

Money problems

'70s a time of economic woe

Economic problems of the 1970s — rampant inflation, a weakening dollar, recessions, and unemployment — have profoundly affected the outlook of American consumers, reports a University of Michigan economist and psychologist.

In turn, he adds, the new socio-psychological climate strongly influences the country's economic trends.

Dr. George Katona, a pioneer in the development of behavioral economics, suggests in a new book that the nation has entered a different economic era.

In contrast to the mood of the 1950s and 1960s, the 1970s brought consumer attitudes characterized by widespread confusion, uncertainty and volatility.

The American people began to express pessimism about both the state of the economy and the government's ability to improve it, Katona explains. Economic problems became foremost in the minds of the people.

How behavioral economists evaluate influential consumer attitudes — and the prospects for future change — are examined in detail in Katona's "Essays on Behavioral Economics."

In the concluding essay, "A Summer of Discontent," Katona reviews the economic problems of the 1970s and focuses on the psychological factors which go beyond economic-financial

developments and the actions of OPEC.

Just 25 years ago, author-scholar Barbara Ward predicted that American political and economic strength would guarantee prosperity and progress all over the globe, Katona recalls. The prediction held for about 10 years before Americans experienced dollar weakness, the Vietnam war and deficit financing, increasing inflation, wage and price controls, and suspension of dollar convertibility into gold.

"What has happened since 1971," he adds, "hardly needs to be recalled in detail. The dollar became the weak currency of the world, losing 27 percent of its value between early 1971 and late 1978. . . . Inflation accelerated greatly, with retail prices advancing by 75 percent during those eight years."

"Two-digit inflation in 1974 coincided with the deepest postwar recession recorded. Toward the end of the recession, unemployment was as high as 9 percent. The substantial recovery following the recession remained spotty, with business investment in capital goods lagging behind. By 1978, the onset of a new recession threatened."

Following a revival during the post-election "Carter honeymoon" in 1975-76, Katona notes, consumer optimism and confidence again began to deter-

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iorate. Bad news filled the media. The U-M economist explains that consumers themselves contributed to the continuing inflation by adopting a "buy-in-advance" psychology out of fear of continued price rises.

Katona discusses some of the forms that an anti-inflationary economic policy might take—such as strengthening of wage-price guidelines, mandatory price controls for a few crucial products, tax advantages granted to saving, establishment of labor-business councils.

But, he concludes, "what is necessary is that the new policies catch the public imagination and create an atmosphere of confidence that they will succeed. Only then can they possibly be seen as representing a new start, terminating the era of the 1970s. It remains to be seen whether the international crisis of 1980 or whether the presidential election of that year will make the accomplishment of this goal more difficult or easier."

Super service

Detroit Edison's electric customers in the metropolitan area may now pay their electric bills at their local Farmer Jack Supermarket.

Forty-six of the markets in Detroit and suburbs now handle utility bill payments at in-store service counter facilities.

Payments for gas and telephone service also may be made at the stores.

Oh, deer! Crop damage is light

The only good thing about deer damage in crops this year is that there isn't more of it.

According to Glenn Dudderar, Cooperative Extension Service wildlife specialist at Michigan State University, the Michigan deer herd is as large as last year in many areas. In some areas, the population is estimated at greater than 50 per square mile.

The deer that escaped the annual fall harvest last year enjoyed a relatively mild winter, Dudderar said. This meant a high survival rate and a high production of healthy fawns. Recently emerged soybeans, corn, alfalfa, winter wheat and potatoes and the new sprouts on fruit trees are attractive to the deer as they wander in search of food.

Statewide, deer damage to crops is very minor, but locally it can be severe. Damage has been heavy in the Gladwin area but may occur anywhere and in unusual ways.

A WATERMELON field in Livingston County, tulip beds in Dow Gardens in Midland, field crops in Menominee County, orchards in southwestern Michigan and vegetable gardens in Ingham County are just some of the situations in which deer can cause damage.

"Most farmers enjoy seeing deer, and many are hunters," Dudderar said. "So most of them are willing to tolerate some damage. When deer wipe out 80 percent of a corn crop or destroy a third of a young dwarf orchard, however, growers suffer thousands of dollars worth of damage."

The Michigan Department of Natural Resources (DNR) is working with landowners, sportsmen and Cooperative Extension Service agents to adjust the deer harvest so more animals are taken in the areas where the greatest damage is done.

Where damage is severe in one specific area, dozens of hunters might be needed to make a significant reduction in the population. And landowners may be understandably reluctant to have so many strangers tramping about on their land.

FORTUNATELY, THE landowner looking for additional solutions has several new control options available to him.

For summertime crop protection, a baited, single-wire electric fence is usually very effective, Dudderar said. The bait consists of "sandwiches" of aluminum foil and peanut butter. Attracted by the peanut butter, the deer touch the foil and get jolted by the current running through the wire. Once shocked, the animals avoid the fence. If driven toward it, they will run alongside it but will not try to jump over or wriggle under it. This kind of a fence has provided some protection even where a large number of deer used an area heavily before it was fenced.

A new, effective odor repellent is sold under the trade name Hinder. It is registered for use on field crops, bearing orchards, ornamentals, vegetables and home gardens.

A stabilized form of ammonium hydroxide, it is also effective against rabbits. (It's now being tested as a wood-chuck, raccoon and dog repellent.) Its big drawback is that it's not readily available throughout Michigan. County Cooperative Extension Service agents have information on sources of this product.

AN EFFECTIVE new product for use in winter to protect ornamentals and fruit trees against deer, rabbits and mice is Miller's Hot Sauce Animal Repellent. The active ingredient is concentrated capsaicin, the stuff that makes hot peppers hot.

It is registered for use only on nonbearing or dormant fruit trees and ornamentals. It may not be used on growing crops or vegetable gardens.

Both of these — the hot sauce and the Hinder — cost less than 50 cents per gallon to apply.

To get good results with repellents, growers must understand how they work so they can apply them effectively, Dudderar said. Materials like human hair or kankaj, which is a foul-smelling slaughterhouse by-product, are effective in the summer if reapplied every six to eight weeks.

In winter, however, they freeze and then no longer smell. Taste repellents must be reapplied to new growth as it appears. Thiram is fairly short-lived unless it is mixed with a "sticker" to improve its durability.

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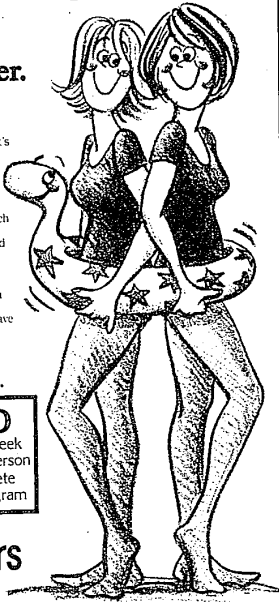
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THE BMW 528i. PERHAPS IT'S WORTH MORE USED BECAUSE IT'S WORTH MORE NEW.

NAME	YEAR	ORIGINAL PRICE	CURRENT VALUE	PERCENTAGE
BMW 5 SERIES	1975	\$ 9,907	\$ 7,486	82.3%
	1976	\$10,590	\$ 8,619	81.4%
	1977	\$12,495	\$ 9,375	76.0%
	1978	\$14,840	\$11,833	79.7%
	1979	\$15,520	\$15,500	100.0%
CADILLAC DEVILLE	1975	\$20,150	\$ 20,150	100.0%
	1976	\$12,479	\$ 7,247	58.1%
	1977	\$13,350	\$ 8,733	65.4%
	1978	\$14,710	\$10,114	68.6%
	1979	\$16,224	\$12,436	76.7%
FORD LTD	1975	\$20,477	\$ 20,477	100.0%
	1976	\$12,194	\$ 9,300	76.3%
	1977	\$14,057	\$10,729	76.4%
	1978	\$16,500	\$12,626	76.5%
	1979	\$18,120	\$14,917	78.1%
FORD LTD	1975	\$21,497	\$19,506	91.2%
	1976	\$24,536		
	1977	\$12,756	\$ 8,612	68.0%
	1978	\$14,256	\$ 9,957	69.9%
	1979	\$17,114	\$12,539	73.3%
FORD LTD	1975	\$19,711	\$14,839	75.3%
	1976	\$22,943	\$19,231	83.8%
	1977	\$26,193		
	1978	\$13,100	\$ 7,342	56.1%
	1979	\$14,250	\$ 8,633	60.7%
JAGUAR XJ6	1975	\$16,500	\$10,333	62.6%
	1976	\$19,000	\$12,503	67.5%
	1977	\$20,000		
	1978	\$22,000		
	1979	\$25,000		

After all the marketing hyperbole has been expended, there is one brutally reliable way of determining an automobile's inherent worth: how much of its original price it retains on the used-car market.

Seen in this revealing light, no other similarly priced luxury sedan—domestic or imported—approaches the BMW Five Series.

According to the January 1980 NADA figures you see indicated in the chart, a 1979 BMW 528i retains an astonishing 100.3% of its original price—and an average over the past five years of 84%.

While these numbers are, to say the least, unusual, they are easily explained.

Against all odds, the engineers at BMW in Munich, Germany have produced a gasoline-powered automobile that not only delivers excel-

lent gas mileage, but does so without ever violating the BMW conviction that extraordinary performance and brilliant engineering are the only rational motives for purchasing an expensive automobile.

In fact, with 5-speed standard transmission (automatic is available), the 528i is the only gas-powered car in its price class to deliver an impressive 18 EPA estimated mpg and 30 estimated highway mileage.

(These fuel efficiency figures are for comparison purposes only. Your actual mileage may vary, depending on speed, weather and trip length. Your actual highway mileage will most likely be lower.)

All in all, a 528i is one of the few luxury automobiles that is truly a shrewd investment.

THE ULTIMATE DRIVING MACHINE.



*Manufacturers' suggested advertised delivered price. Does not include taxes, license, freight or optional equipment. **January 1980 National Automobile Dealer Association average retail values, based on actual sales reports from new and used car dealers throughout the continental U.S. © 1980 BMW of North America, Inc. The BMW trademark and logo are registered trademarks of Bayerische Motoren Werke, A.G.

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