

The Economy in Perspective

My dinner with André ... “Happy New Year, boychik!” André boomed out as he hurtled across the room; moments later, his hug almost knocked the wind out of me. My friend was flying high, and why not? His e-mailed dinner invitation had hinted at plans for some new venture that would transcend even his most recent, improbable success. As finance minister in the land of Nedlaw from 1996 through 1998, André had pulled off the decade’s most amazing economic miracle. Then, in 1999, his pike quenelles took Europe by storm, and he was named “Man of the Year” simultaneously by *Foreign Affairs* and *Gourmet*. And then he simply walked away, telling the prime minister that he was leaving public life. Within weeks, the *Financial Times* ran a front-page story reporting that André had become the chairman of a new investment-cum-coffee-house, Leverage@beverage.

Now André sat across from me in his banquette at a swank Manhattan eatery, the e-picure, his eyes shuttling between me and the caviar blinis. “The concept is so beautifully simple, *mon ami*,” he said, dipping a bite of blini in sour cream. “Less is more. I’m financing e-commerce companies that will give away their merchandise. We’re talking free, gratis, pro bono.”

“But André,” I said, “Internet companies have been doing this for a couple of years already, and many of them aren’t earning any profits at all. Are you sure you know what you’re doing?”

André flagged down our server and quietly issued several commands. Then, returning his attention to me, he shifted his newly lean frame and smiled. “I’m painting on a much larger canvas. I’m thinking *way* out of the box. Those other guys are fighting over small potatoes.”

As if on cue, our server appeared with our filet mignon flambé. My friend attacked his meal as Genghis Khan might have sacked a village. After subduing the asparagus ragout, he resumed. “Most of Europe has forsaken individual currencies for the euro. Outside the Continent, some countries are already hard-wired to the U.S. dollar, and several others are considering dollarization. People are beginning to recognize that having their own currency unit is just another way of allowing government to pick their pockets. Hey, I was a finance minister, I should know.” He discreetly removed the handsome crystal salt and pepper shakers from the table and placed them in his briefcase.

André summoned our server and ordered dessert. Delirious with anticipation, he continued. “Dollarization is only a fad. In Nedlaw, people trade things directly with one another; they needn’t waste time finding money. Or they issue their own money. When you do that, you can call it whatever you want, like ‘gherkins.’ Private money is where it’s at.”

I was puzzled. “André,” I asked, “what does private money have to do with e-businesses that give away their merchandise?”

Patiently, he replied, “Let me connect the dots. When I was finance minister of Nedlaw, people always swore no government would be better than their government. They were bragging, of course, but they got me thinking. Our world is no longer nation-centric; it’s business-centric. Here, I thought, is an opportunity to deliver value to my customers, or, as we used to say in the old days, ‘here’s where I can make a buck.’ The twist is to forget about money and think instead about frequent-flier miles!”

“I’m beginning to see the picture, André,” I said slowly, watching him subdue the last of the potato gratin. “You think global corporations and capital markets can provide the services people want, without traditional money and government. And you expect that people will be able to download and pay with Beanie Babies.”

Dessert arrived. “Yes,” André beamed, although I couldn’t tell if he was pleased with me or with the chocolate soufflé. “E-companies will provide the goods and services people want. We have entered a new era, in which the old economic and political norms mean nothing. Sovereignty is finished. History is kaput. Economies of scale and scope rule. Supply creates its own demand, and demand creates its own supply. Everything you need to know you learned in kindergarten.”

“But what if you are wrong about that, André? What you describe sounds amazingly like the United States in the early 1900s, when government was weak, banks issued their own currency, and robber barons called the shots. But those giants of industry became so greedy that the people demanded reform.”

“This time, *mon ami*, things will be different,” said André, wiping the chocolate from his lips. “As people say in my country, ‘Give a man a krona and he has a piece of paper. Give a man a gherkin, and he has lunch.’”