

Inflation Bogey May Force Spending Cut, Economists Declare

Washington — U.P. — Some things are to be cut if the demon of inflation is to be kept in check, say the money managers and economists here. It may be government spending on civilian projects — or some projects of private businesses have been planning.

Monetary authorities already see indications of tight money's effectiveness in the fact that some industries and state and local government have put off expansion and construction of projects because of high financing costs.

These projects, the authorities feel, will be re-introduced another day, when supplies of money, materials, and labor are more plentiful, and the economy has room for that expansion.

Monetary authorities of the business boom has slowed down somewhat in the past year. This alone might be a clue to some easing in the tight money situation in 1959 if international politics were not a factor.

None of the Washington officials interviewed by the United Press felt they could call the turn of money in the coming months, because of the international situation.

Military Spending Rising
The only certainty as they saw it is a coming increase in military spending, and it is the starting point for every analysis of the economic situation and the money situation.

Bigger expenditure by the government has an inflationary tinge, unless it is offset by large tax returns. Bigger spending on the military also means greater demand for metals, especially steel which already is pushing the very limits of production capacity.

Washington authorities agree on several points. Money is very tight. Credit restraints — tight money — cannot keep the economy from booming. The money squeeze has helped and it has hurt. Fed-

eral budget policy must be designed with an eye to its economic impact. The United States and the world are still faced with some serious inflationary pressures. On the other hand, some industries have overexpanded and may slide.

The authorities do not agree on whether money is too tight. Might it better be tighter, looser, or as is? Are savings rising enough to fill the loan demand? Do today's inflationary pressures outweigh the delatatory?

Tight money has driven business and government alike to the banks for short-term loans. Normally, much of this business would be long-term borrowing, but the borrowers have been reluctant to tie themselves up for long years of paying today's high interest rates.

Short term interest rates, because of this demand, have been pushed up close to long-term rates for the first time in 25 years.

There have been signs in recent months that the demand for bank loans was not pressing so hard as before. Nevertheless, if a business or the treasury has a short loan outstanding where it actually needs the funds for a long haul, that loan must be refinanced when it comes due.

If interest rates are still high and the borrower thinks they will come down soon, he may borrow for a short period, postponing the day when he makes the long-term commitment.

Whether borrowers postpone or plunge, there is a large volume of potential long-term borrowing in today's short term credit outstanding. There is a deficiency of private investment and savings to feed the booming demands for credit. Hence the policy of credit restraint by the Federal Reserve system.

That policy is aimed at curbing inflation and keeping business activity from booming so much that it can only "bust."

A Nichols' Worth of . . . Comment On This and That

By HARMAN W. NICHOLS
United Press Feature Writer

Emmitsburg, Md. — U.P. — Ever hear of a "cafetorium"?

Well, there is such a thing here in a spanking new school house squat in a grassy meadow at the foot of the age-old Cacocin mountains. The hall of learning is done up in a clash of colors, and looks nothing like a school house at all. More like a motel.

You might call it the "school house of tomorrow." A sort of prefabricated job.

The "cafetorium" is right off one of the classrooms in this steel, one-story building which will take care of 480 kids, from the picture book and sandbox to cup to grade eight.

The new word, which may wind up in the next Webster, means about what it says. The room is a combination cafeteria, gymnasium and auditorium. That doesn't mean some young luncher may be jarred by a basketball winding up in his bean soup.

The gym isn't in business during lunch time. Neither is the auditorium part, which includes a small stage where the pupils can gather to cut loose with carols or a class play.

On the serious side, this sort of school may be an answer to some of the school problems.

Erected in 12 Weeks
It is to be called the Mother Selon Elementary School, a \$66,000 completely furnished plant built for the Sisters of Charity of St. Joseph's College. The first such school, built at Gary, Ind., has six classrooms. This one here has 12, and was erected in 12 weeks.

The schools are built by the St. John's Schools Corp. of Boston, with help from U.S. Steel and companies.

It has a lot of unique picture windows. The blackboards are green, and if the idea catches on there will be no more dusting of erasers. A wet rag will do the wiping job and erasers are out.

When I was a kid in P.S. No. 1 (the only one aboard at the time) dusting of erasers took up a good bit of the late afternoon marble session. That was penance, of which I did what I always thought was more than my share.

The walls inside are painted with lifetime stuff that requires no re-doing, according to the planners. That cuts down on maintenance.

One janitor can run a broom across the 12 classrooms and the "cafetorium" in no time at all.

Many Advantages
Another innovation is the use of steel which means that strong buildings can be built in less space, leaving more elbow room for the kids. That may solve one problem, which is overcrowding. The building is said to withstand hurricanes, earthquakes and the bitter bite of winter.

This particular building will be open for business Jan. 2. It took a bit of doing but the good sisters made a great effort, and when the school opens it will be paid for—cash on the desk top.

The sisters may have one little problem.

A number of the class rooms face the highway, beyond which is the irresistible view of the humps of the lovely mountains.

The temptation may be to look out the picture windows and dream about what may be on the other side of the mountain, instead of the business at hand—color books, buildings mounds in the sands and the still important three Rs.



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