

I subscribe to a number of professional and technical journals. From time to time, I discover a piece that is particularly insightful. On such article was an editorial offered by Ron Kohl, editor of Machine Design magazine in the November 19, 1998 issue . . .

## **Take a look at our sleek free-market economy. . .**

Almost every day, the business sections of our nation's newspapers are loaded with idiocy as well as irony. Let me give you some examples from our local paper last August.

One article that caught my eye tells how the Russians had just devalued the ruble and defaulted on debts that had come due. According to an Associated Press reporter, these events were a severe setback to those trying to transform Russia into "a sleek free-market economy."

The article implies that Russia should look to the United States as the model to follow in building a sleek economy. And as I continued to page through the newspaper, the examples of American sleekness were enough to make your head spin.

For openers, I came across an article telling how troubles overseas will probably undermine investor confidence which, in turn, will hurt the stock market. What is interesting here is the extent to which confidence, or a frame of mind, determines how rich or poor we are. In our sleek economy, it isn't how much cast iron we pour or how much software we write that makes us rich, it is what people are thinking. Thus, the stock market is probably the only place on Earth where telekinesis is a fact of life. (Will we soon see Telekinesis Technologies as one of the hot new issues on the Nasdaq?)

The newspaper also had an article about one of our sleek corporations where auditors had discovered that management had cooked the books to the tune of \$500 million over the last three years. Until recently, the company was a darling of investors. Now they are angry, apparently not so much by the chicanery as by the fact its discovery made the company's stock take a nosedive.

Another article tells about CBS selling some of its radio stations to boost the price of its stock. Executives fear that if they don't sell the stations, the low stock price will make the corporation a take-over target. The lesson here is that in a sleek economy a good way to make a company more valuable is to sell off its assets.

Yet another article tells how federal regulators are becoming alarmed about the fact that more and more savings and loan associations are providing equity loans for as much as 125% of the value of a house. This provides, of course, incentives for debtridden homeowners to walk away from houses they can no longer afford. Regulators fear this could create another crisis for the savings and loan industry. Apparently, these worry-wart officials just don't understand how a sleek economy is supposed to work.

Finally, there is an article about a trustee who decides who will be absolved of debts when they file for bankruptcy. He says he lets about 95% of these people off the hook entirely, and the other 5% of them have to repay only some of their obligations. A bank official quoted in the article says that personal bankruptcy has not only lost its stigma, but some people, including those in the legal profession, now use it as a financial-planning tool.

Getting back to the Russians, it's clear what their problem is. They don't have a sleek economy because they don't pay enough attention to articles about business and finance in American newspapers.

-Ronald Kohl, Editor