Experts predict economic boom in 1987

The U.S. economy should grow faster in 1987 after two years of sluggish performance, University of Michigan economists predict in an update of their annual forecast.

Major contributors to an expected 4 percent growth rate in real gross national product (GNP) next year will be:

- A substantial improvement in real net exports.
- A return to approximate stability in the U.S. oil industry.
- A general strengthening of inventory investments as demand for U.S. production increases.

With these developments, the civilian unemployment rate is forecast to increase in late 1986 and return to the 7 percent level in the second half of 1987. The inflation rate is expected to accelerate modestly during the year.

The update of the forecast presented in November at the University's annual conference on the Economic Outlook was prepared by Prof. Saul H. Hymans, Joan P. Crary and Janet C. Wolfe.

Expected passage of a revenue-neutral tax reform bill, which would lower personal taxes and raise business taxes, will "tilt the composition of GNP toward consumption and away from capital formation," the U-M economists note.

"This will ultimately lead to reduced productivity growth. Such an economic bias does not bode well for our inflation outlook or our international competitiveness over the long run.

Weakness in the economy over the past year and a half is not attributed to private sector demand, which has grown at an average annual rate of 3.8 percent, compared to a 2.7 percent growth rate in U.S. production.

Much of the gap between the growth of domestic demand and domestic production is accounted for by our worsening trade balance, which has recently included a marked increase in oil imnports, the economists say.

Because economic growth continues to be slow and requirements of Gramm-Rudman-Hollings are likely to mandate a $40 billion cut in federal spending for fiscal 1987, they expect the Federal Reserve Board to further reduce the discount rate to 5.5 percent. This should result in a decline in both short- and long-term interest rates.

The interest rate declines are expected to support continued growth in residential building during 1987, as well as a modest upward trend in car sales to an annual rate of 10.75 million units in the final quarter. Nonresidential construction is expected to rise in the second half of next year, while real net exports are forecast to improve substantially throughout the year.

These factors, and a general strengthening of inventory investment as demand for U.S.-produced goods improves, contribute to the improved forecast.

The U-M economists include a cautionary note:

"The Reaganomics of the 1981 tax cut produced a national consumption binge, and the Reaganomics which is likely to be embodied in tax reform will further stimulate consumption at the expense of capital formation. And this produces a deteriorating outlook for productivity growth, which is exactly what this country should seek to avoid. Its implications for inflation and international competitiveness are obvious and negative."

OCC offers class in tourism

Michigan's fastest growing industry, the Travel, Tourism and Convention business is now the second largest in the state and may rank number one by 1990. By the year 2010, this burgeoning industry is expected to be number one in the United States.

There is a demand for skilled employees to fill the many jobs in the hotel, restaurant, attractions, transportation and travel agency segments of the industry.

In order to meet this demand, Oakland Community College, Orchard Ridge Campus, has announced a class in Travel, Tourism and Convention Industry Development will be held during the fall semester. It is scheduled to start 7-9 p.m. Monday, Sept. 22.

Bob Cartwright, Southeast Michigan Travel & Tourist Association sales manager, will teach the course. Cartwright also has 30 years of advertising public relations, sales promotion and journalism background.

Those interested may register by mail from Aug. 25 to Sept. 13 or walk in Sept. 15-19 at the Orchard Ridge Campus of Oakland Community College.

The Orchard Ridge campus also will offer a class in public and community relations.

Oakland Community College has retained Robert Cartwright as instructor for the class, which will begin 7-9 p.m. Sept. 24.

Cartwright has a background of 30 years of experience in public and community relations, advertising, sales promotion and journalism. He also taught a similar class at the Detroit Institute of Technology for eight years.

Registration for this class may be *handled by mail from Aug. 25 to* Sept. 13 or walk-in Sept. 15-19.