**Business and Economy**

**R. GLENN HUBBARD**, business school dean, on key market trends on 2005:

1) The poor response to free market economic (per- spective) to Hurricane Katrina.
2) Excessive policy con- cern over the valuation of the Chinese yuan (rel- ative to deeper prob- lems in the Chinese financial system).
3) The appointment of Ben Bernanke to suc- ceed Alan Greenspan (a very good choice).

**What’s ahead?**

1) Interest rates are likely to rise by more than financial markets currently think.
2) As a corollary, some thought should be given to sectors likely to be affected by Fed tightening and higher interest rates (e.g., hous- ing and high-yield credits).
3) Tax reform is among the most important policy subjects on the agenda, but is unlikely to make much progress during the year.

**PAUL GLASSERMAN**, Jack R. Anderson Professor of Business, on developments in risk manage- ment in 2005:

1) Four hurricanes in six weeks causing over $30 billion in damage. The insurance industry ap- ears to be holding up well in the face of what will surely be the greatest insurance loss to date.
2) Katrina will have a lasting impact and may reshape the industry, accelerating the integration of insurance and the capital markets.
3) The nearly simultaneous downgrade to junk status of Ford and GM debt in May. This, the booming credit derivatives market and the war in Iraq will continue to offer long- term insights into the relationship between President John- son and Martin Luther King.
4) Acts of Faitth by Phoe Caputo—a superb war novel set in the Sudan, with lots of jour- nalistic research.

**RICHARD C. WALDO**, Fred Friendly Professor of Journalism, on media trends in 2005:

1) The grand jury inves- tigations that towered over Judith Miller and Bob Woodward, touching the nerve of who gets what information from gov- ernment sources and under what conditions.
2) The forthcoming sale of the Knight-Ridder newspaper chain because, at less than 20% annual profit, it is not profitable enough for investors.
3) The report that the Wall Street Journal is now making a steady, sustainable profit from its fee-based Web site.

**What’s ahead?**

1) As the cost of broadband access decreases, Yahoo, Google and MSN will steal the audience around $57. This type of volatility in energy prices poses a major risk management chal- lenge for virtually every industry.
2) Models used by banks and broker-dealers in the credit derivatives business will become more sophisticated in response to growing dis- satisfaction with the existing models. (This is an area where academic work can have imme- diate impact.)
3) Starting in February 2006, new rules adopted by the U.S. Securities and Exchange Commission will require the registration of hedge funds, rais- ing the possibility of greater regulation of the industry. However, hedge funds can avoid regu- lation by registering as investment companies and keep their money locked up for at least two years. So the transparency debate will continue.

**BOB BONTEMPO**, faculty member for Executive Education, on trends in international business manage- ment in 2005:

One of the year’s most significant trends was encapsulated in the publication of a book on the Beijing consensus [see Faculty Inspirations, right].

**LISA ANDERSON**, several wonderful Columbia Ph.D. dissertations—which people will be reading on how these in the next few years, Nicholas Lemann’s reflections on New Orleans in The New Yorker, Moses Masn’s new China’s New Smugglers, Traitors and Copycats Are Hijacking the Global Economy; Peter Beinart’s wonderful Doomed; and, as always, Thomas Hobs’s Lamentations. John Locke’s A Letter Concerning Toleration, and anything by Max Weber.

**ARNO ARONSON**: Invisible Cities by Italo Calvino. Aside from being a constantly rewarding read, it offers new ways of looking at scenography.

**RANDALL BALMER**: God’s Politics: Why the Right Gets It Wrong and the Left Doesn’t Get It. By Jim Wallis the first of several mani- festos to reclaim Christianity from the Religious Right. I expect others to appear in the coming year, including (if I may) my own.The Kingdom Come: How the Religious Right Distorts the Faith and Threatens America.

**BOB BONTEMPO**: One of the most inter- esting things I’ve read this year is The Beijing Consensus [see Faculty Inspirations, right]. I predict that this book will have increasing influence among the opponents of global progress, and, as such, should make leaders of developing economies and global institutions to continue to be seduced by the temptation to avoid the hard choices they should make. As with Japan and the ‘Asians’ before, the ill informed will again mistake the corre- lation of some Chinese management behav- iors with the underlying causes of Chinese economic success. Watch out for the Feng Shui statement!

**JUNE CROSS**: The Columbia Newsblaster (www.columbia.edu/~jcf/newspblaster/) has made me think more about why more of the media covers what it does and how stories get prioritized and grouped together. It has also allowed me to follow links to stories in papers I don’t ordinarily read for instance. I recently rediscovered The Dallas Morning News.

**VICTORIA DE GRAZIA**: WalmartChina.com. blows me away. The rapid-fire growth of this site reflects the rush to globalize. The site reports, for instance, the efforts Walmart is making to protect China’s environment, such as planting trees in several Chinese cities. It has also involved in one of the world’s largest projects, to plant trees to avoid the hard choices they should make. As with Japan and the ‘Asians’ before, the ill informed will again mistake the corre- lation of some Chinese management behav- iors with the underlying causes of Chinese economic success. Watch out for the Feng Shui statement!

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**PAUL GLASSERMAN**, Ideas For Work, which is a sobering look at the rapid-fire growth of this site reflects the rush to globalize. The site reports, for instance, the efforts Walmart is making to protect China’s environment, such as planting trees in several Chinese cities. It has also involved in one of the world’s largest projects, to plant trees to avoid the hard choices they should make. As with Japan and the ‘Asians’ before, the ill informed will again mistake the corre- lation of some Chinese management behav- iors with the underlying causes of Chinese economic success. Watch out for the Feng Shui statement!

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**JON KESSLER**: Steve’s TV program, One War in Iraq fighting insurgents wanted to watch a tiny part of the battlefield. But the images being censored represented a new twist on the relationship to the real.