



# LATITUDE

UNIVERSITY of LOUISVILLE  
PANAMA

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# Panama's Talent

**Alejandro Escobar**

Editor

Panama, a country that is constantly recognized as one of the top economies in the region and the world, is growing at an amazing rate. Although Panama is doing very good, it is facing a severe problem--the local talent is not receiving the correct attention.

Every time I talk to managers of large multinational corporations and professors about the talent and human resources in Panama, I always seem to find a consensus: most of the local talent is not well trained. According to them, key positions inside mid and large-sized companies are rarely occupied by local talent. Corporations fill the hole with foreign talent which is more expensive and difficult to find. This could be Panama's Achilles' heel.

A couple of months ago, I started looking for an internship with a large multinational company in Panama. To my surprise, only a handful of the companies had well established internship programs. Others did not have a program and were not looking to start one. I was not the only one experiencing this situation, other students were and are currently having a tough time finding good internships in large companies.

I personally understand that developing human resources takes time and money, and that in some cases, that money will be wasted, but it amuses me

how some companies complain about the local talent and they don't take the time to develop it. They rely on employees from other companies to fill the empty spots.

Why don't companies in Panama take the time to invest in their own talent? Employing recent graduates is an excellent opportunity for multinational companies; they can transform a blank canvas into a masterpiece. This is the best opportunity to instill values and corporate culture in new employees, a culture of growth from within the company where employees are rewarded for their performance and loyalty. Good employees are the base of every profitable and successful business.

Internship programs are not the ultimate solution, but I believe it would help in a great manner to develop talent, reduce turnover, and overall have better employees. Until Panama realizes the importance of local talent development, I think the country will not be able to grow effectively. Companies in Panama need to start working proactively and not reactively. Kudos to companies that are already implementing internship programs and training sessions; to other companies, I would like to say, it is time to start!

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Picture by [NowUNolt](#)

## CHINA WILL SOON BE APPLE'S TOP MARKET

By David Cohen  
Business Major Student, Towson University

China is on pace to pass the United States as the nation with the most apple products and stores. Tim Cook, Apple's new CEO, was in China this past week for the second time this year proofing Apple's increased interest to expand further into China (The associated press 2). The Chinese population has the demand for Apple products more than ever and Apple has the supply to fulfill their needs. Apple's prestigious brand name expanding into China will be beneficial for both Apple and China's booming economy.

Apple is on pace to increase its brand name and awareness in the Chinese markets since Apple has \$7.5 billion sales in the Asia-Pacific markets and China is \$5.7 billion of that (The associated press 2). Apple currently has 11 retail stores based in Hong Kong and China, which is a very small amount compared to the United States. Apple already manufactures their products at their very controversial factory Foxconn located in Taiwan.

Currently there are some labor disputes at Foxconn, but Cook said that Apple cares deeply about all their workers. Foxconn employees have most recently been accused of bribery, and managers have been accused for accepting bribes from parts suppliers (The associated press 2). This incident has hurt Apple's image, but Apple is hoping this could be resolved before it further escalates. Foxconn's problems have not scared Apple away from investing more aggressively in China over the next couple of years (Foxconn MSNBC).

Apple's CEO Tim Cook has three strategies in place for China in order for it to surpass USA as the top market:

- 1) Open more Apple stores
- 2) Saddle up with China Mobile
- 3) Make a cheaper iPhone.

Apple is a huge brand name and them not having many stores is an obstacle for what they are trying to do. China has around 1.3 billion people and only

11 stores in the entire country; that is, 1 store per 192 million people (Managalindan 1). Tim Cook must build more stores to raise visibility and get more people to buy all types of Apple products.



Picture by [M.I.C. Gadget](#)

China Mobile is the leading mobile carrier in China; however, Apple doesn't have a contract with them. Both parties have been trying to come up with some sort of an agreement, but have not been able to because of technical issues and revenue sharing (Managalindan 1). China Mobile is losing business to the second and third largest mobile carriers China, Unicom and China Telecom, because they use 3G services. It is evident that Apple needs China Mobile for them to become a big player in China, and China Mobile needs Apple to increase sales.

On the other hand, Apple has been working on an iPhone specifically for the Chinese population with a specific type of polycarbonate plastic to make the iPhone more comfortable to their needs. Apple is known for its premium products, but downplaying the iPhone will not be a bother to the Chinese at all because they do not have the same type of disposal income that other countries have (Managalindan 1). To understand how much money the average citizens make just take a look at the popular city Beijing where people only make \$8,000 a year. Apple has the right ideas, but it's just a matter of executing them and making sure nothing goes wrong.

Overall, the Chinese population wants and needs Apple products because of their unique value proposition, which can't be delivered by anyone else. Tim Cook is in the process, making sure Apple's strategy is in the right direction in order to make this successful. As long as Foxconn doesn't hurt Apple more than it already has, then there is no reason to believe they won't be successful in this market. But in order to achieve this, Apple's three strategies must take place within the next year. The advantage that Apple has over every other company is their reputation for success and brand name and that is something that can't be beat.

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Picture by [Wendy Reaman](#)

## RIO HATO INTERNATIONAL AIRPORT

By Liz Orillac  
QLU Towson Students

President Ricardo Martinelli approved the construction for a new International Airport in Panama, which will be located in Rio Hato, Cocle.

Rio Hato is a strategic location for Panama. Located only an hour and half from Panama City, Rio Hato is surrounded by beautiful beaches, which attract many tourists yearly. The famous all-inclusive resorts like Bijao, Decameron, Santa Clara and Buena-ventura are going to be only a few minutes away from the airport.

The construction of this new airport will be beneficial to the Tocumen International Airport as

well, which is one of the only airports in Panama that serves international flights. With this new airport, tourist could go straight to the places near the beaches without "losing one night" having to sleep in Panama City when arriving at the Tocumen Airport.

In the Rio Hato area, a former airport was constructed in 1942, previous to the World War II, by the United States. However, the airport was demolished and the only thing that remained intact through the years was a landing strip. This landing strip will help decrease the construction price of the new airport, since the field only needs to be fixed and not constructed from zero.

## THE NEW AIRPORT:

The Rio Hato International Airport will have a cost between 60 to 80 million dollars, when usually the cost for an airport is around 1 billion dollars. This is the main reason the government decided to construct the airport in Rio Hato instead of Santiago, Aguadulce, Penonome or any other districts around Panama.



Picture by [Aeropuerto Rio Hato](#)

This airport is designed for the departure and arrival of middle size airplanes and the new field will be 2,500 meters long. By February 2013, the tunnels that will be operated under the airport field will be available for current traffic. It is expected for the Rio Hato Airport to be inaugurated by August of this year.

Some developed countries such as the United States, Canada, and countries in Europe, have already confirmed that they will be participating in the arrival flights to the Rio Hato International Airport.

## HOW IT IS GOING TO HELP PANAMA?

Right now the Ro Hato International Aiport is one of the many projects that are under construction in Panama. These are some of the benefits this project will provide to Panama:

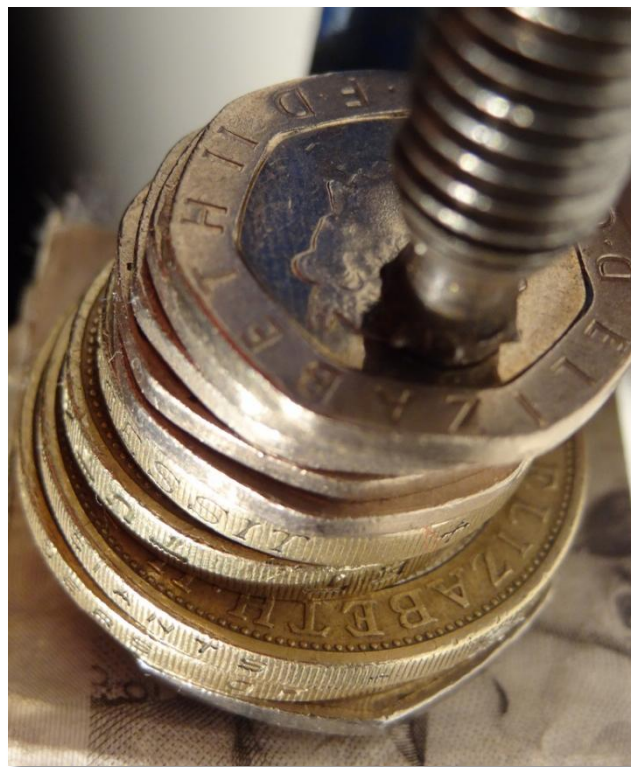
- Mainly more tourism,
- More money circulating,
- Available jobs,
- Panama will gain more recognition,
- Will bring more commerce,
- New imports,
- Beach houses around the airport will be highly reevaluated,
- More opportunities for citizens, and
- More hotels and resorts around the area.

This airport will be used as a tourism attracter, all the resorts that are nearby like Bijao, Playa Blanca, and Decameron will start using this as a direct flight to their beaches. Once this new airport is open tourists can book the first flight to Panama and enjoy of a nice trip arriving directly to the beach.

## THE ECONOMIC CRISIS IN GREECE

By Jesse Barone  
Business Major Student, Towson University

In 2009, Greece figured out that they were in huge debt, which had been growing rapidly. George A. Papandreou had been elected the new prime minister and realized that his predecessor had been hiding and corrupting financials. The origin of this debt began when the euro was very strong and had little interest rates. The government saw this as a way to borrow a lot of cash from banks in France and Germany, which ended up getting themselves into over \$400 billion dollars in debt ("Greece." 2).



Picture by [Kosta Le Rouge](#)

The chart (Fig.1) shows the debt of Greece compared to the average Euro zone from 1999 to the predictions of 2013 and 2014. The debt started to escalate quickly in 2009, when the global economy began to deteriorate and the amount of Greece's debt was exposed. At this time no one wanted to do business with them and Greece had to rely on their European neighbors for a bailout package of \$152 billion ("Greece." 2). The problem with this bailout package is that Greece's money is essentially coming into Greece and then going right back out to these other countries due to high interest rates. The way for a country to fully recover and prosper is that the money has to remain within itself to circulate throughout and promote growth.

This financial crisis has pushed the people of Greece into a depression. Due to the amount of huge debt and awful recession, there have been unfortunate rises in suicides and HIV spreads. The suicide attempts have gone to around one thousand in

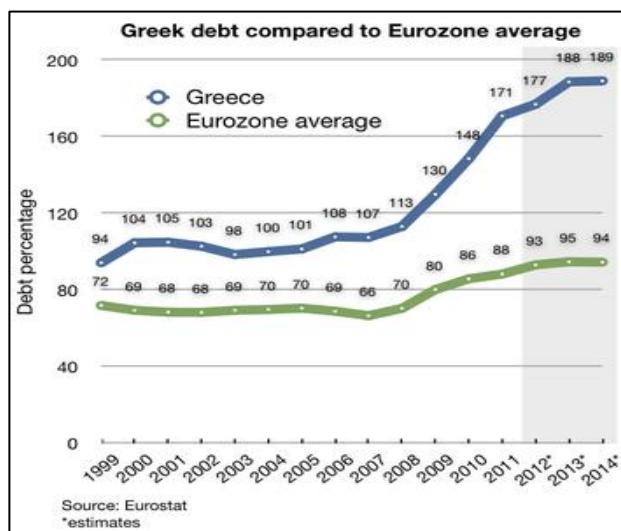


Fig. 1 – Greek Debt vs Eurozone (found on Eurostat)



2012. The crisis has also caused the Greek government to take actions, which in turn have caused the unemployment rate to increase to 25 percent (Babad 1). One of the issues that are believed to be a major impact on the economy is the amount of illegal immigrants. Immigrants come in from Africa, Asia and the Middle East and take the jobs of the residents.

The crisis has also caused Greece to go into more austerity, meaning they are going to cut down on as much spending as possible. This is counterproductive because they are at a crucial time where they need domestic spending to start growing and making money. A second bailout was given to Greece, which reduced the interest rates from the first bailout that was still being paid off from 2010. This new bailout package was for \$172 billion dollars in 2012 ("Greece." 2), and was the plan of the new austerity created to help Greece bounce back. If this program was successful, Greece is expected to make up a lot of groundwork for the debt as by 2020.

In September of 2012, the Greek media was exploding with stories saying that it was rumored to be a list of about 36 politicians who were being accused of corruption. There have not been any confirms of such a list exists, but a speaker of Parliament who was rumored to be on the list stepped down just days after the news hit media, and another suspected politician, who was supposed to testify, was found dead in his basement just a month after the news by hanging himself. In another investigation, there were reports of \$29 billion dollars being transferred abroad since 2009 ("Greece." 2). In these 15,000 cases there was income declared a lot smaller than was found.

The Economic crisis not only impacts Greece, but it can have a huge effect on Europe as a whole. If they continue this downward spiral it could have high effects on the future such as making investors hesitant about investing in countries in debt, like Italy for example. If this were to happen, Europe as a whole would begin to suffer and then result in the suffering of everywhere else internationally. There has already been some confrontation with Germany when Chancellor Angela Merkel visited Greece. Her intentions were to come as a sign of good faith and help, but the country was torn with some respecting and some being offended by her presence. Being that this has the potential to form a vicious circle, the euro zone has to come together to prevail.

Although Greece is still having trouble, they have a positive outlook for the future. In order for the economy to rebuild people have to focus their mentality away from the impractical views. First is that the government has to realize that the debt issue is not fully based on liquidity, meaning that they are going to need more than a bailout package of money to pay back short-term loans. One of the most important issues at this point is figuring out a way to encourage growth. Also, a common mistake has been that given the funds to restore debt, Greece would be able to return payments in a near future. This is a very serious issue that has to be seen as a work in progress towards evolvement, not a quick solution. Being that Greece decided to stay in the euro zone, they need the continuing help of the rest of Europe. If Greece gets this help, and continues to push forward they should begin to replenish its debt and show good signs in the next few years.

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Picture by [KirbyColin48](#)

## OIL PRICES KEEP RISING

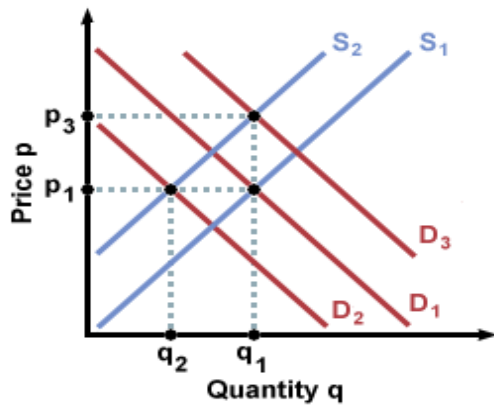
By Robert Palma  
QLU Towson Student

Petroleum is a very volatile commodity, factors as severe as Geopolitical issues may influence a lot in the prices. Author Adam Schreck states in his article "Oil Price Soar on Supply Jitters" that the conflict between Syria and Turkey has made oil production in the Middle East and North Africa to decrease. In 2008, Oil prices rose up because of the financial

crisis. This kind of external factor contributed to the oil prices increase.

Since production is proportional to supply, therefore supply decreases as production decreases. As stated in the law of supply and demand as supply decreases, the price rises and the quantity

decreases. The decrease in supply shifts the supply curve leftward.



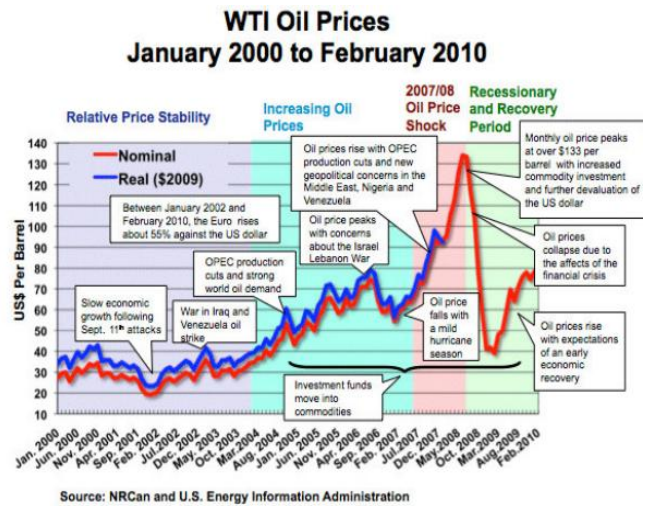
Source: Sparknotes/Economics

Middle East and North Africa represents almost a third of crude oil production worldwide. This fact tells us how much influence these countries has on oil production and prices worldwide. Saudi Arabia, OPEC's largest producer, has increased its production to a maximum of 30 years from 10 million barrels per day to help offset the drop in sales of oil from Iran. The North Sea crude, the European benchmark, closed at 114.50 dollars on the International Futures Exchanges, \$ 2.68 more than at the end of the previous session.

Schreck also mentions that the International monetary fund decreased their expectations about global growth decrease from 3.4 to 3.5. He might be assessing that the decrease in oil production is proportional to the economy's growth. Certainly oil is involved in most of our daily activities and increases in their prices affect other products and

services. And if prices of daily products increase, consumers will likely spend less, which may cause a slowdown in economy. In short terms oil is an important factor in economy growth. Businesses will have to increase their costs of operation and the costs of products since the increase of raw materials and transportation.

The increase in energy prices might decrease the aggregate supply curve causing a recessionary gap that will affect the whole economy of a country. An economy with a recessionary gap is characterized by high unemployment and less money circulating in the economy. All of these factors will lead a country to slow down their growth.



Source: NRCan and U.S. Energy Information Administration

This article not only give us an insight of the current issue with the oil prices, but also allows us to have a better understanding of how external factors can have such an impact on oil prices and its supply.

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Picture by [Jay Janner](#)

## MIDWEST DROUGHT PROJECTING HIGHER PRICES IN 2013

By Danielle Loesberg  
Business Major Student, Towson University

As the continuing months after the Midwest drought linger on, projections have shown that consumers must be prepared to reach far into their pockets. According to the US Department of Agriculture, "food price inflation in 2013 likely will be higher than in the current year largely because of the delayed impact of the worst drought in decades across the Midwest"(Sjerven, 2012). Currently, the drought has affected the food chain with a shortage of crops such as corn & soybean; main staples in the diet of

chickens cows and pigs, which in turn has caused a chain reaction in the rising price of farmer's meats.

### **PROJECTED RISES**

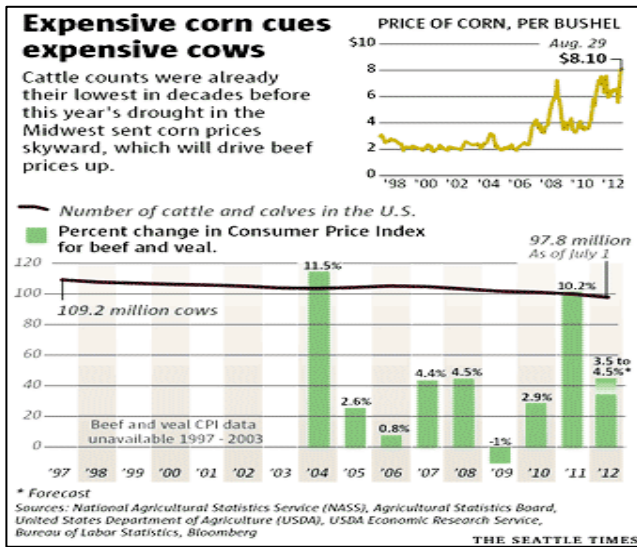
The impacts of the Midwest drought has shown signs of price increasing projected from up to 3.5 to 4% for this year. "The USDA projected the average farm price of corn per bushel could cost up to \$8 in 2013, up nearly \$3 from the 2010/2011 report"(Miller,

2013). This steep rise in prices could potentially damage farmer's livestock, making it more difficult to acquire feed for their animals. With consideration to the value chain, it is projected this year to see an increase in the price of retail food and meats such as poultry, beef, and pork. However, "the transmission of commodity price changes into retail prices typically takes several months to occur" and the lingering effects are projected to become apparent in the several upcoming months (Miller, 2013).

families, such as corn tortillas, cereals and even foods with corn syrup saw large price increases, and this created a lot of angst about how this was making the poor poorer"(Miller, 2013). Increases in retail food prices will in turn eventually affect supply and demand of these goods and make poor families cut down finances even more than they already are.

## BUSINESS IMPACTS

Food price inflation for 2013 does not leave restaurants and other businesses with much to be excited about. The rising price for popular restaurant proteins such as beef, poultry, and pork directly affect their menus. If the chefs are paying more for the meats, this price increase directly correlates to the profit in which they are making, which will be less. In order to keep profit, restaurants have no choice but to increase prices. Although this seems to be a solution, according to Colorado State University agriculture economist and Professor Stephen Koontz, "when food prices increase, consumers typically eat out less" (Brown, 2013). With consumer spending down, this creates a controversy of how businesses will thrive.



Source: The SeattleTimes.

## HOME IMPACTS

The result of the corn shortage has not only affected the price of livestock, but also shown impacts elsewhere. "Very basic staples for many low-income

Although the drought has much speculation on whether its impact will be significant, it is apparent that it will affect multiple markets and businesses worldwide.

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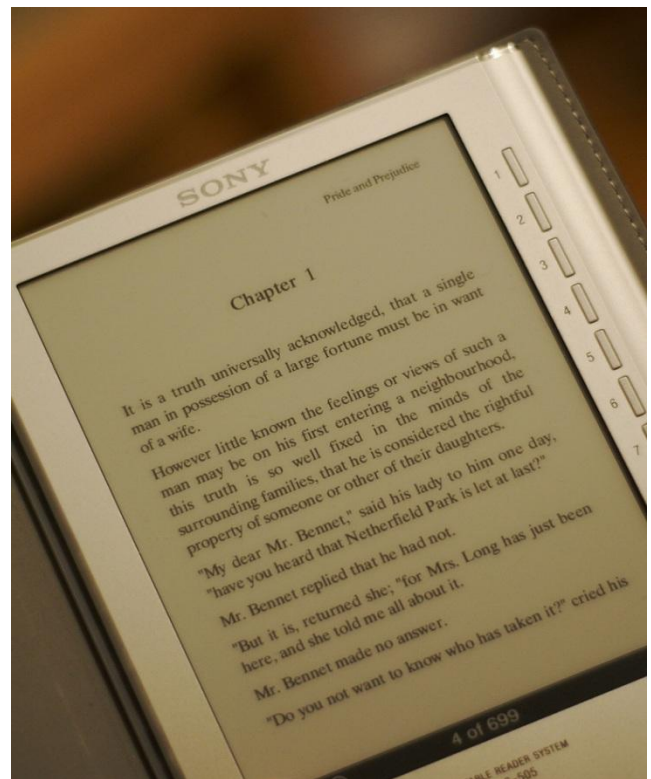
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## E-BOOKS AND E-READERS: GOING DIGITAL

By Lauren Arrowsmith.  
QLU Librarian

As we increasingly use digital, handheld technology in our daily lives, it is no surprise that the use of e-books and e-readers are also becoming more and more common. While the terms “e-book” and “e-reader” are probably not new to your vocabulary, you may be thinking of becoming the new owner of an e-reader and/or an e-book in the near future. However, with so many different e-reader options and e-book providers out there, choosing the right one for you can be difficult and quite confusing! So, here are some things that you should know before you “go digital!”

Obviously, reading e-books and using e-readers have many advantages. Perhaps the biggest plus of the e-book is that all that is required to obtain one is an internet connection. With just a few clicks of the mouse (or touches of a screen), you can easily and quickly download the e-book of your choice. The days of having to drive to the bookstore, or of having to wait for that Amazon box to come in the mail, are over! (This benefit is quite valuable as there are very few bookstores in Panama.) Second, e-books are “green!” No paper is involved in the production of a



Picture by [The Hamster Factor](#)

digital book! This brings me to the next advantages – e-books are only as heavy as your e-reader, and e-readers are very portable – two traits that make them very travel-friendly! With e-books, you can say “goodbye!” to that heavy bookbag or purse of yours. Lastly, the presence of e-books and e-readers in schools is growing! In fact, some books, including textbooks, are only available in digital format. While the price of an e-book may not be lower than that of the physical book, the numerous advantages to going digital make it “vale la pena.”

A little something that you may not know is that your computer, tablet, and even smartphone can be used as an e-reader. You don’t have to purchase an e-reader just to read a digital book! In order to read an e-book on your computer, all you need to do is download the required software. Both Amazon (the

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Happy e-reading!

## GOING INTERNATIONAL: THE CULTURAL PIECE

By Glodean Mimiko  
Business Major Student, Towson  
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Picture by [GCaptain](#)

International business is very important to many different economies all over the world. Businesses all over the globe are looking to expand their operations and expand their market. There are many aspects that are necessary to address when doing so. These could be the location where the facilities will be, how taxes will be applied and overall cost. However, one particular aspect that needs to be addressed when going overseas is the cultural aspect. Missing this key point can be detrimental to the success of a business because many countries vary in culture. Understanding the culture of a country will promote the success of doing business there.

### **IMPORTANCE OF CULTURAL KNOWLEDGE**

Doing business internationally requires a good understanding of different cultures. This is important because what is acceptable in one country may not

be acceptable in another. Certain phrases and gestures in your home country can be insulting in another country. Having knowledge about a country's day to day gestures and greeting will help you avoid unpleasant reactions and make you a good contender to do business with. In addition, not being knowledgeable about the country in which you are entering shows that you are not interested in their culture. This lack of interest can be a turn off and ultimately will be the reason why you are not successful in that country.

In addition, it is important to do your research and find out the common things about the country and the business as well. Knowing things like who is the president or head of government, the currency, main sport and popular teams and even some popular people within that country. These small pieces of information are considered basic elements of networking which is an important aspect of building



relationships. And building relationships are important in international business.

## UNDERSTANDING VALUES AND ATTITUDES

In order to be knowledgeable about another country's culture you must start by understanding their core values. Core values are those values in which a country has built a foundation in which they live by. These values depict how they live and work. Thus, when entering a foreign land it is important to tread carefully as to not offend or demean anyone. Being mindful of cultural fears will enable you to be sensitive in certain situations. For example, Canadians do not like to be referred to as Americans. And Latin Americans do not like when people from the United States refer to themselves as "Americans" because Latin Americans are "Americans" as well.

## UNDERSTANDING SPACE AND TIME

In international business it is important to understand space and time. According to Roger Axtell author of *A Guide to International Behavior* suggests that the acceptable difference between people of the same nationality who don't know each other well varies from 30 centimeters to 1.5 meters. However, in this situation of space one must keep in mind when going overseas that that country may be open to less personal space and avoid stepping back in a way that may be offensive. Also, touching is another aspect that needs to be considered. In certain countries hugging and kisses on the cheeks are a normal part of greeting and in others one party may need to take the lead. This requires you to be observant to ensure that it is done properly and when

in doubt it is okay to ask. Time in many countries may be less rigid unlike some others. Understanding how a country is in relation to time can save you frustration and keep you as a business contender. In countries like the USA and Britain, it is courteous to be on time. However, in Nigeria officials may make you wait a long time because they are important. In this case, it is important to verify how things work in that country and even confirm with their assistant.

Six ways to find out how things are done in country:

- 1) Don't Assume
- 2) Be Quiet
- 3) Look
- 4) Listen
- 5) Feel
- 6) Ask Questions

In conclusion, culture is very important. We must not only be open to other cultures but accepting of them to be respectful when working abroad. This is not only courteous but essential to do business in other countries.

## DID YOU KNOW THAT...?

- In Hong Kong voices can be raised and tempers may seem frayed but this is more likely to be a sign of animation and interest rather than hostility.
- In the Philippines, relationship building is very important and all meetings start with small talk to reestablish contact. It is important not to rush this portion of the meeting because it sets the tone for what is coming.
- In Saudi Arabia, the initial meeting can be time consuming and appear to deliver very little in terms of tangible returns.

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## MULTITASKING

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Multi-tasking is the process of performing several activities at once in order to complete one or more goals. This is usually done in the business environment and the intention behind multi-tasking is to work faster and more efficiently in order to satisfy company demands almost at once.

While multi-tasking is an interesting and multi-functional process for getting many things done at the same, this article analyzes the benefits and consequences of multi-tasking.

In first place, it must be understood that in today's business environment, many companies are forced to satisfy rising demands in a record time. With new technologies, worse economic recessions, and stronger competitors, managers are forced to press their staff more and more in order to make their companies survive and profit well.

Multi-tasking guarantees that the company will solve its demands and problems rapidly while economizing time. It also benefits the company because it makes a process flow quickly and people can see the results

of a swift order. In other words, multi-tasking enables a company to materialize its objectives in a very short period of time. Additionally, multi-tasking lets a company take advantage of any opportunity before its competitors have a chance of seeing it. For example, multi-tasking can enable a company to dispatch its sales agents and to respond to a potential client in a brief moment, if necessary, while developing plans and strategies to confront any possible demand of the potential client.

While a company is destined to solve its problems and take advantage of its opportunities, the ones who must pay the consequences of these rapid actions are the human resources.

The company's staff is usually forced to work rapidly with against-the-clock orders and demands, ultimatums for the staff, unfair evaluation reports, and, in some occasions, few resources. The objective of the previously mentioned is to make the staff aware about the fact that if they do not finish every goal in a short period of time, they will be fired or replaced, and receive no bonuses. It also widens the

gap between younger and inexperienced staff members and older and more experienced staff members. This means that the young are considered more valuable because they can take the stress of working under lots of pressure. This can also generate in the mid-term a lot of labor or professional diseases.

Managers who pressure their subordinates to work against the clock and under the threat of being fired suffer emotional stress. Usually, people who are under constant stress can become verbally aggressive. Stress also tends to corrode any form of good manners or education as time passes.

The typical negative process of suffering from emotional stress at work due to overwhelming workloads can be summarized briefly. First a stressed manager insults a co-worker who does not answer back and fears that he or she could be fired; meanwhile, this event supports the stressed and verbally abusive manager's wrong attitude. As time passes and as the manager continues vexing or insulting the poor co-worker, this offended person might feel tempted to quit or simply insult his or her boss with a shout or gesture. In any case, the manager will end up losing a staff member because he or she will think that the offended staff member became violent, verbally abusive, and so on. If a stressed out manager stopped to consider things, he or she would realize that the one who bothered the most by taking things for granted was him or herself.

Attitudes that try to satisfy a company can also produce a rotation of staff, and this is not the desired result. If the staff begins to disappear, one will not be able to delegate instructions to others who are not there and the company will be forced to recruit new people who might not do the same job as the previous employees did. If the above-mentioned problem were to be quantified, one could begin by calculating the amount of time used in looking for a substitute employee, then by calculating the amount of money that period of time

could cost under the form of newspaper advertisements, etc. and, finally, one could also make another calculation based on risk... the new employee must pass the trial period. If the trial period is not passed, then the process begins again and a long time will be spent without having a stable employee to man his or her position; not to mention the loss of money for not operating the company well with enough qualified people and the lack of a competitive edge for the company.

We must also think that our human resources must be respected and that multi-tasking might be useful once in a while, i.e., depending on the circumstances.

Another problem about multi-tasking is that it also consumes resources rapidly and these must be replenished or maintained quickly.

For example, if a company constantly tries to finance a rapid response, it might be consuming its financial resources very quickly. The company might even be using its machines too much and that could wear them out rapidly. One example of the above-mentioned would be using a photocopy machine a lot. This could consume its ink and wear out other mechanical parts quickly. Getting more paper and ink costs money and calling a technician for repairing it might also increase costs. Additionally, if a spare part is required, then this item would have to be paid for, especially if it is imported. The fact that a conflict of interests over controlled financial resources could arise between departments is also a side effect of using a company's resources rapidly and in excess during a multi-tasking process.

There are services that require multi-tasking processes, but the majority of the companies and other services do not require a multi-tasking process all the time. In conclusion, multi-tasking is a tool and not a norm and it must be used wisely, otherwise, we risk losing more than a worn out machine.