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LATE CITY FINAL

TUESDAY, AUGUST 13, 2002 / Hazy, hot and humid, 98/ Weather: Page 28 ★★

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25¢



**CBS to bump
Martha's show**

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**Baseball: Players
say no strike – yet**

PAGE 7



Elvis' daughter Lisa Marie and actor Nicolas Cage got married in Hawaii Saturday night.

Love you tender

FIRST PHOTO: PAGE 3

BEACH BUTT BAN

**Cig 'cops'
target shore
and parks**

Anti-smoking crusaders are moving outdoors. In City Hall Park yesterday with Mayor Bloomberg, they announced their new targets: parks and beaches. They joined the mayor to help him promote a new bill that would extend the ban on indoor smoking to all restaurants, bars and company cars.

Bloomberg also went further — saying he'd like to see smoking prohibited in tobacco shops.

FULL STORY: PAGE 5

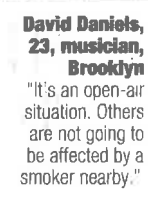


BEACH BUTT PATROL

Should smoking be banned at beaches and parks?



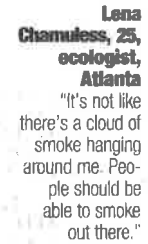
Courtney Shedd, 25, student, Atlanta
"I think it's ridiculous not to be able to smoke outside in a park or beach."



David Daniels, 23, musician, Brooklyn
"It's an open-air situation. Others are not going to be affected by a smoker nearby."



Kamran Ansari, 24, consultant, East Village
"I think it makes sense in a communal environment not to smoke."



Lena Chamulest, 25, ecologist, Atlanta
"It's not like there's a cloud of smoke hanging around me. People should be able to smoke out there."



WHAT A DRAG: Coney Island sun-lover Adrian Scheidemann (left) and Bryant Park backgammon player Gabriel Shehebar (right) may soon have to go smokeless if Mayor Bloomberg gets his way. Edwine Seymour (left); Steven Hirsch

No-smoking crusaders eye seaside & parks

By DAVID SEIFMAN
City Hall Bureau Chief

Anti-smoking advocates who convinced Mayor Bloomberg to propose a tough new law banning butts in bars, company cars and all restaurants have already zeroed in on their next targets: parks and beaches.

"Our parks don't allow alcoholic beverages. Our parks don't allow dogs in a lot of them. They don't allow loud music. But they still allow smoking," said Joe Cherner, the city's leading anti-smoking spokesman.

"Eventually, after this legislation, we would like to see smoke-free beaches and smoke-free parks addressed."

Cherner was one of two dozen people who joined the mayor in City Hall Park yesterday to promote a bill extending the city's smoking ban to bars, billi-

The Pataki administration is coming under fire for failing to collect up to \$250 million a year in cigarette taxes from sales made by Native Americans and out-of-state sellers.

State comptroller and gubernatorial candidate Carl McCall is expected to blast Pataki at a press conference today and say he failed to enforce laws that would allow the state to collect taxes on cigarettes sold to New Yorkers by out-of-state retailers or Indian tribes.

"We are very interested in this issue," a McCall spokesman said.

McCall wants to publicly berate Pataki for failing to enforce the 51-year-old Jenkins Act, a federal law that requires cigarette shippers to supply information to state and local tax authorities about their

ard and bingo parlors, all restaurants, outdoor cafes, city vehicles and company cars if a single occupant objects.

Bloomberg even suggested that smoking be outlawed in tobacco shops.

"If people work there, it shouldn't be allowed," he said,

customers. This disclosure would allow states to collect revenues from buyers.

Local convenience-store owners are also fuming about the non-enforcement of the act because they say they can't compete with the reservations' prices — roughly half the price of smokes in the city.

"New York is doing nothing to pursue this right now, while other states have — with some degree of success," said James Calvin, president of the New York Association of Convenience Stores.

Native American tobacco sellers say the Jenkins Act does not apply to them. But some legal experts disagree and say the sellers are only allowed to sell tax-free to their own tribe members without reporting sales.

Al Guart

the nicotine habit in New York.

Last week, he called smokers "crazy." Yesterday he added "stupid."

Upping the ante, Bloomberg then warned, "It's not hard to see someday some child suing their parents if the child comes down with cancer. That's probably

going to happen."

Philip Morris, the cigarette giant headquartered here, was singled out for attack by James Oddo, the City Council Republican leader.

"This battle is about us and Philip Morris, and what they're trying to do to New Yorkers," said Oddo.

Brendan McCormick, a Philip Morris spokesman, responded that the new bill was far too restrictive, especially for small businesses, and hoped the council would keep an open mind.

Bloomberg suggested the anti-smoking bill was a done deal, mentioning assurances he had from Council Speaker Gifford Miller.

But Miller's top aide, Forrest Taylor, criticized the mayor for disclosing a private discussion and merely committed to "a full and fair hearing at the appropriate time."

Anna Nicole's dumb-ash stunt

Page
Six.com

Richard
Johnson

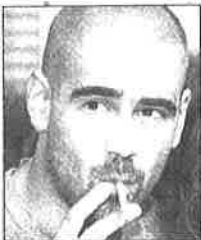
With Paula Froelich
and Chris Wilson

Dimple sweetly

MARTHA Stewart is spending megabucks on lawyers and publicists, but conservative guru **Lucianne Goldberg** has some free advice for the domestic diva. "It looks highly likely that [Stewart] will be hauled before a Senate committee," Goldberg writes on her Web site, lucianne.com. "To avoid this, perhaps she should show up, dimple sweetly, say she meant no harm, cry prettily and dare the big, mean, old men to pick on her. Blondes have been doing it for centuries. It works," notes blonde Goldberg.

Just asking

WHICH Upper East Side plastic surgeon — who's had a few too many procedures himself — was seen doubling up on goodie bags at Bridgehampton Polo on Saturday. At haltime, the doctor and his trumpy girlfriend seemed to leave, taking the perfume-laden bags to their car. But then they came back for seconds ... WHICH half of a Hollywood power couple used to shave her hairline to give herself a higher forehead? Once she married into real money, she had it permanently lasered.



Farrell is feral

OH, to be **Colin Farrell** (above). The skirt-chasing stud — currently tormenting **Tom Cruise** in "Minority Report" — is going to have to hire an assistant to keep track of all the beautiful women who want to date him. In recent weeks, Farrell has been spotted with Playboy Playmate **Nicole Narain**, Maybelline model **Josie Maran** and a babe-licious brunette named **Susan** he brought to the premiere of "The Sum of All Fears." Now comes word Farrell has been spotted all over L.A. with **Maevie Quinlan**, the ex-wife of **Tom Sizemore**. Farrell ended his four-month marriage to actress **Amelia Warner** last November.

THE former son-in-law of televised train wreck **Anna Nicole Smith** says her latest stunt mocks the memory of the man who left her millions.

Sunday night's installment of E!'s "Anna Nicole Show" featured Smith and her lawyer, **Howard K. Stern**, parading through her newly decorated Pepto Bismol-pink home carrying an urn full of the late J. Howard Marshall's ashes.

The ashes — which were fiercely litigated over, then abandoned — have a long, disturbing history.

"This is a painful issue for all of us who knew and loved my father," Marshall's son, **E. Pierce Marshall**, declares. "Immediately after his death, Smith tried to block our attempts to carry out my father's final wishes that his body be cremated in accordance with his Quaker beliefs.

"Smith spent so little time with my father that she had no idea he was a Quaker and that he wanted his remains cremated."

Eventually the family had its way and blocked Smith's plans for a burial. But then there was a fight over who would get custody of the ashes. The dispute was settled by dividing the cinders of the billionaire in half.

But then Smith let the urn holding her half of Marshall languish in a Houston funeral home for over five years. One of her lawyers finally claimed them after Smith feared it would become an issue in her bid for her husband's estate.

"Her conduct and the conduct of her attorney is reprehensible," E. Pierce states. "Anyone who had anything to do with the production of this segment of the program should be ashamed of themselves. I think the public will conclude that this plus-sized model and her lipstick-covered attorney don't have an ounce of decency or credibility between them."

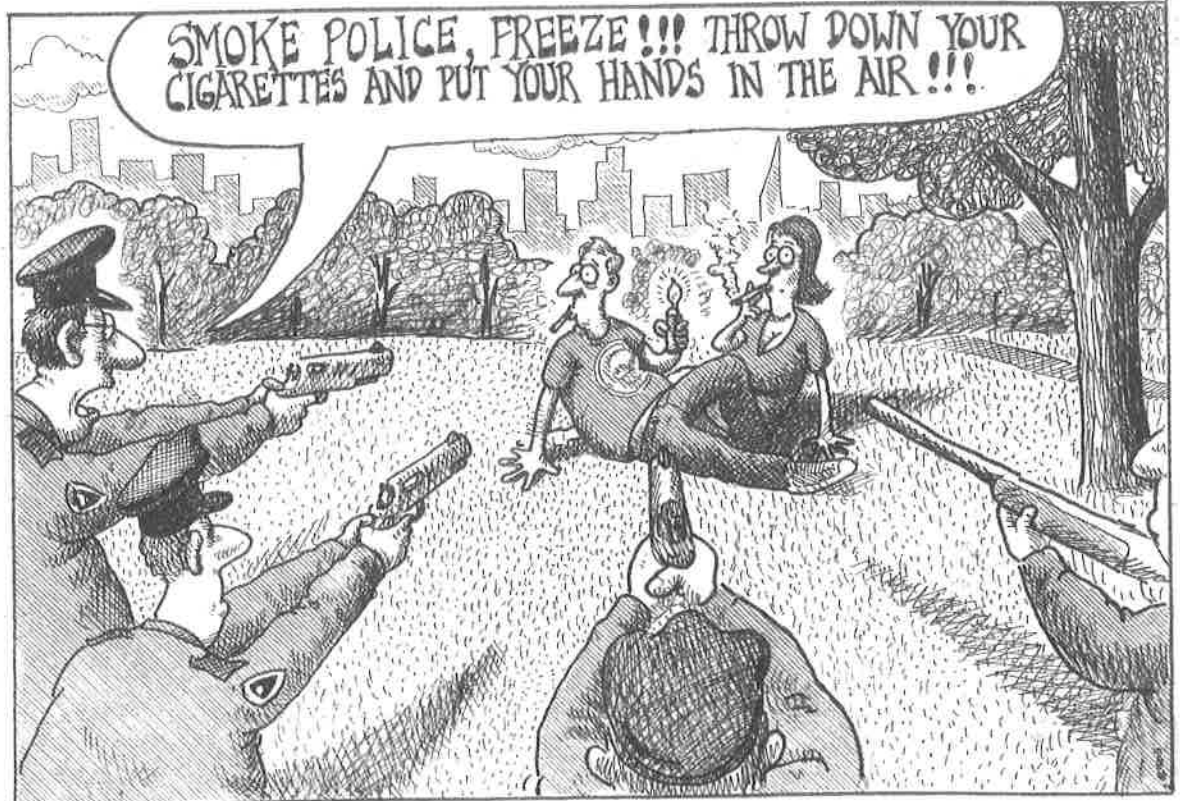
He adds, "I am thankful the public is finally getting to see the real Anna Nicole

Smith and not the phony image her attorneys have tried to create in the media. Like the late Sen. Joe McCarthy, media exposure will eventually be her undoing."

So far, however, the public loves Anna Nicole's antics. Her show debuted to record-setting numbers, notching over 4 million viewers — making it the highest-rated reality series debut in cable history, as well as E!'s top-rated show ever.

In March, the federal judge who awarded the former stripper \$88 million described her as an often-depressed Marilyn Monroe wannabe who spends money at a breathtaking pace and whose "illiteracy is striking."

As reported by Court TV's thesmoking-gun.com, U.S. District Court Judge **David Carter** wrote about Smith's inability to write checks: "Examples are too numerous to chronicle but include writing '\$25.00' meaning \$2,500 and '\$4500.00' meaning \$4,500 — she testified she had trouble with zeros."



Sightings

THE Sultan of Brunei sending over five methuselahs of Cristal — \$20,000 apiece, and each the equivalent of eight bottles — to

Sean "Puffy" Combs' table at Les Caves du Roi nightclub as a welcome to St. Tropez ... **ALAN Hevesi** at the Hamptons housewarming party of his mayoral race rival **Mark Green**, then checking out the polo with

publisher **Jason Binn**, and a Hamptons magazine party at the Star Room ... **GEORGE Lucas**, **Rob Reiner** and **Francis Ford Coppola** backstage at "Hair-spray" Friday night to congratulate the cast ... **JULIA Stiles** celebrating the closing night of "Twelfth Night" at Cafe DeVille on Third Avenue.



Let sleeping dogs lie

ACE Esquire writer **Tom Junod** would like to give a beating to **Stuff** magazine editor **Greg Gutfeld**. "I'd like to kick his [bleep] and would if given the chance," Junod told one reporter. After Junod wrote in the July issue of Esquire about putting his dog to sleep, Gutfeld commissioned a three-panel comic strip. The first shows Junod's dog thinking, "Why doesn't Esquire just put this sap out of his misery? He writes long, tedious pieces of hackneyed, stream-of-unconsciousness drivel." In the second panel, the panicked pet thinks: "Wait a minute ... I think he plans to put me to sleep and turn me into turgid copy!" The third panel shows Junod wearing a gas mask, reading his overwrought 1998 profile of **Fred Rogers** to the unconscious canine. PAGE SIX couldn't get Junod on the phone, but a mag spokeswoman said, "He put his other dog to sleep on Friday and he doesn't give a [bleep] about Stuff magazine." For real? "He had two dogs. Now he has zero."

Breaking
business
news on
nypost.com

We hear . . .

THAT **Sheryl Crow** will perform at the VHI/Self magazine "Rockbodies" party tonight at Eyebeam studios, while guests receive complimentary manicures, makeovers and hair styling ... THAT **Arnold Schwarzenegger** has loaned his motorcycle for today's opening of the new Kiehl's store in Santa Monica, where **Elizabeth Taylor**, who washes her dog with the firm's shampoo, is expected to stop by ... THAT **Mark Wahlberg** gave his new mannequin girlfriend, **Heidi**, a birthday party at his house last week.

Porn & pinhead

"XXX" bombshell **Asia Argento** (above) has a racy alter-ego she calls "Silver Gems." "It's my porno name," she told Webster Hall curator **Baird Jones** at the action flick's premiere the other night. "Everyone should have a porno name. You take a variant of your last name and add your pet's. Argento means silver in Italian. My dog's name was Gem." She also explained why co-star **Vin Diesel** shaves his head: "To make it look bigger. He thinks he has a small head."



More Greenbacks From Greenspan?

NOT one in a thousand economic talking heads understands that the true role of the Federal Reserve is to control the basic money supply. Call it what you want: the monetary base, Federal Reserve credit, Reserve Bank credit, or the consolidated balance sheet of the Federal Reserve system. Or just call it plain ol' high-powered cash. That's the Fed's business.

Sure, Alan Greenspan has convinced a lot of people that the Fed's job is to tinker with interest rates. But that's a false perception. The market sets the rates — not the central bank. The only rate the Federal Reserve controls is the discount rate, which is the rate at which it temporarily loans reserves to member banks.

The basic policy rate — a.k.a. the federal funds rate that TV and radio economists track as closely as their portfolios — is in fact heavily influenced by the Fed. But to a large extent this rate, too, is set by the supply and demand forces for overnight bank reserves (or, again, plain ol' money). This is known as the federal funds market. The interaction of reserves supplied by the Fed and the reserves demanded by the banking system actually set the price of overnight money, which we all call the fed funds rate.

The Fed adds or subtracts reserves — or money — in order to stabilize the fed funds target rate, which has been held at 1.75 percent since last November. Right now, as the recovery has hit a soft patch, declining bank demands for reserve monies are probably inducing the Fed to remove cash from the economy in order to keep the fed funds rate steady at 1.75 percent; exactly what they shouldn't be doing. This interest-rate target only slows the monetary lever and removes stimulus from the economy. And it's absolutely the wrong time for the Fed to be removing stimulus.

In a free economy like ours, the public determines where the money goes — checking accounts, money-market funds, savings accounts, investments, or the stock market. But recently all these demand-side measures of money have slowed in tandem with the Fed's less accommodative supply of high-

LAWRENCE KUDLOW



powered cash. There are several variables at play here. The public is showing a high demand for cash balances, itself a symptom of investor-risk aversion. There's a corporate credit crunch that has caused a shrinkage of balance sheets and market capitalizations. And we are tending toward deflation.

Over the past three months, wholesale prices of consumer goods have fallen by 2.3 percent, autos by 3 percent, capital goods by 1.1 percent, and computers by 20 percent, all at annual rates. Overall, the producer price index has fallen 2 percent.

If these falling price trends continue, it will be difficult for profit margins to hold up. These margins have been improving for nearly a year, but they are beginning to narrow once again, an ominous sign for the stock market. It's also a negative for corporate cash flow. Businesses faced with high real interest expenses need to cover burdensome debt, and they need cash to do so.

Obviously, it's time for the Fed to loosen up and get more money into the pipeline. And how should the Fed do this? When the Federal Reserve meets today, it should drop the target for the federal funds interest rate, allowing the Fed's open market desk to buy more Treasury bills and inject more cash into the financial system. Remember, it's the cash injection that's important — not the level of the fed funds rate.

Some commentators scoff at the proposal to lower the fed funds rate by a quarter or half of a percent. But they miss the point. The key is liquidity, which is in short supply. In a softening economy, the only way the Fed can pump up liquidity is by dropping its target rate.

And investors should not judge the Fed through interest rates alone. Instead they should watch gold, commodities, and the interest rate differences among Treasury securities. If these indicators are rising, then the Fed is doing its job to stabilize domestic prices and foster economic growth. Yet today, all of these indicators (which Alan Greenspan would be wise to follow, too) confirm the slowdown in high-powered money.

At today's meeting, let's hope the Feds loosen up their policy. The real way



Greenspan: Growth hangs on Fed's cash.

Drink, Bet — But Don't Light Up!

IN New York City you can get almost everything with your food, from Russian floor shows to topless dancing to sadomasochism (at the Marquis de Sade-inspired eatery La Nouvelle Justine). The only thing you won't be able to get, if Mayor Bloomberg has his way, is a cigarette.

Following a national trend — pioneered by California, Vermont, Delaware and Utah — Bloomberg wants to ban smoking in all the city's bars and restaurants. You know what they say — as goes Utah, so goes Manhattan. What Naked City sophisticates have in common with Salt Lake City Mormons is a bluenose Puritanism when it comes to smoking, which is becoming one of the most hated vices of the liberal set, falling somewhere between racism and SUV-driving.

How this happened is a bit of a mystery: At some point, tobacco went from being associated with jazz musicians and Native Americans (both very noble), to dishonest executives and the Marlboro Man (both very bad). Crusading against smoking also offers an opportunity for a morality-free Puritanism, since there's nothing per se wrong with smoking except that eventually it might make you sick.

It's not like gambling (New York state runs a thriving lottery), which you can consider wrong only if you make a moral judgment about people receiving unearned rewards.

Or like abortion (freely available in New York with no limitation), which you can consider wrong only if you place a moral value on unborn life.

Bloomberg, typical of anti-smoking crusaders, happens also to be a moral libertarian. The only problem he would likely have with, say, teenagers having sex is that one of the partners might want to smoke afterward.

As other pro-prohibition politicians have around the country, Bloomberg justifies his ban as a public-health measure — bartenders and waitresses shouldn't be subjected to the dangers of second-hand smoke.

But the hazards of this smoke are murky. A court slapped down the Environmental Protection Agency a few years ago when it declared that "envi-



RICH LOWRY

ronmental tobacco smoke" killed 3,000 Americans annually. Whatever the case, we're talking about a sliver of a public-health problem.

New York City doesn't have figures on bartenders and waitresses who have fallen ill because of cigarette smoke. But nearly 700 people a year die in the city of cirrhosis of the liver. Maybe Bloomberg should crack down on drinking? Nearly 2,000 people a year die of AIDS. Maybe Bloomberg should discourage homosexual sex?

The fact is that sometimes we choose pleasures — smoking, drinking, gay sex — that aren't good for us. So what?

Around the country, opponents of smoking bans have argued that they would cost restaurants business. This seems a false worry. Since the 1998 smoking ban, California restaurants have continued to grow, increasing sales 9.3 percent in 2000.

The case against the smoking prohibitions should instead be based on freedom. Is getting together with friends to smoke over a meal such a noxious activity that it should — like taking heroin or exposing yourself in public — be banned out-



A N.Y. no-no: Butts, even at the bar.

right? Are people so childish that they can't figure out for themselves whether to take "the risk" of sharing a cigarette over a cappuccino?

Is the U.S. economy so restrictive that bartenders and waitresses who don't want to work in a smoky environment can't pick themselves up and get a job elsewhere?

Do we really need the government to tell us, as the New York law proposes, exactly where and in what circumstances ashtrays can be displayed?

The answers are all "no" — unless you, like Bloomberg and so many others across the country, have become a morality-free Puritan.

In New York City, soon enough, you will be able to get a lap dance at almost any hour of the day, at any number of strip clubs — provided, of course, that you don't commit the offense of smoking.

E-mail: comments.lowry@nationalreview.com

The Big Apple Carries On

NEW Yorkers have always considered themselves to have one advantage over the rest of the country: They are at the center of the universe.

There is nothing else that would explain their eagerness to pay megabuck rents for shoe boxes or their relative obliviousness to noise, smog, petty crime, traffic and a host of other nuisances. They are all Frank Sinatra singing "New York, New York" with its immortal, "If I can make it there, I'll make it anywhere," which becomes an almost indelible part of subconscious.

It is the palpable energy of 8 million souls competing, hating and loving each other in the "ongoing argument"

that is the essence of New York City life.

There is one small problem however: New Yorkers are still grieving over Sept. 11, and this has colored their thinking over what to do with Ground Zero. While it is necessary to honor those who perished, it is far more important to remember the oldest, most painful, yet undeniable cliché of human existence: Life goes on.

What has been destroyed must be rebuilt: not just the Twin Towers, but lives as well. Not out of disrespect to the dead, but precisely to honor who they were: New Yorkers who lived and died at the center of the universe.

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