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Better Times Ahead: A Survey of Local and National Economic Conditions

By William A. Peterson

During the first quarter of 1983, four hundred people were contacted and asked in a telephone interview to give their opinions in response to a number of questions concerning the economic health of the United States and the Grand Rapids community. The responses were coded in such a way that we were able to determine whether people thought conditions were better or worse. Of course, in our sample of four hundred people, there were many conflicting opinions. Some said conditions were better and some said worse. Others said that they were about the same. The responses to the questions were put in the "better" category if more people said "better" than "worse." Moreover, the number of people who said "better" had to be substantially greater than the number who said "worse"; otherwise the responses were considered to be inconclusive.

The analysis which follows makes general statements about the opinions. The numbers in parentheses which follow the statement give the percentage of persons in the sample who gave a favorable response (such as "better"), the percentage of people who gave a neutral response (such as "same" or "don't know"), followed by the percentage who gave an unfavorable response (such as "worse").

General Conclusions

Most people said they were worse off financially now than they were a year ago (.23, .35, .42). However, they did not say that they were worse off now than they were five years ago (.43, .13, .39). That question was inconclusively answered. People with full-time jobs reported that they were better off now than they were five years ago (.56, .07, .37). Most people said that the business conditions of the economy were worse than they were a year ago. They concluded the same about the Grand Rapids community as they did about the U.S. economy. People believed that the United States was in the low point of a business cycle and that Grand Rapids was sharing in bad times. Most people believed that prices rose during the past year at a higher rate than their incomes.

Yet the outlook of Grand Rapids residents was positive and hopeful. Most people thought that they would be bet-

ter off financially one year from now (.30, .55, .15) as well as five years from now (.57, .29, .15). They believed that over the next five years the United States would experience problems of unemployment and/or recessions. Most people thought that interest rates would decline over the next year. They thought that this was a good time to buy a major household appliance (.53, .15, .32) and that the coming year would be a good time to buy a car (.52, .08, .30). Their responses concerning the advisability of buying a new house now were inconclusive (.43, .09, .48). They did not believe that it was wise to use up their savings (.31, .08, .61) or to go into debt (.15, .01, .48) in order to buy something. Most people thought prices in general would rise during the next twelve months as well as the next five or ten years. They thought that prices would go up faster than their incomes. However, they expected their incomes to go up during the next twelve months relative to what they were last year.

Most people said the government was not doing a good job of fighting inflation and unemployment. They thought the Grand Rapids economy was in worse shape than the U.S. economy as a whole.

Specific Opinions Within Groups

Education

Thirty-eight and one-half percent of the sample interviewed said that they had completed more than twelve years of education. There was not a conclusive opinion from this "educated" group that their families were worse off financially now than a year ago. Nor did that group conclusively say that their families were worse off now than they were five years ago. However, they said that the business conditions of the economy were worse now than they were a year ago, and they said the business conditions of the Grand Rapids economy were also worse now than they were a year ago. They said it appeared that their own financial condition was not better or worse even though the economy as a whole and the Grand Rapids economy were in worse shape. Their conclusion, like that of the four hundred people as a whole, was that business conditions would be better one year from now. They also agreed with the group as a whole that

interest rates would go down and that this was not a good time to use savings or to go into debt to buy major household appliances.

Income

Thirty-one and one-half percent of the sample reported that the income of the main breadwinner in the family was over \$25,000. Among this "more affluent" group there was not a majority who said their families were worse off. They disagreed, therefore, with the group as a whole. Also, this "more affluent" group stated, contrary to the whole group, that they were better off financially than they were five years ago. They agreed, though, that the condition of the economy was worse off than it was a year ago. Most said, too, that Grand Rapids was worse off. They thought that business conditions would be better one year from now, however. They agreed with the group as a whole that this was a bad time to go into debt. However, they disagreed about savings. Their responses were not conclusive about the use of savings to buy big-ticket items.

Age

About 42 percent of the persons interviewed said they were 45 or older, while 58 percent were under 45. The older group agreed with the group as a whole that their financial condition was worse than it was one year ago. The younger group did not respond conclusively to that question. The younger group said that it was better off now than it was five years ago. The older group did not conclude the same. People under 45 normally increase their earnings with increases in age during bad times and in good times. Younger people expected their financial condition to be better one year from now and five years from now. Older people did not conclude that. Younger people did not conclude that incomes would fail to keep up with prices next year, which was the conclusion of the group as a whole.

Type of Occupation

About one-third of the group interviewed identified the family breadwinner's job with manufacturing (as opposed to all other types of occupations). That group agreed that their financial condition was worse than it was a year ago but they did not conclude the same relative

to five years ago. They believed that their incomes declined relative to prices during the past year. They did not believe that their family financial condition would be better next year, but did believe that it would be better five years from now. They were less pessimistic than the group as a whole regarding the business cycle over the next five years. People working in manufacturing did not say this was a good time to buy household goods, but they agreed this coming year was a good time to buy a car. Their

incomes would not keep up with price increases, they said.

Sex

About 58 percent of the persons interviewed were women. Women said that family finances were worse now than a year ago. The same number of women said "better" as "worse" compared to five years ago. Women concluded that the business cycle would be a characteristic of the next five years. Men, however, were divided in their opinions on

that point and were more optimistic than women. Men said this was a good time to buy household goods. Women did not agree. Both groups agreed that this was a good year to buy a car. Women were more apt to buy a house this year than men. Family income would not rise as fast as prices, said women. Men were inconclusive on this question.

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Grand Valley Proposes New Center

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the general supervision of Grand Valley's Board of Control. The Center director will serve as an adjunct professor in the Seidman School of Business. Faculty members and students of Grand Valley (and other area educational institutions) will work in various capacities to attain the objectives of the Center.

The state government of Michigan is being asked to provide the necessary "venture capital" to launch the program. It is anticipated that long-term financing

of the program will be largely acquired through local grants, fees from services rendered, and other non-governmental sources.

Although the Center will focus on preserving and expanding the business base (and jobs) of the West Michigan region, it is designed to be a prototype for a new partnership between the academic community and the existing and potential business base of the state.

Financial returns to the state will come through the preservation of a major tax base and the creation of a new and expanded tax base which will provide significant state resources and greatly enhance the quality of life overall.

Most importantly, the Center will stimulate the creation of similar programs and greatly enhance the position of Michigan as it re-emerges as a great national economic resource.

Seidman Lecture Series

Dr. Sidney Jones and Dr. Kevin Gottlieb, Washington experts and lecturers at the Washington Campus, addressed Seidman students and other Grand Valley students in the morning and the business community in the afternoon, Wednesday, January 19.

Dr. Jones, former Assistant Secretary of the Treasury for Economic Policy and now Resident Scholar with the American Enterprise Institute in Washington, spoke on "The Formation of Economic Policy: Its Implications for Business."

Dr. Kevin Gottlieb, former Senior Aide to Senators Ford, Nelson and Cranston and Executive Policy Assistant in the Office of Senator Riegle, Jr., and currently Director of the Walter F. Mondale Presidential Committee, spoke on "Business and Government: Forging a New Relationship in the Eighties."

Delta Mu Delta

The Seidman School Beta Mu Chapter of Delta Mu Delta held its annual initiation ceremonies banquet on Saturday, April 16. The undergraduate students inducted were Patricia Chmelar, Marianne Dekker, Julie Duff, Douglas Hepfer, Joseph Jacques, Nancy Lundgren, David Pelletier, Christine Schuur, David Sides, Susan Simmerman, Donna Thome, Constance VanderWall, James VanPortfliet, Freda Velzen, Peter Walter, Dawn Wickam, and Lori Wiersma. The graduate students inducted were Everett

Bashaw, Judith Bilinsky, Scott Bruns, Sylvia Kaufman, Vicki Kuhns, Alan Nielsen, James Parish, David Schreur, and Sperry VanLangeveld.

At the meeting, the annual Wall Street Journal Awards were given to Ann Bruinooge, graduate, and Jan Sandrin, undergraduate. Dawn Wickam received the American Marketing Association Award, and Jan Sandrin was acknowledged as the Seidman School nominee for Grand Valley's Kenneth R. Venderbush Student Leadership Award.

Taxation Writing Award

Jack Marquis, a Holland attorney with Scholten, Fant and Marquis, was awarded the 1983 Tax Affiliates Writing Excellence Award presented by the Master of Science in Taxation program of the Seidman School of Business. The award, which carries a cash prize of \$100, is presented to the M.S.T. student who au-

thors the best tax paper during the year.

Marquis' paper, entitled "Corporate Paid Life Insurance Premiums on Constructive Dividends to Stockholders," was published in the Spring 1982 issue of the *Michigan Corporation, Finance, and Business Law Journal*.