

## A Letter from the Publisher

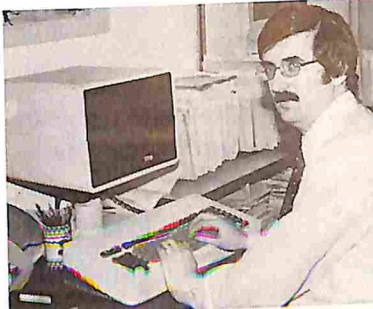
Unemployment—"structural" or otherwise... Industrial policy... Buy American... Retraining... The slogans and concepts are everywhere, and they add up to a new American economy in the making. The idea for this week's cover story began to take shape for Business Editor George M. Taber at a conference of Time Inc. journalists in Santa Barbara, Calif., more than a year ago (yes, sometimes these things take a while). One of the major subjects of discussion was flourishing high-technology industries like those in California's Silicon Valley. Says Taber: "It began to strike me that here we were with this new, vigorous economy of the silicon chip and the old, declining economy of smokestacks and steel mills. The division was partly geographical: much of the old was in the East, much of the new in the West." Since that conference, TIME has responded to the phenomenon of the new economy in many ways: by creating a Computers section, by naming the computer Machine of the Year, by chronicling factory closings and unemployment woes. With this week's cover story, says Taber, "we are putting the two economies side by side."

Drawing the portrait of this complex, two-tier economy was the job of Staff Writer Charles P. Alexander, who had the assistance of Reporter-Researchers Bernard Baumohl and Stephen

Koepp, as well as TIME correspondents across the country, in Europe and in Japan. Alexander also drew on extensive work on global protectionism by Staff Writer Jay Palmer.

This is Alexander's third cover story for the Economy & Business section since he became a staff writer three years ago. He had previously been a reporter-researcher in the Business section for two years. As a 1972 Harvard economics major, he had as his adviser a faculty member then little known outside the academic community: Martin Feldstein. Since then, as chairman of President Reagan's Council of Economic Advisers, Feldstein has gone on to counsel a better-known pupil.

It is often difficult for an economic journalist to avoid getting bogged down in the short-term trends of the business world. But Alexander has a reason to keep his eyes trained on the far horizon: his son Brian. "I often sit and wonder what his life will be like," Alexander says. "He will have more career opportunities than my generation did, but the economic risks will also be greater. I worry about whether he will gain the skills needed to get ahead in the complex, competitive global economy in which he will grow up." Plainly, Alexander is a long-range thinker, or worrier. Brian is 19 months old.



Alexander and New Economy product

*John A. Meyers*

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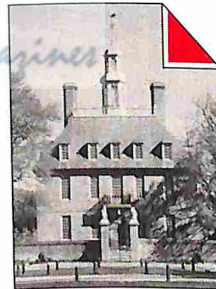
Cover: Illustration by Seymour Chwast



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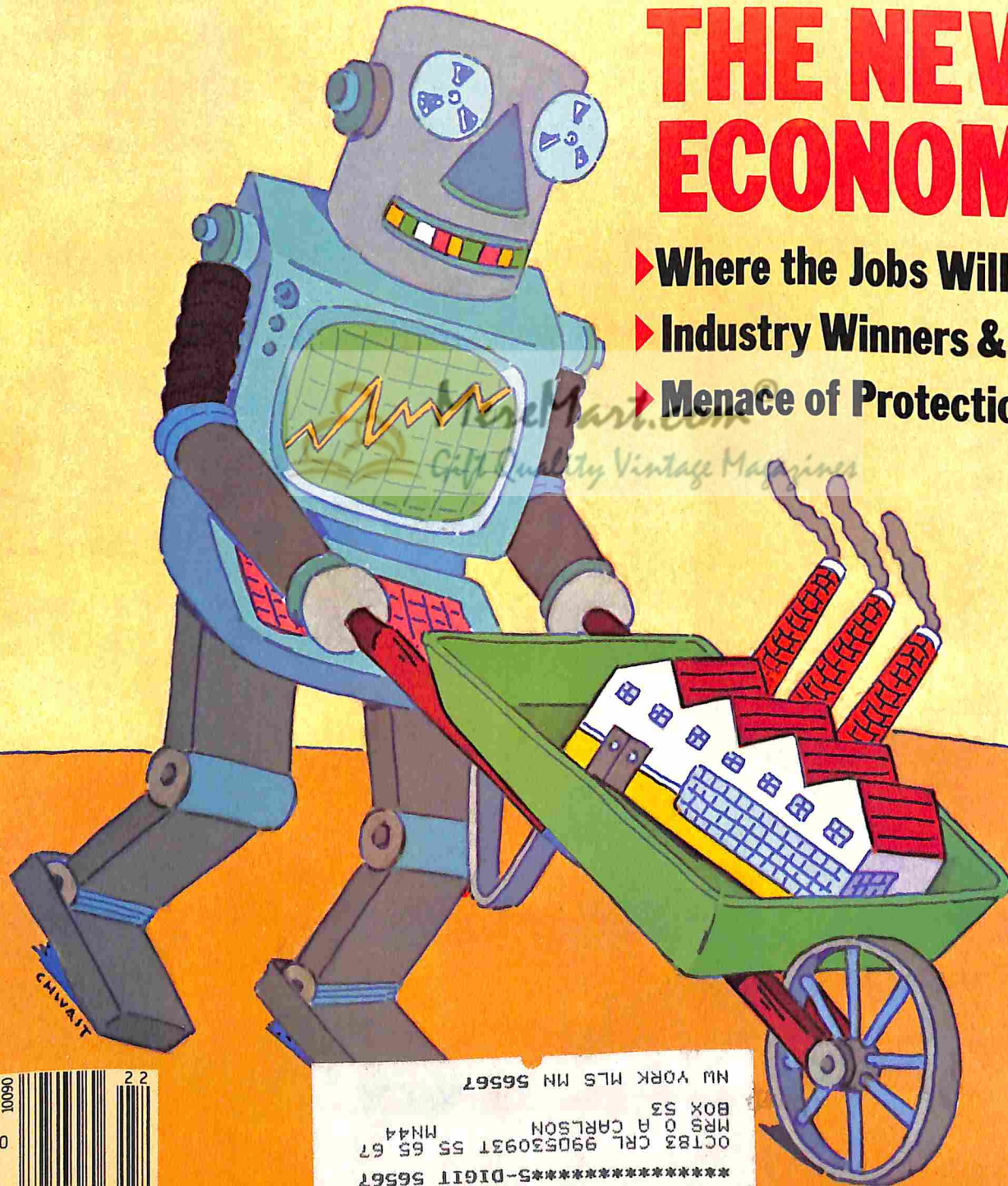
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