

Winners want more inflation

Powerful interests learned to profit from the inflation of the 1970s. Now these inflation junkies would be glad to see its return. For a primer on the inflation pushers, see Page 7.

Look back or turn to future?

For years business editors have bombarded readers with year-enders — pieces that rehashed the previous year. Today's editors seem to be taking a different approach. See Page 4-5.

# The Business Journalist

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Society of American Business and Economic Writers

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## Saturn scoop

Sources are key to big exclusive

By Ann M. Job  
Automotive writer  
Detroit Free Press

Despite its hype, the story about where General Motors Corp. would locate its Saturn car plant earlier this year was just another beat story for me, with one exception; I switched sides in the Detroit newspaper war a month before I broke the Saturn site story. That gave me a whopper of a copyright story at my new employer, The Detroit Free Press, and aced out my former employer, The Detroit News.

I have been an auto/labor writer in Detroit for nearly four years — at the Associated Press, The News and now The Free Press — and when it came time to dig deep to break the Saturn story, the sources I had developed on the beat over the years made all the difference.

And if I had to offer advice about developing sources, I would say simply: Find the good people on your beat, the ones whose company you enjoy, and treat them well.

I still don't divulge my Saturn sources



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— that's part of my pledge to treat them well. In fact, some sources go so far as to leave fake names we have worked out together when they call me at the office and leave messages. That way, not even my co-workers at the Free Press can tie them to my stories.

The sources and I have enjoyed long lunches, chats about personal lives and philosophies, a few drinks — all in the process of getting to know one another.

It takes time — time that sometimes spills over from work and into weekends and evenings that for most of us are re-

served for our personal lives, not work.

It makes for long work days, as do breakfasts at 7 a.m. or dinners at 8 p.m. How about taking sources to football or baseball games on the weekends? And

See INDUSTRY, Page 3

## Bankruptcy court filings can be a rich story source

By Steve Row  
Business editor  
Richmond News Leader

Whether it's Manville Corp. or A.H. Robins Co. of Acme Widgets Inc., the decision by a local company to file for bankruptcy usually is news. Writing about bankruptcies is not difficult, but there are some pitfalls that should be avoided.

First, it's not a pleasant task, particularly if the company is one you have written about before. In addition, the information available through court documents usually is "bare-bones" and must be expanded through contacts with sources who often would just as soon not want to be associated with a company in bankruptcy.

How do you write about bankruptcy petitions? First, check with your nearest

federal court clerk to see if there also is a bankruptcy court and clerk in the same building. If there is, make a point to meet the clerk and explain that you are interested in following the bankruptcy petition of a certain company.

Find out from the clerk whether he or she would be willing to read information from petitions over the telephone, or whether you will have to inspect the documents yourself as they are filed. Find out also if the clerk will notify you of any interesting petitions, or ones filed by well-known people or companies, during your routine telephone checks.

If your closest federal court does not have a bankruptcy court, find out where the nearest one is. Not all federal courts have bankruptcy courts, but most do. You might also obtain the "U.S. Court

See BANKRUPTCY, Page 6

## Society in solid shape, new president observes

By Mike Millican  
SABEW president

The view from the president's desk is pleasant. Our society continues to grow and attract new members from a wide array of the business journalism field. Our convention next May in Denver is shaping up. The Business Journalist has grown into a journal we all can be proud of. And we are in good shape financially.

Executive Director Jimmy Gentry reports that the membership now stands at 266, including 19 applicants since May's New York meeting. That also includes a lot of members who have not paid dues, and Jimmy estimates that, when they are pruned from the list, we'll have about 250 active members.

That's a healthy number. And the growth is coming from all directions — the Chicago Sun-Times, the Fort Worth Star-Telegram, San Diego Tribune, Wilmington News Journal, the Stillwater

### President's letter

(Okla.) News-Press, the Hawaii Tribune-Herald in Hilo and the Modesto Bee, to name a few of the newspapers. Other applicants come from Money magazine, the American Banker, Georgia Trend magazine and New Orleans Business.

SABEW faces 1986 stronger than ever. And Susan Bischoff reports that the program committee is building a solid schedule for the Denver meeting.

It will open formally on Sunday evening, May 4, at the Marriott Hotel in downtown Denver. But, as with the 1984 Tampa meeting and this year in New York, we are planning a Sunday program to catch the flavor of the location. So arrive by Saturday night, and bring your skis.

See CONVENTION, Page 3

## Business Journalist

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Editor  
Fred Monk

Managing Editor  
James K. Gentry

Assistant Editor  
Elizabeth B. Ring

Economics Editor  
Stephen Buckles

Graphics Editor  
Susan C. Schuyler

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### SABEW Purpose

Members of the Society have joined together in the common pursuit of the highest standards of economic journalism, through both individual and collective efforts. Recognizing that economic freedom is inextricably linked to political freedom and that an informed citizenry can ensure that these freedoms are sustained, it is the Society's mission as an independent, not-for-profit organization to encourage comprehensive reportage of economic events without fear or favor and in a manner in keeping with the proud heritage of American journalism.

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# Inflation creates myths, but has some real effects

By Stephen Buckles

The article by John Makin that appears on Page 7 of this issue of The Business Journalist is a clever, somewhat tongue-in-cheek (I assume) description of how some individuals and businesses benefit from inflation and how they have suffered from the slowdown in the rate of inflation. Makin's article gives me an opportunity to discuss the myths and realities about the costs of inflation.

The primary myth about inflation is that consumers are worse off because prices increase faster than incomes, and thus consumers cannot buy as many goods and services. The facts show, however, that this is indeed incorrect, because on average, incomes and wages increase during inflationary times just as prices of goods and services. Wage increases sometimes do lag price increases, but over the long run, increases in wages have been greater than increases in prices.

This is not to argue that all real incomes increase during inflation. Individuals who live on fixed or relatively fixed incomes do suffer. However, the indexing of Social Security and some pensions has reduced the number of individuals on fixed incomes.

A second common myth is that borrowers benefit during inflation and that lenders are hurt. That argument is based on a correct analysis that during inflation, borrowers pay back lenders with dollars that are not worth as much as the dollars originally borrowed. However, the conclusions are not true if the interest rate charged takes account of the inflation.

Interest rates normally rise during inflation. Lenders anticipating inflation will charge higher interest rates. If interest rates are sufficiently higher, the lenders will be compensated for the loss in the value of the dollars being repaid. So borrowers benefit and lenders are hurt by inflation, only if that inflation is unanticipated or not factored into interest rates. If inflation is not perfectly anticipated, which is usually the case, lenders are hurt if inflation is underestimated, and borrowers are hurt if it is overestimated.

Inflation also redistributes income to those whose assets increase in value by more than the average increase in prices from those whose assets increase by less than average. All of this redistribution is arbitrary, and that may be one reason so many people find inflation distasteful. I imagine that most of the



Buckles

## Economic notes

losers blame inflation for their losses, but the winners such as those described in the Makin article see credit inflation. The winners are more likely to see that it was great wisdom and foresight that I see their gains.

There are other costs of inflation. Businesses pay more attention to managing financial assets during inflation because of the higher opportunity costs (interest rates) of not doing so. Less attention is paid to managing truly productive assets. Thus we may lose as production of valuable goods and services is not as great as it would otherwise be. This is sometimes referred to as the "shoe leather" cost of inflation. That is, shoe leather is used up in making back and forth to the bank to shift funds into higher interest bearing accounts. With no or little inflation that shoe leather (those resources) could be used to expand production of goods and services.

Makin identifies farmers buying land and other investors buying real estate, precious metals and the gainers from inflation. When such purchases occur in a widespread fashion, it means less investment in stocks and bonds, thereby providing less money for businesses to expand their productive capacity. With smaller increases in productivity resulting from inflation, economic growth slows, and we all are worse off.

With increasing inflation, there is increasing uncertainty as to future prices. That is, it is difficult to perfectly anticipate the rate of inflation. Because of this uncertainty, businesses become less willing to invest in long-term investments and contracts, and productive activity results. And lenders may also even higher interest rates to protect themselves against the possibility that inflation will be even higher than predicted. The higher interest rates will mean less investment in plant and equipment than would otherwise take place. Again, we all are worse off.

But perhaps the biggest cost of inflation is due to policies that are eventually used to reduce inflation. The president and Congress undertake fiscal policies to slow down the economy, or if the Federal Reserve begins restrictive monetary policy, production and unemployment increases. Jobs are lost at the expense of significant personal suffering to many and the production to all of us. And in some instances, such as the recession of the early 1980s, those losses can be significant.

## Committee to conduct survey

The society's Long-Range Planning Committee is putting the final touches on a survey of members designed to help set the society's future direction, said Dave Beal, past president and committee chairman.

The survey should be in members' hands before the end of the year. Results will be compiled and presented to directors before the 1986 annual meeting in May in Denver, said Beal, business editor of the St. Paul Pioneer-Press & Dispatch.

Among topics to be explored are the desirability — and feasibility — of regional meetings, the appeal of various annual meeting activities and what members expect of The Business Journalist.

Beal said members can expect the survey to be lengthy. But he stressed that completing it and returning it will be important.

"The society has seen a large influx of new members in the past year, largely as a result of our affiliation with the University of Missouri-Columbia and its Business Journalism Program," Beal said. "Since many of these new members were unable to attend the last annual meeting in New York, it has been difficult for the society's leaders to determine exactly what they expect."

In addition, longstanding society members have expressed interest in expanding activities beyond the annual meeting and the newsletter.

"The survey results will be an important guidance tool to take the society through the rest of the '80s and beyond," Beal said. "A high response rate is essen-

tial."

The survey was compiled by Michael Grimaldi, assistant business editor of The Kansas City Star, in consultation with Beal and other members of the Long-Range Planning Committee: Pamela Luecke, business editor of the Louisville Courier-Journal; Susan Bischoff, SABEW vice president and business editor of the Houston Chronicle; society president Mike Millican, business editor of the Associated Press; and Mitchell, immediate past president and currently on sabbatical from the San Jose Mercury News.

## Calling all copy

With this issue we begin our second year at SABEW's national headquarters and publisher of Business Journalist. The issue continues the basic format that has evolved: society news, pieces on how to do your job better and pieces on important economic/business issues.

Our primary complaint continues to be the dearth of copy from our members. You will notice that very few SABEW members have bylines.

Our lead piece is from Ann Job. We got to know her as a Davenport Fellow last summer and she wrote the story at our request. The guest column from Susan Baily resulted from a Fred Monk request.

Come on gang. We need more of you involved.

James K. Gentry

# Minority hiring requires a special effort

By Steve Bailey  
assistant business editor  
Boston Globe

In early 1983 a team of Globe reporters focused on race relations in the Boston area and the status of blacks in the workplace. In a city as infamous for its racial problems as it is famous for its Celtics, it was a topic that could not be discussed too often.

The Globe won a Pulitzer for its efforts, the 11th since 1966. But, in the process, the Globe found out some things about itself — some things that both embarrassed and concerned it.

The paper, it reported in its own series, was doing no better in hiring and promoting minorities than the other industries its reporters were covering. Worse, in fact.

Of full-time and part-time workers on the payroll of The Globe Newspaper Co. in April 1983, only 69, or 2.9 percent, were black. In contrast, 6.5 percent of the employees of all private employers in the Boston area were black.

Only 13 of 1,260 blue-collar workers were black, none of the nine officers of The Globe's parent company, Affiliated Publications Inc., or the 11 members of the board of directors were black.

The record of the newsroom was better: Although all seven of the editors on the masthead were white, 21 of the 221 editors, reporters and artists at The Globe were black, or about 6.3 percent.

The Globe probably was doing better than most big-city newspapers, but the numbers forced it to act. In October, six months after its series, The Globe signed an agreement with leaders of the black community committing the paper to a goal of making sure that one in four of all outside hires for the next five years was a minority.

There has been progress. In 1984, the first year of the agreement, 21 of 81 full-time discretionary hires (those not restricted by union contracts) were minorities. That is 26 percent for the newspaper as a whole, and the numbers for the newsroom were at least as good.

But it hasn't been easy. It is a seller's market for good minority journalists, and that is particularly so on the business pages, which have traditionally harbored white males, all too often of the over-the-hill variety.

There currently are nine editors and 12 writers in The

## Guest Forum

Globe's business department. From the perspective of a business editor in a medium-sized town struggling to put out a section with a staff of maybe two, 21 editorial staffers may seem generous. But as every editor knows, demands always outstrip resources.

Of the 21, all nine editors are white; two of the 12 reporters are minorities. The last seven outside hires, all made in the last two years, have included three minorities. (One has moved on to become city editor.)

The Globe business page has had one opening since January. It probably will go to a minority reporter. In a department as pressed for bodies as ours, the fact that we have carried a vacancy for these months says a lot about problems of hiring minorities in business journalism.

Every hire is precious. A bad story is gone with the next day's paper — or, at least, the day after once the correction is out of the way. But a bad hire is a mistake that can hang on for years. No one wants to make a mistake. No one wants to take a chance.

Some believe newspapers will have to lower their standards to fill minority spots. Others think it's more a matter of "growing your own" — hiring a good, young black reporter or editor and giving him time to develop.

That has been fairly successful at The Globe, including on the business page, where the paper has hired relatively inexperienced staffers in a one-year training program that allows management to evaluate the staffer and the staffer has a chance to evaluate The Globe.

Part of the problem is the way we look for minorities. Newspapers, like most of the world, still function largely through the good-old-boy system. Editors, in search of job candidates or references, call other editors or colleagues for suggestions or recommendations.

In most cases, it's a matter of a white editor calling another white editor, neither of whom has any idea where to find a black reporter. (And if the first white editor did, he probably wouldn't tell the second white editor.)

There are some fairly good places to begin looking. The Institute for Journalism Education, which runs programs for minorities in Berkeley and Tucson, is good. And a call to Mary Bralove at the Bagehot Program at Columbia and Jim Gentry at the Davenport Program at Missouri can be worthwhile.

The Globe has an executive in charge of minority hiring for the newsroom and also sends its minority reporters to job fairs and other functions to recruit other minorities. But still, as many candidates come in over the transom or through the good-old-boy chain as any other single source.

It can be a frustrating search. Most editors would rather spend their time chasing stories — not reading clips, doing interviews and checking references.

The pool for business reporters is several times narrower than for general assignment reporters for a city room. Many reporters want to do the takeout on "The Future of Work," but then there is the matter of the Gillette earnings and the Digital annual meeting.

And the pool gets even narrower for minority business reporters. For the most part, any good reporter who can write a little and is interested in business can do the job. But precious few of those come in through the front door. The best candidates come from other publications — from the big-city and small-town dailies in Atlanta and Daly City, Calif., or places like Forbes or the trade books.

Such aggressive recruiting has its own frustrations. Candidates scooped up in such a search are those not actively in the job market in the first place.

Even if after the clips are read, the interviews done, the references checked, they do turn out to be hiring material, they may decide to stay put. In this seller's market for minority business writers, few papers are going to let their best people get away easily.

It's a search that costs time and money. And it involves many dead-ends.

The answer may be that minority hiring is different. Those of us in business journalism often criticize companies for far too often sacrificing long-term plans for short-term results. Newspapers, too, are going to have to take the long view. Editors are going to have to spend much more time finding good minority candidates, and in many cases, be willing to "grow their own."

And, every once in while, take a chance.

## Convention includes trip to Keystone

Continued from Page 1

Sunday morning, we will drive into the mountains to the trendy ski resort at Keystone, about two hours outside the city. The program there will include a session on the ski industry, a half day on the slopes for the intrepid and shopping or sightseeing for those who do not like to mix May and snow.

Anne Gordon, business editor of the Denver Post, is arranging the Keystone trip. Lynde McCormick at the Rocky Mountain News is setting up a seminar on investment writing. Another panel will pair off Adolph Coors Co. executives with outside critics.

The rest of the program is in flux but will include high-level speakers, panels and workshops. Again, we are working for a mix of compelling newsmakers and sessions on professional development. We don't yet have a price for the meals and receptions, but Susan expects the room rate to be about \$85 a night for a single and \$95 for a double.

As in New York this year, members of the board of governors should plan to be in Denver in time to attend a 3 p.m. board meeting on Saturday, May 3.

Financially, SABEW is robustly healthy. The treasury stands at about \$15,000. The society subsidized the New York convention by less than \$2,000, and the Denver meeting should easily break even.

The best news is last — Carol Buck-

hout's wounds are fully healed.

Those of us at the New York meeting were stunned to read in the paper that a deranged woman attacked Carol with a knife in Penn Station, stabbing her several times in the back and chest. Carol and her husband, Wayne, business editor of the Columbus Citizen-Journal, had left the SABEW meeting to catch a train to his parents' home on Long Island. Carol was washing her hands in a rest room when she was attacked from behind.

"She is completely recovered and doing remarkably well," Wayne reports. "She's busy planning our little boy's first birthday in a few days."

The woman who attacked Carol pled guilty and has been sentenced to six-to-10 years in state prison.

## Job information

The Detroit Free-Press wants to update its files for reporting and editing candidates. If interested send resume and selected clips to Alan Lenhoff, business editor, 321 W. Lafayette, Detroit, or call 313-222-5392.

The Kansas City Business Journal, a weekly paper, is looking for a utilities reporter.

For information contact Mark Pawlosky, editor, at 3527 Broadway, Kansas City, Mo., 64111, or call 816-561-5900.

Business Age, a new bi-monthly magazine for businesses with staffs of less than 50 employees, is seeking freelancers.

For information contact Rosanne M. Bane, editor, P.O. Box 11597, Shorewood, Wis., 53211, or call 414-332-7507.

## Industry comings, goings provide clues to sources

Continued from Page 1

don't forget the secretaries. How about taking a source's secretary to lunch, or just stopping to chat with him/her rather than rushing by to get to the source? In many cases, it wouldn't have been much good for me to develop a source if I hadn't won the support of the secretary, too. Who else will track down the source when I call?

I make a point of just shooting the breeze with sources on some occasions, just to show my sole interest is NOT work, but also how they are getting on. I send them stories — mine as well as those from other periodicals — that I think will interest them. That's how I've developed some sources whom I have yet to meet personally. They're in other cities, but they're appreciative of receiving updates on the auto industry from Detroit, and we talk on the phone periodically to exchange more information.

I watch the comings and goings in the industry — who's hot and who's out. Sometimes the hot shots want to talk, because of ego maybe. Other times, the disgruntled ones want to get some things off their chests. It's worth checking on.

I like to get a handle on the politics, too. It can help a reporter decide whom to ask about issues, personalities and trends, especially if you don't want to get the "standard line." Often, the political agitators have a base from which they work, where new stories also can surface.

I try to mix my sources — develop a network of people in labor, management and academia who, together, have a good

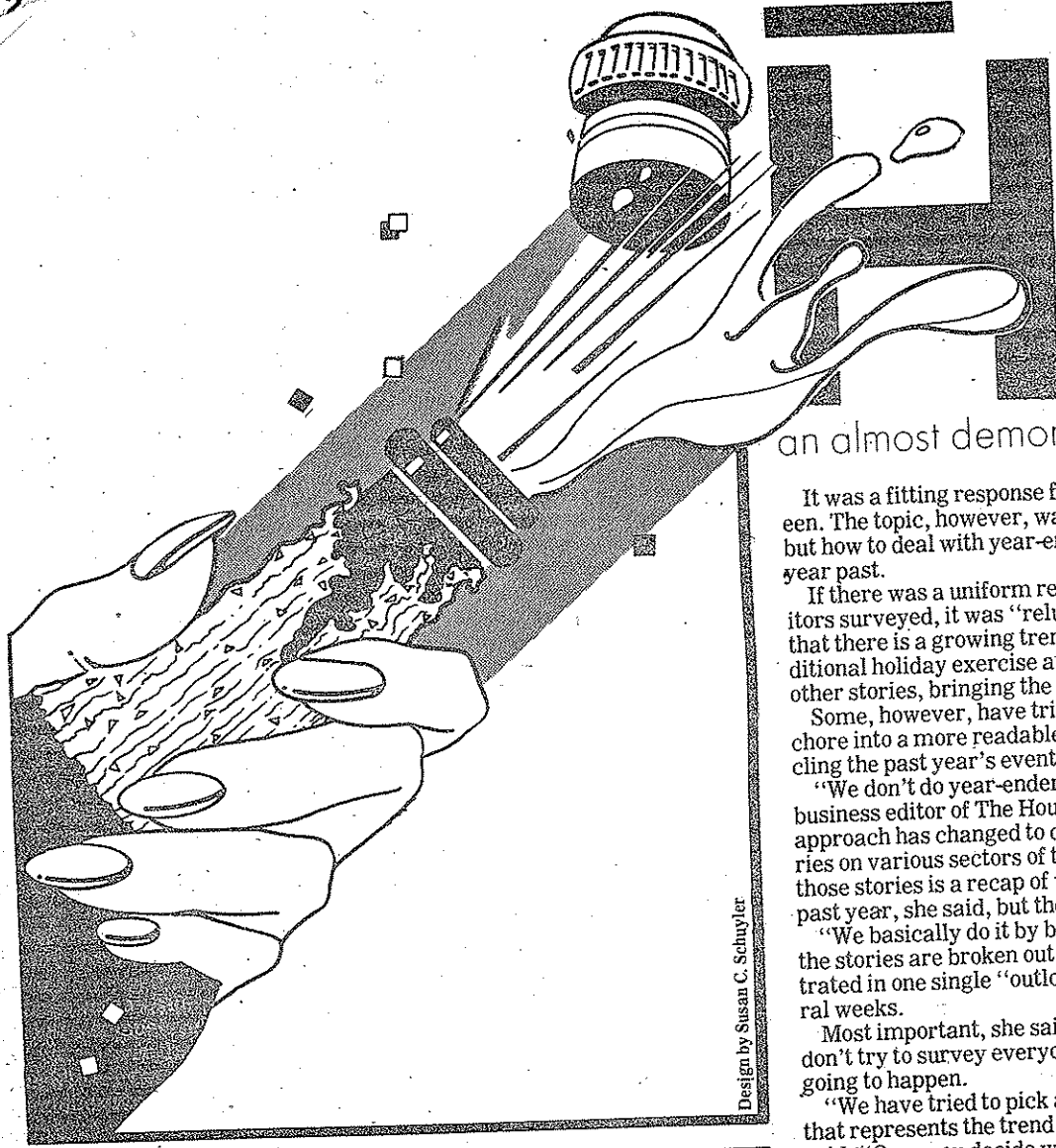
idea of everything going on on my beat.

They can range from a shop janitor to a company executive. Because they're so diverse, they have different perspectives.

You can't always win, though, even when you're dealing with good people. During my pursuit of the Saturn site, I was invited to a United Auto Workers union party. The fellow who invited me was gracious enough, but one of the other union members took offense at "the low-life press" allowed in. As a room full of other UAW members slowly emptied, the incensed jerk plopped his chair directly in front of me and proceeded to hurl insults at me for 20 or 30 minutes until I left. But the fellow who invited me is still a friend and a source.

There can be tense moments of another sort. I must admit to chewing my fingernails the day my Saturn story broke. Paul Lienert, a fellow Free Press reporter, and I spent several hours calling GM executives the night I wrote the story, trying to get them to confirm it. They would not, even when we told them the presses were already running. Thank God, two Tennessee senators came forward the next day to claim the Saturn victory, or the Free Press could have been hanging out there until the following week, when GM finally made the official announcement.

In the end, it all worked out — the sources, of course, were as good as gold. The Free Press threw a champagne party in the business department. And I continue to cover my beat. By the way, did you hear that GM is already planning a second Saturn plant?



Design by Susan C. Schuyler

# Year-enders left in past; editors look to future

By Fred Monk  
and Margaret Corvini  
The State, Columbia, S.C.

aaaa, Haaa, Haa, Ha," broke out Dave Jensen, business editor of the Sacramento Bee, in an almost demonic laughter.

It was a fitting response for an interview on Halloween. The topic, however, wasn't ghouls and goblins, but how to deal with year-enders, those ghosts of the year past.

If there was a uniform response among business editors surveyed, it was "reluctantly," and it appears that there is a growing trend away from doing the traditional holiday exercise at all. Where it's done, as in other stories, bringing the story home is the key.

Some, however, have tried to turn the masochistic chore into a more readable approach than just chronicling the past year's events.

"We don't do year-enders," said Susan Bischoff, business editor of The Houston Chronicle. Instead, the approach has changed to doing "forward-looking" stories on various sectors of the economy. Intertwined in those stories is a recap of what has happened in the past year, she said, but the emphasis is on the future.

"We basically do it by beats," she said about how the stories are broken out. The stories are not concentrated in one single "outlook" issue but run over several weeks.

Most important, she said, those doing the pieces don't try to survey everyone in the world on what's going to happen.

"We have tried to pick a person in each industry that represents the trend — either good or bad," she said. "Once you decide what the trend is, go after it. Do one example well and then back it up with analysts."

"If you single in on a company, it helps to have art. It's a nice spin-off," she adds.

Other graphics, she said, are centered around local indicators — building permits or electrical connections — that can run with a story or independently.

"We gave up on them about four years ago," Dan Miller, editor of Crain's Chicago Business, said of

year-end wrap ups. "It was pretty clear to me it wasn't reading them."

Instead, he said, Crain's focuses on what li with stories during January. The year-ender is in a 800 to 1,000-word essay cataloging ever style that's "chatty, breezy and hip in a way

Jensen at the Bee also was in favor of the "tive" essay approach, making the year-ender a column, an interpretation of what went on the surface," instead of the traditional year-tals.

"They don't tell you anything. I don't think have much readership," he said of conventi proaches. "It's an institution in our business seems to have a life of its own."

Generally, he said, the year-enders are p and not once has someone mentioned, "Boy liked that year-end story."

Jensen said the Bee did year-enders last the news editor tried to live up the style. N less, it is a drain on staff time.

Instead of a chronicle of events, Jensen s business section uses projections by three bank economists, and then examines how t tions did the previous year.

That, he said, provides for graphics bec predictions can be charted along with wha happened.

Several years ago, Crain's made an inv pays monthly dividends, Miller said. It als make outlook issues hot items.

He said Crain's paid Data Resources In an index of all-Chicago indicators. It cost create and costs \$15,000 a year to maintai

But, he said, "Every month we know w clusive," and it also results in a semi-ann that "makes Crain's THE source" for suc tion.

"At all costs, try to avoid doing the star ender," recommends Stephen Row of the News-Leader. He says his solution was to vey of local business and labor leaders.

"We're in the fourth or fifth year of doi survey," Row said. "We send out questio six to 10 questions on business prospects tive's company, the industry in general omly."

The News-Leader's survey also asks fo the company's current workforce, payro standard information.

As the program has grown, Row said i ed to include five different questionair to a different segment of the business co

"The first goes to CEOs of our 15 larg traded companies, the second to the full

## Sourcebook

### RESEARCH MATERIALS

F & S Index of Corporations and Industries, Predicasts, Inc., 11001 Cedar Ave., Cleveland, OH 44106 — The best index for current information on companies and industries. Covers a wide range of business, industrial and financial periodicals and also a few brokerage house reports. Index also can be accessed via Predicasts Terminal System.

Public Affairs Information Service Bulletin (PAIS), 11 W. 40th St., New York, NY 10018 — Semimonthly. Selectively indexes publications on economic and social conditions, public administration and international relations.

Readers' Guide to Periodical Literature, H.W. Wilson Co., 950 University Ave., Bronx, NY 10452 — Author and subject index to selected U.S. general and nontechnical periodicals.

### CORPORATE INFORMATION

Standard and Poor's Register of Corporations, Directors and Executives, 25 Broadway, New York, NY 10004 — Annually updated listing of more than 36,000 U.S. and Canadian companies with offi-

cers, products or lines of business number, sales range and number employees.

Dun & Bradstreet's Million Dollar Directory, Box 3224, Church Street Station, New York, NY 10008 — About 39,000 companies with an indicated worth of a million or more. Lists officers and directors, products or services, SIC number, approximate sales and number of employees.

Dun & Bradstreet's Middle Market Directory — For 31,000 companies with indicated worth of \$500,000 to \$999,999. \$ data.

Directory of Corporate Affiliations, International Register Publishing Co., Inc., Old Orchard Road, Skokie, Ill. 60076 — Who owns what for 4,500 U.S. parent corporations.

### FINANCIAL DATA

Standard & Poor's Compustat Service, 7400 S. Alton Court, Englewood, CO 80112 — Annual service with computerized library of financial information on approximately 6,500 companies.

Standard & Poor's Standard & Poor's Company History, 25 Broadway, New York, NY 10004 — Gives financial data and company history, structure, names of executives and financial development.

...le at 10 to 12 of the largest labor unions in town, third to 50 owners of small businesses, the fourth heads of banks and S & Ls, and the fifth to 50 or 60 economists in the local banking and academic communities.

Row said he plans to run the results on four successive Mondays in December, with the big business and labor categories combined on one date. Row said the News-Leader also runs a story on the top 10 business stories of the year in the Richmond area.

"A survey just seemed to make a lot more sense and be more meaningful," he said. "We get a wider range of responses and we get better answers than we would if we just called up a few people around town. We're establishing something that's a relatively painless way to do year-enders and still get some good information."

Row, who expects to see his two-person staff expand to three by year end, said even a one-person staff could do a similar survey with adequate planning. Preparations at the News-Leader begin during the first few weeks of October, as questions are devised and the questionnaires are typeset. Then they are mailed out, and reminder calls are made shortly before they are due back, usually in early November. "We've found that for big companies, it's best to send two copies, one to the CEO and one to the PR person we deal with," he said. If questionnaires aren't returned by the deadline, "they just don't get included in the story."

porter do a traditional wrap-up story, with sidebars on big issues of the year.

To make year-enders more interesting, he suggested including much of the traditional information but finding an interesting format for it. One year when Pam Luecke, now business editor of the Courier-Journal, was at the Louisville Times, she did a page that looked like the Wall Street Journal and called it the Broad Street Journal. Budde said the format worked well because it allowed room for parody and humor, and also provided space for news briefs as well as longer stories.

Elizabeth Whitney, business editor of the St. Petersburg Times, said her paper puts out two special sections — one reviewing the past year, and one previewing the upcoming one.

She said the 12-person staff tries to keep the sections interesting by using lots of art and graphics, and by not taking them too seriously. "We actually have a little fun with it. We give awards for the worst business predictions, run the funny pictures we couldn't run anywhere else, that kind of thing."

In addition, the Times asks about 90 business leaders for their opinions on the state-local business scene. In addition to sending them a general questionnaire, the paper sends letters explaining the theme of the section and asking recipients to write 300 words on the outlook for their own industries.

"We ask them to concentrate on their own industry, because we tend to get a lot of consensus on the general economy," Whitney said. "They have a lot more interesting insights on their own business." The responses are published in the section as letters.

St. Pete Executive Business Editor Susan Martin said the year-end section is run as a regular Monday tab, using many of the same features the section usually contains, but adapting them to the year-end format.

For example, she said the "Monday Tip-Off" feature for the year-end includes snippets updating businesses the paper has covered over the course of the year. "This year, we plan to use the section as an opportunity to follow up on some of the smaller stories we've covered," Martin said.

Other features include a story on "Stock Prices in the Sunshine State," a list of the top 10 local newsmakers, humorous year-in-review awards, short overview stories on the U.S. and Florida economies, calendar pages reminding readers of the dates of certain key business events during the year, and a "Hello-Goodbye" page with photos of things that were new to the area or that left during the year.

The paper does features on the top 10 national and local business stories of the year, but presents them with "good art and two paragraphs each," Martin

said. "We try to avoid long, boring wrap-up stories." Because it is so well presented, she said, the section catches the interest of people who normally don't look at the business section.

"With enough planning, you could put something like this out with a slim staff," Martin said. "Most of what we do isn't hard to put together at all. We use mostly black and white mugs, and simple fact boxes with logos — they're easy but they look good."

"We have an advertising-driven year-end," which involves 25 stories from the business news desk, said Bill Flynn, business editor of The Buffalo News.

It's not something the business news staff looks forward to with open arms, he admits, and its timing in the third week in January takes away from the overall appeal from a news standpoint.

The News has been doing such a year-end section for the past eight or nine years. On the positive side, he said, "it does pay for itself."

Despite the drain on staff time with that year-end special section, Flynn said the business staff does its own pieces on the economic outlook for its regular Sunday section. It also does isolated stories that involve a look back and look forward on certain economic sectors.

It was a fitting response for an interview on Halloween. The topic, however, wasn't ghouls and goblins, but how to deal with year-enders, those ghosts of the year past.

## DE PRESS

Standard Periodical Directory, Oxford Inc., 40 E. 34th St., New York, NY 10016 — Lists more than 60,000 U.S. and Canadian publications. Lists trade journals by subject, with alphabetical subject index. Includes addresses, phone numbers, audience, some circulation info.

Business Publication Rates and Data, Standard Rate and Data Service Inc., 5201 Orchard Rd., Skokie, IL 60077 — Lists all U.S. trade journals by industrial groupings with an alphabetical subject index (look close; it's up front). Has information describing the publication, circulation, address and phone number.

Ulrich's International Periodicals Directory, R.R. Bowker Co., Box 1807, Ann Arbor, MI 48106 — Listing by subject of domestic and foreign periodicals, including trade press. Lists addresses, but not phone numbers. Has title, subject index.

## TRADE ASSOCIATIONS

Encyclopedia of Associations, Gale Research, Book Tower, Detroit, MI 48226 — Describes 16,500 national associations by categories. Alphabetical and key word index.

National Trade and Professional Associations of U.S. and Canada, Columbia

Books Inc., Suite 236, 777 14th St. NW, Washington, D.C., 20005 — Alphabetical list of more than 4,700 national trade and professional associations. Indexes at end of key word, geographic location, executive name and budget size. Has phone numbers.

## SECURITIES ANALYSTS

Investment Decisions' Directory of Wall Street Research, W.R. Nelson & Co., 11 Elm Place, Rye, NY 10580, 914-967-9100 — Excellent. Lists companies, analysts who follow them, other good stuff.

## STATISTICAL INFORMATION

Statistical Abstract of the United States, Superintendent of Documents, U.S. Government Printing Office, Washington 20402 — Excellent source of U.S. industrial, political, social and economic statistics.

County and City Data Book, U.S. Census Bureau — More than 300 different measures for all U.S. counties and for cities with populations of more than 50,000. See State and Metropolitan Area Data Book and Congressional District Data Book for similar socioeconomic data for each area.

American Statistics Index, Congressional Information Service, 4520 EW Highway, Suite 800, Washington, DC 20014 — Good, up-to-date listing of monthly, quarterly and annual indexes and abstracts of

data published by U.S. government departments, agencies and offices.

## DIRECTORIES

United States Government Manual, Superintendent of Documents — Lists and describes government agencies, including objectives and programs. Published every other year.

National Directory of Addresses and Telephone Numbers, Concord Reference Books, 135 W. 50th St., New York, NY 10020 — Lists more than 150,000 phone numbers and addresses of a wide variety of companies, government offices, hospitals, banks, etc.

Directory of Directories, Gale Research, Book Tower, Detroit, MI 48226 — Describes some 6,800 directories. Title, subject indexes.

Consultants and Consulting Organizations Directory (Gale) — Describes 7,000 organizations from 135 fields. Organized by state and by area of expertise. Cross referenced.

## ECONOMETRIC SERVICES

Chase Econometric Associates, 150 Monument Road, Bala Cynwyd, PA 19004, 215-667-6000.

Citicorp Information Services, 399 Park Ave., New York 10043, 212-559-1000.

Data Resources, 29 Hartwell Ave., Lexington, MA 02173, 617-863-5100.

Merrill Lynch Economics, One Liberty Plaza, 165 Broadway, New York, NY 10080, 212-637-7455.

Townsend-Greenspan, 120 Wall Street, 26th Floor, New York, NY 10005, 212-942-9515.

Wharton Econometric Forecasting Association, 3624 Science Center, Philadelphia, PA 19104, 215-386-9000.

## NEWSLETTERS

The Newsletter Yearbook Directory, Newsletter Clearinghouse Co., 914-8-2081, 444 West Market St., Rhinebeck, NY 12572. Names, addresses, phone number, publisher names.

Oxbridge Directory of Newsletters, Oxbridge Communications, New York, NY — Lists 8,759 Newsletters in 167 top areas. Each entry describes what newsletter covers.

## NATIONAL EXPERTS

Experts Clearinghouse, Gehring Associates, 222 Main St., Keene, NH 03401, Phone 603-352-5300.

# 'New wave' endorses some protectionism

By Nicholas D. Kristof  
New York Times

Although almost all economists remain aloof from the swelling political movement to curb imports, there are some who cite the results of complicated new research to contend that protectionism may at times be justified.

Dubbed "new wave," these findings erode the textbook notion that unrestricted trade is always the best solution. But experts emphasize that the findings endorse protectionism only in the most extreme scenarios, and the economists remain loath to be seen as granting a seal of approval to Capitol Hill's broad calls for protectionism.

Their work has been almost entirely ignored in the Washington fray over some 300 bills that would curtail imports of everything from Japanese television sets to Canadian logs. Those debates tend to pit ardent freetraders against adamant protectionists, with neither side acknowledging the complexities of the dispute, economists say.

"Those of us who work on 'new wave' theory are very leery of pushing it too hard," said Paul R. Drugman, professor of economics at the Massachusetts Institute of Technology. "The research is very sensitive to precise details that are very hard to ascertain. And you don't want it to be used for catch-all arguments to protect everything."

For the most part, economists sneer at the groundswell of support for protectionism, which Professor Krugman said "is taking place without any intellectual foundation at all." He added, "It's still very hard to find a reputable academic economist who has something good to say about protectionism."

But it is not impossible. Virtually everyone agrees there are some exceptions to the doctrine of free trade. The critical question is how often such exceptions occur.

Roger E. Brinner, chief economist of Data Resources Inc., a consulting concern in Lexington, Mass., is one of a minority of economists who say protectionism might be useful today. He favors giving the President authority to put a surcharge on imports from Japan, and his company conducted a study showing that a general import surcharge could eventually raise America's national income.

By contrast, most other economists' studies of a surcharge have come to opposite conclusions.

"If anybody asked me to turn in my economist's card," Mr. Brinner said, "I'd say: 'Let's get out of elementary economics. Let's go to a level where we can talk about optimal tariffs and bargaining power.'"

Optimal tariffs and the use of protectionism as a bargaining chip are among the exceptional circumstances under which most economists concede that there may be legitimate grounds to interfere with free trade.

Their "respectable" arguments for protection include these:

➤ A country could use its bargaining power, threatening to close its own markets unless other nations open up to trade. The problem with this approach, according to Robert Z. Lawrence, a senior fellow at the Brookings Institution in Washington, is that "it's something like a nuclear deterrent — it only applies if it isn't used." So it is a good bluff, but imposing trade restraints is still seen as a sure path to inefficiency and retaliation.

➤ In some circumstances, a country can apply "optimal tariffs," which are duties on particular imports of which the country is a major buyer. The idea is that the importer can force down the price of the foreign good and save foreign exchange. However, this happens only when the importing country can affect a product's price significantly, and most studies suggest that in any case, the optimal tariff would be fairly low.

➤ "New wave research suggests that in some situations — such as in an industry with only a few companies competing — a country could improve its standard of living by imposing protection if no one else retaliated. But administration of such a policy might require skillful, even Machiavellian, maneuvering that would be difficult to achieve in a slow-moving democracy such as the United States, according to Professor Krugman and others.

➤ If the marketplace is not working as it is supposed to, a country might interfere and emerge better off. For example, if a currency's strength is temporary, yet is causing companies to make long-lasting decisions to move abroad, then some say it makes sense to protect those companies from the currency effect. The problem is that it is very difficult to know whether the currency's strength is merely temporary and how to help just those companies that might move abroad.

➤ A country might be willing to accept a small drop in its standard of living to preserve certain industries that it deems necessary for national security, such as shipping or steel. It could maintain these sectors through government subsidies or by protecting them from foreign competition.

A few other rationales are sometimes offered. For example, a few economists at Cambridge University in England criticized theories of free trade in the 1970s but since then have been largely quiet.

And an economist at the University of Wisconsin, John M. Culbertson, recently has mounted a well-publicized but lonely battle against traditional economic views of free trade, partly because of growing international labor competition.

Economists say these approaches appear to have almost no following in the United States today.

A common argument, particularly in noneconomic circles, is that free trade is a mirage and that as long as other coun-

tries protect their industries, the United States must protect its industries.

"I don't think pure free trade has ever existed anywhere in the world," said Rudolf A. Oswald, chief economist of the A.F.L.-C.I.O. "Clearly trade has always been restricted for national security reasons. And it would seem that national security would include certain industries that may be necessary for long-term stability of a country."

Most economists remain skeptical of the new wave. They tend to stick to the free-trade doctrines that have dominated their field since the time of Adam Smith two centuries ago.

"There have always been several exceptional situations in which a trade restriction or a subsidy might be to a country's advantage," said I.M. Destler, a senior fellow at the Institute for International Economics in Washington. "But they tend to be pretty hard to apply."

Today, for example, it is difficult to give protection to one industry such as steel, while denying it to others such as textiles or sugar producers. And while the threat of an import surcharge might persuade some countries to open their markets, other countries might just retaliate. Or they could react by limiting their exports rather than opening up to more American goods.

Economists also stress that tariffs or other measures to protect steel or shoes might help those industries but only by denying cheap imports to consumers. Moreover, such measures would impede the natural dynamism of the economy as it moves from old industries to new ones, some say.

"You may save some jobs in particular sectors that you protect, but you weaken the economy and destroy other jobs," said Sven W. Arndt, a resident scholar at the American Enterprise Institute in Washington.

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## Bankruptcy petitions generally straightforward

Continued from Page 1

Directory," which lists district courts in each state, their addresses and phone numbers. To do so, send \$12 to the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C., 20402. Include the stock #: 028-004-0062-1.

If you do not have a bankruptcy court nearby, try to make the best arrangements possible with the nearest court to keep up with information on filings by companies of interest.

For simplicity's sake, let's assume you are in a city where a bankruptcy court is located. Now what?

Our experience is that it is best to stop by the clerk's office at least once a week to keep up with the latest filings. Follow up on tips, of course, but we have found that very few tips lead to stories from the bankruptcy court. Be prepared to spend some time at the clerk's office on each visit, particularly if you are in a large urban area, because the number of petitions filed each month usually is quite large.

Once you have established yourself at the clerk's office, have the clerk — or the bankruptcy judge — walk you through the various kinds of petitions that can be filed. The most common are:

➤ Straight personal bankruptcy, filed by an individual whose debts and liabilities have exceeded income and assets — a Chapter 7 filing.

➤ Straight business bankruptcy, filed by a business or corporation that general-

ly wants to liquidate itself — a Chapter 7 filing.

➤ Business reorganization — the Chapter 11 petition such as that filed by Manville, A.H. Robins and several other well-known companies — in which a business seeks to reorganize itself while being protected against creditors from moving to liquidate the company involuntarily.

➤ A personal reorganization bankruptcy, sought by individuals who want the court to rearrange their debts and financial problems. Debts must be less than \$100,000. This is a Chapter 13 filing.

The petition format generally is very straightforward, regardless of the chapter under which the petitioner has filed. The name of the petitioner, and often the name of a top company officer (sometimes one or the other), can be found at the top of a petition, along with a case number assigned by the court. Keep the case number handy to refer to in future inquiries because the clerk may remember a Manville petition, but not an Acme Widgets petition.

Somewhere on the first page of the petition should be listed the chapter of federal bankruptcy laws under which the petitioner is filing. If the business is filing under Chapter 11, that means it wants to stay in business while it reorganizes. If it files straight bankruptcy, Chapter 7, that means the business wants to suspend operations. Somewhere on the first page or two of the petition also should be listed the name(s) of the lawyer(s) handling the fil-

ing for the petitioner. Keep this name handy, too.

Also in the first part of the petition should be listed the petitioner's secured and unsecured debts, other liabilities and assets.

If you are covering a Manville or Robins case, perhaps thousands of pages of documents will be filed. If you are writing about Acme Widgets, the number of pages will be far less. To fill out your story on Acme Widgets, check your own morgue on past stories about the company or its principals, but if there are none, check with the attorney who filed the petition, or call the company itself.

If you can't get additional information, you are pretty much left with just reporting the basic information contained in the petition: "Acme Widgets Inc. has filed for reorganization under Chapter 11 of federal bankruptcy laws and has listed debts and liabilities of \$450,000 and assets of \$110,000...The Chapter 11 petition will enable the company to remain in business while it seeks to have its finances reorganized..."

There are other ways to get information, of course. If Acme Widgets has listed one of your local banks as one of its biggest creditors, you might check with your sources at the bank to see if he or she could shed some light on the situation. In the case of A.H. Robins in Richmond, for example, one of the local banks listed as a large creditor released its own informa-

tion that the Robins filing might have an adverse impact on the bank's future earnings statement because of the uncertainty of obtaining payments from Robins.

If the petitioner is not thrilled about talking with you, try to squeeze in two consumer-related questions: Does this mean that the company is closing down (in the case of a straight bankruptcy petition) or will the company remain open for business (in the case of a reorganization petition), and what is the company doing about its warranties, credit-card holders, repairs on company products, installment loans, employees, and so forth?

Don't say a company is shutting down when it is not, and don't say a company is remaining open when it is closing down.

Another word of caution: If the petitioner is well known locally and may head several companies, watch what companies are involved in the bankruptcy filing. From personal experience, I can tell you that it's nice to fill in a bankruptcy story with more details about the petitioner, but don't associate one of the petitioner's businesses that continues to operate with the business that is going belly-up.

A sentence such as, "The filing this week does not affect the company's Acme Hydraulics subsidiary," or, "Acme Hydraulics, a subsidiary of Acme Widgets, is not covered by the petition and continues to operate," might be used. Another way out, of course, is to avoid mentioning other companies at all, especially if they are not specified in any way in the petition.

# Inflation's winners want it back

By John H. Makin

The sharp drop in inflation since 1980 has seriously wounded powerful interests that had become comfortably and profitably hooked on the inflation habit of the 1970s. After five years of deprivation, these inflation junkies — along with some new allies — are reasserting themselves and trying to sell the rest of us on their addiction. However, since calling openly for higher inflation is akin to attacking motherhood, the junkies have to disguise their narcotic. What follows is a primer on how to spot the inflation pushers of 1985.

To get others hooked on inflation, you first have to win over the Federal Reserve. If you can get the Fed to convince most people that it's going to keep money tight while it actually pursues an easy-money policy, you're in business. At first, the easy money produces lower interest rates and faster economic growth. But repeated doses of easy money eventually push inflation up; interest rates then rise, and the economy slows. At this stage the Fed itself becomes an inflation junkie. It faces the painful choice of pushing inflation even higher or resorting to shock therapy to break the inflation cycle.

From 1967 through 1980, the Fed consistently speeded up money growth in pursuit of low interest rates and a robust economy. Inflation climbed from a modest 3% in 1967 to 13.3% in 1979, and interest rates rose along with it, while economic growth dropped from an average of 4.2% a year in the 1960s to 3.2% a year in the 1970s.

As inflation accelerated, investors came to prefer oil, precious metals, land, and just about anything whose quantity man could not easily and arbitrarily change. The big banks with billions of petrodollars to recycle turned to resource-rich countries in Latin America and the Far East and placed their bets on what seemed sure winners. The inflation constituency in the developing world gained strong allies in the developed world.

The U.S. spawned other inflation junkies as well. Farmers, who saw land values rise along with the prices of their crops, borrowed heavily to buy more land and equipment and created an industry that was classically vulnerable to a slowdown in inflation. Forest-products companies signed long-term contracts to harvest federal timberlands at prices that made sense only if inflation continued at the rates experienced during the late 1970s. Later the companies cited a slowdown in inflation engineered by the Federal Reserve as one of the reasons that they should be let out of the contracts. Congress passed a law allowing them to buy their way out of a portion of the contracts, and the Reagan Administration allowed them to defer cutting timber, but didn't change the prices. So the companies still need faster inflation to avoid losses on the deals.

The energy industry also became dependent on continuing inflation, and that industry's rapid expansion redoubled the dependence of banks on rising prices — a point driven home by the collapse of Penn Square Bank in 1982 and the subsequent failure of Continental Illinois. But America's favorite inflation hedge was real es-

tate. The man who bought a home and mortgaged himself to the hilt in the early 1970s was clever; the one who mortgaged himself even further and bought two houses was a smart investor. The fools who bought bonds lost money. That situation has been dramatically reversed since 1981: Bond buyers are enjoying large capital gains, while dismayed real estate investors are trying to dream up respectable ways to call for more inflation.

The inflation constituency, still vast and powerful despite its wounds, is picking up a formidable ally. The national debt, rising at a rate of about \$20 billion a month, provides a powerful incentive for the federal government to rejoin the pro-inflation forces. The government's gain from inflation is proportional to the size of the debt, which will reach \$1.8 trillion by the end of September. The real value of the government's liabilities will fall in value by about \$18 billion for every percentage point increase in inflation; that's a pure gain to the government if investors do not anticipate the inflation and insist on higher interest rates to compensate them for it.

In sum, those with the most to gain from a return to rapid inflation are bankers, farmers, gold bugs, many corporations and most homeowners — those who learned to live with inflation and grow rich from it. Many of the Californians around Ronald Reagan profited in the real estate and commodity booms after 1967. So did traditionally conservative Republican farmers in the Midwest and bankers from New York to California.

The sons of Eisenhower-era hard money men are Reagan-era soft money men like Congressman Jack Kemp, who says he "no longer worships at the altar of the balanced budget" and blames Paul Volcker's tight money for the failure of his cherished supply-side revolution. Shielded by a hard money patina, these closet reflationists are ideally positioned to push inflationary strategies in the name of "new" theories of economic growth. And if they play their cards right, the liberal politicians who still buy the theory that easy money means low interest rates and faster economic growth will serve as their front men.

The call for a return to the gold standard fits the needs of the reflationists perfectly. Since abandoning the gold standard paved the way for high inflation, surely going back to gold will produce low inflation. Wrong. The effect depends entirely on the price set for gold. If the official price is set well above the market price, gold will flow out of private hoards and into the Treasury's vaults. The government's gold purchases would bring a sharp increase in the money supply. A return to the gold standard isn't at all likely, of course. But simply advocating a gold standard allows politicians to push for inflationary monetary policies while claiming to be apostles of financial rectitude.

The reflationists have found a new ploy in the concern over the budget and trade deficits. John Mitchell, the president of Motorola, has advocated a temporary 20% import surcharge as a way to bolster federal revenues and narrow the trade

deficit. But this actually is an indirect bid for more inflation.

An import surcharge raises the prices of imports, which reduces purchasing power, creates a liquidity crisis, pushes up unemployment, and slows growth until consumers adjust to their diminished incomes. The expedient remedy is a sharp increase in the money supply to restore purchasing power right away. In other words, a surcharge creates an inflationary impulse that the Federal Reserve must validate with faster money growth unless it is willing to settle for temporarily higher unemployment and slower growth.

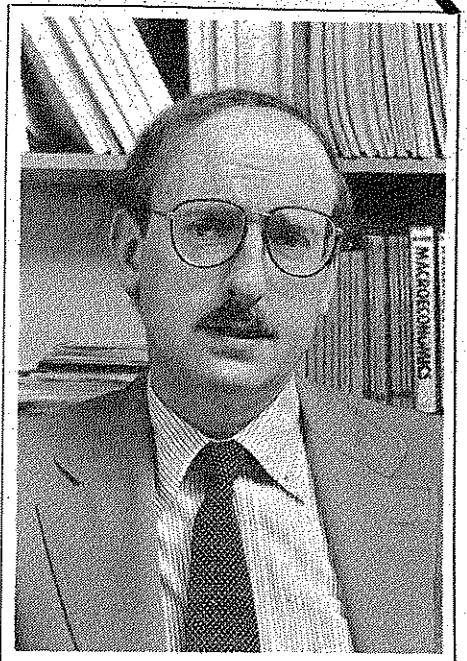
Consider the cast that Motorola made when it asked the National Association of Manufacturers to consider the import surcharge idea. (The NAM hasn't taken a position on the issue.) Motorola produced simulations by Data Resources Inc. showing that a 20% surcharge would boost government revenues by \$80 billion. But the simulations assumed that the Federal Reserve accommodated the surcharge with faster money growth. Another Data Resources simulation requested by congressional analysts showed that the same monetary acceleration without the surcharge would produce nearly the same outcome. The main source of higher government revenues turned out to be faster money growth, not the surcharge.

Playing the role of reflationary front man, perhaps unwittingly, Democrats Daniel Rostenkowski in the House and Lloyd Bentsen in the Senate have called for a 25% surcharge on imports from Japan, South Korea, Taiwan, and Brazil. Since Brazil is the largest debtor in the Third World, the idea of reducing the export income it needs to service its debt seems almost incredible. Perhaps the architects of this idea believe that the higher inflation that ultimately results will return Brazil to the happy days of the 1970s.

The last weeks of the budget struggle in July and August almost saw the re-emergence of another spur to higher inflation — delaying the indexing of income-tax brackets. The indexing that began last January ended bracket creep and broke a dangerous link between inflation and government revenues. Fortunately, Congress didn't resort to the bracket creep scam this year. But be on the lookout for another attack on indexing in 1986.

No investor or household or corporation can safely ignore these dangers. The Federal Reserve's recent upward revision of its money-growth targets leaves room for speculation that Paul Volcker may be caving in to the pressure from the reflationists. I doubt that this is so, but watchfulness is in order. The path of money growth over the balance of this year and in 1986, together with the President's two new appointments to the Federal Reserve Board in coming months, will provide important clues for those who are trying to decide whether double-digit inflation is dead or just sleeping.

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John H. Makin, director of fiscal policy studies at American Enterprise Institute.

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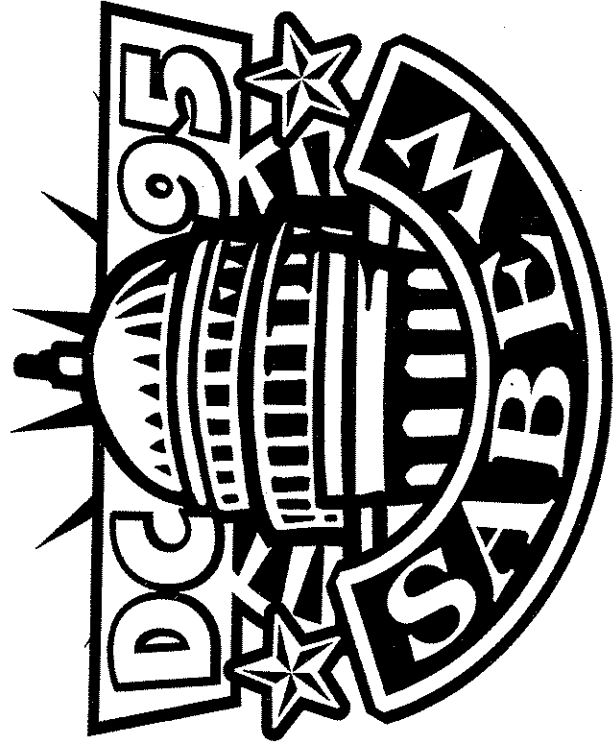
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