Current Inflation Analyzed

University Park, Pa., --- Slowdown and inflation are having an effect on the Pennsylvania economy, business analysts at The Pennsylvania State University report.

Pinched incomes are calling out more workers, resulting in a larger labor force than usual for late summer and many of them in Pennsylvania, as across the Nation, are women who are seeking paychecks because of the pressures of inflation.

The job level is easing back in nonmanufacturing industries of the State, especially in construction and wholesale trade. Some areas report sluggishness in retail trade. Aside from work stoppages in utilities, which reduce the job count in nonmanufacturing industries, this too reflects a general slowdown in business activity.

In this sector, the analysts note, the job level is lower than it was last year at this time---a decidedly atypical development.

Manufacturers are laying off a few more workers than they usually do in slack season. However, the job level in this sector can't be said to be declining. Rather, it is fluctuating rather narrowly around a fairly stable level.

With an exceptionally larger labor force and local industries that are not expanding employment, it is to be expected that unemployment will make an unfavorable record. The number of jobless did decline over the past month, but it should have declined much more to match customary late summer behavior. To the extent that it did not, the analysts say, it means that the situation is worse. At the most recent count, there were 337,000 unemployed, and the seasonally adjusted unemployment index had reached its highest point in at least five years. The jobless represented a seasonally adjusted 5.8 per cent of the labor force.

The Penn State analysts, however, do not see the signs of general softening as severe. If the unemployment rate is higher than is desirable, it has held steady for two months. Wage and salary employment in nonmanufacturing industries was indexed only slightly higher last year than it is now --- 115.2 last year and 115.0 now. A similar index for manufacturing workers is actually a little higher; 94.2 then and 94.5 now.

Industrial power sales are indexed only 2 percentage points below last year's index and that could be attributed to a number of factors besides slowing business conditions---a changing seasonal pattern, a cooler summer this year, or energy-saving measures, to name a few.

Although steel output in July was smaller, at 2.8 million tons, than it has been in Pennsylvania in any month this year since February, it was still very good. July production amounted to an annual rate of 33 million tons, also as good as the comparable period of 1973 and well above earlier years. For seven months this year, the annual rate is 34.1 million tons, while last year it was 33.8 million.

Other types of manufacturing are holding a better record than could be expected and the all-industry average workweek was as long in July as in June, whereas it is usually shorter. Dollar value of awards for future construction is up sharply in all major construction categories. The index of aggregate factory payrolls, a measure of personal income, is rising, suggesting wages are beginning to chase after other prices now that deterrents have been removed.

All in all, say the analysts, Pennsylvania is not doing badly considering national economic problems. Nevertheless, a look at past records shows that Pennsylvania's present activity levels compare favorably with all but the most recent past. National conditions can be expected to further sag but a good bit of ground can still be lost before the levels of the State compare unfavorably with the expansion period of the 1960's.

Unemployment remains the major problem but the Penn State analysts believe that if the public can be convinced that inflation can be curbed, that a hard depression is not inevitable, there may be enough withdrawals from the labor force to keep unemployment from becoming a critical problem although it undoubtedly will continue to be a problem for some time.

If you owe money, remember this: in most cases the collector is forbidden by law to call you repeatedly or at odd hours, or to harass your friends, neighbors, relatives, or employer. And he's forbidden to make threats. Like telling you your credit rating will be hurt when it won't, or legal process is about to be served when it isn't.

Telephone harassment to collect a debt is illegal. When it first happens to you keep a record of each call and where they came from. If they're from inside your state notify the phone company in writing. At the same time, write your state's Public Utilities Commission. In most states you have the legal right to ask the phone company to cut off the offending party's phone service. If the calls are from out of state write the Federal Communications Commission in Washington, D.C.

Remember, your telephone can't be used against you.

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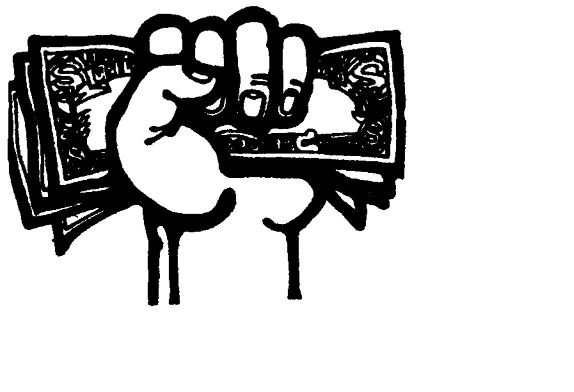

D.T.K. Sponsors First Luncheon

Delta Tau Kappa, International Social Science Honor Society, is sponsoring an informal brown-bag luncheon-discussion headed by Dr. Robert Bresler, Monday, October 7 at 12:00 in the Gallery Lounge. Dr. Bresler will speak and lead a discussion centering on the Ford Presidency. This session will be the first of a series of luncheon-discussions to be held every other Monday at noon in the Gallery Lounge. All faculty members and students are invited to bring their lunch and participate in the discussion.

Consumers Need to Know

by LEE LANDIS

One thing consumers are learning fast these days is that our economy is a pretty complicated thing. You don't just slap on price controls and solve your problems immediately.

In fact, the National Association of Credit Management writes in a newsletter, "The past two years of freezes and phases may have been worth the discomfort if they dispelled the belief that wage-price controls can do some good without any harm."

Controls are harmful even when used at the best time economically, because they appear to be helpful. The illusion of success means that controls may be used again under less favorable conditions, NACM believes.

For example, Phase I succeeded because it broke an inflationary psychology we had had for so long, and permitted basic supply-demand pressures to reassert themselves. Since the freeze was only for three months, there were few attempts at evasion, and shortages did not have time to develop.

But Phase III failed because it came when demand was outrunning supply and there were shortages in agricultural products. When it became unprofitable to bring new supplies to market, distortions multiplied. The law of supply and demand became a first come, first served economy. Also contributing to the failure of Phase III was the devaluation of the dollar, and world-wide shortages of wheat and other foodstuffs.

George Hagedorn, National Association of Manufacturers chief economist, points out that no one, in or out of government, can foresee future developments clearly at all times. "In economics, the state of the art does not permit forecasting with any precision," he says. The remedy for better methods of predicting the future should be based on an acceptance of our inability to predict.