

Economist expect 2-percent growth

The month of February is typically earmarked for making annual predictions. This February is no exception.

Many economic forecasters have already published their predictions, and most of them expect the economy to grow 2.5-3 percent real rate in an environment of moderate inflation.

Of these forecasts, the one made by the Federal Reserve Bank of Chicago is particularly interesting, since it is based on the second Annual Economic Outlook Symposium. Participating were 34 economists and analysts from major industrial firms, financial institutions, and other organizations in the Midwest.

Most participants expect the U.S. economy to complete its seventh year of expansion in 1989. The rate of growth of real GNP, which would be 2.3 percent, would extend the second-longest U.S. expansion on record (the longest was the 1961-69 expansion).

Not everyone, however, predicted a 2.3-percent growth. The range of predictions was 0.8 percent to 3.3 percent.

While the group was optimistic about the continuous growth of the U.S. economy, its optimism was tempered by concerns about weakness in some sectors of the economy, the risk of higher inflation, and

continued large federal deficits.

The group expects a rate of inflation of around 4 percent, although some predict a rate of more than 5 percent.

Interestingly, the group believed that further efforts to slow economic activity — in order to reduce the inflationary risk or cut the trade deficit — could put the economy towards recession, thereby ending the rosy outlook for the economy.

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.

Japanese keep odd records

I spent the better part of a summer once making numbers for General Motors, a job that left me with a chronic crook in my right index finger and a deep distrust for any kind of statistics.

My stint in the Chevrolet Forge steel yard making little blue slashes on one-inch steel rods (there were about a zillion of them) was followed by a brief period as a rat timer in college, yet another stint at a calculator that ended when a rat bit me.

I also worked for the census bureau for a short time, and despite a lifelong dislike of things statistical, spend a long time counting cars and preparing reports on production.

AS A result, I have a grudging respect for the tollers who keep numerical records, since without the people who keep track of sales, inventories and other critical numbers, the whole auto business would likely grind to a halt, since no one would be able to say things like, "Have that report on my desk in the morning, Jones."

Up to now, I thought one reason the Japanese were doing so well in the auto business was that they spent more time building cars than counting them — or pieces of steel in their steel yards. Likewise, I assumed they operated on instinct when it came to marketing methods, rather than wasting time compiling endless



auto talk
**Dan
McCosh**

reams of data about hypothetical customers.

Not so.

I HAVE IN MY possession a document entitled "Survey Report on Awareness and Current Status of Users of Imported Vehicles," a 36-page document that arrived in the mail written in the kind of English you used to find on the tissue-paper instructions that came with your new camera.

It is a study of the attitudes of Japanese consumers that buy "foreign" cars — the 400,000 or so vehicles sold in Japan produced outside that country, currently mainly Volkswagens.

At first glance, the report seems full of ambiguous information typical of U.S. marketing studies — the kind that leave you feeling as though you've eaten too much cotton candy

after reading them.

BUT THERE is a zen-like quality to some of the categories studied. Several graphs refer to the "culture rich," as opposed to the "classic rich," for example, groupings that have almost opposite overtones.

The classic rich lifestyle includes "rooms decorated with objects that are worthy of being shown to guests." The culture rich take a lot of holidays, according to the study, while the classic rich keep their houses clean.

A second cultural schism: The classic group believes safety is withstanding impact, while the cultural group finds security in the notion that a car is fast enough to escape risk. Sort of like Ralph Nader vs. Car and Driver.

Most perplexing is a graph describing "domestic vehicle users in-

timite feeling toward imported vehicles," which determines that 51 percent of the respondents "do not feel imported vehicles near themselves." Only a cold draft of air.

OTHER CATEGORIES hint at Japanese expectations that would bewilder any American, such as whether a dealer "renders kind service, such as offering a substitute car and picking up and delivering a repaired vehicle." You wonder how you would say, "And that's just an estimate, buddy," in Japanese.

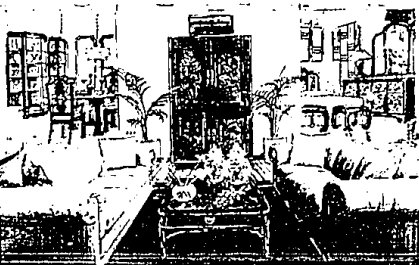
Getting to the hard facts, there are 935 imported cars operating in the Salmans prefecture, compared to 20,132 in Hokkaido. Of 818 people surveyed, 68.5 percent have "apprehension toward parallel-imported vehicles." Now that I think about it, so do I.

The Japan Automobile Importers Association, who sent me this wealth of data, likely knew it would touch a nerve.

For a week now, I wake up in the middle of the night thinking about those steel bars — wondering whether I might have missed one.

Dan McCosh is automotive editor of Popular Science Magazine.

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