Forces shaping the world: A look back, a look ahead

Donald L. Stevens

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Since its formation in 1994, the Forum has examined the major economic and political concerns of the day, often bringing to light issues that were not yet front and center on the world stage.

If I think of the most vivid conversation in the history of the Forum, it was in Aspen on July 28, 1998. The speaker was Anthony Lake, who had served for several years as a national security advisor to President Clinton. His presentation was about how different national security was in 1998 in contrast to 1988, before the Berlin Wall came down.

At dinner later that night, Tony continued to talk informally about security threats: “The real bad guy in the world is not Saddam Hussein, as most Americans believe, but somebody that most of us have never even heard of. He's from a wealthy construction family in Saudi Arabia. His name is Osama bin Laden.”

Indeed, most of us were not familiar with that name. Nine days later two US embassies in Africa were bombed and Osama bin Laden became headline news.

On this and other issues, the Forum has been way ahead of its time. We were talking about major events and potential crises before they were on the front page of the Wall Street Journal, before they were in the Economist every week.

In 1995 Peter Widmer hosted the Forum in Zurich and we got a firsthand look at the competitiveness of the European Union. In 2000 we went to China and saw how that country was preparing for membership in the World Trade Organization. In 2004, we were in Central Europe immediately after 10 new countries were welcomed into the EU.

Credit goes to the Institute’s Global Advisory Board, a group of leading executives from different parts of the world, for helping to identify the issues that are relevant to the business community.

The Forums are where we bat ideas around with people who are working and living in the global economy and track shifts in the economic and political landscape that are destined to affect the way US businesses operate abroad. These ideas help shape our thinking and impact the programs we offer at the CIBER (Center for International Business Education and Research). We then try to influence university and business school faculty about the teaching of international business and its many facets.

To date the Forum has devoted 14 or 15 sessions to security issues. No other school in the 30-member CIBER network has done as much on this subject.

The Forum is unique among the CIBERs. It has enabled our Colorado CIBER to distinguish itself from Duke, Columbia, UCLA and other top CIBER schools. Nor does the university have another way of engaging the community like we do at these twice yearly sessions.
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For better or worse?

When I started the Institute in 1988, the world looked much different than it does today. What occupied our attention then? And what forces have been at work in the intervening years that have shaped this changing world for better or worse?

In the 80s Japan was the dominant economic power and their management practices such as TQM-Total Quality Management, quality circles and teamwork were inspiring businesses around the globe. In the United States, we were reengineering and downsizing in an effort to improve productivity and meet the competitive threat coming from Japan.

On November 9, 1989 the Berlin Wall came down and since then West Germany has spent US$100 billion each year to integrate East Germany into the rest of the country.

In 1989 in China’s Tienmen Square, the slaughter of protesting students reminded us that China was not a democracy. The hardliners and the military still held power. China was emerging as Asia’s major economic power, replacing Japan and positioning itself to overtake the East Asian “tigers,” (Singapore, Taiwan, South Korea and Thailand) which were enjoying tremendous economic growth.

A succession of happenings through 1990-91 led to the disintegration of the Soviet Union. I think now of this event as something like a grenade going off, with the countries that had been under the Soviet flag breaking away and heading in all directions politically and economically. Fortunately, many of those countries have coalesced and aligned in the direction of the European Union. Czechoslovakia split up into two countries, the Czech Republic and Slovakia.

Throughout the 90s, as the EU grew stronger, Japan’s real estate bubble broke and they seemed unable or unwilling to move towards a restructuring of their economy. They decided to wait it out, and they’re still waiting.

Looking back 10 to 15 years, these were some of the events that dominated our thinking.

Where are we today? Japan’s economy remains stagnant, although it started to pick up this last year; China is the undisputed Super Tiger of Asia, and the EU has grown from its original 15 members to 25 and more countries are lining up to join. India is now a rising star, and globalization and terrorism dominate the news.

What should we be thinking about in the next 15 years? What’s going to shape how we do business and how we live? Three major forces are at work.

European Union

The EU is a great force for peace and democracy with laws and institutions that are as strong as anywhere in the world. But what worries me is the social agreement the EU has made with itself guaranteeing labor generous retirement, health and vacation benefits. The yearly bill is too big for the EU to pay, especially given its rapidly aging societies and weaker economies of the new members. How the EU can renegotiate benefits while accommodating growth and dealing with tax and wage issues will be important not only to its future but to the future of Europe and the world.
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China

The Forum started looking at China and the globalization of work long before either one became a big political issue. Jobs are very different today than they were a generation ago when they were US based and performed by US workers from start to finish. Today some or most of the processes that go into the manufacture of a product are outsourced to China, and workers here have to learn how to manage all of these processes.

Although China is a magnet for businesses looking for cheap labor, China has big work force issues of its own. Workers are disenchanted with low factory wages on the east coast and are looking for opportunities in the west, closer to their rural roots. China will not be without problems going forward, but this huge country will continue to dominate the way we think about business.

India

With one billion people and a per capita economic growth of 6 percent to 7 percent over the last decade, India has moved quickly into world class services. The infrastructure problems that China overcame to be competitive are problems that India needs to overcome to move its people towards the middle class. But these problems will take hundreds of billions of dollars and more than a decade to fix. So the development of India is going to be very, very different from what China experienced. Both countries have many millions of workers moving into the global work force: 800 million in China, 600 million in India. The US work force is about 140 million.

What’s next for the Forum? We’ve been to Europe, we’ve been to China. Next January we will do a Forum in India. What is their high-tech sector all about? How have they been able to reinvent themselves as the service provider to the world? How are workers trained to meet the needs of US companies? What threats, if any, does their growth pose to US businesses?

We need to be on the ground to see for ourselves what works, what doesn’t and what lessons we can take away.