CHICAGO, OCT 5, REUTER - BETTER INVENTORY CONTROL, A LARGER SERVICE SECTOR AND A STABLE, MORE OPEN CENTRAL BANK POLICY MAY HAVE PROVIDED A JUCTION FOR THE U.S. ECONOMY'S SOFT LANDING, ECONOMISTS SAID.

AND NOW, IN THE SEVENTH YEAR OF ITS LONGEST PEACETIME EXPANSION, THE U.S. ECONOMY APPEARS SET FOR ANOTHER REBOUND, HAVING PERHAPS Averted A RECESSION WHICH TYPICALLY FOLLOWS SUCH PROTRACTED ECONOMIC STRENGTH, THEY SAID.

"IT'S NOT CLEAR THAT EVERY LOW POINT HAS TO BE A RECESSION," SAID AMBELL HARVEY, ASSISTANT PROFESSOR OF FINANCE AT DUKE UNIVERSITY'S FUQUA SCHOOL OF BUSINESS.


CHANGES IN THE U.S. ECONOMY HAVE MODERATED THE CYCLE OF BOOM AND BUST, AID VICTOR ZARNOWITZ, PROFESSOR OF ECONOMICS AND FINANCE AT THE UNIVERSITY OF CHICAGO BUSINESS SCHOOL.

THE MODERATION "HAS ACCELERATED IN RECENT YEARS, ALTHOUGH I BELIEVE MUCH OF THE PROCESS IS BEHIND US. I'M NOT SURE IT WILL PROCEED AT THE SAME RATE," HE SAID.

SOME ECONOMISTS SPECULATE THAT THE MODERATION IN THE BUSINESS CYCLE MAY HAVE HAD PARTLY TO DO WITH COMPANY INVENTORIES, WHICH HAVE EXACERBATED PAST SWINGS.

"INVENTORIES ARE MUCH MORE TIGHTLY MANAGED THAN IN THE PAST," SAID AMES VAN HORNE, A PROFESSOR OF FINANCE AT STANFORD UNIVERSITY'S BUSINESS SCHOOL. "WE DON'T HAVE THESE ACCUMULATIONS."

FACING OVERFLOWING STORE ROOMS, COMPANIES WERE FORCED TO SWIFTLY PARE PRODUCTION AND WORKERS, ACCELERATING ECONOMIC CONTRACTION.

AND ZARNOWITZ CITED THE ENORMOUS GROWTH OF THE SERVICE SECTOR, WHICH HE SAID NOW REPRESENTS MORE THAN 60 PCT OF GNP. "WE HAVE A VERY LARGE PROPORTION OF SERVICES (WHICH ARE) MUCH MORE STABLE THAN GOODS. SERVICES CAN'T BE STORED."

IN ADDITION, POLICIES AT THE FEDERAL RESERVE UNDER CHAIRMAN ALAN...
GREENSPAN HAVE BEEN EASIER TO ANTICIPATE, ALLOWING BUSINESSES TO BETTER PLAN INVESTMENT DECISIONS.

"IT'S MORE OF A POLICY WITH FEWER SURPRISES: SOMETHING LIKE BUSINESS AS USUAL," DUKE'S HARVEY SAID.


THE 1987 CRASH WAS "DEFINITELY A SHOCK. (BUT IT WAS NOT) TRANSLATED INTO A RECESSION. IT POTENTIALLY COULD HAVE HAD AN IMPACT AND DIDN'T," HARVEY SAID.

ALTHOUGH FEARS OF AN UPCOMING RECESSION ARE ABATING, THE ECONOMY MAY REMAIN VULNERABLE TO A SURPRISE, PARTICULARLY AN EXTERNAL ONE, SUCH AS THE SHARP RISE IN OIL PRICES WHICH LED TO A RECESSION IN THE EARLY 1970S, THE ECONOMISTS SAID.

"THE BIG QUESTION MARK IS: IF THERE WAS AN EXTERNAL SHOCK, COULD THE ECONOMY RIDE IT OUT? IT'S JUST NOT CLEAR," HARVEY SAID. REUTER

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