

Sharp Rise in Prices Disturbs Economists

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Consumer prices rose sharply again in March and Commissioner of Labor Statistics Arthur M. Ross said "the widespread character of the increases gives cause for concern."

The Government's consumer price index rose 0.4 point from February to 112.0 per cent of the 1957-59 average. This means a cross-section of goods and services priced at \$10 eight years ago would cost \$11.20 today.

The Bureau of Labor Statistics said the March increase stemmed mostly from higher price tags on food, apparel, used cars and nearly all types of services.

The index is now 2.8 per cent above a year ago, more than double the average 1.2 per cent annual rise from 1958 through 1964.

Ross said consumer prices in the past three months have been climbing at an annual rate of 3.6 per cent—a disturbing trend to President Johnson's inflation-wary economic advisers, who are still pondering whether or not to recommend a tax increase.

One bright ray in the price picture, however, is the weekly wholesale index. Ross said it dipped 0.1 point in the week ended April 19 to 105.1 of the 1957-59 average. It now stands

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0.3 point below the February peak.

Ross said wholesale farm prices fell 1.7 percentage points from the week ended April 12. Processed foods slipped

0.2; meats inched up 0.2 and industrial commodities held steady.

Wholesale prices tend to lead retail prices but a change in the one doesn't necessarily bring a symmetrical reaction in the other. The wholesale index held almost steady in the period 1958-64, for example, while the consumer index continued to climb.

In this connection, Ross warned that despite predictions of a substantial drop in prices paid farmers "it's hazardous to guess that between now and fall there will necessarily be a decline in store prices (for food) or that they will even hold steady."

The BLS said higher quotations for beef and veal, poultry and fresh produce boosted the food component of the consumer index 0.7 per cent in March. Pork prices declined for the first time in four months, "because of stiffening consumer resistance to higher prices" and because "more of the girl pigs are getting together with some of the boy pigs," Ross explained.

Fresh Fruits Cost More

Big increases for fresh fruits were led by a 6.7 per cent jump in apple prices as strong demand reduced supplies. Bad weather was blamed for vegetable price increases.

The short supply of domestic workers pushed up house-keeping costs while prices for home maintenance, repairs and furniture also rose.

Apparel prices were up 0.6 per cent, including another big jump for shoes.

Ross attributed at least part of a fairly sharp increase in doctor and hospital fees to an advance reaction to medicare benefits that become effective July 1.