

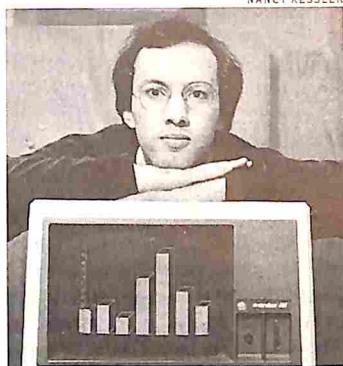
A Letter from the Publisher

Declining productivity. High interest rates. Slipping stock markets. TIME's Economy & Business section has dealt with these dismal themes all too often in recent months, as the American economy has slid deeper into recession. So it was with relief that Business staff members turned to a more cheerful phenomenon: the surprising surge in innovative businesses in America today, and the new generation of capitalists who are risking, and often winning, huge sums with their venturesome companies. "It is the other, upbeat side of the economy," says Business Senior Editor George M. Taber. Adds Staff Writer Alexander Taylor, who wrote the cover story: "Up to now, it seemed as if opportunities for making great fortunes like those of the Rockefellers and Carnegies had been cut off. It is heartening that people are taking chances and sometimes succeeding beyond their wildest dreams."

Boston Bureau Chief Barry Hillenbrand found an encouraging growth in the high-technology industries in his area. "The companies that used to cluster along Route 128, the inner Boston beltway," he says, "now stretch all the way to Route 495, the beltway 20 miles farther out." Correspondent Frederick Ungeheuer, who reported the story from New York, admires entrepreneurs who broke away from older cor-

porations to set up their own shops. "They have done themselves and the U.S. economy a real service," he says.

San Francisco Correspondent Michael Moritz, who reported on the explosion of electronics-based firms in California's "Silicon Valley," asked to transfer from TIME's Los Angeles bureau six months ago, because he felt that the center of the state's economic action had moved north. "Silicon Valley is a nursery of creativity," he says. "Every week people are proving that individuals are still able to make a substantial difference and to move the world." Moritz, a native of Wales who read history at Christ Church, Oxford, and earned an M.B.A. at the University of Pennsylvania's Wharton School, joined TIME as a correspondent in 1979. Assigned to the Detroit bureau, he reported on the auto industry, and, with Barrett Seaman, then Detroit bureau chief and now Washington news editor, he is co-author of *Going for Broke: the Chrysler Story*, published last fall by Doubleday. Now, Moritz finds, Detroit's misery has lessons for Silicon Valley: "Detroit is a terrifying example of what happens when innovation dwindles. The



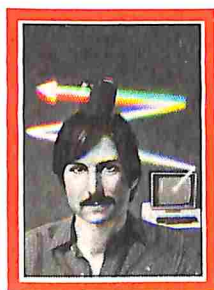
Michael Moritz with computer

new risk merchants, however, are convinced they are smarter than their automotive predecessors. Whether they can avoid the same mistakes remains to be seen."

John A. Meyers

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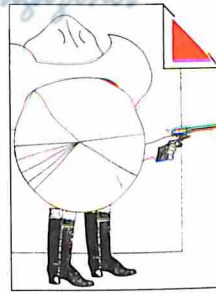
Cover: Illustration by Alan Magee



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