

5/2

Dear Brian---

FED - Letters to the Editor - NYT 5/2

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Two negative letters to the Editor in the NYT today...  
this is the better of them...

However, questioning their motives is still not the  
same as overall challenge to their right to make monetary  
policy/set interest rates/control access to funds...which  
is all political and part of economic democracy.

We have to question tghis overall...and we should  
look to Congress to set economic policy...nto a private  
Bank. The debate is opening...slowly...and incompletely.

Thanks

## Fed Wants Us to Think It Fights Inflation

To the Editor:

The notion that the Federal Reserve raises interest rates to control inflation has been repeated so often, with the Fed's encouragement, that it has come to be accepted as an economic truth. Raising interest rates may deter inflation slightly given the presence of certain economic circumstances, but that is a possible effect of Fed policy rather than its purpose.

Indeed, the specter of inflation is so remote at present that even the Fed cannot pretend its new interest rate rise as reported by you on April 15 is designed to combat visible inflation. The new pretense makes the target "future" inflation and pursuit of an economically "neutral" rather than "stimulative" policy.

To understand the Fed's real purpose in raising rates, one must recognize two things.

First, the Fed is the overseer and protector of the country's banks, deriving its power from how well it takes care to advance the banks' interests. Second, interest charges are prices, exactly like the prices paid for sausages or milk, but these are paid for money borrowed rather than for goods bought.

When the Fed raises its discount rate, it increases its price for the money it lends to the country's banks. When it raises the Federal funds rate

that banks charge each other for overnight loans, it is allowing banks that have surplus cash (because their lending opportunities are lagging behind those of more fortunate banks) to participate in the loan-demand surge being experienced by the better situated banks. And when the banks themselves raise rates, they become more profitable enterprises.

The Fed raises interest rates when the banks make clear that the demand for money is increasing. What the Fed is doing is enabling the banks to profit to the fullest extent that the "traffic will bear," and enabling itself to profit through the higher discount the banks must pay for money they borrow from the Fed to meet the heavier demand they are experiencing from their customers. In turn, the Fed has more money on hand to lend to the banks because of the higher discount rate the Fed itself is charging. The entire banking system, from the Fed on down, is the beneficiary of increased demand for loan funds.

Ultimately, one of two things happens. Either the demand for funds slacks off, or the economy becomes overextended. But only in the latter case does inflation ensue. Given the state of the American economy, that juncture is not visible on the horizon. The Fed delights in casting itself as our economic manager and savior,

rather than as the board of directors for the country's money production enterprise — interested in maximizing profits for the enterprise just like any other enterprise's board.

This sophistry cannot go unchallenged. Raising interest rates is itself inflationary, for interest rates are themselves prices. Moreover, allowing the Fed to perpetuate the myth of its anti-inflationary power and role offers the country false comfort; the Fed's arsenal of counterinflationary "weaponry" is far too limited to prevent the general price level from rising. The American economy is a vast and complex mechanism, whose oscillations cannot be controlled by money manipulation alone, and it is idle for the Fed to pretend otherwise.

SAMUEL M. GREENHOUSE  
Boca Raton, Fla., April 25, 1994  
The writer is a retired economist. B 55

# Major Flaws Reported in Tests Of Cigarette Tar and Nicotine

*Continued From Page A1*

said in a telephone interview.

"We know that consumers do not smoke in exactly the same manner as the machine" used in testing, she said. "So the tests will not predict the actual human consumption."

Ms. Wilkenfeld said the commission was looking at alternatives to the tar and nicotine tests, and added that the pressure to make a decision had recently increased.

The commission's cigarette tests are done by machines that hold the cigarette and draw air through it in two-second puffs, repeating the puffs once every minute until the cigarette burns to the filter.

But cigarettes now include several features that make the machine tests

call the agency to ask why a faulty test remains in place and potentially misleading information continues to be allowed in advertising.

Mr. Meyers said that the F.T.C. and others had acted in good faith in trying to establish the testing program initially, but that the commission could be criticized both for sticking to the test for years after it became clear that the test did not match the way people smoke and for failing to explain the limits of the test in light of what we know today.

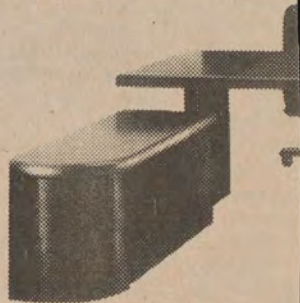
Critics of the tobacco industry suggest that the manufacturers have put holes in the cigarettes over the years to give better-looking results on the smoking machines and thus enticing smokers to their light brands. The companies deny this, saying that smokers are asking for lighter cigarettes and that they are trying to meet those demands.

Dr. Neal L. Benowitz, a professor of medicine at the University of California at San Francisco and an expert on smoking, said that giving consumers accurate data on how much tar and nicotine a cigarette delivered would be a major step forward in reducing smoking in the United States.

"Eighty percent of smokers say they want to quit," Dr. Benowitz said, and most smokers try lighter cigarettes but are "now unable to get a lighter cigarette even when they want it, because they don't have the information."

# DAI 40-70% SALE FRID

OUR ONCE A YEAR "ITALY"  
OVER. MISS IT AND YOU  
UNTIL NEXT YEAR. SO GET  
AND TAKE ADVANTAGE  
MANUFACTURER'S LIST PRICE  
FURNITURE. WE'LL EVEN DESIGN



# DAI

4/29

Dear Brian -

C-Span

WH - Native American Indians - Live coverage

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Just love the programming -- this is fantastic!

However, re the Supreme Court, we need another woman...I've suggested Janet Reno...but why not

WILMA MANKILLER .....

She is wise, sensational on all counts, a wonderful humane leader --

We also need to remind Americans regularly that ordinary people can be appointed to the court, and you do not have to be a lawyer!

Thanks

(She certainly would be a replacement for Thurgood Marshall!)

4/29

Dear Brian -

NIXON

Your program with Novak, Wicker etc...

A caller has just asked or stated that he mistrusted Nixon and the party he worked for finally, citing the deaths of his competitors from 1960 onward.

Tom Wicker...pretends he doesn't get it--but he does. Yes, Bobby Kennedy would have gotten the nomination---and won.

And yes, Nixon would have had a motive for killing JFK -- the humiliation of the 1960 defeat. And, a new opportunity to resurrect himself.

ALSO: Object to this stuff about "no one loved Nixon"...and evidently that was the Milhous branch? Maybe Nixon was unlov=able...maybe he couldn't be loved enough to statisfy him (greedy?)...but let's not blame other people for hiissins!

Thanks

Supervised  
AND AGAIN--Nixon when he was VP ~~took part~~ in the Bay of Pigs planning -- the called "Operation 40" -- and it did at that time include a plan for the assassination of Castro!

Thanks

4/29

Dear Brian - Nixon....

continuing...

FDR probably did more for the image of the handicapped than almost anyone else! He was president 12+ years... elected to four terms! We remember scenes of him swimming, he had 5 frisky kids, and we now know, he was conducting a long term affair! WOW!

JFK with all we heard about his illness, was one of our most energetic presidents -- intellectually and physcially. Do you remember the scene where the pony is eating apples out of his hand---didn't it mak you love life? It idd me.

The point here is Nixon recently talked about the alcoholism & depressions of Yeltsin! It was Nixon who was boozing in the White House, full of tranquilizers... imagining enemies, hiring plumbers...taping phones, wiring those who worked for him! Nixon looked normal...but he was avery distrubed man! (Remember Haig told us, he was running the WH in the last days.)

I too was interested in eharingsome rality about Bebe Rebozo...certainly Nixon hung out with Mafia-connected people..and yes, I think Nixon's lack of love-feelings... and his paranoia and self-hatred may have been a sign of society's hatred for homosexuals---and I could believe easily that this was Nixon's problem. Unfortunately, we most often progress on truth that comes forth in courage.

By the way, think of the fantastic gay couple -- Bob & Rod Jackson-Parisis...(body-builders) who have done such much politically and compassionately for homosexuals...how

*I'd like to see them in Congress...*

*I'm not gay, nor are my children..but they are just great--and the diversity and the shakeup would be thrilling!*

*By the way...they have a book out I've just read... A homosexual love story is as good as a heterosexual one. But their courage is thrilling.*

*Then contrast that with the deceit, hatreds, intimidations, thuggery, attack-dog styles, of Hoover and Nixon...society may have created these two monsters!*

*Thanks Brian--*

*Another called commented re the "lawlessness" of youth in the 1960's...(Remember the shock of the bombing of Cambodia? The shock of Kent State?) No. it was gov't that was lawless and our youth were reacting. I wish we had all paid more attention. What that woman was doing was blaming the victims!*

*How happy I am that we have President Clinton--who didn't go to VN.... Love him-*

Dear Brian 4/29--

Taking time from C-Span...

On occasion now I've got to admit that I am over at Court TV getting some new reality!

Cheatin on you Brian...but a lot of this translates into very human, important issues! Kevorkian has just prompted me to write a half-dozen letters about Medicide (assisted suicide) asking for legislation to approve it. The unfairness of Michigan bringng this man to trial and trying to jail him is outrageous! A law enacted simply for him! This is political brian!

The Menendez Bros...sexual abuse...certainly they could not have been abused if their mother hadn't been abused first--this goes to the heart of the problem with our society--male-dominated religion's oppression of nature and women.. and finally children!

When you see CNN out there doing all the fabulous environmental stuff...and you see elephants mourning their lost ones...you see chimps and apes and you love them--- I'm so happy I'm a vegetarian! But it's time to aright this society! Nature is dominant...we are dependent upon it-- and not the reverse. Environment is political. How we treat animals<sup>is</sup> becoming political.

Did you have any young girls at C-Span for "Take your daughter to work Day?" --Love ya all

5/4/94

Mr. Brian Lamb

C-Span

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Dear Brian---

National Health Care

I think the single most important question we can all ask -- and I hope C-Span will, often -- is:-

Will Congress be covered by the new plan?

How many Reps. & Senators are willing to be included?

Thanks Brian-

Of course, we need a plan which will include them!

5/5/94

Dear Brian --

*Welfare Reform Debate*

Couldn't watch all of this last evening, but think a good idea -- Looking forward to the Lincoln/Douglass debates!

However, I love it when we get a spontaneously close look at Representatives. Eleanor Holmes Norton is great! Tom Delay, calling out in hatred against "illegitimate children" shows his Christian-halo slipping.... He did not pass the test of legitimacy!

There are no illegitimate children or mothers---we have an illegitimate society which fails to help care for children and mothers.

They need help---and we must give it!

Also---I'm amazed at the GOP tactics of constant talk about "Democrat Majorities"---- Put yourself in womens' shoes for a moment and see if it is a demcorat Majority that threatens us...or if it is a male-dominated Congress, State legislatures, and Courts-!?

We need to end male-domination of goverment!

Thanks

Love C-Span!



5/5

Mr. Brian Lamb

C-Span

*Mother's Day & WW II*

*Felt myself tensing up as you announced that this weekend C-Span would begin a look back at WW II --*

*Unfortunately, all too often this tends to be a glorification of war and not a review of the issues---*

*Fascism, civil rights, Nazis, the Catholic Church and its role in creating fear and hatred for Jews in Europe (let's remember that very Christian nation...Germany, and that Hitler himself told us that he was merely imitating the Catholic Church!) etc.*

*In fact, men may use war to get attention....  
and to remember it may feed the wrong motives...?*

*While I trust you Brian -- you did a wonderful job on Vietnam....I think we must mention these fears.*

*Then again, my spontaneous solution to Bosnia would be to round up all the males in the former Yugoslavia and put them in detention camps and let the women in the area work out peace agreements...and get them going. Then I would release one male to one female...who would vouch to keep him out of trouble!*

*Thaks Brian*

Mr. Brian Lamb-C-Span

What's the difference between Anita Hill & Paula Jones...?

Well, for one thing Clarence Thomas was newly nominated (and this FBI report could have simply ended his experience--and we would have all been better off.) But the GOP wanted this right-winger on the court...and finally Prof. Hill agreed to be what can only be described as publicly humiliated to try to prevent this unsuitable man from sitting on the court (can you imagine that he replaced Thurgood Marshall!!?)...

We have not yet replaced Thurgood Marshall...and his colleagues on the court from O'Connor to Brennan to Blackmun have told us how essential his humanity was...!

The difference between Prof. Hill and Paula Jones is that Prof. Hill worked with Thomas where a pattern was established, and Ms. Angela Wright came forth to tell us how Thomas pressured her, and visited her apt. unexpectedly. Senator Paul Simon has said..."had it been known by more Senators at the time it "would have toppled Thomas." Rose Jourdain (EEOC speechwriter for Thomas) corroborated Wright's account of sexual advances by Thomas..."Made comments about women's anatomy quite often.." Pressured me to date him...and inquired, "What size are your breasts?"

(Roughly half a dozen current or former female govt employees made it known that Thomas had made sexual comments...one, Sukari Hardnett, went public with the charge but didn't testify..."the women were intimidated by Thomas and the process." (All of this related by the US News & World Report - 10/12/92)

That's what different Brian!

Safire also wrote a column yesterday denying he was writing about Paula! But he identified as his soulmates "Limbaugh, Reed Irvine (!), American Spectator! I've no doubt that he was working with Dole to discredit Bobby Inman. Anyway, he also is looking for retribution not only re Thomas and Hill, but for Bob Packwood!!!!

The Packwood charges were raised as he faced re-election. By dozens of women!!!!

IT IS OBVIOUS (and related to us by the likes of Jody Powell and Ellen Hume) that the right-wing just won't be shut off. Interest groups aren't treating these two women differently (as your guest Ruth Marcus-Wash Post suggested today)... They are two dissimilar cases...both on the same subject, but the right-wing is as confused as ever, basically always embittered, vicious, flailing about to destroy that in their way! Jody Powell tells us about the viciousness of the attacks on the First lady--in the Washington eateries and saloons.

PAULA JONES supposedly had a trooper come up to her to say "Clinton wants you to know you make his knees knock" and she proceeded with the trooper to a hotel room

where Clinton awaited her?

Suppose Anita Hill had told us this about Clarence Thomas!?

Anita Hill was working in an office, where many women experienced sexual comments from Thomas. Thomas also is a man of whom his classmates spoke openly about being addicted to pornography..."he was a lover of hard-core pornography."

Clarence Thomas didn't try to hide that fact.

Eventually he may sit in judgment on how pornography does harm to women!

Additionally...Brian, suppose she and Clinton did have a tryst behind closed doors? Unless someone has pictures and an undoctored tape recording how could we prove it voluntary or involuntary? If you were a lawyer would you take a case like this to court? Where was Paula Adams when Clinton was running for office?

This is basically unproveable....

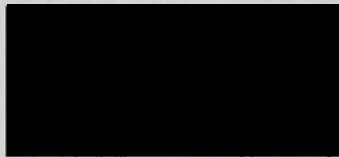
if it is true, we will have to wait for Clarence Thomas & Bill Clinton to topple themselves with new sinning....

Meanwhile, re Rostenkowski...Pres. Bush failed to declare capital gains on the sale of a residence...\$500,000 of capital gains! He had to pay the IRS an addl \$199,000---! (Not that I care about Rosty...let him go!)

And, did Bush make an open comment re Clinton's supposed thinking about invading Haiti?...I'd be shocked!

Yes! We have racist policy towards Haiti--

Thanks Brian---



PS: Nor did Prof. Anita Hill have lawyers visit Clarence Thomas' offices or the White House to arrange a deal where he could get the spot on the court---and she wouldn't speak up as Paula Jones has done!

Evidently (and: I hope you will check this for all of us....) Paul Jones' lawyers contacted the White House to make a deal: she wanted a job for herself and a job for her husband! And a financial deal!

Let's go Brian!

I saw Reed Irvine on that disgusting Crossfire show the other night 5/5 and he defended the lawyers' actions for Paula!!!! (Please check!)

5/5/94

Mr. Brian Lamb  
C-Span

Dear Brian--

Book Note Diversity .....

Applied to Economic Discussions---?

Recently, I heard you comment that when you look for books for "Book Notes" you try to avoid doing all the "Inside the Beltway" books--- (Though I'm disappointed you haven't done Madelaine Kunin's book--or did I miss it? But, I'm reading it now...)

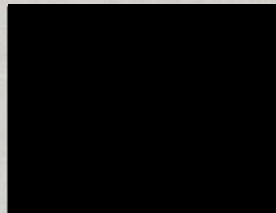
----So, today when I read these wonderfully diverse & practical and sane comments re the Economy/Jobs/Inflation & the FED---I thought, how sad that we never actually get to hear from people like this!

When it comes to opinions re government---all we ever get is the same old, same old opinions---on and on, forever more!

How about occassionally doing someone who breaks the ties with Washington and inside the beltway opinions?

Here are two sensational opinion-busters! How about it?

Yes or No...still love ya!



# Increases in Wages Don't Create Inflation

To the Editor:

"A Different Take on the 'Myth' of Inflation" (letters, April 27), three responses to the April 15 Op-Ed article by Laura D'Andrea Tyson, chairwoman of the Council of Economic Advisers, criticize her on tactics, but not on principle.

Discussions generated by Federal Reserve Board increases in interest rates, which were designed to decelerate economic growth, have focused on keeping unemployment above 6 percent (9 million people). Economists agree on the need to slow down economic growth, but disagree on action now to keep unemployment high. Ms. Tyson says not yet, predicting unemployment will anyway remain above her proposed floor of 5.9 percent to 6.3 percent.

The theory that wages push up inflation has been used to justify a 20-year downtrend in real wages in the face of rising productivity. This combination has accelerated income inequality — more billionaires at the top; more poverty at the bottom.

The wage-push theory is contrary to such concepts of justice as the human rights resolution of the United Nations: the right of all people able and willing to work to have a job.

And it is economically flawed. Prices are determined by the balance of demand and supply on the market for goods, often manipulated upward by private monopoly or government production limitations on supply. Wages are determined by the balance of forces between employers and workers, and the resulting division of the proceeds between capital and labor. The consumer market and the labor market are independent.

Labor's share has been so slashed in the last 20 years that it would take a very large increase, far beyond anything foreseeable, to restore the formerly prevailing distribution.

The most rapid rise in prices has been in pharmaceuticals, where wages are only 6 percent of value added by manufacture. Hardly wage-push inflation here. And Ms. Tyson unwittingly provides another example. She states that if unemployment remains high and wages low, which she expects, "the economy seems well positioned to experience a decade-long phase of steady growth and modest inflation, such as it did from the mid-1950s to the mid-1960s."

Her research is half-right and all wrong. Indeed, between 1955 and 1965 consumer prices increased only 1.6 percent a year, the lowest for any postwar decade. But wages went up twice as fast: 44 percent, or 20 percent in real terms. And unemployment averaged well below the "inflationary" range cited by Ms. Tyson and others.

No. Measures are required to reduce unemployment sharply, through shorter hours without reduction in pay, large-scale programs of public works, of housing, education, environment — programs that require the employment of millions of workers. And inflation should be prevented by curbing price gouging by private monopolies and by ending government price increases, as in postal rates and transit fares.

VICTOR PERLO  
Croton-on-Hudson, N.Y., April 27, 1994  
The writer is an economic consultant.

## Unite, You Unemployed

To the Editor:

"Growth of Jobs May Be Casualty in Inflation Fight" (front page, April 24) reports the concern of the Federal



Horacio Cardu

Reserve Board and many economists that the danger of inflation would increase if unemployment fell below its 6.5 percent rate. The Federal Reserve has raised interest rates three

times to slow the economy so that fewer jobs will be created.

The net effect of this policy is to deprive the 8.5 million individuals unemployed (and some 6 million who have been locked into involuntary part-time jobs) of the hope of finding decent-paying, full-time work. Thus, the unemployed, victims of the recession, are victimized again now that the economy has strongly recovered.

In 1978, Congress passed the Humphrey-Hawkins Full Employment Act. It set a governmental target of a 4 percent unemployment rate to allow for structural changes in the economy and the movement of workers seeking new jobs. Some reputable economists thought the 4 percent rate too high. Yet, since then, unemployment has never declined below 5 percent, and today, in what is described as a booming economy, the unemployment rate is stuck at 6.5 percent, with many cities and states experiencing even higher rates.

It is questionable that there will be such a surge of rehiring that employers will have to pay higher wages to attract workers and thus stimulate a rise in inflation. The trend among corporations has been to shrink employment opportunities by using labor-saving technology, downsizing work forces and moving factories overseas to low-wage countries. One economist you quote says of this country's unemployed workers, "We need this pool to meet the normal demands of the labor market."

It is apparent that we are receiving a replay of the scenario of "The Forgotten Man" of the 1930's, but with this difference: whereas during the Great Depression there were organizations of the unemployed that fought militantly in their behalf, today no such organizations exist. The unemployed are politically powerless and easy targets to be dumped on. The A.F.L.-C.I.O. beset with many problems, has shown little interest in actively championing the unemployed.

In the end, the unemployed themselves may need to develop their own leaders.

HARRY KELBER

Brooklyn, April 25, 1994

The writer is a retired professor of labor studies at Empire State College, SUNY.

5/6

Mr. Brian Lamb-C-Span

Dear Brian--

FED Goes Ghosthunting...

Here's another off-base look at the economy...

Can we remember the oil shock of the 1970's and the truth about those days?

How much did the cold war contribute to the wealth of the American-based oil companies in keeping Russian oil off the market?

What of the real unemployment figures? My daughter has just now gotten a job, full time, with benefits---try this: College degree \$22,360 p.a. Apt. \$600 per month (this is a studio in a safe area)....She will go to graduate school paid for by the college she is working for. How does she pay her college loans, or even have money for cloathing? (Oh, her health care costs \$14 per week...but that's a big savings because it was costing us \$200 per month to cover her!) when she was working part time, no benefits. This all took one year from graduation to accomplish---and my son graduates this May. Meanwhile...I'm looking to start a new career. Waht do I face?

The FED is intent on killing this very weak economy. It look political to me.

I wish C-Span would invite Prof. Thurow....Americans need to ehar the truth about the FED...and different ideas on the economy---including increasing Minimum Wage, all wages, and shortening work hours.

Thaks

By Lester C. Thurow

**T**he Federal Reserve Board has been spooked by the ghost of inflation. In its panic, the Fed has raised interest rates three times, taking everyone by surprise. Long-term bondholders have lost billions and international currency markets have been rattled. Yet the Fed's economists admit they can't point to even a hint of inflation in the current numbers. They are missing the obvious: the 90's are likely to be an inflation-free decade, and their interest rate hikes will squash the current economic recovery.

The 70's and 80's were inflationary times. The failure to raise taxes to pay for the Vietnam War led to slowly

Lester C. Thurow is professor of management and economics at the Massachusetts Institute of Technology.

accelerating inflation that exploded with the oil and food shocks of the 70's. Inflation stubbornly receded in the 80's. If the effects of surging health care costs are subtracted from inflation figures, it is clear that more prices have fallen than risen this spring.

Sophisticated investors including George Soros, Citicorp and Bankers Trust took huge losses because of the Fed's action. They were betting on low interest rates because they had no worries about inflation. The Fed's economists contend that it takes 12 to 18 months for higher interest rates to stop inflation, so they are acting now to prevent renewed inflation in 1995. In the Fed's view, the economy is so prone to inflation that even this slow recovery from the 1991-1992 recession — 3 percent growth in 1993 and 2.6 percent in the first quarter of this year — represents an overheated economy.

The 90's began with a deflationary crash in asset values: property prices in the United States declined by up to 50 percent. This trend spread to England, flattened Japan and is now rock-

ing Germany. While the U.S. stock market has risen (the money flowing into pension and mutual funds has had nowhere else to go), the inflation-adjusted fall in the Japanese stock market in the 90's has been bigger than the decline in the American stock market from 1929 through 1932. Worldwide, hundreds of billions of dollars in wealth have been wiped out.

One traditional cause of inflation is a shortage of labor, which drives up wages. Yet global unemployment rates are reaching levels not seen since the Depression. Spain reports 24 percent and Ireland and Finland not much less. In the U.S., if one adds together the officially unemployed, discouraged workers who have stopped actively searching for work and those with part-time jobs who want full-time work, 15 percent of the labor force (19 million) is looking for work.

The Fed is worried that an increasing number of U.S. companies are running close to their production limits — that they will be unable to keep up with the demand for goods, thus

driving up prices. But in today's global economy, what counts is world capacity, not U.S. capacity. No American will have to wait for a new car: since auto makers in Japan and Europe aren't producing at anywhere near capacity, U.S. producers aren't going to raise prices and sit by and watch their market share erode. While America's economic recovery is under way, the rest of the industrial world shows no sign of coming back; until it does, inflation will not quicken.

The demise of the Soviet Union and the effective collapse of the Organization of Petroleum Exporting Countries in the aftermath of the Persian Gulf War means there will be no repetition of the energy or food shocks of the 70's. What has been happening in aluminum will be repeated in most raw materials: 1.3 million metric tons were exported from the former Soviet Union in 1993, causing the lowest real (adjusted for inflation) prices in history.

Oil prices are lower in real terms than before the first OPEC oil shock in the early 70's, yet exports from the former Soviet Union have barely begun and Iraq has yet to be brought back into world oil markets. When Ukraine comes back into production (it was the world's largest exporter of grain in the 19th century), food prices will plunge.

The decline in real wages that began in the U.S. and is spreading across the industrial world further undermines the Fed's contentions. Among American men, salaries are falling at every education level for those in the bottom 60 percent income bracket, real wages are 20 percent

and Chinese) are going to be joining them. Inflation is going to be impossible in any country with open borders: lower-priced goods will flood in from low-wage countries.

**I**n addition, the layoffs at big U.S. companies with high wages and good benefits are unrelenting. More than 109,000 jobs were cut in January, a record. Getting rehired after being laid off usually means a cut in pay, and the competition for these lower-paying jobs drives overall wages — thus inflation — further down.

Since World War II, American companies have typically held prices constant, or even raised them, while distributing the fruits of productivity in the form of higher wages or profits. But under the pressure of international competition, that system is rapidly eroding. In the 90's productivity gains will lead to lower prices, not wage increases.

Large manufacturers are forging new arrangements with their suppliers. For example, Chrysler used to have hundreds of suppliers, but it has given a few of them exclusive rights to supply all of its parts, and Chrysler engineers will give them design information. In exchange, the suppliers will lower their prices every year. In such scenarios, the manufacturers will in turn pass their savings on to customers in the form of lower prices.

At least one member of the Federal Reserve Board has extolled the virtues of zero or negative inflation. This ignores a tenet of capitalism: it doesn't work very well when prices are falling. When prices fall (and many prices must fall to have zero inflation, since some prices will always be rising), the smartest move is to postpone purchases. With prices lower tomorrow, only a fool buys today. So investment falls as people forgo entrepreneurship to become inactive rentiers. Money in the mattress becomes the only smart investment. Deflationary times are tough times.

Yet the Fed is intent on killing a very weak recovery that has yet to include most Americans. The 7 percent growth rate in the fourth quarter of 1993 was heavily concentrated in housing, automobiles and business equipment. High interest rates will hurt these sectors, and the Fed's large rate increases have hit the economy at a time when growth has already slowed dramatically.

Since January, interest rates on 30-year Treasury bonds have risen 1.3 percent and those on 30-year fixed rate mortgages have risen 1.5 percent. These rates did not soar because of worries about inflation. Rather, they reflect the payoff that investors must demand to protect themselves from a Fed that thinks inflation is about to rise from the grave. The Fed's erratic behavior has also led to a currency crisis that made necessary Wednesday's billion-dollar effort to protect the dollar. While nobody has ever been hurt by ghosts, investors are showing that they have real reason to fear a ghost-busting Fed.

## Raising interest rates is killing the recovery.

below 1977 levels. Women with a high school education or less have seen their wages drop, and it looks like the same will happen to college educated women soon. At the same time, productivity is increasing at the highest rate seen since the 60's. Wages down, productivity up — that simply isn't the recipe for inflation.

Economists differ on the causes of falling wages. Immigration and technical innovations are partly responsible, but some worldwide trends are also behind it. The communist bloc did not run very good economies but it ran excellent education systems. One-third of the world's best physicists, if some of the Russia for \$100 per a can be hired in anyone pay a third, why should physicist \$50,000 a year? American

In the 80's, only 60 million in Singapore, South Korea, people in and Taiwan were expunged. With the decline of state oriented East Asia, hundreds of millions of third-worlders (two billions of

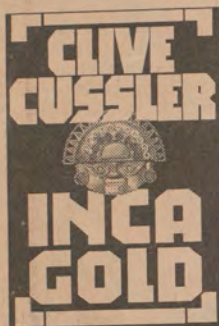
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## The Curious Flood of Praise for Richard Nixon

To the Editor:

De mortuis nil nisi bonum: "say nothing of the dead unless it be good" is all very well, but the sudden flood of praise for Richard Nixon, now that he is dead, by television and print pundits is mainly hypocritical piousness. It is less surprising that William Safire should declare him "America's greatest ex-President" (column, April 25) than that even journalists like Sam Donaldson should join in hagiographic appraisal.

Most American ex-Presidents have chosen the quiet, elder statesman, avuncular role as opposed to Mr. Nixon's relentless self-promotion on any television program that would accept him and on periodic publicity-seeking trips to foreign capitals.

The greatest ex-President in America's history was John Quincy Adams, who, after serving one term as our sixth President, returned to Washington and served modestly and effectively in the House of Representatives from 1831 to 1848 — a role that Mr. Nixon and his current sycophants would find *infra dig*. LEON HARRIS  
Dallas, April 25, 1994

### Saddened by the Loss

To the Editor:

Having had the privilege of serving President Nixon as Deputy Assistant for Congressional Relations (1971-

74), I am saddened once again by the loss of this brilliant and singular man. "Once again" because first the "Beltway," obsessed with Watergate's histrionics, helped deny the world his leadership.

I hope all Americans, especially the young, remember that today's world is a safer place because of Nixon's Presidency. The collapse of Communism, decreased tension in the world's nuclear arsenals, Middle East peace talks, Federal revenue-sharing, Government involvement in environmental concerns, Federal antidrug programs, the all-volunteer military and much more — all had their embryonic beginnings with his leadership 25 years ago.

We are reminded continuously of the darker side of his Presidency. We should also remember the context of those times — an unending war in Southeast Asia, an unpopular draft at home, the growing military strength of our great adversaries, and the leaking of classified documents.

Clearly elements of the Watergate episode were contrary to our Republic's democratic spirit. However, one wonders how today's "Beltway" would have handled Lincoln's Civil War suspension of constitutional liberties or F.D.R.'s secret involvement in Europe's conflict before Pearl Harbor. One now clearly comprehends how our nation's chief executive be-

comes immobilized. The "besieged Presidency" began with Lyndon Johnson's Vietnam and continues with Bill Clinton's Whitewater.

Having seen firsthand both the good and bad of the Nixon years, I am very thankful we had such a man at the right time to change our nation's course in history. Destiny has never given us perfect leaders. But only Richard Nixon, with his political role beginning in 1947, could have made such a great difference in reshaping the world's future. Our country and every President since his tenure has benefited because of his service as our 37th President. He was truly the last of this century's great leaders.

BRETT M. KLYVER

Kihei, Hawaii, April 25, 1994

### Insulted Institutions

To the Editor:

On Wednesday this country was asked to commemorate the memory of a President who contravened the U.S. Constitution and was ejected from office for seriously breaking the law. Had he not been given a Presidential pardon, Richard Nixon would have gone to jail like the other Watergate conspirators. I can understand Bill Clinton's motives for flying the flag at half-staff — he too would like assurance of immortality from the Presidents' Club. But us? What reason could we have for remembering a man who insulted our political institutions?

ELLIOT NEAMAN

San Francisco, April 28, 1994

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Mr. Brian Lamb

C-Span

Good Morning Brian...Watching you and PJ O'Rourke, and Wm. Greider... (love 'em!)

First of all -- though PJ wanted to bury it, the woman who called to suggest we have no left in this country is perfectly correct!

Imagine, we think of Geo. Mitchell as a liberal! I volunteer the name of BEN BAGDIKIAN (hope I got spelling right..) who wrote "media monopoly" Actually, think I saw him once via a lecture from University of Wisconsin carried on C-Span... I also love Chompsky!

PJ certainly fouls the air: "Watergate could have happened to anyone; it was in the air." (!!!!!) Please!

But Part II of the woman's comments...Sports is used to sideline males, to keep them from working politically for issues that would change the country. How do they get the illusion that sitting watching sports will change their lives? Will watching sports get them jobs? Or educations? Medical Reform? A mortgage? This is an issue -- and PJ recognized that, and avoided it. Basically, sports is sold to men as "macho"-- Really? Odd concept isn't it? You sit on your couch, or in a stadium and you're macho...!

RE MAKING NIXON A GOOD GUY...Note today's NY Times...Front page:-  
"A straight arrow, painfully shy, a classic loner, conspicuously formal in dress and manner(though under pressure, as the Watergate tapes showed, he could swear like a stevedore)" Does that sound like Nixon? He was seen in reflection to be allied with people of criminal intent early on -- certainly by the end of his military service. He has been working with people connected to the Mafia all his years. And from first to last (see the good-bye tape in the White House) he is full of self-pity for his non-wealthy youth. And, boy, doesn't he sound macho: "Swears like a stevedore"--yet, much of the language we hear on the tapes is anti-Semitic! And lastly, if you want to talk about sex stories -- we hear strong rumors that he was homosexual...They don't sound outrageous to me... it may serve as an explanation for much of his life.

Thanks Brian!

PS: Note you played the interview with Nixon ...and he comments, "Politics is the best sport!" -- Lastly: No one ever asked him about his involvement in the Bay of Pigs planning while he was VP. It was Operation 40...and it included plans to assassinate Castro. Thanks!

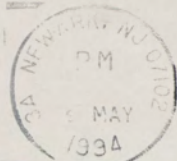
More liberals at least: Lee & Solomon who wrote "Unreliable Sources" a few years ago.

Mr. Brian Lamb

C-Span

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