

Opinion

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Can it last?

Our region's economy could improve into 1987

WILL IT last? That's the big question.

Economically, 1985 was an excellent year, and the top prognosticators told the Economic Club of Detroit last month that 1986 will be almost as good — with some slippage in auto sales and industrial plant construction.

If they're right, 1986 will be our fourth straight year of economic growth without serious inflation — the first time since the 1960s that has happened.

In this region, we're almost used to a recession every three or four years. "When the nation catches cold, southeastern Michigan gets pneumonia." The question nagging us is not whether 1986 will be fairly good, but what will happen in '87? Can it last?

THERE ARE signs of a leveling off. Auto sales are predicted to be about 10.4 million in '86 compared to 11 million last year.

Imports are still flooding in, and Washington shows little inclination to stem the flow. General Motors' reduction of small-car production shows domestic car makers aren't entirely concerned about the Japanese threat.

Consumer debt is high, with little room to grow. Production of durable consumer goods may level off.

Those are the bad signs. BUT THE GOOD signs indicate that any downturn in '87 will be slight — nothing like the troughs of 1971 and 1974-75, and certainly nothing like the depression of 1979-82.

Nationally, inflation has been halted. Price increases are in the 3-4 percent range.

That's extremely significant. Previous recessions have been fueled by the inflationary psychology of "buy now because tomorrow the price will be higher." Consumers over-bought houses and durable goods, and companies built up large inventories, causing inventory-adjustment recessions. As of today, that psychology seems to have been broken.

OPEC, the oil cartel, seems to be breaking apart, reducing chances of artificial fuel shortages.

Our auto plants have been automated and robotized, and the biggest blue-collar job losses probably are behind us.

Management structures have been simplified. Some of the old class warfare mentality of labor-management relations

seems to have been replaced by an attitude of "we're in this together," at least outside the UAW.

Manufacturers have developed better relationships with suppliers and "just-in-time" delivery systems. These reduce both their need to tie up capital in inventories and the danger to us of an inventory-adjustment recession.

FINANCIAL, the southeastern Michigan region seems in fairly solid shape.

Interest rates are drifting lower — excellent news for auto and housing sales.

If factory construction is down, contractors are expecting to build a lot of houses, roads, college classrooms, prisons, department stores, hotels and convention facilities.

Michigan banking is ready to take part in the world economy. This year we'll have statewide branch banking. We'll also have our first foreign bank (Japanese). Within three years, we'll be seeing multi-state banking corporations, and there's a chance our region will be headquarters for those firms.

The old shortage of capital for fledgling business is being corrected. The venture capital conventions in Ann Arbor seem to be bearing more and more fruit. A new kind of financial institution called a BIDCO (business and industrial development corporation) is likely to be created by state law, filling a niche between commercial banks and venture capital firms.

FINALLY, the attitude of government, which used to treat corporations as The Enemy, has changed.

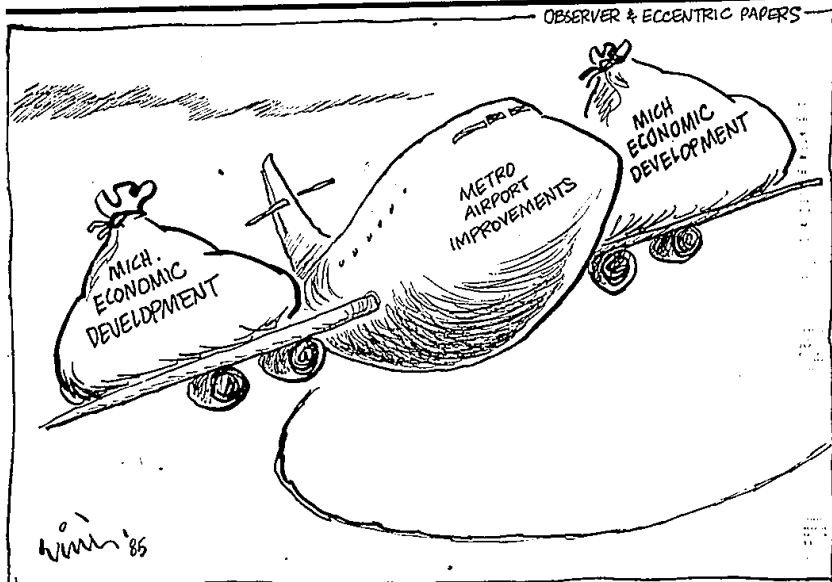
Gov. James Blanchard has hustled to bring industry into Michigan, risking his reputation with the Democratic old guard.

And as the companion articles on this page demonstrate, county governments, previously concerned with courthouses and drains, are seeing they have a role in the emerging reindustrialization of southeastern Michigan. Wayne County's Bill Lucas and Oakland's Dan Murphy will compete for the Republican gubernatorial nomination and with Blanchard on the basis of who can really produce the most jobs.

That kind of positive political competition can mean our economic upturn will be longer, and our recessions, milder than we've known in the past.

Things are looking up.

Tim Richard
editorial page editor



Metro Airport means jobs

by James A. Meyers
director of Public Services
Wayne County

I AM extremely optimistic and enthusiastic about future prospects for Detroit Metropolitan Wayne County Airport. Carefully controlled growth promises to stimulate our economy and provide considerable opportunities for our citizens.

When I accepted this position — which includes, among other things, jurisdiction over both Detroit Metro and Willow Run airports — Wayne County Executive William Lucas advised me of his vision for Detroit Metro. His main objectives:

- 1) To provide a first-class facility for the traveling public, particularly residents of Wayne County and southeastern Michigan.
- 2) To take advantage of all the opportu-

nities the airport offers, as a stimulant to economic development in Wayne County.

As a longtime business administrator in the private sector, I embrace these principles and believe Bill Lucas has his priorities admirably in order.

OBJECTIVE 1 means the public comes first. In managing the airport, we don't automatically concede to the dictates of the airlines. Expansion will occur only by means of a logical and orderly master plan.

The second objective holds great promise for a job-starved metropolitan area anxiously seeking economic development.

Detroit Metro has become the nation's fastest-growing urban airport and now ranks among the largest dozen American airports — up from 19th two years ago. One airline, Republic, has doubled its number of daily flights from Detroit, and Northwest Airlines is seeking to do the same. At this time, approximately 900 flights arrive and depart every day.

This means jobs. Around 8,000 people are employed at Metro, and off-airport development is booming, as an ever-increasing number of air cargo companies and related industries are popping up in

Romulus, Livonia, Taylor and other nearby communities.

Additionally, as Wayne County and southeastern Michigan become increasingly accessible to more parts of the nation and the world, the Detroit area becomes much more attractive as a convenient location for conventions, tourism, business expansion, and relocation by national and international firms.

BEST OF ALL, this economic stimulation comes at little or no expense to the taxpayer. Not many realize that no county money goes into Metropolitan Airport.

It is a self-sufficient, user-supported facility. Landing fees and concessions pay for operation and maintenance. Capital costs and major improvements are financed by FAA grants and bond issues backed by the airlines.

To accommodate Republic, Northwest and other carriers, we are discussing a bond issue designed to solve some of the inconveniences associated with this rapid growth.

The need is clear. Detroit Metropolitan Wayne County Airport will handle more than 15 million passengers this year. This exceeds the predictions in our original master plan for the year 2000.



James A. Meyers
director of Public Services
Wayne County

An old farm bell welcomes new year

IT DOESN'T seem possible that 49 years have passed since we realized a dream by building our own home in the wooded section of an old abandoned farm in the suburbs outside Detroit.

But each year when New Year's Eve arrives, we are reminded of the many years that have moved along.

When we moved into the finished home, we were as proud as peacocks, but we made a deal on how we were going to handle the work that was to be done. It was agreed the lady of the house would have charge of all indoor furnishings, and The Stroller would take care of the outside.

That agreed upon, The Stroller immediately wanted several of the things he had always liked back home in the Pennsylvania Dutch country.

FIRST of these was an old-fashioned soap-making bowl. Next came a large iron bell that was used to call the cattle in from the fields.

So a trip was arranged to get them. We found what we wanted in the little town of Selgersville. We managed to get them into our car, and now the bell is used to usher the New Year.

It is attached to a large white pole a few steps from the kitchen door. Each New Year's Eve our neighbors and friends from town are invited to ring the bell and usher in the New Year.

This used to be quite a program. We didn't have television, where we could see the ball being dropped from the roof in Times Square, New York. So we had our guests stationed a few feet apart where



the stroller
W.W.
Edgar

they could hear the radio and tell us when to start ringing the bell.

No New Year's Eve comes along that we don't recall the days when we drove back from Pennsylvania with an iron kettle and a bell in the trunk of the car.

THERE WAS a history for each of these pieces that have helped decorate the garden for more than four decades.

The iron kettle is now hung up and held aloft by three poles. It is about three feet off the ground, and each spring it is filled with flowers.

The Stroller always makes certain that the flowers add a great deal of color. He starts with geraniums — lots of them — and then has ivy hanging over the sides.

The old iron bell that was used to call cattle still does some calling. If The Stroller is far down in the orchards and flowers, and meal time comes around, the bell is used to call him back to the house.

NO NEW YEAR's would be official unless the bell were rung. It's the only bell of its kind, at least in our neighborhood. And it is always good to hear the next morning that neighbors from blocks away heard it. It is an unusual way of wishing everyone a Happy New Year.

Oakland's base broadens

by Joseph D. Josephim
director, Economic Development Group,
Oakland County

STRONG ECONOMIC growth, which took form in 1983 and accelerated in 1984, brought thousands of jobs to Oakland County in 1985. This year, strong progress was made in revitalizing our economic base with the kinds of jobs that bring in money from outside the region.

- Some of the year's highlights:
- Electronic Data Systems — 8,900 jobs.
 - GM Saturn headquarters with engineering center — more than 1,200 people.
 - GMF Robotics — with 800 jobs in 1986 and 1,300 by 1990.
 - Comerica Operations Center — more than 2,000 jobs.
 - Nipponensio — research and development center in Southfield.
 - Chrysler — purchasing 500 acres in Oakland Technology Park for future operations.
 - United Parcel Service in Madison Heights — a \$15 million mechanized parcel distribution center to open 1986.
 - Aviation Group — a \$6 million executive transportation center at Oakland/Fortine Airport.
 - GM Chevrolet-Pontiac-Canada Group — starting an \$81 million prototype manufacturing center in Auburn Hills.
 - Oakland Technology Park projects — totaling 30,000 jobs by 1985.
 - World Computer Corp. headquarters in Oakland Technology Park — to employ 300 in 1986.

IN 1985, OAKLAND County again ranked first among Michigan counties in the volume of office construction. In fact, almost two-thirds of the state's office building construction took place here.

Office construction during the first six months of 1985 was 75 percent greater than in the similar period of 1984. Likewise, residential, industrial and commercial grew from 1984 to '85.

Residential construction far surpassed all Michigan counties in 1985. And it is projected that 50 percent of the 1985-90 residential construction in southeast Michigan will occur in Oakland County.

DURING 1985, Oakland County's Economic Development Group (EDG), with expanded staff, has greatly broadened its operations.

A series of small business seminars has been conducted by our entrepreneurial specialist in conjunction with SCORE (Service Corps of Retired Executives) and the Michigan Department of Commerce.

Our loan programs have been very active, with a flurry of EDG loan applications in the fourth quarter, reflecting anticipated sunset of industrial revenue bond financing.

In addition to marketing Oakland County nationally and internationally, we have responded to nearly 2,000 inquiries for economic information, business assistance and site and building locations.

EDG likewise is helping a group of city managers and community representatives in southern Oakland County address challenges and opportunities that will become evident with the completion of I-696 in 1989.

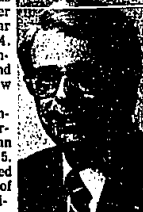
DURING THE year's third quarter, our Local Development Company (LDC) ranked third among 552 similar organizations in the U.S. loan volume. LDC is a vehicle for financing fixed assets of small businesses through the Small Business Administration 503 program.

EDG also is furnishing staff support to the recently organized Oakland County Community Growth Alliance (CGA), a countywide coalition of private and public organizations. The CGA's activities include establishment of business incubator, federal procurement and small business assistance centers.

It's rewarding to report these positive trends toward achieving more jobs for our county residents as well as developing a stronger and more diversified economic base.

It shows that Oakland County truly provides its businesses and residents with an environment that promotes prosperity.

Originally a civil engineer, the writer headed his own marketing consulting firm in the construction industry before joining County Executive Daniel T. Murphy's administration in 1983.



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Oakland County