

**Photographs by Bill Hogan**

# Christie Hefner

**T**he image of Playboy is the polar opposite of the image of the woman who runs the magazine, Christie Ann Hefner. Playboy, despite changes, still conjures up the fluffy '50s sex fantasy through its racy cartoons and pictures of nude women. Created by Christie's father, Hugh Hefner, in 1953, the magazine popularized "skin" and gave birth to a generation of readily available sexually explicit publications.

Hefner fille, wearing little makeup and conservatively suited, is a picture of American wholesomeness. At 33, she has been called "Playboy Enterprises' purest face." An ardent feminist to boot, she nevertheless objects to the feminist claim that pornography as such exploits women. "If Christie Hefner had not existed," a former Playboy Enterprises president once quipped, "the first thing I'd do is invent her."

She joined the magazine in 1975 with no business or management experience. Hefner had a degree in literature from Brandeis University and a year's experience as a writer for a Boston alternative paper when she became assistant to the chairman at Playboy. She was later promoted to corporate vice-president and a member of the board of directors before becoming president in 1982 and chief operating officer in 1984.

Hefner has to earn her \$193,000-a-year salary, coping with some of the roughest times in Playboy's 32-year

history. Her challenge: to rebuild the magazine's eroding circulation and nudge Playboy's other enterprises to appeal to the changing male in a postfeminist era.

Hefner was interviewed recently in her office by Fern Schumer Chapman, a Chicago writer.

**Reason:** Did Playboy spark the sexual revolution, or did it ride on the revolution's coattails?

**Hefner:** It's hard to say definitively which came first, but I think it's fair to say that if Playboy had never existed, the pressures and circumstances and other factors were there that would have created a sexual revolution anyway. On the other hand, Playboy became a major communication vehicle and force within that, so it's a little bit as if Edison had never lived, would somebody have invented the light bulb? Yes. But he had a profound impact by having done that.

The aspect of the revolution, if you will, that Playboy contributed, that it would have been hard for someone else to do, was a mass-circulation magazine being as provocative as Playboy has always been on a whole host of issues—certainly sexual, but also the war, drugs, race relations, lesbian rights. I mean a whole litany that you wouldn't expect to find as an agenda if you moved outside of the small-circulation magazines.

**Reason:** Would Playboy survive in the marketplace without pictures?

**Hefner:** If Playboy didn't have pictures?

**Reason:** Right.

**Hefner:** It would probably still be the largest-selling men's magazine, because

I think it clearly far surpasses a magazine like *Esquire* in the quality and range of its writing. The Playboy interview. Playboy won among all magazines the best-fiction award last year, and I think it has consistently presented quality fiction, which few magazines do present. The quality of the articles, whether it's investigative journalism or profile journalism. The columnists, whether it's the men and women columns or Dan Jenkins on sports. I'd say it's the best writing around and covers the best range of interests.

But part of what makes Playboy so extraordinary is its willingness to say that you don't have to choose between intellectual interests and sexual interests, as a full human being, and that a magazine can reflect that range. That is its philosophy as much as anything [Hugh] Hefner ever wrote in the pages of it. So without pictures, it wouldn't be Playboy, because what Playboy is, is a unique commitment to the idea that as full human beings, we ought to be able to be open about our erotic interests as well as be knowledgeable politically and be interested in enhancing our lifestyle.

**Reason:** But would you have a readership without pictures?

**Hefner:** I think it still would be the best-selling magazine, but it would have a smaller circulation. If it had *all* pictures it would sell fewer copies, if it had *no* pictures it would sell fewer copies.

**Reason:** How much overlap is there between your readership and hard-core magazines such as *Swank*?

**Hefner:** I'd say very little. First of all, the majority of Playboy's readers are subscribers. And the people who are subscribers—and it's true of magazine subscribers generally—are more often than

not married, are in their early thirties, and are college-educated. They may read *Time* or *Business Week*, but they don't read hard-core magazines.

The minority of *Playboy* readers who are newsstand purchasers, a minority of that minority will pick up another magazine. But from all of the research that I have seen, they don't pick it up because it's a substitute. They pick it up because any magazine with an audience as large as *Playboy's* is going to include some people who have a desire for hard-core pornography. Just like some of the audience at *Playboy* is also interested in tennis, and they will buy a tennis magazine.

If you were looking for explicit sexual experience, you'd have to be pretty stupid to buy *Playboy*, given what else is out there. When we do research, whether it's with *Playboy* magazine readers or *Playboy* video watchers, one of the things you find is, they don't expect *Playboy* to have explicit sex. In fact, I think they'd be shocked if it did. Even people who will buy a sexually explicit magazine don't expect it or want it in *Playboy*, because *Playboy* is making a different kind of statement. It's talking about a lifestyle in which the sex is romantic and tasteful, and it's not the same kind of attitude toward sex as is in another magazine.

**Reason:** Still, *Playboy* has become more explicit over the years, and I assume that's in some effort to compete with the...

**Hefner:** It's the same reason why films are more explicit than they were 20 years ago. Society has changed. I grew up at a time when *Midnight Cowboy* was X-rated! Today, *Midnight Cowboy* could at least be in the running for a PG-13. But look at what's in R-rated films today. That's not because R-rated films are competing with X-rated films—it's because our attitudes about nudity and sexuality have changed a lot since the '50s and early '60s. And any media that is of the culture is going to change as those attitudes change.

**Reason:** How would you characterize *Playboy's* politics?

**Hefner:** Well, I'd like to say liberal, but that's gone so out of favor that I hesitate to use the word. And in fact if you polled the readers of the magazine, you would find *libertarian* would probably be a more apt description than *liberal*. There's a strong pro-individual, antigovernment element—in the sense of government controlling individuals' lives—that has



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very much been there in the magazine. Interestingly, for example, although the magazine editorially supports gun control, probably the majority of our readers do not, and they don't because for them *not having* gun control is more consistent with the other issues which they relate to and which the magazine relates to—which is individual choice and the recognition that when there may be the abuse of that, whether it's alcohol abuse or First Amendment-press abuse, it's always better to err on the side of freedom than government intervention in individuals' lives. So, I guess *liberal-libertarian* would be probably the best description.

**Reason:** Would you call yourself a libertarian?

**Hefner:** I'd actually call myself pretty much a liberal. A progressive liberal. Because I do think that government is there to be a provider of services for people who cannot provide for themselves. I don't think that government has been efficient at it, but it's been inefficient at defense too, and I don't hear a lot of people arguing that the government should get out of the defense business. They just argue about how government should be in it. You could find a whole lot of issues where the libertarian position is my position too, but I'm supportive of programs that I perceive the traditional libertarian philosophy not to be supportive of: Aid to Families with Dependent Children, medical programs, educational

programs, job-training programs.

**Reason:** Would you say that *Playboy* exploits women?

**Hefner:** No, and I don't think anybody who really thinks about it would come to that conclusion. It's one of those cliches that you get to repeating without really thinking about it.

It's not exploitive of the model. These are women who very much enjoy the experience with *Playboy*, who are very well compensated for it, and work under better conditions than most women who work in the fashion-model business.

*Exploitive* could also mean that which in its message is violent or demeaning in a way that is hurtful. But if *Playboy* wanted to publish pictures that were exploitive, it would have published the pictures of Vanessa Williams. These were pictures taken of a woman who clearly never intended to have them published, who clearly was going to be hurt by their publication, who had a special other kind of social significance as the first black Miss America. The pictures were brought to *Playboy*, and we wouldn't publish them.

**Reason:** Was that your decision?

**Hefner:** It was everybody's decision. There was absolute unanimity. Hefner, me, the editors—nobody wanted to publish them. It was very obvious what publishing them would do. It would sell a lot of magazines, and it would really hurt this woman. And if you believe, as Hefner has always believed, that you can

celebrate sexuality in nude photography, that you can make it a *positive*, that you can take it away from violence, take it away from exploitation, then the last thing you do is publish pictures that are going to hurt somebody.

The absence of anything that is violent or demeaning and the romance of the pictures in the magazine are so clear for 30 years that, especially in an environment where there are so many images that are exploitive, many of them nude, many of them not nude, if you're willing to accept that nudity in and of itself is not exploitive, then I don't know what kind of erotic pictures you could run that would be not exploitive if you think *Playboy's* pictures are exploitive. Then everything—Calvin Klein jeans ads, everything in *Vogue*, everything that has a woman looking sexy—is exploitive. Or if you say, "No, that's not true, there's got to be a difference," then you really need to make that difference. When you talk about *Playboy* being exploitive, then you are using a word that is inappropriate, unless, as I say, you truly think that everything that surrounds women and sexuality is in and of itself exploitive.

**Reason:** How has the magazine evolved since you've become a leader here?

**Hefner:** Well, implicit in that question is the assumption that it's evolved *because* I've become a leader. To some extent that's true, but it's more subtle than direct. I don't confer with the editors or direct the editorial policy. I know in advance what we're going to publish, but I don't read the articles, I don't review the graphics, I don't sit down in editorial meetings. In that sense, I'm much more like a businessperson. I assume that the creative people are putting out absolutely the best magazine they can, and I try and get involved at a much broader level—Do we really know what the readers are thinking? and, Are we contemporary for 1986 as opposed to 1976?

I do think the magazine has changed in the years since I've been here, and perhaps in some subtle way, the fact that the company has a president who is a woman makes people think more often about how greatly the roles of women, and therefore the relationship between men and women, have changed over the last few years. Maybe the best place you could see that in the magazine would be to read, over the course of the last year, the Asa Baber and Cynthia Heimel columns, which run every month. I think it's wonderful writing, but that's just a subjective viewpoint. But if you wanted

to get a sense of what *Playboy* thinks are the issues surrounding men and women today and their relationship, you'll get it from those two columns.

Those columns wouldn't have run a decade ago. The presumption would have been that the way you talk about men and women in *Playboy* is sexual. Now there's a much greater sense, and you see it in articles as well as in the columns, of talking about relationships. Not just sexual relationships—work relationships, love relationships.

**Reason:** Do you ever wake up in the morning and look at yourself in the mirror and say, "Christie, how could you be doing this?"—in terms of being a woman and putting out this particular publication?

**Hefner:** Quite the contrary. Only people who don't take the time to understand *Playboy* would even have that question. If you interviewed people across this company—the woman who is the fiction editor of *Playboy*, the woman who's the cartoon editor, the woman who's the controller, the man who's the general counsel—you would find people who have very much the same personal and political agenda and goals that I have. The people who relate to *Playboy*, both readers and people who produce it, are not the way the critics think they are. Now, I'm not saying that people don't

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have a right to criticize the magazine, but at the very least acknowledge the fact that if you really read the magazine, if you really talk to the people who produce it, if you really look at the research on what the views of the readers are, you would find absolute consistency of support for the same things that I believe in: greater equality between the sexes, a sane international foreign policy, a more liberal-libertarian view vis-à-vis the individual and government that you wouldn't find at most women's publications, most newsweeklies, most business magazines—never mind most television and film companies. So there are many comfortable things about what this company stands for.

And then, of course, because I'm the president, I get to do things like set policy as to how employees are treated and what we do in terms of community relations. And that also is sort of nice. I once was talking to a woman from the *Washington Post* and was telling her about some of the things we've done with flex-time and part-time benefits and stuff, and she said, "God, I wish Katharine Graham did half those things at the *Post*." There's no guarantee that somebody because they are a woman will be more sensitive than a man. So it's nice, on that other level of "How do you feel when you go to bed at night?" to feel good about that.

**Reason:** What do you think of feminist efforts to ban or restrict the display and dissemination of pornography?

**Hefner:** Well, I think it's an enormous error of judgment, both in misunderstanding what impact pornography has on society and in misunderstanding what laws like that would be used to do. On the latter, the reason why a lot of feminists have now become so outspoken *against* that effort is because censorious laws are interpreted by the people with power in society, not the people without power. It was only the '70s when Bill Baird was arrested for talking about contraception in front of an audience that included a woman with a baby—and he was arrested for contributing to the delinquency of a minor. So if you think that laws that have to do with sexuality are going to be interpreted by feminists, that's very naive. If you think that the first things that are gone after are not things related to abortion and lesbianism, that's a very naive understanding of the process. So that's one perspective that I have that I think a lot of feminists share.

On the impact of pornography on

society, the rhetoric has so overwhelmed the reality that there is no reasonableness applied to the subject at all anymore. If, for example, the president of the United States really wanted to have a useful commission on pornography, one would have thought that what the commission would be doing is updating the research that the 1970 Commission on Pornography and Obscenity did. That would mean original research, reviewing research that has been done in the interim, looking at what's happened in Denmark and other countries that have liberalized pornography laws, and coming out with a thoughtful report. Instead, the commission has no budget for research and has been traipsing around the country listening to individuals give their life stories, which is anecdotal evidence that has no validity. It would be like deciding whether or not to go back to Prohibition by having people come forward, and some people would tell terrible stories about being beaten up by a husband who was drunk or having their child killed by a drunk driver. I don't want to take away from the seriousness of those problems, but they don't have anything to do with the cause and effect of pornographic images in society.

And what happens is that people take the substrata of pornography that is out there that is really ugly and violent—or child pornography, which everybody recoils from—and then use that as a springboard. If you're considering *Playboy* pornography, and you're trying to suggest that *Playboy* leads to wife abuse, you're on such completely quicksand footing that it's only by not paying any attention to the real research that you can even begin to make that kind of leap.

**Reason:** Is *Playboy* a victim of hardcore pornography?

**Hefner:** There's no question that before the other magazines existed it was easier to see *Playboy* for what it is, which is a sophisticated men's magazine. It says a lot about our society that we think that because 20 percent of *Playboy* is sexual, it's a skin magazine. But that's a function of how obsessive we are as a society about sex. We talk about there being a sexual revolution, but that's only in some areas. You look at the level of nudity that's in advertising and on television in other Western countries, it's dramatically different from in this country. You don't diminish the interest in pornography by passing laws against it. In fact, evidence would suggest the contrary. In Denmark, where they've liber-



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alized laws for all pornography for adults, the major market for pornography is tourists.

**Reason:** What do you think of the feminist movement today?

**Hefner:** It's very unfocused right now. A number of things have kind of conspired to slow down progress in the political arena of the women's movement. Among them, the fact that we clearly have in Washington right now the most inhospitable administration to women's rights that we've had in my lifetime. And that's very hard to reckon with. At the same time, the most visible leaders of the women's movement are now in an older generation—I don't mean senior citizens, but they're in the next generation. And we haven't done a very good job of finding a way to nurture a younger generation of women leaders.

The other thing that seems to have happened is there's this whole generation of women, the people who are in college now, who don't seem to feel at all either beholden to the women's movement or necessarily supportive of it. This is an overstatement, but I think there's a lot of truth to it. They don't realize—at least this is my assessment—how (a) hard-won and (b) tenuous are the gains that the women's movement achieved and therefore how absolutely necessary it is for that generation of women to get connected in some way to continuing the process.

That's all sort of the bleak news. The one kind of countervailing and positive thing that has happened is that in many

ways the women's movement has moved its arena from the public to the private. So what's happening in people's personal lives and the way young women and young men relate to each other, in the workforce, at home, and so on, is profoundly different than a generation before in the most positive sense. I'm not saying that it's an ideal. You can get to certain issues—for example, the raising of children, where I think we have hardly begun to build a society that supports the rights of both men and women to pursue their own personal talents and supports the nurturing of a family. I think we still sort of say, "Yes, we know women work, but you'll solve the problem when you want to have children."

So there are real weaknesses that have not been addressed, but if you step back from those for a moment—and I am admittedly a person who tends to see the brighter side of things, but I think even if you factor out my innate optimism—we've come a very long way from where we were. And that's very much a result of the rhetoric of the women's movement and the impact it had on the consciousness of women and men who have rethought and maybe even without being able to articulate it have adjusted their views of themselves, their possibilities, their roles, and their relationships.

**Reason:** What has been *Playboy's* effect in all of this?

**Hefner:** Interestingly, to some extent, it's a little bit like with the Vietnam war. *Playboy* was the first magazine that gave a forum for the Vietnam Veterans Against the War. And John Kerry and a lot of people wrote for the magazine. But the thing that made it different was that *Playboy* was the magazine that the guys who had gone over, and especially the guys who had enlisted, were reading. It would have been one thing if *The Nation* had been running John Kerry. Apart from the circulation level, it's a different kind of thing—a magazine that is accessible to a young man, that he relates to, because he *does* feel that it's reflecting a positive attitude, a view that life is something to be enjoyed, that's fun, that can be pleasurable. And that this is not a bad thing, it's a good thing. And a political conscience is a part of that. I think it has a much different effect.

Now, moving to your question, I don't think that what *Playboy* does on these issues is going to fuel the women's movement or affect women at all. The women who read the magazine don't read it because they're looking for the articula-

tion of a feminist blueprint. But when *Playboy* covers women's issues, whether it's a piece on rape or a piece on lesbian custody or a piece on abortion, its impact on the 11 million men who read the magazine is, I think, very profound—because it's in *Playboy*. You could put that same piece in *Ms.* or even a large-circulation women's magazine, and it isn't going to have the same impact. So, it's in that sense a great communication vehicle of ideas and attitudes.

**Reason:** Is your readership changing?

**Hefner:** Not a lot. It's the same demographically, but different psychologically. The reader is the same young, college-educated man that he was in the '50s. He's about 31 now, he was 27 then, but that's the population shift. But a 30-year-old today has a whole lot of different attitudes and interests than a 30-year-old in the '50s. A different relationship with women in his life, different attitude toward leisure time, I think a different political orientation. In that sense, the audience is very definitely changing.

**Reason:** Of course, there's been the introduction of video and VCRs, and I'm sure that that's had a profound effect as well on *Playboy*.

**Hefner:** All magazines, or almost all magazines, have been declining in newsstand sales while growing in overall sales. And generally it's assumed that newsstand sales are more of an impulse item—you know, you're going home from work and you decide to buy a magazine, as opposed to "I want to get every issue of this magazine from a subscription." And it's not unreasonable to think that some of what's hurting all magazines on the newsstand is that if you're going home from work, for \$3.50 you can rent a video. As people are putting more of their discretionary time, even more than money, into these options such as videocassettes and pay cable television, that's time away from reading. And certainly from newsstand purchases. And I think we're hurt by that, as is everybody. But not, and perhaps this is part of what you're thinking, because of the availability of explicit sexual material in video. There was already so much explicit material available in print that that segment of the audience is not likely to be with *Playboy*.

Interestingly, in our own video that we are doing, at least the very early results are showing that the two media can support each other instead of cannibalizing each other. We can do video versions of the magazine on cassette and not have



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cannibalization, because the experiences are still very different. A good magazine has to have a kind of depth to what you're getting that's never there in video. The *Playboy* interview in the print magazine is going to give you the feeling, if it's a good interview, and I think most of ours are great, that you really have some insight into who this person is and that they've revealed something of themselves to you. In a television interview, if you've talked as long on television as we do in print, I mean, people would be asleep except for the mother of the person you are interviewing! On the other hand, you can see the person, you can get some feeling for how they respond and react, you can see something of how they live. So it's a different kind of communication, even though it's literally the same feature. It appeals to different kinds of interests.

**Reason:** You have changed the *Playboy* Clubs to be more appealing to women. Are you trying to do this with the magazine too?

**Hefner:** The two are not really related. In the club area, one of the things that I realized was that *Playboy* Clubs hadn't ever changed since they were introduced in 1960. In 1960, people who went out to clubs and bars were almost exclusively men. In the 1980s, a significant number, if not more than half of the people who go out, are women. And they are women who go out with their friends or their boyfriends, and either way, if you've created a club or bar environment to which women do not want to go, you are

pretty much assured of failure. So, what we wanted to do was to create a club environment that had an appeal to women as well as to men. We did a lot of things in that regard—the way that we lit the room, the band, and obviously the rabbits. If we were going to say, "Look, a part of the *Playboy* Club ambiance is that there are these attractive, nice people who are hanging around to wait on you," then if the only attractive, nice people hanging around to wait on you are these good-looking women in these very revealing costumes, then why, as a woman, would you be inclined to want to hang out there?

The difference with the magazine is that we have no intention, and from a business point of view it would be suicidal, to make the magazine a magazine for couples. Because the reality of magazines are that they seem to be more personal forms of expression, with a more specific audience. Magazines that are dual-audience work because they have a strong subject matter, like *Tennis* or *Chicagoan*, and magazines that try to cover the range of information and entertainment that *Playboy* does need to have a more special viewpoint, or they will, by trying to be something for everybody, wind up being nothing for anybody.

I do think that as attitudes change, it is possible to have some erotic, romantic photography in the magazine that has men in it as well as women. Now, you can't have a photograph of a man that has frontal nudity without getting such a visceral reaction from men that it's really extraordinary. The whole rating code in the film business is built around the degree of male nudity. I think that why women are sensitive about *Playboy*, and why the whole question of exploitation comes up, is in part because as a culture we're surrounded by images of women that are sexual and there's almost a complete absence of images of men that are sexual. That makes women more sensitive about being looked at sexually.

I wish somebody had done a really good magazine for women that had erotic content instead of *Playgirl*, and every once in a while I think that we should do it. From a business point of view, I'm sure that there's enough of a market there. It would be wonderful if there were a magazine for women that had the intelligence and quality that *Playboy* has. A magazine that acknowledges that women are also sexual and that this is a positive, not a negative. Maybe that will be done. □



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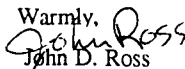
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By Mark Skousen

## Has Reagan Pulled It Off?

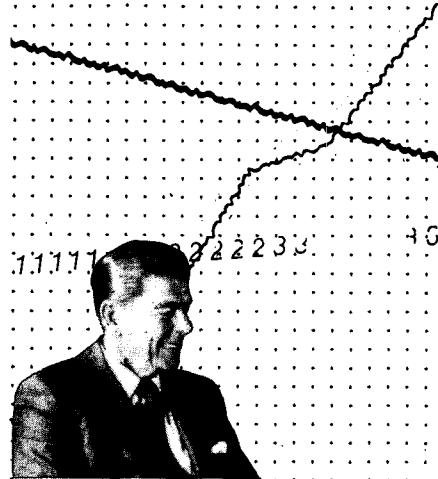
**H**ow was it that the hard-money inflationists went wrong in the 1980s? Here we are in the sixth year of the "Reagan Eighties," and there's still no sign of the double-digit inflation, let alone runaway inflation, that the inflationist camp predicted. Nor have there been 3 percent interest rates or a deflationary collapse.

Has Reagan pulled it off, as economist Art Laffer has suggested? Practically all we hear nowadays is good economic news. Interest rates are down, inflation is low, the stock market is roaring, and no recession is in sight. We have witnessed a gradual shift from the "shortage" inflationary economy of the seventies to the "surplus" disinflationary economy of the eighties. And gold, the bellwether of bad news, is selling for under \$400 an ounce in a year that many gold bugs were predicting it would reach \$2,000!

Certainly, this wasn't the vision seen by the hard-money doomsayers, such as Howard Ruff (*How to Prosper During the Coming Bad Years*), Doug Casey (*Crisis Investing*), and Jerome Smith (*The Coming Currency Collapse*). Smith, for example, warned in late 1979, "The accelerating double-digit inflation rate of the 1970's (now around 15 percent) will lead to triple-digit inflation and destruction of the dollar in the 1980's." Doug Casey argued that "a hyperinflation is almost inevitable." And Howard Ruff suggested that after the 1981-82 recession, "you will see a runaway inflationary spiral... Sooner or later, the American currency will collapse."

But something happened as the gold bugs headed for the hills. Ronald Reagan was elected president with a mandate to control runaway inflation. And Paul Volcker, chairman of the Federal Reserve, announced, "We are going to end inflation and keep the markets guessing." The hard-money camp wasn't listening, but a financial paradigm of disinflationary psychology was about to begin.

Admittedly, the Reagan Revolution was only a marginal shift in government policy, but it was enough to have a dramatic effect on the financial markets. And because it was only a marginal



change, it caught many hard-money investment advisors off guard.

What caused the disinflationary environment of the 1980s, and why will it continue? There are plenty of reasons: The severe 1981-82 recession put major industries in a precarious financial condition from which they are still trying to recover; therefore the Fed's liberal money policy has not been sufficient to create a heated inflationary recovery. The banking industry was deregulated, and the resulting high interest rates discouraged consumption and increased savings, which in the long run creates economic growth. Oil price controls were lifted in 1981, eventually destroying the oil cartel monopoly. High interest rates in the United States created a strong dollar and encouraged a flood of cheap foreign imports. Marginal tax rates were reduced from 70 to 50 percent and long-term capital gains rates to 20 percent or less, which stimulated capital formation and economic growth (despite the increase in taxes for the average American). Finally, the worldwide psychological impact of Reagan's conservative image replaced the appearance of fiscal weakness and lack of leadership under Carter.

Not everyone in the investment business failed to see this new paradigm of the 1980s. For instance, Harry Browne was one of the first financial analysts to abandon gold, silver, and Swiss francs in his speculative portfolio in the early 1980s. In his book, *Inflation-*

*Proofing Your Investments*, he and coauthor Terry Coxon suggested that "inflation's demise is inevitable." Browne's change of heart is even more remarkable considering that he was the first hard-money investment writer to popularize investing in precious metals and foreign currencies in the early 1970s with his books *How to Profit from the Coming Devaluation* and *You Can Profit from a Monetary Crisis*.

But what about the future? We're now in the sixth year of the Reagan Eighties. Is the disinflationary trend about to end? Will interest rates go even lower? Has consumer price inflation bottomed out? Is the bull market nearly over in blue-chip stocks, bonds, and utilities? My opinion is that the trend will continue for perhaps a few more years. Trends always last longer than people expect them to. I think you can expect the stock market to make further gains, even if inflation flares up a bit. I also recommend bonds, but only tax-free municipal bonds: the tax advantage makes them worth the risk.

Nevertheless, there are signs that the "inflationary hedges" are starting to come alive. Hard currencies, such as the Swiss franc, have made significant moves against the dollar, and a rise in the Swiss franc has been a precursor to rising gold prices. (However, I would not recommend silver because of its lackluster performance.) I would not be an aggressive buyer of gold at this time. Wait for a rise in price inflation for that to happen.

My views are best summarized by fellow financial writer Bert Dohmen-Ramirez, who stated recently, "Inflation will not be the problem of the 1980s. Therefore, commodities and precious metals prices will continue to lag behind other markets. This does not necessarily mean gold will plunge to \$100, but it does mean that the opportunities in other investment areas, specifically the financial assets of stocks and bonds, will outperform the inflation hedges."

*Mark Skousen, a nationally known investment writer, is adjunct professor of finance and economics at Rollins College in Florida.*