National

Inflation slows; still cuts deep

United Press International

WASHINGTON — Inflation fell below double-digit rates in January for the first time since last summer, helped by the first drop in grocery store food prices in nearly a year, the Labor Department reported Wednesday.

The rise in the Consumer Price Index for January was 0.7 percent. That works out to a 9.1 percent inflation rate on a compound annual basis — the amount prices would rise if the monthly rate continued a full year.

The January figure compares with a 13.4 percent annual inflation rate in December. The last time inflation ran below two digits was last August, when the rate was 9.6 percent.

However, even the reduced January rate made big inroads in the purchasing power of working America.

The Labor Department said the "real spendable earnings" — after taxes and inflation — of an urban, blue-collar family of four with a non-working wife and two children fell 0.1 percent in January. The same family's earnings have fallen 4 percent during the past 12 months.

Such a family is no longer typical, because more and more wives have gone to work, but it is still used by the department to measure changes in buying power.

The consumer price index stood at 260.5 in January, which means that goods costing $100 in 1967 now cost $260.50. To put it another way, one 1967 dollar has shrunk in buying value to 38 cents.

Slowing food and housing costs accounted for nearly all the overall improvement in January.

Food and beverages together registered a zero increase. Prices of food bought at grocery stores actually fell 0.4 percent in January, the first monthly drop since a 0.5 percent decline in February 1980.

Prices of meats, poultry, fish, eggs and fresh fruits and vegetables all contributed to that decline.

Despite the apparent drop in the inflation rate, Murray Weidenbaum, chairman of the Council of Economic Advisers, was not optimistic.

"The slight decline in food prices was counterbalanced by a sharp rise in energy," he said. "With January's reading, 11.7 percent above a year ago, we are still in a double-digit inflationary environment."

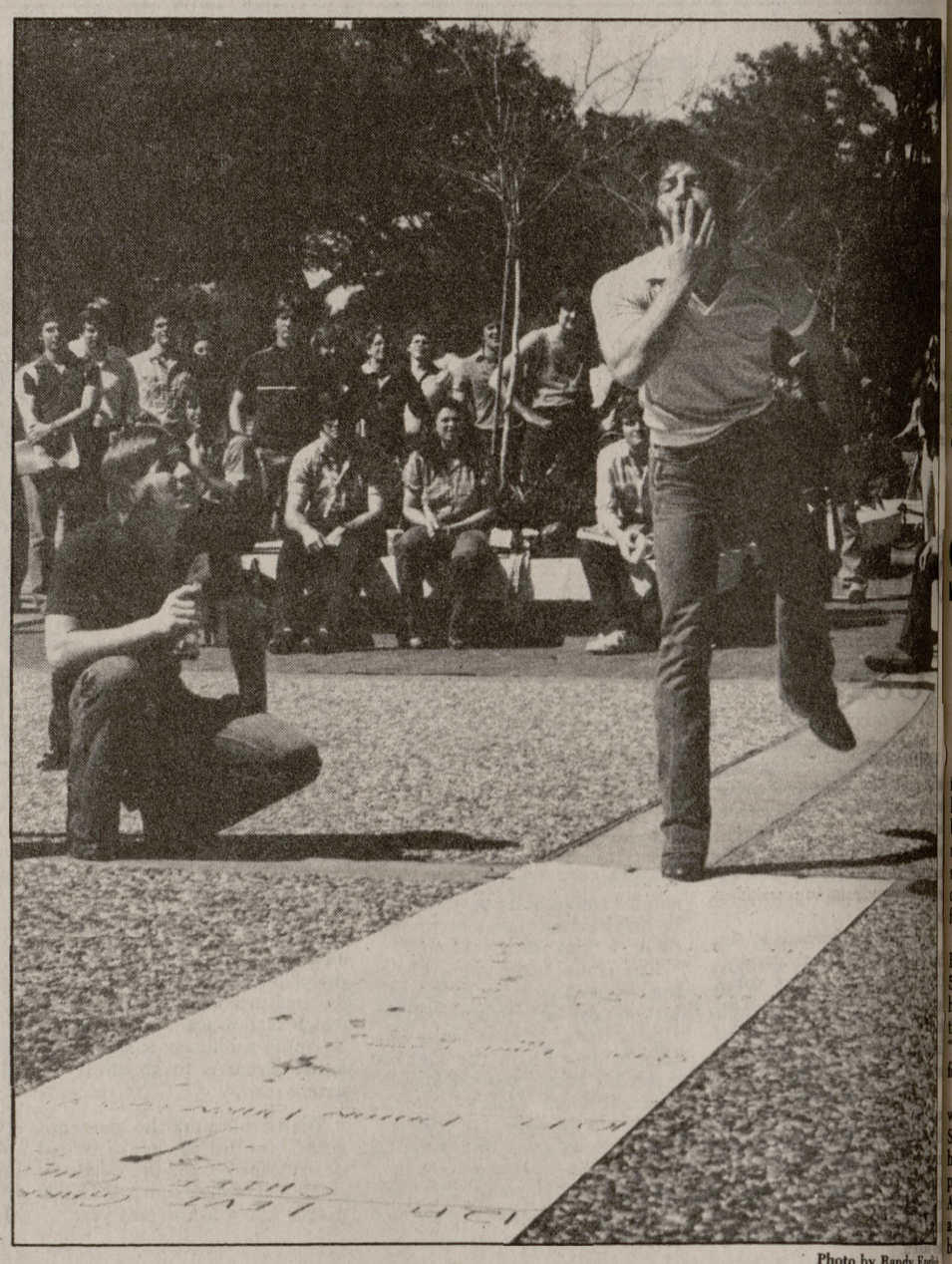

Photo by Randy Engl

Ticket winning spit

Eddy Daniel makes this first place spit to win tickets to see the Charlie Daniels Band tonight in G. Rollie White. The combination dance and tobacco spitting contest was an MSC Townhall concert promotion held Tuesday at Rudder Fountain.

Jalapeno jellies sent to Reagan by Texan

United Press International

WASHINGTON — President Reagan's well-publicized fondness for jelly beans is being put to the test by House Democratic leader Jim Wright.

The Texas congressman Wednesday sent Reagan some "regional delicacies — jalapeno jelly beans."

"These are made of the nectar of the Mexican jalapeno pepper and in most cases have not been known to remove varnish from the teeth," Wright said in a letter to the president.

"You will recall, of course, that in Spanish the 'j' in jalapeno is pronounced like the English 'h,'" Wright noted. He added: "Be careful, Mr. President. These are jot as jell."

The candies were sent to Reagan, via Wright, by the cast at the Granbury Opera in Texas — "some of your friends and well-wishers in Texas," Wright wrote.

Fed aims for ½ percent money cut

United Press International

WASHINGTON — Federal Reserve Chairman Paul Volcker — aiming to "squeeze out" inflation — today announced a one-half percent reduction in this year's growth targets for the most common measures of America's money supply.

Volcker told the Senate Banking Committee the new Fed targets are "frankly designed to be restrictive," by restraining potential growth of the gross national product — the nation's output — unadjusted for inflation.

"Our intent is not to accommodate inflationary forces," Volcker said. "Rather we mean to exert continuing restraint on growth in money and credit to squeeze out inflationary pressures."

Volcker said targets for the growth of the two narrowest measures of money, M1A and M1B, each would be reduced one-half percent in 1981 compared with 1980.

The target for M1A, cash and checking accounts, thus becomes a range of 3 to 5.5 percent. The target is 3.5 to 6 percent for M1B, which also includes new checking-type deposits such as NOW accounts.

"If inflation continues unabated or rises, real activity is likely to be squeezed," Volcker said. "As inflation begins noticeably to abate, the stage will be set for stronger real growth."

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