



## EDITORIAL

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# POLITICIANS IN THEIR PLACE

**W**ith Election Day rapidly approaching, we're besieged by incumbents of both parties desperately scrambling to take credit for our nation's current prosperity and promising to toil well beyond the limits of human endurance, if elected that is, to guarantee they realize all our fondest hopes. None, however, seem brave enough to match the type of customer guarantees m.i. retailers like to offer. Or did we miss the stump speech that included the words "Elect me and if you're not 100% satisfied after 45 days, return me for a full refund?"

The politicians are right about one thing; based on any economic measure you choose, the U.S. is enjoying an unprecedented level of financial well-being and is the envy of the rest of the world. The larger question is, "Where does the credit for this good fortune rest?" According to election year rhetoric, it's with the esteemed tribunes who tirelessly represent the concerns of the voters. We, however, think the rhetoric unfairly overlooks the creative efforts of millions of hardworking people.

Economists link our current good fortune directly to improved productivity...turning out more goods and services per man-hour worked. As a microcosm of the larger economy, these types of productivity gains are clearly on display throughout the music products industry. Thanks to the inspired engineering, creative application of technology, and an extraordinary amount of human effort, our industry offers the end users a greater variety of better products at better prices, than at any time in history.

These improvements are most evident in electronic-based products. Take the Minimoog, for example. Introduced in 1970, the ground-breaking synth featured a 44-note monophonic keyboard, no presets, and a pitch bend wheel, all for the price of \$1,495. To put the dollars in perspective, a 1970 VW Beetle listed for \$2,895. Today, when a new VW Beetle is priced at \$16,995, for \$1,495 a synth buyer can choose between numerous models that

have 64-note polyphony, a built-in hard disk, velocity sensitive keyboards, and more presets than anyone could ever hope to fully use. Pretty incredible progress.

Major improvements have not been limited to the hi-tech realm. Improved manufacturing technologies have yielded equally impressive gains in traditional products as well. In 1978, the basic American-made Fender Stratocaster had a list price of \$899. Twenty-two years later, the company offers an American-made Strat of higher quality for about \$100 more. So much for inflation.

Retailers also deserve a share of credit for overall productivity gains. Through better inventory and cost control (largely the result of computer management systems) they have learned to work on lower gross margins. Guitar Center, for example, has managed to grow and thrive on a margin structure that two decades ago most retailers would have said was a sure ticket to bankruptcy. Unfortunately, these retail productivity gains, generally referred to in less glowing terms as margin erosion, have caused heartache, personal loss, and bankruptcy in a number of cases. However, consumers have uniformly come out ahead.

These are just a handful of examples from one small industry of how creative thinking and effort yielded better value for the end user. Imagine similar breakthroughs in every other industry, and you can better understand the causes of current economic growth. The politicians' role in all this is secondary. About the most they can claim credit for is not screwing things up with some grandiose policy initiative. But then, "Vote For Me...I Won't Screw Up" might not make for the most compelling bumper sticker.

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