

# What every convention needs: a knitted car:

There is a paper on a knitted car being presented at this year's annual meeting of the Society of Automotive Engineers. It is the kind of paper intriguing enough to make the walk through the perforated tunnel from Joe Louis arena parking garage to Cobo Hall almost worthwhile.

It's impossible to park anywhere near Cobo Hall these days, a result of the expansion that allows half again as many attendees while what little parking space used to be inside the hall is being chopped up by air handlers.

The resulting situation is called *Revenge of the People Mover*, which means that a lot of hopefuls are people-moving from their cars to the hall, and since it's a one-way train, that sometimes means a two-mile loop to make it back upstream a half a block. But I digress.

The SAE convention is the foun-

tain of invention of the auto industry, an annual affair that normally sets attendance records for any type of convention in Detroit.

It has its academic side as a forum for technical presentations, a social life consisting mainly of small groups of men looking for a restaurant, and the floor itself, a carnival of small stampings, machined parts and brightly colored plastic bags holding collected brochures.

Of course, nobody with a really hot idea would put it out in a little booth on the floor of Cobo Hall instead of getting it patented and manufactured. Part of the reason for buying a booth at the SAE is to sell parts to auto companies and other manufacturers, but because anyone already selling to the Big Three doesn't really need to sit in a booth at Cobo Hall, mainly the booths are occupied by hopefuls you never heard of before.



auto talk  
**Dan McCosh**

KOREANS BOUGHT a lot of booths at the SAE show a couple of years ago, when nobody heard of them in the auto business. Then for a couple of years the Indians and Pakistanis took over, and you still haven't heard of them.

This year, the overseas nationals making an impact include China and Australia, which may be why they didn't attend Hirohito's funeral.

There are, in fact, some gadgets on display, but after attending SAE shows for the last 15 years or so, I've grown sensitive to chronic repeaters.

Part of the reason for this is that it takes so long to get an innovation accepted by Detroit automakers that even some solid companies tend to end up sounding like airport propagandists promoting their cause.

There is the Stillman-Smith mechanism, for example, a gear train that eliminates the connecting rod bearings in a piston engine. Likewise the all-ceramic engine developed by Japan's Kyocera Co. Ltd., or the all-plastic engine.

There is a new V-6 two-stroke powerplant on display, half the size

of today's engines of comparable horsepower, and another Japanese company with a fog lamp that follows the angle of the steering wheel to more or less see around corners.

But this year's show is dominated by the hard-core suppliers, the testers, forgers, stampers and molders that produce the components in volume that make up most of the working pieces on the family car. It's a dull group, laded by success and the detail work necessary to get a working product to market.

The knitted car, it turns out, is actually a new way to handle the fiberglass reinforcing used on some plastic parts. A disappointment to me, since I was hoping to find a room full of grandmothers with half-finished fenders in their laps.

As I'm leaving, I have an idea that it's possible to somehow get back to

my car without going outside, so I stop at the information booth and ask the way back to Joe Louis.

"I think you can get there through the back, but I really don't know," says the woman in the information booth. On my left, a heavily power-suited woman engineer is more assertive. "I think you go down into the basement and then keep walking. Take your Reeboks. It's terrible."

"At least I think that's right; I'm from Seattle."

"I don't know either, I'm not from Detroit," says the information lady. "But you're information," says the surprised woman from Seattle. Then she gets an inspiration.

"Try the People Mover."

Dan McCosh is the automotive editor of *Popular Science Magazine*.

## Even the pros recommend dollar cost averaging

Weathering the stock market's ups and downs is a key concern for most investors, regardless of their risk tolerance level, age, tax bracket, or net worth.

Although the risk associated with stocks, bonds, and other investments cannot be eliminated, there are ways investors can reduce risk to manageable levels.

Here are some of the better-known techniques of weathering the market's fluctuations:

### Dollar cost averaging

Dollar cost averaging is a program of investing equal sums of money at regular intervals, regardless of the price of shares.

Dollar cost averaging can't guarantee a profit or prevent a loss. However, it reduces the effects of market fluctuations over the long term.

The reason is that instead of timing the market, the investor puts the same amount of money whether the share price is high, low, or in-between. So the investor buys more shares when the price is low and fewer when it is high, thereby avoiding the common mistake of buying high and selling low.



finances  
and you  
**Sid Mittra**

THE KEY advantage of dollar cost averaging is that, in the long run, it has the effect of making the average share cost less than the average share price.

Two illustrations, covering a weak and a strong market, will illustrate the point. In each illustration, it is assumed that the investor has decided to invest \$100 each month.

Table I shows a dollar cost averaging program during a period of declining market. After four months and a total investment of \$400, the average price is \$7.00 while the average cost is \$6.23.

This situation is the result of buying substantially more shares for \$100 as the market price consistently declines.

IN THE second illustration (presented in Table II), the average cost is \$12.61, but the average price is slightly higher (\$13.00) than the av-

erage cost. This is the result of an appreciation in the stock price in a rising market.

A word of caution should be added here. While both illustrations demonstrate the power of an investment tool, dollar cost averaging is not appropriate for short-term investments and cannot guarantee a profit or prevent a loss.

However, this technique does provide investors with the benefit of a disciplined investment program that eliminates the need for market timing and helps to even out the effects of a fluctuating market.

### Constant ratio plan

The constant ratio plan is a variation of dollar cost averaging in which the monthly contribution is equally divided between a stock fund and a money market fund.

If an increase in the share price makes the equity portion worth considerably more than the money fund, then part of the equity fund would be liquidated and the proceeds transferred into the money fund.

The reverse action would be taken if equity prices drop, making the money fund worth more than the

### equity fund.

A 55/45 ratio is generally applied to the constant ratio plan, although other ratios could work equally well. This means that whenever the shares of either fund exceed 55 percent of the total value of the portfolio, an automatic readjustment plan is put into motion to make the ratio equal.

For instance, if the shares in the stock fund rise to 55 percent, the investor shifts cash from the partially liquidated equity fund into the money fund to make them equal again.

Likewise, if the equity fund drops to 45 percent of the portfolio, the investor quickly shifts from the money fund into the equity fund to make them of equal value.

Seminar: "Market Timing to Maximize Stock/Bond Return," "Creative Ways of Using Single-Premium-Deferred Annuity," "Limited Partnerships in Equipment Leasing and Real Estate," "Preparing for Retirement" and "Lump-Sum Distributions."

The seminar, sponsored by the Observer & Eccentric Newspapers and Coordinated Financial Planning, will be 7-9 p.m. Tuesday, March 14, in the offices of Coordinated Financial Planning, Sheffield Office Park, 3250 W. Big Beaver, Suite 540, Troy 48064.

For reservations, call 643-8888. Sid Mittra is a professor of finance, school of business at Oakland University and owner of Coordinated Financial Planning.

### A. dollar cost averaging in a declining market

|    | invest-<br>ment | total<br>invested | market<br>price | shares<br>bought | total<br>shares | average<br>price/<br>share | average<br>cost/<br>share |
|----|-----------------|-------------------|-----------------|------------------|-----------------|----------------------------|---------------------------|
| 1. | \$100           | \$100             | \$10            | 10.0             | 10.0            | \$10.00                    | \$10.00                   |
| 2. | 100             | 200               | 8               | 12.5             | 22.5            | 9.00                       | 8.89                      |
| 3. | 100             | 300               | 6               | 16.7             | 39.2            | 8.00                       | 7.65                      |
| 4. | 100             | 400               | 4               | 25.0             | 64.2            | 7.00                       | 6.23                      |

### table II

### B. dollar cost averaging in an advancing market

|    | invest-<br>ment | total<br>invested | market<br>price | shares<br>bought | total<br>shares | average<br>price/<br>share | average<br>cost/<br>share |
|----|-----------------|-------------------|-----------------|------------------|-----------------|----------------------------|---------------------------|
| 1. | \$100           | \$100             | \$10            | 10.0             | 10.0            | \$10.00                    | \$10.00                   |
| 2. | 100             | 200               | 12              | 8.33             | 18.33           | 11.00                      | 10.91                     |
| 3. | 100             | 300               | 14              | 7.14             | 25.47           | 12.00                      | 11.78                     |
| 4. | 100             | 400               | 16              | 6.25             | 31.72           | 13.00                      | 12.61                     |

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