



"You keep on hating mud and you'll grow up to be a nagging mother!"

Armistice On Inflation Predicted By Magazine

NEW YORK (UPI)—Not a few of the economists look for what Newsweek magazine describes as an armistice on inflation in the coming year.

Inflation, it is held, is dormant just now except in the stock market where the price trend is still said to be higher although at a more difficult pace.

Newsweek quotes Jules Backman, economist, New York University: "The fear of inflation in the period ahead has been tremendously exaggerated."

And William C. Jackson Jr., retiring president of the Investment Bankers Association: "The current armistice should not lull us into forgetting that inflation is likely to be our chronic problem in the future."

Newsweek sums up the situation as follows: "A strong upward surge in business might solve unemployment but provoke serious inflation. Tight money and a slow pace might check inflation, but leave too many jobless too long."

"Perhaps the best thing about the mood of U.S. business last week was this," Newsweek says: "It promised the kind of upbeat but moderate pace that could be best for everyone in the long run."

Dr. Marcus Nadler, consulting economist to the Hanover Bank, holds that a sure brake against any inflationary pressures in the near future is the current low price level of government obligations.

"If prices of intermediate-term government obligations remain low — and particularly if they should decline further — commercial banks will be very reluctant to sell them at a loss when demand for credit increases," Dr. Nadler says.

Banks, he holds, may be frozen

in their government holds and that will make tighter Federal Reserve credit policies more effective.

Robert Van Cleave, vice president for research for C. F. Childs & Co., government bond house, sees the Treasury competing in the money market and bond market for new funds in 1959 with several offerings of new securities.

And there'll be a lot of refunding of government issues that mature in 1959, he adds.

He doesn't believe the Federal Reserve will gladly provide a sea of new reserves on which to float these new securities. He does believe lack of credit expansion by the Federal Reserve plus greater demand for funds will bring higher money rates with banks financing themselves through sale of securities.

Van Cleave concludes that interest rates and bond yields for 1959 will follow a generally upward pattern. That means lower government bond prices which bears out the Nadler theory. Nadler, however, doesn't believe the banks will sell their bonds at a loss to raise money for credit purposes.

The inflation check theory for the period ahead is based on a recovery that will be a slow, steady one. A solid rise without excesses that will lift business without generating a boom.

Also the economists point out that basic commodities haven't joined the rise in prices and note that consumers haven't been doing any hoarding of goods as they did after the start of the Korean War.

Hence if their foresight is accurate and if the government can get its house of cards in order, the new year's advance should indeed be a comfortable one.

Major Public Utilities Avow Property-Tax War

SAN FRANCISCO (UPI)—Major California public utilities have declared an all-out war on the state's method of taxing their property.

Their attack could top 112 million dollars a year off the tax bills presented them each year by local governmental agencies such as cities, counties and school districts.

The utilities went to battle by formally protesting their tax assessments last week when they paid semi-annual installments. A United Press International survey indicated that such protests were filed in virtually every county in the state.

This action opens the way for hearings before the Board of Equalization and in the courts. It was taken by Pacific Gas & Electric Co., and the Southern Pacific, Western Pacific and Santa Fe railroads.

Individual companies have protested the assessment system off

and on for many years, but the utilities have never before banded together in this way. Until now, they mainly made mild complaints to the Legislature, which has consistently refused changes in the system since 1948.

The utilities complain that their property is assessed by the Board of Equalization at 50 per cent of its market value — while other property owners are assessed on the average by only 23.7 per cent.

This is clear violation of both federal and state constitutions, it is claimed. However, if this argument prevailed, local government would see the present 220 million dollars a year it collects slashed by 112 million dollars.

Last week's protests followed filing of a lawsuit last June aimed at the same objective. The suit was brought in Contra Costa County by PG&E in a dispute over taxes on the property of its subsidiary, Pinole Light & Power Co.

If PG&E wins, the decision would affect all utilities and all counties in the state. George R. Reilly, San Francisco, member of the Board of Equalization, has predicted that such a decision would "wreck the state's tax structure."

He asserted that if current actions by the utilities turn into attempts to raise the assessments of average property owners, "the people will rise up in arms, take over the utilities and run them."

But Reilly predicted that the suit will be withdrawn by PG&E before it goes to trial. He charged that the suit and last week's protests were intended only as threats which could be used to win other concessions from the Legislature.

Tax experts say that the differential in assessments developed through many inflationary years in spite of the law because it was felt that utilities were able to pay more than others. If local governments can't get the money in property taxes, they must extract it from utilities some other way, it is argued.

But to this, utility spokesmen reply that ultimately it is the consumers, not the companies, which pay the taxes, anyway. They say the utility taxes are only passed on to the public in the form of higher rates.

Toastmistresses Meeting Held

Steve Peters, hair stylist, was guest speaker for the December 8 meeting of the Ewauna Toastmistress Club. He concluded his speech with an individual hair styling hint for each member and guest.

Ramona Smith, toastmistress, gave "Family Traditions at Christmas." Jan McClellan's educational feature was "Extemporaneous Speaking." Mickie Zigler, toastmistress, introduced "Books for Christmas Giving." Rose Putnam's contest speech was "Individualism." Margaret Davis, Jan McClellan, Helen Bassett made book reports. Beverly Ellis gave an "icebreaker" speech. Others taking part in the program were Virginia Morrey, critic; Norma Hanson, lexicologist; Carol Whetstone, timer; Rowena McDonald, general evaluator.

Officers elected to serve the next term were Helen Bassett, president; Ramona Smith, vice president; Vicki Edge, secretary; Norma Reichle, treasurer.

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