

letters

Committees need GPSF members

To the Editor:

The Graduate and Professional Student Federation has the responsibility for nominating graduate and professional students for the Chancellor's committees. Now is your chance to become a powerful and influential B(M/W)OC!

These committees still have openings: Calendar, Space, Facilities Use, Student Stores Advisory, Traffic Regulation Appeals, Faculty, Building and Grounds, Status of Minorities and Disadvantaged, Scholarships, Awards, Student Aid and the Student Health Service Adm. Board. These last two tend to be very popular so please list several alternates. If you would like to be on one of these committees, please come by the GPSF office in Suite D, Carolina Union for an application. They're on the outside door. I need them by June at the latest.

Roy Rocklin
Vice-President, GPSF



"REMEMBER HOW WE USED TO LAUGH WHEN OL' JERRY FORD WOULD GO AROUND BASHING HIS HEAD INTO EVERYTHING?"

Letters?

The *Summer Tar Heel* welcomes contributions and letters to the editor. Letters must be signed, typed on a 60-space line, double-spaced and accompanied by a return address. Letters chosen for publication are subject to editing.

Guidelines

Carter administration plays down wage-price controls

WASHINGTON (AP)—Faced with growing evidence that the wage and price guidelines aren't working, the Carter administration has begun to de-emphasize their importance.

It has little choice, since the only other option may soon be to admit failure, and politicians and bureaucrats are loath to admit they have failed at anything.

Alfred Kahn, the president's chief inflation adviser, scarcely mentioned the guidelines during a speech to the National Association of Homebuilders last week in which he gave a detailed explanation of the administration's efforts to control inflation.

He acknowledged that he had given the guidelines "short-shrift" in his remarks. But he said he didn't want to exaggerate their importance because they never were intended to play anything but a minor role in the anti-inflation effort.

Kahn had said previously that if the guidelines didn't show results by the beginning of summer, he would personally



Kahn

consider them to have failed.

Summer is less than a month away, and inflation hasn't abated significantly yet. Indeed, President Carter said last week he expects serious, adverse inflation figures for the next two to three months. Prices increased at an annual rate of nearly 14 percent during the first four months of the year.

Kahn admitted last week, after the government reported another 1.1 percent increase in consumer prices in April, that the government can't do much about the worse current causes of inflation, rising oil, housing and food prices.

Both Kahn and Treasury Secretary W. Michael Blumenthal now say consumer prices will increase at least 8.5 percent this year, up from an original target of 7.4 percent, and could easily be higher.

Kahn stressed the importance of other steps being taken to restrain inflation, especially fiscal policies to slow government spending and monetary policies to tighten the money supply and raise interest rates. Blumenthal has adopted a similar stance.

The administration will be reluctant to entirely drop the guidelines anytime soon. Carter said in remarks last week

that they should be continued. And Chairman G. William Miller of the Federal Reserve Board told Congress, also last week, he believes the guidelines have helped hold wages and prices below what they would have been without any guidelines.

However, the tendency will be to give them a diminished role so that less attention is paid to them.

The guidelines ask business to hold price increases one-half of one percentage point below the average increases during the 1976-77 period.

However, they provide that prices may increase as much as necessary to offset uncontrollable increases in costs, such as for fuel and raw materials. This has allowed many businesses to increase prices above the 1976-77 year average, but still be considered in compliance with the program.

The major reason the guidelines haven't succeeded in restraining overall inflation is that they don't apply to the two areas where inflation has been most severe, food and fuel.

Furthermore, they were designed to work in a period when growth of the economy was slowing and pressures on prices were already easing because of reduced demand for foods and services. However, the economy experienced an unexpectedly rapid spurt of growth in the final quarter of 1978.

It now appears that economic growth finally has slowed, but it probably has occurred too late to help in significantly reducing inflation for this year at least, although some slowing of price increases later this year is likely.

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