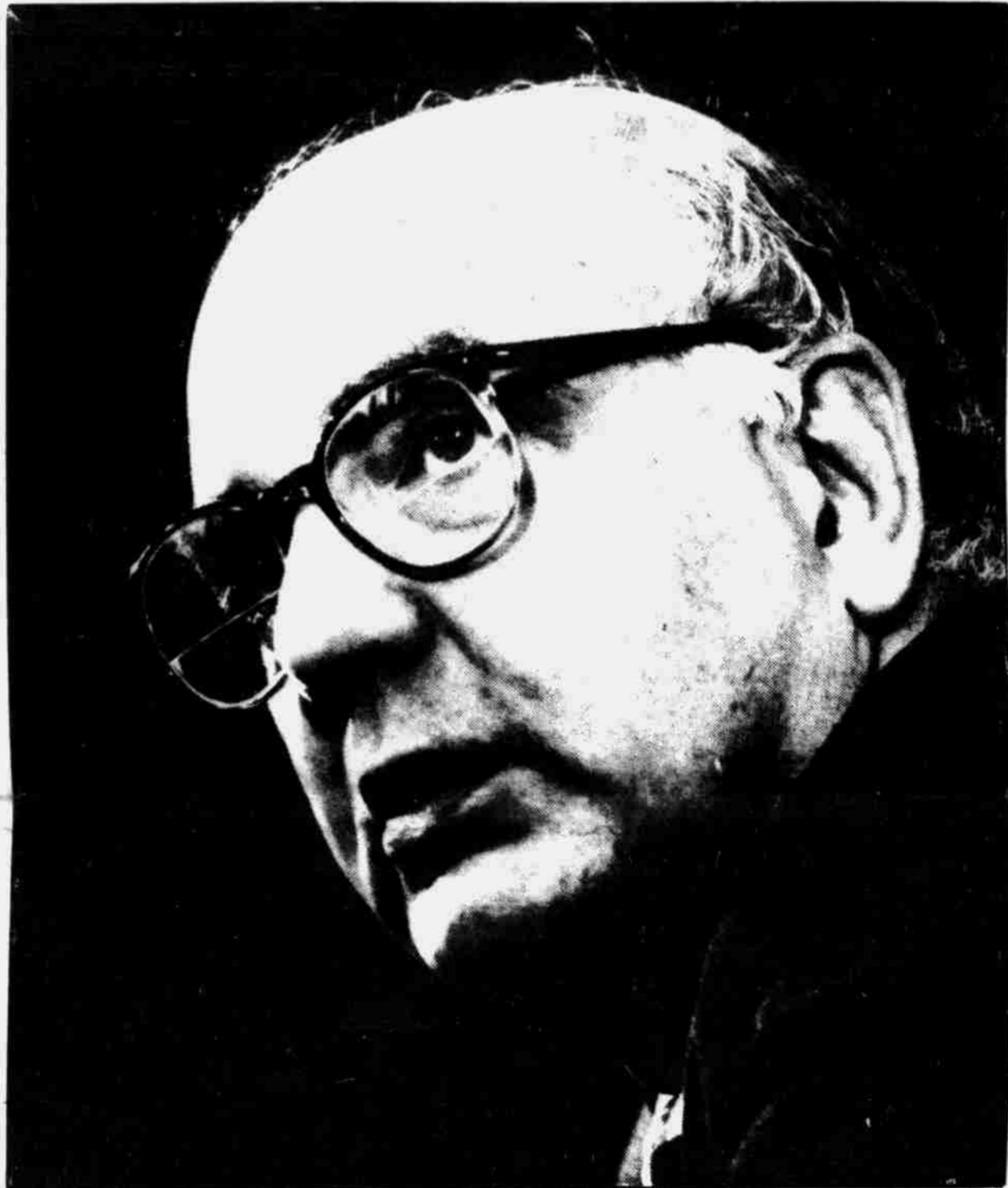


Photo by Mark Billingsley

Paul Volcker

## Off-campus housing costs increase as students lose units to families

By Leslie Kendrick

Off-campus housing is costing more and more and the end to rent increases is not in sight, said Joseph Kean, owner of the Joseph E. Kean Co.

Anywhere from 275 to 300 students rent from Kean, he said. Those numbers have declined over the past few years because new families who can't afford a house are competing with students for apartments.

"As far as rentals are concerned it's a very tight market," Kean said.

Kean said practically no new housing units are being built and the older units that have housed mostly students have either been condemned or demolished. Other units have turned into condominiums, he said.

F.R. Michals, owner of Nebraska Real Estate Corporation, said 75 percent of his renters are students. The percentage has decreased, Michals said, because students who would normally rent alone are now doubling up and splitting the rent between themselves.

An average one bedroom apartment with stove, refrigerator, central air, and wall-to-wall carpeting rents for \$225 a month without electricity and gas, Michals said. The same apartment 10 years ago would have rented for \$110.

Many of the rent increases, Kean said, are due to high construction costs for new apartment buildings and high interest rates. In 1971 a one bedroom unit cost \$10,000 to build. Today the cost of construction has nearly tripled, costing \$28,000, Kean

said.

Kean said that in the past when interest rates ranged from 6.5 percent to 7.5 percent, builders often borrowed 100 percent of the money needed to construct a housing unit. Today, with the lending rate at about slightly more than 18 percent, builders often pay 50 percent of the cost of building in cash from their own pockets, Kean said.

In addition to the high building costs, interest rates, the cost of gas and property taxes have increased sharply, Michals said.

What all of these costs add up to, Kean said, is that rents will go up to justify costs of running the buildings.

For an apartment building to be a good investment, Kean said, the owner must make about 55 cents per foot per month. Currently in Lincoln, owners are receiving 38 cents, he said. In order for an apartment building to be a comparable investment to money market certificates or stocks and bonds, Kean said there would have to be a 17 cents per foot increase in the rent now received.

## Alums speak

Governmental regulations are hurting the growth of business, several UNL graduates who are guests of the university for Master's Week said at a Wednesday press conference.

George Cobel, president of the D-H Titanium Co. of Midland, Mich., said the government must be careful not to overburden business with unnecessary regulations.

"No one is suggesting we repeal the Sherman Antitrust Act," Cobel said, "but some of these regulations approach the ridiculous."

Cobel said government red tape is so prevalent that patents on some chemicals expire before the chemicals are marketed.

W. Grant Gregory, a member of the international board of directors of the accounting firm of Touche Ross & Co. said not enough attention is being devoted to research and technology.

"Research has taken a back seat," Gregory said.

Continued on Page 2

## Library to close at 1 a.m.

By Melinda Norris

Love Library will extend its hours to 1 a.m. Sunday through Thursday beginning Nov. 30 and lasting to the end of the semester, ASUN Sen. Greg Abboud told the applauding senate Wednesday.

Abboud said the expansion of hours is an experiment and, if a significant number of students use the library until 1 a.m., "it should be no problem keeping it open." "If the students want it," Abboud said, "then they've got it."

Interim Vice Chancellor John Strong was "very cooperative" in setting up the experiment, Abboud said.

"Strong is truly working for the best interests of the students," he said.

Abboud cited several reasons for the later hours.

"The present hours are tough on the working student," he said. "If people work til 9 p.m., and the library closes at 11 p.m., when do they study?"

"With Nebraska Hall closing within a year," Abboud added, "there will be no place for the students to study." Love Library closes early compared to other college libraries across the state, Abboud said. The UNO Library is open until 2 a.m. and the Alumni Library on the Creighton University campus remains open til 1 a.m.

"The cost for the experiment won't cost that much compared to the need," he said.

"I appreciate the cooperation of Dean (of libraries Gerald) Rudolph in this project," he said, "because the burden is falling on his shoulders."

In another announcement, Monica Frank, chair of the Commission on Student Life, said the commission will be ordering student discount cards Dec. 1 and is developing a plan to allow students to ride the Lincoln city buses for free.

The student discount cards will resemble a credit card, Frank said, and will give students discounts on purchases at the participating merchants listed on the back of the card.

The card costs nothing, Frank said. Merchants will pay for the card itself.

Although the cards will be ordered in December, 15 weeks are allowed for delivery, Frank said, so they won't be available until March.

The commission has contacted Dick Rohde, manager of the Lincoln Transit System, seeking a possible contract with LTS, Frank said.

Admitting the plan is still in planning stages, Frank said free busing for students may be exchanged for a slight increase in student fees. This free-fare would extend over four or five years, she said.

If any contract develops, she said, it will be placed on a referendum in the March elections.

### inside thursday

**Television Violence:** A child psychologist says television violence might have detrimental effects on children. . . Page 6  
**I thought it had to rhyme:** The Zoo Bar offers a night of poetry from local poets. . . . . Page 9  
**Roger the Dodger:** Nebraska I-back Roger Craig is used to being compared to his brother, Curtis. . . . . Page 10