

U-M researchers say:

Spending decrease in coming year will snuff bright economic outlook

Offsetting consumer attitudes and expectations appear to buoy the near-term spending outlook, but dim prospects beyond mid-1978, the University of Michigan Survey Research Center (SRC) reports in the latest survey of consumer attitudes.

Results of November-December 1977 interviews with 1,280 people in a national sample signal a continued erosion of favorable expectations for improved economic conditions.

"Reports of unfavorable business developments, especially in employment opportunities and greatly lessened confidence in government economic policy, have led to increased pessimism," said Richard Curtin, director of the survey of consumer attitudes, and survey founder George Katona.

"Amid this growing uncertainty, evaluations of current finances remain favorable, and although buying attitudes moderated in late 1977, they remain more favorable than a year earlier. The continued divergence among attitudes and expectations serves to buoy the near-term spending outlook, but dims prospects beyond mid-1978. Continued improvement in real incomes will act to bolster consumer demand in the near-term, but restoring confidence in government economic policy is essential to prevent further erosion and to renew an optimistic outlook among consumers."

The SRC index of consumer sentiment recorded in the latest survey stands at 83.1, representing a decline of 4.5 points from the August-September survey and three points below the year-ago reading (February 1966 equals 100).

The decline in sentiment was widespread across income subgroups. Consumer confidence among families with incomes of \$15,000 and over was down 4.2 points to 81.1, although showing no net change from a year earlier. The loss in confidence was somewhat greater among families with incomes under \$15,000, whose index figure of 77.7 shows a loss of 5.2 points from three months earlier and a net year-end decline of 5.8 points.

The decline was attributed to less favorable expectations for improve-

'The increased confidence in government economic policy which was evident in early 1977 has now been entirely reversed.'

-U-M report

ment in personal finances and general business conditions over the next 12 months, and to sharp losses in confidence in the government's economic policy to combat inflation and unemployment.

The report notes that "the increased confidence in government economic policy which was evident in early 1977 as President Carter entered office has now been entirely reversed."

In spite of these pessimistic expectations, evaluations of current personal

finances remain favorable, the economists explain. Attitudes toward buying conditions have moderated recently, but are still more favorable than they were a year ago. The maintenance of buying attitudes at their relatively high levels continues to be based on buy-in-advance psychology.

In overview, the report notes that "the decline in the Index of Consumer Sentiment from mid-1972 to the winter of 1974-75 was the longest and sharpest on record. The recovery of consumer

attitudes since early 1975 has likewise been substantial, but has proceeded at an uneven pace. By the spring of 1977, the index had gained more than 30 points and stood at 83.1, but since then it has declined to 81.1.

"Since the Index of Consumer Sentiment reached its all-time peak in 1966, each decline has not only been longer and steeper than the last, but the declines have started from progressively lower levels, and the recovery periods have lengthened. An analysis of the underlying cycles in the time-series movements of the Index of Consumer Sentiment has indicated the recent importance of approximate four-year cycles, highlighted by the occurrence of cyclical troughs in attitudes in the last quarters of 1966, 1970, and 1974. Recent movements are consistent with the continuation of this same pattern, indicating an emerging downturn in future trends."



Loveliness on the lake

It may be foul weather in Michigan this time of year, but here's one fellow who found the area's cool water just to his liking. Unlike many of his comrades, he chose not to make the journey south. (Staff photo by Gary Caskey)

Riegle opens constituent office

Only two U.S. Senators have opened local offices—"constituency service offices"—in their states. Sen. Lawton Chiles (D-Fla.) is one.

Michigan Sen. Donald Riegle is the other. Riegle, a Democrat, recently opened the last in his string of statewide constituency service offices in Livonia. The new office is located in Suite 820 of the Pavilion East building on Middlebelt Road between Seven and Eight Mile Roads.

The Livonia office, a consolidation of earlier offices in Southfield and Allen Park, is part of a chain of local offices in Grand Rapids, Flint, Marquette, Lansing and downtown Detroit.

The new Livonia office is manned by a three-woman staff. Norma Forrest, the office manager, handles most of the routine requests and Judy Reyes and Marcia Magid take on the cases which require follow-up work.

"WE'LL TAKE ON virtually any problem having to do with the federal bureaucracy," said Jim Sharp, director of the statewide chain.

Sharp said the offices have received complaints and inquiries about everything from the armed services to the



DONALD RIEGLE

closing of post offices to immigration problems.

Sharp said that Riegle's offices around the state handled more than 12,000 inquiries last year. He could not say how many were of the questions were satisfactorily answered, but added, "We solve a hell of a lot more than we don't solve."

He said many problems were simply solved by cutting through the red tape and contacting the appropriate bureaucrat.

A follow-up by the office of a U.S. senator does carry some weight, Sharp said. He told of one bureaucrat who was fired after being uncooperative with staff members in one of Riegle's local offices.

WHILE RIEGLE'S offices handle many requests from "people off the street," Sharp said, the Michigan staff also works as ombudsmen for city officials and local businesses.

"Many times they need a partner to help bring some money back to the state in the form of federal grants. We can be that influence, that lever. We can become a partner at different levels," Sharp said.

He emphasized that the local offices were trying to become more involved in promoting economic development around the state. Riegle, according to Sharp, will be concentrating on bringing more federal money into the state.

In 1976 Michigan ranked 49th in terms of tax dollars returned to individual states. Statistics for 1977 are unavailable.

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