

Year End Economic Review And Outlook For 1982

By Richard B. Roberts
Senior Vice President
Wachovia
Bank and Trust Co., N.A.

The biggest economic news of 1981 was the philosophical change in direction characterized as Reaganomics. The basic premise of the new economic program is that lower taxes and greater savings incentives will, over time, bring about gains in investment and productivity, reduce the rate of price inflation, move interest rates downward, and increase the pace of real economic growth.

Since the first phase of the Reagan Administration's program became effective on October 1, it cannot be blamed or credited to any significant extent with the bad or good economic developments of the year. Except for the psychological impact of tax and budget cuts scheduled for the future, the business scene over the past twelve months has been largely dominated by the momentum of entrenched forces and programs and originating over many years past.

During 1981, fiscal and monetary policies continued to work at cross purposes with each other. The budget deficit remained large and stimulative. Persistent price inflation, weak money supply growth,

and strong financing needs by both government and business drove interest rates to record heights. Depressed conditions existed throughout the year in the housing and automobile industries, but recent data suggest that a much broader contraction is now under way.

The tug of war between fiscal and monetary policies has caused the economy to follow an erratic up-and-down course since the fall of 1979. This is evident in the profile of real gross national product changes for 1981: first quarter up 8.6%; second quarter down 1.6%; and third quarter up 0.6%.

The recent fall in industrial production, rise in unemployment, and behavior of numerous other indicators suggest a decisive drop in business activity during the final period. Interestingly, the softness in holiday season retail sales seems to be as much due to cautious stocking of shelves and lack of merchandise selection in some stores and lines as to consumer spending retrenchment.

Prospects do not appear good for a quick, vigorous or clear rebound. The statistical path of economic activity is not likely to be a smooth trend or straight

line in any direction. There is not likely to be a smooth trend or straight line in any direction. There could continue to be an erratic and inconsistent pattern of quarterly starts and stops which defies rational prediction or explanation.

For this reason, the first quarter of 1982 could surprise the forecasters with another aberration and bring unexpected growth in real GNP. The overall tenor of the economy seems to be represented in statistics and media reports as a bit more gloomy than the impression one gets from talking to many individual businesses and consumers, especially in this part of the country.

The most prominent concern in the outlook is the burgeoning size of the federal deficit, which some project to exceed \$100 billion. This is the result of large tax reductions without comparable decreases in spending, despite a good effort to contain the rate of increase. When government expenditures exceed revenues, the amount of funds available for productive capital formation is reduced.

If the Administration's economic program is to have the desired effect, the government must bring down the share of savings and investment funds that it preempts and denies to the private sector. A large measure of statesmanship and discipline will be needed from Congress during the 1982 election year to prevent further enlargement of the deficit.

A number of major labor contracts are due for renegotiation next spring, and the outcome of these major settlements will have a great influence on the cost-push element of price increases for several years. During the last twelve months, inflation has slowed encouragingly from peak levels, and a moderation of wage and benefit demands should be expected.

A continuation of the better trend in consumer prices, coupled with reasonable labor demands, and a declining federal deficit would make it possible for monetary policy to operate more effectively without producing such volatile money markets. A more stable interest rate structure at much lower levels is definitely required for a healthy economy. This is not likely to occur until the budget is brought under control. Meantime, rates are likely to be erratic, but in 1982 should average below 1981 levels.

Cyclical and historical turning points in economic and interest rate trends are always hard to forecast. The difficulty is compounded now by the lack of experience with the new Administration's innovative and untested economic philosophy and policy. But, looking at recent cyclical developments and underlying fundamentals, a good case can be made for modest recovery beginning sometime in the first half of 1982 and, somewhat guardedly, for even more encouragement in future years.

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Fayetteville Happenings

By Mrs. T.H. Kinney

Happy Birthday Anniversary of Dr. Martin Luther King, Jr., 1929-1968. Numerous activities throughout the city were conducted in honor of Dr. King. One in particular was held in Smith Chapel Free Will Baptist Church, 519 Boundary Lane on Sunday evening. It was sponsored by the Fayetteville-Cumberland County Ministerial Council. Rev. Garfield Warren was the speaker. The public was invited. Officers of the council were installed during the service. We salute you!

The Lewis Chapel Baptist Church Family welcomes you to worship with them each Sunday morning at 8:30 a.m., 11 a.m. and 6 p.m. Also Wednesday at 7:30 p.m. Rev. John D. Fuller, Sr. is pastor. They are located at 5422 Raeford Road. We salute you a million times. This is needed in times like these.

The First Corps Support Command will observe the birthday of Dr. Martin Luther King, Jr., and Afro-American (Black) History Observance with a memorial service in Theatre No. 3 at 10:30 a.m., January 14. Special music for this occasion will be provided by the Shaw University Choir, a gospel singing group from Raleigh. Other music will be provided by a special guest soloist. Miss Beverly Burke, newscaster for WTVD-TV Channel 11, will MC the program. The guest speaker will be Dr. Grady D. Davis, who is a professor of behavioral science at Shaw University. Everyone is encouraged to participate.

The Fayetteville City Schools' Title I district-wide Parent Advisory Council and the Ramsey Street School Parent Advisory Council will host a workshop at the school on Friday morning. Mrs. Nettie Council will present a program about programs for exceptional children in the school system. The public is invited and if necessary, may call Mrs. Sophia Pierce at 323-1185.

Principal trombonist Richard Fecteau will highlight the January 19 performance of the North Carolina Symphony Chamber Orchestra at Seabrook Auditorium on the campus at Fayetteville State University. The 8 p.m. performance is free and open to the public.

The Cumberland County Agricultural Extension Service and Delta Sigma Theta Sorority are sponsoring the third in a series of free workshops for youngsters at the County Office Building from 9 a.m. until noon on January 16. The session, "Snacks That Count" will be taught by Era Robinson, home economics extension agent. Call 484-7156.

Members of Phi Beta Sigma Fraternity shared the morning service with members at First Baptist Church on Sunday.

Weather has been the "talk" in our city during the past week.

The Fort Bragg Playhouse presents "Harvey". Shows January 13-17.

The Fayetteville-Cumberland County Recreation Departments have scheduled many classes for you to take part.

Holiday feasts need not end in December, there's plenty of grapefruit. Just enjoy a Winter Feast with fresh pears, apples, chicken, turkey, red meat and pork to bring in the new year.

The E.E. Smith High School Class of 1952 will hold its last meeting prior to May at 7 p.m. Friday at the First Baptist Church. All members were urged to attend.

Lower average money costs provide hope for some improvement in interest-sensitive sectors such as housing and autos which have a broad impact on the economy and where pent-up demand is accumulating. Housing starts fell short of basic need in the first two years of this decade. Also, automobile scrapage has begun to exceed production. Fuel prices remain relatively high, but have softened. Capital investment programs should begin to expand in 1982 as the demand for goods and services strengthens. The American consumer has consistently disappointed pessimistic forecasters by displaying amazing resiliency in coping with painful inflation, high interest rates, an erratic economy, and psychological uncertainty. Sustained abatement in price inflation, additional reductions of income taxes, and further stimulation by budget deficits should boost consumer spending as 1982 progresses. However, steady monetary restraint and nagging inflationary anxieties could cause interest rates to move up again as economic activity and private sector borrowing increase. This would tend to moderate the recovery. For the longer run, there has clearly been a fundamental and favorable shift of historical significance in national policies and priorities. Turbulence, uncertainty, and a sluggish economy will likely accompany this basic change in course as the various stages proceed. (One of the most critical

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ed to attend.

The Fayetteville Woman's Club Keys Efforts are scheduled for Expo 82.

Members of Zeta Phi Beta Sorority conducted their annual Meet and Greet Hour Sunday afternoon in the Student Union Room at Fayetteville State University. Feast and fellowship followed the short business session.

Happy Birthday Anniversary to Ms. H.B. Belle, Ms. V.R. Lee, Ms. H.M. Hayes, Ms. Karen Rice, Ms. Trina Leecost, Reginald Hodges and Willie Franklin Hodges.

Twenty-six year old Supply Specialist 4 Les Thorne is named Soldier of the Week. He is a graduate of Manor High School, Portsmouth, Va. He later enrolled at Elizabeth City State University for 1½ years and then joined the army. He still wants to play professional football. Spec. 4 Thorne is at Headquarters Company, 1st Corps Support Command. He was given the 18th Airborne Corps Distinguished Soldier award.

Ernest J. Morine was recently elected president of the board of trustees of the Joe Barr USO here. Other officers are Buddy Covington, vice president, and Michael Green, secretary-treasurer.

Funeral services for Leonard E. Garris were held in J.W. Seabrook Auditorium at Fayetteville State University on Saturday afternoon. He was born February 23, 1899, the eldest of eleven children of the late Mr. and Mrs. Isaac Garris.

He affiliated with the Chapman Free Will Baptist Church in Vanceboro, NC; later became a member of the Saint Mark Free Will Baptist Church in Mount Olive. Following completion of high school in Kinston, he entered the Gupion Jones School of Mortuary Science in Nashville, Tennessee where he completed the embalming course.

He returned to Mount Olive and established a funeral home in 1930. He married Mrs. Ethel Roberts. Twelve years later, he moved to Fayetteville and established a mortuary at 121 Hillsboro St. This establishment later became the L.E. Garris Funeral Home.

He became a member of Saint Luke AME Church. In later years, he joined the Second Baptist Missionary Baptist Church on the Old Wilmington Road where he remained until his death.

His Masonic affiliations included: member of Eureka Lodge No. 3, Edward Evans Consistory No. 196, and Kindah Temple No. 62. He was very active in the National and North Carolina Association of Funeral Directors, and was a life-long member of both.

The Rev. W.R. Wallace gave the tribute. The Rev. W.E. Beamon delivered the eulogy.

He is survived by his wife Mrs. Ethel Mae Roberts Garris; a son, Larry E. Garris, two grandchildren, Eric and Pamela of the home; four brothers, Odell Garris of Fayetteville, Earl Garris of Jamaica, NY, Victor Garris of Philadelphia, Pa., and the Rev. Leo Garris of Vanceboro; and a daughter-in-law, Mrs. Nina G. Garris. Interment was in Rockfish Memorial Park, Fayetteville.



One of the world's deepest chasms is the 34,000 foot Puerto Rican Trench, which begins two miles off of Puerto Rico's north coast.

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