

# Economists see healthy future

By MICHAEL MATUSZEWSKI

Even though the national economy would be bucking statistical odds, business economists are predicting a good year for 1978. The economy will continue to grow, but probably not as fast as this year.

D. Dean Kaylor, senior vice-president of the National Bank of Detroit, explained that the average business recovery ended after 39 months. That recovery, which began in March 1975, is 33 months old.

For that reason "the overall economic view of 1978 is being described in terms of 'uncertainties,'" Kaylor told a joint meeting of the Economic Club of Detroit and the Greater Detroit Chamber of Commerce earlier this week.

Kaylor highlighted three specific areas of uncertainty which could tarnish 1978's bright expectations. These are the Carter Administration, the dollar's uncertainty abroad and inflation.

"AFTER ALMOST a year, there are few clear indications of how economic policy under the new (Carter) Administration will evolve," he said.

Early in his tenure, President Carter proposed a \$50 tax rebate to stimulate the economy. It was withdrawn. Later, a comprehensive tax reform plan was the hot item in the capital. It also has been shelved.

"As a result of the President's determination to attack a large number of politically sensitive issues early in his administration, it appears that the business community has adopted a 'wait-and-see' attitude," Kaylor said.

IN ADDITION to the business community's bewilderment, the comparative weakness of the dollar on the exchange markets and a growing foreign trade deficit could bring clouds to the economic crystal ball.

Kaylor said there are some indications that the rate of increase in the American foreign trade deficit could slow down in the second half of 1978.

The Japanese have already moved to reduce the flow of electronic prod-

ucts into the U.S.; some progress is being made to slow the import of steel; the flow of oil from Alaska is increasing; and the price of coffee is falling.

"All of these should help to reduce our imports next year," he said.

INFLATION is the last dark cloud on the economic horizon.

The fall of the inflation rate—from 8.9 per cent to 5.3 per cent this year—is not expected to continue. In fact, Kaylor said, the rate of inflation will creep up to about six per cent in the coming year.

"This year's drop in inflation was due primarily to the leveling off of food prices."

"In view of higher farm supports and acreage curtailments announced this fall, it is doubtful whether the moderation in inflation due to stable food prices can continue through the new year," Kaylor said.

Increasing energy costs and the "pressure on business to raise prices to protect profit margins from rising costs" will add to the pressure behind the expected rise in the rate of inflation.

IN SPITE OF the uncertainties, Kaylor predicted a good economic year. He said there were a number of positive strengths "to indicate continued economic growth, including:

\*"The improved financial condition of corporations, banks and individuals.

\*"A high level of consumer confidence, as indicated by a nearly three-point rise in the November confidence index.

\*"A high level of growth in both employment and real personal income. More than six million people have been added to the employment rolls since the start of the recovery (March 1975).

\*"A high level of help-wanted advertising, indicating a continuing need for skilled labor.

\*"No signs, at this time, of excesses or overheating in the economy."

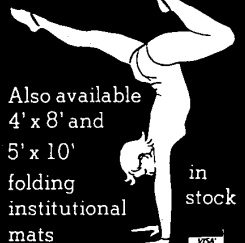
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## Holiday fire water needn't be dynamite

Take heart.

While there's no 100-proof cure for an 80-proof hangover, a noted stomach specialist has come up with five ways to ease those morning-after miseries.

Dr. Mitchell A. Spellberg, acting director of the division of gastroenterology at Chicago's Michael Reese

Medical Center, writing in the December issue of Harper's Bazaar, prescribes:

\*Don't put your faith in the hair of the dog. Another shot is likely to make your hangover worse. In fact, says Spellberg, most home remedies have limited, if any, success.

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