

Issue of the week: The rise of the technocrats

Europe's latest crisis plan is to ditch the politicians and bring in the "bloodless wonks," said Brad Plumer in *Washington Post.com*. This week, Italy named Mario Monti to succeed former Prime Minister Silvio Berlusconi, and in Greece, Lucas Papademos has replaced former leader George Papandreou. Monti and Papademos are both U.S.-trained economists and long-time European Union bureaucrats who have never held elected office. The idea is that these two, armed with glittering CVs and deep ties to European institutions, can push through painful reforms to curb the debt crisis where the politicians could not.

These technocrats are "Europe's best hope," said *Bloomberg.com* in an editorial. Unburdened by party loyalty, they will be free to go where their predecessors feared to tread. They also understand the economic challenges facing their countries in ways few others do, and they've put aside personal interests to "accept the challenge of stabilizing the continent." Fair enough, but do Greeks and Italians actually want these men in power? asked Jonathan Freedland in the London *Guardian*. Who knows? Nobody asked them. Their elected leaders have been swept aside to make room for men who have been "elevated without so much as shaking a single voter's hand." Before the continent cheers the technocrats'



Monti and Papademos: To the rescue?

arrival, other EU countries should remember that they may soon have to accept "similar sacrifices of autonomy to save their economic skin."

True, Monti and Papademos have never been in the muck of politics, said Stephan Faris in *Time.com*. But that actually makes them the perfect fall guys for deeply unpopular austerity measures and economic reforms. With technocrats in charge, Italian and Greek politicians get to "disperse the cost of passing unpopular

legislation." It's precisely because they don't have political bases that the unelected Monti and Papademos "have a chance to pass reforms that would otherwise be impossible." And that's exactly what the euro—and volatile world markets—needs right now.

Europe has another reason to "hope Monti and Papademos can work miracles," said Gideon Rachman in the *Financial Times*. If the technocrats fail, "the extremists are waiting in the wings." In Greece, the political poles "now muster more support than either of the two mainstream parties." And while Italian politics are in momentary disarray following Berlusconi's departure, the country has "spawned powerful communist and far-right movements in the past." These technocrats are hardly perfect, but we should all be rooting for their success.

Making money: What the experts say

How to play the euro crisis

How the eurozone crisis will end is anyone's guess, but American investors can limit their risk with a few basic strategies, said Michael Sivy in *Time.com*. First, minimize your debt and lower your monthly expenses. In your portfolio, "maintain a cash reserve" and keep an eye out for stocks in "companies with little debt, solid long-term business prospects, and current yields above 3 percent"—they're likely to look cheap in a few years. It's also wise to keep some money on the side to "buy opportunistically" in case the eurozone implodes. In particular, "exchange-traded funds that invest in Germany and the Netherlands" will be good buys at temporarily bargain levels. Finally, consider buying real estate, especially if you rent. Home prices in many areas remain cheap, and buying now will give you "a valuable inflation hedge."

Doing your IPO homework

Groupon recently enjoyed an impressive market debut, and more than 200 companies are in the pipeline behind it for initial public offerings, said Dave Carpenter in the Associated Press. But amateur investors should beware of IPOs, because "it's easy to get burned." If you jump into the fray, make

sure to "learn the lingo" first. The "after-market is where most investors buy shares" after insiders get first crack at the lower offer price; a "red herring" prospectus lays out the company's business plan; and a "greenshoe option" is the underwriter's right to sell more shares than planned. Don't worry so much about a company's pre-IPO income losses; focus instead on the trajectory of revenue or sales. And buy-and-hold investors should avoid IPOs altogether, "because in the long run they underperform the market."

Don't pass up free advice

More 401(k) plans are offering investment advice tailored to participants' specific needs, but only about a quarter of eligible employees "actually take advantage of it," said Karen Blumenthal in *The Wall Street Journal*. That's too bad, because surveys show that investors "increase their savings [and] diversify their holdings" when they get formal guidance. Many 401(k) providers have recently upgraded their free investment consulting services. TIAA-CREF, for example, offers its 3.7 million participants one-on-one advice for no charge. And many plans offer online recommendations based on your personal profile.

Charity of the week



Of the 285 million people around the world who suffer from visual impairment, 80 percent have conditions that are either treatable or preventable.

Orbis International (orbis.org) aims to eliminate such avoidable blindness by bringing direct treatment and training to some of the world's poorest countries. Since 1982, Orbis has treated more than 15 million people in 89 countries for cataracts, corneal disease, glaucoma, childhood blindness, and other conditions. The organization has also trained more than 285,000 ophthalmologists, nurses, and health-care workers around the world. This year alone, its unique Flying Eye Hospital, a state-of-the-art DC-10 jet equipped with a classroom and an operating room, has brought training and treatment programs to Syria, Nigeria, Mongolia, and Peru.

Each charity we feature has earned a four-star overall rating from Charity Navigator, which ranks not-for-profit organizations on the strength of their finances, their control of administrative and fund-raising expenses, and the transparency of their operations. Four stars is the group's highest ranking.