

The National Outlook

Creeping Inflation

By RALPH ROBEY

Everyone who follows business news knows we have a Federal Reserve System under the direction of a Board of Governors located in Washington, and twelve regional reserve banks each with its own Board of Directors. The largest of these regional banks is in New York and it, just as all the others, has a research staff and issues a monthly review. In the June issue of the review there is a long article on creeping inflation, which is worthy of attention.

First, the usual arguments for a 2 or 3 per cent annual rise in the price level are presented—that it is necessary if the nation is to realize its full growth potential and prevent massive unemployment; that it would encourage investment by business; that through increased income no one would lose appreciably; and, that for those who hold bonds or other fixed interest obligations full protection could be afforded by introducing the principle of price level escalation. All of this is old hat and has been heard so many times it's amazing it still carries weight.

Real Effects of "Little" Inflation

Second, the article analyzes what the real effects of even a small annual increase in prices would be on various segments of the economy. This is the significant part of the discussion. Some of the high spots: "If a slow but steady rate of general inflation were tolerated as a form of surrender to the inevitability of price increases in the 'administered' price and 'organized labor' industries, the end result would be the transfer of purchasing power to the workers and management in these industries at the expense of those whose savings are being depreciated, or who are unable to increase income in pace with price increases."

"Anyone lending money would want to stipulate either a very high rate of interest or repayment in 'escalator dollars' or some combination of both." In other words, creeping inflation would mean higher, not lower, rates of interest, and even if it did increase investment for a year or so, the "mix of this investment boom would, for example, probably include more and more speculative buying of land, and discriminate against schools and the other kinds of investments that are essential to provide the structure . . . required for long-term growth."

As to the international ramifications it is said: "deliberate adoption of steady inflation would certainly impair the ability of this country's producers to compete, both in our own markets and abroad, with those other countries who have learned in their way to combat inflation, and who are strongly committed to maintaining price stability."

Escalation is not an answer to creeping inflation. In Finland, for example, where an extensive network of escalators was introduced a few years ago . . . the experiment has already run its course—the Finnish public was disillusioned, and the apparatus is being gradually dismantled."

Further, "the sapping of moral vitality, the stultifying influence of rigidifying governmental controls, and the collapse that ensues from runaway inflation—are indeed grave prospects that cannot be ignored whenever a modern economy acquiesces in a pattern of inflation."

Change and Progress Means Competition

Finally, "if competition along old paths may seem for a time to slacken, it will spring up again, so long as public policy gives its determined support, from the influence of new firms, new products or new processes displacing the old, or from the impact of new sellers or buyers abroad."

All of these points, of course, are true. There is no possible benefit from creeping inflation, and it would distort our whole economic progress. We can have growth with falling prices, rising prices or stable prices. But stable prices are by far the best because either rising or falling price levels create injustices. The between various groups within our population, and there is no way to offset these harmful effects, and there is no way that an individual can protect himself with certainty against wide price changes.

SUNDAY SCHOOL LESSON

Continued from Page 2—Section 2 cumbersome procedure they had to follow to be admitted to this country. Then, and only then, will you get an inkling of what it means to these people to be welcomed into this great country of ours, and made to feel like members of the community in which they have chosen to settle. We can give much of ourselves and, in giving, receive much in return. We can learn new things about our fellow men, perhaps run into a better philosophy of life than the one we hold dear to our hearts as our own way. Often those who have been in travail have learned to appreciate the simple, fundamental things that are good in life—things which we, in our plenty, have come to take for granted and barely appreciate, accepting them as a matter of course.

We can, in extending a helping hand to the stranger in our midst, help ourselves; not only



GRAVE WARNING—This lawn in Augsburg, West Germany, gives a grim picture of traffic accidents. Each cross represents a local traffic death during the past year. This is Augsburg's way of observing Traffic Safety Day in Western Europe.

can we broaden our outlook through these strangers, we can form many lasting and genuine friendships.

Naomi, in her despair, was comforted and helped by her daughter-in-law Ruth. Her life, she thought, was empty, but Ruth "found favor in the eyes of Boaz" and bore him a son who was a great comfort to Naomi in her old age. Naomi's life had found a purpose. The ability to love a little baby transformed what was to her a bitter and barren existence.

Love of fellow human beings and a caring for them is answering God's purpose in the finest way known. Around us today are many opportunities for us to express love and care for our fellowmen. As Christians it behooves us not to neglect an opportunity of expressing that love. The hand extended in friendship to those strangers in our midst may be of little consequence to us, firmly entrenched in our families and familiar surroundings. To those who sojourning among us it can be a wonderful new reason for rejoicing in being alive.

(These comments are based on outlines of the International Sunday School Lessons, copyrighted by the International Council of Religious Education and used by permission.)

RECORD SPRING PIG CROP
North Carolina's 1959 spring pig crop was the largest of record. Pigs saved from spring farrowings (December 1, 1958, to June 1, 1959) amounted to 1,605,000, which was 329,000 or 26 per cent above the previous record spring crop of 1,276,000 produced in 1958. Sows farrowing this spring totaled 226,000, which was 22 per cent above the 185,000 farrowing in 1958.

KNOW YOUR SOCIAL SECURITY

P. E. Bettendorf, representative of the Social Security Administration, is in Edenton every Thursday at the North Carolina Employment Security Commission in Citizens Bank Building.

Question: I am receiving social security benefits and expect to change my mailing address soon. If I leave a change of address with the post office, will that be all I need to do to get my checks at my new address?

Answer: No. You should also file a change of address with the Social Security Administration. This may be done by either calling at your local social security office or by mailing a notice to the social security payment center from which your checks are received.

Question: Last month I hired a part-time cook to help with the family meals. I am paying her \$25.00 a week. When do I pay the social security tax?

Answer: Social security taxes are paid at the end of each calendar quarter. The next tax report is due by October 31, 1959, for cash wages paid in July, August, and September, 1959.

Question: Does social security apply to women who do housework on a farm for some-

one else?

Answer: Yes, but the rules for making the payments are somewhat different. As we mentioned before, a woman who does housework for someone else in town has to be paid at least \$50.00 in cash in a calendar quarter. A woman doing similar work on a farm operated for profit, however, has to work on at least 20 different days a year or be paid \$150 in cash during the year. Thus, the amounts paid to this worker during a quarter have no significance, but rather the amounts paid to her during the year, or the number of days worked during the year. Sometimes, the houseworker on a farm lives there on a semi-permanent basis and receives room and board in addition to cash wages. The value of the room and board does not count for social security purposes.

Question: I have been paying social security tax since 1937. How do I know that I am getting credit for these contributions?

Answer: You may obtain a card from your social security office to request a statement of amounts recorded in your 'old-age and survivors insurance account.' You should check your record at least every three years as it is easier to correct if

there is an error or your employer failed to report or reported incorrectly.

Question: This same man asked: In the event of my death, how can I be assured that my wife and minor children will receive survivors' benefits.

Answer: One of the first things you must do is to make a periodic check to make certain that wages or self-employment income are properly credited to your social security account so that you may have an insured status. You must inform wife that in the event of your death she should contact the nearest social security office. They will assist her in filing an application for survivors' benefits. She should

present proof of age for the children and your marriage certificate.

The doctrine that all men are, in any sense, or have been, at any time, free and equal, is an utterly baseless fiction.
—T. H. Huxley.

Taylor Theatre

EDENTON, N. C.

Thursday, July 16—
LAST SHOWING
Gregory Peck in
"PORK CHOP HILL"

Friday and Saturday,
July 17-18—
Michael Landon and
Jo Morrow in
"THE LEGEND OF
TOM DOOLEY"

—also—
60 Minutes of
"3 STOGES FUNARAMA"

Sunday, Monday and
Tuesday, July 19-20-21—
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district officer, who drives it would bet his badge the tie rods won't even need replacing! Out in that wild, climbing Utah country, Chevy's suspension and frame and brakes, its Positraction rear axle and Thriftmaster 6 power are proving themselves under rougher conditions than most test engineers could dream up. They're proving that Chevrolet's advanced engineering and design ideas pay off—in spades—when the going gets especially mean and dirty.

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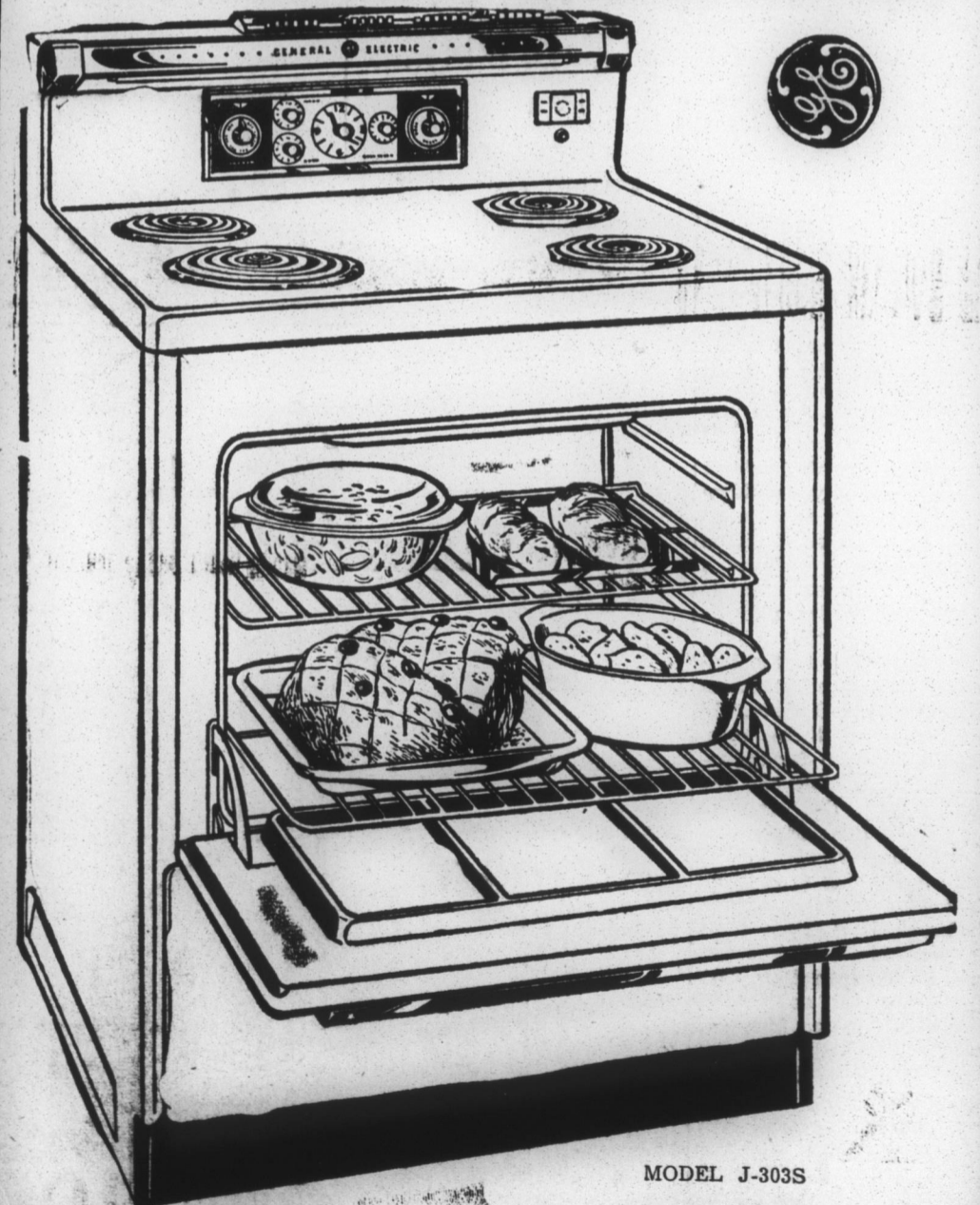
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