

Institutional Investor

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COVER STORY

Faces of the '80s

It was a decade that began with an economy crippled by double-digit inflation, sky-high interest rates and America's reputation in the world community at its lowest ebb in generations. It ended with the nation enjoying its longest economic boom ever and the first hopeful glimmer that American-style capitalism may be triumphing over communism. In between, the financial world witnessed a period that not only saw startling achievements but brought troubling excesses as well.

On the following pages, the editors of *Institutional Investor* reflect on the 1980s and select 23 individuals who symbolize the best — and the worst — of what made the financial world unique during this extraordinary decade. They include: a president who set a tone of laissez-faire that was the hallmark of the decade. An innovator who created a whole new market and wound up as one of its casualties. A policymaker who emerged as the dollar's savior. A once-respected trader who ended up in jail. Plus a series of individuals who fashioned some of the period's most significant success stories.

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Leo Melamed

A dominant investment feature of the 1980s was the steady stream of new derivative securities, most notably stock market index futures. And Chicago's innovative "father of financial futures" gets much of the credit. Although derivative securities produced their share of controversy — particularly the index-arbitrage possibilities that some say increased volatility and played a role in two market crashes — nothing during the decade so transformed the securities business.



Slavo Kagan