

The View from the Summit

The 2007 Wharton Economic Summit marked the close of the anniversary celebration by addressing global economic issues for the next 125 years.

It's only fitting that the Wharton 125th anniversary celebration ended where collegiate business schools began — Philadelphia. On April 12 and 13, the 2007 Wharton Economic Summit drew more than 1,000 business leaders from around the world to the Pennsylvania Convention Center to address the topic "Next Moves in a Global Economy."

Called "an absolute grand slam" by Dean Patrick T. Harker, the event culminated a celebration that began with the Mumbai Global Alumni Forum in January 2006, then circled the planet for 15 months. Along the way, Wharton faculty and alumni convened in cities from Tokyo to Miami, Rio de Janeiro to Minneapolis, Istanbul to Atlanta.

Michael Milken, WG'70, founder of the Milken Institute, whose keynote address followed Siegel's at Friday's lunch, commented, "This century will be defined by the competition for human capital."

The developed world will be able to grow its economy by continually driving innovation, but it won't — and can't — corner the market on innovation. For the global economy to grow, the young population of the developing world — its most valuable of assets — will not just be the hands that produce goods and pocketbooks that purchase them, but the minds that produce innovative ideas and products as well. The prodigious talents in the developing world must be fostered through education as well. Milken said that historically, the countries that invest the most in educating their populations have the most successful economies, and those that don't suffer.



EMILIO BASSINI and MANUEL MONTERO

"Emerging Markets" co-panelist **Manuel Montero**, WG'73, Founder and CEO of SAFTPAY, strongly backed the region's economic promise, asserting the presence of untapped entrepreneurial opportunity. "There's not much cash for new entrepreneurship and a lot of cash goes in and out to Miami very quickly," he said. "It's difficult to start from scratch anywhere except in the U.S., where there is a robust venture capital market."

In India, said Aggarwal, "there has been phenomenal performance in markets. Futures and options markets are only four years old, and are already four times the size of the cash stock market. You have to take into account currency depreciation in some markets, but it's not a major factor in India."

Touching on Bassini's earlier theme, he commented, "A benefit is the Western legal and accounting systems based on British laws. It's easier for many Westerners to do business there than in some emerging economies."

There are risks — infrastructure shortfalls, overdependence on foreign capital. There is political instability as a result of the coalition government, and from global oil prices.

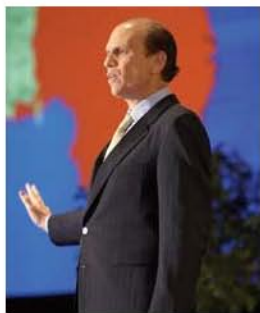
During a Friday keynote lecture, Jeremy J. Siegel, Wharton's Russell E. Palmer Professor of Finance, made the case that free global exchange of goods and wealth are required for the developed world to maintain its lifestyle as birth rates continue to decline and populations age. Along with other speakers, Siegel noted that China and India will surpass or equal the economies of the United States and the European Union. But while some observers have interpreted the rise of other economies and the global flow of assets as a harbinger of the decline of developed nations, Siegel sees it as the best hope for the developed world.

Milken gave two contrasting examples. In 1960, Singapore and Jamaica were similar — tropical island nations with few natural resources and per-capita incomes under \$2,000 per year. Jamaica emphasized an economy based on agriculture and tourism, while Singapore invested in education and technology. Today, Jamaica's per-capita income has barely doubled, while Singapore's is more than \$31,000.

Already, said Gupta, the battle for talent and labor pools has reduced the limitations of geography. "While there is currently a divide between job categories that have globalized and those that haven't, the divide is narrowing. The demands of labor have changed."

In the developed world, the battle for talent and commodification of many goods means cultivating and retaining the brightest employees to stay competitive. Said **Joel Cantor**, WG'89, CEO and Founder, Gulf Atlantic Real Estate Companies, at the "Competitive Strategies" panel, "Differentiation of products and services is essential. How do you come up with an exciting product so consumers will pay higher margins?" In Cantor's business of real-estate development, that means producing unique designs with dramatic architecture and innovative mixed-use plans.

"Smart people are a dime a dozen," says Cantor. "What matters is creativity. It's a challenge in real estate to make the product stand out, and we have a constant need for creative people who can do that."



MICHAEL MILKEN, WG'70