Writing

Lesson 21

About 21

Professor (M): Actually, employee stock options are *not* the best way to improve company performance, and often what you read [present tense: read] about them is . . . um [thinking of a tactful wording] . . . is largely myth.

So, myth number one: managers always improve a company's profitability if they're given stock options. Well, stock options *can* have that effect when they're used wisely, . . . but studies have shown that . . . that what stock options actually do is they lead managers to *take greater risks* . . . and these risks are not always *wise risks* to take. You see, managers—*key* managers—often gamble . . . um . . . that is, you know, take chances with the company's funds. Why would they do that? Well, these managers know that if the risk pays off—if they're successful—then they'll have a *huge* payoff when their stocks goes up in value. So, stock options make managers bigger risk-takers, but they don't necessarily improve profitability. Because many of these risks do *not* pay off . . . and they can cost the company a lot of money.

Another myth is that companies that offer stock options are more transparent. In fact, top managers who receive stock options often overstate their company's performance—I mean, they might overstate sales, understate expenses, or even say they made a profit when they didn't. So, . . . uh . . . they exaggerate performance in the period when they want to sell their stock! Instead of improving the company's performance, they report *an artificially high performance level* for the firm . . . um . . . right when they're going to sell their stocks. This can lead to a firm being *less*, not *more* transparent.

Now for myth number three—that investors look favorably on companies that offer employee stock options. . . . Well, that *used* to be true, but investors today are often highly suspicious of companies that offer huge stock options to key managers. Why? Well, today investors are aware of how things can be easily influenced by . . . uh . . . in the ways I've just described. Nowadays, investors often avoid— Uh . . . that is, at least they don't invest so heavily in companies that offer huge employee stock options, in particular when they only offer them to a few key executives.

OK, so . . . um . . . so, offering stock options is not always effective. Rather than making a company more profitable, more transparent and, uh. a more attractive investment opportunity, they can do just the opposite.

Lesson 21.1

Activity 1

Professor (W): I hope everyone's read the assignment for today. So you know that in insight therapy, [pause] also known as client-centered therapy, the client—*not* the psychologist—chooses what to talk about and what not to talk about. Maybe you're thinking, this client-centered therapy sounds great? Well, personally, I have my doubts about this kind of therapy. Let me take a moment here and go over these with you now.

In this client-centered therapy, you've got a psychologist who is not supposed to judge or criticize—total acceptance. Nothing's wrong with anything the client says or does. I disagree with this, though. Not everything a person says or does *is* actually okay. Y'know, people make choices. And some choices are bad. And if you're going to therapy to improve your life—to live your life in a better way—you need to recognize when you do something wrong, or [pause] self-destructive, and you need to stop that behavior. Why shouldn't a psychologist point out the client's negative behavioral patterns? I see no reason at all.

Then, there's this idea of empathy. Well, empathy might be a good quality to have in some situations. Maybe it will help you understand why you got into a minor argument with a friend, for instance. But why does a psychologist need to be able to *feel* what the client feels—or to see the world the way the client sees the world? No, the psychologist *is not* the client, and should not try to imitate the client. My opinion? A person needs a psychologist who *does not* see the world in the same way.

Next, and we see this in many cases—not all, OK?—but, in a lot of cases, people just make bad decisions. And these bad decisions have negative consequences. So, what should a person do? Simple, with help from the psychologist, start making better choices. The psychologist cannot *mirror* the person—cannot just keep repeating everything back. How does that help a person see alternatives? And realize that he or she can control what happens by what he or she does or doesn't do? You see, I feel a key part of successful therapy is to *confront* the person. The psychologist needs to challenge the person—needs to challenge him or her to look closely at the choices he or she is making. And, most importantly, to challenge the client to take responsibility for his or her own life. A good psychologist will be *active* in the therapy, confronting the person, not simply mirroring the person, or repeating everything the person says.

OK, everyone, that's my opinion on insight therapy—it just does not seem so useful. Let's move on to some alternative therapies, shall we?

Lesson 21.1

Activity 2

Professor (M): Today I want to talk a bit more about the Industrial Revolution in the United States. You know, we've read about how it first started—not in the United States, but in England in the mid-1700s. The English invented machines that could spin cotton into yarn and weave cloth much faster than doing it by hand. Now, the British recognized right away how revolutionary this industrial technology was. They passed laws making it illegal to export the machines, or even the *designs* for the machines. And the men who made the machines and repaired them—they were not allowed to leave England. But of course, ultimately the British could not prevent the knowledge from crossing the Atlantic Ocean. And once it got to the United States—in the late eighteenth century, wow!—the Industrial Revolution really grew quickly! Now, why was that?

For one thing, Americans turned out to be great inventors. Just one example—uh, Oliver Evans. You've probably never heard of him, but his invention saved mill owners lots of money. Why? Well, because the mills that used his invention needed fewer workers. Evans invented a flour mill for grinding grain that required only two people to operate it—one man to pour the grain into the machine—and a second man to cover the barrel of flour that came out the other end. Evan's machine replaced all the workers who had been needed before for all the steps in between—cleaning the grain, grinding it into flour—uh, weighing the flour, and packing it into barrels. The machine did it all.

Well, lots of countries have inventors. But the U.S., like no other country, *admired* its inventors. It made *heroes* out of them. That probably helps explain why American schools were so quick to adopt engineering and technology as acceptable fields of study. Um, Harvard University started offering a course called "Elements in Technology" in 1814. And, in 1825, a college in New York State was set up specifically to teach the new mechanics and technologies of the Industrial Revolution. So, the Americans made sure their young people were getting an education that prepared them for the changing work environment.

And remember, too, what a large country the United States was—uh, still is—with a full range of natural resources. You've read about the many streams and rivers that were available to power the new machines that ground grain, operated pumps for watering farms, you name it—just a huge variety of machines. Then, uh, when steam power started to replace water power, the United States was still in luck. Steam power could be generated by burning wood or coal, and the U.S. had lots of both. By the way,

steam power, in particular, had a great impact on the nation. Not only did it power railroad train engines, and all kinds of boats and ships, but it also was the main source of power in early factories. There's another way the natural resources of the U.S. proved to be important. Those same forests that provided fuel also provided raw materials for products—uh, lumber, for instance. And this lumber was used in buildings all over the nation. And another natural resource—good agricultural land, was also readily available. So, American farmers could grow enough cotton to meet the needs not only of their home cotton mills, but, uh—also to supply the British mills overseas.

These are some of the reasons why the Industrial Revolution and the United States made such a good match. And in closing, I'd like to mention that it really changed the country, in big ways. For example, before the Industrial Revolution, only ten percent of Americans lived in cities. Today, however, things are much different because large numbers of workers moved from the countryside to the cities in search of jobs and better educations. Currently, more than ninety percent of the population lives in urban areas.

Lesson 21.1

Activity 3

Professor (M): OK, now I hope most of you read the article I assigned, because that's what we're gonna talk about today. The article talks about an important interpretation of the United States Constitution—the nation-centered interpretation. But unfortunately, it does not mention that there is another kind of interpretation that is just as valid and acceptable. This other interpretation is called the *state-centered* interpretation. Now, I know the article said that the interpretation it discussed was the most logical one. But this other one—the state-centered one—is based on just as much logic.

So, a state-centered interpretation of the Constitution is exactly opposite from a nation-centered one. See, that article you read says the framers—you know, the writers of the Constitution—wanted the people to listen to the national government. However, the framers of the Constitution *did not* create a huge national government to function solely by itself—which implies that they wanted *the states* to take a large part of the responsibility themselves. Think of it this way—the nation wouldn't exist without the states. It *is* composed of individual states. Even without the national government, there would still be states. Logically, then, it, uh, [pause] this means the people should focus more on the state governments than the national government.

All right, so now you understand why many people believe that the Constitution gives more power to the state governments, than it does to the national government. And next, I'll tell you that there is evidence that *this*—the state governments having more power—is what the framers wanted, not the other way around. James Madison—yes, the guy that actually wrote a lot of the Constitution—he said in the pamphlets—in the *Federalist Papers*—that any power not specifically given to the national government was actually reserved for the state governments. So, these pamphlets basically said the states should be the highest power.

OK. Now let's address that whole, uh, "necessary and proper" clause. This clause, which the article uses as evidence for the nation-centered view, doesn't necessarily support that view of the Constitution. Many people argue that the framers simply put that clause in the Constitution because—being the wise men they were—they knew that they could not possibly have known every need the government might have in the future in order to operate smoothly. So, instead of leaving the Constitution in such an inadequate form, they created these sorts of clauses so it could grow and change just as the nation would grow and change. They knew that the Constitution would need enough flexibility to change with the times. Otherwise, it would've become useless pretty quickly.

All right. There are basically two ways of looking at the Constitution. Now, you all can see that the state-centered interpretation is logical, right? Anyway, you can decide for yourselves.

Lesson 21.1

Activity 4

Professor (W): OK, um, like you may have just discovered from your reading assignment, there are some problems with solar power. Now—some feel solar power isn't ever going to reach its full potential as a reliable supply of alternative energy, that is, one capable of meeting the world's energy demands. But I disagree. There are some promising developments going on in the field that are going to prove once and for all that solar power is one of the best energy options the world has. So, let's examine the current state of solar energy today and, um, [pause] some solutions to problems commonly associated with solar power.

OK, so here on Earth we get more energy from the Sun in just one minute than we could use, uh, [pause] than the whole world could use, in a year. Pretty impressive, huh? So, why aren't we relying on solar energy more? Well, there are a few reasons. The first is that many believe solar energy is not as efficient as other energy sources.

But that's really an outdated way of thinking. People who don't keep up with advances in technology don't realize that solar power's efficiency in many applications has more than *doubled.* Fifteen percent is the usual efficiency rating given for solar cells, but technological advances have made a big difference. One manufacturer recently produced experimental solar cells that could operate at 37 percent efficiency. And when you compare that to gasoline or coal's efficiency rating, which are both lower than 37 percent, well then, [proudly] solar energy doesn't seem so inefficient after all, now does it?

Critics of solar energy also talk about how expensive it is to produce the solar cells and panels. But this is yet another area where progress is helping. Improved designs and mass-production methods are already bringing down costs. Plus, when you figure in the price of repairing the harm done to the environment by other energy sources like coal and oil, solar energy—which is much less destructive—is less expensive in terms of environmental damage.

The other problematic area facing the solar power industry right now is a shortage of silicon. Every solar panel, you know—the big, flat sheets that hold lots of solar cells—well, these panels need silicon for the cells to help convert the sunlight into electrical energy. But at this point, supply and demand for silicon is really uneven. There just isn't enough of it, so the price remains high. However, scientists have already figured out a way to make even thinner solar panels that use an incredibly small amount of silicon. And some governments are even offering money to businesses in the solar industry that are willing to build new silicon refineries. Increased production will end the shortage, and the price will drop. This silicon problem is going to go away in the very near future.

So to sum up, well, [pause] all these problems? They can be solved. Solar energy can work, for sure. OK, now let's move on to talking about some interesting solar power initiatives happening around the world.

Lesson 22

About 22

Professor (M): Now, don't get me wrong, I think when these are used wisely, they can be useful. But there are some myths about stock options that I want to address now. OK? So, the first myth is that managers always improve a company's profitability if they are given stock options. Well, here's the deal—studies have shown that stock options tend to make managers *take greater risks,* [pause] but these risks are not always *wise*

risks to take. Managers, [pause] *key* managers often gamble, um, [pause] [thoughtfully, preparing to define] you know, take a risk, or take chances with the company's funds. But why on earth would a manager gamble like that? Well, these managers know that if the risk pays off—if they're successful—then they'll have a *huge* payoff when the value of their stocks goes up. So, yeah, it does make managers bigger risk-takers, but it doesn't necessarily improve the profitability. Many of these risks do *not***,** in fact, pay off [pause] and these poor decisions can cost the company a lot of money in the end.

Lesson 22.1

Activity 1

Professor (W): Some of Piaget's ideas about childhood development have generally continued to be accepted as accurate. But his specific ideas on the sensorimotor stage—well, they have not. His theories about this stage have several problems.

To start out with, little kids really *can* think—even when they're under the age of one. Some research has actually found that even very young children—at the age of three months—can figure out that things continue to exist even when they cannot see them. If you hide an object behind something, kids can remember where that object is and find it. They know it still exists. That does not exactly support Piaget's ideas. Plus, these children also form concepts about the world, which is something Piaget *really* thought was impossible! But sure enough—they *do* have ideas about how the world works. We know that is true because kids at three months old are surprised when they see things happen that should not be happening—like tricks in a magic show. These little guys just stare and stare, wondering what's going on. So they do have ideas about what the world should be like. Piaget may have had some good ideas, but unfortunately, recent research has shown that a lot of them just are not true.

Lesson 22.1

Activity 2

Professor (M): OK, class, today I'm going talk to you a little bit about surface tension. I hope you all read the assignment—the one explaining what surface tension is. Well, your textbook did a pretty good job of explaining it, so—uh, I think I'm just going to give you a little bit more information to support that definition.

How many of you have ever been in a lake or a swimming pool, and saw a little bug that was running across the surface of the water? Well, this little bug is a perfect example of how surface tension works. The lack of force from above against the surface molecules causes them to move closer to the water molecules below them. This makes a thin layer—think of plastic wrap stretched over the top of a bowl—on the surface of the water. See, like your textbook said, the molecules pull on each other. So it creates this tension—you got it, *surface tension*—and the bug can walk on water! The contraction of the molecules makes the surface of the water stronger in a sense, holding the bug up. Of course, this only works because the bug does not weigh enough to break the surface tension. Pretty interesting, huh?

Lesson 22.1

Activity 3

Professor (W): Now, I, uh, know your textbook says that the two main reasons political parties exist is for influence and settling conflicts, but that's not entirely true. That may have been why they *originally* formed, but it's not the case *today*. Actually, the two political parties exist today because of peoples' party attachments. People develop an association with a certain party based on their basic beliefs about how the government should operate. Today, people do not have time to figure out what all the candidates—the people running for political office—think about all the issues. So, instead, they look at which party they belong to in order to identify what the candidates' political beliefs are. People can know certain things about the candidates just by what party they belong to. And so it takes the guesswork out of voting.

Parties don't settle conflicts anymore, either. In fact, it could be argued that they emphasize our differences and encourage more division. Plus, how much influence does a *single* individual really have today, even in the framework of a political party? No, the reasons outlined in your textbook just aren't that valid or convincing anymore. Like I said—it's all about being able to guess what the candidates' beliefs are just from knowing which party they belong to.

Lesson 22.1

Activity 4

Professor (M): Ecotourism is certainly being heavily promoted these days, but its advantages are exaggerated and in some cases, the advantages are clearly outweighed by disadvantages.

First, people talk about protecting environment with money raised from ecotourism; but the truth is that compared with ordinary commercial tourism, there isn't much money to be made from ecotourism/ That's because of the high cost of protecting the environment from the activities of the ecotourists. For example, expensive raised walkways have to be constructed to protect the soil and plants from the tourists and all the trash must be carefully removed. So the point is that if ecotourism really protects the toured environment, then there isn't much profit left over to spend on buying and protecting additional environments.

OK, so what about the idea that ecotourism provides economic opportunities for native peoples? Maybe that's true—but economic development inevitably results in the destruction of undeveloped habitats. Why? Well, in this case, when native people see the value of engaging in commerce with outsiders, they quickly realize there are more profitable commercial activities than, say, weaving baskets from local vegetation. But serious commercial activities usually require infrastructure development—like building roads, for one thing. So if ecotourism really does stimulate the economy of native peoples, the result may actually lead to the destruction of the very habitats ecotourism wanted to preserve.

Third, it's unlikely that ecotourism will increase the number of people participating in efforts to save the environment. Ecotourism is becoming more popular, but that's largely because these trips appeal to serious environmentalists who before ecotourism didn't have any way to visit a rain forest or Artic ecosystem. But the point is that they're already environmentalists. As for those that come just because ecotourism is fashionable, well that's not a promising group to recruit serious environmentalists from. The real work of environmentalism—raising money, attending rallies, writing politicians—is never going to be fun and fashionable.