3000 Spout Run Parkway
Arlington, VA 22201
January 9, 1989

Hon. Donald W. Riegle
105 Dirksen
Washington D.C. 20510-2202

Dear Sir;

I write you in order to register my strong feeling about the merger and acquisition/ leveraged buy-out binge. For a highly informed opinion, read "Bush's First Priority" by Henry Kaufman in the Washington Post (Outlook 1/1/89). Time magazine did a fine piece, "Where's the Limit?" (Business 12/5/88).

This company trading, on huge credit, subsidized by the taxpayer is an economic excess our society can ill afford for the following reasons:

1. Huge amounts of capital are stolen from production and growth for trading profits. The foregone cost of this diversion is immeasurable.
2. Tax revenue, once received from healthy, well capitalized corporations' profits is lost to tax deductible interest expense.
3. Decapitalized corporations cut research and development, lay off employes, and curb expansion to meet interest expense. Products of the future get sidetracked, the competitive edge erodes and growth suffers.
4. Ethical and legal values are stretched. Management uses its inside knowledge and leverage to wrest corporations from owners for their personal aggrandizement, rather than doing their jobs well and creating productivity and growth.
5. Fiduciaries disregard the 'prudent man' rule and invest entrusted monies in the deals and/or the risky 'junk' bonds financing deals. We taxpayers insure those deposits.

Please work to put an end to this plundering of the National wealth and well-being. If nothing is done, what awaits us is likely to be a debacle which will make the present savings bank mess seem like child's play. Comes the inevitable downturn, the government will be forced to bail out <u>more</u> than the banks in the National economic interest.

For growth and productivity,

Fredric L. Colby