



The Role of Leadership in Global Transformation: Toward the 21st Century

Proceedings of Global Panel 1997

GLOBAL
PANEL $\frac{1987}{1997}$





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Preface

The Global Panel recently celebrated her 10th anniversary at the 1997 Annual Meeting in December. We were proud to be able to, once again, host distinguished speakers like President Emil Constantinescu, President Leonid Kuchma, Prime Minister Pascoal Mocumbi, Minister Chen Jinhua, Philip Condit, Helmut Maucher and Kenichi Ohmae, amongst many others.

In the past ten years we have also had many other dignitaries as guest speakers. Some participants might well remember Margaret Thatcher's 2-hour speech in 1992 in which she declared her opposition to Europe. Or Yasser Arafat's milestone presentation, 'Peace of the Brave' in 1995, the same year George Bush shared his memories of an era. 1996 saw Prime Minister Mahathir of Malaysia declaring the next century, not the century of Asia, but the century of the world. These are but a few of the speakers who have all reviewed and discussed the major developments of our time.

The last two years has seen the Global Panel change from an annual conference into an ongoing meeting place that hosts special business sessions. As a result, international business developments, the role of leadership and new global trading patterns have been discussed by leading corporate leaders like Cor Herkströter, Morris Tabaksblat and Cees van der Hoeven.

There have been other changes too. The Global Panel has started co-operating closely with the City of Aachen (Germany) with regard to special sessions and has organised roundtable sessions in Cuba and Jordan, a special Global Panel session in Kuala Lumpur and a business session with Benjamin Netanyahu in the Netherlands. It has also initiated the TV programme 'De Beslissers', in co-operation with Ivo Niehe Productions. The changes have also led to a new funding structure and a new organisational format, for the Global Panel is now a foundation. The aims of the Global Panel Foundation, however, remain the same. To create, to maintain and to extend an international meeting place in and outside the Netherlands at which prominent speakers discuss the latest developments with decision makers from (international and non-governmental) politics, business and science.

Theme of this years' 11th Annual Meeting will be 'Doing Business in the Knowledge Based Economy: Strategic Challenges for Competition and Growth in the 21st Century.' I hope that we may welcome you on December 1 and 2 in The Hague, or on December 3 in Aachen.

On a final note, I would like to extend my thanks to everybody who has made the Global Panel possible these past ten years. I hope there will be many more to come.

Bas K. Spuybroek
Chairman Global Panel Foundation

FORMER KEYNOTE SPEAKERS AT GLOBAL PANEL

Andreas van Agt	Ambassador of the European Union in the USA; former Prime Minister of the Netherlands
Tan Sri Datuk Yahaya Ahmad	Chairman of Proton, Malaysia
Yasser Arafat	President of the Palestinian National Authority
Soha Arafat	Former Economic Advisor, and now spouse, of Yasser Arafat
Peter Arnett	Anchorman of CNN, USA
Jacques Attali	Former President of the EBRD
Dato Seri Rafidah Aziz	Minister of International Trade & Industry, Malaysia
Lloyd Bentsen	Former Secretary of the Treasury, USA
Péter Bod	President of the National Bank of Hungary; Executive Director of the EBRD
Pieter Bouw	Former President of KLM, the Netherlands
Hans van den Broek	Member of the European Commission
George Bush	Former President of the USA
Jimmy Carter	Former President of the USA
Cassam Uteem	President of Mauritius
Keat Chhon	Senior-Minister of Economy and Finance, Cambodia
Jim Clark	Chairman of Netscape Communications, USA
Kenneth Courtis	First Vice-President of Deutsche Bank Capital Markets Asia
Anneke van Dok-van Weele	Minister for Foreign Trade, the Netherlands
Arthur Dunkel	Former Director-General of GATT
Baroness Lydia Dunn	Chairman of the Hong Kong Trade Development Council
Willem van Eekelen	Secretary-General of the WEU
Pier-Carlo Falotti	Senior Vice-President of Oracle Europe, Middle East and Africa
Jacob Frenkel	Governor of the Bank of Israel
Claude Fussler	Vice-President of Dow Europe, Switzerland
Ibrahim Ferradaz Garcia	Minister of Foreign Investments and Economic Collaboration (MINVEC), Cuba
Valéry Giscard d'Estaing	Former President of France
Arpad Göncz	President of Hungary
Michael Gorbachev	Former President of the USSR
H.R.H. El Hassan bin Talal	Crown Prince of the Hashemite Kingdom of Jordan
Cor Herkströter	Chairman of Royal Dutch/Shell, the Netherlands
Pehr Gyllenhammar	Former Executive Chairman, AB Volvo, Sweden
H.R.H. Hussein Bin Talal	King of the Hashemite Kingdom of Jordan
Donald J. Johnston	Secretary-General of OECD
Henry Kissinger	Former Minister for Foreign Affairs, USA
Wim Kok	Prime Minister of the Netherlands
Ricardo Lagos Escobar	Minister for Infrastructure, Chile
Ruud Lubbers	Former Prime Minister of the Netherlands
Dr Mahathir bin Mohamad	Prime Minister of Malaysia
Floris Maljers	Former Chairman of Unilever NV
Carlos Menem	President of the Republic of Argentina
Jane Metcalfe	Co-founder of Wired
Mario Monti	Member of the European Commission
Robert Mugabe	President of the Republic of Zimbabwe
Yasuhiro Nakasone	Former Prime Minister of Japan
Nicholas Negroponte	Director MIT's Media Lab
Benjamin Netanyahu	Prime Minister of Israel
David Owen	EC-mediator on former Yugoslavia, UK
Turgut Özal	Former President of the Republic of Turkey
Supachai Panitchpakdi	Vice-Premier of Thailand
Shimon Peres	Former Minister of Foreign Affairs, Israël
Arno Penzias	Nobel prize winner and Vice-President Research Lucent Bell Laboratory
Edwin Reitman	President of UPS Europe

Zhu Rongji
Onno Ruding

Charles Russell
Muhamed Sacirbey
Helmut Schmidt
Louis Schweitzer
Max van der Stoep
Dr. Subroto
Morris Tabaksblat
Margaret Thatcher
Lester Thurow
Jan Timmer
Geoff Unwin
John Vinocur

Paul Volcker
Uwe Wascher
Allen Weinstein
H.J. Witteveen
Hans Wijers
Grigori Yavlinsky
Zheng Hongye

Lord Mayor of Shanghai
Vice-Chairman of Citicorp/Citibank, USA;
Former Minister of Finance of the Netherlands
President and CEO of VISA International
Ambassador to the United Nations, Bosnia-Herzegovina
Former Chancellor of the Federal Republic of Germany
President of Renault S.A.
CSCE High Commissioner National Minorities
Secretary-General of OPEC
Chairman of Unilever, the Netherlands
Former Prime Minister of the United Kingdom
Professor of Management and Economics at MIT, USA
Former President of Philips Electronics
CEO of Cap Gemini, UK
Executive Editor and Vice-President of the
International Herald Tribune, Paris
Former Chairman of the US Federal Reserve Board
Senior Managing Director of GE Plastics Europe
President of the Center for Democracy, Washington, USA
Former Chairman of the IMF
Minister for Economic Affairs, the Netherlands
MP, Chairman of the Jabloko Faction, Russia
Chairman of the China Council
for the Promotion of International Trade



George Bush at Global Panel '95

LIST OF SPEAKERS AT GLOBAL PANEL 1997, THE HAGUE

Keynote speakers

H.E. Emil Constantinescu	President of Romania
H.E. Leonid D. Kuchma	President of the Ukraine
H.E. Pascoal Manuel Mocumbi	Prime Minister of Mozambique
H.E. Alexander Bozhkov	Deputy Prime Minister and Minister of Industry, Bulgaria
H.E. Chen Jinhua	Minister of State Planning, People's Republic of China
H.E. Atef Ebeid	Minister of the Public Enterprise Sector and Minister of State for Administrative Development and Environment, Egypt
H.E. Raquel Hernández Herrera	First Deputy Minister, Ministry of Finance and Prices, Cuba
Jan Baan	Chairman & CEO, Baan Company N.V.
Frits Bolkestein	President of Liberal International; Chairman of the Parliamentary Group of VVD
Lester R. Brown	President, Worldwatch Institute, USA
José Mauricio Bustani	Director-General TS-Organization for the Prohibition of Chemical Weapons
Philip Condit	Chairman and Chief Executive Officer, The Boeing Company
Joseph W. Duncan	Vice-President of The Dun & Bradstreet Corporation
Francis Fukuyama	Fellow of the Johns Hopkins University School for Advanced International Studies
Cees H. van der Hoeven	Chairman of Royal Ahold
Helmut O. Maucher	Chairman of the Board of Nestlé S.A.;
Joseph McClendon III	Chairman of the International Chamber of Commerce
Perry D. Odak	Author and Head Trainer, Robbins Research International
Kenichi Ohmae	Chairman Ben & Jerry's Former Chairman McKinsey & Company, Japan; Managing Director Ohmae & Associates
C.K. Prahalad	Professor of Business Administration, University of Michigan
Alexei K. Pushkov	Director of Foreign Affairs, Russian Public Television (ORT)
Jeffrey Sachs	Director, Harvard Institute for International Development, Harvard University, USA
Ismail Serageldin	Vice-President for Environmentally and Sustainable Development (ESSD) at the World Bank
Rita Süßmuth	President of the Bundestag, Germany
Douglas M. Sweeney	Vice-President Strategic Development, IBM Corporation
Carlo Trojan	Secretary-General of the European Commission
Ziad Abu Amr	Member, Palestinian Legislative Council; Head of the Political Committee of the PLO

Moderator

Ruud Lubbers	Professor of Globalization, University of Brabant; Chairman of the Advisory Board for International Issues
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Chairpersons

Allen Weinstein	President of the Center for Democracy, USA and Chairman of Global Panel 1997
René Abate	Senior Vice-President and Chair of European Operations, Boston Consulting Group
Dieter Heuskel	Senior Vice-President, Boston Consulting Group
Yvonne van Rooy	Chairwoman of the Executive Board of Tilburg University

Speakers

John Bateson
Peter van Bergeijk

J.A.W. Buisman
Jacqueline Cramer

Wim Deetman
Peter Eadon-Clarke
Claude Fussler
Ray Goodsir
Liesbeth Halbertsma
Theo Hess
John van den Heuvel
Joost van Iersel
Anton van der Lande

A.V. Livshits

Henk J.L. van Luijk

Keith Miller
Roel Pieper
Henri J. Ruff

Cor van de Velden
Berry Veldhoen
George Verberg
Ted Vonk
William Wallace

Senior Vice-President, Gemini Consulting
Director of the Department of Monetary and Economic Policy,
Dutch Central Bank
Chairman, Ten Doerschate Buisman Group
Special Professor in Environmental Management, University of Brabant;
Consultant for Philips Electronics
Mayor of the City of The Hague
Chief Investment Officer, LGT Management
Vice-President, New Businesses and Public Affairs, Dow Europe
Management Consultant of DCE
Director, Management Center De Baak
Managing Director, NIPO
Managing Director, DOOR
Chairman of the Chamber of Commerce, The Hague
Vice-President Public Affairs International, United Parcel Services,
Europe
Deputy Chief Administrator of the President;
former Minister of Finance, Russia
Author and Director of the European Institute for Business Ethics,
Nijenrode University
Environmental, Health & Safety Manager, Europe, 3M Company
Vice-President of Compaq/Tandem
Head of Single Currency Unit, Finance & Treasury, Visa International,
EU region.
Innovative Manager; Inventor Airmiles and "euro-in-one-day" concept
Director, Management Center De Baak
General Managing Director, Nederlandse Gasunie
Deputy Managing Director, NIPO
Director, Sales & Marketing, Door Training



Ismail Serageldin, Ziad Abu Amr, Ruud Lubbers, Allen Weinstein, Chen Jinhua, Pascoal Manuel Mocumbi and Atef Ebeid

The role of leadership in global transformation: Toward the 21st century

Chairman:

Allen Weinstein

Speakers:

Frits Bolkestein, Philip Condit, Kenichi Ohmae

The first plenary session was characterised by differing perspectives on the role of leadership. Frits Bolkestein raised questions about the relationship between the financial markets and government policy, whilst Philip Condit illustrated how world-wide prosperity could be achieved by working together and Kenichi Ohmae asked whether there was such a thing as a great leader.

In his opening statement **Frits Bolkestein** asserted that as we approach the next millennium "...people from all over the world are becoming more and more interdependent. Every action, whether economic or political, has a knock-on effect whose ripples extend over the whole planet." He also claimed that, "...economics is only one dimension, only one channel which connects people. Values and norms such as democracy, respect for human rights, rejection of corruption and nepotism are equally important. "Such norms and values are, however, not universally accepted as they are often considered representations of typical Western traditions (of government). The Asian elites, for example, are apprehensive of the Western emphasis on democratic reform, fearing it will lead to growing (economic) instability but Bolkestein argued that democratic reform is not only inevitable, it is also desirable. "Inevitable because, in the transition to more market oriented policies, an ever-growing number of people will become involved in decisions on investment, production, technology and marketing. It is inconceivable that these people, who will shoulder heavy responsibilities in the economic field, will acquiesce in being excluded from political decision-taking. Desirable because democracy and respect satisfy the universal desire for recognition as a human being, that is, as a being of worth and dignity." Bolkestein continued by adding that democracy and respect for the rule of law are major prerequisites for sustained economic success because they rally broad-based popular support. For Bolkestein Latin America is a case in point. "In the last decade, we have witnessed major strides towards democracy and the market economy in many Latin American countries. These new policies have paid off handsomely and have resulted in substantial economic growth. Indeed, most Latin American economies appear to be much healthier today than they were 15 years ago." Bolkestein did agree however that democracy does not guarantee economic prosperity. "For every ten Europeans, one is out of work. The total number of unemployed within the European Union is 18 million. No politician worth his salt can disregard these warts on the face of Europe." The VVD chairman did offer a number of solutions. "In order to reduce these high unemployment rates, governments should modernise social welfare systems, cut down on bureaucracies and red tape, foster stable, non-inflationary macro-economic environments with low interest rates, and enhance competitiveness of product and services markets." He also thought it



Frits Bolkestein

crucial that governments promote technological innovation in the private sector, by stimulating research and development through educational infrastructure and by giving proper incentives to enterprises.

The need to promote R&D to adapt to rapidly changing global markets was also emphasised by **Philip Condit**. At the beginning of his speech the Boeing chairman offered two premises: "Technology will link us together as a global community" and "Innovation and change offer opportunity to progress". On the subject of technology Condit went back several years. "Think about where we were: no jet airplanes, no shuttle, no overnight air express, no PCs, ATMs, VCRs, mobile phones or pagers, no downloads, uploads, laptops, no credit cards, CNN or McDonald's." But a lot has changed in 50 years. "The progress that has been made has been incredible. Amazing change. Rapid change. We can now download pictures from outer space or watch a tiny device chugging across Mars. These technological advances will continue to tie us together. Today with one keystroke, I can communicate with 85,000 people and before long with 230,000 plus." "What does that mean? What does that do to organisational structures?" Condit felt that these are things that are going to be invented in the next decade, but he was also convinced that further technological advances will change the way business is done on a global scale. "Transportation infrastructure and communication systems will change too." Condit believed that new urban



Philip Condit

bicycle makers from Ohio to develop an airplane? Who would have hired a Harvard dropout like Bill Gates to develop software used in every corner of the world? The answer, I believe, is that no-one here would have appointed these people to do those jobs. I firmly believe in freedom to innovate, freedom to dream, freedom to fail, freedom to learn from the past and each other."

On the subject of change Condit went on to say; "The world is changing at a rapidly increasing rate and we have to keep up, even if it is inconvenient. Either we must adapt to change or simply disappear." To illustrate the fact that change is inconvenient and not always espoused, the Boeing CEO quoted the following historical errors in judgement: "This telephone has too many shortcomings to be seriously considered as a means of communication. The device is inherently of no value to us." (Western Union memo, 1876). "We don't like their sound, and guitar music is on the way out." (Decca Recording Co. rejecting The Beatles in 1962). "I think there is a world market for maybe five computers." (Thomas Watson, chairman of IBM, 1943.) Condit concluded that: "...by working together, we can take advantage of technology, innovation and change to strengthen our relationships and prosper even more. I happen to believe that we control our own destiny, and can accomplish great things working together for none of us is as smart as all of us".

Kenichi Ohmae did not believe in an archetypal great leader. He believed that leadership is a function of time, place and occasion. "There are many different styles of leadership, and leaders can be great for very different reasons. K. Matsushita, the founder of Panasonic, was a very attentive leader. He was a great listener and paid huge attention to detail." A case in point is when Matsushita had to decide which video system to produce. "He personally spoke to 700 engineers before deciding on VHS instead of Beta or V2000." Others, like Tateishi of Omron, are what Ohmae called pathfinders while others, such as Dr Mahathir of Malaysia are visionaries.

mic and political centres will be formed around airports in the same way that centres used to be formed around harbours. "Transportation will continue to bring us into a single global community. We are no longer a local, regional or national society."

Condit was equally adamant about the role innovation and change can play in offering an opportunity to advance. "The freedom to innovate and allowing the market to determine success or failure is a major reason why market economies work. Imagine for a minute, who would have hired two

There are also differences between the requirements of leadership in a steady state and during a state of change. "During a steady state it is best to have a shared leadership with the oarsmen all trying to do more, better. When, however, there are major directional changes, such as those we find today, we need shared values and a cox who can turn quickly and firmly. In the past a shared leadership has been a success story in Japan. Many of the most successful businesses such as Honda, Sony, Sanyo and Panasonic have had a shared leadership for extended periods of time. "Some corporate leaders have worked together undisturbed for over 30 years which is why these companies have managed to become global players", stated Ohmae. But today's Japanese leaders have a problem when it comes to maintaining their position in the new global market. "Working on a global scale requires doing business with outsiders, and that is something the Japanese don't like doing. As a result Japanese leaders have lost their vision and sense of direction, because global leadership is fundamentally different from domestic leadership." Ohmae gave us another example. "In the past, corporate leaders were expected to attend the funerals or weddings of important domestic clients and dealers. Now they have to decide whether they can still do this because it is impossible to attend such events globally." In addition visiting local dealers would be a sign of patriotism which Ohmae believed to be extremely counterproductive and demotivating for those with other nationalities since it makes them feel excluded. There are other reasons why Ohmae thought that the current generation of executives in Japan will have serious difficulties handling the globalisation process. "The generation of 45-65 year-olds who are now in charge are a lost generation. They are used to straight line growth, they're comfortable with pyramids and don't ask questions. As a result they don't know what is going on in the world. The younger generation of 30-45 year-olds gives me more reason for optimism. They are the cartoon generation who put a lot of stock in friendship and who see their efforts rewarded with (small)victories." However the future is brightest for what Ohmae called "...the Nintendo kids. This generation of 15-25 year-olds is used to role-playing games. If they don't like their lives or the result, they reset the button. As a result they are extremely adaptable. They don't assume that solutions exist *à priori*."

Ohmae concluded by saying that changes for the better would



Kenichi Ohmae

not be forthcoming, in Japan or anywhere else, if corporate leaders neglected to do the following: "Ensure that there is a delicate balance in the aforementioned generational mix in your corporation; make sure that communication at all levels

is optimal; design your leadership teams on the basis of place and occasion; and most importantly, make certain the group chemistry in all management teams is right, so that no person can change or spoil the 'pH' completely."

FRITS BOLKESTEIN

President of Liberal International, Chairman of the Parliamentary Group of VVD

Before Frits Bolkestein entered politics he worked for the Royal Dutch Shell Group from 1960 until 1976. His last function was Director of Shell Chemics in Paris.

Bolkestein made a name for himself in Government as Minister of International Trade, and Minister of Defence. His present occupation is political leader of the Government party, the VVD, and Chairman of the VVD faction in the Lower House of the Dutch Parliament. Bolkestein is also President of Liberal International and a Member of the Royal Institute of International Affairs, London. He has written numerous articles and books and is a graduate of the universities of Amsterdam, Leiden and London.

PHILIP CONDIT

Chairman and CEO, The Boeing Company

Phil Condit joined Boeing in 1965 as an aerodynamics engineer on the SST program. He spent three years on the 747 program progressing through two lead engineer assignments. He became manager of quiet short-haul system development in 1971 and later served as a manager in the 727 marketing organization. Upon completion of a one-year study program at MIT, Condit returned to Boeing as manager of new program planning. In 1976 he was promoted to Director of Program Management for the 707/727/737 Division and served in that capacity until his appointment in 1978 as Chief Project Engineer on the 757. He became Director of 757 Engineering in early 1981. In 1983 he became a Vice-President, assuming responsibility for the 757 Division. For his design efforts on the 757, Condit was selected as a recipient of the 1984 American Institute of Aeronautics and Astronautics National Aircraft Design Award.

Just six months after assuming the helm of the 757 Division, Condit became Vice-President of the entire Renton Division, which, at that time, designed and built the 707, 727, 737 and 757 airplanes. From 1984 to 1986 he served as Commercial Airplane's Vice-President of sales and marketing. In 1986 Condit became Executive Vice-President and General Manager of Boeing Commercial Airplane Group and in 1992 he was named President and a member of the Board of Directors. On February 1, 1997 Philip Condit assumed the duties of Chairman of The Boeing Company having already been named Chief Executive Officer in 1996.

KENICHI OHMAE

Former Chairman McKinsey & Company, Japan; Managing Director Ohmae & Associates

Described as "Mr. Strategy" worldwide, Kenichi Ohmae is regularly sought out as a public speaker and management consultant. As an author he has published over 70 books, many of which are devoted to business and socio-political analysis. He has also contributed numerous articles to major business and political reform publications.

For a period of twenty-three years, Ohmae was a partner in McKinsey & Company, Inc., the international management consulting firm. As a co-founder of its strategic management practice, he has served companies in a wide spectrum of industries, including industrial and consumer electronics, financial institutions, telecommunications, office equipment, photographic equipment, industrial machinery, food, rubber, and chemicals. His special area of expertise is formulating creative strategies and developing the organizational concepts to implement them both for private and public sectors. Some of Japan's most famous and internationally successful companies continue to seek his help in shaping their competitive strategies. Likewise, his counsel is also much in demand among Asian, European and North American-based multinational and governmental institutions.

Kenichi Ohmae is the Founder of "Reform of Heisei", a citizen's political movement established on November 25, 1992, to promote and catalyze the fundamental reform of Japan's political and administrative systems. He is also the founder and Managing Director of the "Heisei Research Institute".

Ohmae attended Waseda University (BS), Tokyo Institute of Technology (MS), and the Massachusetts Institute of Technology (Ph.D. in nuclear engineering). Prior to joining McKinsey, he worked for Hitachi as a senior design engineer on Japan's prototype fast breeder reactor. He currently serves on the boards of MIT Corporation and Nike, Inc. He received an honorary doctorate from Notre Dame University in 1995.

The need for political leadership

Chairman: Allen Weinstein

Speakers: Emil Constantinescu, Rita Süßmuth,
Alexander Bozhkov, Jeffrey Sachs

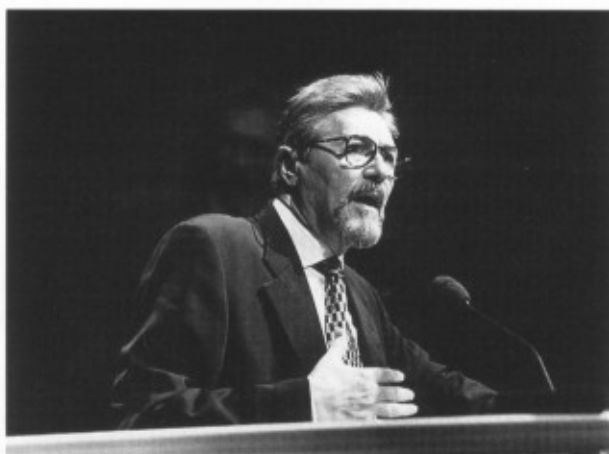
Respondent: Frits Bolkestein

This session was one of those unique occasions where all the speakers seemed to share the same view; that if European integration was to be completed, nobody should be left out.

"Integration of the Central and Eastern European countries into the EU is absolutely central to the process of political stability and economic growth. With the exception of a few the EU will benefit all", stated **Jeffrey Sachs**. All the speakers agreed that entry into Europe needed to be redefined.

"It is our belief that the process of integration into the EU should be launched in a non-exclusive manner and that all candidates should be given an equal chance to join. It should not be a race with winners and losers, for re-dividing Europe along different lines could be extremely dangerous", concurred **Emil Constantinescu**. "In the winter of 1996-1997, people in Bulgaria stood up wanting real change. They wanted to become a member of NATO, to be part of Europe, part of the market economy", added **Alexander Bozhkov**. Although he admitted that mistakes were made the Bulgarian was adamant that new innovations have borne fruit. "We have made real changes which have led to a decrease in the interest rate from 300 to 5 per cent. The budget deficit was also cut from 5 to 0.5 per cent of the GDP." The fear however is that insecurity about their future European status will deter foreign investments. "Who will invest in Bulgaria when the circumstances are so unclear?", asked Sachs. According to **Rita Süßmuth**, it is important that, "...Europe stays on the course it has taken and keeps its promises. In 1994 it was decided that Europe needed to enlarge, which is logical, but we cannot have a fragmented Europe. We should

not be allowed to exclude those who want to become members of the EU." There are more reasons for frustration, most notably in the area of what exactly the Central and Eastern European countries must do to qualify for entry. Bozhkov argued, "We know that we have started later and that we still have many economic reforms to make, but we need to know what criteria the EU expects us to meet in order to join. Clarity on this point will benefit all sides because then it's in the candidates' own hands how quickly they



Emil Constantinescu

can enter. We do not object to the fact that negotiations will start with five countries next year, but we want a clear yes to the possibility of accession, we want to be informed as to what criteria must be met and we want an assurance that if they are met, negotiations about integration will start automatically." But what about the economic costs of integration? Sachs thought that "...the EU is too preoccupied with structural costs. These countries will do fine without EU money. What they need are guarantees that they belong, that they have access to security and that their goods and services will not be blocked. The EMU is an interesting proposition but it should not continue to crowd out the intellectual and political agenda." Constantinescu too felt that cultural aspects have a role to play in the integration of Europe. "It is a mistake to only look at Europe strictly in terms of economics and to forget culture. Romania does have specific cultural values but feels it belongs to western culture and civilisation." Bozhkov agreed that the influence of culture should not be overlooked. "The determination of the Central and Eastern European countries to become members and belong to Europe is admirable and says a lot about the people and the culture."

Süßmuth voiced a very clear opinion when the subject changed to political leadership. "In a time of rapid political change we need more political leadership, not less. However I cannot separate leadership from partnership." She was just as resolute when it came to the political decision-making process. "We need transparency. If a consensus is to be reached on the subject of integration, it is vital that there is openness. The EU needs to be very clear about the kind of Europe it wishes, for without clear goals nothing will be accomplished. These goals should be accompanied by steps and mechanisms. There is clearly a conflict between the old and new thinking with regard to the redefinition of Europe. We cannot treat Europe as it was before 1989, but must look for answers in the present situation in which all countries in Europe want to be a part of one Union. Are there similarities between the accession of Eastern and Central European countries and Southern European countries like Spain and Portugal? Süßmuth believed comparisons between them should not be made. "We cannot use the same mould for Central and Eastern Europe in the 90's that we used for Spain and Portugal in the 80's. It is a new situation requi-



Jeffrey Sachs

ring new methods and instruments. Constantinescu noted that "...if we look, for example, at the integration of Spain and Portugal, we can see that it was a process of 7 to 10 years. The year 2000 will not see any new members entering into the EU because it is not possible for either them or the EU to meet the demands in such a short period of time." Sachs argued that in the year 2000 it will have been ten years since the fall of communism and so the preparation time for Eastern and Central countries is about the same. "I think that negotiations should begin tomorrow with all candidates."

Rita Süßmuth (videocscreen)

Alexander Bozhkov



JEFFREY SACHS

Director, Harvard Institute for International Development, Harvard University, USA

Jeffrey Sachs is the Director of the Harvard Institute for International Development, the Galen L. Stone Professor of International Trade at Harvard University, and a Research Associate of the National Bureau of Economic Research. Sachs served as an economic advisor to several governments in Latin America, Eastern Europe, the former Soviet Union, Africa and Asia. He was cited in The New York Times Magazine as "probably the most important economist in the world" and in a recent Time Magazine issue on 50 promising young leaders as "the world's best-known economist".

Sachs is the recipient of many awards and honors, including membership in the Harvard Society of Fellows, American Academy of Arts and Sciences, and the Fellows of the World Econometric Society. He received an Honorary Degree from St. Gallen University in Switzerland in 1990. In September 1991 he was honored with the Frank E. Seidman Award in Political Economy. He has delivered the prestigious Lionel Robbins Memorial Lectures at the London School of Economics in Tel Aviv, and the Frank D. Graham Lectures at Princeton University.

He received his B.A., summa cum laude, from Harvard College in 1976, and his M.A. and Ph.D. from Harvard University in 1978 and 1980 respectively. He joined the Harvard faculty as an Assistant Professor in 1980, and was promoted to Associate Professor in 1982 and Full Professor in 1983.

EMIL CONSTANTINESCU

President of Romania

ALEXANDER BOZHKOV

Deputy Prime Minister and Minister of Industry, Bulgaria

Alexander Bozhkov was born on August 9, 1951 in Sofia. He graduated from the American College in Baghdad and from the Technical University in Sofia and he holds a masters degree in thermal engineering.

His professional experience includes work as a private consultant and a post as managing director of the New Bulgarian University, School of Management.

In 1990 Bozhkov founded the United Christian Democratic Centre. A year later he became a member of the Sofia Regional Council of the Union of Democratic Forces. He has been a member of Parliament for the Dobrich constituency since 1994. He became deputy Prime Minister and Minister of Industry in 1997.

RITA SÜSSMUTH

President of the Bundestag

Rita Süßmuth studied Roman languages and literature in Münster, Tübingen and Paris. She also did a post-graduate degree in educational sciences, sociology and psychology, as well as acquiring her doctorate in philosophy in 1964. From 1963 till 1968 she was an assistant at the universities of Stuttgart and Osnabrück and a lecturer at the College of Education "Pädagogische Hochschule Ruhr". Since 1980 Süßmuth has been a Professor of Educational Sciences at Dortmund University.

Rita Süßmuth entered politics in 1971 as a member of the Scientific Advisory Committee on Family Affairs with the Federal Ministry for Youth, Family Affairs and Health. In 1977 she was appointed as a member of the Commission for the Elaboration of the 3rd Report on the Situation of the Families, and in 1982 she became a member of the Federal Advisory Committee on Youth Problems. From 1983 until 1988 Süßmuth has chaired the Federal Expert Committee on Family Policy and the Women's Association of the CDU. She was appointed Federal Minister for Youth, Family Affairs and Health in 1986 and became President of the Bundestag in 1988, a position she holds to this day.

Change and the global economy

Chairman: Dieter Heuskel

Speakers: Francis Fukuyama, C.K. Prahalad, Joe Duncan

In the new global economy many countries and many businesses face one very similar challenge. They must change. How to manage this change however remains the key question.

Fukuyama: In trying to understand the great transition from an industrial to a post-industrial society I have been reading a lot of books which the IT community has brought out on the subject of the role of knowledge in the Global Economy. I have found most of them very interesting and they have informed a lot of my thinking, but I think the IT community (or at least the authors) miss the underlying changes in the social sphere. The basic shift we are seeing as we move from an industrial to a post-industrial model is the change in the labour markets. Essentially this is the replacement of physical labour by mental labour. The most important change this has brought about is that women have entered the work force and have proven themselves at least as capable as men. This in turn has stimulated a tremendous number of other changes in sectors of society: There is a shift in social norms which has resulted in the breakdown of the nuclear family. There is the substantial change in male norms which has been brought about by birth control technologies (i.e. the ability of women to control their reproductive systems) and there is a decrease in social trust and an increase in cynicism.

The other major source of change is quite obviously the competition between political systems which, in 1989, saw the collapse of communism and in 1997 nearly saw the collapse of the Asian alternative.

There have been important changes too in management structures. In many companies there is a shift going on from the Fordist hierarchical centralised organisations to ones that are flat, virtual or networked. The essence of this is that companies are moving from a formal way of organisation to an informal one. The presupposition of these more informal modes of organisation in flat and virtual companies shifts the burden from formal to informal management and makes informal social norms much more important in the relationship between workers and management within. The reason is quite clear. The increasing technological intensity and skill requirements for cutting edge work in the modern technological economy has led to a work force that consists of engineers and Ph.D.'s and it is clear that they know more than the management. It would therefore be foolish to try and control them in the old sense.

What many people don't realise however is, that for this kind of informal system to work a high degree of social embeddedness is presupposed as well as people behaving according to certain social norms which allow them to be self-organising without the formality of rules. In traditional societies those rules come from religion, ethnicity and family. In modern societies they come from institutions and firms, for nowadays institutions create the boundaries in which social norms regulate how people feel towards one and other and themselves.



Dieter Heuskel and C. K. Prahalad

My final point is in regard to technology. A number of virtual fantasies have been propagated by people from the IT world about the impact of technology on the ability to create these kinds of social networks out of a technological determinism that sees social solidarity springing from the technology itself. This could entail total outsourcing including core competence. I know it's an extreme example but it is a form of virtualisation that is being made possible in a networked world. However, I don't think it works because it presupposes a level of trust and a lack of opportunism among all agents which will not exist. That's why we have institutions. We have institutions because we need constraints on individual choice and behaviour, that make people behave in unpredictable ways. We need to give them loyalties to something other than themselves for if self-interest rules, sharing of information which is necessary for R&D will be near impossible. That is why I think in the end, none of the IT is going to replace face-to-face contacts that certain firms and institutions do offer.

Prahalad: I would like to talk about some elements of the new economy and I'm going to do this in two stages. The first is by making clear what the driving forces are in this new economy, and the second is by talking about what the implications of this economy are for large companies.

There are five basic driving forces or trends the first being demographics. In Japan and the Western world there is an ageing population. In many European countries the birth rate is not keeping pace with the replenishment of the existing population. On the other hand there is a tremendous growth in Asia and Latin America. I believe, and there are many who don't share this view, that a large population may be advantageous if you can create large markets, especially if growth stays at 3-4 per cent. As a result India and China, instead of becoming problem areas, may well become vibrant economies.

The second driving force is deregulation. Deregulation around the world will create a fundamentally different way to compete on a different ethos on what is a local industry and what is a global industry and this will lead to significant mergers and acquisitions. Deregulation will also create massive social disruptions. Access to financial capital used to be the main reason for success but now access to talent is going to be the significant (third) driving force. There is already a shift from hiring MBA's to hiring engineers with Ph.D.'s, and although capital accumulation remains important, talent accumulation will become of greater significance. The US is very fortunate in this respect, for

talent flows to the States for a wide variety of reasons not least immigration and language.

Old ideas about the production cycle have also changed. Products are no longer solely being developed in the West and then given to the rest. Former 'developing' nations are now generating and implementing new products themselves. So there are two important questions. What are the sources of innovation and what will happen when these new markets become very large? If 30 per cent of the sales of a company are in these 'new' countries the centre of gravity will change and companies will have to move there. The question is no longer how multinationals will change the countries but how these countries will change the multinationals.

The final trend is in digitalisation. Not just in IT but the fact that what used to be analogue can now be digital, be it images or business. The idea of digitalisation and convergence of technologies is going to have a significant impact.

If these are the five or so broad trends what are the implications for large companies? I have identified five or six. Firstly, there's volatility. Consumer goods are season bound. Forty per cent of the personal computers, for example, are sold 20 days before Christmas. As a result companies must plan for competencies and skills, not products. Secondly there's the indeterminateness of industry boundaries. There are no boundaries as to what is retail and what is financial service. Nowadays it's

just a matter of opinion. Thirdly, we have an increasing demand for standards which has led to coalitions across the board. Fourthly, the distance between consumer and producer is changing and this will lead to the alteration of cost structures and capital intensity of almost any business in the world. The final implication is that we will see competition increasing for talent which is good news for the highly educated, less so for the rest. 15 years ago I could judge a person's wealth by the country he came from. In 10 years the basis for discrimination will be, what is that person's educational background?

Duncan: Please allow me to start by giving you an overview of three decades of business organisation. In the 1970s you saw vertical integration which meant that you had to get control over everything effecting your own business. This was very expensive because companies took what they did in one place and transplanted it to another. It was an attempt to replicate their skills in different nations. The 1980s saw people focusing on their strategy. The 1990s has seen the emergence of globalisation which requires a different view of the market. It is a matrix view whereby you look to the world to find your suppliers and markets and you try and match them up.

What does globalisation mean in practical business terms? It means that the management of the production process has been globalised. By having a central point of control it is possible, with the aid of telecommunications and IT, to track the production process as well as the transportation process and to ensure that the product that arrives on your doorstep is indeed the product as you wish it to be. Cross-border information has also become more important, and once again IT plays a large role since you need it to acquire information about businesses you have, or want, to deal with. With this information you can start building alliances, for global or global networks need trust and trust comes from knowledge and information which is transmitted across borders and boundaries. Globalisation has also seen the small companies grow large. The reason is quite straightforward. As companies realise that they have to compete, they have trimmed their central organisation which has led to outsourcing and opportunities for smaller enterprises. This has led to small, independent suppliers becoming important in the global market-place. Whether they remain so or not will tell for I feel that the long-term survivors of this globalisation process will be the ones who can adapt with vision.



Francis Fukuyama and Joe Duncan

FRANCIS FUKUYAMA

Fellow of the Johns Hopkins University School for Advanced International Studies

Francis Fukuyama was born on October 27, 1952, in Chicago. He received his B.A. from Cornell University in Classics, and his Ph.D. from Harvard in Political Science. He was a member of the Political Science Department of the RAND Corporation from 1979 until 1980, and then again from 1983 until 1989, specializing in Middle Eastern political-military affairs and Soviet foreign policy. From 1981 until 1982 and again in 1989 he was a member of the Policy Planning Staff of the US Department of State, first time as a member specializing in Middle East Affairs, and then as Deputy Director for European political-military affairs. He was also a member of the US delegation to the Egyptian-Israeli talks on Palestinian autonomy. Francis Fukuyama's book, "The End of History and the Last Man", was published by Free Press in 1992 and has appeared in over twenty foreign editions. It made the bestseller lists in the United States, France, Japan and Chile, and has been awarded the Los Angeles Times' Book Critics Award.

the Current Interest category, as well as the Premio Capri for the Italian edition. His most recent book, "Trust: The Social Virtues and the Creation of Prosperity", was published by Free Press in July 1995. Fukuyama is currently a senior researcher at the RAND Corporation in Washington, D.C. He is also a fellow of the Johns Hopkins University School for Advanced International Studies' Foreign Policy and director of its Telecommunications Project.

C.K. PRAHALAD

Professor of Business Administration, University of Michigan

C.K. Prahalad's contributions to strategic thinking are widely acknowledged. He is a specialist in corporate strategy and the role and value-added of top management in large, diversified, multinational corporations. In 1992 Business Week described him as "a brilliant teacher at the University of Michigan, Prahalad may well be the most influential thinker on corporate strategy today". He was named in Business Week as one of the top ten business professors in the country, based on a nationwide poll of MBA alumni. He was also named one of the top ten teachers in the world in September 1983 in The Wall Journal's Special Report on Executive Education. The Indo-American Society presented Prahalad with its 1994 award for his outstanding contribution toward the promotion of Indo-American goodwill, understanding and friendship. In 1995 he received the American Society for Competitiveness Award for his outstanding academic contribution to competitiveness.

Prahalad is a consultant to such top management firms as Ahlstrom, AT&T, Cargill, Citicorp, Colgate Palmolive, Eastman Chemical, Honeywell, ICL, Oracle, Philips, Quantum, Revlon, Steelcase, TRW, and Unilever. He also serves on the Boards of Directors of NCR Corporation and OIS Optical Imaging Systems, Inc.

JOSEPH W. DUNCAN

Vice-President of The Dun & Bradstreet Corporation

Joseph W. Duncan joined The Dun & Bradstreet Corporation in January 1982, and served as the corporate economist and chief statistician from 1982 until 1996. He was elected an officer of the Corporation in 1986, and was named Vice-President in 1989. With the breakup of the corporation on November 1, 1996, Duncan became a consultant to The (new) Dun & Bradstreet Corporation. From 1982 through till 1996 Duncan had oversight responsibility for the quality of the databases maintained at all D&B divisions. Currently, he continues to work with the extensive information resources of The Dun & Bradstreet Corporation to develop economics-related products and services, to analyze economic impact of government policies and business practices.

He is co-author of the book "Statistics for the 21st Century", published in 1995 by Irwin Professional Publishing. The book is addressed to business decision makers as a call for action to improve the statistical information base for public and private decision making.

Duncan received his BSME from Case Institute of Technology, an MBA from Harvard Graduate School of Business Administration and a Ph.D. in Economics from Ohio State University. He also attended the London School of Economics. He has lectured at a number of universities and has taught city planning at Ohio State University and the University of Rhode Island.

Our borderless world and its regions

Chairman: Dieter Heuskel

Speakers: Kenichi Ohmae, Cees van der Hoeven,
Helmut Maucher, Carlo Trojan

The question whether globalisation will contribute to prosperity is not debated anymore. The debate today is how we can make it work.

Ken Ohmae started with a question: "What will replace the traditional nation states as the borders disappear?" He gave us a few options by looking at the world as it is now. "In the US they have what is called a 'zebra model'. This means that there is no 'across the border' prosperity. Several regions such as the Rockies, Colorado and Silicon Valley are growing very fast; the rest of the country, with a few exceptions, is lagging behind. Small countries like Singapore, New Zealand, and Ireland are

doing quite well. Regions like Taiwan or Bangalore are even distinguishing themselves. We have also been confronted with emergence of dotted line countries like the EU, ASEAN and MERCOSUR where very distinctive activities are taking place. In any case, there is a clear decline in the 19th century state models such as the former USSR and the emergence of a borderless world."

Ohmae argued that the reason why national boundaries seem to be dissolving is that the fundamental forces which are at work are all borderless. "Corporations and consumers are continuously moving across borders, so borders are disappearing." There are more reasons. "There is also a paradigm shift. Industrial society is being replaced by information society. Indeed, 80 percent of the global workforce is now at work in the service sector. There is a sovereignty shift from nation to people. Solid line borders are being replaced by dotted line borders. A country no longer has to acquire wealth by the sale

of minerals or soil, they can now become rich by selling information." There is also the fact that nations are on the decline. "Why? Because of several reasons: Key industries, such as borderless telecommunications, have become fundamentally. Political systems have a bias towards 'special interests'. The size of the global unit has shifted: we are now talking about a strategic unit which has three to ten million people in it. The last reason is ambiguity. The definition by the United Nations as to what a nation is, is both ambiguous and confusing."

Ohmae's final reason raised perhaps the most interesting question for if there are no more nations what will we be left with? "Regions. Unless you recognize regions as such (Taiwan being the prime example) we will not be able to come up with a solution. Why do we need to dipolarize between national sovereignty and regional autonomy? They can go hand in hand as in Puerto Rico. Governments should allow regions to interact with the global economy and the only way they can achieve this is by investing in people because only people can create added value." Ohmae took the US as an example.

"Reagan's deregulation policies created big problems yet the economy is thriving. The deregulation of three fundamentally borderless industries, financial institutions, transportation and telecommunications, has really helped the US to become strong for it has seen the emergence of new industrial zones like Silicon Valley, Smart Valley, Las Vegas, Phoenix, Austin and San Antonio."

A more recent example of interaction between government and region is the Malaysian 2020 project. "Malaysia has proclaimed an area of 15 by 50 kilometres 'Cyber Country'. This area now forms a country within a country and is completely 'governed' on the basis of multi media applications. Here 'cyber law' rules and the area is equipped with a world class telecommunications infrastructure. With the help of this experimental site, Malaysia hopes to gain an insight into the possible role of government in the future."

According to **Carlo Trojan** the European Union is the epitome of a successful borderless union of nation states. "The EU is the outcome of a project that has, from the outset, been driven by a global political concept including peace, security, stability and prosperity. The EU remains the first and only model of deep regional integration aimed at creating the conditions for lasting peace and prosperity." As to the reasons for its success, Trojan said: The European project has been built on a comprehensive legal framework and stable institutions. This has guaranteed a continuity across generations and a progressive creation of instruments and policies aimed not only at strengthening peace and prosperity inside the EU, but also at contributing to this objective world-wide." In point of fact in a mere 40 years, the EU has reached a level of integration comparable in many respects to a Federal State (single market, soon a single currency), while still retaining the individual identities of its Member States (language, culture).

Trojan recognised that European integration is an evolutionary process but felt that the acceleration of history has forced the EU to acknowledge its responsibility as a global player. He also

felt that whilst globalisation is good news - it means a dependent world which provides widened opportunities - it also poses important challenges. "One of the most obvious consequences of globalisation is the weakening of the Nation State's power to regulate its internal economic policy successfully as increased economic competition grows. An increasingly borderless world can also give a free ride to criminality and economic disorder as well as leading to growing inequalities. Hence the need for leaders to create and implement internationally acceptable rules and norms. So far, with the exception of the EU, the international economic order has been characterized by a shallow integration process which consisted mainly of removing barriers at the border with an attempt to bring national regulations and practices into line. Although he is at pains to point out that the EU is still in the course of development, Trojan certainly believed that the EU has recently exercised an undeniable influence in world affairs both as a bench mark and as a driving force. "We have the EU as an example for other regions of the world. The EU has acted as a magnet and we are currently engaged in an unprecedented enlargement process with 10 to 12 countries. We are also the EU Union, in the process of providing the necessary framework to ensure that free circulation of goods and capital go hand in hand with a monetary integration process. Finally, the EU has developed a method of economic and financial integration which includes a process of economic, social and technical



Kenichi Ohmae



Carlo Trojan



Cees van der Hoeven

convergence that shifted from harmonisation to mutual recognition, necessary to create a single market of a relevant size in a global economy." The method seems to have worked for today the EU represents the largest economy in terms of GDP and the largest trading partner in the world.

Cees van der Hoeven shared Trojan's view that the world is changing at an enormous pace. "Communist regimes have disappeared. Technology is developing faster, there have been breakthroughs in IT. We know that know-how travels across borders. We have seen the emergence of developing nations that not only have a good education system but also lower costs of labour. These nations are now formidable competitors to the mature ones. We can also discern a convergence of the world economy with less inflation, lower current account deficits and lower government spending in most countries."

There are similar trends in industry. "In industries there is a strong concentration taking place. We can only just begun to see the the emergence of large industrial conglomerates and we will eventually benefit greatly from economies of scale. Although they aren't always tangible they present themselves in the use of know-how and prevent us from reinventing the wheel."

The Royal Ahold chairman felt that large companies are finding they have a headstart over local competitors which is strengthened by Information Technology. "You only have to make one major investment in your industry and can apply that knowledge in any other place. It (IT) also invites interchanges within and between companies." But even though this new breed has a headstart and will probably become a market leader on a global scale, it faces an enormous challenge because: "Every customer is a single individual and is local. We are dealing with a dual challenge. On the one hand we have to create micro merchandising for customers, on the other we have to make use of the global economies of scale." Ahold means to overcome these hurdles and be one of the global players. "We will do this in two ways both of which we already employ. The first is by setting up a system in which we can exchange information fast, so that we can identify similarities and differences in the retail market. The developments in the Chinese market are 10 years behind those in the Czech Republic which are 10 years behind those in Portugal. As a result we can use information we have acquired about the Portuguese market and apply

this to markets in, for example, China. Secondly, we will encourage people to feel pride in belonging somewhere for we have only one purpose which is to provide customer satisfaction everywhere. People must realise that we have grown as a company by utilizing the opportunities of the global market place without ever forgetting to look after the local customer

Helmut Maucher clearly saw great similarities between the roles the two organizations he chairs, play in the borderless world. "The International Chamber of Commerce is the only world business voice without branch particulars or interests. It is important their voice is heard because the United Nations and similar organizations are not business oriented, while business is playing a bigger and bigger role. The ICC would like to be somewhat of an NGO, for we represent an important part of economic life." Maucher felt that it's the ICC's task to increase the understanding between corporate and political life. "We have to talk to as many politicians as we can because it is important that we understand each other. Free trade is a lovely sweeping statement but we need rules. Rules on investment, rules on competition, rules on property rights and we want to implement these rules in a fair and decent way. We also need to develop social standards for in this field too, much can be improved. I realise there are organizations out there like the International Labor Organization but they seem to have dealt with very little in the way of rules or standards." Maucher felt that Nestlé, the company where he is chairman of the board, has become more conscious of the need to develop standards and the need to recognise social responsibilities. "We cannot feed 6 or 7 or 8 billion people if we continue to eat the way we are doing today which is consuming 60-70 kg of meat per capita. We need to develop good plant-based food products. We have to grow food because meat is seven times more expensive than plants. The other option we have is biogenetics because genetically modified products can contribute tremendously to feeding the 800 million people who are almost always hungry. It is in the interests of Nestlé but also other companies who will deliver this technology to contribute to more good and healthy food for this will increase prosperity in the globalized world. More prosperity means more education which automatically leads to more human rights."



Helmut Maucher

CEES H. VAN DER HOEVEN

Chairman of Royal Ahold

Cees van der Hoeven is Chairman of Royal Ahold, the international food retailer based in the Netherlands and the United States. He joined Ahold in 1985 as Executive Vice-President of Finance and Administration and was appointed Chairman in March 1997. Before joining Ahold, Van der Hoeven worked at Royal Shell for 15 years in various capacities. He was stationed in, among other places, the Netherlands, the United Kingdom and Oman.

Cees van der Hoeven has a degree in economics from Groningen University.

HELMUT OSWALD MAUCHER

Chairman of the Board of Nestlé S.A., Chairman of the International Chamber of Commerce

After graduating from high school in Wangen, Helmut Maucher began a commercial apprenticeship at the Nestlé Factory in Eisenharz (Germany). Afterwards he transferred to Nestlé in Frankfurt and, parallel to holding different positions, studied Business Administration and Economy at Frankfurt University.

From 1964 until 1980 he held different management positions within the Nestlé Company in Germany. From 1975 onward he was President and Chief Executive Officer of Nestlé Gruppe Deutschland GmbH, Frankfurt. Finally, on October 1, 1980 Maucher transferred to Nestlé, Switzerland as Executive Vice-President of Nestlé S.A. Vevey. He became a member of the Executive Committee.

In November 1981 Maucher was nominated Chief Executive Officer of Nestlé S.A. and from 1st June, 1990 until June 5, 1997 he was both Chairman of the Board and CEO. He relinquished the position of Chief Executive Officer on June 6, 1997 whilst continuing as Chairman of the Board of Nestlé S.A., Vevey Switzerland.

CARLO TROJAN

Secretary-General of the European Commission

Carlo Trojan was born on January 8, 1942 in Florence, Italy, and holds a degree in law from Leiden University.

He began his career as legal adviser at the Ministry of Agriculture and Fisheries in The Hague before becoming personal adviser to the Minister for Surinam and Antilles Affairs. From 1973 until 1977 Trojan was a member of the Cabinet of Pierre Lardinois and in 1977 he was named Deputy Head of the Cabinet of Mr Henk Vredeling, Vice-President of the Commission of the European Communities.

Trojan's other functions include a post as Director of Market Regulations at the Ministry of Agriculture and Fisheries in The Hague, Deputy Director-General on Agriculture and Food and Head of the Cabinet of Frans Andriessen, Member of the Commission of the European Communities.

Trojan was Deputy Secretary-General of the European Commission until his appointment to Secretary-General in the summer of 1997.

The making of a global economic system

Chairman: Allen Weinstein

Moderator: Jeffrey Sachs

Speakers: Kenichi Ohmae, Joe Duncan, Francis Fukuyama, Helmut Maucher, C.K. Prahalad, Alexei Pushkov

Jeffrey Sachs summed it up perfectly at the beginning of the final session of the first day: "We are fortunate enough to have seated at this table some of the world's great economic theorists, practitioners and observers." Who better to help us understand this complex beast we call the global economy than the above?

Sachs: Many people have been extremely excited in recent years about the possibility of a unified world economy. We are in the midst of a great transformation but the process is a bit bumpier than expected. Today has seen the largest financial bail-out for the world's eleventh largest economy, South Korea. 60-65 billion

dollars for an economy which did not seem to be in trouble. This poses interesting questions and challenges as to whether the fragility of high-flying consumer economies such as Malaysia, Hong Kong and South Korea is a sign of much deeper trouble. Is a unified world economic system really on the cards?



Jeffrey Sachs



Kenichi Ohmae and Helmut Maucher

Ohmae: I think it's a question of a system of economic interdependence. Japan, for example, has financed one third of the American deficit for over 10 years. The problem, however, is that Japan is not allowed to sell their excess US securities even though the country is having a liquidity crisis. The US has provided financial liquidity, but won't allow the buyers to cash in their investments. Japan, China and Korea could cause a lot of problems for the American economy with their excess securities, and it's time the US recognises the problem.

Sachs: But is there then not something fundamentally wrong with Korea and Japan's mode of financing?

Ohmae: No. The US and Europe also have problems. I'm convinced that adapting to the global economy will present problems for countries which are unique to each individual country, and that these problems will have to be solved in the appropriate manner. We should recognise that economic instability is part of the global system.

Sachs: Are these problems of instability in the private market or is it the government policy which remains the source of the problem?

Maucher: I don't agree that we have to learn to live with these crises. Of course, you have volatility in the free market but I think these problems are also different in Europe and the US. Nobody has to bail out the US. What is important to understand in a global economy is, that on the one hand, we favour free trade. This keeps prosperity in the world. On the other hand, there is no freedom without certain rules. We need a common investment policy so that foreign capital is not discriminated. The industrial world has long-term objectives whereas the financial world sees things more in the short term. We need to tackle two questions: What can we do to control opportunistic behaviour which endangers long-term prosperity, and how can the understanding between the financial and the industrial world be increased?

Duncan: Let people get smarter. Information is the lubricant of the market economy. In Mexico many bankers made loans based on balance sheets that were outdated. In the present Asian crisis we had a lot of capital flowing into emerging markets coming from people investing in mutual funds. These people were not smart and didn't know about the risks involved when investing in emerging markets. In this era of speculation, fear and greed, my main concern is how we can feed the free market with information that makes for an intelligent decision process as opposed to a non-intelligent one.

Prahalad: We believe that the process of globalisation can be managed by countries, but I believe it cannot be. It should be compared with the Internet. There is no central management. The desire for transparent, open market-based transactions is going to transform the rest of the world and people who have taken the liberty of hiding their economy through a wide variety of processes are going to find the distortion they were willing to support cannot be supported. I think that the interdependencies and volatilities are a result of a historical shift between economic rationality and political- and institutional distortion. Joe (Duncan) called it lack of information, I call it a lack of transparency. It's the same thing. If there is no transparency, you cannot have information and if you don't have access to information you cannot make intelligent decisions. And the longer you postpone it (a transparent system) through political and institutional processes, the more painful it will be. I agree with Mr Maucher that the financial and industrial world seem to have a distortion but I feel that the financial system is quite capable of inventing mechanisms for creating new kinds of opportunities. However, any time you have a society with a closed social system with insider trading and social relationships like China, Japan or Germany, if it is not transparent, you will have problems of transition. Only when people and knowledge are able to move freely, can we safely say that we are moving towards a global economy, and for that, each country will have to pay a different price.

Sachs: Perhaps Russia is the prime example of a closed system being pried open?

Pushkov: Yes, it is being opened, and at a very high cost. But we are optimistic. In 1996, the most important political threat (communism) to Russia entering the world economic system was removed. Russia is now a member of most major financial institutions like the World Bank, the IMF and the G8. We have the same rate of investment as China, but we did start six years later. We have also experienced the negative effects of an open economy because last year six to eight billion dollars were removed from our market. The problem with Russia is that it takes



Joseph Duncan

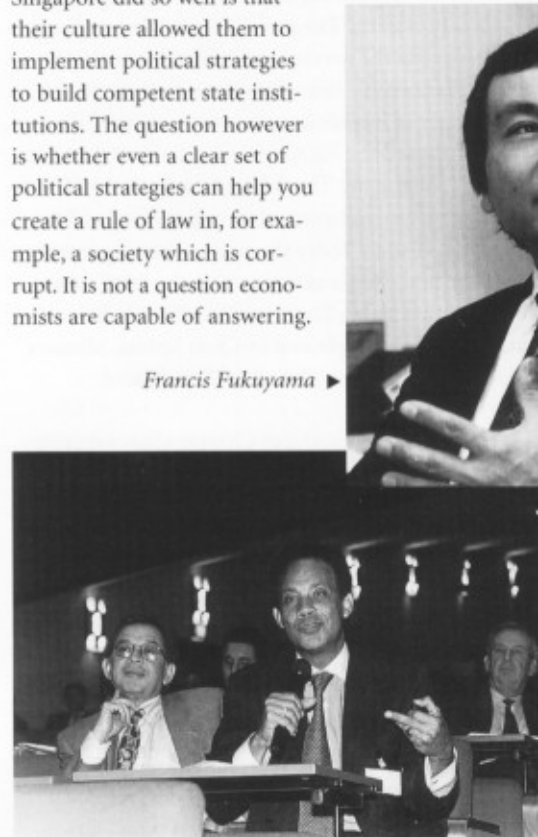
money two months to flee the country but six to get it back. Although we have lost stability, our prospects are now much greater than under communism. One of the main reasons for that is that Russia will become extremely important as a supplier of natural resources. The Caspian Sea will be the third most important oil reserve area in Eurasia after the Persian Gulf and Siberia. Indeed, China considers Russia's electricity, gas and oil reserves as one of the main sources for its development into the 20th century. There is no doubt in Russia, that Russia will be part of the global economy.

Fukuyama: Exchanging ideas about transitions at a forum such as Global Panel is great fun, but actually implementing these ideas has been much more difficult than anticipated. In my view politics is the master science, not economics. There have been huge debates between Keynesians and monetarists and industrial policies and neo-classic policies. In the end, Sachs' formula (Anglo-Saxon model), which includes privatisation, trade liberalisation and transparency, won. The only problem is that these ideas have to be implemented through institutions and institutions are awfully hard to construct. Many countries have no institutions to begin with. It's easy to say that a state needs to guarantee property rights but you have states that are incapable of implementing these guarantees because they have no institutions to enforce or adjudicate them. Then you have states with the wrong institutions. They are powerful but the institutions are abused by political interests. So now you have a situation in which countries buy the "Sachs formula", they want the transparency, they want all the good things on an ideological level, but they sit on top of bureaucracies. Recently I was in Mexico and Turkey, and in both countries the ministers of justice had just been indicted for drug trafficking. When you hear about things like this, you

realise that it's not easy to institutionalise a rule of law in places like that.

We need a political Sachs here. We need political strategies to create institutions. Where culture comes in, is in the institutional building capacity. That's where different societies have different capabilities. One of the reasons Japan, Korea and Singapore did so well is that their culture allowed them to implement political strategies to build competent state institutions. The question however is whether even a clear set of political strategies can help you create a rule of law in, for example, a society which is corrupt. It is not a question economists are capable of answering.

Francis Fukuyama ▶



ALEXEI K. PUSHKOV

Director of Foreign Affairs, Russian Public Television

Alexei Pushkov was born on August 10, 1954 in Moscow to a family of diplomats. He spent his childhood in Beijing and Prague before graduating from the Moscow State Institute of International Relations. In 1979 Pushkov obtained his Ph.D. in History from the Moscow State Institute of International Relations.

From 1979 until 1983 he was a lecturer in International Relations at the Moscow State Institute of International Relations, before moving on and becoming consulting editor of the international review 'Problems of Peace and Socialism' in Prague. In 1983 he joined the group of foreign policy advisors and speech-writers of the Central Committee of the CPSU. The task of the group was to develop a 'new thinking' in the USSR's relationship with the West and to back, conceptually, the necessity of putting an end to the Cold War. In this capacity Pushkov wrote extensively for Soviet liberal papers and reviews (Izvestia, Moscow News, Literary Gazette, etc.) and from 1990 until 1991 he was the host of a TV talk-show on political issues which featured leading Soviet politicians.

In November 1991 Pushkov was appointed Deputy Editor-in-Chief for Foreign Affairs at the liberal weekly newspaper 'Moscovskye Novosti' (Moscow News). In this position he was head of the paper's edition in foreign languages (English and French) and he wrote a regular column in the paper. Pushkov also wrote for foreign papers and reviews on Russian domestic and foreign policies.

Since April 1995, Pushkov has been Director of Public Relations and Foreign Affairs at the Russian Public Television Network (ORT). ORT is a company of mixed ownership (51% government and 49% private) which has started to broadcast on the all-national channel and covers the totality of the Russian territory, as well as Central and Eastern Europe and part of the Middle East. Its overall audience is estimated at 250 million people.

China's modern strategy, explained by Chen Jinhua

One of the most important issues now confronting international politics is how an increasingly strong People's Republic of China (P.R.C.) will act within the framework of growing international interdependency between the family-members of nation states. The political management team in Beijing recognises the necessity of expanding both its diplomatic and economic links with the rest of the world. Domestic changes in its politics, economy and social development strengthened the P.R.C. to such an extent that it is today a major global actor. The debate how to deal with the awakened dragon, i.e. containment or engagement of China is not longer opportune. Today the engagement argument really offers the best chance of integrating the P.R.C. into the family of nation states. The complex rationale for an engagement policy was explained by Chen Jinhua, Minister of State for Planning, during the 1997 Global Panel Meeting.

The prevailing view of present-day Chinese elites supports the implementing of a global model, adjusted to the characteristics of the Chinese conditions, Chen and his colleagues reject common western models of globalisation. Operation of markets are deeply affected by the structure of the typical Chinese society, which constitute constraints affecting the functioning of economic actors during market operations. Meanwhile, establishing closer ties with China is a logical consequence of its position in world politics as well as its internal situation. The P.R.C. is a country of much importance. Its culture is absolutely unique and links the Chinese people together, political dynamics are rapidly increasing and the system has sustained very rapid economic growth. The minister agreed with the growing importance of the doctrine and sets of principles for organising and managing a market economy in his country.

The Chinese government takes the position that the rationale for a modern market system will maximise economic growth and thereby improves human welfare. But meanwhile Chen sees a connection between the process of econo-

mic growth produced by the free market system, and the political development. Evolution of the market by widening the economic doors to the international political system threatens the stability of Chinese society.

Without pronouncing it explicitly, Chen's address leads to two conclusions. First, the distribution of industrial and technological activities within the framework of a modern market system is a central concern of the Chinese government. But, due to the culture, the fundamental question of who is to produce what, where and when is alive and kicking. The government will solve the problem of controlling the macro-economic variables like price-inflation, employment, monetary stability, etcetera. Second, the P.R.C.'s strategy is directed towards the realisation of a multipolar model. This is determined by China's influential role in Chinese people's culture.

Thus, the modern world is not yet understood as a monistic system. Chinese leaders still embrace the theory of dualism. Incorporation and transformation of the traditional Chinese society into modern capitalist structures must be a result of a natural process of adaptation without the danger of disintegration and destabilisation of the Chinese society. The address of the Chinese Secretary of State for Planning Affairs was obvious on this point of dualism.



Chen Jinhua

Future leadership

Chairperson: Yvonne van Rooy

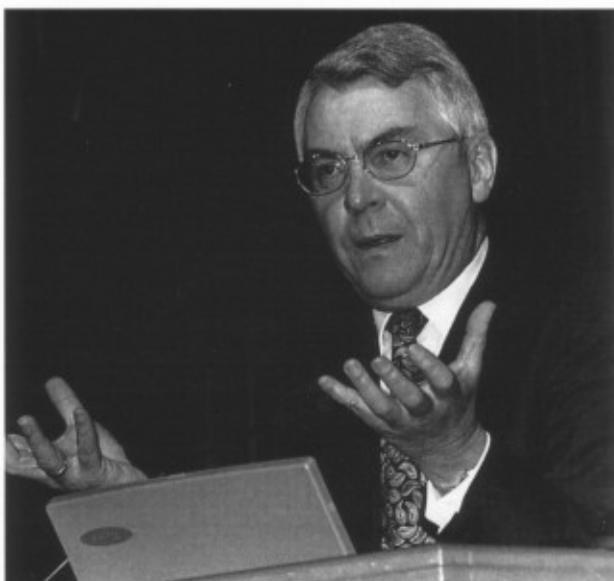
Speakers: Jan Baan, Doug Sweeny, Perry Odak

The final speakers at this year's Global Panel held widely differing views about how to approach business. What was striking however was the extent to which social capitalism played a role in the lives of at least two out of the three speakers.

Baan: The information element is the fourth production factor after human resources, money and equipment and information technology has enabled us to change all these, and other forms of business. Ironically, the main problem we are

facing today is how we are going to overcome the complications IT has posed with regard to the advent of the year 2000. But we mustn't complain too much for IT now enables you to drive your business processes and improve your business. We shouldn't forget, however, that business processes should start generating IT, and not the other way around. IT should be used as a process of ongoing improvement and, in the end, should help your process improve permanently.

This new era of information technology has also brought about the need for a new workforce. We need other people, not just people who are good in IT or good in business, but people who are good in both. In other words we need people who can bridge these two worlds. To that end, we at Baan, have now started recruiting people straight from university



Jan Baan

and have started training them in both these facets. I have often been asked how we have managed to grow so quickly because Baan Company has gone from employing 213 (local) personnel to 3540 (global) personnel in only a decade. My answer is simple. We do what we do for less than our competitors. How we do it is slightly more complicated. Firstly, we invest a great deal in R&D. Secondly, we are one of the few in the field of IT who have developed globally. Synchronising our work world-wide allows us to do business in countries such as India where the price is more attractive.

There are, of course, other reasons for our growth and I will put these down to my own personal philosophy on doing business. My first philosophy is a belief in a 'servant-leader'. People don't work for me, I work for my people. My other philosophy is that the customer is the most important person I do business with. As a result I like to support him or her with what I call the 3 I's: Risks in Innovation which enables me to leap-frog the competition; taking Initiative. Never ask for permission, ask only for forgiveness, under one condition; you have shown Integrity.

I do have one final philosophy. Making money is a pleasure, having money can be a problem. As a result, Baan Company was sold to a charitable foundation a couple of years ago. My brother and myself could be billionaires but we're pleased we're not. That, I feel, is the problem with IT. There's a lot of wealth but the question is how you are contributing this wealth to society.

Sweeny: At IBM we believe that we are on the threshold of something really exciting, a new era. Some have called it the digital economy, others, the knowledge era. We've called it the network era for it's the connectivity that's now the defining element of what is going on. This era will change everything: businesses, government, lifestyles, the way we learn, the way we work, the definition of industry and the role various countries play in the global economy. The driving force of this network era is not technology however. The driving force or trigger

event begins with deregulation, telecommunications deregulation, banking deregulation which are going on all over the world. The second trigger event is the rise of consumerism. The consumer is increasingly empowered with technology, information and as a result is able to execute the choice. A recent study in the US showed that out of 5 million students who were on-line, 7 per cent were between the ages of 18-24 years old. It is no longer the 5 year old who is the early adopter'. The third event is the shift from physical to digital assets. If you wire up all the individuals in your organisation into teams and then wire the entire organisation together you get a tremendous amount of value. Studies have even suggested that you could get a forty per cent return on your investment if you do that. If you then connect all your suppliers, you will get additional value and if you connect 100 to the billion or so people we expect will wire in, in the network era you'll get even more value.

The network era will, we believe, impact every industry on the planet, specially those in the more digitally oriented fields of finance, insurance and the media. Our predictions also indicate that it will be a trillion dollar industry by the year 2005. As a result, the world, both as businesses and individuals, is increasingly investing in IT, for it has become increasingly clear that you can't do business without a network and without competitors. In terms of investment the US is 5 years ahead of Western Europe which is 5 years ahead of Western Europe. We feel that companies and individuals in Western Europe will have to be encouraged to invest more if they want to remain competitive in a global environment. However, in terms of innovation, countries like Finland, Sweden and Norway are ahead of the US. My next point, and it was something I was asked to talk about, deals with leadership. We came up with six dimensions of leadership thought were important in terms of what we call transitional leadership. The first is value net partnerships. Businesses by themselves are no longer the relevant strategic unit. It is now essential that they operate within a value net for if a business does not add value, the customer can now bypass the business and go straight to the supplier. The second dimension is the importance of innovation over optimisation. Companies can no longer afford to sit back and make the most of what they have; they must continually come up with something new. The third is digital competencies. It was only recently that Kodak's chemical competencies were increasingly less valuable.



Yvonne van Rooy

digital world. They used to have to compete with companies such as Fuji and Agfa in their core business, now they're also having to compete with Microsoft in the digital imaging world. Customer intimacy is also a dimension that should be considered. The Internet booksellers Amazon have been building a very comprehensive data base of individual customers and their preferences, for they feel that the more they know about the customer, the better the service they can provide. The fifth dimension is leveraging knowledge. The term 'knowledge management' is misused a lot. We think it relates to organisational learning for we feel there are a lot of corporations who have a lot of knowledge which they aren't effectively sharing. If you could know what you do know as a corporation, then learn what you don't know, and then apply that to the decision process, creating new knowledge as you go to implement that and then begin to build a repository inside the organisation of the lessons learned from decisions, then you become a learning-based organisation and learn from your mistakes. Finally, there's technology, processes and behaviour. Using technology in combination with what we call leadership behaviour (inspiring shared vision, empowering the workforce) achieved a better P/E (price, earnings ratio) and better market cap. Going one step further, and this reinforces what Jan has previously said, we feel that if you combine technology, people (behaviour) and processes you will bring about an optimal leadership type of agenda.

Odak: I want to take a totally different approach to talking about business and business in the future than either Jan or Doug. I want to talk about a disparate model that Ben & Jerry's has developed in the States.

Ben & Jerry's has made a case for a dual bottom line. A bottom line which is more than just a financial performance but one which also includes social performance. The company's founders coined a phrase 'do good by doing good.' In other words reputation matters. Recent surveys in the US have shown that three quarters of consumers, with all things being equal, will buy from a company which has a strong social reputation, and they prefer to buy from that company. Ben & Jerry's has made a success out of a reputation of being socially responsible. The company was built in a very non-traditional manner. It

virtually never spent a dollar on advertising and never used any traditional marketing techniques. Ben & Jerry's was started in a gas station in Vermont by two very young entrepreneurs who, from the outset, gave back to the community. To allow the company to grow they took it public using local Vermont securities firms and publicly stated they had a three part mission statement. One was quality, two was a return to its investors and employees and three was a concern for the community. It was something which had never been done before. But what exactly does caring capitalism mean? It means the following: 7.5 per cent of all pre-tax profits go to philanthropy. To whom this money is given is decided upon by a group of employees; the company pays a premium for all the milk it buys to make its ice-cream and the reason is this. It buys its milk from small family farms instead of from large corporate farms; other ingredients and items used in the products are heavily sourced through minority supplies. The company feels it has to use its buying practices to help those who are disenfranchised, those who need help from larger corporations; in addition our 'scoop shops' (ice-cream parlours) in the US are operated by non-profits. These are non-profit organisations that hire and train the disenfranchised and unemployable so that they can get back in the mainstream of the economy. To make sure the company is as good as its word, it hires an outside firm once a year, that does a social assessment audit which is published in the annual report for everyone to see. Ben & Jerry's has probably built one of the strongest brand franchises that has ever been built in a very non-traditional way. People in the US think that it's a billion dollar plus corporation when in fact it's less than \$200 million. This brings me to my final point. Reputation matters and it's a matter of doing good. We think it's a matter of doing good with our employees, with our customers, with our communities, with our suppliers, with our share holders and with our products. Five years ago in America there was little or no concern about procurement practises. Today, Nike, Reebok and a number of other companies have a global code of conduct in which they operate. We believe we were the company that started this whole process of caring capitalism and I believe that businesses in general need to take an active role in being socially responsible and giving back to the communities they operate in.



Doug Sweeney and Perry Odak

JAN BAAN

Chairman and CEO, Baan Company N.V.

Jan Baan, founder and Chairman of the Board of The Baan Company N.V., is an acknowledged leader in developing the worldwide market for Enterprise Resource Planning (ERP) software.

The \$ 10 billion per year ERP market is used by businesses to plan and schedule the complex logistics of the extended manufacturing enterprise on a global scale with emphasis on maximizing competitive advantage. Baan founded the company which carries his name in 1978, and began development of his first software package in 1979. Reflecting its growth from a small Dutch firm to a global enterprise, The Baan Company conducted its initial public offering in 1995 on the Nasdaq and Amsterdam Stock Exchanges, and posted revenues of \$ 388 million in 1996. The company is currently viewed by industry watchers as the fastest growing ERP supplier, with "best of breed" solutions for a marketplace with rapidly changing needs.

Baan's preparation for work as a visionary in the business software industry centres around a fascination with manufacturing combined with a demanding eye for detail. He began his working life as an administrative clerk at a Dutch meat packer, where he delved into inventory control after hours to understand the flow of goods in and out of the company. After holding a succession of positions as an assistant accountant and then controller of wholesale and food manufacturing companies, Baan attended business college. He started his own business as an accountancy consultant in 1978, specializing in financial engineering. With the development of his first software package, he entered what was to become the ERP industry. Baan's personal philosophy of innovation, integrity and initiative has guided The Baan Company's growth and success, where the focus is on teamwork and a healthy balance of work and personal life for employees.

DOUGLAS M. SWEENEY

Vice-President, Strategic Development, IBM Corporation

Douglas Sweeney assists the Chairman and Corporate Executive Committee in formulating IBM's worldwide business strategy. Prior to this, he served as Vice-President of Operations and Business Development for IBM Network Application Services. He also held the position of Vice-President, Market Development for Personal Systems Line of Business and was General Manager of the Intelligent Communications Services and Speech Recognition Business Units.

Prior to that, Sweeney was IBM Director of Business Strategy at Corporate Headquarters where he conducted the strategic planning conferences and helped architect IBM's market-driven quality and global services strategies.

He also held executive positions in storage systems and large systems product planning, U.S. marketing strategy and was Executive Assistant to the President of U.S. Marketing.

Sweeney is a graduate of Brown University and attended Harvard, the University of Michigan, and the University of Connecticut graduate schools.

He is a Trustee of the Marketing Science Institute, a member of the Conference Board and the Strategic Leadership Forum.

PERRY D. ODAK

Chairman Ben & Jerry's

Perry D. Odak is the CEO of Ben & Jerry's Homemade, Inc., the Vermont-based manufacturer of ice cream, frozen yogurt and sorbet. The company currently distributes ice cream, low-fat ice cream, frozen yogurt and sorbet products in all 50 states and has over 160 franchised shops in 20 states.

Ben & Jerry's international operations include licences in Israel and Canada, and distribution in the United Kingdom, France, Belgium, the Netherlands and Luxembourg. The company just announced plans to enter Japan, Singapore, Malaysia, and the United Arab Emirates.

Prior to joining Ben & Jerry's on January 2, 1997, Odak held senior leadership in a wide variety of consumer product and retailing companies, both publicly traded and privately held. He started his career in 1969 on the food side of Armour-Dial, Inc., a Fortune 500 consumer product business but has also worked for Jovan, Inc. and Atari. He became a partner in Catalyst Technologies, a principal in a private consulting business and he has also worked with Investcorp International, the highly successful merchant bank. While at Investcorp he developed and executed a successful strategy for Dellwood Foods, a large dairy that included a buy out and merger with Tuscan, the largest dairy in metropolitan New York. Immediately before joining Ben & Jerry's, he had been part of the senior management team working with U.S. Repeating Arms Co. (Winchester) and Browning, manufacturer of outdoor and recreation sporting goods.

Perry Odak earned a B.S. and M.S. degree in Applied Economics from Cornell University.

Global Panel parallel & special sessions

NIPO Survey 'Daily Business in China'

In the opinion of Chinese managers, Western European companies offer insufficient price-value for money

The Global Panel Meeting 1997, which focused partly on trade with the Far East, provided an excellent occasion for NIPO, the market research institute, to carry out research among both Chinese and European companies. For this survey, 200 Chinese, and 200 European business executives were interviewed. The fieldwork in China was conducted by ACR, the research agency of NIPO in Hong Kong, while NIPO conducted a similar survey in Western Europe.

For Chinese companies, a good price-quality ratio is the most important requirement for foreign business partners. It would seem that China places far more emphasis on a favourable price-quality ratio than Western Europe; Western European businesses, in contrast, emphasise such things as the reliability of the business partner, keeping agreements and the delivery of goods and services on time.

1 | Most important criteria a foreign business partner should meet

	according to Chinese companies	according to Western European companies
	%	%
favourable price-quality ratio	57	28
solid financial basis	10	11
reliability	16	22
keeping agreements	5	19
deliveries on time	0	5

In connection with this, it is very important to note that Chinese managers expect a favourable price-quality ratio from Japan and the United States in particular, and to a much lesser extent from Western Europe. Western European companies on the other hand do believe that there is much to be had for the money in the countries in and around Europe.

2 | Countries where people expect the highest price-quality ratio

	according to Chinese companies	according to Western European companies
	%	%
Japan	33	5
United States	30	11
(other) European countries	19	43
other Far Eastern countries	5	6

Chinese companies in favour of liberalisation of trade

Although the Chinese economy has seen far-reaching liberalisation in the past years, the Chinese government still exerts a great deal of influence on the international trade of Chinese businesses. This influence extends to such things as the choice of a Western (partner) company for joint ventures.

Chinese businesses are clearly for greater liberalisation in the choice of trade partners. Three quarters of businessmen (76%) are of the opinion that the Chinese government should interfere less with the choice of a partner, and only 17% is against greater liberalisation; 7% has no opinion.

3 | The Chinese government should interfere less with a Chinese company's choice of an international business partner

	%
agree	76
disagree	17
no opinion	7

It should also be noted here that many Chinese companies consider it important that Western companies support the foreign policy of the Chinese government.

4 | How important do you find support of Western companies for Chinese foreign policy?

	%
important	47
neither important nor unimportant	29
unimportant	19
no opinion	

5



The NIPO survey on 'Daily Business in China' at China lunch session (hosted by LGT Asset Management)

The Netherlands is reasonably well known among Chinese businessmen: more than half of those interviewed say they know something (52%) or a great deal (39%) about the Netherlands. Respondents who said that they knew (a bit) about The Netherlands were asked to tell which Dutch firms they were acquainted with. Philips is the most well-known company (73%), followed by Shell (14%), Heineken (12%), and Unilever (11%). Only one out of ten (9%) respondents was unable to name any Dutch company.

About NIPO

The market research institute, NIPO, is the largest market research company in the Netherlands. NIPO is a full service market research agency: quantitative research, focus group discussions, marketing consultancy, are only a few parts of the research services NIPO can offer. NIPO is one of the largest Business-to-Business research agencies in Europe. The NIPO Business Monitor, a continuous B-to-B survey, covers 20.000 interviews each year. For pan-European research, NIPO has its own fieldwork agency in Luxembourg. Chinese and Southeast Asian research is co-ordinated by NIPO's bureau in Hong Kong, Asian Commercial Research (ACR).

A-2774 fieldwork: 17-26 November 1997 Opportunities for Chinese-European Business Relations NIPO-ACR-Global Panel. 400 interviews, 200 with Chinese businessmen and 200 with Dutch businessmen. Random survey margins apply to the results of this survey. For 200 responses, the random survey margins are plus/minus 5.6 for results of about 20% and plus/minus 7.1 for results of about 50%.

The Renault Master

While in 1995 and 1996, Renault welcomed its guests in a top-of-the-line static car show, the 1997 participation of the French number 1 car maker included the V.I.P. intro of their 1998 International Van of the year; the Renault Master. With this introduction of a complete range of Light Commercial Vehicles during the 1997 Global Panel, Renault achieved two specific goals:

- offering the complete ambiance for its guests
- overall exposure during the two-days program

The Renault program included a special presentation in the P.W.A. hall for 90 special invitees including a live product reveal on stage.

During the 45-minutes program, Renault Director Henry Buis also presented the fast Global Growth of Renault focussing on South America, the Far East and Russia.

Needless to say that during the two days, Renault with its monospace vehicles like Scenic and Espace, served as official carrier.



Henry Buis, Director Fleet Sales Renault Nederland

GLOBAL PANEL Aachen

Message of Greeting

On 4 December 1997 the City of Aachen hosted the closing event of the conference GLOBAL PANEL for the third time. Aachen's involvement and the great personal commitment of the Mayor, Ulrich Daldrup, permitted entrepreneurs from Germany and the initiators of the conference from the Netherlands to make important contacts, especially with business representatives from Russia and China, the countries on which the Panel's attention was focused.

One of the most important tasks of German foreign policy today is bridging national borders within Europe economically



Chen Jinhua



Peter Hartmann



Atef Ebeid

and supporting the interests of our companies. It is also very much to be welcomed that, in keeping with the principle of subsidiarity, the 'Länder' and municipalities are also playing their part.

All of us are facing the new challenges of globalisation. Globalisation means that the new world order is basically a world economic order. Indeed, forward-looking foreign policy around the world is founded on the principle of cooperation based on free competition. The global economy is continuing its rapid development. World trade is booming and transport costs are shrinking. Air travel and electronic data transmission make distance, no object. Investment capital flows in seconds to where it will bring the best return. In the global village, we are not only all neighbours, but also competitors.

The subject of the Aachen conference, 'The Role of Leadership in Global Transformation', has reviewed problems concerning rules and regulations that come in the wake of globalisation. The intense debate showed how the high level of awareness of the need to progress along this road. I would like to thank the organisers for their part in this.

As a native of Aachen, it was a special honour to have been able to represent the Federal Foreign Office at this event and I would like to use this opportunity to tell you how pleased Dr. Klaus Kinkel, the Federal Foreign Minister and patron of this event, was to hear about its success.

Yours sincerely,

Dr Peter Hartmann,
Secretary of State at the Federal Foreign Office

Global Panel Aachen

On December 4, 1997 it was my pleasure for the third time to welcome the Global Panel to Aachen. For my home town it was an great honour to host four high-ranking delegations. As a town at the heart of Europe, Aachen has, for many years enjoyed a special position in the history of Europe. Under the reign of Charlemagne, Aachen was for a while something of a European capital. Today Aachen no longer plays the important Euro-political role that it did in the Middle Ages. However, Aachen has no need to hide its light under a bushel - Aachen really does lie at the centre of Europe, we have a highly developed infrastructure and a technical university, which ranks among the Top 10 in the world. The Aachen area has everything it needs to become a first class partner in Europe and in the whole world. Thus it is one of the best places for a conference like the Global Panel to meet.

In Aachen, and even in Germany, the Global Panel is going to play an important role. Last year's Aachen Panel was held for the first time under the patronage of the German Minister of Foreign Affairs, Dr. Klaus Kinkel. Leading representatives of the national government and the state ministry of North-Rhine-Westfalia joined the dinner. The Chinese delegation and the Minister of State Planning drew much interest. Leading enterprises as BASF AG Leverkusen, Deminex GmbH Essen or the Düsseldorf Airport sent their managing directors to Aachen. The delegation from Mozambique with the Prime Minister at its top, the delegations from Egypt and Cuba and the Russian representative also acquired a great deal of attention. Germany's most important newspaper, the Frankfurter Allgemeine Zeitung, showed itself deeply impressed by the Aachen session.

I wish to thank you all the guests from abroad and the organisation of the Global Panel. Aachen and all participants here



Pascoal Manuel Mocumbi

benefited from the truly international nature of the Global Panel. The chances to connect and communicate at two locations, The Hague and Aachen, open up a great field of opportunities to realise visions of a global community.

I'm looking forward to the Global Panel 1998 both in The Hague and Aachen.

Dr. Ulrich Daldrup
Mayor of Aachen



Ulrich Daldrup

GLOBAL PANEL Aachen was sponsored by:

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Tilke Ingenieure für Umwelttechnik, Aachen



Global Panel 10th Anniversary Dinner Hosted by the City of The Hague and IMPAC

Special meeting with President Kuchma



I. Kuchma



Atef Ebeid and Dutch Minister Annamaria Jorritsma at the 10th Anniversary Dinner



Joseph McClendon at the lunch co-hosted by NIVE and DOOR



Frits Bolkestein at the Oracle Executive lunch



The Russia Lunch

President Constantinescu (right) at the lunch session with ABN-AMRO



Monitoring Business: Results and Expectations



Dutch MP Hella Voûte in discussion with the panel at the special session 'Survival of the Smartest'

Walter Etty, Doug Sweeny, John Bateson and Berry Veldhoen at the special session 'Survival of the Smartest', hosted by Altuïtion and Tandem Computers

Global Panel Foundation

The aims of the Global Panel Foundation are to create, to maintain and to extend an international meeting place.

Therefore it organizes conferences and meetings in- and outside the Netherlands, at which prominent speakers discuss the latest developments with decision makers from (international and non-governmental) politics, business and science. The meetings are organized in cooperation with (international) sponsors and institutes.

The conferences and meetings are primarily focussed on strategic discussions and developments in the fields of politics, economics, finance, management, infrastructure and new media.

Global Panel Annual Meeting

The Global Panel Annual Meeting, which has been held for more than ten years, is a conference at which (international) political, economic and social developments are reviewed and discussed by people whose opinions and decisions make a difference. The Global Panel provides participants with a unique forum for analysis, information and comparison. For years the conference has brought together CEO's, politicians and other decision makers. Global Panel has therefore earned the reputation of being a world event where people meet, networks are integrated and business is done. Global Panel means meeting the world in person.

Meeting the world in person

Royalty, presidents, ministers, secretaries of state, prime ministers, CEO's, professors, philosophers and managers, have all been at Global Panel to share their visions with those present. They have also been coming to listen and coming to do business. The Global Panel is increasingly regarded as an appropriate channel for world leaders to communicate with the world of business directly. For all participants, whether they are senior politicians who come to speak or a visiting director of a

medium-sized company, Global Panel means meeting the world in person.

Global Panel, has in its ten years' existence, had the honor of hosting Yasser Arafat, George Bush, Philip Condit, Mikhail Gorbachev, Cor Herkströter, King Hussein, Mahathir bin Mohamad, Helmut Maucher, Carlos Menem, Benjamin Netanyahu, C.K. Prahalad, Helmut Schmidt, Zhu Rongyi, and many other keynote speakers.

Roadmapping the future

Globalization presents people, governments and business with difficult questions concerning the road ahead. How, where and when can business globalize? What implications does globalization have for management? How can the underdeveloped develop? How to handle conflicts in the world? What impact will information and communication technology have in the future? How can we benefit most from globalization? These challenges are addressed at the Global Panel and followed up upon yearly.

At the crossroads of the world, in the Low Lands

The principal location of the Global Panel is in the Netherlands. Being a key nation in Europe, the Netherlands is highly international in its overall attitude towards trade, treaties and international commitments. With its highly appreciated 'Schiphol' International Airport, efficient lines of transport and convenient hotel services, the Netherlands is a highly practical location for a conference of an international magnitude such as the Global Panel. However, the Global Panel is increasingly spreading its wings as it crosses borders in Europe. Take, for instance the warm welcome offered by the City of Aachen, Germany. In 1995, the Global Panel welcomed former president of the United States George Bush to this city. In 1997, the Global Panel organized a special meeting in Malaysia under the auspices of Prime Minister Mahathir.

Global Panel - an understatement

The people that the Global Panel brings together make the Global Panel truly international. However, the name of the conference is foremostly related to the main focus of the Global Panel: globalization. Ever since the fall of the Berlin Wall, the world has been undergoing processes of rapid transformation and, ultimately, globalization. Several forces have been accredited as being at the heart of these processes, such as world economy dynamics and information technology. Global Panel focuses on these processes of globalization and the forces behind them. Ultimately, Global Panel seeks to formulate strategies to match the challenges of the world tomorrow.

The world meeting your product

The Global Panel Annual Meeting is a place where business is done. The Global Panel platform increasingly serves as a place where cooperation, trade and investments commence. Special meetings are organized and private space is made available when desired. Thus the ideal climate for business, discussions and negotiations is created at Global Panel.

Apart from all sessions and meetings, Global Panel provides participants ample opportunity to meet during exclusive lunches and dinners.

Global Panel Television

In collaboration with Ivo Niehe Productions, the Global Panel produces a series of TV programmes called De Beslissers (The Decision Makers) on Dutch Public Television.

Global Panel 1998

Global Panel 1998 will be held in The Hague and Aachen on December 1, 2 and 3. Theme of this year's conference will be 'Doing Business in the Knowledge Based Economy: Strategic Challenges for Competition and Growth in the 21st Century.'

Global Panel Corporate Participants

Global Panel is supported by: ABN-AMRO Bank, Advanced Travel Partners, Amsterdam Airport Schiphol, Arcadis, de Baak Management Centrum VNO-NCW, Baan Company, Brunel International, DOOR International, Fondel Metal Participations, International Herald Tribune, Nederlandse Gasunie, Nederlandse Veiligheidsdienst, NIPO, NUON International, Oracle, Port of Amsterdam, RDM Technology, Renault Nederland

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HET FINANCIELE DAGBLAD

BUITENLAND

'Roemenië is niet meer tevreden met een klopje op de schouder'

Was zouden de grenzen voor Roemenië... Het is de vraag of de EU... De regering en de oppositie... President Iliescu heeft... De EU heeft deze zomer...

De regering en de oppositie... President Iliescu heeft... De EU heeft deze zomer... Het is de vraag of de EU...



Vliegtuig zal niet veel stiller worden

Van onze redactie economie



mess & management

Roemenië en Bulgarije doen klemmend beroep op EU

President Iliescu van Roemenië en vice-premier Alexander Buljov hebben dinsdag hun aarzigheid bij het Global Panel in Den Haag uitgesproken... Zij kregen daarbij krachtige steun van de Amerikaanse uitgever Jeffrey Sachs...

economische zaken, de KLM met de top van de Koninklijke Luchtmacht. Met de vervanging van de F-16 door de nog te bouwen Joint Strike Fighter (JSF). Dit toestel moet rond 2008 in dienst komen.

Positieve reacties Condit zegt positieve reacties van de Luchtmacht-top gekregen te hebben. In de VS wordt momenteel gestudeerd de versies van dit ultra-moderne gevechtsvliegtuig, één van Boeing en één van Lockheed-Martin. Aan de fusiegolf en luchtvaartindustrie zijn zij van belang. Verder heeft Condit gesprekken over de productie van vliegtuigonderdelen voor de JSF door Nederlandse bedrijven. Boeing zoekt een toenemend deel van de veranderingen...

De nieuwe helden komen niet uit Japan... 'Roemenië en Bulgarije'... Condit heeft... De nieuwe helden komen niet uit Japan...

'Yamaichi voorbode reeks bedrijfssluitingen'

Den Haag - De Japanse financiële wereld staat nog veel meer 'Yamaichi's' te wachten. De val van het oudste effectenhuis van het land is althans de halve een geïsoleerd geval. Zo'n vijftig tot honderd andere bedrijven zullen de komende tijd hun deuren moeten sluiten, zo voorspelt de Japanse 'managementsgoeroe' Kenichi Ohmae. Hij kent het bedrijfsleven in zijn eind door en door. Hij sprak gisteren op het Global Panel in Den Haag op de jaarlijkse conferentie voor zakenlui, politici en wetenschappers. Volgens Ohmae is de situatie niet wanhopig. Aan overheidsbezittingen is in de goeder voor vier biljoen dollar. „Het punt is alleen dat de regering nu het vertelt”. Dat maakt beleggers ongerust, zo stelde hij.



Reden voor John Wayne-nominatie

bevoordelen een bedrijf daarop. Daar... De sociale kant is de vraag die is niet... De sociale kant is de vraag die is niet...

allem nog een paar maanden de grond... Condit heeft... Condit heeft... Condit heeft...

Sjeik Yamani: Oorlog in Irak kan tot zeer hoge olieprijs leiden



Daar was hij opeens weer: sjeik Ahmed Zaki Yamani. Tussen 1962 en 1973 was hij minister van Saoedi-Arabië en voormalig leider van de Opec, de organisatie van de olieproducerende landen. Onder zijn leiding wist de Opec in 1973 vrij plotseling de olieprijs op te drijven, en stopten de Opec-olieleveranties aan Nederland wegens hun steun aan Israël. De man die door velen verantwoordelijk werd gehouden voor onze autoloze zondagen, sprak eind '97 in Groningen een selectie van Opec-landshoofden van het volgende te verwachten: "Neem je lot in eigen handen".

Van Opec-landshoofden van het volgende te verwachten is te zeggen in '97.

ten Yoram's v
sleuten, van 10

FAZ Frankfurter Allgemeine
6.12.1997, Seite 2

Ebeid rühmt Stabilität Ägyptens

P.S. AACHEN, 5. Dezember. Der ägyptische Minister für den staatlichen Wirtschaftssektor, Atef Ebeid, hat am Donnerstagabend in Aachen noch einmal bekräftigt, daß es sich bei den Attentätern von Luxor nach Ansicht der ägyptischen Regierung nicht um Terroristen, sondern um Kriminelle handle. Ähnliche Vorfälle könnten sich auch in europäischen Ländern ereignen. Wie auch Mitglieder seiner Delegation warnte er davor, falsche Schlüsse zu ziehen. Ebeid erinnerte an die vielfältigen und traditionell guten Beziehungen zwischen Deutschland und Ägypten und hob die Stabilität seines Landes hervor. Er verwies auf die gute wirtschaftliche Entwicklung und lud deutsche und europäische Unternehmen ein, sich in Ägypten zu engagieren, was für beide Seiten notwendig und erfolversprechend sei. Der Ägypter sprach beim Abschlußbankett des „Global panel“, wo auch der Ministerpräsident von Mozambique, Mocumbi, und der chinesische Planungsminister Jinhua das Wort ergriffen. „Global panel“ ist ein Diskussionsforum für Politiker und Wirtschaftsvertreter, das seit zehn Jahren von einem niederländischen Forschungszentrum organisiert wird und in Aachen seinen Abschluß findet. Es soll bei der Kontaktaufnahme helfen und den Austausch fördern. Bei den Reden und Gesprächsrunden in Den Haag und Aachen zeigte sich bald, daß die Globalisierung der Märkte und der technologischen Entwicklung von den Teilnehmern als Wirklichkeit akzeptiert wird. Von den Chancen war mehr die Rede als von den Schwierigkeiten. Die Länder bemühen sich, sich auf die neuen Gegebenheiten einzustellen, und suchen nach dem eigenen Platz in dem globalen Netz. Eigene Vorzüge werden herausgestellt und Partner für die Ausarbeitung von Konzepten und die Entwicklung gesucht. Viele Geschäftsinteressen und Hoffnungen richten sich dabei auf Europa und Deutschland.

C.K. Prahalad wil bedrijven klaarstomen voor de 'volgende ronde' "Neem je lot in eigen handen"



Topgoeroe C.K. Prahalad leert bedrijven hoe ze

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