

## EDITOR'S STATEMENT

First of all I would like to announce a change to our Board of Directors. We noted the death of Major General Bruce Jacobs in our last edition. We announce his replacement Lieutenant General Max W. Noah (retired). General Noah has served in various engineering position and financial position during his Army career. He finished his Army career as the top financial manager for the US Army. His vast experience will be a great help in indentifying key area for us to explore in future issues. The addition of Gen Noah and Dr. Jiawen Yang, professor of International Business at the George Washington University significantly increase the analytical and evaluation capabilities of my Board which should enhance the value of our efforts to provide our readers with improved articles for publication.

Now to the current issue in front of us. We should note the rather tragic announcement by the new Egyptian revolutionary government that long time former head of State Hosni Mubarak will stand trial for murder. The US government encouraged him to step down and place himself at the mercy of the “new democratic” mobs in the streets of Cairo. Well the “new democratic” mob “voted” to lynch him. After thirty years of cooperation with US this is what he got. I repeat – he deserved better from the US. And we expect other Middle Eastern tyrants like Khaddafi to willingly step down. We don't seem to understand the fury of revolutionary young “know nothings”. They want good jobs, economic prosperity and social welfare programs but they don't have the foggiest idea of how this occurs. We should give up hopes that democracy will suddenly splurge and in the Middle East. The culture and civic society to encourage democracy are simply not present in that area of the world. It will come only out of the barrel of a gun. The question is who will hold the gun.

I also want to mention that no progress has been made with freeing Liu Xiaobo. We want to repeat our request that the government of China free him and permit him to go into exile in the US. We need and could use him even if China doesn't.

The current edition focuses first on the Chinese stock market and the predictability of book-to-market ratios for monthly and annual returns. With the current decline in the Chinese stock market investors should be interested in what the authors of this piece have concluded. The second article is an extensive examination of the history of insurance. The Article examines which come first entrepreneurship or insurance. This article should be of particular interest to students of emerging markets who recognize the emergence of entrepreneurs and their ability to socialize risk and the development of rising markets. This is a relatively long piece for us but it puts the entire issue in perspective and presents a comprehensive look at the issue of insurance, risk and uncertainty.

The next piece looks at corporate corruption and the role of government in curbing it. This is especially interesting since much of societal corruption stems from government activities and government actors. This issue raises questions of whether government is capable of curbing corruption derived from complex financial practices and instruments which have been developed by the people government is trying to curb. Often the only people who know how to use these

complicated devices are the inventors themselves. Government can hardly oversee what it barely understands and has no experience in using.

The next piece looks at the various ways to evaluate US debt. What is the correct magnitude of the debt? Are we looking at the correct number? Agreement on what the correct number is would seem to be essential to tackling the issue of the debt reduction. But it is more complicated than that. Especially when we mix with politics.

The next issue examined from a sociological perspective is what exactly is a “culture of poverty”. The author looks at a Chinese village to reach some interesting conclusions. Of course defining poverty is essential if something is to be done about it. While China has lifted 25-50 million people out of poverty so far but this was “cherry picking”. Now comes the hard part “the really poor” who live on 1 dollar a day and are probably illiterate.

We wrap up this issue by examining another Chapter in the Historical Status of China’s Tibet. This Chapter brings us to China’s answer as to whether or not Tibet needs “Self determination” or is China’s version of “Autonomy” adequate. It probably is a matter of personal perspective.

Bernard Pitsvada, Editor