

Air Maneuvers Over the Middle Seat

TRAVEL
MARTHA C. WHITE

Some airlines may soon charge a premium for aisle or window seating.

As flying goes, the only thing more uncomfortable than sitting next to a couple having a spat on an airplane, Maury Rogoff learned, is sitting between the two.

Ms. Rogoff, who owns a public relations firm with offices in New York and Florida and travels frequently, discovered what a growing number of travelers now know: The middle seat has become the third rail of flying — and is getting harder to avoid.

As planes fly at record capacity, airlines are nudging fliers into paying extra to avoid drawing the proverbial short straw.

“I was literally in the middle of their argument,” Ms. Rogoff said. “It was just that awful.”

Her entreaties with the man’s wife to swap seats fell on deaf ears.

For travelers like Ms. Rogoff, airlines are making it harder than ever to avoid the middle seat based on luck alone. Southwest, which does not assign seats, raised the price of an early-boarding pass to \$15 from \$12.50 in April. For those who do not pay up, it is a mad rush when online check-in opens 24 hours before the flight.

Delta Air Lines’ Basic Economy fare does not allow seat assignments to be made until after check-in — when higher-paying customers have claimed window and aisle seats. American Airlines and United Airlines plan to introduce similar fares this year. Neither would con-



TIGHTER SQUEEZE With new cabin configurations, airlines are putting ever more passengers together on flights.

firm whether selecting a seat would be one of the perks eliminated, but one airline analyst said it was likely. “It’s a way to compete,” said Max Rayner, a partner at Hudson Cross-ing, a consulting firm in New York.

He suggested that this shift in pricing models wasn’t necessarily a bad thing, saying it could be a boon for price-sensitive customers. “You just want basic transportation — sure, here it is,” he said.

But the crunch has left some travelers taking extreme measures to avoid getting stuck in the middle. Fliers said they had offered fellow

travelers money or drinks to switch seats, paid the fee to upgrade to a premium seat or exit row, feigned illness or switched flights. Some travelers even report buying two seats to have an empty one next to them.

Dr. Sachin Shridharani, a plastic surgeon in New York, found himself on an overbooked flight back from San Diego, and a middle seat was the only one available.

“I told them I’d be willing to take another flight,” he said. “I’ll pretty much do just about anything to avoid sitting in that notorious, infamous middle seat.”

The trade-off was to wait in the airport for four hours, but Dr. Shridharani said it was worth it so he could work on the way home.

In the end, analysts say, airlines are selling a form of real estate, but they are trading in square inches, not square feet. “People buy work space; that’s really what they buy on board,” said Robert W. Mann Jr., an airline industry consultant.

One carrier has tried to address the issue. Frontier Airlines recently installed new seats on its Airbus A319 and A320 planes, with the middle seats about an inch wider than

the window and aisle seats.

For most passengers, the tight squeeze continues, and business travelers say counting on their frequent-flier status to avoid the middle seat is no longer a sure thing. “You can’t show up at the airport hoping to talk your way into an upgrade,” said Mark Jeffries, a corporate speaker and author.

Mr. Jeffries said he sometimes bought two seats — a window or aisle, and a middle. It’s cheaper than buying a business- or first-class ticket, he said.

Last year, airline capacity again hit a record high, just shy of 85 percent, meaning that a lot of flights are full. And that leaves flight attendants and travel agents acting as de facto referees for games of midair musical chairs. The excuses passengers use to avoid the middle seat are many, they say.

“Long legs is always one,” Ms. Douglas said. The most common complaints: claustrophobia, a need for frequent trips to the bathroom, flight-induced panic attacks and a penchant for airsickness. Of all the excuses the one that seems most effective is the threat of gastrointestinal distress.

William Bauer, an executive at a manufacturer of leather goods, said that hinting at a medical need for quick access to the bathroom usually prompted either gate agents or fellow passengers to make the switch for him. “Thus far, I’ve never been rejected.”

On one recent flight, though, the tables were turned when Mr. Bauer found himself on the receiving end of a plea to swap seats on a cross-country, red-eye flight.

“There was a woman I gave up my aisle seat for because she cried,” he said. “If you cry, you win.”

Accounts That Pay You More

YOUR MONEY
ANN CARRNS

Savers were encouraged last year when the Federal Reserve began raising rates. But interest paid on the lowest-risk federally insured accounts remains lackluster. Consumers willing to jump through some hoops, however, can get much better returns.

In a review of high-yield checking accounts, the financial website Bankrate found that the average yield at banks and credit unions was 1.65 percent, while nearly a dozen yielded 2 percent or more.

About half of the high-yield accounts it surveyed are available to consumers nationally, and all come with lots of strings attached. Most, for instance, require direct deposit and at least 10 debit transactions a month to earn the highest rate. Other requirements may include agreeing to receive monthly statements electronically and paying bills online. And a few offer the accounts nationally but require a visit to a branch to open the account. “This is not something that’s going to work for everybody,” said Greg McBride, Bankrate’s chief financial analyst.

For consumers who have direct deposit and use debit cards a lot, opening one of the accounts could be worthwhile since interest rates on savings accounts and certificates of deposit remain pedestrian. One example of a nationally available account is offered by Main Street Bank in Bingham Farms, Mich. The account offers 2.25 percent on balances up to \$25,000 (the rate on balances over the cap is 0.25 percent). In addition to a direct deposit or automatic payment, the requirements include 12 debit transactions a month.

To get the most from the accounts, it’s best to think of them as a savings account, rather than a check-

Q & A

¶ What if I don’t make the required number of debit transactions?

You will get a lower, default interest rate. The average default rate is 0.06 percent. You can regain the higher rate by meeting the required debits the next month. And, Mr. Tumin said, the high-yield accounts typically have no monthly fee, so you won’t be penalized with an additional charge.

¶ Is there a limit on the balance that earns the higher rate?

Usually, yes — and that can limit the money you earn. Consumers must weigh the rate along with the balance cap to determine which account would generate the most interest, Mr. McBride said. The caps range from a low of \$500 to a high of \$25,000, with an average of about \$16,000, Bankrate found. Earning 2 percent on the average would earn more than \$300 for the account holder. But of the 15 highest-yielding accounts surveyed, just one had a balance cap higher than \$15,000.

¶ What if I already have my paycheck deposited into another account?

Some employers allow you to have your direct paycheck deposit split among multiple accounts, Mr. McBride said. So you could have a portion deposited into a main checking account, which you use to pay monthly bills, and have the rest deposited into the high-yield account.

ing account, Mr. McBride said.

The required debits should probably be for smaller amounts, he said, so the higher rate is applied to the largest balance possible. (A few banks require that the debit transactions hit a minimum purchase level, so be sure to check the details.)

Emerging Market Checkup

STRATEGIES
PAUL J. LIM

For years, many investors have been pining for a rebound in emerging-market stocks, only to be frustrated by the slide in commodity prices, which still drive many developing economies.

The situation appeared to improve in the first quarter. Since Jan. 20, shares of companies based in rapidly growing economies like Brazil, the Philippines and Thailand have soared more than 20 percent, double the gains of the Standard & Poor’s 500-stock index of domestic equities.

But most economists say it could take years before a commodity “supercycle,” like the one that drove emerging-market stocks in the early 2000s, kicks in. Even if China, the world’s biggest consumer of industrial commodities, were to regain momentum, the global economy would require years to work through excess capacity, many strategists say.

Although commodities continue to be a drag, there are subtle changes that make emerging-market stocks more appealing. “Coming into the year, there was this attitude: ‘Why take on additional volatility with emerging-market stocks when you can get better returns for less volatility in the developed world?’” said Laurence Taylor, who works with global equities at T. Rowe Price.

As it turned out, concerns about the slowing economy hit the developed markets harder than the developing world, as European stock funds lost 3.4 percent in the quarter versus a 4 percent average gain for diversified emerging market funds.

“That, perhaps, would be a catalyst for people to reassess their emerging-world thesis,” Mr. Taylor said. So too would the surprising advances seen in the so-called fragile five nations of Turkey, India, Indonesia, South Africa and Brazil, which have improved their budget deficits, balance of trade and inflation outlook.

And the Federal Reserve’s less



AGENCE FRANCE-PRESSE — GETTY IMAGES

WAITING FOR A REBOUND Subtle changes in several countries are making emerging-market stocks more appealing. Workers at Foxconn in China.

aggressive stance on interest rates this year may reduce a major headwind for the emerging markets. Because higher rates curb risk-taking and strengthen the dollar, this was expected to have a negative effect on emerging-market shares. Yet the Fed chose not to lift rates at its April meeting. “The change in tone represents more synchronicity with central banks in Japan, Europe and around the world,” said Michael Kass, manager of the Baron Emerging Markets fund.

Even assuming that emerging-market stocks rebound, the countries that led the past rally might not lead a new one. The so-called BRIC countries — Brazil, Russia, India and China — gained more than 770 percent from 1999 through 2007, more than double the returns for other emerging-market stocks. Yet since the financial crisis of 2008, BRIC stocks have lost a third of their value while the rest of the emerging markets have held their ground.

Then there is a valuation problem. “You can put emerging-markets stocks into a couple of buckets,” said

Jonas M. Krumply, co-manager of the Ivy Emerging Markets Equity fund. In one bucket are the commodity-driven economies of Latin America and Russia. In the other are stocks based in economies that are increasingly being driven by domestic growth and rising consumer spending. This includes India, Indonesia, Mexico and the Philippines.

The problem is, stocks in the latter bucket are trading at price-to-earnings ratios that are typically 50 percent or greater than shares based in the commodity bucket.

“In the aggregate, the emerging markets look cheap relative to history,” said Scott Crawshaw, co-manager of the Harding Loevner Emerging Markets Portfolio fund. “But higher-quality areas of the market are trading at very different valuations to those stocks that are more caught up in the commodities downdraft.”

Some money managers say they are being very selective. Within that domestic growth-oriented bucket, Charles Wilson, co-manager of the Thornburg Developing World fund, said “You’re trying to find the gems left behind.”

Adventurous Quests Sharpen Everyday Skills

SKETCH GUY
CARL RICHARDS

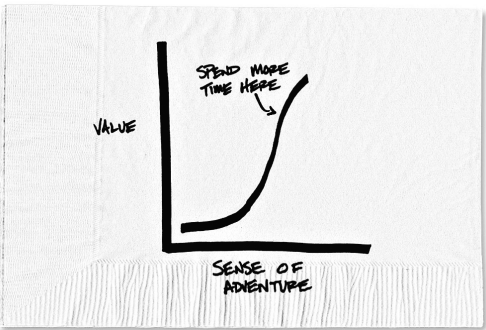
I was telling a friend about some projects that really excited me — a new book I’m working on, an article I’m writing and a new hobby, motorcycling in the desert.

He asked, “How do you stay so motivated and so excited?”

It caught me off guard. I hadn’t really considered the “why” behind my activities. But I realized that the common thread was the feeling of being in over my head, just a little.

In other words, doing things despite the fact that, as the marketing guru Seth Godin likes to say, “this might not work.” Now, that may sound counterintuitive. It’s easy to wonder how doing stuff that makes you uncomfortable, and might not even work, is a source of motivation.

I’ve been thinking a lot about this paradox. I wondered whether I’m wired differently. But there’s something about a sink-or-swim environment that excites me. My friend Dallas Hartwig told me about this concept called hormesis, a phenomenon by which something that could



CARL RICHARDS

impair or even kill you in high doses can make you stronger in low doses.

Of course, I thought. What doesn’t kill you makes you stronger. It’s well documented that the way to grow muscle is to rip the muscle tissue, and then give it time to regrow.

on something new helps you become better at your work over all.

You cannot spend your whole life in the deep end. Muscles get tired. Just like physical exercise, you have to calibrate the stress and rest cycle of any sort of entrepreneurial

It comes back stronger than before.

It makes sense that the business equivalent of building muscle is trying new things. When you throw yourself into the deep end of something new, you face a steep learning curve. That forces you to grow, adapt and develop your skill set. It’s almost irrelevant if the project succeeds. The very act of taking

or creative work.

The more I thought about it, the more I began to see these experiences for what they really were — adventures. After all, isn’t the definition of adventure to set off into the unknown, endure hardships, come back and then rest?

I know that adventures can feel scary and intimidating. But making a habit of seeking adventure may be the secret to staying motivated about the things you do.

And that confers a key economic benefit to anyone who experiences it. Even if we set aside all the tangible benefits that come from stepping outside our comfort zone, it is obvious that being more excited about your work is a surefire way to improve your performance, and turn your various ventures into adventures.