Prosperity is a Nation's Choice: Seven Things the Government and Private Sector Can Do

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A nation's prosperity is based on its ability to allow companies to export complex, differentiated products that add unique value to increasingly demanding consumers. These consumers will reward a nation's companies by paying higher prices, which translates into higher income. Much of that income is distributed to employees and their families in the forms of increased compensation and training. The recipients of these benefits are likely to be well-motivated and highly trained people, and are the most important part of a competitive environment. They are an important basis for a strong society.

WHY IS PROSPERITY IMPORTANT FOR A NATION?

There is a long and rich literature on the correlation between income and beliefs, such as: productive attitudes toward authority, tolerance of diversity, support of civil liberties, openness toward foreigners, positive relationships with subordinates, self-esteem, sense of personal competence, satisfactions with one's own

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life, the disposition to participate in community and national affairs, and interpersonal trust. These correlations seem to hold not only across cultures, nationalities, and ideologies, but also across levels of education and occupation.

Ronald Inglehart demonstrated in the *World Values Survey* that far from being randomly related, cultural, economic, and political variables are closely intertwined. This survey provided a broader range of data than had ever been available before. It drew from over 56,000 respondents in 43 countries, representing 70 percent of the world's population. The per capita incomes of those countries ranged from $300 to $30,000. They also covered a broad spectrum of political systems, from long-established democracies with market economies to governments making the transition from socialism, to staunchly authoritarian regimes. Inglehart reported, "[T]he modernization phase (of a nation) involves the familiar syndrome of industrialization, occupational specialization, bureaucratization, centralization, rising educational levels, and *a configuration of beliefs and values closely linked with high rates of economic growth.*"[1] Inglehart showed that higher rates of self-reporting of both objective and subjective well-being are correlated with the levels of national prosperity. It is clear from the literature (and confirmed by my own observations when I was a grassroots development worker in Africa) that the level of national development as measured by the prosperity of the average citizen exerts a substantial influence on the values, attitudes, and happiness of this citizen.

Nations that export complex products and services to demanding consumers tend to create more wealth as measured by purchasing power for the average citizen.

THREE REASONS FOR INVESTORS TO COME TO A NATION TO HELP CREATE PROSPERITY

Due to the opening of international borders and the lowering of transportation and communications costs, developing nations have a more difficult time competing to attract foreign investors than ever before. These investors can help develop clusters of related and supporting businesses that are required to create an improved competitive business environment by developing infrastructure, human capital, and technology. This in turn improves the quality of exports and the overall prosperity for the average citizens of a nation.

Investors will invest in a nation for three basic reasons: first, to extract raw materials, which might broadly include cheap labor; second, to gain market access, a rationale that is declining due to the opening of borders and the decline of import substitution regimes; and finally, because the country's economic, political, and social platform provides advantages that are not easily imitated in other environments. These advantages could include very sophisticated demand for a product, specialized human resources, excellent suppliers, and industry structures that are both competitive and cooperative, therefore spurring innovation. These advantages help the foreign investor to develop complex products and services and export them to other parts of the world.

WHY ARE COMPLEX EXPORTS SO IMPORTANT TO CREATING PROSPERITY?

My research on the trade profiles of 27 developing countries around the world, and recent research by Jeff Sachs and Andrew Warner at Harvard's Institute of International Development, demonstrates that nations that export complex products and services to demanding consumers tend to create more wealth as measured by purchasing power for the average citizen.

Conversely, countries that compete on basic advantages are actually getting poorer. The nations of Latin America and Africa that possess some of the world's most abundant resources in hydroelectric potential, copper, emeralds, flowers, oil, unskilled human resources, and sunshine have gotten poorer on average, and have developed a persistent and widening gap between rich and poor.

Consider, for example, Japan and Korea. These two countries have no basic advantages: they have no raw materials, they are not located near any major channels of international commerce, and their language barriers make it difficult to communicate to the rest of the world. But over the last three decades they have consistently ranked among the world's highest in terms of rates of productivity improvement. Consider also the U.S. state of Massachusetts. It has a per capita income approaching $40,000 and a small market of only six million people. It bases its competitiveness and wealth creation completely on the advantages of higher education, exporting services in medicine, software, biotechnology, finance, and world-class schooling.

Developing countries are poor because they have not invested in strategies to develop differentiated exports.

I am not suggesting that Rwanda has to export biotechnology, or that Peru has to become a world financial capital, or that every developing nation has to build its own version of M.I.T. My point is a simple one: that developing countries are poor because they have not invested in strategies to develop differentiated exports. They must find ways to upgrade their current strategies by exporting products and services with more insight imbedded into them. Obviously, this is easier said than done, because it involves the upgrading of institutions, human capital, and knowledge. Moreover, it requires fundamental changes in attitudes towards competition, risk taking, building trust, and focusing on innovation.

The message to underscore here is that true competitive advantages are not easily imitated. They are knowledge based and reflect customer learning, inter-firm cooperation, an outward-looking orientation, and a non-defensive relationship between the government and the private sector that focuses on making timely and informed choices.

The responsibility to create complex advantages rather than just basic advantages and to attract more demanding and sophisticated investors from outside of the country is no longer the responsibility of a few government leaders and a few influential business people. It is the responsibility of many leaders with a vision and tightly coordinated set of objectives: leaders who view prosperity as a choice. Below are some suggestions, with some illustrations from other countries, on where to start.

SEVEN HIDDEN SOURCES OF COMPETITIVNESS AND WEALTH CREATION

Comparative advantage thinking whereby a nation exploits the advantages that is has in abundance (raw materials, cheap labor, location, and climate) does not create wealth for the average citizen. This is because nations that seek to export something that many other nations possess will tend to compete on price, thereby tending to keep wages low. This strategy is one I call poverty-based exporting.

Poverty-based exporting is an easy answer, but it creates rigid and easily obsolesced government regulations, a group of uncustomized macroeconomic solutions, and poor results when it comes to improving the prosperity of average citizens.

On the other hand, countries that engage in high-productivity thinking can unlock hidden sources of development. Leaders who understand productivity at the company and regional level will adapt different perspectives, organize their institutions so that they are nimble and learning oriented, and execute informed and focused strategies that provide more positive, sustainable results in wealth creation. Some imperatives for high-productivity thinking approach include the following:

- export differentiated products
- invest in knowledge of more demanding customers
- understand and improve relative competitive position
- study the opportunities for forward integration
- improve inter-firm cooperation
- engage in more productive discussions
- avoid paternalism

1. EXPORT COMPLEX PRODUCTS

A nation's international trading performance is a key indicator of its ability to compete. Trade provides a tremendous opportunity for improving wealth because it allows countries to focus on exporting goods and services they can produce more productively while importing goods where their advantage is weak.

World Bank research indicates that rapid growth in exports, together with improved human capital, are the main reasons that the East Asian countries have enjoyed so much economic success. The research suggests strongly that trade leads to new equipment acquisition, increased foreign direct investment (FDI), technology licensing, the transfer of non-proprietary technology, and customer learning. All of these, in turn, can improve productivity. My own research supports the notion that a country's ability to export complex products and services is correlated with its ability to create wealth for its average citizen. Overdependence on the export of natural capital limits the ability of natural resource-dependent nations to develop high, rising, and sustainable standards of living.

Countries that engage in high-productivity thinking can unlock hidden sources of development.

My studies of more than 25 oil exporting countries show that while the average citizen of the smaller nations enjoy increases in wealth, in the more populous nations like Mexico, Venezuela, and Indonesia, purchasing power per capita remains low. In fact, among all the oil exporters that we have studied, there is only a small positive correlation between rises in oil exports and rises in the standard of living.

On the other hand, there is an increase in wealth per capita when a nation is able to export successfully from the most productive areas of its economy. Clearly, looking for ways to compete by exporting complex products to sophisticated and demanding customers improves the wealth of nations.

This brings us to the second, related, hidden source of high productive growth.

2. INVEST IN KNOWLEDGE OF MORE DEMANDING AND SOPHISTICATED CONSUMERS

Knowledge of customer preferences is a key input into competitiveness. I found opportunities in the Colombian leather sector where we uncovered five segments of handbag purchasers in the United States, and one in which the Colombians had a chance of beating both the Chinese and the Italians. This was a segment of U.S. retailers that wanted to purchase in showrooms, not magazines where the Colombians were advertising. These consumers demanded a basic level of craftsmanship, but valued relationships with the producers and the ability to return products for refunds with little hassle. For producers that competed on price, which was supported by a devalued currency, these were things that the exporters have not understood until recently.

Another example is the Peruvian fishmeal producers. They have little or no understanding of the lucrative Japanese markets in edible fish, so they give way to the Korean and Japanese boats that pay the Peruvian government a fee to take the best quality fish out of the Humboldt current off the coast. Similarly, the Peruvian and Venezuelan tour operators resist changing their transportation schedules to meet the needs of the high-paying U.S. tourist seeking comfort.

Overdependence on the export of natural capital limits the ability of natural resource-dependent nations to develop high, rising, and sustainable standards of living.

Companies in any nation need to do two key things to uncover the source of hidden growth with customer learning. First, acknowledge that customers, both within the country and outside the country, have many different preferences, and that there are segments of customers that are attractive to serve, and segments that are unattractive to serve. Second, companies need to design industry-level and firm-level knowledge capture mechanisms, enabling them to make improved decisions about which segments to serve. Making sound choices, understanding how the customer defines value, and executing efficiently against that definition helps to improve productivity.

3. UNDERSTAND AND IMPROVE RELATIVE COMPETITIVE POSITION

Knowledge is also a key factor in improving relative position. A Colombian polypropylene producer needs to understand its competitive position relative to its rivals in Venezuela, Mexico, and the Gulf Coast in Texas and Louisiana. It also needs to understand its relative costs in electricity, transportation, and raw materials, in particular. It needs knowledge of its competitive position so it can have an informed discussion with the Colombian government and make sound strategy decisions at the firm level.

Textile producers in northern Peru needed to understand who in the world was making fabrics based on cottons that were substitutable with their high-quality Pima cotton. So they learned about cottons from Malta, Egypt, and the Philippines along such dimensions as the length of the cotton strand and its ability to absorb dyes.

They learned the fundamental distinction between uniqueness and substitutability. Even though Pima cotton is grown only in northern Peru and is therefore unique, it is highly substitutable by other high-quality cottons in the world along the dimensions for which customers are willing to pay. The Peruvians thought they were highly differentiated to the customers, but with profit margins declining, they had to recognize that their relative position was affected by the substitutes.

Similarly, the Bolivian flower sector tried to compete with the Colombians in the huge U.S. market by sending their flowers through brokers in Miami. They reckoned that if the Colombians could win there, then they could win there too, because they had sunshine, cheap fertile ground, and lower labor costs. But the Bolivians soon realized that their transportation costs were three times the costs of the Colombians. They simply could not compete in the United States except as a swing producer in times of huge demand, like Valentine's Day. Now, the Bolivians are looking at regional capitals like Santiago and Buenos Aires, where they have the transportation advantage over the Colombians.

In short, companies need to understand what their competitors are doing in other nations in order to attract customers for themselves.

4. STUDY THE OPPORTUNITIES FOR FORWARD INTEGRATION

Knowledge of when and how to forward integrate represents one of the most important hidden opportunities for competitiveness. These opportunities for forward integration are plentiful in developing countries and need to be studied carefully. In the case of the fruit juice cluster in one Caribbean nation, I learned that to move forward in the "production chain" would be costly in terms of buying space in the grocery markets and improving the quality and consistency standards to the necessary extent. I recommended against forward integration at the time.

In the case of agro-industry in Peru, however, I found that the opportunity to sell asparagus to the growing U.S. market could be leveraged much more effectively by moving closer to the U.S. consumer who was willing to pay higher prices for quality asparagus when it was domestically out of season. The middlemen in the United States stopped purchasing the asparagus on the belief that the consumers never bought them at those times of the year before. My research indicated that they would be enthusiastic purchasers year-round and were surprised to learn they might be able to obtain asparagus throughout the year.

The Colombian polypropylene producer was unaware that there were at least 40 customer segments in the United States for plastic made from its product and so it has yet to take advantage of those opportunities. For example, downstream from polypropylene there are many attractive opportunities to make plastic moldings for such things as car bumpers. Likewise, in the flower industry, especially in the market for simple flowers such as carnations and roses, much of the real value is captured by the Miami-based brokers, the truck delivery services, and the retailers, including both the traditional flower shops and the grocery markets where most of the impulse buying occurs.

Traditionally, economic forces and government polices have conspired to limit the imagination of exporters and restrict their access to end-users. But end-users can provide companies with invaluable knowledge of how and where to forward integrate their products, thereby increasing their efficiency. In short, understanding where most of the value in a production chain is created is critical to future growth in all nations.

5. IMPROVE INTER-FIRM COOPERATION

The fifth source of hidden competitiveness lies in improving the relationships between related and supporting industries. This enables firms to compete by either lowering their cost structure or improving their ability to add unique value to a product for customers who are willing to pay more money.

Tanneries in South America, Africa, and the Caribbean could provide higher quality and more consistent hides for the manufacturers. Slaughterhouses could take more care not to destroy the hides when they separate the meat. Ranchers could find better ways to secure their cows rather than over-branding them. (Cows contribute to the process as well, by learning to stay away from barbed wire fences.)

Flower producers in Kenya, the Palestinian territories, Morocco, Bolivia, Ecuador, and Colombia could benefit greatly from increased research and development within their cluster, especially in fighting plant diseases. The nineteen government organizations that make up the Peruvian tourism sector could be reduced in number. The Venezuelan oil sector could provide some of the advantages of their scale-efficiencies to petrochemical exporters. And the state-owned cotton producer in Bolivia could find ways of improving the consistency and pricing to the local textile exporters. Chambers of commerce and industry associations need to focus on training executives that gently inform and reorient governments instead of lobbying and influencing government officials. Moreover, it should be noted that the lesson of inter-firm cooperation, like most of the other lessons covered in this article, applies to more than just the developing world. Which brings us to the sixth source of advantage.

6. ENGAGE IN PRODUCTIVE REASONING

Few of the previous advantages can be developed without extremely productive reasoning and learning between and amongst owners, partners, strategic alliance members, suppliers, and employees. In the case of the Colombian flower sector, defensive reasoning between the government and the industry association over the devaluation of the peso has impeded the industry's progress. And in the case of Peruvian textiles, the Pima cotton producers at first blamed all of their problems on the government's opening of the economy to competition from imports. The Bolivian soybean producers in Santa Cruz believe the government in La Paz is corrupt and incompetent. Conversely, the government says that the soy producers are greedy. The largest purchaser of machinery goods in Colombia does not even have regular meetings with the members of the industry association that represents that sector. And in Ecuador, one leader told us that "the national sport of Ecuador is having the trade unions attempting to impeach cabinet members."

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In this stolid environment, obsolete paradigms of productivity and illogical inferences not grounded on data inevitably lead to defensive thinking, impeding useful discussion and learning. Governments and firms need to find ways to think productively, that is, non-defensively, in order to increase competitiveness.

7. AVOID PATERNALISM

Our surveys conducted in developing nations suggest that few people are able to trust their governments. In Venezuela, 76 percent believe that one cannot trust elected public officials, and 85 percent believe that government officials are incompetent. However, as we have demonstrated, many of the advantages that the business sector seeks in developing countries are based on things that the government can do: providing subsidies, protection, inside information, or devaluing the currency. The paradox of paternalism is that in most of the countries in which we have worked, the private sector is mistrustful and very critical of the government that is the very source of most of their perceived advantages.

That was the case in Bolivia. The soy producers who consistently criticized the government were shocked to learn that the main source of their advantage lay not in their fertile soil, sunshine, or farm productivity, but rather in the price protection that the government provided them in the form of the Andean pact trade agreements.

We have not measured in a scientific way how much time senior business people spend trying to influence government officials, but our informal polling strongly suggests that business people consider it their most time-consuming activity. As we have demonstrated, industry associations and chambers of commerce are better configured to lobby than to learn. By wasting their resources influencing government instead of learning about consumers, costs, and competitors, they take their eyes off of the real prize in the era of total competition.

How can the main players in a nation's economy implement these seven microeconomic lessons into their domestic business environment? Below are some specific suggestions.

THE GOVERNMENT OF A NATION

The critical objective for the government is to do everything for the private sector that it can possibly manage to do, except to impede competition. Thinking "micro," or firm-level, the government has to develop specialized infrastructure, provide world-class primary education, and create incentives for the private sector to invest in university-level and technical education.

Knowledge of when and how to forward integrate represents one of the most important hidden opportunities for competitiveness.

The government can help foster alliances for training both between the government and private sectors, and the private and academic sectors. The government can also create an environment where domestic and international alliances take place, again, as long as it does not impede competition. On the demand side, the government can stimulate market-learning opportunities and create antitrust legislation that encourages competition and attractive industry structures. At the end of the day, governments have to create an environment that is learning-based, that stimulates the formation of related and supporting industries and enables an outward orientation. Below I list the messages that specific leaders in government will need to consider:

Minister of Foreign Affairs

Sophisticated exports are a key to wealth creation and distribution. Unfortunately, too many ministries and their corresponding export promotion agencies are signing trade agreements with countries that either do not matter or are too similar in export and competitiveness profiles. When a country exports its relatively simple, or "dumb," products to sophisticated consumers and its relatively "smart" products to less sophisticated countries, there is little or no impetus for upgrading. The foreign ministry has to "go micro" to help exporters with higher quality market knowledge and strategies.

The foreign ministry will also play an important role with other government leaders in creating the proper environment for FDI. The ministry can determine the best complements for the existing exporter and serve to attract investment as a means to create a more robust cluster of supporting industries. The foreign minister should avoid relying on tools such as subsidies, grants, and tax advantages. Rather, he or she should work in concert with the other ministries, seek informed and productive input from the private sector, and make specific investments in human resources and specialized infrastructure so that investors might come to see the country as a good place to disseminate their core learning of operational processes and product development.

The minister of foreign affairs should also play a pivotal role in fostering an environment where the government and the private sector make explicitly share a common strategy towards complex exports and foreign investment. He or she should be more of a facilitator of the discussion and acquirer of knowledge, rather than someone who simply provides basic access and information between exporters and the international market, and between foreign investors and the local market.

Minister of Economy

This minister has three main concerns for creating and distributing wealth: first, creating an overall competitive environment, with special attention to infrastructure; second, initiating a productive dialogue with the private sector; and third, helping transform the economy into a productive home base for foreign investors.

Specifically, the minister should work to create advanced and specialized advantages for the private sector based on that sector's informed and explicit strategic vision. Those upgrades should include but not be limited to investments in roads, communications links, specialized human assets, lower capital costs, and institutions of technical and business learning.

By wasting their resources influencing government instead of learning about consumers, costs, and competitors, senior business people take their eyes off of the real prize in the era of total competition.

While the minister of trade is primarily concerned with improving the rate of complex exports for the country, and the minister of development with the internal competitive environment, it must be clear that in the new model trade, the competitive environment, and wealth creation and distribution are inexorably linked. Therefore, both ministers will have responsibility for helping to attract the "third" and most desirable kind of foreign direct investment: investment in sophisticated advantages that enable the export of complex products.

Minister of Finance

This minister also has three main concerns: first, a stable macroeconomic environment, with a particular emphasis on the creation of a predictable exchange rate; second, the administration of fiscal policies that not only achieve the first objective, but that also are in themselves a source of upgrading to the competitive environment; third, the improvement of the dilemma of hidden costs, which plagues developing countries and impedes the upgrading of the economy and attraction of foreign investors.

A stable macroeconomic environment is a necessary but not determinative condition for the development of an "innovation-based" environment. The most important aspect of this macro-environment is the exchange rate, which serves to properly cost out the productivity of the inputs for the local exporters and the foreign investors. When a currency is undervalued, two things happen. First, it makes exports artificially inexpensive, which inhibits the development of competitive pressures that exporters need to upgrade. Second, the country will export its wealth and sell it cheaply to foreign consumers. This will also have the impact of pricing some necessary sophisticated foreign inputs out of the reach of many exporters, thus impeding their ability to upgrade. We remember the admonition of the senior official who said, "A cheap currency is like smoking dope." It will be the responsibility of the finance minister to ignore the complaints of the private sector for industry protection and cheap currency.

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It is imperative that the leaders in government set a tone for improvement in such categories as taxation and government procurement. The minister of finance is an important figure here not just setting money supply and creating a low inflationary environment, but also working on the country's ability to create incentives for improved productivity through tax and spending. Examples of that might include providing tax advantages to firms that invest aggressively in human skills upgrading and developing government procurement mechanisms that force local suppliers to compete on quality rather than price. That latter objective might help upgrade the cluster of local firms and develop processes and products that would stand a better chance of competing outside the country.

Hidden costs come from a variety of sources, including the amount of trust inherent in the society, the system of justice, and the tradition of business practices in the country. Hidden costs are killing countries like Bolivia. There, exporters are threatening to move all of their production abroad. Foreign investors, even those accustomed to uncertainty, are declining to invest because of excessive hidden costs. But the minister of finance, together with his or her subordinates responsible for taxation and customs, can help alleviate these costs. He or she can work to attract better people who are paid more and who see their job as creating advantages for the private sector through the rapid turnaround of information, the quick movement of products through channels, and the rapid return of things like value added taxes to exporters.

The key is to make senior government officials aware of the integrated aspects of trade, investment, and wealth creation. They must see themselves as more than just watchdogs over a "corrupt and ambitious" private sector. Instead, they should take the responsibility for creating business advantages that are not easily imitated by other countries. Those government officials also should help businesses compete by doing everything in their power short of impeding domestic competition or sheltering businesses from external pressure.

THE PRIVATE SECTOR OF A NATION

The critical objective for business leaders is to improve their capacity to add unique value to sophisticated and demanding consumers, who are willing to reward them with higher profit margins. Below are some strategies that the key players in the private sector should consider.

Industry Associations and Chambers of Commerce

Industry associations and chambers of commerce need to create more executive education programs with an eye not just to improving the operational efficiencies of businesses, but also to teaching owners and public officials to occasionally recast their eyes over the horizon of possibilities. Programs in business strategy and organizational behavior may be more critical than seminars on core competency theory, reengineering, and total quality, although those would be of value also.

Academic Institutions

Academic institutions tend to be remote from the business community and often comment only in a reactive way. We believe that they are not as action-oriented and risk-taking as they need to be in order to play the historic role as initiators of meaningful change. They often view themselves as above the fray, unsoiled by the pedestrian realities of managing a process of chan7te sector they are sacrificing academic freedom or, as the Irish poet W. B. Yeats has described it, placing their hands in "the greasy till" of commerce.

Foreign Investors

Foreign investors see most poor countries as opportunities to extract basic materials, use cheap labor, or sell relatively unsophisticated products and services. Foreign investors rarely see any opportunity to grow with the country through the upgrading of that nation's competitive environment. In fact, foreign investors are the last people that we can expect to risk capital and time in improving the nation since they, presumably, have the luxury of going to more than just one nation. But there could be a way to provide a system of sustainable advantages to those foreign investors who do see the long-term advantages of increasing a country's competitiveness. Sometimes we see the investors working in concert with the associations and the chambers to lower the costs of inputs so that they might receive the somewhat temporary benefits of the low relative cost position.

Academics represent an unusually advanced, specialized, but underutilized source of advantage to their countries. Academics have to get dirty. They need to create value for the private sector now.

Both foreign and domestic investors need to resist the temptation to "sic their dogs" of the associations on the government. No good can come from repeatedly soliciting the help of the government to perpetually lower input costs so that they might compete on price in the world market. Investors should recognize this approach as an artificial advantage and a losing proposition.

Private Firms and Entrepreneurs

Private firms and entrepreneurs tend to think short term. They avoid risks and embarrassment, and they perpetually insist that all they are looking for is a "level playing field" with their competitors in other countries. Often, this group works in concert with associations and other groups to lobby for support that will provide cost structure advantages.

A tragedy with this group is the time and attention they waste pressuring the government for "advantages." They could instead use their resources to make informed choices in a timely manner through focusing on customer learning, alliance building, and explicit and shared agreements on complex strategies. We believe that the opportunity costs of advocacy—instead of inquiry and understanding of the market—are a hidden cost of doing business in developing countries and a force that runs counter to upgrading the competitive environment.

SUMMARY

How should leaders of a nation in both the government and the private sector view their objectives? Their goal has to be to upgrade the competitive environment and find ways to learn about sophisticated consumers so that they might provide unique value to them. At the same time, they need to help build trust inside the country both within the private sector and between the private sector and the government. They need to work with each other to build an efficient system of justice that protects investments in innovation and property, both tangible and intangible. Finally, and perhaps most importantly, they need to develop learning mechanisms that continually test and replenish perspectives, so that the country develops rules of behavior congruent with worldwide consumer and competitor trends.

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As I indicated above, there needs to be an overall shift in attitude, both in government and in the private sector. They need to work together to develop a competitive environment that builds trust, justice, and human capital. Only then will firms be able to implement improved and informed strategies capable of satisfying the world's most demanding consumers. Leaders all over the world will have to change, because from now on prosperity is a choice. ■

NOTES

1 Ronald Inglehart, *Modernization and Post-Modernization* (Princeton: Princeton University Press, 1997).