

ASIAN FLU

DECEMBER 1997

On December 29, the Chinese government took drastic measures to rid themselves of the Asian flu. The threat posed by the highly contagious strain, originating in chickens, warranted the precautionary slaughter of over two million chickens. All reports since, claim that there have been no further outbreaks, although some lucky chickens did manage to escape their death sentence. Yet another Asian epidemic, the one that has been wreaking havoc in worldwide financial markets, shows no signs of abating.

The International Monetary Fund (IMF) has been attempting to bail out suffering Asian economies by throwing them money. In spite of enormous amounts of economic aid being allocated for that purpose, they have failed to restore stability in the markets. The policy of giving handouts to countries when their economies fail, is in direct contradiction to the theory of capitalism.

In America we can exercise our Capitalist freedom to invest our money in stocks, bonds, commodities, real estate, and the like. In doing so, we subject our money to the varying degrees of risk linked to all investment opportunities. Inherent in one's willful participation in market-based investments ought to be their understanding, and acceptance, of its propensity for fluctuation and occasional volatility.

The IMF's failed attempts to remedy Asia's problems with emergency infusions of capital could have, at best, provided short-term relief. Think of it like a makeshift sling, temporarily alleviating some strain but ultimately incapable of reversing the damage.

Most Asian governments put the fate of all economic development in the hands of their "chaebol," the large, family-dominated conglomerates. Government policy dictates the borrowing and investing of the chaebol's money, a system reminiscent of socialist models. For example, if company 'A' is about to go under, the government orders another company, 'B', to acquire and rescue company 'A'. This pattern of government intervention and manipulation was established to remove the elements of failure and financial collapse from the corporate structure.

By tampering with the natural forces of economic ebb and flow, supply and demand, consumer trends, and such, they have disrupted their own Capitalism; they have done away with commercial-survival-of-the-fittest.

Overall failure is the eventual result of a system where the strongest companies must carry on their backs the burdens of the weakest companies. The old saying, "a chain is only as strong as its weakest link," comes to mind. To hold onto the weakest links, rather than allowing them to fall away naturally, is to weaken the value and strength of the whole chain. Rather than handing money to collapsing economies, we ought to encourage them to come up with their own restructuring solutions, adopt some new policies, and come up with an overall better business model. In their attempts to remove the variables of failure and loss from business, they have actually turned the troubles of the few into the troubles of the masses.