

# BUSINESS

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Morton Marcus  
ON BUSINESS

## Waiter shines light on education

Spent most of this past weekend in the hospital, but no one seems to want to hear that story. It wasn't much of a story, as it turns out, but the bill, which will fall on you, will be enormous.

My part of the bill will be small because I am covered by Medicare and health insurance. This means that you will see my utilization of the health-care system reflected in your future taxes and in your future health-care premiums. Thus, your interest in my hospital stay should be centered on the necessity of it.

Did my chest pains justify going to the emergency room? Medical professionals told me it was a wise decision, given my age, weight, lack of exercise, smoking history and general health profile. But in retrospect, after hours of tests and observation by the cardiac staff, wasn't my appearance at the emergency room little more than an elaborate paranoid fantasy on my part?

Perhaps, if health care had more sophisticated screening techniques, none of those resources need have been used.

I never did find out why I had chest pains. I am prepared to believe that they were the result of indigestion or sore muscles from lifting a bag of dog food.

Now you know more about my weekend adventure than my dinner companions the night that I left the hospital. They could not be induced to listen to a detailed rendition of my experiences, my imitations of hospital personnel or my intensely intelligent comments about the nature of the health-care system in the United States.

Our dining table was attended by three delightful young people. Young in this case means they were younger than 30. There were three of them because the restaurant was not busy, not because they were neglecting others to serve us.

As is the case when older people meet younger people, we felt it necessary to interview them and give instruction on how they should conduct their lives. We were generous in providing encouragement based on our perception of their individual merits.

Unless you flatter young people by telling them how superior they are, most of them will not stay around to hear your advice.

One of the young men, a father and an aspiring comedian, proved to be more inspired than any of us older patrons. It was he who suggested that parents should be rewarded for participating in the education of their children.

Here we are, a society that wants its children to read and write, and we neglect to provide incentives for those who have the greatest influence on students: their parents.

Erroneously we believe that virtue (here taken to be education) is its own reward. We tell children that they had best behave themselves or Santa will not visit, yet we tell them to be good for goodness' sake.

These mixed messages are the basis for our nation's heavy spending on psychological services and pharmacological solutions for our anxieties.

But now we see the light. In fact, our good waiter actually suggested that schools pay \$20 toward the light bills of parents who meet with their children's teachers. In this society, where rewards must be tangible and cannot be deferred, higher pay for teachers is not the entire answer to improved student performance.

We need to pay the students, or their parents, if we want to see higher levels of attainment in the primary grades. Forget higher starting salaries and lifetime earnings. Forget the joys of literature, music and the arts. All those little voices (and the voices of their guardians) are crying out, "Show me the money!"

And to think that some folks don't believe economics can contribute to solving social problems. Now all we need to do is determine how much money it will take to leave no child behind.

Morton Marcus is an economist, formerly at the Kelley School of Business, Indiana University.

# Asians going full throttle

## American automakers struggle as Toyota, Kia increase U.S. presence

By Ashley M. Heher  
THE ASSOCIATED PRESS

### LAFAYETTE

Foreign auto makers tightened their grip on the U.S. market Monday when Toyota Motors Corp. and Kia Motors Corp. unveiled plans to build up to 400,000 more vehicles in factories in Indiana and Georgia.

South Korea-based Kia said it would build a \$1.2 billion factory in West Point, Ga., its first in the United States, while Toyota announced it would begin building Camry sedans at a Subaru plant in Lafayette, shifting production from a factory in Japan.

"Toyota really believes that we need to manufacture vehicles, engines and other parts where we sell our vehicles," said Gary Convis, president of Toyota's Kentucky plant, which also produces the top-selling Camry. "This allows us to do that quicker."

The expansions come as the nation's domestic producers are struggling under the weight of falling U.S. market share and rising costs for health care and pensions.

Only 57 percent of the nation's new vehicles are sold by American companies, according to research from the Brookings Institute. In 1970, General Motors Corp., Ford Co. and DaimlerChrysler AG's Chrysler Group sold 87 percent of new vehicles on the road.

Last year, the Big Three automakers' sales



AP PHOTO  
Gov. Mitch Daniels, left, talks to Dennis Cuneo, senior vice president of Toyota Motor North America, following a news conference announcing that Toyota would begin building Camrys at a plant in Lafayette.

were down 2 percent overall. No. 1 GM is struggling to stay out of bankruptcy, and Ford plans to cut 30,000 jobs and close 14 facilities by 2012.

Sales of Asian brands, meanwhile, climbed 7 percent.

"The competition seems to be heating up even more," said Catherine Madden, an auto analyst at the consulting company Global Insight Inc.

Brisk sales at Toyota, the world's second

largest automaker, have put it on pace to surpass GM as the world's biggest automaker in the next year or two.

The company reported a 34 percent rise in profit to about \$3 billion, for the quarter ended Dec. 31 as sales jumped in North America and Asia.

That will grow with the Lafayette facility, a partnership with Toyota and Subaru's parent company, Fuji Heavy Industries. Toyota will begin building the Camry in Lafayette next spring and plans to roll out 100,000 sedans each year.

By 2008, Toyota officials said their North American production will near 2 million vehicles, thanks to the second Indiana plant, a new facility in Texas and other expanded operations. The company also plans to begin making a Camry hybrid at its factory in Georgetown, Ky.

Kia expects to begin its Georgia operations in 2009. The plant will produce 300,000 vehicles a year at maximum capacity.

The company predicts its sales in the United States and Canada will increase by 15 percent to 350,000 vehicles in 2006 and grow to 800,000 by 2010. Kia sold 1.27 million vehicles worldwide in 2005, 13.9 percent more than the year before.

The Korean company said it has invested more than \$300 million in the United States over the last four years.

"Kia Motors has entered an aggressive growth phase in the U.S.," said Kia President and chief executive Euisun Chung.

# Media players: No. 2 news agency sold

By Seth Sutel  
THE ASSOCIATED PRESS

### NEW YORK

The McClatchy Co. has reached a deal to buy Knight Ridder Inc., the second-largest U.S. newspaper publisher, for about \$4.5 billion in cash and stock, the companies announced Monday. McClatchy will also assume about \$2 billion in Knight Ridder's debt.

The deal will add several major newspapers to McClatchy's portfolio, including The Miami Herald, The Kansas City Star and the Fort Worth Star-Telegram. McClatchy's papers include The Sacramento Bee and The News & Observer in Raleigh, N.C.

At the same time, McClatchy plans to sell 12 of Knight Ridder's 32 newspapers, including The Philadelphia Inquirer,

the Philadelphia Daily News and the San Jose Mercury News, saying that those papers don't fit the company's longstanding criteria of buying newspapers in growing markets.

One of the papers being sold is the St. Paul Pioneer Press in Minnesota where the company would have faced antitrust concerns because it also owns the Star Tribune in the adjacent city of Minneapolis.

The transaction, which had been expected, largely ends several months of uncertainty for Knight Ridder, which had been forced to explore a sale by its largest investors, who were frustrated with the company's stock performance.

Knight Ridder's chairman and CEO Tony Ridder noted in a statement that the uncertainty is not over for the 12 newspapers that will be sold, "and I regret

that very much."

Gary Pruitt, the CEO of McClatchy, said in an interview that he did not anticipate having trouble selling the 12 Knight Ridder newspapers, and that inquiries were already coming in. He said the proceeds of the sales will be used to pay down debt.

Pruitt also said he wanted to

complete the sales process as soon as possible and hopefully to have deals in place by the time McClatchy closes the transaction for Knight Ridder.

"We understand that the employees have been going through a long period of uncertainty, and we would like to shorten that as much as we can," he said.

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