

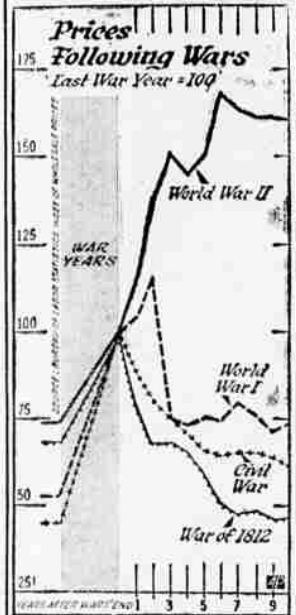
# Where, When Will Inflation End?

Every month since August of 1956 the cost of living in the United States has gone up.

In the last decade, the government's measure of how much it costs to maintain a constant standard of living has gone up in eight years and down in only two, 1955 and 1949.

To find a third year when the index moved downward you must go back to 1939 — back before World War II when the cost of living was only about one-third what it is today.

President Eisenhower recently called this relentless climb, only too obvious on the large chart



and in your daily shopping experience, "our major internal problem."

Continuing inflation in time of peace and falling government expenditures has caused some economists to argue that the current inflation cannot be explained in so-called "classical" terms. They say this inflation is something new and that the "classical" cures will not work. This argument, however, is by no means universally accepted. In the debate now under way inside the government and out, here are three of the important questions and some of the answers:

Is the current inflation basically different from others in history?

All parties agree that at least in duration, it not in makeup, the current inflation is out of the ordinary. Inflation has always occurred during wars, yet at no other time have prices continued

to rise long after the economy returned to peacetime normality. Heavy government spending, easy money and demand outrunning supply are the traditional elements of inflation. At present there is a federal budget surplus, money has been tight for months, there are no shortages, yet prices continue upward.

What are the causes of the current inflation?

The answer depends on who's talking. Business leaders most frequently argue that wages are increasing faster than productivity. Government statistics show average hourly factory earnings were 49 per cent higher in 1956 than they were in the 1947-49 period; output per man hour only 33.5 per cent higher. The rising wages caused increased overhead, management says, the increased overhead forced higher prices, and, the higher prices are called inflation.

To labor leaders, management profits are to blame. David McDonald claims that since 1945 "there have been 21 rounds of steel price increase. There have been nine rounds of wage increase. The price increases have yielded the industry more than \$3 in revenue for each \$1 in wage increases."

Economists, on the other hand point to these and other factors, most peculiar to the postwar decade. They include the national commitment of both political parties to full employment; the tendency of wage hikes won by unions in highly organized and highly efficient industries to spread to non-unionized and less efficient labor areas; the automatic nature of a "round" of price increases in big concentrated industries after a "round" of wage increases (which at least bends the old principle that prices are fixed by the law of supply and demand); the high value placed by society today on labor "peace"; heavy industrial investment in expansion; the nation's booming population.

What can be done about inflation?

The answer again depends on whom you ask. The "classical" economists feel certain the traditional restraints—tight money and lower government spending—will bring inflation under control. Many observers detect indications of deflation right now: there have been cancellations or postponements of some expansion plans, inventories are high in some areas, home building is lagging. Dismissing these signs as only temporary, those who see the current inflation as a new phenomenon expect prices in the long run to continue upward. For this school of thought, the big problem is to see they don't climb too

fast. John T. Dunlop, a Harvard University economist, says he would be glad to settle for a 25 to 35 per cent price increase between now and 1975. Dunlop, who finds more inflationary than deflationary elements in modern American society, maintains the size of the future increase will in part depend on how great a value is put on labor peace and full employment. The less value, he says, the more inflation will be controlled. Dunlop points out this would mean strikes and layoffs, and may well be a price the nation will be unwilling to pay.

Some hold out the hope that, recognizing inflation as a common enemy, labor and management will cooperate in holding the price line—with mutual sacrifices. Walter Reuther and the Big Three auto makers already have exchanged statements in this vein, with little favorable result.

President Eisenhower has called on labor and management and the public to act responsibly; labor and management by slowing the wage-price spiral, the public by not spending "recklessly and adding fuel to this flame."

No solution, even universally



disliked government controls, is guaranteed to work. One of the few certainties is that within the next two years or so, it should become universally agreed whether this inflation is of the historic

type or something new under the sun. If present fiscal policies do not halt inflation by that time, the U.S. economy is working on principles different from the past.

# Long Narrow Room Offers No Problem

How does one furnish a narrow room so that there is still room to walk and hold a conversation?

Decorator Pat Harvey, secretary of the National Society of Interior Designers says "a narrow room requires decorating ingenuity, but it can be made livable and comfortable as any other room if you'll just make the effort."

Light flooring and light walls are necessary to the scheme, she says. If wood paneling is used it should be light pine paneling, not heavier woods. Ceilings must take to the light look too, and a little blue in a white painted ceiling will lend height to your room, she says.

Paintings across the long wall may help create depth. A large painting should be chosen if you'd achieve that effect. A mirror on one of the long walls can help give the illusion of a wider room too, "if it is the kind of room that can take a mirror."

"Avoid heavy drapery materials in a narrow room," she advises, "particularly if the windows are at the narrow end of a room. These will offer a heavy effect, and give the appearance of closing in the

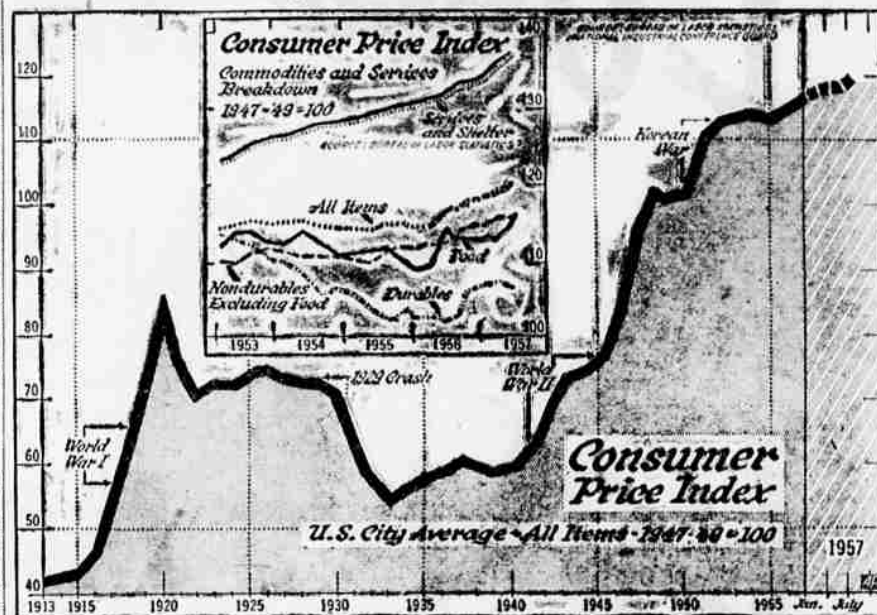
room even more."

Deep colors such as red, green and blue should be avoided in decorating the very narrow room, in favor of pastels or off-white, she says. Delicate patterns in wallpaper or fabrics may be used, but it is a good idea not to use dramatic patterns in a small room, particularly in upholstery or drapery materials.

Small scale furniture adds width to the room. Take advantage of light dining room or living room pieces such as those popular in American, Danish and Swedish designs. These may be integrated into a room with traditional furnishings for a handsome effect, particularly with Early American pieces. Pine dry sinks, small Welch cupboards, tuckaway tables may all add charm to a narrow room without overwhelming it.

It's a good idea not to put the sofa under the window as this will only give you additional wall space to fill up, whereas the window itself may serve to break up wall space.

"Picture windows," says Miss Harvey, "are wonderful to lend



enchantment to the narrow room.

The only trouble is that some people acquire a picture window that does not give them a pretty outlook. Make sure you have a lovely view before you have a new picture window put in your living room or move into a house with a large window that just overlooks another house."

It may be a good idea too, if the room is very tiny, to skip extraneous furnishings such as coffee

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table or end table unless these are absolutely necessary to the scheme of things.



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