

Allowances get inflation adjustments

Inflation has driven up the cost of everything in recent years, including how much money kids gets paid for their weekly allowance.

The quarter-a-week days are gone. In 1985, parents are giving their kids as much as \$6 a week for helping out around the house, according to some elementary students who were questioned about the money they earn at home and how they spend it.

Take, for example, student Jennifer Shemesh, age 8.

Jennifer gets more money per week than any of her classmates, but also has a longer list of jobs.

She says she does all sorts of work around the house, including dusting, cleaning her bedroom, cleaning her little brother's bedroom, setting the table for dinner, making the beds and helping clean the bathroom. Sometimes she also helps vacuum and do the dishes.

Jennifer says she mostly saves her money until she has enough to buy clothes for her Cabbate Patch doll and sometimes for herself.

While she does earn more, she spends her money the same way her classmates do — on their toys.

Chris Brown, a 9-year old student, says he gets \$2 a week and buys Matchbox cars and Gobots, depending on how much he has saved.

Chris says he earns his allowance by making his bed, taking out the garbage, helping his mom clean and sometimes doing other work she asks him to do.

Their classmate, Matt Skjoldal, says he gets about \$5 a month for work around the house.

He says he sometimes buys toys like Gobots and Transformers, but mostly saves it.

"I have a savings account at First Eastern Bank," he says proudly.

To earn his pay, Matt says he takes out the garbage and helps with his two younger brothers who are 4 and 1 1/2 years old.

Two other students — Kim Leteer and Missy DeMent — say they each get \$1 a week for making their beds and some

other jobs around the house.

Eight-year-old Kim says she is saving her money for something big, but hasn't decided what yet.

Missy, 8, says she's also saving her money, just so she knows she has it when she needs it.

Lisa Diggan says she gets a "little bit" of money for making her bed, cleaning her room and washing dishes.

Freddie Reibsome, age 7, says he gets \$2 every Thursday when his mom gets paid.

For his weekly pay, he says he cleans his room.

Along with his classmate Steve Hare, he says he also spends his money on toys, mostly different kinds of games.

And then there's Jamie Fausnaught, 7, the daughter of Jody and Tom Fausnaught, and one of the few students who doesn't get an allowance.

She says she does have to clean her room and sometimes take out the garbage.

But she doesn't want anybody to think her mom and dad don't give her money.

When she goes shopping downtown and sees something she likes, they usually let her buy it.

And her favorite thing to spend money on — pencils.

Ten-year-old Jennifer Parks had the most interesting story to tell.

She says that her mom and dad recently cut her allowance from \$3 to \$2.75 a week because she wasn't helping out with her younger sister.

She says she makes her bed and cleans her room, but doesn't always help little Jessica get dressed and get her bath. Also, she's supposed to help clean up Jessica's playroom.

"She makes a mess and I have to clean it up," she laments.

But she doesn't plan to let a little bit of misfortune stand in her way.

She's going to start helping out with her little sister so she can get back up to \$3 a week.

James Elliot, 12, says he gets a minimum of \$1 and a maximum of \$5 per

week, depending on how much work he does around the house. He has to feed the pet dog and rabbits, take out the garbage and walk the dog.

Elliott says he sometimes spends his money on books, or savings up for something big, like models or kits.

Melissa Falk, 10, says her allowance also ranges according to the amount of

work she does and if she's "good."

Sometimes she gets money and sometimes her mom and dad buy her presents. Sometimes that's a pack of gum and once she was even given a football.

To earn her allowance, she says she helps set the table, takes her dog out and plays with her and tries to get good grades in school.

Analysts greet rise in prices

A tiny rise in retail prices and a healthy jump in durable goods orders last month were greeted by analysts recently as welcome support for their predictions of a 1985 marked by continued low inflation and steady economic growth.

If anything, the 0.2 percent January increase in consumer prices reported by the Labor Department had private economists hinting that their already optimistic inflation forecasts might not be quite rosy enough.

Commerce Department chief economist Robert Ortner said "inflation is slowing down rather than picking up."

At the White House, spokesman Larry Speakes called the report "particularly good news at this stage of the business expansion. ... Prices are down and staying down."

And on Capitol Hill, Federal Reserve Chairman Paul Volcker said the Fed's 1985 projections, unveiled earlier, envision "perhaps some further improvement in inflation."

Volcker reiterated to a House Banking subcommittee that he would be "delighted" to see higher-than-anticipated economic growth in 1985 and said that would not necessarily prompt the Fed to tighten the money supply if inflation remained in check.

The nuances of Volcker's remarks frequently spark swings in the financial markets and David Wyss, chief financial economist for Data Resources Inc. of Lexington, Mass., said he read the sum of Volcker's testimony as "a deliberate

attempt to be upbeat to try to undo some of the damage he did last week."

The stock market fell sharply last week after Volcker told a Senate panel the Fed had moved away from a policy of easing credit. It was rising sharply at mid-afternoon Tuesday.

Rob Wescott, senior economist at Wharton Econometrics Inc. in Philadelphia, said the January consumer price index confirms a "very low underlying rate of inflation" and added that it suggests there "may still be room" for downward revision of inflation forecasts.

His own firm is calling for a 1985 rate of 3.5 percent, based on the gross national product price deflator. By that measure, inflation was 3.8 percent last year.

Wescott said the 3.8 percent increase in durable goods orders, only the second increase in five months, "is a confirmation that the economy is picking up speed and contributes to our view of a good first quarter."

Wescott and Wyss both expressed some concern that an 11.5 percent decline in one element of the index — nondefense capital goods — could signal a cooling in the latter part of the year if the trend continues.

But Wescott said the negative was "nothing to despair about" now and Wyss characterized it as something that bears watching closely.



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