МИНИСТЕРСТВО ОБРАЗОВАНИЯ И НАУКИ РОССИЙСКОЙ ФЕДЕРАЦИИ
ФЕДЕРАЛЬНОЕ ГОСУДАРСТВЕННОЕ АВТОНОМНОЕ
ОБРАЗОВАТЕЛЬНОЕ УЧРЕЖДЕНИЕ ВЫСШЕГО ПРОФЕССИОНАЛЬНОГО
ОБРАЗОВАНИЯ
«КАЗАНСКИЙ (ПРИВОЛЖСКИЙ) ФЕДЕРАЛЬНЫЙ УНИВЕРСИТЕТ»

Институт экономики и финансов

Кафедра иностранных языков в сфере экономики,
бизнеса и финансов

Учебно-методическая разработка
по дисциплине **«Английский язык»**
для организации контроля самостоятельной работы студентов,
обучающихся по направлению 080100.62 «Экономика»

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Пояснительная записка

Согласно новой образовательной парадигме независимо от специализации и характера работы любой начинающий специалист должен обладать фундаментальными знаниями, профессиональными умениями и навыками деятельности своего профиля, опытом творческой и исследовательской деятельности по решению новых проблем, опытом социально-оценочной деятельности. Составляющие образования формируются именно в процессе самостоятельной работы студентов.

Самостоятельная работа студентов (СРС) наряду с аудиторной представляет собой одну из форм учебного процесса и является существенной его частью. Для ее успешного выполнения необходимы планирование и контроль со стороны преподавателей. Контроль самостоятельной работы в рамках разнообразных форм определяет появление «контактных» часов для преподавателя и студента. Они являются отдельным видом деятельности преподавателя и студента с целью создания условий для индивидуализации обучения.

В вузе существуют различные виды самостоятельной работы: подготовка к лекциям, семинарам, лабораторным работам, зачетам, экзаменам, выполнение рефератов, заданий, курсовых работ и проектов. Самостоятельная работа усиливает фактор мотивации и взаимной интеллектуальной активности, повышает эффективность познавательной деятельности студентов.

Целью учебно-методической разработки (УМР) по дисциплине «Английский язык» для организации контроля самостоятельной работы студентов, обучающихся по направлению 080100.62 «Экономика», является формирование у обучающихся умения анализировать, четко, грамотно формулировать и представлять свою работу на английском языке. Оно направлено на углубление и расширение знаний по английскому языку, способствует формированию и развитию познавательных способностей, укреплению междисциплинарных связей. УМР составлено в соответствии с программой по дисциплине «Английский язык» и календарно-тематическим планом.

УМР содержит общие фразы для написания эссе по теме и подготовки пересказа статьи. Данный вид деятельности осуществляется студентами самостоятельно. Устная защита осуществляется студентом на занятиях перед преподавателем и студенческой группой. Задания даны по семестрам, и каждый семестр включают в себя два раздела. За семестр студент должен написать одно эссе и перевести одну статью.

В ходе написания эссе студент должен использовать связующие слова и фразы для раскрытия выбранной темы. Эссе не должно превышать 350-500 слов и по структуре должно содержать введение, основное содержание и выводы.

Работа со статьей включает выполнение следующих пунктов:

а) чтение и перевод;

б) составление словаря незнакомых слов;

в) подготовка пересказа прочитанного материала на английском языке по плану и используя слова и фразы, данные на стр.8;

г) также каждый студент должен найти в своем тексте грамматические явления английского языка, которые были изучены в течение семестра.

Студент выбирает тот текст, который соответствует его порядковому номеру в списке группы.

Контроль выполнения заданий проводится во время занятий и оценивается по балльно-рейтинговой системе. УМР содержит критерии самооценки проделанной работы и преподавательского мониторинга по 5-ти балльной шкале.

Оглавление

Эссе по теме должно включать введение, основное содержание и выводы. Для подготовки структурированного эссе студенту необходимо использовать связующие фразы и выражения:

1. Structural or Sequential Indicators / Additions

To introduce .../ Furthermore .../ Firstly .../ In addition.../ Secondly .../ Moreover .../ In conclusion …/ Not only...

2. Consequences / deductions / Conclusions

Thus .../ Since .../ Therefore .../Because... / Hence .../ In this way…

3. Hypotheses / Cause & Effect

If ..., then .../ Had I ..., then.../ Assuming that .../ Should you ..., then/ Let us pretend…/ Imagine that…/ Then... / Suppose that...

4. Conditions

Only if .../ Given that…/ In that case, then…/As long as…/Unless.../ On condition that…/ Provided that.../Granted that…

5. Examples

For example… / For instance…/ To exemplify… / To illustrate…/ By way of illustration…/ As in the case of…/ Like…/ E.g.…/ Such as….

6. Explanations

To explain .../ By way of explanation .../ To elaborate on this point, .../ This calls for an explanation .../ In an explanatory note .../ This means…

7. Paraphrasing

In other words .../ Let me put it this way .../ Stated differently.../Put another way…/ That is to say …/ i.e. .../ or ... / By this I mean

8. Alternatives

Neither ... nor.../ Either…or…/ Otherwise…/ Alternatively .../ Although .../ On the other hand .../ However .../ The former ... and the latter .../ Yet...

9. Repetition

So I say again .../ To come back to…

Repeating the exact word: (... in the war. The war was ...)

Expanding the word: (... in the war. The Second World War ...)

Repeating with a synonym: (... in the war. This conflict ...)

10. Rhetorical Questions

(questions writers answer themselves):

What do I mean by this?   I mean that...

What is his point here? He means...

And why vote for me? I'll tell you...

Пересказ статьи должен содержать следующие пункты: название статьи, автор и источник публикации, основная идея или проблема, рассматриваемая в статье, краткое содержание статьи, вывод. Для подготовки пересказа студент должен использовать следующие фразы и выражения:

Plan and useful phrases for rendering an article:

1. The title of the article.

a) The article is headlined....

b) The headline of the article I have read is...

2. The author of the article; where and when the article was published.

a) The author of the article is...

b) The article is written by...

c) The article I am going to render comes from the Moscow News/ Moscow Times/… issue

d) It is (was) published in...

e) it is (was) printed in ...

3. The main idea of the article.

a) The main idea of the article is...

b) The article is about...

c) The article is devoted to...

d) The article deals with / is concerned with/ describes / examines / reveals / exposes / dwells on / explains / addresses / discusses / presents / covers / outlines / states / offers / considers / looks into / treats...

e) The article touches upon...

f) The purpose of the article is to give the reader some information on...

g) The aim of the article is to provide the reader with some facts/material/data on...

4. The contents of the article. Some facts, names, figures.

a) The author starts by telling (the reader) (about, that ...)

b) The author writes (states, stresses upon, thinks, points out) that...

c) The problems addressed in the article are acute / urgent / vital / burning.

d) The action takes place in .../ The story is set in .../ The scene is laid in …

e) As the story unfolds,…/ The story centres round ../... is the main thread of the story.

f) The article deals with the burning problems of life: politics, economics, education, marriage, and so on.

g) The author’s attitude is a broad reflector of the aims, confusions, concerns, ideas, and attitudes of .../ The author gives an account of.../ The author's attention is focused on .../ The author remains concentrated on these problems throughout the article.

h) According to the text...

i) Further the author reports (says) that .../ The article goes on to say that...

j) In conclusion .../ The author comes to the conclusion that...

5. Your opinion of/on the article.

a) I find/found the article topical=urgent (interesting, important, dull, of no value, too hard to understand ...) because....

b) In my opinion the article is worth reading because....

c) The article is/ I find this article interesting / entertaining / exciting/ gripping / amusing / enjoyable / funny / witty / banal / skillfully developed / slow-moving / fast-moving/topical/outdated/boring...

Критерии оценки и самооценки

5 = отлично

Сформулирована и раскрыта тема. Полностью изложены основные аспекты темы. Сформированные идеи ясно изложены и структурированы и представлены в логической последовательности в соответствии с планом. Речь студента изобилует терминологией и грамматически верно оформлена, встречаются 1-2 ошибки, не влияющие на понимание.

4 = хорошо

Достаточно точная информация. Сформулирована и раскрыта тема. Ясно изложен материал. Сформированные идеи ясно изложены, но не структурированы и представлены в логической последовательности в соответствии с планом. Речь студента включает терминологию и грамматически верно оформлена, но встречаются 3-4 ошибки, не влияющие на понимание.

3 = удовлетворительно

Информация частично изложена. Тема частично раскрыта. Некоторый материал изложен некорректно. Сформированные идеи изложены не ясно или не структурированы, но представлены в логической последовательности. Речь студента включает небольшой объем терминологии, встречаются 3-4 ошибки, влияющие на понимание.

2 = неудовлетворительно

Тема не раскрыта и не ясна. Информация не точна или не дана. Объяснения некорректны, запутаны или не верны. Отсутствует логическая последовательность. Речь студента включает несколько терминов и грамматически неверно оформлена.

1 = плохо

Тема не раскрыта. Информация практически не имеется. Речь студента не включает термины и грамматически неверно оформлена.

0 = отсутствует

I семестр

Раздел 1. Образование и поиск работы

Тема 1 «Образование в России» (2 занятия)

Тема 2 «Образование в Великобритании» (2 занятия)

Тема 3 «Поиск работы» (2 занятия)

Раздел 2. Международная и региональная экономика

Тема 4 «Экономика республики Татарстан» (3 занятия)

Тема 5 «Экономика Великобритании» (2 занятия)

Тема 6 «Экономика США» (2 занятия)

Themes for essay

1. Education makes people easy to lead, but difficult to drive: easy to govern, but impossible to enslave.
2. Education is simply the soul of a society as it passes from one generation to another.
3. Education is the most powerful weapon which you can use to change the world.
4. The role of higher education is growing in lifelong learning.
5. The real problem of Tatarstan is that we use too much oil. It's that simple and that difficult. If we truly want to reduce our vulnerability to high prices, the best way to do so is to reduce consumption.
6. To build a twenty-first-century economy, America must revive a nineteenth-century habit-investing in the common, national economic resources that enable every person and every firm to create wealth and value.
7. When someone succeeded in quickly making a lot of money in America, people said he had made his fortune.
8. You always want to try to make something new, and, of course, America is the world leader in economics today.

9. Tatarstan has transformed into one of Russia's foremost centers for foreign investment.

10. Tatarstan seeks to increase efficiency of its economy.

11. Economy is the basis of society. When the economy is stable, society develops.

12. People do not understand what a great revenue British economy is.

Article 1

Shifting the burden

Governments have taken the debt strain, but can they get rid of it?

Apr 8th 2010 | From The Economist print edition

WHEN Hercules wanted to steal the golden apples of the Hesperides he offered a trade with Atlas, the titan who was holding up the heavens. Hercules would assume the burden for a bit if Atlas would fetch the apples, which were guarded by a many-headed monster. When Atlas returned, Hercules had to trick him into taking back his load.

The story can be seen as an analogy for the debt crisis. In a bid to prevent economic collapse the public sector has taken on some of the debt burden of the private sector. But in the medium term governments need to persuade the private sector to become the engine of economic growth once more.

The latest news has been fairly encouraging. The purchasing managers' indices for March were strong across the board, indicating that the global economy may be generating its own momentum. The recent strength in commodity prices, the rise in bond yields and the continuing stockmarket rally can all be seen as signs that a "normal" recovery is under way. With central banks in America, Europe and Japan unlikely to raise interest rates any time soon, the optimists believe the recovery can become firmly established.

But completing a successful handover from Hercules back to Atlas will still be tricky. Governments have traditionally been able to assume a heavy burden of debt because their taxation and money-printing powers give them an instant-overdraft facility that is not open to the private sector. It is hard (although not impossible) for governments to be subject to the kind of liquidity crisis that hit the banks in the autumn of 2008.

Markets will nevertheless react if they feel that governments have taken on too big a burden. In Greece the current cost of long-term government debt, at around 7%, is simply unsustainable given the likely growth rate of nominal GDP and the high debt-to-GDP ratio. It may need to transfer the load to other governments.

But you could argue that the Greek crisis is simply an example of predators picking off the weakest member of the herd. The wider issue is whether governments in general will come under pressure to cut their deficits. Sebastien Eisinger of Pictet, a Swiss bank, suggests that governments are in a race to revive their economies before the markets lose patience with the scale of their deficits. For those governments that lose the race the resulting fiscal tightening could choke off the nascent recovery.

If the public sector spends less, will the private sector take up the slack? There has been a revival in corporate-bond issuance, but the all-important small-business sector seems unwilling, or unable, to borrow. The end of the Federal Reserve’s scheme for purchasing mortgage-backed securities has already led to a jump in the rates paid by homebuyers. Broad-money supply is contracting in the euro zone and growing only slowly in America. A recent paper* by five leading economists concluded that there would be a “continuing, if modest, drag from overall financial conditions on economic growth during 2010”.

Dhaval Joshi of RAB Capital, a hedge-fund manager, says there is a close link between global economic activity and the sum of Chinese and American borrowing, albeit with a nine-month lag. With the Chinese government now trying to crack down on credit creation that suggests a slowdown in global growth in late 2010 and early 2011.

Article 2

Choose your weapons

In the corporate-tax armoury the next government must pick carefully

Mar 11th 2010 | From The Economist print edition

WHAT do Shore Capital, a boutique financial firm, and Ineos, the remnant of various giant chemical companies, have in common? Both announced plans this month to move their headquarters to countries with lower taxes—Shore to Guernsey and Ineos to Switzerland. As Britain's cash-strapped exchequer faces shrinking revenues from recession-hit businesses, the exodus of these firms and others raises an important question. Is Britain's company-tax regime competitive?

The system isn't fit for the 21st century, says Michael Devereux, professor of business taxation at Oxford's Saïd Business School. It is a 19th-century apparatus, struggling—like many tax regimes around the world—to keep fiscal tabs on global earnings, intra-group cashflows, migration of intellectual property and the elusive proceeds of financial and other services.

There are good arguments for abolishing corporate tax altogether. In theory, the profits of untaxed companies would reappear as taxable proceeds elsewhere in the economy. But, even though corporate taxes in Britain account for only 13% of total tax revenues, no government is likely to take that risk now, or even to slash the headline rate to, say, 12.5%, as Ireland did.

In the final days before the budget on March 24th, the Labour government is tinkering with the system. In 2008 it reduced the corporate-tax rate from 30% to 28%. It is grappling now with a transition from taxing companies globally to taxing them on earnings made in or remitted to Britain. Consultations are unlikely to conclude before the election expected on May 6th.

The Conservatives have said that, if elected, they will slash corporate tax to 25%, and make up the shortfall by cutting some incentives. Such a cut might repair some of the damage done by recent government moves to Britain's attractiveness as a place to do business. In December banks were alarmed when a windfall tax of 50% on any bank bonuses above £25,000 was announced. In April the top personal tax rate will go up to 50% on salaries above £150,000, and employers' pension contributions will be taxable for employees earning more than £130,000. Although these measures hit people, not firms, they threaten to add weight to corporate decisions not to locate in Britain, or to move from it. Companies will choose Britain if they see prospects for growth, which include a decently skilled workforce, serviceable infrastructure and, not least, a clear and competitive tax regime.

Britain's corporate taxes are in fact not all that high, according to a study by the World Bank and PricewaterhouseCoopers, an accounting firm, which looks at the percentage of earnings that companies pay overall (including labour taxes). But there are reasons why Britain needs to be extra attractive. Many of its biggest earners are financial and service companies whose assets, people and intellectual property are easily relocated, unlike those of manufacturers. Britain's tax rivals are thus Ireland, Switzerland, even Hong Kong.

Both main parties have pledged to rebalance the economy, tilting it towards manufacturing to make up for the hole blown through property investment and the frothier services. Some economists say it would be better just to lower the headline corporate-tax rate and let the market pick winners and losers. The Institute of Directors, for example, which represents 45,000 mainly smaller businesses, says that, to attract new businesses, it would like a government pledge to reduce the rate gradually to 15% over seven to ten years.

That is unlikely to happen. Offering special incentives is just too tempting, politically, and it may even be helpful in some areas. The Tories will keep at least part of the current system of tax credits for research and development (R&D). On the latest OECD numbers, Britain spends a puny 1.8% of GDP on R&D, less than France (2.1%), Germany (2.5%) or America (2.7%).

Article 3

Can emerging economies now afford counter-cyclical policies?

IN JUNE 2002 the World Bank staged a headline bout between two heavyweight economists. In one corner was the IMF's chief economist, Kenneth Rogoff; in the other, the IMF's chief critic, Joseph Stiglitz. The subject of their fight was the emerging-market crises of the 1990s. Mr Stiglitz accused the fund of fanning the flames by prescribing fiscal austerity and tight money. He, by contrast, advocated "counter-cyclical policies" - lower interest rates and undiminished public spending, which might offset a collapse in private demand.

The fund had meekly absorbed round after round of punishment from Mr Stiglitz. So it startled everyone when the IMF's chief economist came off the ropes to land some stinging criticisms of his own. He ridiculed what he called the Stiglitzian prescription: "You seem to believe that if a distressed government issues more currency, its citizens will suddenly think it more valuable. You seem to believe that when investors are no longer willing to hold a government's debt, all that needs to be done is to increase the supply and it will sell like hot cakes."

Six years later the emerging economies face another financial crisis. Some of them are again raising interest rates. But a surprising number are flirting with the Stiglitzian prescription: they are issuing more currency and selling more hot cakes. For example, the central bank of Thailand, which raised interest rates to more than 23% in 1997, lowered them this month by a percentage point, its biggest cut in eight years. Its neighbours in Indonesia, Malaysia and South Korea have also eased rates recently.

Emerging economies have also turned on the fiscal taps. Malaysia, South Korea and Russia have unveiled stimulus packages, all of them dwarfed by the splurge China announced last month. On December 6th India's central bank cut its key rates by a percentage point. The next day its government, which will run a budget deficit of over 8% of GDP in the year to March, nonetheless made room to cut excise duties and spend another $4 billion.

In rich countries, such counter-cyclical policies are the norm. But in emerging markets, policymakers have often found themselves amplifying business cycles. They would lower interest rates in good times, then raise them in bad. In times of plenty, they gorged themselves. In times of dearth, they fasted.

What explained this perverse policymaking? It is too easy to blame the IMF. Mr Rogoff, after all, had a point: counter-cyclical policies are tricky. Unlike America, where interest rates can plunge and the budget deficit soar without calamity, emerging markets have had to worry about investors losing confidence and their currencies collapsing.

Emerging economies struggle to fight business cycles partly because theirs are more pronounced. In the "typical" Latin American recession between 1970 and 1994, output fell by an average of 8%. In the OECD, it fell by 2%. The tax base is narrower in emerging markets and revenues more volatile. Latin American recessions can cost the exchequer 20% of its revenues, compared with 6% for the OECD as a whole.

Article 4

Paying for the sins of the past

This lack of fiscal muscle makes creditors wary of buying emerging-market bonds during bad times. This, in turn, prevents governments from borrowing to smooth the cycle, as their rich counterparts can afford to do.

If governments cannot borrow freely in bad times, the only response is to save more in good times. Several emerging markets face this slowdown from a position of unaccustomed fiscal strength. Chile is a shining example. It accumulated a budget surplus of 8.8% of GDP last year, thanks to soaring revenues from its copper mines. This abstemiousness has served it well as the commodity cycle has turned.

In setting its interest rates, the Federal Reserve worries about growth and inflation. It does not concern itself unduly with the dollar. Policymakers in emerging economies, by contrast, cannot afford that luxury. In countries prone to high inflation, a stable exchange rate helps to anchor prices. Such economies have also usually borrowed in dollars or euros, because their creditors insist on being repaid in hard currency. A precipitous fall in the currency can make these debts insupportable.

For these reasons, emerging economies must often raise interest rates in the teeth of a slowdown in an effort to defend their currencies. This “procyclical” monetary policy damages the economy, inflicting losses on banks and their clients. But it may be the lesser of two evils. Rich countries can afford to treat their currencies with benign neglect. Emerging economies cannot.

The “fear of floating” is, however, abating. A growing number of emerging economies have sought to earn their own spurs as inflation-fighters, rather than importing the credibility of the Federal Reserve or the European Central Bank. Thirteen emerging markets now target inflation, allowing the exchange rate to float more cleanly. Brazil and Chile have let their currencies plunge without raising rates.

Prudent emerging economies have taken advantage of a growing acceptance of their currencies. Brazil’s government has retired or exchanged $80 billion of debt indexed to other people’s money. A 10% fall in the real now lightens its debt burden, lowering the ratio of net debt to GDP by 1.3 percentage points. Some countries have also accumulated arsenals of foreign-exchange reserves and so worry less about their foreign debt.

Adding the fiscal efforts of China and other emerging economies to the stimulus planned in developed countries, the world economy will receive a fiscal boost of about 1.5% of global output next year, according to UBS. Even Mr Rogoff thinks America will need a fiscal expansion of $500 billion-600 billion in each of the next two years. In this fight, he and Mr Stiglitz are in the same corner. Hot cakes, anyone?

Article 5

Postindustrial Society

First popularized during the 1970s, especially by famed sociologist Daniel Bell and futurist Alvin Toffler, the term postindustrial has come to include a loose group of views about the social and spatial structure of advanced capitalism. This perspective became increasingly popular in the wake of the sustained deindustrialization that Europe and North America suffered during the late 20th century. Highly optimistic in nature, it viewed postindustrialism as a natural stage of capitalism in an evolutionary process from agrarian poverty to worldwide cosmopolitanism. Essentially, the postindustrial society thesis maintained that manufacturing created one society, with a corresponding landscape, and that a services-based society would create a qualitatively different society and corresponding geography. This view largely equated services with information-processing activities, focusing on occupations of skilled, well-educated professionals (producer services) such as clerical activity, executive decision making, telecommunications, and the media. Such a view heralded information processing as a qualitatively new form of economic activity; thus, services were held to represent a historically new form of capitalism. Postindustrialism held that the growth of services signaled a change from a world of work in which people used their bodies to one in which they used their minds. It maintained that the evolution of societies from those dominated by blue-collar forms of work into cleaner, white-collar ones would unleash massive rounds of productivity growth that effectively would put an end to scarcity and hence to poverty and its related social ills. This transformation allegedly would allow for a greater focus on the quality of life, including matters concerning equity rather than efficiency, that is, human needs and social equality rather than simple efficiency and productivity.

Geographically, the postindustrial thesis maintained that the shift from a manufacturing-based economy to a services-based economy entailed a reconfiguration of spatial relations. In particular, this view upheld the central role played by telecommunications that would allow intangibles such as services to be widely distributed via an “electronic cottage.” Thus, the postindustrial argument anticipated the Internet by three decades. However, in assuming that all services could be produced, transmitted, and relayed in this manner, postindustrialists exaggerated the argument, holding that the new, dispersed, polynucleated landscapes of electronic cottage workers would obviate the need for commuting, rendering large cities effectively obsolete. Such a view naively assumed that telecommunications only promote the decentralization of activity rather than more complex patterns of simultaneous concentration and deconcentration.

The postindustrial view suffered from several severe analytical flaws. Although many service jobs do involve the collection, processing, and transmission of large quantities of data, many others do not; for example, the trash collector, restaurant chef, security guard, and janitor all work in the service sector, but the degree to which these activities center around information processing is minimal. Indeed, in contrast to early, overly optimistic, postindustrial expectations that a service-based economy would eliminate poverty, a large share of new service jobs pay poorly, offer few benefits, and are part-time or temporary in duration, leading to widespread concerns about the “McDonaldization” or “Kmartization” of the economy. Finally, as the geography of producer services over the past four decades has shown, many advanced services centralize in large cities due to the agglomeration economies available there rather than decentralize to the rural periphery.

Article 6

Business Ethics

Although defining business ethics has been somewhat problematic, several definitions have been proposed. For example, Richard De George defines the field broadly as the interaction of ethics and business, and although its aim is theoretical, the product has practical application. Manuel Velasquez defines the business ethics field as a specialized study of moral right and wrong. Unfortunately, a great deal of confusion appears to remain within both the academic and the business communities, as other related business and society frameworks, such as corporate social responsibility, stakeholder management, sustainability, and corporate citizenship, are often used interchangeably with or attempt to incorporate business ethics. Relative to other business and society frameworks, however, business ethics appears to place the greatest emphasis on the ethical responsibilities of business and its individual agents, as opposed to other firm responsibilities (e.g., economic, legal, environmental, or philanthropic).

A Brief History of Business Ethics

The subject of business ethics has been around since the very first business transaction. For example, the Code of Hammurabi, created nearly 4,000 years ago, records that Mesopotamian rulers attempted to create honest prices. In the fourth century BCE, Aristotle discussed the vices and virtues of tradesmen and merchants. The Old Testament and the Jewish Talmud discuss the proper way to conduct business, including topics such as fraud, theft, proper weights and measures, competition and free entry, misleading advertising, just prices, and environmental issues. The New Testament and the Koran also discuss business ethics as it relates to poverty and wealth. Throughout the history of commerce, these codes have had an impact on business dealings. The U.K. South Sea Bubble of the early 1700s, labeled as the world’s first great financial scandal, involved the collapse of the South Sea Company. During the 19th century, the creation of monopolies and the use of slavery were important business ethics issues, which continue to be debated until today.

In recent times, business ethics has moved through several stages of development. Prior to the 1960s, business was typically considered to be an amoral activity; concepts such as ethics and social responsibility were rarely explicitly mentioned. During the 1960s, a number of social issues in business began to emerge, including civil rights, the environment, safety in the workplace, and consumer issues. During the late 1970s, the field of business ethics began to take hold in academia, with several U.S. schools beginning to offer a course in business ethics by 1980. From 1980 to 1985, the business ethics field continued to consolidate, with the emergence of journals, textbooks, research centers, and conferences. From 1985 to 1995, business ethics became integrated into large corporations, with the development of corporate codes of ethics, ethics training, ethics hotlines, and ethics officers. From 1995 to 2000, issues related to international business activity came to the forefront, including issues of bribery and corruption of government officials, the use of child labor by overseas suppliers, and the question of whether to operate in countries where human rights violations were taking place. From approximately 2000 until today, business ethics discussion has mainly been focused on major corporate scandals such as Enron, WorldCom, and Tyco, leading to a new phase of government regulation (e.g., the Sarbanes-Oxley Act of 2002) and enforcement. This current "scandal" phase of the business ethics field has tremendously enhanced its popular use. For example, a search in Google using the term business ethics (as of November 2005) generates over 88 million hits. Hollywood continues to portray important business ethics issues or dilemmas in movies such as Wall Street, Quiz Show, Boiler Room, Erin Brockovich, The Insider, and Jerry Maguire and even in children's films such as Monsters, Inc.

Article 7

Indian IT firms

Another giant leap

Jun 1st 2011, by P.F. | BANGALORE

EVEN two decades after the Indian technology miracle began it is hard not to be impressed by the scale of the achievement. Particularly considering the obstacles. The roads in Bangalore, the city at the heart of the revolution, still suck. Power cuts still periodically kill the lights and air conditioning on the campuses of the big IT firms, until back-up generators come to the rescue. This is a world-class industry built from nothing, that won most of its business abroad, while overcoming India's lousy infrastructure and inept, and sometimes venal, state.

Indian IT has made shareholders and employees rich and now boosts the country's balance of payments by $59 billion a year. Yet its impact goes far beyond the numbers. The big firms were among the first to win blue-chip American and European clients and to adopt blue-chip governance and accounting norms themselves. This won acclaim from foreign investors. The industry "changed perceptions of India as a third world country," says S. Gopalakrishnan, the chief executive of Infosys who heads upstairs to become co-chairman in August. On the other side of town, Suresh Senapaty, the chief financial officer of Wipro, says the industry "created a global brand for India" that helped firms in other sectors to compete abroad.

Yet there is a slight whiff of a mid-life crisis. So far this year both Infosys and Wipro, two of India's "big three" IT firms, have given guidance for profits that has disappointed analysts. Both are restructuring their operations and have had turbulence at the top. Infosys muddled the transfer of power among its founders. Wipro, a firm still controlled by its long-time leader, whose villa can be spotted through a forest glade next to its headquarters, lost its joint-chief executives. Only the largest, Mumbai-based TCS, is firing on all cylinders.

In the grand scheme of things these companies' performance is still strong, with sales growth and margins which are, by global standards, impressive. Although many Western multinationals initially slashed their budgets in response to the financial crisis, they quickly performed a U-turn and increased spending, as they redoubled their efforts to redesign and outsource key parts of their businesses. Still, there is a growing drumbeat among the IT providers about the need to create "non-linearity". Translated into English, this means severing the umbilical link between sales growth and employee growth. Indian IT companies are desperate to escape their tag as "body shops" whose main competitive advantage is low labour costs.

Article 8

Hair-shirt economics

Getting Germans to open their wallets is hard

BERLIN'S supermarkets may not be quite as drab today as they were in the communist era, when party officials ordered that special care be taken not to "do anything that might awaken people's needs". But with their long queues, poor choice, baffling arrangement of goods and grumpy assistants, they still have a long way to go before they awaken anything but resignation.

Yet the state of Germany's supermarkets is of far more than casual interest to outsiders. For when German politicians are urged to adopt policies to stimulate domestic spending and help revive flagging European economies, their standard retort is that there is little they can do to convince Germans to spend rather than save. Foreigners are often quick to dismiss this argument. They point, for instance, to the

German economy's weak service sector as an area of potential growth. Yet facts suggest that Germans really are more parsimonious than many of their neighbours.

The frumpiness of German supermarkets may be no accident. Take "hard discounters", stores such as Aldi and Lidl that offer a limited range of cheap products in plain "white-label" packaging. In Germany these stores account for about 45% of groceries sold, says Christopher Hogbin, an investment analyst at Sanford Bernstein. In contrast, their share of the British market is still below 7%, and across Western Europe as a whole they have less than a fifth of the market.

German consumers also pinch pennies elsewhere. A survey earlier this year by GFK, a research firm, found that almost 50% of them said they were saving money by spending less on food and drink. Two-fifths said they were postponing big purchases such as cars or appliances. In Spain, a country with a more pressing need to cut back, only a fifth of shoppers said they were spending less on food and drink.

German customers, moreover, are not particularly fussy about service. A study by Accenture, a consulting firm, found that Germans were far more willing to accept lower levels of service or fewer product options if it would mean paying less. Even bag-packing by staff is frowned upon, says one industry executive of a failed effort to introduce it in one chain. "Shoppers would see it and be wondering if they couldn't get their groceries for a few cents cheaper if they packed the bags themselves," he notes.

Healing Europe's economies may require more than just imposing Germanic rigour on "Club Med" countries; someone also has to instil Germans with Mediterranean joie de vivre.

Article 9

The Global Economy Has Become Heavily Addicted to Bernanke's Dollars

But since the Fed will inevitably scale back, sooner or later the world is going to have to think about quitting the habit

By Michael Schuman Sept. 23, 2013

Cash can be addictive. Once bankers and investors get hooked on lots of it sloshing around, weaning them off is akin to getting a chain smoker to give up his two packs a day.

That's what seems to be happening in the global economy right now. After five years of largesse, the Federal Reserve is faced with the daunting task of exiting from the unorthodox stimulus programs that have flooded the world with dollars. As a result, financial markets seem set to endure all the nervousness and tetchiness of nicotine junkies deprived of their smokes.

The proof can be found in the tumult in world stock and currency markets in recent days. Last week, global investors expected Federal Reserve Chairman Ben Bernanke to announce that he would begin to "taper" his program of quantitative easing, or QE, in which the Fed buys $85 billion of bonds a month to support growth. Yet in a surprise move, he didn't, citing uncertainty about the strength of the U.S. economic recovery.

"We want to make sure that the economy has adequate support," Bernanke said in a press conference, "until we can be comfortable that the economy is, in fact, growing the way we want it to be growing."

You'd think such a statement would scare investors. After all, the U.S. is the world's largest economy, and any indication its recovery may be sputtering (again) should be a negative for markets. Not so this time. Stock markets around the world soared. Even the stocks and currencies of emerging markets like India and Indonesia, which had gotten battered in anticipation of the taper, rebounded strongly.

The reaction is a sign that investors have become more worried about liquidity than fundamentals. Like a smoker gladly unwrapping a fresh pack, they let themselves be cheered by the promise of further Fed cash rather than be dismayed by what it might mean. This is understandable. Ever since the collapse of Lehman Brothers in 2008, bankers, corporate executives and investors have become accustomed to operating in a global economy where money is cheap and easy to obtain. Central banks in the developed world have kept interest rates extremely low, even near zero in the U.S. and Japan, to support sagging economies.

Those efforts continue. The Bank of Japan is undertaking a QE stimulus program of biblical proportions in an attempt to finally resurrect the country's perpetually stalled economy. These policies may have prevented the Great Recession from becoming a depression, but they are also abnormal, and the cheap stuff can't keep coming forever. Eventually, executives and bankers around the world are going to have to get used to investing, borrowing and lending in the "old" normal — the precrisis environment when the cost of money was higher.

The problem is that the easy-money policies have already influenced global markets. Low interest rates have encouraged corporations and consumers to take on debt in Asia, for instance, and have pumped up property prices in places like Hong Kong. With dollars so readily available, companies in Indonesia and India have borrowed heavily in the greenback. Unwinding all this won't be easy, and the gyrations in financial markets over the past several months show the delicate game the Fed must play in managing it.

Bernanke tried to engineer a peaceful retreat by giving the world's bankers ample notice of his intentions, signaling the Fed's plan to taper way back in May. That failed. In response, investors stampeded out of emerging markets from South Africa to Brazil, tanking currencies and roiling stock markets. Speculation on what the Fed may or may not do, and when, has dominated financial markets for months.

The Fed's decision to delay its tapering has probably just delayed the further upheaval that will result. Research firm Capital Economics commented in a Sept. 19 note that the postponement might have given the more troubled emerging economies some breathing space, but the decision "is best viewed as a temporary reprieve rather than a stay of execution." Sooner or later, every smoker has to face up to the fact that they have to quit.

Article 10

Developed economies seem to be on the mend, but there may be trouble in the emerging world

After a decade of pre-eminence, the balance of the world economy is tilting away from the BRICS

While these countries were growing so fast… we tended to ignore the warning signs

The tail is wagging the dog. Over the past week the stockmarkets of the developed world have fallen by around 5 per cent, despite the further evidence of recovery in the US and UK, and signs of an upturn in Europe. But the reason for the fall has nothing to do with the developed world. Rather it is a growing fear of disruption in the emerging world.

It may seem inherently improbable that a collapse of the Argentine peso and a plunge in the Turkish lira should provoke such a reaction. But there are other less dramatic problems in other emerging nations, and since the emerging world as a whole accounts for 40 per cent of global GDP, what happens there does have a big influence of what happens here.

For the past decade the main driver of the world economy has been the emerging world: the BRICs, the growth markets, the “next 11”, whatever you choose to call them. We talk of the world recession of 2008/9 but there was no overall recession in the emerging world and the two largest economies, China and India, grew throughout that period. As a result, the global economy has changed for ever. China became the world’s second-largest economy, passing Japan, while India became the second-largest investor in the UK.

However the balance of the world economy, tilted so steeply towards the emerging economies, is now tilting back a little. They will still grow faster than we do this year, but the gap as projected by the IMF will be the narrowest since 2001. A bit of reassessing is clearly in order.

The trigger for the sudden shift of mood seems to be the tapering down of the monthly purchases by the Fed of US treasury securities. We will know more about the next stage of this later this week but meanwhile note that the new Fed chair, Janet Yellen, has to achieve something none of her predecessors have had to do: deflate a bubble slowly. But it is odd that a slight tightening of policy in the US should provoke such a negative reaction in the emerging world. Why?

What I suggest the Fed move has triggered is a reassessment, I think a healthy one, of the strengths and weaknesses of the emerging nations. They get lumped together but of course they are very different, the only common features being that they have at the moment a lower GDP per head than the developed countries, and faster growth. Just to take the BRICs, you have China, huge and still racing forward, but with serious structural challenges. You have India, again taking on a bigger place in the world, but going into an election with grave issues of governance and economic management. Russia has its over-dependence on energy and raw material exports, great when the oil price was $130 a barrel, OK at today's $107, but not-so-great were the price to fall back $80. Brazil has had to adjust from a long boom to mediocre growth – this year it will grow more slowly than we do – and that will lead to social pressures.

The common theme here, and this applies very much to Argentina and Turkey, is that the competence of economic and political management in much of the emerging world still lags behind that of the developed world. While these countries were growing so fast and while we were preoccupied by our own very evident failings we tended to ignore the warning signs. Now we are taking a more balanced view. You get faster growth but you also get greater risks.

Does this mean that globalisation, that great engine of growth over the past 30 years, is slowing down? Probably yes, in that the pace of the shift of power will slow. You can see this slowing in all sorts of ways. One example is that companies in the West are starting to bring back to Europe and North America manufacturing jobs that had been exported to Asia. Another is that the flows of capital from Asia into the West seem to be slowing.

The over-riding lesson, though, is that the rules for the emerging world are not so different from those in the developed world. Economic competence matters. So you are better to try and run sound national finances, have a stable currency, keep inflation under control, bear down on corruption, minimise political interference in corporate decisions, and so on. The huge achievement of much of the emerging world over the past decade is to bring hundreds of millions of poorer people into the new global middle class. It is very much in the self-interest of the West that this should continue – but there are no short cuts along the path.

Article 11

Six lessons Japan can teach the West

By Michael Schuman Aug. 25, 2011

If you are living in the U.S. or Western Europe and feeling pretty bad about the miserable state of the recovery, political paralysis, and growing unease about your country's future, remember things could be worse. You could be in Japan.

Japan has been experiencing those same woes for the past 20 years. And there is no end in sight. Prime Minister Naoto Kan announced his resignation on Friday after a mere 15 months in office. His replacement will be the third PM since the Democratic Party of Japan won its historic electoral victory two years ago. Kan leaves behind an economy that has contracted for three consecutive quarters. Yes, part of the reason is the devastating earthquake and tsunami that slammed into Japan in March. But a bigger reason is the continued failure of Japan's political leaders to tackle the economy's deepest problems. Kan had a few good ideas – reforming the distorted agricultural sector, for example, or connecting even more to a thriving Asia – but in the end he achieved little. Japanese politics just doesn't seem to allow for any new ideas ever becoming actual policy.

As the U.S. and Europe find themselves in a protracted downturn of their own, while their political leadership bickers, dawdles and vacations, more and more voices have started asking if the West is entering an endless, Japanese-style economic funk. HSBC's chief economist Stephen King made that point in a report this week:

We have consistently taken the view that the Western world was suffering from 'Japan-lite' problems: weak money supply growth, high levels of debt, lots of deleveraging, structurally weak growth and a rapidly deteriorating fiscal position. Given recent economic developments, perhaps ‘lite’ should be replaced with ‘heavy’ The West is increasingly looking like a bad version of Japan. And, like Japan, our political leaders are offering few answers.

Japan has some important lessons to offer the West, on how to avoid getting into a long-term economic decline, and why it can so hard to get out of one.

First, don’t count on monetary policy to solve all your economic problems.

Secondly, realize economic problems can be structural, not just cyclical.

Third, fix your banks – quickly.

Fourth, understand that past performance doesn’t ensure future performance.

Fifth, don’t fear globalization. Embrace it.

Sixth, don’t put off until tomorrow what you can do today.

Without it, we’ll all be turning Japanese.

Article 12

Is the Economy Worse off than in 2008?

By Stephen Gandel, Aug. 11, 2011

Shares of Bank of America have recently been falling bringing up memories of 2008 (Lucas Jackson / Reuters)

If you have been following the headlines now and were three years ago during the financial crisis, it’s hard not to make the comparison. The stock market is swinging wildly. Financial CEOs are taking to the airways to publicly attest that their banks have enough capital. And investors are increasingly worried about a debt crisis. Here we go again.

There are, of course, differences. The debt crisis people are talking about now has to do with government debt, not housing. And the source of the real worries are Europe, not the U.S. What’s more, economic activity has been pretty weak for some time. So if the economy falls into a double dip recession, which economists say is a growing risk, we won’t see the steep drop off in economic activity that we saw in mid-2008. Nonetheless, the period of slow growth that we have had for the past two years makes the economy vulnerable in other ways.

People who have brushed off the comparison between now and 2008 have mostly said that markets are not in as much stress as at the height of the financial crisis. But that's not really a fair comparison. We're not at the height of any financial crisis now. The real comparison is between now and just before the financial crisis – early August 2008. And in many ways it appears we may be at least as bad or worse off than then. Let me count the ways:

First off, take a look at the stock market, which generally is a pretty good indicator of where the economy is headed. You may have noticed it has been falling recently. And you probably remember that stocks crashed back in 2008. But by early August, most of the damage of the 2008 stock wrought had yet to be done. Back then, the S&P 500 stood at 1296. That's higher than it is today at a recent 1121. What's more, the most recent peak of the S&P 500 was in April. Since then it is off around 17%. Back in 2008, the market was also down 17% from its high by early August, but that was off a peak that was set in October. So the market drop off has been more swift this time around. And volatility, another sign of market weakness, is much higher now than it was in early August 2008. Back then the volatility index, or VIX, was at 19. Today the VIX is at 42. Generally a higher VIX means people are more nervous stocks will fall.

But while the stock market sell off is similar to 2008, the job market today is significantly worse off. Back in August 2008, we had an unemployment rate of 6.1%. Today the rate is 9.1%. The question, though, is which directly the job market is headed. Back then the job market was clearly deteriorating. These days it's not as clear. On Thursday, the Labor Department announced that in the first week of August an additional 395,000 workers lost their jobs. That's a big number. But it was a slight improvement from a week ago. Still, more than two years after the official end of the recession, hiring remains weak. And the number of people who have been who have been out of work for more than a year is significantly higher than it was back in 2008. With no extension of unemployment likely anytime soon and the emergency funds of the long-term unemployed likely tapped out, we could see further drops in consumer spending.

How about the banks? Most analysts say financial institutions, particularly U.S. ones, are in a better position than they were back in 2008. They have more capital and are less exposed to European debt than they were to U.S. mortgages. The problem is U.S. banks have three years of bad loans that have piled up on their books, many of which the banks have yet to deal with either by modifying or writing off. And in an effort to boost profits banks have recently been reducing the dollars they put away to deal with bad loans. The result is banks, at least by one measure, look more vulnerable to having problems than they did back in 2008. According to latest data from Bankregdata.com, for every dollar of non-performing loan on their books, banks have only reserved $0.85. That's down from a reserve rate of $0.94 back in mid-2008. For some banks, the change from 2008 is much worse. Bank in 2008, Wells Fargo, for instance, has reserves that equaled 164% of its volume of bad loans. Now that percentage has dropped to 58%. That means if the bank was forced to write-off every one of its bank loans, which is unlikely to happen at the same time, Wells would have a $15 billion loss that it has not yet accounted for. The situation at Bank of America could be even worse. Recently, investment firm Compass Point Research & Trading issued a report that said Bank of America, because of a growing number of lawsuits from investors who claim they were duped by the bank into buying worthless mortgage bonds, could still face a loss of $62 billion from home loans. That's $44 billion above the current level of the bank's reserves. Bank of America officials say that Compass' loss estimate is far too high.

But perhaps the biggest reason we may be worse off than in 2008 is that at this point in our economic morass, there is less policy makers can do to boost the economy. Interest rates are already near zero. And Washington, having just gone through a bruising fight to cut spending, looks unlikely to try a new round of stimulus spending. The good news, though, is that as things get worse it makes it easier for Washington to act. Who would have guessed Congress would approve the $700 billion TARP bailout program back in August 2008? By that comparison, QE3 looks rather tame.

II семестр

Раздел 3. Организации

Тема 7 «Типы коммерческих организаций» (3 занятия)

Тема 8 «Альянсы» (2 занятия)

Тема 9 «Менеджмент» (2 занятия)

Раздел 4. Маркетинг

Тема 10 «Маркетинг» (2 занятия)

Тема 11 «Составляющие маркетинга» (2 занятия)

Тема 12 «Реклама» (2 занятия)

Themes for essay

1. Business has only two functions – marketing and innovation.
2. Make every decision as if you owned the whole company.
3. You can employ men and hire hands to work for you, but you must win their hearts to have them work with you.
4. Corporation – an ingenious device for obtaining individual profit without individual responsibility.
5. We are going to see a lot more young people entering entrepreneurial ventures.
6. If you can run one business well, you can run any business well.
7. The purpose of a business – is to create a customer.
8. When the product is right, you don’t have to be a great marketer.
9. There is only one boss - the customer. And he can fire everybody in the company from the chairman on down, simply by spending his money somewhere else.
10. Doing business without advertising is like winking at a girl in the dark. You know what you are doing, but nobody else does.
11. We react very quickly in the market. We can make quick changes
12. “Marketing is what you do when your product is no good”

Article 1

The US and Britain as start-up rivals

By Luke Johnson

Published: May 31 2011

British and American entrepreneurs may speak the same language, but they have different values, skills and motivations. The contrasts I discuss below are, of course, personal, but they do derive from decades of working with business partners on both sides of the Atlantic. I would be interested to hear if I’ve got it right or not.

It seems to me that Americans possess greater ambition. This might arise from the scale of their great country and its vast markets, but I suspect it is not that simple. Possibly their drive stems from our dissimilar histories. The US was founded as a mercantile nation of self-starters; Britain was a feudal monarchy. British tycoons have a tendency to cash out after initial success and assume the role of country gentlemen (or women) with grand estates and the mannerisms of the aristocracy. But Americans keep going – they want to become billionaires, and don’t like long holidays. Geriatric magnates in the US such as Sumner Redstone, Kirk Kerkorian and Warren Buffett carry on working; in Britain they would have retired much earlier.

Meanwhile, the British like to give the impression of not trying too hard: we make jokes to lighten the mood at the start of a business meeting. Americans are baffled by our sense of humour in such circumstances – they prefer to get straight down to serious affairs and talk about money.

Americans expect setbacks in business, and see it as part of a process of improvement on the journey to success. Countless great industrialists, from the original Mr Mars to Walt Disney, failed before they hit the big time. In Silicon Valley, venture capitalists approve of entrepreneurs who have experienced a failure. But the British fear the shame of going broke, and so tend to be more risk-averse. However, we are more self-deprecating and honest about our mistakes, whereas American businessmen have a tendency to only ever tell you about their triumphs.

The US embraces capitalism wholeheartedly – almost everyone there wants to be rich. In Britain, we suffer from a semisocialist culture that influences our attitude to enterprise. Hence Brit entrepreneurs are more tolerant of high taxes and government interference, and somewhat more embarrassed by extreme inequality. Wealthy Americans can seem surprisingly oblivious to their impoverished underclass, although they are more generous philanthropists.

Americans are better at selling, and as a consequence more gullible as buyers. We are more cynical, and dislike the happy-clappy slogans and behaviour that many US corporations adopt. The British are more explicit in their use of language, while executives in US boardrooms can almost asphyxiate themselves with impenetrable management jargon.

Article 2

A recipe for the perfect start-up

By Mike Southon

Published: April 15 2011

When people ask me about the perfect start-up, I reminisce about the company I co-founded in the 1980s. But this is ancient history in entrepreneurship terms, so I find it more interesting to discover recent start-ups that have followed a similar model.

Entrepreneurship often starts with a few friends having a good idea in a pub. In my case, it was some university chums who founded a computer services company. For ACT Clean, it was three employees of a cleaning company who played in a football team that also included one of their clients. The four of them saw a market opportunity and decided to start their own business.

There is always good money in delivering something that others find a chore. For us, rather than writing software, we provided training services for better-established and more glamorous companies: computer vendors.

For ACT Clean, instead of providing a budget cleaning service for smaller companies, it targeted the top hotels and restaurants. It realised that the delivery requirements would be stringent – but, if it got it right, the returns would be substantial.

It is a great day when a small start-up attracts its first big-name client.

For us, it was a consultancy contract with X/Open, a consortium of the biggest computer manufacturers. For ACT Clean, it was securing Gordon Ramsay Restaurants as a client. Television viewers will know he demands the highest standards in everything he does and does not suffer fools gladly.

Then comes the challenge of growing the company by hiring, training and managing the best people. Delivering housekeeping services to top restaurants and hotels requires scrupulous quality control and a significant management overhead to maintain those standards.

Hiring good people is just the start – you also need to give them a clear career progression and an ever-improving quality of work. For us, it was moving from training and consultancy into bespoke software development, giving our people the chance of working with some of the cleverest in the industry.

For someone working for ACT Clean, who has proved that he/she can deliver immaculately serviced rooms for five-star hotel clients, the progression is to the company's new domestic division, ACT Home, which provides a luxury housekeeping service. This offers not just cleaning, but the level of personal service, immaculate delivery and client discretion provided at top hotels.

However, the most basic metrics of success in any venture are the profit and loss accounts. We grew our company from zero to a £7.5m turnover in five years. ACT Clean has achieved 100 per cent organic growth year-on-year since it started in 2006.A more important and human measure of success is staff loyalty. Some 20 years after we sold our company, I am deeply moved that our former employees still speak well of their experience.

ACT Clean employs people such as Inga Gilpin, who arrived 10 years ago from Latvia, unable to speak English but with a burning ambition to be a successful housekeeper. And at the recent UK Housekeepers Association Event, Gilpin was proud to say she worked for the best and most prestigious cleaning company in the UK. For an entrepreneur, that is true perfection.

Article 3

This Organization Is Dis-Organization

No titles. No offices. No paper. How Denmark's Oticon thrives on chaos.

BY Polly LaBarre | June 30, 1996

Lars Kolind, the leader of Oticon Holding A/S, is sidled up to one of his company's sleek coffee bars, talking about revolution. Oticon makes hearing aids - hardly the sort of business where you'd expect to find a genuine corporate radical. But over the last eight years, Kolind and his Danish colleagues, working from an elegant, three-tier loft space in an old Tuborg soda factory just north of Copenhagen, have built a business model so daring and so successful that they've conquered new markets and captured the imagination of business innovators around the world.

"Hearing aids are not the core of what this company is about," Kolind says. "It's about something more fundamental. It's about the way people perceive work. We give people the freedom to do what they want." At first glance, Oticon seems less than revolutionary. Its 150-person headquarters has an oddly deserted feel. There are plenty of workstations, but no one is sitting at them. In fact, hardly anyone is sitting anywhere. "There's a paradox here," Kolind says. "We're developing products twice as fast as anybody else. But when you look around, you see a very relaxed atmosphere. We're not fast on the surface; we're fast underneath."

Lars Kolind, 49, arrived at Oticon in 1988 to revive a deeply troubled company. He cut costs, increased productivity, and quickly steered the company back into the black. But he realized that incremental improvements would not be enough to prosper against diversified giants such as Sony, Siemens, and Philips. On New Year's Day 1990, Kolind released a four-page memo on reinventing the company. It amounted to a declaration of dis-organization.

Kolind wrote "In organizations of the future staff would be liberated to grow, personally and professionally, and to become more creative, action-oriented, and efficient." What was the enemy of these new organizations? The organization itself. So Kolind abolished the formal organization. Projects, not functions or departments, became the defining unit of work. Today at Oticon, teams form, disband, and form again as the work requires. Project leaders (basically, anyone with a compelling idea) compete to attract the resources and people to deliver results. Project owners (members of the company's 10-person management team) provide advice and support, but make few actual decisions. The company has a hundred or so projects at any one time, and most people work on several projects at once. It is, essentially, a free market in work.

"We want each project to feel like a company, and the project leader to feel like a CEO," Kolind says. "We allow a lot of freedom. We don't worry if we use more resources than planned. Deadlines are what really matter."

The company's physical space reflects its logic of work. All vestiges of hierarchy have disappeared. Oticon headquarters is an anti-paper anti-office with uniform mobile workstations consisting of desks without drawers and state-of-the-art networked computers. People are always on the move, their "office" nothing more than where they choose to park their caddie for the duration of a project -- anywhere from a few weeks to several months. It's an environment that maximizes walking, talking, and acting.

"The most important communication is face-to-face communication," says Torben Petersen, who led the development of Oticon's new information systems. "If you can't talk to someone because he's sitting behind a secretary and a potted plant, he'll never know what you know. People need to move around."

And move they do. At Oticon, it's hard to tell just who's working where. A marketing team writing product brochures sits next to software engineers writing code; the "chip-design center" (one of the largest in Scandinavia) is a cluster of workstations virtually indistinguishable from an audiology research group; a functioning machine shop, which builds the tools used in the company's Danish factory, sits just outside the cafeteria.

In a rare top-down intervention, the CEO instructed people and teams to relocate based on the time horizons of their projects. Teams devoted to short-term business goals (sales, marketing, customer service) moved to the top floor. People working on medium-term projects (upgrading current products, for example) and long-term research went to the second floor. People focused on technology, infrastructure, and support moved to the first floor. "It was total chaos," Kolind declares approvingly. "Within three hours, over a hundred people had moved. To keep a company alive, one of the jobs of top management is to keep it dis-organized."

Article 4

Working miracles at any age

By Mike Southon

Published: May 27 2011

Two of the major concerns for people as they grow older are the support they might need as they become frailer, and their ability to pay for the best possible care.

I recently spoke to some public sector workers facing redundancy. Those with long service faced an uncertain future, even though some were cushioned by significant redundancy packages. When I asked how they planned to spend this money, most said it would go towards looking after aged parents. But the deeper the concern, the better the opportunity for ambitious entrepreneurs. Even so, it takes someone with the right stuff to build a business based around long-term care.

Miriam Warner was a typical army wife, always chipping in when the going got tough. She worked in a prep school when her husband was made redundant, and cooked directors’ lunches when they moved to London.

When her husband died, his army pension ended as they had met after he had completed his service. So Warner relocated to Wales and enrolled at a college to learn business administration before starting a new career as a PA.

She found herself working at a company providing domiciliary care, and came to the two classic conclusions of the aspiring entrepreneur: she did not enjoy working for someone else and felt she could do a better job.

Warner founded Miracle Workers in 1996 with the modest financial ambition of clearing £500 a week.

She realised that the current care model, where carers travelled between clients, was inefficient and ineffective. What was required was a full-time carer for each client and systems to recruit and manage these people.

She invested £200 in a brochure and wrote to everyone she knew. Her first clients were all wealthy wartime veterans. They needed to be matched with people who were genuine carers rather than glorified domestic servants, often middle-aged people who had brought up children.

Warner defines the qualities of a good carer as possessing common sense, a driving licence, the ability to cook and a kind heart. She defined the rules and processes to make the business work by undertaking much of the care work herself – and making sure she visited each client regularly.

The number of clients grew to 10, and then made a leap to 25 thanks to word-of-mouth recommendations. This was helped by providing care for some high-profile clients, including Sir John Mortimer, the author, and Dame Barbara Castle, the politician.

Now that the systems are in place, Warner can scale the business by employing the right people. Finding carers is more difficult than acquiring new customers, so the cornerstones of the business are the care managers.

Today, the company has a network of more than 200 carers and an annual turnover in excess of £1.4m. Warner's success is proof that it is possible to start a viable business in your 50s and to continue to grow it well past your official retirement age.

I always feel that people over 50 have significant advantages over those much younger, including a better-defined sense of purpose and an existing network of potential customers. Staying in one's own home and receiving proper care is clearly preferable to entering a nursing home. All that was required was a way of making it viable and the will to do it.

Article 5

Selling becomes sociable

E-commerce is becoming more social and more connected to the offline world

THOSE who cherish privacy will recoil in horror, but for digital exhibitionists it is a dream. At Swipely, a web start-up, users can now publish their purchases.

Whenever they swipe their credit or debit card (hence the service's name), the transaction is listed on the site—to be discussed by other users. "Turn purchases into conversations" is the firm's mantra.

Swipely is among the latest entrants in the growing field of social commerce. Firms in this market combine e-commerce with social networks and other online group activities. They aim to transform shopping both online and off. Angus Davis, Swipely's boss, points out that the internet has already disrupted the content industry. Commerce will be next, he says.

The first generation of e-commerce sites, which hit the web in the late 1990s, were essentially digitised mail-order catalogues. Websites like Epinions collected user reviews and recommendations, but they did not sell anything—and many collapsed during the dotcom crash. Only Amazon brought together selling and social feedback, to great effect. By means of collective filtering, it made suggestions based on other buyers' purchases.

The second generation of e-commerce firms is quite different. Few emerged from Silicon Valley. Indeed, they tend to have offline roots, and sometimes seek to drive customers to actual shops. Many make their money from flash sales—brief offers of steep discounts on products—that are advertised to registered members.

The pioneer of flash sales, Vente Privée, grew out of the French apparel industry (the name means "private sale"). Even today, its centre of gravity is offline, says Jacques-Antoine Granjon, Vente Privée's boss, who founded the firm in 2001 along with seven partners. Hundreds of designers, photographers and hairstylists organise its online sales events. After a slow start, Vente Privée has been growing quickly. Its five local sites in Europe have more than 12m members and are expected to bring in about €800m ($1 billion) in revenues this year.

Vente Privée's success has inspired others. The best known is Gilt Groupe, which emulates the sample sales of luxury retailers in New York, where it is based. Gilt is smaller than Vente Privée. It has only 2.5m members and expects to turn over between $400m and $500m in revenues this year. Gilt wants to become a platform for all sorts of social commerce, says Susan Lyne, its boss. It recently launched several local sites in America, offering “deals of the day”.

Gilt Groupe is straying into the territory of another clutch of city-based e-commerce sites, which facilitate collective buying. Every day these sites offer the service of a local business—a restaurant meal, a spa-treatment, the rental of an expensive car—at a discount of up to 90% (they generally keep half of the sale price). But a deal is struck only if a minimum number of members pounce. Buyers thus have an interest in spreading the word, which they do mostly on social networks.

Many such sites have sprung up. The most successful is Groupon (a combination of the words “group” and “coupon”, which buyers print out to pay for their service). Although the firm launched only in late 2008, it already operates some 230 local websites in 29 countries and boasts 15m subscribers. Flush with money from investors, it has embarked on a global land-grab, buying Groupon clones in other countries, such as Germany’s CityDeal.

Whatever the fate of individual firms and sales models, e-commerce is bound to become more social, predicts Sonali de Rycker of Accel Partners, a venture-capital firm. Retailing has several persistent problems: the high cost of attracting visitors, the low probability that they become buyers and the difficulty of getting them to come back. Sociable e-commerce offers potential solutions to all of them. So expect your favourite site to add social features, whereas many of the pioneers will end up with arrows in their backs, as innovators often do.

Article 6

Barbara Kux

BY William Taylor | October 31, 1993

There's the story of how, for weeks, angry protesters from IG Metall, the powerful German trade union, blocked her from entering the Mannheim headquarters of the manufacturing company that she was working to restructure. There's the story of how she negotiated the first, biggest, and most successful joint venture in Poland,

and watched helplessly as the government minister she negotiated with resigned because of the outcry the deal generated.

So don't think of Barbara Kux as one of the rising stars in European business although, at 39, and a high-ranking line manager at Nestlé, she certainly is that. And don't think of her as one of the toughest-minded competitors anywhere although, as the young executive who locked up Eastern Europe's power-generation business for ABB Asea Brown Boveri, she is that too. Think of her instead as a resilient field commander in the management revolution sweeping Eastern Europe.

First as president of ABB Power Ventures, now as the Nestlé vice president responsible for Eastern Europe and the former Soviet Union (a market of 400 million consumers), Barbara Kux has spent the last four years living by her wits: finding young, local managers who can lead project teams, teaching them what she knows, assembling experts on finance and quality to teach what they know, and delivering results faster than anyone thought possible. Working on a continent that seems overwhelmed by economic malaise and political drift, she remains determined: a change agent rebuilding Eastern Europe, one manager at a time.

"So many companies," she argues, "make an acquisition in Eastern Europe and immediately add fancy new computers, intricate new control systems, all the latest technology. What you really need is much more simple and pragmatic. You need good phone lines so you can exchange data. You need to teach people a common language - English - so you can communicate with them. You need a comfortable hotel so the outside experts who visit can feel at ease. And then you have to help the people on the scene, the local managers, make the change."

Kux signed on with ABB in September 1989, as the political rumblings in Eastern Europe were turning into an earthquake. She had spent all of one week in the region - in Prague, as a tourist - spoke none of the languages, knew little of the politics. She got a small office in Zurich, half a secretary, and a three-part mission: to make ABB a "true insider" in the region, to do so ahead of the company's giant rivals, and to turn the companies she acquired into world-class operations.

In just three years, Kux negotiated five joint-venture deals for companies in Poland, Hungary, and Yugoslavia. Those operations, which collectively employ nearly 8,000 people, were all losing money when Kux acquired them. All but one was solidly profitable when she left in late 1992. In fact, all but one was profitable within the first year of the joint venture.

Take the case of ABB Zamech, Kux's first, biggest, and most successful joint venture. ABB Zamech is based in Elblag, Poland, a short drive from the port city of Gdansk. Zamech makes turbines to generate electricity - huge, complex machines with price tags, including installation and engineering, as high as $100 million. At the beginning, Zamech defined the idea of bloated "heavy industry." Today it can be considered a benchmark of what is possible in Eastern Europe.

"It's a question of selecting the right people," she says. "Managers are born, not made. People need some basic business skills: accounting, finance, marketing. You can teach those skills. But you can't teach initiative, creativity, passion, vision. Good managers in Eastern Europe are just as smart as good managers in America or Japan. You have to find them, trust them, and let them do the work."

By accelerating the management revolution in Eastern Europe, Barbara Kux's most important contribution may be to help bring the revolution home.

Article 7

Admazines

(from www.englisharticles.com**)**

Advertising clutter is a problem in most media, and magazines are no exception. The average consumer magazine has ads on nearly half of its pages, and in some publications the percentage is even higher. Some companies are dealing with the clutter problem by publishing their own custom magazines. Custom publications started more than 10 years ago; some of the latest include No Boundaries, a quarterly publication from Ford that is sent to owners of the company’s sport utility vehicles; Everyday Pictures, which is published by Kodak; Nikegoddess, which is an important part of Nike’s efforts to reach women; and Mary Beth’s Beanies & More, a bright bimonthly that quickly sold out its 100,000-copy premier issue, which cost $5.Marketers spend nearly $1.5 billion a year producing their own magazines, according to the Custom Publishing Council, and more companies are entering the fray. Custom publications offer marketers a way of dealing with the clutter problem, but there are also other reasons why companies with big brand names are publishing their own "admazines." Marketers have total control of the editorial and advertising content of these publications and view them as a way of providing valuable information to their customers that can help with retention and loyalty. Kodak's new custom magazine, Everyday Pictures, is sized to fit in supermarket checkout racks and provides the average person with tips on how to take better pictures. A Kodak consumer-imaging-product manager notes: "There was nothing in the photography category that spoke to the average soccer mom."

Ford feels that its new publication, No Boundaries, can play an important role in creating owner loyalty.

The magazine contains seasonal outdoor-adventure and travel stories and provides owners of Ford SUVs, such as Explorers, Expeditions, and Excursions, with the opportunity to purchase gear and clothing brands. Ford's advertising agency, J. Walter Thompson, suggested the customer magazine because "it can take us to places where advertising would never let us" in developing owner loyalty. The magazine also complements Ford's move into television programming, which will include a TV program with the same name. Nike's new custom publication, Nikegoddess, is sent to select subscribers of women's magazines such as Sports Illustrated for Women, In Style, Self, and Teen People and is also available at the company's Nike Town stores and retailers such as Nordstrom and Finish Line. The quarterly publication is part of the company's effort to communicate better with women and showcases Nike's women's products as well as providing lifestyle fitness and sports information. In early 2002 Nike launched another custom publication, Brand Jordan, in partnership with Hearst Custom Publishing. Nike plans to publish the magazine four times a year and will use it primarily to promote the company's new Jordan brand.

Article 8

Dot-com Advertising Fails to Inspire a New Creative Revolution

"I'm always hoping that one day some young man will come into my office and say, 'Your 96 rules for creating good ads are for the birds. They're all based on research that is out of date and irrelevant. Here are 96 new rules based on new research. Throw yours out the window . . . You're an old dodo, living in the past. Moreover, I have written a new dogma, a new dialectic, and I am the prophet of the future.'"

This appeal for someone to lead a new creative revolution in advertising was written by legendary adman David Ogilvy in his classic book The Art of Writing Advertising, which was published in 1965. In the 60s revolutionaries such as Ogilvy, Bill Bernbach, Leo Burnett, and Rosser Reeves turned advertising creativity on its head. The creative director of a major agency describes the state of advertising creativity before these revolutionaries came along as follows: "It was the Dark Ages, manufacturers shouting out the factory window. There was no emotional connection. It was basically what the client wanted you to say. The creative revolution was about finding a way to talk to people. It was like finding perspective."

The creative revolution that occurred during the 60s was in many ways inspired by the emergence of television as a dominant medium for advertising. Now the Internet is the new technology invading homes in the United States as well as other countries, and many felt it would be the catalyst for a new creative revolution in advertising. Madison Avenue had never seen a boom as explosive, spectacular, and sudden as the "great dot-com ad boom" of the late 90s that continued on into the new millennium. Ads for Internet companies such as portals and e-commerce sites were everywhere. And as these companies competed for consumers' attention and a piece of their mind-set, many were producing a new type of advertising whose style was as daring and unconventional as the entrepreneurs who built the online companies.

Among the most creative and popular of the ads for the dot-com companies were the campaign created for the online trading firm Ameritrade that featured Stuart, the young, ponytailed, red-headed day trader; ads featuring Socks, the fast-talking dog sock puppet for Pets.com; ads with sci-fi celebrity William Shatner singing off key for Priceline.com; and commercials for the online financial services company E*Trade featuring a chimpanzee. There were also numerous dot-com ads that pushed the limits of good taste to get attention and build awareness. Commercials for online retailer Outpost.com included a spot showing gerbils being shot out of cannon into a backboard, and another featured a marching band on a football field forming the words outpost.com and then being attacked by a pack of wolves. Beyond.com, an online retailer of software and computer-related products, helped Pioneer the crazy dot-com advertising genre with its “Naked Man” campaign that featured a fictitious character shopping for software at home au naturel.

Many of the ads for online companies were creative and fun to watch. However, critics argued that most of the ads were ineffective at communicating a meaningful message for the companies and much of the $3 billion per year that was being spent on dot-com advertising was wasted. All of the dot-coms wanted their advertising to be the funniest or most outrageous. However, in the end it all started to look the same and became boring.

Many in the advertising community believe that the next creative revolution in advertising will come not from ads for Internet companies but from the medium itself. They feel that the skill set of the creativity community will really be unleashed as technological limitations that handcuff web creativity, such as bandwidth problems, are solved and the Internet converges with other traditional media such a television and print. As discussed earlier, advertisers such as BMW, Skyy vodka, and Levi Strauss are taking advertising in a new direction by creating short films that can be viewed and/or downloaded from their websites. This hybrid of advertising and entertainment is referred to in the ad world as “branded content.” The agency for Nike created a campaign with cliff-hanger commercials whose endings could be found only on the Nike website. A new creative revolution may indeed be under way. However, this time it may involve more than ads showing gerbils being shot out of cannons.

Article 9

PVRs

How much would you be willing to pay to never have to watch another TV commercial, be able to automatically record shows with your favorite actor, or record more than one show at a time? How about being able to leave the room in the middle of an exciting football game to answer the door or go to the bathroom and, when you return, being able to resume watching the game from the point where you left off? These capabilities are no longer the dreams of TV viewers. They are now realities thanks to new consumer electronic devices called personal video recorders, or PVRs (also called digital video recorders), which hit the market a few years ago. And while they may be the answer to TV viewers' dreams, many argue that PVRs may be the television and advertising industries' worst nightmare.

Two companies, TiVo Inc. and SONICblue, Inc., are marketing PVRs, which are better known by the brand names TiVo and ReplayTV. The devices digitally record television shows and save them on a massive multigigabyte internal hard drive that can hold 10 to 30 hours of programming. Using a phone line, the PVRs download program schedules that pop up on the screen, and, with some simple programming through a remote control, consumers can click on shows they want to watch rather than punching in times and channels. The devices also allow users to create "channels" based on their own search criteria, such as types of shows or names of entertainers. The TiVo device even makes recommendations based on how users have rated other programs. PVRs also allow users to rewind or pause in the middle of a live broadcast while it keeps recording, resume watching from the point where they stopped, and then skip ahead to catch up to the live broadcast. And among the devices' most anticipated, and controversial, features are buttons that allow users to skip past commercials at superhigh speeds. SONICblue recently announced plans to market a new version of ReplayTV with features that will automatically skip commercials in recorded programs. Both TiVo and SONICblue hope that these features, along with the ease of using the devices, will win over consumers, many of whom have given up trying to master their VCRs. If consumers do embrace the new technology, the result will be TV on demand, which will have a dramatic impact on television advertising. Television shows have always been shown in time slots, with viewers watching whatever is on at that particular time. Advertisers are used to this world of synchronous viewing and buy ad time based on Nielsen ratings, which measure how many people are watching a show at a given moment. However, the digital PVRs make it very easy for TV viewers to watch shows at any time they choose. Watching TV will be more like surfing the Web than viewing a movie. This may reduce the influence of the Nielsen ratings and bring the one-to-one world of the Internet to television. PVRs will also make it much easier for content providers to push programming directly to end-users, potentially on a pay-per-view, commercial-free basis.

The PVR companies note that rather than fearing their new technology, advertisers should be embracing it, since the marriage of TV and the Internet will make possible interactive advertising and give viewers the ability to purchase products directly from the television screen. PVR companies could take certain commercials out of a program and replace them with ads that are of more interest to specific types of TV viewers or ads that include contests or other incentives that will encourage consumers not to skip them. Moreover, both companies argue that they are not out to kill the television networks, because their business relies on the programming the networks provide. Without commercials, there would be no money to pay for new programming, which would mean the supply of new shows could end unless other means of funding were found.

It appears that changes are well under way that may revolutionize the way we watch television and threaten to make the traditional TV advertising business model obsolete. In the future, TV viewers may not have to sit through all those ads for paper towels, toothpaste, and automobiles. On the other hand, would TV really be as much fun without the commercials?

Article 10

How Dell Sells on the Web

It's no secret that Dell Computer Corp. sells lots of PCs on the Web. But what's the secret of its success? How it builds relationships with its online customers.

BY Lisa Chadderdon | August 31, 1998

Scott Eckert built, and now runs, one of the world's biggest Web operations - one whose annual revenues are 10 times as high as those of Yahoo! and 5 times as high as those of Amazon.com. So why isn't Eckert a Web celeb on the order of Jerry Yang or Jeff Bezos? Because his operation is part of Dell Computer Corp. Michael Dell started the company out of his college dorm room in 1983. Today it generates annual revenues of more than $12 billion and profits of nearly $1 billion. Who can compete with that kind of track record?

Actually, Scott Eckert can. Eckert, director of Dell Online, launched the current site www.dell.com in July 1996. A year later, online sales were running at $3 million per day. The site now registers an astounding $5 million in revenue per day - nearly $2 billion a year. But Eckert's team is just getting started. Its next goal: By the end of the year 2000, Dell Online should generate 50% of the company's sales, and 100% of Dell customers should be online buyers.

"We're not just building a way to sell computers over the Internet," he says. "We're trying to transform the way Dell does business. We want the Net to become a core part of your experience with Dell."

Eckert recently sat down with Fast Company to discuss his rules for Web-based interaction and customer satisfaction.

Help Customers Help Themselves

"Customers value quick and easy access to products. They enjoy shopping at their leisure. And they want information - lots of information. The Web gives them all of that. In a survey of our online customers, 40% said that they chose Dell because of its Internet offerings. And 80% of them are new to the company. The Web's real power is that it helps customers help themselves.

"You help customers help themselves by making them feel at home. We create clear entry points for people from different sectors: business, home office, education. We have nearly 40 country-specific versions of the sites, and each one uses the appropriate language and currency. We've also adjusted the site to distinguish between first-time visitors and experienced users - customers who want to go straight to our 'online configurator' to build a system.

They Better Shop Around

"Telephone customers usually call 4 to 5 times before they buy. Web customers visit the site 4, 5, even 10 times before they click the 'Place Order' button. Sometimes they read the first page of product information, bounce over to a competitor to do the same thing, and then come back several more times to go deeper into the site.

"That's fine. Our job is to put people in charge of the buying process. We let customers configure a system and then save that information on our site for up to two weeks. This way they can shop around - and feel better when they come back to Dell.

The Little Things Make the Biggest Difference

"Translating Dell's direct-sales model to the Web entails three adjustments: making it easier to do business with us, reducing the cost of doing business for Dell and for our customers, and enhancing our relationship with customers. The ultimate goal is to create a 'frictionless' environment.

"In building a Web site, the simple things make a huge difference. One of the most important developments on our site is also one of the simplest: 'Order Status.' It's one of our most frequently visited pages. People want to know, 'Where's my system?' Having a human being provide that information over the phone is not a very high- value-added transaction. So we've simply made the same information available on the Web. Customers check the status of their orders three, four, even five times - just because it's so easy to do. That's frictionless."

Article 11

Branding is more important than ever before

By Brian Solis

Think of your favorite brand, and the first thing to come to mind is likely a logo, such as the Coca-Cola scripting, a tag-line, such as Nike's "Just do it," or a jingle – remember the Oscar Mayer bologna song?

These may be the aspects of a brand you remember, but they are no longer the most important aspects of branding today. Identity, persona, essence and promise, are the new kings and queens of the branding kingdom, thanks to technology and the deeper connections it creates between brands and consumers.

Markets, consumer behavior and how businesses connect with customers are all directly impacted by technology. The erosion of Blockbuster's business model, clearly illustrates the impact technology can have on consumer behavior.

Consumers, in search of certainty, rely heavily on a brand's symbolism and significance. We don't have to look much further than Netflix – the company that gained the most from Blockbuster's decline – for a recent example of what happens when executives misread the impact of technology and consumer demand and, in turn, make decisions that negatively impact the business and the brand. But, any form of market research or customer engagement program that analyzed conversations in social networks would have revealed the state of consumer needs. Netflix now must focus on rebuilding its brand to earn and re-earn trust before it can take another aggressive move into the future.

Brands that fail to instill this level of confidence in consumers run the risk of falling victim to digital Darwinism. The brands that survive this era of economic disruption, will be the ones that are best able to evolve, because they recognize the need and opportunity to do so before their competitors.

Washington, D.C.'s Chief Financial Officer, Natwar Gandhi, speaks with the Washington Post's Emi Kolawole about the importance of discipline in innovation. (Source: The Washington Post)

In 1984, Apple stunned the world with its now iconic "1984" commercial. It firmly established Apple's brand and ultimately set the stage for the company's significance in the emerging personal computers market. The commercial attained legendary status, but Apple, like every brand, would still need to relentlessly compete for attention and relevance.

A year later, Apple attempted to match its previous success with "Lemmings," a commercial that dramatized the lemming-like behavior of the PC-based workforce. The ad, while arguably brilliant, was widely considered a flop, since the image of businessmen following one another over a cliff confused customers. Over time, Apple's brand slowly degraded, losing touch with its core audience and missing an opportunity to connect with the growing base of consumers seeking personal computers.

When Steve Jobs returned to Apple in 1997, he was on a mission to not only turn the company he co-founded around, but also rebrand the company to connect with consumers. In a recently-surfaced internal video, Jobs, who died Oct. 5, focused on the importance of brand as he introduced the employees to its iconic advertising campaign, "Think Different."

"For me, marketing is about values," said Jobs, "This is a very noisy world and we're not going to get a chance to get people to remember much about us. So, we have to be very clear what we want them to know about us."

The company then looked inward in an attempt to answer the questions: Who is Apple, what does it stand for and where does the brand fit in the world.

"What we're about isn't making boxes for people to get their jobs done," said Jobs during the company meeting, "Apple's core value is that we believe people with passion can change the world…for the better. Those people, crazy enough to think that they can change the world are the ones that actually do.…Here's to the crazy ones."

The "Think Different" campaign ran from 1997 to 2002 and effectively rebrand Apple for years to come. But that was just one example of how the company would use branding to compete for attention and relevance over the years.

Article 12

Employment advertising

Employment advertising is a medium for posting employment opportunities through ads that appear in public media, most notably newspapers, magazines, and Internet sites. Ads appear in all countries in the Western world and to a lesser extent in other parts of the world, generally in dedicated sections of newspapers, typically in proximity to sections covering business and economic issues. Ads for specific professions sometimes appear in other sections (e.g., employment in medical professions is sometimes posted in newspaper sections dedicated to medicine). Labor economists and labor policymakers often consider the number of employment ads appearing in a country at a given time to be a key indicator of unemployment and the degree of economic vitality of the country. Ads can be posted and paid for by a potential employer, by a recruiting firm, or by a placement agency and are often designed by marketing or public relations firms as a part of organizational efforts intended to promote the organizational image. The costs of employment advertising vary widely, depending on size (number of square inches), complexity (e.g., with or without color), and status and market reach of the newspaper in which an ad appears. There are many guides to effective product or service-marketing advertisements, but little research has been done on effective employment advertising, perhaps because the cost of employment advertising is typically significantly lower than that of product advertising.

Research on employment advertising has typically compared ads with other sources of employee recruiting, such as college placement, employee referral, or placement agencies. Employment advertising is usually found to be less effective than other sources, most notably employee referral. Advertising is identified as a formal recruitment vehicle (as opposed to an informal vehicle, such as employee walk-in) that relies on external information (as opposed to relying on internal information, such as employee referral). Employment ads are strikingly similar in structure, regardless of the newspaper or region of the world in which they appear. Historically, ads were structured as a rectangle with some embedded text; today, they include elaborations in both text and visual elements, such as fonts, logos, color, pictures, or borders. The content of most ads includes a "skeleton," that is, a job title and contact information. Most include additional information, or "embellishments," on the skeleton, including marketing information about the organization, the physical or social work environment, or the legal issues pertinent to the posted job or the posting organization. There is significant variation among ads in the content of embellishments, and there seem to be some systematic differences in the nature of embellishments employed in different countries and different professions, but little research has been done on the rationale behind them or their effects.

Employment ads serve functions other than connecting employees and employers. Job seekers and people actively employed are encouraged by career advisors to read ads as a means of learning about the job market, and many report that they read them for reasons other than finding specific jobs. Managers and technical people report that they read ads for the purpose of learning about competitors, about new projects, and about new developments in their fields.

III семестр

Раздел 5. Финансы

Тема 13 «Инвестиции» (2 занятия)

Тема 14 «Банки» (2 занятия)

Тема 15 «Бухгалтерский учет» (2 занятия)

Раздел 6. Международное сотрудничество

Тема 16 «Деловая корреспонденция» (4 занятия)

Themes for essay

1. A market is the combined behavior of thousands of people responding to information, misinformation and whim.
2. Emotions are your worst enemy in the stock market.
3. Never invest your money in anything that eats or needs repairing.
4. In the financial system we have today, with less risk concentrated in banks, the probability of systemic financial crises may be lower than in traditional bank-centered financial systems
5. I hate banks. They do nothing positive for anybody except take care of themselves. They're first in with their fees and first out when there's trouble
6. Central banks don't have divine wisdom. They try to do the best analysis they can and must be prepared to stand or fall by the quality of that analysis.
7. You have to know accounting. It's the language of practical business life.
8. The great thing about working in the Accounting Department is that everybody counts.
9. The budget is running out - keep calm and carry on auditing
10. It has been said that arguing against globalization is like arguing against the laws of gravity.
11. The only preparation for prospering in the global economy is investing in ourselves.
12. The merchant has no country.

Article 1 Spain's property market

Wobbly foundations

Mar 8th 2012, 16:45 by F.B. and J.R. | MADRID

"IF SOMEBODY wants to pay, the bank is going to try to help them," beams the fresh-faced manager of a big lender's branch in Rio Rosas, an upmarket neighbourhood of Madrid. His branch is a busy place, even though it extended not one mortgage last year. A big part of its business now is focused on cutting non-performing loans (NPLs), loans on which customers have fallen three months or more into arrears. Banks hate these not just because they want their money back. Once a loan is classified as non-performing, the bank is obliged to set aside provisions against it. If too many pile up then investors and creditors get antsy.

Spanish banks have already had to set aside billions to cover losses on €323 billion of loans made to property developers; in February they were told by their regulator to set aside even more. But a growing worry is that the rot may spread to entirely different categories of loans, such as mortgages, personal loans and those made to small businesses. Until now banks have set aside almost nothing to cover potential losses on these assets.

Indeed, NPLs on Spain's €613 billion of mortgages are lower now than they were in 2009, at around 2.6%, despite the fact that unemployment has since soared. "That is impossible, in our opinion, given the current economic environment, even considering the decline in interest rates," says Santiago Lopez-Diaz, an analyst at Exane BNP Paribas. Because these loans books are so large even small increases in bad debts are painful. Mr Diaz reckons that a one-percentage-point increase in provisions on the rest of the portfolio would force listed banks to come up with about €16 billion, or more than 10% of their current tangible equity. (This is on top of the extra provisions demanded in February.)

Senior Spanish bankers say that mortgage arrears are likely to stay relatively low for several reasons. First, mortgage-lending in Spain gives banks a claim on all of their borrowers' assets, so those who are falling behind with payments cannot just hand over the keys and walk away. Second, family networks and a large informal economy provide incomes to large numbers of people who are officially listed as unemployed. Third, most Spanish mortgages have variable rates; as long as the ECB keeps rates low, mortgages are affordable.

But there are less benign explanations, too, for low NPLs. Think back to the efforts being made in that Madrid bank branch. Lenders are under political pressure to avoid foreclosures. Some banks are restructuring loans by, for instance, switching customers to interest-only mortgages, which would cut the monthly repayments by about a half. Others are consolidating credit-card debts and personal loans, by adding them onto existing mortgages. Forbearance of this sort can, in moderation, ease the pain of a downturn by helping people who are in temporary difficulties. If taken to excess, however, it can simply store up bad loans for later and make the eventual clean-up far costlier.

How big a hole there is in Spanish banks depends on how deep the recession is and on how much profit banks can generate to absorb losses. Analysts at Barclays Capital reckon that uncovered losses (after accounting for a year’s worth of earnings and existing provisions) could range from zero to €137 billion in the case of a deep downturn, with the bulk of the losses still stemming from exposure to property developers. The large international banks look less vulnerable, thanks to their diversified profits. But the government will be on the hook for some losses at nationalised lenders; and if the worst were to come to pass, listed Spanish banks would have to hope that their shareholders are as willing to forgive their transgressions as they seem to be with their clients.

Article 2

An appetite for junk

Companies have taken advantage of investors' growing willingness to buy speculative bonds

Oct 19th 2013 |From the print edition

WHEN cash deposits pay virtually zero, investors have an incentive to take risks in search of higher returns. That has been good news for the high-yield, or junk, bond market, where companies with poor credit ratings (below the investment-grade threshold of BBB) turn for finance. Many companies can now borrow at rates that governments would have been pleased to achieve two decades ago. Indeed, so low have borrowing costs fallen that some wags have dubbed the market "the asset class formerly known as high-yield".

In America, the modern high-yield-bond market dates back to the 1980s. Until then, high-yield bonds were usually "fallen angels"—companies which previously had an investment-grade credit rating but had seen their finances suffer. But Michael Milken and his team at Drexel Burnham Lambert, an investment bank, discovered there was a market for high-yield debt from new issuers, often in connection with companies making takeover bids.

The market is now huge. A study by Russell, a consultancy, estimated its total size at $1.7 trillion. Almost half of all the corporate bonds rated by Standard & Poor's are classed as speculative, a polite term for junk. Part of this is down to fashion; companies have been urged to return spare cash to shareholders and to make their balance-sheets more efficient by taking advantage of the tax deductibility of interest payments.

The rise of high-yield bonds has been handy for European companies in the wake of the financial crisis, as many banks have been seeking to shrink their balance-sheets, and have been less willing to offer loans. Historically, European companies have been much more dependent on bank finance than their American counterparts. They also used to be warier of seeing their bonds classed as junk.

Low rates have been good for the market in another way. They have enabled companies to refinance their debt cheaply, and so pushed back the nettlesome day when their finances will be squeezed by higher borrowing costs. A few years ago there was a worry that a lot of debt would need to be refinanced in 2012 and 2013; now the refinancing hump will not come until 2017 and 2018.

A long period of cheap finance makes it less likely that issuers will be forced to default in the short term, and the reduced likelihood of default makes it more attractive for investors to hold bonds. In the wake of Lehman's collapse, the spread (or excess interest rate) on junk bonds rose so far that it implied default on a scale not seen since the Great Depression. But after a brief spike to 13.7% in 2009, the default rate on global high-yield bonds dropped steadily and was just 2.8% in September, according to Moody's, another ratings agency.

But not all is sunny in the high-yield world. Although the market has doubled or tripled in size since 2008, liquidity has diminished. Regulatory restrictions mean that banks no longer hold as much inventory in the form of bonds; since 2002, there has been a decline of almost three-quarters. PIMCO, a huge bond-fund manager, said in a recent report, "We see reduced liquidity as an important secular (three- to five-year) trend. It is an unintended consequence of the deleveraging and re-regulation of banks globally. It will result in higher volatility in times of stress." In other words, if investors ever lose their current enthusiasm for high-yield bonds, they will find it much harder, and probably costlier, to offload them.

Article 3

An index of financial secrecy

Lifting the veil

Nov 6th 2013, 23:05 by M.V. | NEW YORK

EVERY two years the Tax Justice Network, a campaigning group, publishes a Financial Secrecy Index (FSI), showing which jurisdictions are friendliest towards tax evaders, money launderers and other financial ne'er-do-wells. Countries are ranked according to a combination of a secrecy score (based on 15 indicators, including banking secrecy, transparency of corporate ownership and international judicial co-operation) and a weighting that reflects the size of their financial sector.

The latest FSI, released on November 7th, shows Switzerland once again at the top of the list, with a score little changed from 2011 (Zurich is pictured above). Though the Swiss have made some concessions, especially to America, these appear so far to have put only small dents in their overall financial-secrecy framework. Meanwhile, they have been striving to block or delay multilateral transparency initiatives. The government did recently agree to sign an OECD tax convention, but this calls only for “on request” (not automatic) exchange of information. Still, it would bring down the Alpine country’s secrecy score a bit, if ratified.

The index shows that the biggest player in the world of offshore secrecy is Britain, if it is lumped together with its island dependencies in the English Channel, the Caribbean and elsewhere. Britain itself is only in 21st place, but two of its satellites—Jersey and the Cayman Islands—are in the top ten, with Bermuda and Guernsey not far behind. Together they account for between a third and a half of the global market in offshore financial and corporate services. Much of the money they collect is funnelled through the City of London.

These islands have become a bit more open as international pressure on tax havens has intensified: most have seen their secrecy score drop since 2011, with the most dramatic fall in the British Virgin Islands, home to hundreds of thousands of offshore shell companies (see chart). All of them have signed new international tax agreements that allow for some degree of information exchange, or announced their intention to do so. But although some have curbed their secrecy offerings, others have expanded them. Earlier this year, for instance, Guernsey added foundations (the civil-law equivalent of trusts, which are common-law arrangements) to its stable of offerings. That helped to push up its secrecy score, though it remains one of the less opaque offshore financial centres.

In September David Cameron, the British prime minister, told the House of Commons that: “I do not think it is fair any longer to refer to any of [Britain’s] overseas territories or crown dependencies as tax havens. They have taken action to ensure that they have fair and open tax systems." As the table above shows, Mr Cameron's comments may be somewhat premature: the British-linked jurisdictions all continue to score badly on the majority of the indicators tracked by the TJN. (Those jurisdictions argue that the index's compilers don't make a clear enough distinction between legitimate client confidentiality and crime-concealing secrecy.)

The ranking also confirms the continued rise of Hong Kong and Singapore as secrecy jurisdictions. Hong Kong is a growing force in offshore capital markets and company formation. Singapore is snapping at Swiss heels in wealth management and a rising star in trusts. Both have benefited as some European and North American offshore activity has been displaced eastwards, looking for places that are under less immediate pressure from western capitals to clean up their act. That said, they have had to make some concessions: in Singapore, for instance, tax evaders can now be prosecuted for money laundering, at least in theory.

The overall message of the index is that while there has been progress on international tax transparency, it has been more modest than tax haven-bashing politicians would have us believe. The good news is that automatic exchange of information has a good chance of developing, over time, into a global standard—helped not least by America's powerful Foreign Account Tax Compliance Act, or FATCA. The bad news is that financial secrecy is still very much alive and well.

Article 4

Holding on for tomorrow

How economic uncertainty dulls investment

Nov 16th 2013 |From the print edition

IT TAKES a cool head to invest. A firm's decision to build up capacity or spend cash on research pays out tomorrow but must be paid for today. That makes investment returns uncertain, influenced by factors—from oil prices to politics—that firms cannot control. With rich-world investment rates looking anaemic, many wonder why big firms are hoarding cash rather than putting the money to work.

According to new research, doubts about the future, some of them self-inflicted, are a likely cause.

In a 2007 paper Nick Bloom of Stanford University, Stephen Bond of Oxford and John Van Reenen of the London School of Economics showed one means of avoiding this “reverse causality”. They took data for a sample of 672 British manufacturing firms between 1972 and 1991, and turned to stock-price volatility as their measure of uncertainty. When looking at investment in a given year, they use previous years’ uncertainty in their analysis. The logic is that past uncertainty tends to predict current uncertainty pretty well: there is more doubt about some firms than others. But historic volatility cannot be influenced by a firm’s current investment decisions, making it a clean measure. The analysis reveals that as uncertainty rises, firms cut investment rates and respond less to investment opportunities.

A paper published this year relies on more timely data. Luke Stein of Arizona State University and Elizabeth Stone of Analysis Group, a consultancy, study 3,965 American firms between 1996 and 2011. They first collect data on options: contracts that give the right to buy and sell stocks in the future. Since options prices represent traders’ estimates of future stock values, a wider spread between the price of a share when the option is sold and the one at which it can be exercised indicates greater uncertainty about where a firm is heading. The data allow the researchers to work out the future “implied volatility” for each firm.

That still leaves a causality conundrum: implied volatility will tend to be influenced by firms’ investment decisions. To get a clean volatility measure the researchers looked at forms of uncertainty that companies cannot control—changes in oil prices and exchange rates. These hit different firms in different ways: an oil-price spike, for example, is good for oil producers, bad for airlines, and only slightly negative for retailers. As a first step, they work out how much of each firm’s implied volatility has its root in some economy-wide uncertainty. The rest they ignore, since it could be down to bosses’ investment decisions.

They find that doubts about tomorrow have a big influence on what happens today. For every ten percentage points their measure of uncertainty rose, investment fell by one percentage point. During the financial crisis of 2008-09, for example, they calculate that implied volatility rose by almost 40 percentage points, suggesting a drop in investment due to uncertainty of just under four percentage points. That implies that uncertainty accounted for around half of the total drop in investment during the crisis. And it is not just spending on physical assets that declines. The authors find that other long-term outlays—hiring staff and launching advertising campaigns—also plunge when uncertainty rises.

Those in charge of fiscal and monetary policy should heed the research. Some types of uncertainty—oil shocks, wars—are beyond their direct influence. But the research of Messrs Bloom, Bond and Van Reenen shows that when uncertainty is high, companies' response to policy stimulus tends to be muted. With worried firms sitting on their hands, crisis-response medicine needs to be generous, with a shot of stimulus to offset the slump, and an extra one to assuage corporate bosses' anxieties. It is a lesson central banks seem to have learned: every one of them among the G7 club of big economies has committed itself to a long period of low interest rates.

Article 5

Stiglitz Says Banking Problems Are Now Bigger Than Pre-Lehman

By Mark Deen and David Tweed

Sept. 13 (Bloomberg) - Joseph Stiglitz, the Nobel Prize- winning economist, said the U.S. has failed to fix the underlying problems of its banking system after the credit crunch and the collapse of Lehman Brothers Holdings Inc.

"In the U.S. and many other countries, the too-big-to-fail banks have become even bigger," Stiglitz said in an interview today in Paris. "The problems are worse than they were in 2007 before the crisis." Stiglitz's views echo those of former Federal Reserve Chairman Paul Volcker, who has advised President Barack Obama's administration to curtail the size of banks, and Bank of Israel Governor Stanley Fischer, who suggested last month that governments may want to discourage financial institutions from growing "excessively."

A year after the demise of Lehman forced the Treasury Department to spend billions to shore up the financial system, Bank of America Corp.'s assets have grown and Citigroup Inc. remains intact. In the U.K., Lloyds Banking Group Plc, 43 percent owned by the government, has taken over the activities of HBOS Plc, and in France BNP Paribas SA now owns the Belgian and Luxembourg banking assets of insurer Fortis.

While Obama wants to name some banks as "systemically important" and subject them to stricter oversight, his plan wouldn't force them to shrink or simplify their structure. Stiglitz said the U.S. government is wary of challenging the financial industry because it is politically difficult, and that he hopes the Group of 20 leaders will cajole the U.S. into tougher action. G-20 Steps "We aren't doing anything significant so far, and the banks are pushing back," he said. "The leaders of the G-20 will make some small steps forward, given the power of the banks" and "any step forward is a move in the right direction."

G-20 leaders gather next week in Pittsburgh and will consider ways of improving regulation of financial markets and in particular how to set tighter limits on remuneration for market operators. Under pressure from France and Germany, G-20 finance ministers last week reached a preliminary accord that included proposals to claw-back cash awards and linking compensation more closely to long-term performance.

"It's an outrage," especially "in the U.S. where we poured so much money into the banks," Stiglitz said. "The administration seems very reluctant to do what is necessary. Yes they'll do something, the question is: Will they do as much as required?"

Stiglitz, former chief economist at the World Bank and member of the White House Council of Economic Advisers, said the world economy is "far from being out of the woods" even if it has pulled back from the precipice it teetered on after the collapse of Lehman.

"We're going into an extended period of weak economy, of economic malaise," Stiglitz said. The U.S. will "grow but not enough to offset the increase in the population," he said, adding that "if workers do not have income, it's very hard to see how the U.S. will generate the demand that the world economy needs."

The Federal Reserve faces a "quandary" in ending its monetary stimulus programs because doing so may drive up the cost of borrowing for the U.S. government, he said.

"The question then is who is going to finance the U.S. government," Stiglitz said.

Article 6

Would the big banks really quit the UK?

By Sharlene Goff

Published: February 3 2011 12:05 | Last updated: February 3 2011 12:05

As top bankers around the City of London prepare to receive their bonuses, some might be feeling they could have done better elsewhere.

New rules on pay, coupled with warnings from the UK government that banks must show restraint on bonuses, mean awards to British bank staff – while still generous – could fall below those in other countries. The banks appear to have largely escaped efforts by politicians to force dramatic cuts in bonus pools and reveal the salaries of the highest paid staff – but the pressure for restraint on pay is adding to a sense that being based in the UK is losing its allure.

From this year, banks operating in the UK are having to contribute to a new industry levy that will eventually raise about £2.5bn a year for the public purse. On top of that, senior staff at UK banks are having to take a higher proportion of their bonuses in shares rather than cash and defer it over a number of years.

But while the lure of lower taxes and lighter regulation in markets such as Asia can be a powerful one, the trouble for banks as big as HSBC or Barclays is that moving overseas would be hugely complex. Consultants point to the cost and uncertainty for shareholders and customers, and the myriad practical considerations for companies looking to relocate.

Institutions would also have to consider the quality of life for staff and their families – schools and healthcare, for example, difficulties over visas and any language barriers. Even more mundane considerations such as transport to and from the new office and the price and availability of accommodation need to be examined.

However, while the City of London is yet to lose one of its leading banks, a number of smaller, more nimble institutions, such as hedge funds, have left and could be paving the way for some larger institutions: the idea seems to be gaining momentum.

HSBC and Standard Chartered, which both generate the majority of their revenue in Asia, and Barclays, which has a large investment bank in New York, have all made clear they may not be firmly wedded to the UK – although none has gone as far as to say where they might go.

Also, even if banks do not go as far as moving their headquarters, Ms Knight points out that one effect of the tougher UK environment is that they are not hiring as many British-based staff. One of the first moves by Stuart Gulliver, the new chief executive of HSBC, for example was to bolster its senior management team in Asia, the bank's heartland for a long time.

Meanwhile Standard Chartered, which is particularly frustrated with the UK climate, given that it generates almost all of its revenue elsewhere, recently raised £3bn of fresh capital which will be used to drive its growth overseas. The bank has been on a hiring spree, adding about 7,000 people during 2010 across Asia and other emerging markets, including Africa and Latin America.

Consultants say banks could also single out departments or individuals to move overseas.

Clearly, banks would want to retain a UK branch network and would need client-focused staff – such as mergers and acquisition advisers – to remain close to the local market in which deals are being done.

But there are a number of more mobile operations, notably trading desks, where most of the banks' highest paid – and highly taxed – individuals tend to work.

Given the sophistication of modern technology, traders are no longer fixed to a desk in a particular market as they can access data instantly from almost anywhere.

Well-paid traders have an incentive to move, given lower tax rates elsewhere, notably in Asia, and PwC also points out that these roles tend to be held by younger individuals with looser family ties and less dependence on professional services in their home market.

But while movement so far is at a trickle, there are fears that serious action to curb the sector – such as the separation of retail and investment banks – could test banks' patience.

Article 7

Can a big lender fight sleaze?

DENOUNCING sleaze and kickbacks has long been fashionable among the bosses of the World Bank. Back in 1996, James Wolfensohn piously vowed to root out the "cancer of corruption" and even made some modest internal efforts at reform. His successor, Paul Wolfowitz, also made the issue a priority, linking it to his goal of making aid effective. Both men genuinely tried to tackle the scourge. And yet this week saw yet another bank boss, Robert Zoellick, forced into the spotlight by yet another scandal.

For several years there have been whispers about wrongdoing in the agency's lending to Indian health-care projects. The allegations led to a "detailed implementation review" by the bank's internal auditor. That report, made public in January, concluded that over $500m-worth of contracts may have been tainted by "significant indicators of fraud and corruption" such as "collusive behaviours, bid rigging, bribery and manipulated bid prices". Though the bank was initially slow to respond to the allegations, it said this week that it had started nine investigations into the matter. The Indian government has also started several related probes.

World Bank spokesmen hotly deny this, insisting that anti-corruption efforts are gathering pace. They point to multiple examples of firms punished by such measures as temporary bans on doing business with the bank. Yet even if the World

Bank emerges untainted from this affair, that may not be enough to solve a deeper problem that may produce more scandals in future. As an institution which is under strong pressure to lend as much as possible, says Francis Fukuyama of America's Johns Hopkins University, the World Bank is “poorly structured to lead a fight against corruption”. Another problem: the bank's mandate forbids it from dabbling in local politics—and that can mean failing to make sober enough assessments about what is really going in the countries where it is pushing out money.

The IMF remains the institution most suited to dealing with such crises. It has $255 billion in uncommitted usable resources and the ability to elicit funds from countries that may be reluctant to act on their own—as with the Japanese and Nordic contributions to the Iceland package. The IMF-led route is better for troubled countries than making ad hoc approaches to others. Even so, Pakistan first sought an emergency infusion of between $2 billion and $4 billion from the Chinese government, and Iceland tried to work out a deal with Russia. It was only after these attempts fell through that the two countries approached the IMF.

In part, their reluctance is a sign of the stigma of an IMF bail-out. The delay can cost valuable time while countries scramble to find other sources of help. Governments also worry about the damaging domestic political fallout of being forced to accept tough conditions as part of a rescue package. Critics have argued that the IMF is overly hung up on conditionality—although, in countries like Pakistan and Ukraine, which have enormous deficits, the need for conditions is clear. More generally, however, the fund needs to be flexible and it has indeed rethought its approach in recent years. It now aims to impose policy prescriptions only when absolutely critical to a programme’s success. Details emerging from the talks with Iceland suggest these guidelines are being followed: there appear to be no punitive strings attached. That will help the IMF dispel concerns that it is too rigid in its ideology.

There are also doubts about whether the IMF’s instruments are quick and flexible enough for the full range of crises. The mainstay of IMF crisis lending to emerging economies is the Stand-by Arrangement, which is designed for dealing with short-term balance-of-payments problems, but not necessarily with shortages of liquidity. The fund is thinking about a special short-term liquidity instrument, somewhat like the swap lines recently extended among central banks. But it has been slow in coming.

The fund needs to move fast, to use the right tools, and to propose policies that are tailored to each country's economic situation. There could be no worse time to be investigating whether Mr Strauss-Kahn broke the rules in his affair with a former staffer from Hungary. Just now Mr Strauss-Kahn needs his wits about him. Clearly, he can be easily distracted.

Article 8

Unfinished business

Banking is a lot safer than it was. Sadly more still needs to be done

May 12th 2011 | The Economist

THE financial crisis was fought at the weekends. In sweat-stained shirts, fuelled by stale coffee and cold pizza, harried officials worked the phones and held emergency meetings with other bankers to discuss whether to save this bank or to let that one sink—all before markets opened on Monday. The Sunday scrambling reflected the fact that officials had too many fires to put out and too few good options to choose from.

Before the crisis, regulators hoped that the discipline of markets would ensure banks were sensible in the risks they took. That proved to be a vain hope, in part because markets are prone to exuberance and in part because many banks had become so large that they could not be allowed to fail—and they knew it. The emphasis now is on drawing up a new rule book for finance (see our special report). In America, the world's biggest financial market, the Dodd-Frank act is reversing decades of deregulation. In Britain officials are pondering plans for banks to erect firewalls between the different parts of their businesses. All banks will be required to hold a lot more capital to protect them against unexpected losses. New rules on funding and liquidity will force them to keep more liquid assets that can be easily sold should they need to raise funds urgently. These measures are making banking safer than it was. But the job is still far from complete.

To make banking safer, regulators need to marry two seemingly contradictory aims. The first is to make it less likely that banks will fail in the next crisis. The second is to make it less painful for taxpayers when they do fail. On the first, the biggest gains come from raising liquidity and capital standards—and here there has been plenty of progress. The new Basel 3 rules will have the effect of doubling the amount of core equity that a typical big bank holds as a proportion of its assets. The standards come into full force only in 2019 but the market is making banks plump up their capital cushions far sooner. Had Basel 3 been in force before the crisis most big banks would have been sufficiently stocked up on capital.

Most, but not all. Only a handful of big firms, out of a couple of hundred worldwide, suffered net losses that the new Basel standards would have been unable to deal with. Forcing all banks to hold enough equity to ensure that even the worst outliers—think Irish banks—are safe is an option from the ivory tower. The amounts needed would harm banks' capacity to lend, fail to discriminate between well-run outfits and badly run ones, and encourage risks to migrate out of the regulated banks to the shadow-banking system (another area that still needs lots of work). Regulation, even in a business as dangerous as banking, should be restrained and targeted.

A bit more equity is sensible for banks that are interconnected and large enough to cause serious economic damage if they collapse. The simplest way of doing this would be to insist on a chunky capital surcharge for systemically important banks. The Basel committee should look at the debate under way in Britain, where an independent commission has proposed an additional equity buffer of 3% for big retail banks.

The other thing that regulators need to do is soften the blow when banks do get into trouble. Most countries are putting in place resolution regimes that allow regulators to shut down smaller banks. But letting a big retail bank close its doors completely is still unthinkable. The real task is finding a way to impose losses on banks' owners and creditors rather than making calls on taxpayers.

Tools are being developed in the form of convertible-capital instruments and bail-in debt, whereby creditors of struggling banks are turned into shareholders if losses rise high enough. Swiss regulators, for example, want their biggest banks to hold the equivalent of 9% of their risk-weighted assets in convertible capital. The advantage of these instruments is that losses fall where they ought, on those who funded the banks, and that they provide a ready-made pool of capital that is cheaper than equity and large enough to recapitalise all but the most extreme failures. Questions swirl around these new instruments. Is there enough demand for them? Will they stop the problem of creditors running for the hills at the first sign of trouble? But a thick buffer of equity and convertible debt is the best way to make crisis-filled weekends less terrifying.

Article 9

Unfunded mandate

The IMF adopts a more flexible approach

TIME was when a bail-out by the International Monetary Fund was a uniformly horrid experience. Cold-eyed, sharp-suited men pored over your country’s books, demanding painful structural reforms and bone-chilling fiscal stringency. Faced with the current turmoil in emerging markets, the fund now seems more like a generous uncle.

Well-run countries now have fewer hoops to jump through to gain IMF money. On October 29th the fund announced the creation of a new short-term liquidity facility for the soundest emerging markets. The facility will disburse three-month loans to countries with good policies and manageable debts without attaching any of its usual conditions. The Federal Reserve added its considerable firepower to the rescue effort, announcing the establishment of $30 billion swap lines with each of the central banks of Brazil, Mexico, South Korea and Singapore.

The fund’s traditional lending also comes with fewer strings attached. The IMF-led $25.1 billion bail-out of Hungary on October 28th was “fast, light and big”, in the words of one person involved. The rescue came just days after the fund agreed on a $16.5 billion package to shore up Ukraine's collapsing economy, a prospect which seems to be unblocking the country's wretchedly deadlocked politics. It is also standing by to help Pakistan.

The huge international support package for Hungary is a shocking turn of fortune for eastern Europe, a region that has enjoyed growth and stability for a decade. But a toxic combination of external debt and collapsing confidence left the economy floundering. Even spending cuts, tax increases, a €5 billion ($6.7 billion) loan from the European Central Bank and a sharp rise in interest rates, from 8.5% to 11.5%, had failed to calm the markets.

The fund had tried to get the governments of Germany, Italy and Austria on board for the rescue. Their banks are most exposed to Hungarian borrowers (thanks to eager lending in euros and Swiss francs). Austria was willing to take part; Germany was not. So the IMF has put up $15.7 billion (to be agreed on at an IMF board meeting shortly), the European Union has added $8.1 billion, and the World Bank a further $1.3 billion. In return, all Hungary has to do is pass a law on fiscal responsibility that is already before parliament.

The fund may be calculating that it is better to be lavish before a crisis than stringent after one. Iceland, which is negotiating a $2 billion bail-out from the IMF, is being forced to take some bitter medicine after the failure of its banks. The central bank raised interest rates by a full six percentage points to 18% on October 28th, as trading resumed in the Icelandic krona after a suspension of nearly a week.

The big uncertainty now is how many more fires the fund and other lenders must fight—and whether they can afford to do so. The IMF may well need more than the $250 billion it now has. Gordon Brown, Britain's prime minister, wants countries with big surpluses, such as China and the oil-rich Gulf states, to contribute more. The fund's backers, it seems, need to be as flexible as its new lending criteria.

Article 10

Taking another road China finds a way to cut car imports without offending the WTO

LESS than a month after losing its first legal dispute with the World Trade Organisation (WTO), China has introduced a new tax that will achieve much of what it originally wanted, only by another route. Moreover, it is a “green” tax. Who could object to that?

For the past few years China has imposed a special 25% tariff on imported car parts, rather than the usual 10%, if the parts made up more than half of the value of a vehicle. (Imported new cars are also subject to a 25% tariff.) This was to encourage foreign carmakers to use more local suppliers and reduce imports. But America, the European Union and Canada argued that the tariff was against WTO rules. In July the WTO, based in Geneva, agreed.

China may yet appeal. In the meantime, the government has found another way to reduce the flow of expensive automotive imports. On August 13th the government announced a new “green” tax that will come into effect on September 1st. The new tax is meant to reduce fuel consumption and fight pollution. Rather than further raising the tax on fuel, which increased by almost 20% in June, the government is taxing gas-guzzling cars. By an amazing coincidence, most such cars are foreign-made.

Cars with engine capacities larger than 4.1 litres will now incur a 40% sales tax—twice the previous level. Cars with engines between 3 and 4.1 litres will be taxed at 25%, up from 15%. The tax on the smallest cars, with engines smaller than 1 litre, will fall from 3% to 1%. The 8% and 10% taxes on other cars will not change.

The government says the new tax will encourage a shift to more fuel-efficient cars. It will also help Chinese carmakers, as they tend to make cars with engines smaller than 2.5 litres. Foreign carmakers, which make most of the cars with larger engines, will suffer. Imported large-engine cars achieved record sales-growth in the first half of 2008, increasing by 26%, to 80,700 units. Imports of cars with 3-litre engines grew by more than 50%, and imports of sport-utility vehicles were up 79%.

But there were signs of a slowdown even before the new tax. Although the Chinese car market bucked the global trend in the first half, higher fuel costs and tumbling stockmarkets are now putting buyers off. Overall sales are still expected to rise this year by 8-10%, but this is half the level predicted at the start of the year, and far less than struggling foreign carmakers were hoping for.

China's new tax is canny. It cuts fuel use, reduces imports, benefits local carmakers and may help to improve air quality. It also prevents any more pesky calls from Geneva.

Article 11

Israel, China and African Development Bank join OECD Anti-Bribery efforts

09/12/2008 - Israel has officially joined the OECD Working Group on Bribery, an important step in its accession to OECD membership. Israeli officials took part in the Working Group's meetings in Paris on 9 December, International Anti-Corruption Day. Israel becomes the 38th signatory and first Middle-Eastern country to join the OECD's Anti-Bribery Convention.

Israel is one of five countries, with Chile, Estonia, Russia and Slovenia, that were formally invited to open membership talks, as part of the Organisation's drive to broaden and deepen its involvement with emerging new players in the global economy. Chile, Estonia and Slovenia are already signatories to the Convention.

Interview with Patrick Moulette, head of OECD Anti-Corruption division, talking about progress made and challenges ahead in the fight against corruption. OECD has also launched a partnership with the African Development Bank (AFDB) to support the efforts of African governments and business to fight bribery and corruption and boost corporate integrity. The Anti-Bribery and Business Integrity in Africa initiative will involve the two organisations working closely together to design and help put in place effective policies in the fight against the bribery of public officials.

Working closely with business and African policymakers, it will also focus on improving the competitiveness of private sector firms in Africa by improving standards of corporate integrity and accountability.

The first meeting is planned for May 2009. A review of anti-bribery policies and practices in 20 African countries, together with recommendations for action, will be discussed at the meeting. Officials from China will also attend this week's Working Group meeting. China's involvement in OECD work on anti-corruption is part of a broader commitment to strengthen co-operation, following the resolution by OECD countries in May 2007 to work more closely with China, as well as Brazil, India, Indonesia and South Africa, with a view to their possible membership. Brazil and South Africa are already signatories to the Convention.

At the meeting, Chinese officials will present an overview of their efforts to fight bribery in China. This follows a visit by OECD officials to Beijing and Shanghai in May 2008 to examine how OECD can work more closely with China to help in their fight against corruption.

These initiatives form part of OECD's drive to improve global governance. These include: preventing bribery through export credits; denying tax deductability of bribes; preventing corruption in the public sector; and improving governance through development assistance.

Article 12

The end of cheap goods?

Some are predicting the end of the cheap "China price"; others are more sanguine

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"IT IS the end of cheap goods," says Bruce Rockowitz. He is the chief executive of Li & Fung, a company that sources more clothes and common household products from Asia than perhaps any other. In the low-tech areas in which Li & Fung specialises, the firm handles an estimated 4% of China's exports to America and a sizeable chunk of its exports to Europe, too. It has operations in several East Asian countries, where it diligently searches for cheap, reliable suppliers of everything from handbags to bar stools. So when Mr Rockowitz says the era of low-cost Asian production is drawing to a close, people listen.

He argues that Asian manufacturing has gone through a number of phases, each lasting about 30 years. When China was isolated under Mao Zedong, companies in Hong Kong, Taiwan and South Korea grew expert at making things. When China reopened in the late 1970s, after Mao's death, these experienced Asian operators converged on southern China. With almost free access to land and labour, plus an efficient port and logistics hub in nearby Hong Kong, they started to make things ever more cheaply and sell them to the whole world.

For the next 30 years manufacturers in China helped to keep global inflation in check. But that era is now over, says Mr Rockowitz. Chinese wages are rising fast. A wave of new demand, especially from China itself, is feeding a surge in commodity prices. Manufacturers can find some relief by moving production to new areas, such as western China, Vietnam, Bangladesh, Malaysia, India and Indonesia. But none of these new places will curb inflation the way southern China once did, he predicts. All rely on the same increasingly expensive pool of commodities. Many have rising wages or poor logistics. None can provide the scale and efficiency that was created when manufacturers converged on southern China.

Nothing can replace the Chinese miracle. "There is no next," says Mr Rockowitz. Prices will now start to rise by 5% or more each year, with no end in sight. And that may be optimistic. So far this year, Mr Rockowitz says, Li & Fung's sourcing operation has seen price increases of 15% on average. Other sourcers of Asian toys, clothes and basic household products tell similarly ominous tales.

Yet manufacturers in some other fields see things differently. On May 31st, the day Mr Rockowitz spoke in Hong Kong, the annual Computex fair opened an hour's flight away in Taipei. Hotels were packed, even at inflated prices. The world's hottest technology companies, such as Apple and even Taiwan's HTC, were absent. But nearly 2,000 vendors showed up to hawk cheap and innovative gizmos.

Mainland Chinese firms arrived in force: more than 500 hired booths, up from 200 last year. Many are from the same parts of China that were once noted for cheap textiles and toys. With government encouragement, the belt that stretches from Shenzhen to Guangzhou has been shifting to more sophisticated products, such as electronics.

Some of the more striking offerings at the fair were ultra-cheap versions of global hits. A company named BananaU advertised tablet computers with Google’s Android operating system for $100. Another pushed Windows-based thin computers looking much like MacBooks for under $250. E-Readers were everywhere and available for a song.

Whether these products can be produced or sold in developed markets is unclear. The quality may be “B” for Banana rather than “A” for Apple. The intellectual property embedded in some devices may not, ahem, have been paid for. But still, the booths were packed. Buyers goggled and haggled over motherboards, memory chips, solid-state drives, servers, graphics cards, non-tangling cables, connectors, monitors and so on.

Chinese firms were curious about any product that lowered costs or made it easier to automate. When labour was cheap, Chinese firms used it inefficiently. Now they are learning how to get more from fewer hands. Li & Fung may be sounding the closing bell on one era of production, but the Taipei computer fair suggests that another is emerging.