



Your Money's Worth

By SYLVIA PORTER
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PERIOD OF FRUSTRATING TRANSITION

The United States economy is moving through a period of transition, dominated by fierce competition, remarkable price stability and slack growth.

We moved out of the great boom of post-World War II back in the 1950s. Long since filled have been the enormous demands for all sorts of goods pent up during World War II which gave U. S. businessmen the best times and profits of their lives, made inflationary price and wage hikes a cinch, tinted our entire economy with a feverish glow.

We are not yet into the great boom to be created when the post-World War II babies get married. Still ahead is the tremendous up-surge in marriages and formations of new households which will restimulate massive family buying of every type of product — durable or non-durable, big-ticket or inexpensive — and every type of service too, and which will once more give our economy an exciting flush.

"We are," as C. Canby Balderston, vice chairman of the Federal Reserve Board of Governors, put it the other day "in the difficult years between the restocking boom following the war and the maturing of the bumper post-war baby crop."

"The experience of the early '60s," as Albert T. Sommers, director of economic research at the National Industrial Conference Board, put it earlier, "can be described as a gradual but major postwar readjustment, as we would expect such an adjustment to look under conditions of big government" and Sommers emphasized that the causes of the "ferociously competitive conditions we see all around us are deeply rooted."

This "transition" cycle explains why we have been shifting since the mid-1950s from recession into disappointingly slow recovery, again into recession and then into disappointingly slow recovery — and why in this fall of 1962 the threat of another recession is very real. This is why our unemployment rate remains persistently high, why we are failing to use our plant capacity as fully as we should, why there is a squeeze on profits, why wage boosts have slowed, why prices are so steady.

Of course, over all our economy is running at record highs; if we weren't setting new records in comparison with 1961, we'd be in a downturn which no one could deny. But despite the peaks, the economy is flashing plain signals of recurring tiredness, continuing transition.

Why? Four major reasons why are (1) children; (2) competition; (3) prices; (4) taxes. To be specific:

An increasing chunk of the average family's dollar is going to services used by families with young children — medical and personal care, education, household operation and repairs, etc. At the same time, prices of these services continue their relentless climb. A smaller percentage is going into the products which provide the largest total of jobs and paychecks, a larger percentage into services which cushion the economy but don't spur it particularly. This trend is still strong.

Competition among U. S. industries for our dollars and between U. S. industries and foreign producers for the home and overseas markets never has been so rough. This competition is healthy, but it certainly makes it tougher to earn a profit. The days of easy profits and fat profit margins are gone — and every businessman is well aware of this.

While industry's overhead costs, wages, salaries and state and local taxes have kept rising, the whole economic background is working against price increase to cover these higher costs. The profit squeeze is the result and an era of slim profits hardly encourages businessmen to take the big risks which add zing to an economy.

Finally, the tax load which was obscured during the earlier post-war years of boom and inflation has become increasingly burdensome in this new period. It is painfully evident now that under present circumstances taxes are pulling too much cash out of our economy and thereby stifling recoveries, paving the way for recessions.

Unless bold moves are made to spur spending by consumers and by businessmen, the end of this transition period is, as Sommers bluntly warns, "not yet clearly in sight."

Ashland Band Gets East-West Invitation

Ashland — An official invitation to the East-West Shrine game has been received by the Ashland High school band, according to band director, Raoul Maddox.

The nationally prominent football event will take place in San Francisco at Kezar stadium, Dec. 29. The game and the accompanying pageantry is one of the chief means for Shriners to raise money for several Crippled Children's hospitals. The Ashland band has been

asked to play for the time outs during the first and third quarters of the game. The band also would participate with the other bands in the pre-game entrance and the half-time pageant. This is the first time Ashland has received such an invitation. The 75-member band has voted to accept the invitation and to begin raising the funds necessary to finance the trip. The band does not use tax funds on such trips, Maddox noted.



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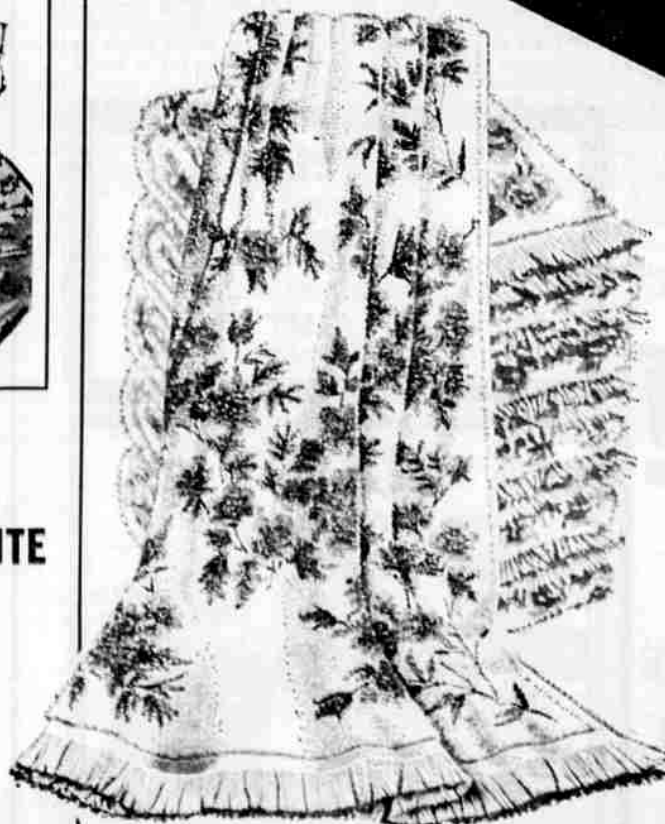
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