



One of the perks in working at the Milken Institute is the chance to read, listen to and put in my two cents' worth on the staff's great research. For those of you who don't have an office on the second

floor of 1250 Fourth Street, however, we try to make things as easy as possible for you to enjoy the same benefits.

This spring, for instance, we will hold our annual Global Conference – an event that puts you right in the middle of some of the most intriguing debates about where the world is headed. If you've never been to the Milken Global Conference, do yourself a favor. It's an experience like no other, with some 150 panelists and more than 1,500 attendees, making it the largest economic conference in North America. You will not only learn a remarkable amount in a few short days, you'll have a chance to meet people in the thick of the debates over issues that affect us all.

The 6th annual Global Conference is scheduled for March 31-April 2, 2003, in Los Angeles. Details about speakers, sessions and registration are available at www.milkeninstitute.org/gc2003.

To entice you further, I would like to extend a special offer to *Milken Institute Review* subscribers. As you may remember from my letter in the last issue, we are moving the *Review* from free to paid subscriptions. If you buy a two-year subscription for only \$58, we will give you a \$500 discount off the regular Global Conference registration fee of \$1,995.

All you have to do is register online by March 3 and fill in the code, MIR2003GC, to receive the \$1,495 fee and \$58 subscription (\$1,553 total).

Another way we share our research with you is through our Web site (www.milkeninstitute.org). We recently completed a major redesign of the site, which will make your visit there much more enjoyable. You can now review all of our research, events and projects more easily. Do take a few minutes and let your fingers do the walking.

Finally, of course, we have the *Review*, which consistently includes leading-edge thinking about economic policy – including some of our own. In this issue, you'll read about a key area for future economic growth – what we call Emerging Domestic Markets – by our own Glenn Yago and Betsy Zeidman (page 88). And this issue's book excerpt comes from *Clusters of Creativity*, by Rob Koepp, a research fellow at the Institute (page 65).

I hope you enjoy our latest offerings. It's all part of the Institute's effort to reach out and share our ideas with you. To help support our work, I urge you to become involved as a member of the newly formed Milken Institute Associates. For more information about the program, please see our Web site or contact us at 310-570-4600.

A handwritten signature in dark ink, appearing to read "Mike Klownden". The signature is fluid and cursive, with a long horizontal stroke at the end.

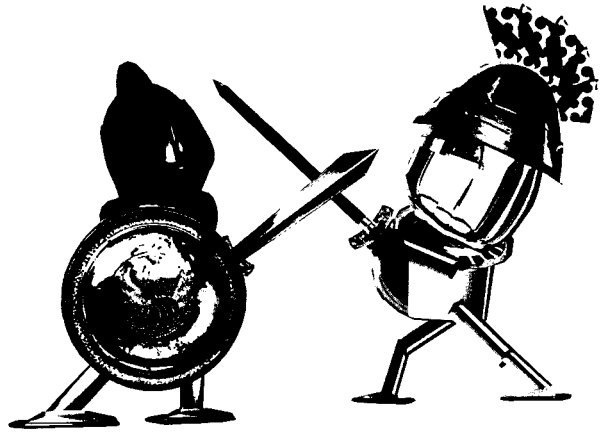
Michael Klownden
President and CEO

I know, I know. It's tough to wait three whole months between issues of the *Milken Institute Review*. There's always the option of rereading your favorite articles from previous issues, but it just isn't the same. In any event, your patience is about to be rewarded with some neat pieces.

Ricardo Bayon, a fellow at the New America Foundation, is back with the latest on shareholder activism – with a twist. “When most people think of campaigns for social causes, they think of organizations like Greenpeace and Amnesty International,” Bayon writes. “But in the post-Enron, post-Tyco world, the most effective campaigners may well prove to be big institutional investors – mutual funds and pension funds.”

Gary Hufbauer, a senior fellow at the Institute for International Economics in Washington, takes a hard look at the numbers behind the global polarization debate, and decides that the world's poor aren't about to go away. “Differences between haves and have-nots may not be widening,” he concedes. “But grievances certainly sharpen as the have-nots come to see the comparative wretchedness of their lives.”

If that is indeed the case, Hufbauer suggests, it makes a lot of sense to anticipate the consequences and contain the damage. “Living with polarization means intervening against the most dangerous and appalling manifestations, as seen from the rich-country side of the divide. It means Jacksonian intervention with a humanitarian edge. It does not portend a muscular Wilsonian foreign policy



– a Marshall Plan and nation building for the numerous strugglers and losers in the world community.”

Jim DeLong, director of the Center for the Study of Digital Property at the Progress & Freedom Foundation in Washington, takes aim at the conventional wisdom on the need to reform the way public companies account for employee stock options in financial reports. “The options issue actually ties into profound questions about the nature of capital and the structure of business enterprises in the 21st century,” he argues. “It embodies serious conflicts between the generators of intellectual capital allied with their gunslinging venture finance allies on the one hand and the