

# Business articles- term paper for econ 500

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**ASSIGN  
BUSTER**

PRINCIPLES OF ECONOMICS ECON 5031 – Jul/Aug 2007 Instructor: Dr. Hi? n Van Tr? n, Professor Requirement The paper must be between 3 to 5 pages long and double-spaced with the font size of 12 and 1-inch margin for all four sides. The focus of the paper is on a survey and analysis of macroeconomics and microeconomics-oriented business articles that have been published within the past two months in non-Vietnamese business magazines/journals/websites concerning a non-Vietnamese event.

Each of the chosen articles must be 1000 words or more; and your paper should cover three articles of non-related events. For each article, your write-up must include the source (magazine/journal/website name, publication date, author, and page number), a brief summary of the article, the embedded macroeconomic concept(s), and your thoughts on why you chose this article. The goal of this essential course is to understand distinctly events happening all over the world with the term of microeconomics and macroeconomics.

Based on this goal, during the course, the course's knowledge helps me clarify the world's economy, the way how firms and households interact together in the competitive market as well as the ways how the government adjusts a country's economy through governmental policies. In the term paper's content, I would like to choose three different articles which analyze three different events of microeconomics and macroeconomics to have a thorough grasp the economic foundation. Article 1 \_ " Russia's economy" Publication date: August, 24th, 2007. From the Economist Intelligence Unit Views Wire.

Source: [http://economist.com/daily/news/displaystory.cfm?story\\_id=](http://economist.com/daily/news/displaystory.cfm?story_id=9706752)

9706752 Summary: To curb the fall in the rouble's value against the dollar of around half of a percentage point, the Central Bank of Russia sold up to US\$4bn on Aug, 21st. Due to the rouble's dip, foreign investors have liquidated their rouble positions in the wake of turmoil in the US subprime mortgage market and potentially a change in sentiment towards risk on the part of investors. That the spread on the benchmark 2030 Eurobond had been rising since June made the biggest decrease of RTS Index, gold and currency reserves during that time.

Regardless of the short term movements in currency and bond markets, the Russian government continued to run a healthy fiscal surplus, which has significant exposure to the US subprime mortgage market. In fact, Russia has to face the following difficulties. Firstly, although the authorities have tended to favor a competitive exchange-rate over the price stability in recent years, the importance accorded to a stronger rouble as a curb on inflation has increased this year. The reduction or elimination of upwards pressure on the rouble therefore it presents a problem for the authorities.

Secondly, Russia's corporations cannot be as sanguine as the government about the rise in spreads and the reduction in risk appetite on part of investors. Last but not least, that numerous issues were delayed, cancelled or scaled back makes Russian firms eager to generate finance for expansion and raise their profile abroad. If this is the worst of the subprime crisis for Russia, the country will have got off lightly. Embedded economic concepts: •

Central bank: A government monetary authority that issues currency and regulates the supply of credit and holds the reserves of other banks and sells

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new issues of securities for the government. Stock market: An exchange where security trading is conducted by professional stockbrokers. • Financial market: financial institutions through which savers can directly provide funds to borrowers. • Bond: a certificate of indebtedness. • Stock: a claim to partial ownership in a firm. • Exchange rate: The charge for exchanging currency of one country for currency of another Why am I intrigued by this article? In the macroeconomics, the government policies play a very important role to curb the currency's value and to dominate the inflation as well.

In this article, the Russian government had an active policy to curb the fall in the rouble's value against the US dollar. Yet the global market is usually changeable, Russia cannot be out of the market's affects and has to face many difficulties as well. To solve the problem, the government must have flexible regulations, rules and laws in the proper time to control the currency's value, inflation and the economy's growth rate. In fact, the Russian government has to do more things to bypass the subprime crisis.

Article 2 \_ “ Chinese seek to buy a U. S. maker of disk drives” Publication date: August 25th, 2007. By JOHN MARKOFF (New York Times) Source: [http://www.nytimes.com/2007/08/25/business/worldbusiness/25drive.html?\\_r=1&adxnnl=1&ref=business&adxnnlx=1188035759-/R6wMhYdw1xWI4NHKbqKUAv ef= slogin](http://www.nytimes.com/2007/08/25/business/worldbusiness/25drive.html?_r=1&adxnnl=1&ref=business&adxnnlx=1188035759-/R6wMhYdw1xWI4NHKbqKUAv ef= slogin) Summary: A Chinesetechnologycompany has expressed interest in buying a maker of computer disk drives in the United States, raising concerns among American government officials about the risks to national security in transferring high technology to China.

The transfer of advanced disk drive manufacturing technology would give the Chinese a major leg up in competing in information technologies. China, however, still lags in basic manufacturing skills like semiconductor design and manufacturing. In fact, the Chinese government faces a quandary: how to improve yields on its foreign exchange reserves as well as how to encourage companies and even individuals to invest more overseas, as a way to offset some foreign investment pouring into China.

Yet the Chinese companies' investment for an American high-tech company is blocked for political reasons. Basically, Washington so distrusts China, therefore they are trying to throw roadblocks in the path of its economic developments. Embedded economic concepts: • Foreign exchange: the system by which one currency is exchanged for another; enables international transactions to take place • Import: goods produced abroad and sold domestically • Export: goods produced domestically and sold abroad Trade surplus: A quantity that a country gains from trade. Why am I intrigued by this article? In chapter 17, we can see that technologies play an important role to improve a country's productivity. If China wants to get the trust from Washington, in general, and American high-tech companies, in particular, the Chinese government must have good policies in the information technology anti-piracy and come to terms in a highly national security when receiving the transferring high technology from the US.

In addition, the policies which encourage Chinese companies to invest more overseas in order to balance between the inflow and the outflow investments in China is an excellent example of regulating a country's macroeconomics.

Article 3 \_ " To Woo Europeans, McDonald's Goes Upscale Publication date:  
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August 25, 2007. By JULIA WERDIGIER (New York Times) Source: [http://www.nytimes.com/2007/08/25/business/worldbusiness/25restaurant.html?\\_r=1&adxnnl=1&ref=slogin&ref=worldbusiness&adxnnlx=1188088657-Xu2NFGoMNso7mpC3w6pNjA](http://www.nytimes.com/2007/08/25/business/worldbusiness/25restaurant.html?_r=1&adxnnl=1&ref=slogin&ref=worldbusiness&adxnnlx=1188088657-Xu2NFGoMNso7mpC3w6pNjA) Summary:

With the innovation aiming to create a more relaxed experience in a sophisticated atmosphere, McDonald's plans to spend hundreds of millions dollars remodeling almost its restaurants and spreading its hegemony in Europe. The changes are paying off when the sales at Europe's 6400 restaurants increase 15%, to \$4.1 billion, compared with 6% growth in the US, where McDonald's has 13,800 restaurants and sales totaled \$3.9 billion. Moreover, that McDonald highly adapts its menu to local tastes gives incentives to customers and makes them more enjoyable with its restaurant chain throughout the Europe.

It has a broad appropriate diversification in design and tastes, which are appealing and suitable for each locations and clientele. Remodeling is also catching on in the United States in the last two years, though less extensively than in Europe, but it seems to be less efficient in where customers prefer to eat in their cars or take their food home. Embedded economic concepts:

- Total revenue: the amount paid by buyers and received by sellers of a good, computed as the price of the good times the quantity sold.
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Profit: total revenue minus total cost.

- Incentive: something that induces a person to act.
- Competitive market: a market with many buyers and sellers trading identical products so that each buyer and seller is a price taker.

Why

am I intrigued by this article? Different from the two articles above, this article is about the microeconomics in term of interacting between a global firm and customers. In chapter 4, we study the factors that affect the demand curve, including the price, income, tastes, and expectations.

In fact, the most interesting thing when I read this article is that McDonald's has a perfect diversification strategy not only in design but also in tastes and expectations, which is suitable for each appropriate location throughout the Europe. It makes sense when giving incentives to customers to be more enjoyable in commonfast foodlike hamburgers, French fries or caffe` lattes. As a result, it makes the increase in McDonald's products demand all over the world. With this innovation, McDonald's is doing a good job in term of luring more customers and raising its revenue in the global competitive market. [pic]