"fireside chat" with the nation. "I've been working on the anti-inflation package for a number of weeks," Carter told a televised news confereence Oct. 10, "I think that when the Congress completes its work, then I'll be able to put the final touches on the anti-inflation program and reveal it to the public and pursue it aggressively."

Carter's press conference contained so little real substance and so many warmed-over homilies about the need for austerity that the dollar promptly plunged to new lows on the foreign exchange markets, and gold soared above $226 per ounce for the first time in history.

Carter is expected to announce specific numerical wage-price guidelines which are supposed to reduce the U.S. inflation rate half a percentage point or so to 7 percent next year. As such the program will be innocuous. However, some Administration officials like Barry Bosworth, director of the Council on Wage and Price Stability, are already telling journalists that the "voluntary" guidelines will not be enough. These officials will attempt to steer Carter in the direction of a major confrontation with the International Brotherhood of Teamsters early next year when the Teamsters' master freight contract with the trucking industry comes up.

Special Trade Negotiator Robert Strauss, who has tried to steer clear of a direct confrontation with labor, could resign as Carter's anti-inflation czar at any time, Washington sources say.

On Oct. 6 the *Wall Street Journal* touted Lazard Frères partner Felix Rohatyn as the perfect replacement for Strauss — the same "pain and agony" Rohatyn who, as chairman of the Municipal Assistance Corporation, laid waste to New York City over the last three years.

Informed sources indicate that Carter is going to attempt to bring his "Proposition 13" economics into the international arena in coming weeks. These sources say that the British, having suffered a smashing defeat in trying to stop the European Monetary System, are now revving up Carter to propose a "third way" (neither the IMF nor the EMF) internationally: global fiscal conservatism.

One voice of sanity

These excerpts come from a guest editorial in the seattle Post-Intelligencer *by Myron Kayton that appeared on Oct. 9. Kayton is an electrical and mechanical engineer who is senior staff engineer to the manager of systems engineering operation at TRW. His article was titled, "America's technology falling behind."*

How has America's technology fared during the past 20 years? How will its widely publicized decline affect our foreign trade balance and the value of the dollar? ...

We will face strong European and East Asian competition (in the 1980s) in goods that only 10 years ago were high technology: video recorders, computers, communications satellites, aircraft, and nuclear power plants. We will have fewer ways to pay for the imports we consume except by exporting food. The overall picture will be one of our falling behind technologically, as has been widely predicted.

As an engineering manager who has been involved in high technology for more than 20 years, I would suggest at least three reasons for the decline ...

One reason is the shift of federal funds from support of high technology invention to support of the consumption of low-technology products by the recipients of social welfare ...

A second reason for America's technological decline is the rise of our interest rates from 4 percent in the 1950s to 8 percent in the 1970s, which has forced business to invest in ideas with a short-term payoff ... By contrast, the new technological leaders (Germany and Japan) enjoy 3 percent to 4 percent interest rates and can, therefore, invest further into the future.

A third brake on technological innovation in the 1970s has been the upsurge in regulatory and environmental pressures, and the stricter interpretation of defective product liability....

Interest rates go wild

Members of the Administration who previously had at least enough sense to be critical of Federal Reserve Chairman G. William Miller's wild interest-rate policy—including Strauss and the President himself, through his Georgia staffers—are now refraining from all such criticism and giving Miller free rein. Miller's policy at present can only be characterized as "the sky's the limit." By Tuesday, Oct. 10 the Fed had pushed the Federal funds target rate—which sets the trend for all other interest rates—up to 8.875 percent from 8.75 percent. The Fed funds rate started off 1978 at around 6.5 percent.

Many money economists are predicting that the prime rate will soon be boosted from 9.75 to 10 percent, the highest rate since January 1975. This is inevitable in view of the fact that by Oct. 6 the cost of funds to banks was already significantly above 9 percent, leaving next to no margin of profits for the banks. "The Fed has underrated the dimensions of the problem" of curbing monetary growth, according to Alan Lerner of Bankers Trust. In its latest issue *Business Week* wheeled out talmudic Friedmanite monetarist Jerry Jordan of Pittsburgh National Bank to warn that unless the Fed moves fast now to cut the growth rate of the monetary aggregates (thus throwing the economy into recession), there will be an