

# BUT FEW EXPECT A MAJOR IMPACT

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Short-Term Gains Forecast  
by Some — Inflation Is  
Called Top Problem

By MARYLIN BENDER

Businessmen, economists and market researchers who take the pulse of consumer confidence believe that the change of Presidential leadership will give the economy a psychological uplift, but few are ready to assert that it will have a substantive impact.

The optimists predict a short-term burst of consumer buying or a rally in stock market prices. The somber realists dwell on the global scope of economic problems and doubt that Gerald A. Ford can alter them single-handedly or even with a Congress and a public united behind him.

The No. 1 problem, all agree, is inflation.

Among the moderately cheerful businessmen was John D. deButts, chairman of the American Telephone and Telegraph Company.

who declared: "Putting Watergate behind us should restore confidence and produce some upturn in the economy. Consumers will be glad to see the attention of the Presidency and Congress shift to the serious problems we face, such as inflation and capital availability."

## Cooperation Expected

Frank E. Barnett, chairman of the Union Pacific Corporation, said that "for the first time in many months there will exist a climate for constructive cooperation between the executive and legislative branches on many matters that affect the economy."

Mr. Barnett saw benefits flowing to the economy and the railroad industry from "an end to the uncertainty that has rendered decision-making very difficult on the part of business and the consumer and has virtually paralyzed many functions of the Federal Government."

## 'More Sophisticated'

He went so far as to prophesy that newly confident consumers would start committing themselves to purchases of "automobiles and appliances and other big-ticket items."

Fred Sullivan, chairman of Walter Kidde & Co., a diversified industrial concern, talked of "less squirreling away of money against some nameless fearful day."

However, he added, "consumers are more sophisticated today than only a few years ago and the positive increase in spending will be tempered by a wait-and-see attitude while the new Administration formulates its policies and Congress gets back about the country's business."

Two leading consumer research analysts saw President Nixon's resignation as having a stimulating, short-term effect on buying, but just enough to

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induce some major purchases that have been postponed.

"It could set loose an optimistic mood and people characteristically buy discretionary items, often a major one, in an optimistic mood," said Florence Skelly, executive vice president of Yankelovich, Skelly and White, Inc., marketing and social research consultants.

But Miss Skelly and Joseph G. Smith, president of Oxtoby-Smith Inc., which conducts consumer research studies for corporations such as the American Motors Corporation and Trans World Airlines, said they doubted that the ebullience would sustain itself very long unless other reasons develop to keep it buoyant.

## Temporary Uplift Seen

George R. Vila, chairman of Uniroyal, Inc., said flatly that "the psychological or emotional uplift will be largely temporary. World economic problems are much deeper than Watergate or Mr. Nixon."

Richard M. Furlaud, president of the Squibb Corporation, put it this way: "While Watergate has been getting the headlines, inflation has become the world's No. 1 economic problem, and it can't be solved just by a change in leadership. As far as the Squibb Corporation is concerned, our business and our employees at home and

abroad would benefit more from a slackening in inflation than from the President's painful decision."

Inflation and the availability of credit were cited as the key worldwide problems by Robert V. West, chairman of the Tesoro Petroleum Company and chairman of the finance committee of the Republican party in Texas. "These problems bear little if any relation to Mr. Nixon's plight," Dr. West asserted.

"Mr. Nixon's resignation may have a temporary effect on the stock market but I don't think it is going to affect the general economy very much," he added. "Frankly, it won't affect Tesoro's spending or profitability one way or another."

## Interest Costs Cited

W. J. Young, president of the Lehigh Portland Cement Company, which is directly tied to the fortunes of the construction industry, is concerned with the availability of credit and interest costs.

"I would not expect much improvement, particularly in housing, until interest costs begin to move down from present levels," he said. "Whether President Nixon or someone else is in the White House is not likely to have any immediate effect on the prime rate or money in general."

Even the chief executive of a company that is benefiting from strong capital spending

did not expect the change in the occupancy of the White House to alter its course.

"We don't expect any significant change in the machinery and equipment industry, which is enjoying strong long-term demand due to a boom in capital expenditures," said William L. Wearly, chairman of the Ingersoll-Rand Company.

"In regard to trading overseas, which accounts for about 37 per cent of our business, we also see no immediate change in the continuing strong demand for capital goods," he added.

It is too early to tell what the impact will be on a worldwide trading company, said Donald P. Kircher, president of the Singer Company. He echoed the theme of inflation, which was also stressed by others such as John D. Harper, chairman of the Aluminum Company of America.

Mr. Harper and Irving S. Shapiro, chairman of E. I. du Pont de Nemours & Co., expressed support for Mr. Ford as President and confidence in his ability to restore working relationships with Congress as a necessary step in getting to the solution of problems.

But Mr. Kircher of the Singer Company expressed what might be termed the consensus mood of business: "We are in for a difficult period and there are no easy answers."