

## What's 'supply side' economics?

Pardon this not-very-local column in a community newspaper. But it seems no one on the daily papers is adequately explaining the "supply-side" economics which is the rage in Washington, and television is incapable of it.

It would be superficial to describe the Reagan Administration's economics as liking the West, the Sun Belt and rich folks and hating the Northeast, Midwest and poor folks. You need to understand "supply-side" economics.

To understand it, you have to re-visit where we have been during the 20th Century. The visit will be brief, maybe oversimplified, but it will cover the basics.

"CLASSICAL" economics dealt with bad times by adjusting prices and wages.

W.W. ("The Stroller") Edger tells about working at the Detroit Free Press in 1930, the first year of the Great Depression:

"We took three 10 percent cuts in wages in one week. At the end of that week, I was making only \$1 more as sports editor than when I started as a glorified office boy."

"Leona (his wife) went to the landlord and said we couldn't pay the rent. He said, 'Pay what you can.'" If a product didn't sell, you cut the price. If there was no work, you cut wages. In time, the cuts were supposed to encourage buyers. Then there would be a recovery.

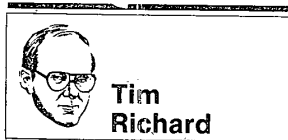
THE KEYNESIAN economists in the 1930s said things didn't always work that way.

You could, the Keynesians held, get into a situation where demand was stagnant and no amount of price-cutting, wage-cutting and interest-rate cutting would bring recovery.

The Keynesians were pupils, followers and adapters of the theories of John Maynard Keynes, a British economist. One could argue about what Keynes (pronounced "kaynes") said vs. what his disciples said he said, but not here.

It seemed to them demand was insufficient. Some folks with plenty of money preferred to sit on it rather than spend or invest it (the "liquidity preference"). Classical answers wouldn't work.

Demand, they said, should be stimulated by government. Government would get into public works, building dams and brick outhouses, and putting wages into the hands of people who would buy.



Tim Richard

Government would finance these projects by debt, thus creating new money and "pump-priming" the economy.

Government would emphasize the graduated income tax, dipping into the stagnant funds of the rich and taking less from the working poor who needed their incomes for such consumption items as food and rent and clothing.

Always the emphasis was on stimulating demand.

A HOST OF other programs found easy justification under Keynesian demand-side economics.

If old folks were poor, then social security, aid to the blind and aid to the disabled would keep them consuming.

If high wages were necessary to stimulate demand, then the government would be friendlier to union organizing and would decree minimum wages.

Government would pay for kids' lunches, with the twin benefits of improving nutrition and making a market for farm commodities.

There were dozens, hundreds, of other measures, but you get the picture.

THE TROUBLE was that, despite all the demand stimuli, America continued to suffer from periods of unemployment.

From the dawn of the Industrial Revolution until the 1930s, periods of unemployment had been periods of falling prices. In the 1950s and '60s, periods of unemployment were periods of stable prices. And then in the early '70s, the impossible began happening: During these periods of unemployment, prices kept right on inflating just as they had during the booms.

Enter the supply-side economists.

The new group uses the same analytical tools as the Keynesians. It is a serious error to mistake them and Ronald Reagan for born-again classicists from the Harding era.

WHAT WAS WRONG, they said, is that government was stimulating demand while neglecting — and even abusing — the supply side of the equation. The situation is so bad that today America has the lowest rate of productivity increase of any major industrial nation in the world.

The solutions:

- Balance the federal budget, which will pump less loose money into the economy. Moreover, it will keep the Treasury out of the bond market, where it had been soaking up investment capital which should have gone into factories, machinery, offices, mortgages.

- Cut income taxes, particularly for people who will invest their spare money in productive enterprises. Instead, shift to consumption taxes — the sales tax, value added tax, excise taxes.

- Above all, stop treating producers like criminals with regulations: hiring quotas for minorities, questions you can't ask women, labels, the height of banisters, noise levels, product tests, straps, warnings, spaces, ad infinitum.

Supply-side supporters contend the efforts of the bureaucrats, the Naders, the unions and the environmentalists resulted in portraying business people as polluting Scrooges. Potential business people became gun-shy about investing and hiring, drying up the flow of goods that our overstimulated demands were craving.

I THINK THERE is some charm to supply-side economics, although I would be more comfortable if George Bush and Carl Pursell were running the show instead of Reagan and Dave Stockman.

Looking at 1970s, in particular, I see America adopting the values of the 18th to 18th century Spanish Empire: Hoard gold and silver, collect jewels and antiques, "invest" in houses and land, hire military mercenaries. Scorn commerce, sneer at manufacturing, live the foppish existence of the Gracioso/Playboy. Get rich by lotteries and lawsuits rather than invention and investment.

That, in an over-simplified way, may help explain classical, Keynesian and supply-side economics.



Shirlee Iden

## America once aimed war at her

While the world hadn't yet learned of the heinous Nazi concentration camps in Europe swallowing millions of victims, Toshi Shimoura was being interned in her native land.

It was 1942, just months after the Japanese attack on Pearl Harbor. In the name of national security, Japanese-Americans like Mrs. Shimoura and their families were removed from their West Coast homes and businesses to camps inland.

While there were no gas chambers or ovens of extermination, there was barbed wire and guards armed with machine guns.

A 15-year-old high school sophomore at the time, Mrs. Shimoura and her three brothers and one sister are native Californians.

"My parents were born in Japan and came here to live in a free country," she said. "But instead, they found themselves interned in a remote part of Utah."

"It was devastating and demoralizing to be torn away from your home and friends, and as a student, I wasn't penalized in the economic sense like the adults."

The teen-ager found her new home-away-from-home to be a hastily built barrack.

"The overwhelming feeling was that of isolation," she said.

WHILE IN THE camp, Mrs. Shimoura completed her high school education, a milestone reached without the usual fanfare and festivity.

"A combination of college graduates in the camp and people coming from the outside organized the schools and made this possible," she says. "When I graduated it was possible to go to the midwest or east and I chose to go to school at Michigan State University."

A student of microbiology, she completed her education in California when Japanese Americans were allowed to go back to the West Coast.

"I worked in the microbiology field until my marriage to James," she said. She and her husband, a native Detroit, live in Southfield, where they raised four children of their own.

"We've lived here 19 years and feel like old timers in Southfield."

Mrs. Shimoura and her family made it through the internship and readjustment without ill effect, she said. But others were not so fortunate.

"There were long-term problems for others because of the isolation and the sudden thrust back into the mainstream."

A "FEEBLE" DRIVE for compensation for the dislocated Japanese-Americans was started in the 1950, but nothing much ever came of it.

"Most people lost everything they had plus the earning potential during the war years."

"In the camps, a doctor was paid \$19 a month, and others got less. Most left the camps completely without funds."

"Others had property in California, and returned there to find it ransacked."

As far as being loyal Americans, Mrs. Shimoura said the loyalty of the Japanese-Americans was never shaken, but the treatment they received was shocking.

"There were even a few so outraged they wanted to go to Japan, but they had no status there. They weren't Japanese citizens."

These people were isolated further and put under surveillance, she said.

Despite the treatment of their parents, many young Japanese-American men volunteered to serve in the American military, and the 442nd combat team was organized.

"Japanese-Americans fought in Italy and France and distinguished themselves."

"They made quite a good record."

MRS. SHIMOURA hopes someday to visit Japan, as one of her sons did for a summer.

Meanwhile, she is active in the Japanese American Citizens League and has worked with the International Institute on the Japanese Ethnic Sunday scheduled this weekend.

"There are certain values in any culture worth preserving. People who come to the Ethnic Sunday will get some exposure to the food and the arts of Japan."

Strains of Japanese drums, flute and harp and the delicate movements of kimonoed dancers will herald spring as it might have taken place in Old Japan beginning at 3 p.m. at the International Institute, 111 E. Kirby in Detroit.

A Japanese Music Ensemble from Ann Arbor will play, dressed in costumes, and dancers will perform three traditional dances. Rice rolled in seaweed (sushi), chicken teriyaki, skewered vegetables and unusual Japanese sweets will be offered.

Mrs. Shimoura said she has many Eastern art objects in her Southfield home, but it's "basically just another American home."

## On newsmen's retirement

# Why all the fuss about Cronkite?

I can't figure out the national fuss about Walter Cronkite's retirement as a CBS-TV news anchorman.

His employer is canonizing him. A major competitor, ABC-TV, is printing full-page ads in newspapers across the country saying farewell to Walter.

I'm sure other newspapers, magazines and CBS-TV affiliates will pay their homage. And I'm still trying to figure out what the fuss is about.

At 44, I have watched TV news grow out of the swamp to the national binder for Americans of all ages. But I never did take network TV news programs too seriously.

Maybe that's why I'm not quite ready to enter Cronkite into some kind of TV news hall of fame.

In the early 1970s, after reading a magazine profile of the man, I decided to watch him and see what a great journalist I've been missing.

There was nothing out of the ordinary. A few months ago, I retired in again to Walter and am still amazed why there is any excitement.

IN MY OBSERVATIONS, Cronkite typically read two or three sentences before saying, "Now here's



Leonard Poger

correspondent Joe Blow with the story from Anytown, U.S.A."

No particularly brilliant phrases or insights.

In a recent magazine interview, Cronkite admitted coming to the office between 10 a.m. and noon and leaving shortly after 7 p.m.

That works out to about seven to nine hours, which includes a meal break.

Hell, there are a lot of Observer reporters who put in a lot more time than that in a slow week — for a fat \$11,076 a year, a bit less than the annual \$300,000 a year Cronkite reportedly receives.

In fairness to Cronkite, he does a few other things besides the evening news.

But the times I watched him handling the space shots, I didn't see a big difference between CBS and the other networks' coverage.

Cronkite gets a lot of credit for arranging on TV the visit of the Egyptian premier to Israel in the fall of 1977. But the people involved said later the trip was agreed to before Cronkite made it look as if he had done it all by himself.

WHY THEN IS Cronkite made out to be an idol or something just below God?

Part of the reason is that he projects a father or grandfatherly image in a nation that is getting increasingly older.

Around these suburbs, officials and homeowners don't have to be reminded about declines in the number of youngsters and the growing percentage of senior citizens.

In a way, those persons grew up with Cronkite and the TV news show.

They heard his reports when they were married, raised children, married off their sons and daughters, and celebrated the births of grandchildren.

Cronkite is a symbol of the "good old days" of the 1950s, Dwight Eisenhower gave the country a peaceful, tranquil society, not one looking for new problems or challenges to solve.

I wish Cronkite well in his retirement. But I will still wonder what all the fuss is about.