

IESE

Global Alumni

"GLOBALIZATION HAS TO BE ABOUT EVERYONE'S INTEREST... THE LEGITIMACY THAT THIS SYSTEM NEEDS FOR IT TO BE PRESERVED IS THAT IT SHOULD BENEFIT EVERYONE."

PROF. LAWRENCE H. SUMMERS OF HARVARD UNIVERSITY MADE THIS REMARK DURING THE OPENING SESSION OF THE ACADEMIC PROGRAM OF IESE'S GLOBAL ALUMNI REUNION HELD IN MADRID AT THE END OF OCTOBER. THE HARVARD PROFESSOR AND ECONOMIC ADVISOR TO PRESIDENT-ELECT BARACK OBAMA DISCUSSED HOW THE WORLD SHOULD RESPOND TO VOLATILITY IN GLOBAL FINANCIAL MARKETS.

IN HIS WELCOMING REMARKS, PROF. JUAN J. TORIBIO, SAID THAT HE AND HIS CO-ACADEMIC DIRECTOR OF THE EVENT, PROF. JOSÉ M. CAMPA, COULD NOT HAVE KNOWN HOW PRESCIENT THE REUNION'S THEME, "THE NEW DYNAMICS OF GLOBAL BUSINESS," WOULD BE WHEN IT WAS DECIDED MORE THAN A YEAR BEFORE THE EVENT.



The New Dynamics
of Global Business
IESE Global Alumni Reunion

Reunion 2008





Summers agreed with Prof. Toribio and highlighted the role of business schools such as IESE in society and its response to the crisis. "I believe that the work of business education is profoundly important for our society. The careers that you pursue and the companies you manage touch the lives of many and determine their opportunities," the former U.S. secretary of the treasury and former president of **Harvard University** said.

This role is more vital than ever as business and political leaders look to the lessons of history, finance and economics to "craft a response" to the uncertainty in the global economy. While praising political leaders' decision to recapitalize financial institutions, Summers said that public policy must be mobilized to contain the current crisis in the global economy.

Tough times ahead

In a session on the global macroeconomic outlook, Prof. Nouriel Roubini predicted that the financial crisis would balloon into a "deep and painful" global recession lasting two years. The comments of the professor of economics at the **University of New York's Stern School of Business** may appear alarmist, but the economist correctly predicted the current financial crisis two years ago.

Prof. Summers of **Harvard University** also highlighted the risks to the economy arising from the financial crisis. "We do not adequately appreciate the need to fortify the real economy," Summers said. "There is a need to do considerably more to contain a potentially dangerous situation," he stated.

He said it was not just more that needed to be done, but that legislators and regulatory bodies needed to do it together. "We cannot act in isolation or financial flows will just move to a more favorable environment," he said. And in acting together, leaders need to look long and hard at the current globalization model.

"Globalization has to be about everyone's interest... The legitimacy that this system needs for it to be preserved is that it should benefit everyone," he said.

Meanwhile, Prof. Roubini believes that the call for greater oversight of the banking industry following the crisis is long overdue. "Self regulation is no regulation," he said.

In a separate session on ethics, Michel Camdessus, the honorary governor of **Banque de France**, and Prof. Janne Haaland Matlary of the **University of Oslo** agreed that the crisis presents opportunities, as it creates a sense of urgency and forces us to scrutinize the status quo and make changes swiftly. "Now we can dream of a better world and now is the time to act," Camdessus said.

And as the crisis evolves and new models of globalization emerge, business leaders discussed how this would influence their firms in a session titled "Today's Global Economic Climate: The Multinational Experience." Rafael del Pino, the president of **Ferrovial** said, "We are optimistic but we need to be prepared for what lies ahead." Del Pino suggested reducing costs and re-educating the whole team, since some of the younger members have not yet lived through a recession.

One of those evolving models of globalizations is the network effect. Nick Earle, senior vice president, European markets, **Cisco Systems** and Steve McGowan, senior vice president of Nielsen Media Research discussed the topic in a session titled "Networking the World: Technologies for Integration."

Earle and McGowan focused on moving from traditional networks to online integration. The two speakers concurred that even now, amid a dire economic crisis, new technologies continue to present unprecedented business opportunities.

Symptoms and causes

When asked about how the economy ended up in the current situation and why no one called for a stop to specific financial practices, Prof. Roubini of **NYU Stern** said that sub-prime mortgages were just a symptom rather than a cause of the turmoil in financial markets. Roubini quoted the former CEO of **Citigroup**, Charles Prince, to explain the phenomena of "irrational exuberance" in financial markets: "When the music plays, you've got to dance."

Prof. Lawrence Summers of **Harvard** suggested that human nature played a big role. "Often we don't take the painful steps until it is necessary," he said, adding that "Alan Greenspan warned of irrational exuberance in 1996."



In 1961, a small group of IESE alumni traveled to Pamplona in northeastern Spain to celebrate the three year-old business school's first reunion or "assembly." Fifty years after IESE's foundation in 1958, more than 3,000 alumni gathered in Madrid on October 24-25 to discuss "The New Dynamics of Global Business" at the school's 47th Global Alumni Reunion. On top of that, over 1,000 alumni from some 30 countries connected to the event online.

Esperanza Aguirre, the president of the Autonomous Community of Madrid, hosted a reception inaugurating the reunion on Oct. 24 at the government body's headquarters in central Madrid. Dean Jordi Canals and Prof. Juan J. Toribio, co-director of the event, also provided welcoming remarks.

Alumni, faculty and experts then congregated at Madrid's Palacio Municipal de Congresos on Friday to discuss "The New Dynamics of Global Business." The speaker program included global thought-leaders and CEOs such as Prof. Lawrence Summers of Harvard University, José M. González-Páramo, an executive board member of the European Central Bank, and Rafael del Pino, the president of Ferrovial.

The Global Alumni Reunion 2008 aimed to deepen participants' understanding of the environment in which they do business and to improve their day-to-day work "as business leaders and people."

The academic sessions were clustered into four topics: the macroeconomic outlook; human rights and values; facing global challenges; and networking the world: technologies for integration.

Cristina Garmendia (EMBA '92), Spain's minister for science, innovation and technology, provided closing remarks.



...over 1,000 Alumni
from some 30 countries connected
to the event online

Clockwise from top left: Prof. Nouriel Roubini, Prof. Lawrence Summers, Esperanza Aguirre, Dean Jordi Canals and Antonio González-Adalid



1. Prof. Toribio
2. José I. Goirigolzarri, Javier Monzón, Prof. Nuevo and Rafael del Pino
3. Prof. Chinchilla, Prof. Matlary and Michel Camdessus



1. Mireia Rius
2. Prof. Roubini, José M. González Páramo and Prof. Campa
3. Nick Earle, Steve McGowan and Prof. Sieber

With Thanks

SPONSORS



indra



Deloitte.

IBERIA



MPG
Leading new thinking

RICOH

Supporting Companies



NESPRESSO
Ermenegildo Zegna

