

# DAVIDSON R E V I E W INSTITUTE

## Davidson Institute Convenes Capital Hill Conference on Economic Reconstruction of Iraq



On May 22, 2003 the William Davidson Institute convened a dynamic group of leaders, including key members of Congress, high-level Bush Administration officials, corporate executives, academics and specialists in post-crisis economic development and in Iraqi and Middle Eastern society and culture, to address the urgent need for a clear economic development strategy for Iraq. The discussion, chaired by Davidson Institute Distinguished Scholar Madeleine Albright, was co-hosted by U.S. Representatives Henry Hyde and Tom Lantos.

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*Above: Secretary Madeleine Albright, Jan Svejnar, and Hernando de Soto  
Below: Ken Lieberthal, Senator Joseph Biden*

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## Capital Hill Conference

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Jan Svejnar, Executive Director of the Davidson Institute, outlined the main steps that need to be taken in order to stabilize the Iraqi economy, create free markets and generate growth, summarized in “A Strategy for the Economic Reconstruction of Iraq,” which can be found at [www.wdi.bus.umich.edu/publications/policy\\_papers\\_briefs.htm](http://www.wdi.bus.umich.edu/publications/policy_papers_briefs.htm). The most urgent recommendations include:

- Taking rapid steps to prevent collapse of Iraq’s pre-existing industrial structure.
- Moving economic development beyond the oil sector, into small-scale production and agriculture.
- Emphasizing job-creating economic activity.
- Ensuring that property rights are well established and financing available early in the reconstruction process, so that small private

*Karim Kawar, Ambassador of Jordan*



business can expand on a local level.

- Designing a comprehensive long-term economic plan, in order to avoid the economic decline that usually results from incomplete strategies.

The recommendations are grounded in ten years of Davidson Institute activity in providing assistance to the former Soviet bloc countries. Iraq can avert economic collapse by learning from the successes and avoiding the failures of countries like Russia, the Balkans, Central Europe and China.

Hernando de Soto (President, Institute for Liberty and Democracy) followed with a presentation in which he stressed that a useful first step would be assessing how much private sector activity already exists (even outside the law). He further argued that the connection between property rights and the rule of law needs to be made clear, so that people will support and see the tangible benefits of legal institutions.

A discussion followed, with several key conclusions:



*Ken Pollack, Brookings Institution, and Andy Kohut, Pew Foundation*

**Oil** - *Iraqi economic development cannot depend on the oil industry alone.*

- Oil-dominated economies are characterized by stagnation in other sectors.
- Iraqi oil revenues will not provide immediate relief. It will take two to three years, and considerable investment, to get back to 1990 production levels. In addition, the oil industry doesn’t employ very many people and therefore can’t be counted on to put Iraqis back to work. (Daniel Yergin, President and CEO, Cambridge Energy Associates)
- Oil-dominated economies can easily become corrupt, contributing to economic decline. In addition, the technical challenges of Iraqi oil fields do not require significant foreign investment, and therefore value-added from foreign investments could be much greater in other sectors. (Andrew Mackenzie, Regional Vice President, British Petroleum)
- There is a high correlation between autocracy and oil-dominant economies. (Kenneth Pollock, Senior Fellow and Director of Research, Saban Center for Middle East Policy, Brookings Institution)

**Macroeconomic stabilization** - *Decades of experience indicate that economies cannot grow in an environment of hyperinflation, or when saddled with a large foreign debt. While Iraqi oil revenues will provide some assistance, economic growth requires a stable currency, and sensible trade and exchange regimes.*

- There are already several positive trends in the Iraqi macroeconomic situation, including the absence of hyperinflation, and progress on debt relief and currency replacement. (John Taylor, Under Secretary, International Affairs, U.S. Treasury Department)

**Small business development** - *Iraq's economic future lies in the growth of a vibrant small business sector, and the institutions (legal and financial) that support free markets must be put into place as quickly as possible. Local entrepreneurial activity already exists, although much of it is currently illegal or even related to looting. Economic policies that will turn this entrepreneurial activity into the basis for a market economy must be put into place.*

**Employment** - *Rapid creation of employment opportunities is the best way to stabilize the political situation and begin meeting Iraq's expectations of material improvement in their lives.*

- The statist "oil for food" program, with 60% of Iraqi people dependent on centralized food distribution, is one example of the result of 20 years of cumulative damage to the economy and society. (Al Larson, Under Secretary, Bureau of Economic and Agricultural Affairs, U.S. State Department)

**Security** - *Security issues are still para-*



*John Taylor, U.S. Department of Treasury, and Al Larson, U.S. Department of State*

*mount and must be settled in order to make progress in economic and political reform.*

- Afghanistan is an important illustration of the negative impact of rapid withdrawal of forces. (Senator Joseph Biden)

**Political economy issues** - *While a legitimate political authority must be es-*

*tablished in Iraq as soon as possible, economic reform should be coordinated with political reform rather than being delayed.*

For more information on this initiative, please contact Sharon Robinson, Director of the Washington, D.C. Office, William Davidson Institute at [sharrob@umich.edu](mailto:sharrob@umich.edu) or 202-354-3885. ■

## Davidson Institute Faculty Lead Policy Discussions in Washington, D.C.

WDI faculty took center stage at Washington, D.C. roundtables hosted by Distinguished Scholar Madeleine Albright over the past year. The roundtables provided an excellent forum to showcase WDI research and project-based initiatives to top government officials, business leaders, scholars and others. According to attendees, they also provided a rare opportunity for policy experts from various branches of the government and from the NGO community to discuss topics of common interest. (Summaries of several roundtables can be found on pages 4 & 5 of this publication.)

For more information on our roundtables, please contact Sharon Robinson, Director of the Washington, D.C. Office, William Davidson Institute at [sharrob@umich.edu](mailto:sharrob@umich.edu) or 202-354-3885.

## Policy Roundtables

### Corporate Governance and Sustainable Peace



Tim Fort, Madeleine Albright, and Cindy Schipani.

Our July roundtable featured Professors Timothy Fort and Cindy Schipani. Fort and Schipani co-authored *Corporate Governance and Sustainable Peace* published for the Institute by Vanderbilt Journal of Transitional Law. Their ongoing Corporate Governance and Sustainable Peace initiative continues to generate insights into the plausible link between business and peace. ■



Top: Madeleine Albright  
Bottom: Cindy Schipani



## Policy Roundtables

### Immigration Policy and the Welfare System

WDI Executive Director Jan Svejnar presented new data at a roundtable spotlighting the impact of immigration with a special focus on the U. S. and European Union expansion. These findings are highlighted in *Immigration Policy and the Welfare System* published for the William Davidson Institute and Rodolfo DeBenedetti Foundation by Oxford University Press. ■

Above left: Jan Svejnar

Bottom left: Tito Boeri, co-author of *Immigration Policy and the Welfare System*.



## Policy Roundtables

# Designing Financial Systems in Transition Economies

Professors Anna Meyendorff and Anjan Thakor led a timely discussion earlier in the year examining Central Europe's approaches to financial sector reform. Their research sheds light on Central Europe's experience and suggests appropriate models for other



emerging economies, such as China, seeking to create healthy financial sectors. Meyendorff and Thakor co-authored *Designing Financial Systems in Transition Economies: Strategies for Reform in Central and Eastern Europe* published for the WDI by MIT press. Both provide advisory services to governments on banking reform and financial sector development. ■

*Above right: Antonio Spilimbergo (IMF), Madeleine Albright, and Anjan Thakor. Left: Jim Fall, Treasury Department, shares his views.*

## Davidson Institute Emerging Market Forecasts: Providing Insight on the Impact of Changing Conditions

The Davidson Institute Emerging Market Forecasts (DIEMF) initiative, led by University of Michigan Economics Professor Jan Kmenta and Davidson Institute Executive Director Jan Svejnar, brings together the know-how of the Institute to generate superior forecasts of economic performance. The distinguishing feature of the forecasts is that they are based on quarterly data and generated quarterly, in addition to the usual annual, forecasts. As such, DIEMF provides more timely signals

of changes in economic performance. In the global world characterized by relatively rapid shifts in performance, the quarterly forecasts provide a valuable tool for business and policy leaders. In addition, each of our forecasting models is tailored to the particular country to predict accurate economic indicators. The most recent DIEMF forecast was issued on October 15, 2003, and was featured in the Dow Jones newswire service.

### What do the Numbers Show?

The latest data provide fresh and growing evidence of some troubling trends. No relief is in sight for unemployment, budget deficits are running high, Russian growth is tenuous—linked to oil prices and vestiges of the command economy, and at least one Baltic state is having its progress impeded by the remnants of the old political map. The employment situation offers opportunities for foreign investors, who can find a ready and able work force. Ukraine is achieving better-than-expected growth, fueled by industrial production, and DIEMF projects sustainable growth.

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## Korea: Issues and Prospects

A forum discussion featuring Davidson Institute Distinguished Scholar and Former Secretary of State Madeleine Albright, Korean Ambassador to the U.S. Yang Sung Chul, Former U.S. Ambassador to Korea Donald Gregg, and hosted by Davidson Institute Distinguished Fellow and UM Professor Kenneth Lieberthal, took place in Ann Arbor, Michigan, on March 18, 2003. The following article, which appeared in the *Michigan Daily*, described the event.

### Diplomats urge renewed focus on Korea

By Lydia K. Leung, Daily Staff Reporter  
March 19, 2003

A day after President Bush delivered an ultimatum to Iraq, three veteran diplomats addressed the situation in North Korea - another member of the "axis of evil" - in a forum discussion at the Business School yesterday.



*Han Kim, University of Michigan Business School professor*



*Panel speakers (left to right) Donald Gregg, Yang Sung Chul, and Madeleine Albright*

Former Secretary of State Madeleine Albright, Korean Ambassador to the United States Yang Sung Chul and former U.S. Ambassador to Korea Donald Gregg spoke at the forum, titled "Korea: Issues and Prospects." The event filled Hale Auditorium with hundreds of students, professors and others concerned with the diplomatic conflict.

"We have the Iraq crisis going on now, and we may go into war by the end of the week," said Albright, a distinguished scholar at the William Davidson Institute of the Business School. "But I think there is an even greater crisis, and that is the relationship that we have with North Korea."

Albright said she believes the incredibly strong U.S. military will have no problems in delivering a victory over Iraq. Concerns should focus on the problems that will lie ahead in the war's aftermath, she said. Although there are many differences between Iraq and North Korea, Albright said "these two crises unfortunately have become linked and I think they need to be looked at, to some extent, together."

President Bush linked Iraq and North Korea in last January's State of the Union address. But Gregg said labeling Iraq, Iran and North Korea "the axis of evil" was a "terrible mistake" that put three heterogeneous countries together in the same category. In October, North Korea's potential for threatening the world's safety became apparent when it resumed the nuclear weapon program that it agreed to stop in 1994. The crisis intensified in January when the country announced its immediate withdrawal from the Nuclear Non-Proliferation Treaty.

Apart from being the highest-ranking woman in the history of the U.S. government, Albright is also the highest level American official who has ever met with Kim Jong Il, leader of North Korea.

Albright said her visit to North Korea in October 2000 was productive and that direct dialogues should be held with North Korea for the U.S. to make clear that its weapon development is unacceptable. "I have

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## DIEMF Forecasts

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### GDP

Latvia, Lithuania and Russia are still the high performers, with Ukraine not far behind. Russia's GDP growth for 2003 looks to be even stronger than last predicted, a fact we attribute to the continuing strength of oil prices. Anticipated decreases in oil prices lead to a lower growth rate predicted for 2004. Our prediction of Estonia's GDP growth in 2003 has been revised downward, incorporating news of Russian threats to stop delivery of oil due to a dispute over ownership of an Estonian oil refinery.

### Inflation

The DIEMF indicates a continuing let up of inflationary pressures in most countries, and our updated predictions adjust inflation figures down even more. Our July forecast of deflation in Lithuania has been the second and third borne quarters, and Lithuania should continue to experience deflation through 2003. We expect an increase in inflation in Croatia in 2004 due to pending price deregulation for utilities early in the year.

### Unemployment

A slightly positive trend in unemployment figures continues across the region, although levels of unemployment remain high. Only the Czech Republic, Hungary and Romania are consistently below the 10% range. Accuracy in countries for which there is data only on registered unemployment will vary depending on the benefits of registering as unemployed.

The apparent drop in unemployment in Slovakia, for example, can be attributed to a decrease in unemployment benefits leading to less registration, rather than an increase in actual employment. Similarly in Ukraine,

the virtual absence of unemployment benefits leads to a low level of registered unemployed that does not reflect the actual unemployment rate.

### DIEMF Projections

Country	GDP Growth		CPI Average		Unemployment	
	2003	2004	2003	2004	2003	2004
Bulgaria	4.4	4.9	2.3	3.1	15.0 (REG)	14.4 (REG)
Croatia	4.4	4.0	1.9	3.1	18.4 (REG)	17.8 (REG)
Czech Republic	2.5	3.0	0.3	1.6	7.5 (ILO)	7.5 (ILO)
Estonia	4.3	5.9	1.9	2.4	10.6 (ILO)	10.4 (ILO)
Hungary	2.6	2.9	4.2	5.9	6.1 (ILO)	6.1 (ILO)
Latvia	6.2	6.2	3.1	2.5	10.3 (ILO)	9.4 (ILO)
Lithuania	7.0	6.4	-0.5	0.8	10.4 (REG)	9.8 (REG)
Poland	3.6	4.1	0.5	1.5	18.1 (REG)	17.9 (REG)
Romania	4.5	5.1	15.2	11.4	7.7 (ILO)	7.7 (ILO)
Russia	6.1	4.2	13.8	11.8	8.5 (ILO)	7.9 (ILO)
Slovak Republic	4.0	4.5	8.3	5.1	16.9 (ILO)	15.8 (ILO)
Slovenia	2.5	3.8	5.8	4.9	11.1 (REG)	11.0 (REG)
Ukraine	5.4	5.5	6.3	7.3	3.8 (REG)	3.9 (REG)

ILO — International Labor Organization methodology (survey)

REG — registered unemployment

*For information about DIEMF data sources and methodology, please go to the Davidson Institute website at <http://www.wdi.bus.umich.edu/research/forecast/forecast.htm>. For supporting statistics on prediction accuracy, please contact Cristina Negrut at [cnegrut@umich.edu](mailto:cnegrut@umich.edu). For further elaboration of the forecast predictions, please contact Jan Svejnar, Executive Director of the Davidson Institute at [svejnar@umich.edu](mailto:svejnar@umich.edu).*

## WDI Participates in the Fifth Ministerial Meeting of the World Trade Organization



The William Davidson Institute sent three delegates, Professor Alan Deardorff, Professor Katherine Terrell and Barbara Peitsch, to take part in the 5<sup>th</sup> Ministerial Meeting of the World Trade Organization (WTO) in September. The WDI team drafted and widely circulated two position papers prior to the meeting, and actively participated in a large number of NGO and U.S. government sponsored events throughout the week. Many of the WDI views expressed in the two position papers and comments made during roundtable discussions were quoted in the international economic/financial press.

As NGO participants, the WDI team had to rely on USTR and EU briefings for information on the various negotiating sessions. The mood of the briefings was extremely optimistic prior to the opening of the formal negotiations, as the U.S. and EU both seemed to believe that their agreement on agriculture, mainly to reduce import tariffs and subsidies to domestic producers, would pave the way for broad negotiating frameworks to be established in Cancun. No one anticipated the emergence of a Brazil-led developing country negotiating bloc, known as the “G21.” Nor did anyone foresee the fact that the “Singapore Issues” would prove to be the major stumbling block. The Singapore Issues include multilateral agreements on investment, competi-

tion policy, transparency in government procurement, and trade facilitation. U.S. Trade Representative Robert Zoellick stated in his opening press briefing that the U.S. supported the inclusion of two of the Singapore Issues – transparency and trade facilitation – but that the U.S. did not want to negotiate multilateral agreements on investment and competition policy during the Cancun round. The Japanese government, on the other hand, stated officially before the negotiations began, that it strongly advocated a multilateral agreement on investment. Despite this difference in approach, no one expected negotiations to break down over the Singapore Issues.

The G21 is not a natural group of allies, and in fact, the number of countries participating in the group has changed a number of times since the meeting. It is a very diverse set of countries ranging from Brazil, Mexico and Chile to Nigeria, South Africa and India, with varied interests. Some countries are agricultural exporters, while others are agricultural importers. China and Brazil are large recipients of foreign direct investment, while Nigeria, Ecuador and even India have received relatively little to date. India is a large producer of generic drugs; South Africa and Nigeria are in desperate need of drugs to treat HIV/AIDS. Will the group be able to hold to-

gether over the longer term, and if so, who will participate and what will its objectives become?

Developing countries should not forget that the Cancun summit was all about market access. Gaining greater access to Western markets will certainly promote development, as will allowing access to their own markets for the forces of global competition. If developing countries can remain united, at least on some issues, the U.S., Europe and Japan will be forced to compromise more for the greater good of all concerned, and this will represent a great victory for the developing world. It is in no one’s interest to scuttle negotiations completely; these should now proceed, in Geneva, with developing countries playing a greater role. All members of the WTO must believe that increased trade flows will benefit everyone; otherwise, why join?

For more information about this article, please contact Barbara Peitsch, Director of Technical Assistance, at [bpeitsch@umich.edu](mailto:bpeitsch@umich.edu). ■

## Entrepreneurship: Lessons Learned from the Trenches

Small and medium-sized enterprises (SMEs) play a critical role in the economy by increasing the competitiveness of the economy, creating jobs, serving as a source of innovation, and in many cases acting as suppliers to larger firms. To better equip the leaders behind these organizations – the entrepreneurs – the William Davidson Institute created a new program this fall entitled the *Entrepreneurship Development Program*. The inaugural program was offered October 2–3, 2003, at the CMC Graduate School of Business in Celakovice, Czech Republic.

The program was created and taught by Andy Lawlor, professor of Entrepreneurship and Corporate Strategy at Michigan Business School and Global MBA Projects director at the Davidson Institute. Topics included: business planning success factors, creating a marketing plan, elements of a winning financial system, and strategic planning. On the second day of the program, two successful Czech entrepreneurs offered lessons learned from the trenches during a lively panel discussion.

Twenty five entrepreneurs from both the Czech Republic and Slovakia participated in the seminar. They represented a wide variety of industries, including high-tech, internet services, consumer packaged goods, pharmaceuticals, and language instruction services.

Among the participants was Martin Rebstock, founder and CEO of Bloxis, a company that has invented an automobile theft-detection system and is now seeking to partner with Western auto manufacturers and auto suppliers. Barbara Kuzelova, Director and founder of Alka Language Specialists, a Prague-based language school, also attended. She was looking for new strategies to grow her 12 year-old business and found Professor Lawlor's discussion of marketing and financial planning especially helpful.



Jan Svejnar

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Andy Lawlor

### Davidson Institute Executive Education Programs

The William Davidson Institute offers short-term executive education programs for managers in emerging economies. Davidson Institute open enrollment and custom enrollment topics include:

- Brand Equity
- Entrepreneurship
- Finance for the Non-Financial Manager
- General Management
- High Potential Leadership
- Mergers, Acquisitions and Strategic Alliances
- The Role of Leadership in the Strategic Development of a Company
- Strategic Sales Management

For more information on the Institute's executive education programs visit: [www.wdi.bus.umich.edu/ee](http://www.wdi.bus.umich.edu/ee) or contact Amy Gillett, Director of Executive Education at [gilletta@umich.edu](mailto:gilletta@umich.edu). ■

## Entrepreneurship Lessons

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Jan Svejnar, Executive Director of the William Davidson Institute, served as keynote speaker for the event, and offered an overview of the economic climate for SMEs in the country over the past decade and a prognosis for the future. According to Professor Svejnar, the political and economic stability of the country, combined with the Czech Republic's upcoming accession to the European Union, create a fertile environment for the SME today.

The program was co-organized by the CMC Graduate School of Business and sponsored by Ernst & Young and CSOB, one of the largest banks in the Czech Republic. ■

## Korea: Issues and Prospects

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always believed that you have to talk to the other side if you want to be able to deliver a tough message," she said.

Chul echoed Albright's view and said, "dialogue and diplomacy is the most practical and rational response to the North Korea situation."

He said the whole world should contribute to resolving the crisis.

"The United States together with China, Russia and the (European Union) must coordinate and cooperate with each other to achieve the end," Chul added.

For more information on this forum, please contact Kelly Janiga, Research Administrator at [janigak@umich.edu](mailto:janigak@umich.edu). ■

## Institute Builds Experience in Post-Secondary Business and Economics Educational Reform

WDI was awarded a contract by the International Finance Corporation (IFC) this past summer to assess the current state of post-secondary business education in seven African countries, including South Africa, Nigeria, Ghana, Senegal, Cameroon, Tanzania and Uganda. Faculty-led teams of MBA, graduate education and public policy students looked at both public and private institutions and surveyed not only students, faculty and administrators, but also local business to determine the strengths and weaknesses of the individual business schools, and of business education in the seven countries more broadly. The final reports should help African governments, donor governments, and multilateral agencies to better direct their assistance in the future.

WDI is currently executing three other technical assistance projects that focus on post-secondary business and economics educational reform. Our partners include:

- *International Business School - Kelajak Ilmi (IBS), Tashkent, Uzbekistan*
- *Ural State University, Yekaterinburg, Russia*
- *Lviv Institute of Management, the Kiev International Management Institute and Kharkiv Polytechnic, Kiev, Ukraine*

WDI believes that all of its projects are having a positive impact on their respective local business communities, not only because they are improving the quality of business education and business leaders, but also because these institutions are increasingly being viewed by local business as resources to provide consulting advice, to lobby government for more business-friendly policies and to conduct objective research on business related issues.

For more information, please contact Barbara Peitsch at [bpeitsch@umich.edu](mailto:bpeitsch@umich.edu). ■

## Robert Kennedy, Emerging Economies Expert, Joins William Davidson Institute and Michigan Business School



In September 2003, Robert E. Kennedy, an expert on business strategy and industrial dynamics in emerging economies, was appointed clinical professor of corporate strategy and international business and associate director of the William Davidson Institute.

At WDI, Kennedy will be working with the directors of WDI's practitioner-oriented initiatives, including executive education, international technical assistance and institution building, MBA consulting projects, and publications and external communications. Kennedy will work closely with WDI Executive Director Jan Svejnar, who will continue to take the lead on the institute's research activities.

Kennedy comes to Michigan from Harvard Business School (HBS), where he served as associate professor of business administration. Prior to joining the Harvard faculty in 1995, Kennedy worked in more than a dozen countries as a management consultant and a venture capitalist. "I learned that economic liberalization creates huge turmoil but also creates rich opportunities for sharp businesses," Kennedy says. This led to a series of articles and case studies on post-liberalization business opportunities and industrial dynamics, and to a highly successful elective course at HBS.

Kennedy's current research interests include globalization of service activities, such as software development and call centers that thrive regardless of location. "Globalization of services—from managing accounts payable to chip design and education—will create huge turmoil in the next decade," Kennedy predicts. "There will be tremendous opportunities for emerging firms, but also challenges for U.S. firms and policy-makers. About 70 percent of U.S. employment is in services, and these positions are being exposed to global competition for the first time." ■

## Visiting Scholars

Each year the Davidson Institute Visiting Scholar program invites top scholars in the field of transition economics to spend their sabbatical at the Institute. The visitors give seminars, meet with faculty and students and contribute to our various publications.

### 02-03

Arnoud Boot

University of Amsterdam

Masa Imai

Takasaki City University  
of Economics

John Sutton

London School of Economics

Silvano Bolcic

University of Belgrade

### 03-04

Janos Kollo

Hungarian Academy  
of Sciences

Mathilde Maurel

Research Center on  
Transition Economics

John Jackson

University of Michigan

Jan Hanousek

CERGE-EI

Petr Mateju

Charles University

Evzen Kocenda

CERGE-EI ■



*Professor John Sutton, London School of Economics, William Davidson Institute Visiting Scholar*



*2003 Global Projects team members with Aravind founder Dr. "V" (left to right): Sridhar Varadarajan, Karen Sharp, Dr. Venkataswamy, Juan Ballen, Ami Treves*

## Aravind Eye Hospital of India: Eradicating Needless Blindness

Under the leadership of Dr. G. Venkataswamy, Aravind Eye Hospital was founded in Madurai, India in 1978 with the mission to eradicate needless blindness in Tamilnadu.

Now in its 25th year, Aravind's innovative eye care delivery system is recognized as a model for other developing countries. Much importance is given to ensuring that all patients are accorded the same care and high quality service, regardless of their economic status. As a result of a unique fee system and effective management, Aravind is able to provide free eye care to two-thirds of its patients from the revenue generated from the other third of its paying patients.

Aravind follows the principle that large volume, high quality service results in low cost and self-sustainability. Aravind's network of hospitals has the distinction of being the most productive eye care organization in the world, in terms of surgical volume and the number of patients treated.

The Aravind system now encompasses patient care activities and training throughout its network. Along with an increasing volume of patients and an expansion of activities has come the growth of Aravind's facilities into a network of four hospitals in Madurai, Theni, Tirunelveli and Coimbatore. In April 2001, the foundation was laid for a fifth hospital in Pondicherry.

Since 1999, the Davidson Institute has partnered frequently with Aravind by sending teams of Michigan MBA students to provide business assistance on many levels including providing market entry, expansion and internet strategies, developing a management reporting and control framework, designing a model framework for replication in other countries and providing an organizational restructuring strategy. Most recently, a 2003 Davidson global projects team developed a long-term strategic plan for Aravind-Coimbatore.

For more information on the Global Projects initiative, contact Nancy Weatherford, Program Manager, at [weathern@umich.edu](mailto:weathern@umich.edu). ■

## Conferences

The Davidson Institute organizes numerous research and policy conferences each year.

### Upcoming:

***Business and Politics as Usual?***

***Europe and the U.S. After EU Enlargement***

March 24, 2004, Washington D.C.

***Globalization and Development***

April 16-17, 2004, Ann Arbor, MI

***Globalization of Services***

April 23, 2004, Washington, D.C.

***International Conference on Transition Economics***

May 27-31, 2004, Hanoi, Vietnam

### Recent:

***Financial Market Development in Emerging and Transition Economies***

December, 2003, Hyderabad, India

***Corporate Governance and Peace***

October, 2003, Ann Arbor, MI

***Microeconomic Analysis of Labor Reallocation***

August, 2003, Kalamazoo, MI

***Political Economy of Transition: Job Creation and Job Destruction***

August, 2003, Bonn, Germany

***Share Price Accuracy and Transition Economies***

May, 2003, Ann Arbor, MI

***Trust, Institutions and Globalization***

March, 2003, Aspen, CO

For more information on conferences, please contact Kelly Janiga at [janigak@umich.edu](mailto:janigak@umich.edu). ■



*Corporate Governance and Peace Conference, October 2003:*

*Above: C. K. Prahalad speaks to participants.*

*Below: Robert Dolan (Dean of Michigan Business School) converses with Mary Gentile, Aspen Institute.*



## Working Paper Series

The Davidson Institute Working Paper Series continues to grow and now includes over 600 working papers. (See [www.wdi.bus.umich.edu/research/working\\_papers.htm](http://www.wdi.bus.umich.edu/research/working_papers.htm).) The series is consistently ranked in the top 10 among providers of working papers and journals in Research Papers in Economics (RePEc). Most Davidson Institute working papers are published in top academic, business and policy journals or special volumes. For more information on the Institute's working papers, please contact Kelly Janiga at [janigak@umich.edu](mailto:janigak@umich.edu). ■

## Policy Paper Series

The Davidson Institute Policy Paper Series, initiated this year, brings the Institute's strong research resources to important policy questions. The briefs and papers provide policymakers and the general public with timely background information, informed analysis and well-grounded recommendations. The series will focus on the development of emerging market economies through: 1) financial sector reform, 2) SME development and entrepreneurship, 3) trade, and 4) education reform and development.

Last spring, Davidson Institute Executive Director Jan Svejnar authored a WDI policy paper prepared for the WDI Capitol Hill Roundtable, entitled *A Strategy for the Economic Reconstruction and Development of Iraq*. Two WDI policy briefs, *Enhancing the Benefits for Developing Countries in the Doha Development Agenda Negotiations* and *Labor Standards and the World Trade Organization* were presented at the WTO Ministerial in Cancun. For more information on the Institute's policy papers, please contact Kelly Janiga at [janigak@umich.edu](mailto:janigak@umich.edu). ■

## Davidson Data Center and Network (DDCN)

The Davidson Data Center and Network ([www.wdi.bus.umich.edu/research/data\\_center.htm](http://www.wdi.bus.umich.edu/research/data_center.htm)) is an integrated, fully searchable database on transition and emerging markets. The goal of the project is to preserve and make widely available micro data and macro statistics from these economies as well as to facilitate the uncovering of existing data sets. DDCN has three main components: a data locator, an archive and a clearinghouse.

DDCN facilitates data exchanges between researchers and between institutions. For data that cannot be made available in the public domain, DDCN assumes an active role in the brokering of access. Currently, the project's website receives an average of 2,000 visitors a month. In addition, the DDCN has 215 registered users from private and public institutions in the U.S. and 30 other countries in Europe, Asia and Africa.

For information about the DDCN, please visit the William Davidson Institute website at [www.wdi.bus.umich.edu/research/data\\_center.htm](http://www.wdi.bus.umich.edu/research/data_center.htm) or contact Cristina Negrut, Senior Research Associate, at [cnegrut@umich.edu](mailto:cnegrut@umich.edu). ■



left to right: Petros Sourmelis, Alejandro Jara, Alan Deardorff, and Katherine Terrell

## What Can The World Trade Organization Do For Poor Countries?

On Wednesday November 5, Hale Auditorium was nearly filled to capacity as approximately 400 members of University of Michigan community attended a discussion of what the World Trade Organization (WTO) can do to get the Doha Round of negotiations back on track. The event was organized by Professor Katherine Terrell at the William Davidson Institute with the collaboration of the Business School's Hispanic and Latin Business Students Association (HLBSA) and the Emerging Markets Clubs.

The panel was comprised of three renowned experts with different perspectives on the WTO: Petros Sourmelis, Counselor, Head of Trade Section at the European Commission to the United States; Alejandro Jara,

Chilean Ambassador to the WTO and Alan Deardorff, U-M professor of international economics and public policy. The panel discussed how best to carry out the principles of the Doha round, describing the developments that have taken place since the controversial Cancun negotiations over agricultural subsidies and investment rules.

Panelists agreed that although the WTO was not formed with the intention of helping developing countries, the decisions the organization has taken over time have had a powerful effect on their growth. There was also consensus that the Cancun negotiations failed miserably and that the biggest victims are perhaps the developing countries. ■

## Seminars

WDI hosts several seminars at the Michigan Business School throughout the academic year:

- 1) *Economic Development and Transition Series (EDTS)*, a weekly forum presenting problems and issues in transition economics
- 2) *Latin American Speaker Series*, brings business leaders from Latin America and experts in business in Latin America to speak on issues affecting companies, industries and the economy as a whole
- 3) *Asia Seminar Series*, a monthly seminar exploring the politics of reform in the transition economies of Asia
- 4) *International Colloquia*, explores current research in the field of international economics ■



## Wine and Cheese Receptions

One Friday each month the Davidson Institute hosts an informal gathering of students and faculty, featuring speakers specializing in various fields.

### Recent Wine and Cheese Speakers included:

Alan Deardorff: Professor of Economics and Public Policy at the University of Michigan

David Featherman: Director of the Institute for Social Research

Kenneth Fischer: President of the University of Michigan Musical Society

Robert Kennedy: Associate Director of the William Davidson Institute

Katherine Terrell: Professor of International Business at the University of Michigan and WDI Area Director

### About the William Davidson Institute

The William Davidson Institute is a non-profit, independent, research and educational institute established at the University of Michigan Business School in 1992. A primary objective of the Institute's educational, research and technical assistance programs is to develop the knowledge and insight necessary to improve the effectiveness of business activity in emerging markets. Managers, policy makers, students and faculty benefit from the many exchanges that promote a new understanding of the issues affecting successful business operations in previously planned and less-developed economies.

The *Davidson Institute Review* is published by the William Davidson Institute at The University of Michigan Business School, 724 E. University Ave., Ann Arbor, MI 48109-1234.

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Above: Alan Deardorff and Katherine Terrell address wine and cheese audience.



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