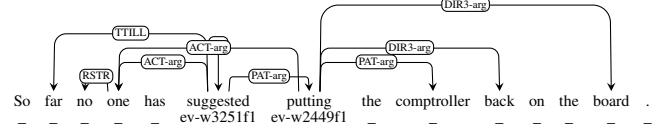


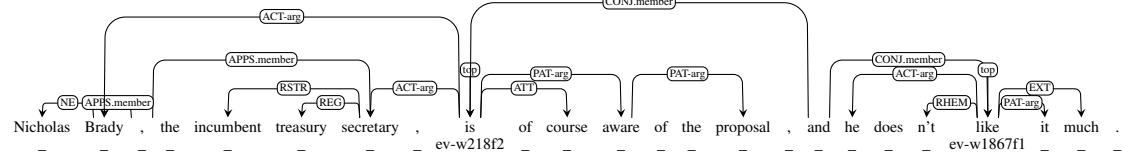
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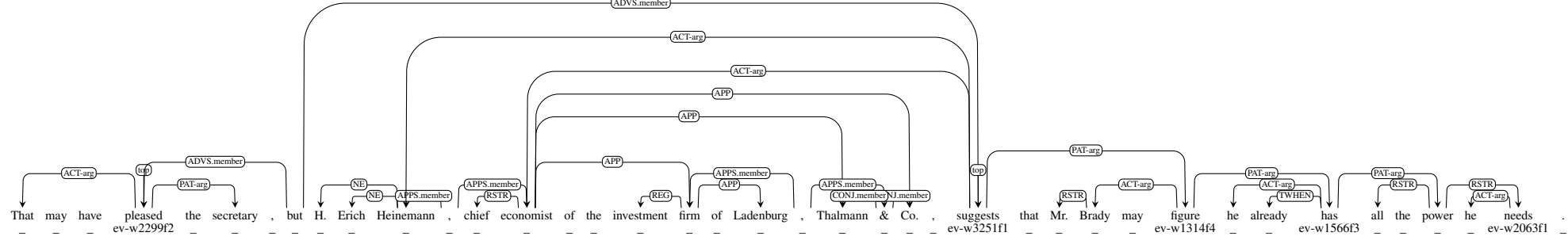
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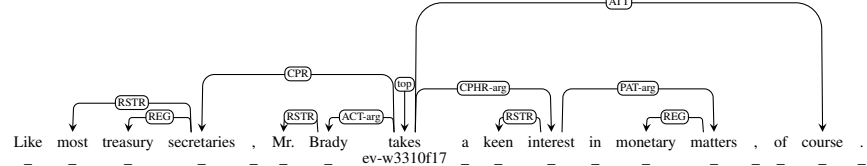
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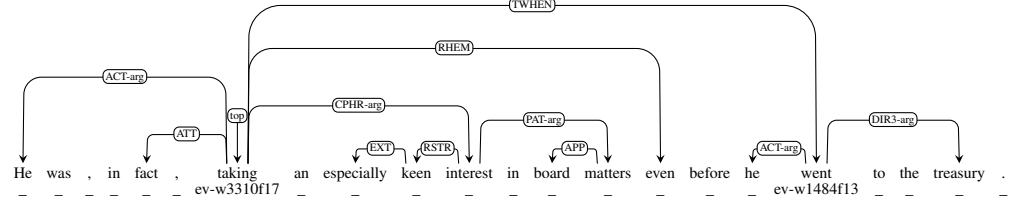
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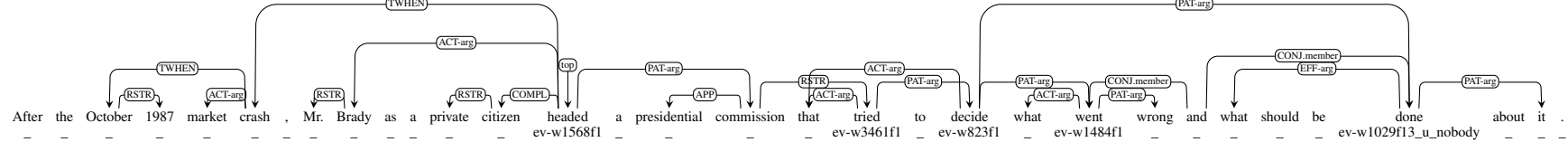
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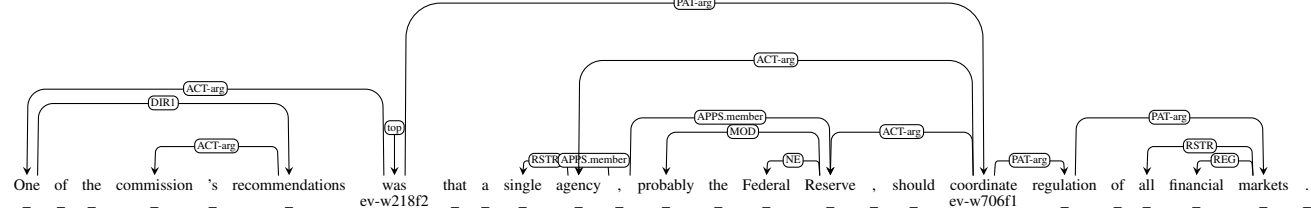
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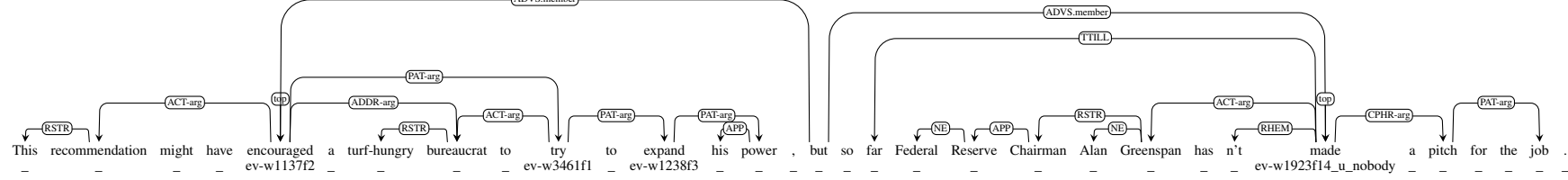
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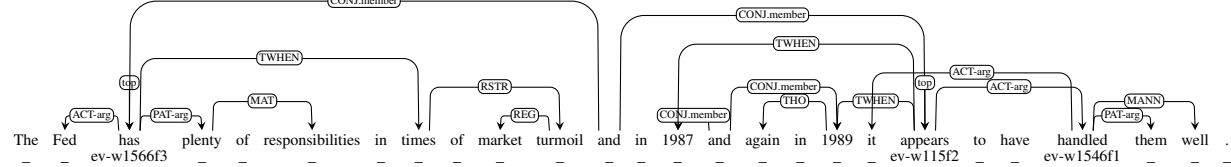
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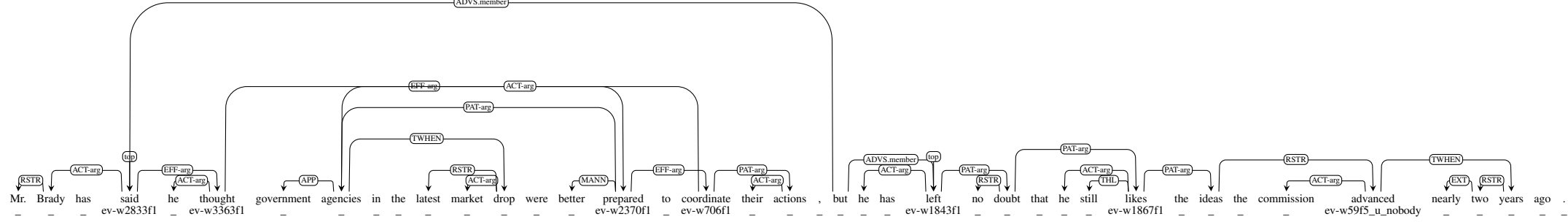
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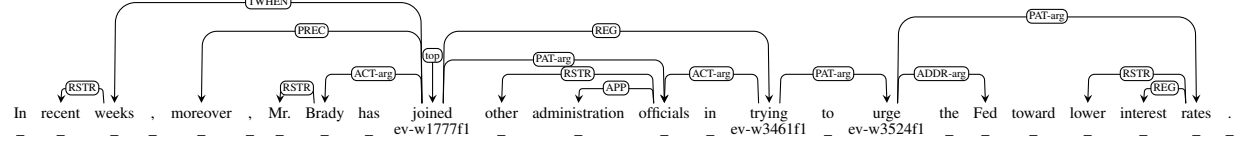
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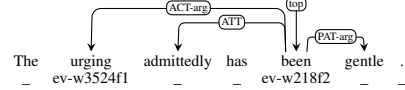
[20936024]



[20936025]



[20936026]



[20936027]

In an interview with the Washington Post in early October , the secretary said the Fed may be slightly more interested in curbing inflation than the administration is , while the administration may put slightly more emphasis on spurring economic growth .

[20936028]

At least some economists , of course , would argue that inflation deserves a lot of emphasis .

[20936029]

Earlier this month the St. Louis Fed held a conference to assess the system 's first 75 years .

[20936030]

Allan Meltzer , a Carnegie-Mellon University economist , noted that the Fed 's record included the longest , most sustained , peacetime inflation in our history , dating from either 1966 or 1967 to 1989 .

[20936032]

Equally importantly , the treasury secretary has spearheaded the administration effort to bring the U.S. dollar down by shopping avidly for West German marks and Japanese yen .

[20936033]

The treasury can do something on its own , but to have any hope of success it needs help from the Fed .

[20936035]

The Fed has been intervening in foreign currency markets , all right , but through August , at least , it appeared to be " sterilizing " the intervention .

[20936036]

In other words , it was offsetting purchases of marks and yen by buying dollars in the domestic money market .

[20936037]

Now , sterilized intervention may have some effect .

[20936038]

When traders see the Fed is in the exchange market it may make them tread a little carefully , for fear of what the central bank may do .

[20936039]

But it 's generally accepted that sterilized intervention has little or no lasting impact on currency values .

[20936040]

After August the Fed may have stopped sterilizing , but it 's hard to see much impact on the dollar .

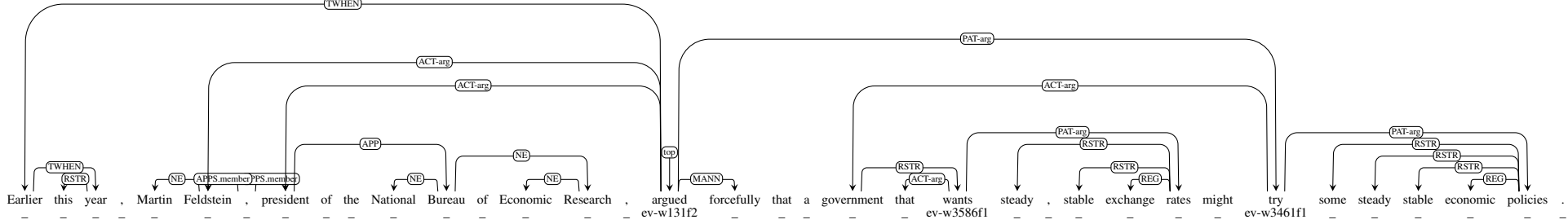
[20936041]

The dollar is still highly volatile .

[20936042]

The Fed has let interest rates slip slightly , but whether the main reason was dollar intervention , the gloomy reports on manufacturing employment , or the Friday 13 market drop , only Mr. Greenspan and his associates know .

[20936043]



[20936044]

