

# More doldrums for construction industry

For two years, the construction industry in metropolitan Detroit has been in the doldrums, mulling from depression-level unemployment of 35 per cent.

And it will continue to be bad in 1977.

Only public works construction in the area of average appears to be a bright spot, according to Martin Wadkins, president of R.H. Wadkins & Parnes, Inc.

Wadkins, who doubles as president of Associated General Contractors in the metropolitan area, spoke to the Detroit Economic Club of five business leaders discussing the 1977 economy, only Wadkins gave a gloomy report.

WHEREAS CONSTRUCTION usually leads in both economic downturns and re-

covery, Wadkins said, this recovery has been unusual because construction has yet to come out of the slump.

The Builders' Exchange of Detroit reports that for the first 10 months of 1976, there were 21 per cent fewer plans in a plan room for bidding than in 1975; he said, adding that the dollar volume was down 7.5 per cent.

"When you realize there were 32 per cent fewer plans in 1973 compared to 1974, representing a 75 per cent drop in dollar volume, you can readily understand why the construction industry is in a very depressed state in this area."

One possible reason: "A spokesman for the residential builders stated costs have risen one per cent per month in the past

year—a 12 per cent increase for the year, and a continuance of double-digit inflation.

WADKINS GAVE this rundown of 1977 prospects for the major segments of the industry in the metropolitan area.

«Residential—remains one of the hardest hit segments. Building permits in Wayne, Oakland and Macomb counties dropped from 21,000 in 1972 to 22,000 in '73, then to fewer than 14,000 in '74 to a low of 8,500 in '75 and a dismal 11,300 in '76. There is no inventory of housing, no speculative building and a prospect that house mortgage rates will start to climb in spring after bottoming out.

«Business—had some slight gains in 1976 and has some bright spots in '77. Ford Motor Co. will expand several operations, but much of the auto industry's capital improvements are being constructed in states other than Michigan. Offices are still overbuilt. Utilities are uncertain because of so many consumer and environ-

mental challenges to their programs.

«Institutional—a winding down because of completion of hospital projects. The downturn in the school-age population continues its dramatic impact on school construction with many elementary and junior high buildings being closed. This trend will catch up to the high schools by 1980. Overall institutional construction will be down about 10 per cent in the coming year.

«Public works—has a brighter outlook, mainly in the field of sewerage due to Environmental Protection Agency funds. Mass transit, if it becomes a reality, will be a shot in the arm. Road building continues steady in dollar amounts, but this means fewer miles of construction because of inflated costs.

Wadkins received a civil engineering degree from Yale after World War II service in the Navy Seabees. He has been in the construction business as a general contractor since then.

## No 'economic calamity' for '77

By TIM RICHARD

The six per cent growth in the real gross national product predicted by President-elect Jimmy Carter and Federal Reserve Chairman Arthur Burns will be difficult to attain, but a growth of five to 5.5 per cent is likely in 1977, according to a top Detroit area economist.

Dr. Thomas D. Thomson, vice-president and chief economist for Detroit Bank and Trust Co., told the Detroit Economic Club

"The year 1977 is not going to be among our best, but those seeing calamity are not going to have their prophecies fulfilled."

Thomson predicted some reduction in unemployment from the current 8.1 per cent to 6.5 or 6.75 by the end of the year.

And his assessment of the overall economy was that most indicators will continue to show recovery.

THE REASON he doubted the Carter-

Burns prediction of six per cent growth in GNP is that the sum total of goods and services is growth at a rate of 3.5 to 4.0 per cent in the current quarter.

If the overall 1977 growth rate were to be six per cent, Thomson said, "We would have to accelerate from the present growth pattern to an average of a little over seven per cent during the next four quarters. Although I am fairly optimistic about 1977, I don't expect this much acceleration in growth."

He called the unemployment uncomfortably high, but pointed out it was due to the slow growth of the economy and the rapid rise in the labor force. Many families are attempting to have more than one member employed. It is hard for our economy—or any economy—to absorb the type of structural shift we have had.

MOST INTERNAL signs looked good to Thomson, but he pointed to several "fill" signs.

Retail sales have been more or less flat for several months. Automobile sales have been disappointing since the middle of September. Industrial production has been down two months in a row.

But he predicted no repetition of the 1974 recession—and even noted that the things were turning out better than predicted a year ago.

Prices in particular are behaving better than most people thought possible. Commodity prices are up only 4.0 per cent over a year ago. Unit labor costs and consumer prices have risen a little over 5.0 per cent.

He predicted consumer prices would rise 5.4 per cent in 1977, stimulated in part by an expected Arab oil price hike and the long needed devaluation of natural gas.

WHILE CONSUMER spending will hold strong and improve, Thomson was less bullish about capital goods.

Our economy has not been adding much to its capital stock. The low level of operating capacity and dubiousness con-



DR. THOMAS D. THOMSON  
Continues recovery sees

cerning the economic outlook have dampened that sector.

He looked for an increase of 8.3 per cent (\$125 billion) in real business fixed investment, but called those figures far less than we would normally expect in the third year of business recovery.

The problem of underinvestment will only be solved when deflation rebuilds in the long-run health of the economy. Capital goods will not perform well on a cyclical basis until boom-bust expectations fade further.

Thomson earned his M.B.A. degree from Indiana University and his Ph.D. from the University of Chicago. He was an officer of the Board of Governors of the Federal Reserve System and chief of its economic section before joining the Detroit Bank.

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## Gov. backs reform

Gov. William Milliken said administration of Michigan's property tax system could be more uniform and the tax burden more fairly distributed if the recommendations of his Advisory Task Force on Property Tax Revision are adopted.

Milliken said the task force's recommendations include:

- Equalization of real property by class so that the tax burden of one class of property—such as residential, commercial, agricultural, industrial or utility—is not shifted to another class. The governor said the recommendation is "particularly important to agricultural taxpayers whose tax base is growing at the rate of 10 per cent a year.

- Establishment of qualification standards for persons serving on boards of review and creation of three separate divisions of the State Tax Tribunal.
- Establishment of single-purpose special taxing districts so that special assessments are not levied on property which does not benefit from the services financed by a special assessment project.
- Improvement of the still new, equal-yield concept in school financing.
- Replacement of the specific mobile home tax with either a personal property tax based on value or a variable fee based on size.
- Replacement of complex property tax relief formulas with a simplified single formula.

## Engineers can brush up for exam

The Chrysler Center for Continuing Engineering Education at the University of Michigan is offering a refresher course on engineering fundamentals that will be covered in part one of the professional engineering examination given April 14, 1977.

Prof. Edward Lady of the department of mechanical engineering will teach the course which will meet from 7 p.m. Monday and Thursday evenings for 12 weeks, beginning Jan. 10.

Registration fee of \$145 includes text and notebook.

The course will be held in Chrysler Center, Bontel near Marlin, on U.M.'s North campus in Ann Arbor.

Persons successfully completing the 50-class hours will be awarded a certificate of completion and five continuing education units. The course is not eligible for degree credit.

Applications should be sent to: Chrysler Center, North Campus, University of Michigan, Ann Arbor 48109.

Educational expenses may be tax deductible under certain conditions, consult a tax agent for more detailed information.

For additional information, call Nora Newfeld at 764-8492.

THE TASK FORCE, headed by Lt. Gov. James Darnall, concluded that the overall property tax system in Michigan is basically satisfactory—although needing some improvements," Milliken said.

The 1973 property tax relief program has provided about \$400 million in relief and promises an estimated \$215 million or more of continuing relief to home owners and renters in the coming year, Milliken said.

## Swine flu shots at LIT on Sunday

The Oakland County Health Department will administer swine flu shots between noon and 4 p.m. Sunday at the Administration Building of Lawrence Institute of Technology.

The monovalent vaccine is free to adults over the age of 18. Monovalent refers to the single strain of flu vaccine, in this case, swine flu alone.

LIT is located at 2100 W. Ten Mile Northwestern Highway, Southfield.

## Genealogical society sets Dec. 11 meeting

The Detroit Society for Genealogical Research Inc. will hold its monthly meeting at 2 p.m. Saturday in the Explorer's Room of the Detroit Public Library, 10000 Woodward Ave. at the corner of Mack and Woodward.

Local Master of Detroit's Marie Preston Co. will speak on "How to Publish a Family History."

The meeting is free to the public.

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