

## Banks Should Be Boring

*U.S. banks made headlines with risky behavior that threatened to demolish the system. Not so Canada's. While our banks sucked up bailout dollars, Canada's, shielded by regulations that kept leverage at reasonable levels, missed the heady bubble-era profits but emerged with balance sheets unscathed.*

In the 2/1/2010 *New York Times*, Paul Krugman explained why **Canadian banks — in spite of having much in common with ours — sidestepped the financial debacle we're still wrestling with.** Consider the similarities: Although many blame the Federal Reserve for keeping **interest rates** low for too long, rates **in both the U.S. and Canada followed essentially the same path.** **If our banks are too big to fail, Canada's are even more so;** five banking groups dominate that country. **Economists in both countries declared severe recessions passé.** The difference is in regulations. **Canada's Financial Consumer Agency sharply restricted subprime-type lending. Regulators also limited leverage** (how much banks can rely on borrowed funds), **and they limited securitization** (how much banks can package their loans and sell them to others).

*Last December, the U.S. House of Representatives passed a reform bill that mimics these restrictions. If it ever becomes law, our banks might be as boring as they were before deregulation turned them into gamblers. 💰*

## It Started With Ping Pong

*On April 12, 1971, the U.S. Table Tennis team became the first American sports delegation to visit China since 1949. President Nixon visited in 1972, the Cultural Revolution ended in 1976, and free market reforms instituted in 1978 transformed China in three decades from an economically desolate behemoth to an industrial powerhouse.*

**The U.S. is still at the top of the economic heap, but China is catching up fast.** When its exports jumped 17.7% in December, **China surpassed Germany as the world's top exporter** — evidence that its manufacturers are thriving even in a global slump. It is also the world's second largest importer. **China's economy, the world's third largest** measured in exchange-rate terms, **trails only those of the U.S. and Japan.** Helped by a \$586 billion stimulus package, its expansion reached 8.9% in the third quarter of 2009. For the past 30 years, **China's has been the fastest growing among the major G-20 economies with an average GDP growth rate above 10%.** Over the same decades, **its per-capita income grew more than 8% on average annually.**

*Known as a supplier of shoes, toys, furniture and other low-tech goods, China is also the world's biggest producer of concrete, steel, ships and textiles. In 2007, it overtook the U.S. to become the world's largest auto market. 💰*

## In Some Places, Tipping Is Illegal

*In Argentina, tipping is illegal, but waiters still expect at least a 10% gratuity. In Japan, it's neither required nor expected. In Singapore, it's discouraged. And in Spain, the biggest tippers are Americans. Spanish diners might leave a few coins or up to 10%. The best tip: ask before you go.*

**An 1897 *New York Times* editorial called tipping the “vilest of imported vices.”** *The Washington Post* pronounced it “one of the most insidious and... malignant evils.” **In the early days of the 20th century, bartenders considered gratuities an insult.** Times have changed. **Tipping** (especially in the U.S. and by U.S. citizens traveling abroad) **is more firmly entrenched than ever.** The amounts are bigger, and the categories of “tippies” continue to grow. Adding 15% to a restaurant check was once considered generous; now, 20% is almost standard. Beyond the usual recipients (waiters, waitresses, hairdressers, etc.), **we now tip auto mechanics, movers and tow-truck operators,** among others.

*Not everyone is onboard. One critic targeted Starbucks for allowing tip jars. Its employees, he insists, receive salaries and benefits, and if management believes more pay is necessary to maintain staff quality, Starbucks should provide it. That might mean raising prices, but some believe knowing full costs upfront is preferable to ubiquitous tipping. They may have a point. 💰*