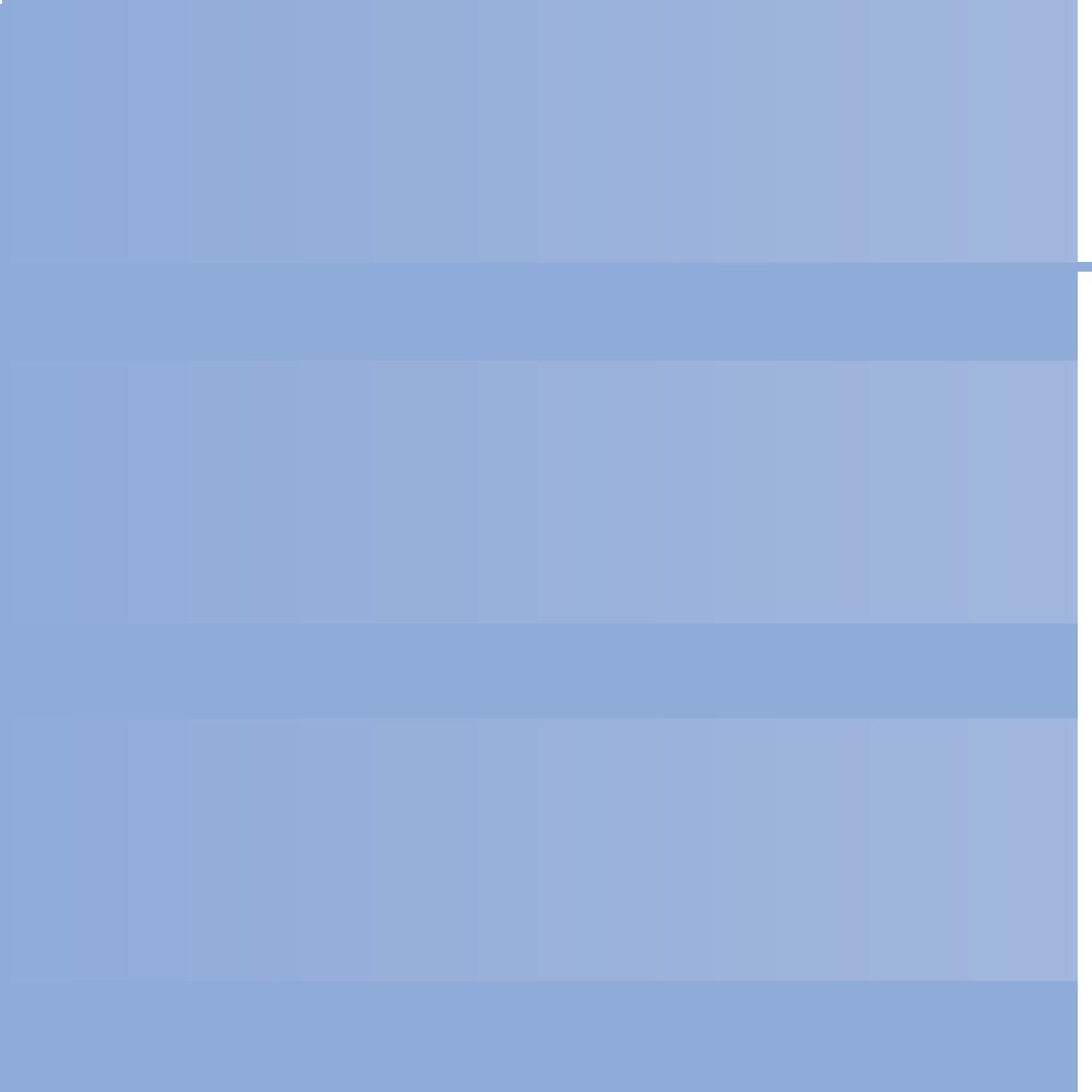




CNE UNA GRAN CAUSA
LEADERSHIP SUMMIT

FAREED ZAKARIA | April 2011



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The Leadership Summit

As the region's most innovative forum, the CNE *Una Gran Causa* Leadership Summit aims to energize and inform participants on global trends while simultaneously strengthening a core group of prominent non-governmental organizations.

2011 Keynote

Speaker

Host of *Fareed Zakaria GPS* on CNN, Editor-at-Large at *TIME*, and a regular columnist for *The Washington Post*, Fareed Zakaria is widely respected for his ability to spot economic and political trends around the world.

His columns and cover stories — on subjects ranging from globalization and emerging markets to the Middle East and America’s role in the world — reach millions of readers weekly. Before joining *TIME*, Dr. Zakaria was editor of *Newsweek International*, overseeing all of the magazine’s editions abroad from 2000 - 2010. His weekly international news program, *Fareed Zakaria GPS*, airs worldwide and has become a destination for viewers seeking smart analysis and civil conversation about the big ideas and global challenges of our time.

His national bestseller, *The Post-American World*, is about the “rise of the rest” — the growth of China, India, Brazil and many other countries — and what it means for the future. “Zakaria... may have more intellectual range and insights than any other public thinker in the West,” said the *Boston Sunday Globe*. His previous bestseller, *The Future of Freedom*, has been translated into 20 languages and was called “a work of tremendous originality and insight” by *The Washington Post*.

Born in India and educated at Yale and Harvard, he has served as an analyst for *ABC News*, a roundtable member on *This Week with George Stephanopoulos*, and host of *Foreign Exchange* on *PBS*. He has been hailed by *Foreign Policy* and *Prospect* magazines as one of the 100 leading intellectuals of the world. At age 28, he became the youngest managing editor in the history of *Foreign Affairs*.



CNE UNA GRAN CAUSA LEADERSHIP SUMMIT | FAREED ZAKARIA

Dr. Fareed Zakaria's Visit to Puerto Rico



On April 19th Dr. Fareed Zakaria, host of the Global Public Square (“GPS”) program on CNN and editor-at-large at Time magazine, shared with a diverse group of Puerto Ricans his views on various issues affecting the global economy and the larger geopolitical landscape.

For Dr. Zakaria the year 1979 was the critical inflection point in recent history. That year, Paul Volcker was appointed to be the chair of the U.S. Federal Reserve System and his mission was to “break the back of inflation.” It is perhaps difficult to remember today those days of double digit inflation, but Volcker, at the cost of inducing a very sharp recession, succeeded in taming inflation in the United States. The central bankers of the West soon followed suit. According to Dr. Zakaria, in 1979 there were 34 countries suffering from hyperinflation, in 2011 there are none.

The economic benefits of price stability are obvious, as it facilitates long-term investment and planning. The political benefits are also significant but perhaps not quite so obvious. Out of control price inflation is one of the great drivers of political instability as it destroys the value of what we already have, what has been saved and invested, perhaps for a generation or more. This sense of imminent loss generates significant uncertainty among middle class people all around the world. That uncertainty, in turn, quite frequently translates into open political conflict.

The deflationary bias of monetary policy between 1980 and 2000 was reinforced by the opening of China and India to world trade. According to

Professor Richard Freeman, the opening of China, India, and the former Soviet bloc during the 1990s effectively doubled the global labor pool, from 1.46 billion workers to 2.93 billion. This “great doubling”, as Professor Freeman calls it, produced generous benefits for business enterprises, which benefited from lower labor costs, and for the people of China and India, where roughly 400 million have escaped from dire poverty over the past fifteen years.

The story for many American workers, however, is not as good. As Dr. Zakaria noted in his presentation, the U.S. economy is currently producing goods and services at pre-Great Recession levels, the only advanced economy to have recuperated so quickly, but with an additional 7 million people unemployed. Lowering unemployment in the U.S., without recurring to populist or isolationist policies, is one of the great challenges for U.S. policymakers.

These two trends have also converged with and reinforced the process of globalization, which had been independently gaining strength due to rapid technological change and the offshoring of jobs. According to Dr. Zakaria, advances in communications, falling transportation costs, the development of new information technologies, and the mechanization of many labor-intensive jobs, have altered the global division of labor by making some jobs obsolete, such as assembly line jobs now done by robots, or by allowing foreign workers to perform certain services electronically over long distances, such as the computer programming currently being done by young Indian computer scientists for U.S. companies.

Some prominent economists, among them Alan Blinder, former Vice Chairman of the Federal Reserve, believe offshoring will herald a new industrial revolution by radically altering the terms of comparative advantage among countries. Traditionally, economists used to classify goods and services as either tradable or non-tradable. Anything that could be put in a box and shipped (mostly manufactured goods) was considered tradable, while anything that could not be put in box (such as services or houses) was thought of as non-tradable.

However, recent changes in technology and lower transportation costs have altered this balance and the boundary between what is tradable and what is not is constantly shifting. For example, now it is possible for doctors in

Singapore or accountants in India to perform services online for U.S.-based hospitals or accounting firms. The changes brought by offshoring will be disruptive for many wealthy economies, as jobs that were previously thought of as safe become increasingly subject to foreign competition. But offshoring is also likely to open up whole new fields for specialization and trade, and, thus, for generating new wealth. The only thing that is clear in this changing environment, according to Dr. Blinder, is that nations and governments must face up to the massive, complex, and multifaceted challenges that offshoring will bring.

Dr. Zakaria is fairly confident that the U.S. stands to gain from all this change if “it plays its cards well”. Currently, the U.S. economy is growing at a modest rate of around 2%, its GDP is back to pre-2008 levels, and interest rates are at or near historic lows. The U.S. has also benefited from its political stability in the midst of turmoil in Middle-East and the political fallout of the European Union’s bailout of Greece and Ireland.

There are, however, some ominous clouds over the horizon. In addition to relatively high unemployment levels, the U.S. faces a massive federal budget deficit, a rapidly growing national debt, and the escalating costs of the Social Security, Medicare, and Medicaid entitlement programs. According to the Congressional Budget Office, these three programs, unless they are radically altered, will account for 60% of all federal expenditures by 2030—a situation that Dr. Zakaria rightly calls unsustainable. The medium to long-term viability of the U.S. economy depends, in large measure, on successfully addressing these thorny issues.

In addition to its domestic problems, the U.S. also has to face up to a very complicated international situation. The wars in Afghanistan and Iraq have not turned out to be the “cakewalk” that some U.S. officials predicted, while the situation in the broader Middle East is getting increasingly complicated with calls for regime change in Tunisia, Egypt, Yemen, Libya, Bahrain, and Syria. Furthermore, China, already the world’s second largest economy, is starting to throw its weight around the world, flexing its military muscle in the South China Sea and asserting its economic might in Africa, South America, and even some European countries. Accommodating the rise of China is likely to be the most difficult challenge for U.S. foreign policymakers in the short to medium-term.



Indeed, dealing with the rise of not only China, but also India, Brazil, and more broadly with what Dr. Zakaria calls the “rise of the rest”, presents a significant challenge for the United States. According to Dr. Zakaria, emerging countries have been the true beneficiaries of globalization as it has enabled them to “download the killer apps” for economic growth.

In his opinion, economic development can be seen as a three stage process in which a country moves from extreme poverty (stage 1) as soon as “government stops doing really stupid things”. Once a country reaches a GDP per capita of around \$5,000, it is necessary to invest in both physical and human infrastructure to push on to the next level. Among the elements required to make this jump he mentioned a working legal system, adequate transportation and communication facilities, modern electricity and water networks, and an educated labor force.

The second big hurdle becomes evident when a country reaches GDP per capita between \$12,000 and 15,000 (the second stage). To make the move from there to the advanced economy stage is very difficult. It requires quality education, an efficient financial system, investment in research and development, as well as the right incentives for taking risks and promoting innovation. According to Dr. Zakaria, many emerging countries have used the current globalization wave to move from the first to the second stage of development. It remains to be seen how many make it to next stage.

All of which leads us to Puerto Rico. According to Dr. Zakaria, Puerto Rico is stuck on stage two of this three-stage typology of economic development. According to his analysis, Puerto Rico’s primary problems are a lack of leadership and vision. The island government has become complacent with the current state of affairs, content to run a welfare state funded in large part by the U.S. federal government and with transferring wealth from one pocket to another without setting the conditions necessary for creating wealth locally.

In his view, Puerto Rico reminds him of Egypt, a country where the government became satisfied with distributing riches generated by accidents of nature (the Suez Canal, oil-rich neighbors) rather than produced by the efficient use of its resources. The result was a society with relatively high education and



health levels, a bulky public system, and a growing number of healthy, educated, and unemployed young people, who, until recently, didn't see much of a future there.

Luckily, Puerto Rico's lack of natural resources means that the government needs to create wealth first in order to be able to generate tax revenues later. Puerto Rico, said Dr. Zakaria, should forget about obtaining parity in Medicare or other federal programs, or about obtaining a new federal tax break for U.S. corporations doing business in Puerto Rico. The focus should be on investing for the future, to generate employment and long-term growth, based on Puerto Rico's comparative advantages.

Ironically, then, in a world that is becoming smaller every day due to changes in technology and advances in communications, Dr. Zakaria is telling us that the solutions to our problems are likely to be found here, in Puerto Rico. We should invest in what we have, that is, our people, which are our most important resource, and forget about importing silver bullet solutions from elsewhere.

2011 Recipient Organizations

Proceeds of the 2011 CNE *Una Gran Causa* Leadership Summit went to the following organizations:

Center for the New Economy (CNE) Endowment Fund

CNE is an independent non-partisan and non-profit institution dedicated to creating a new economy for Puerto Rico that is prosperous, balanced, and equitable. CNE is organized to function as a think-tank, producing independent research and policy on issues of economic development.

Hogar Nuestra Señora de la Providencia

This non-profit organization provides the non-assisted elderly with housing, food, and medical needs. As of today, they assist a population of 180 elderly. This entity is administered by Catholic nuns known as “Hermanitas de los Ancianos Desamparados,” an order founded in Spain in 1873 by Saint Teresa de Jornet.

Niños Nueva Esperanza

Founded by the Franciscan Custody Friars of the Caribbean, this non-profit organization was created to assist children between the ages of 6 and 16 with much needed academic tutoring and psychological assistance. They also offer many extracurricular activities and programs that promote positive community values.



Project H2O - Help to Others

This non-profit organization is committed to educating on the impending global water crisis and advocating on ways to alleviate it. What began in 2007 as a student-driven fundraising effort to buy individual water filters and personally deliver them to several water-thirsty communities in Kenya, evolved into a large-scale non-profit organization whose goal is to educate about the gravity of the crisis, and to inspire and engage others in becoming part of its solution.

The Scholarship Foundation for Hotel & Tourism Studies

The Scholarship Foundation is dedicated to providing educational opportunities to talented students from Puerto Rico to pursue professional careers in the hospitality industry. Their goal is to train dynamic, well-educated Puerto Ricans to head the Puerto Rico hotel and tourism industry and the diverse businesses it supports.

Dinner

hosted by Richard L. Carrión/Banco Popular de Puerto Rico

Bankers Club, Old San Juan



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Breakfast

hosted by UBS/Carlos Ubiñas

La Concha Hotel



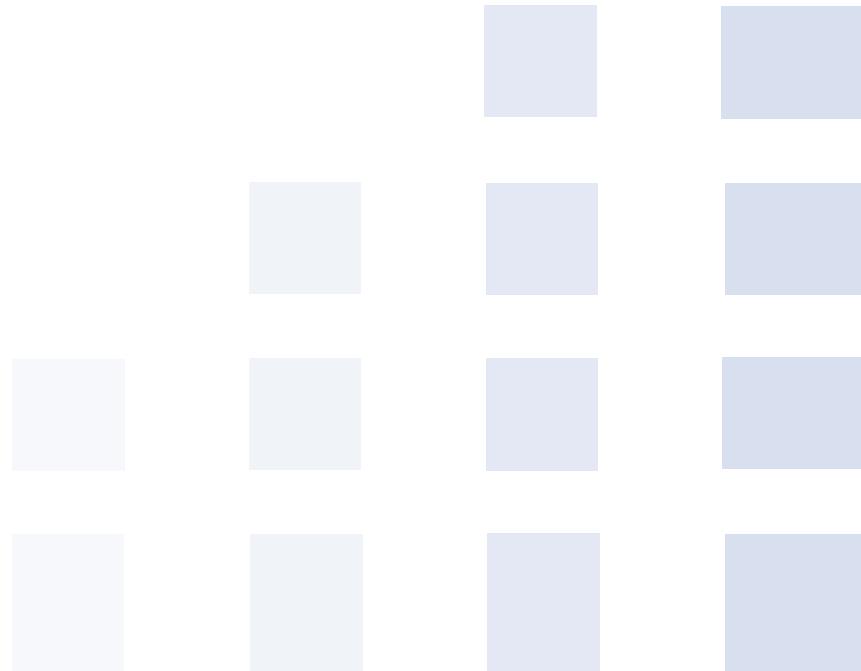


Luncheon

hosted by El Nuevo Día/Loren Ferré Rangel

Ballroom, La Concha Hotel





Media Coverage

27 ACTUALIDAD

Fareed Zakaria, con su "GPS" en la Isla

El célebre juró de la economía y de la política internacional se presentará el mes próximo en Puerto Rico como orador



RECONOCIDO COMO UNO DE LOS GRANDES PENSADORES DE SU GENERACIÓN, ZAKARIA SE PRESENTARÁ EN PUERTO RICO COMO ORADOR EN EL MARCO DE LA SEMANA DE ECONOMÍA Y POLÍTICA INTERNACIONAL QUE SE REALIZARÁ EN EL HOTEL RITZ CARLTON DE SAN JUAN, ENTRE LOS DÍAS 15 Y 17 DE JUNIO. ZAKARIA, UNO DE LOS GRANDES PENSADORES DE SU GENERACIÓN, SE PRESENTARÁ EN PUERTO RICO COMO ORADOR EN EL MARCO DE LA SEMANA DE ECONOMÍA Y POLÍTICA INTERNACIONAL QUE SE REALIZARÁ EN EL HOTEL RITZ CARLTON DE SAN JUAN, ENTRE LOS DÍAS 15 Y 17 DE JUNIO.

Zakaria es un economista y político internacionalmente conocido por su libro "El fin de la era del imperio" y "El mundo postamericano". Su trabajo se centra en el análisis de las tendencias globales y el papel de Estados Unidos en el mundo. Durante su estancia en Puerto Rico, Zakaria participará en una serie de conferencias y debates que explorarán temas como el comercio internacional, la tecnología y el futuro de la economía global. Su presencia en la Isla es una oportunidad única para los estudiantes y profesionales locales de interactuar con uno de los líderes de pensamiento más influyentes de la actualidad.

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Nuevos tiempos

El papel de los Estados Unidos en el mundo debe cambiar

POR CARMIN COLONES HERNÁNDEZ
FOTOS: JIMMY L. GARCÍA

El título con el que abre el libro es un reflejo de los tiempos que vivimos. El mundo está cambiando y Estados Unidos debe adaptarse a estos nuevos tiempos. El autor, Fareed Zakaria, argumenta que el papel de Estados Unidos en el mundo debe cambiar para poder mantener su liderazgo y su influencia global. El libro ofrece una visión crítica y constructiva de la política exterior estadounidense y propone estrategias para enfrentar los desafíos del mundo postamericano.

Celebración de 25 años

El libro "The Post-American World" de Fareed Zakaria celebra su 25 aniversario. Este libro ha sido un hito en la literatura de política internacional, ya que desafía la noción tradicional de Estados Unidos como el único superpotencia global. El autor argumenta que el mundo está pasando por un momento de transición, donde el poder se está repartiendo entre varias potencias emergentes. Este libro es esencial para entender el futuro de la política mundial y el rol de Estados Unidos en ella.

Miradas de Ferrer

Este libro ofrece una perspectiva única sobre el mundo postamericano desde la experiencia de Ferrer. El autor analiza cómo las nuevas potencias globales están cambiando el equilibrio de poder y cómo Estados Unidos debe responder a estos cambios. El libro es una lectura obligada para quienes se interesan en la política internacional y el futuro de la economía global.

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opinión

El mundo post americano

El mundo postamericano es un mundo en constante evolución. El poder se está repartiendo entre varias potencias emergentes, lo que está cambiando el equilibrio de poder global. Este libro ofrece una visión crítica y constructiva de la política exterior estadounidense y propone estrategias para enfrentar los desafíos del mundo postamericano.

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¿Qué es el islamismo radical?
El islamismo radical es una forma de islam que busca imponer su visión del mundo a través de la fuerza. Es una forma de islam que busca imponer su visión del mundo a través de la fuerza. Es una forma de islam que busca imponer su visión del mundo a través de la fuerza.

Fareed Zakaria La primavera del mundo árabe

Después de décadas de análisis de política internacional, el argumento de una nueva primavera-oscuroidad para el Medio Oriente y el mundo árabe ha provocado la caída del régimen en el norte de África.

El mundo árabe que enfrentó en una primavera no tuvo suficiente fuerza. Y ahora el mundo árabe se enfrenta a una primavera y a un regreso al invierno del pasado.

¿Cuáles son algunos de los retos que se enfrentan por los investigadores de la Primavera Árabe?

El mundo árabe está enfrentando una crisis de legitimidad. Los líderes políticos que han gobernado durante décadas están siendo cuestionados por su corrupción y su falta de capacidad para manejar los retos del mundo árabe.

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Lo que estamos viendo en el Oriente Próximo y en el norte de África supera de muchas maneras la caída del muro de Berlín en 1989

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NEGOCIOS

Llamado urgente a la acción

Fareed Zakaria dice que la isla tiene que cambiar política de subsidios

El economista y autor de "The Great Mind" llama a la acción a los líderes de la isla para que cambien su política de subsidios y se enfoquen en la creación de empleos y el crecimiento económico.

El llamado a la acción se dio durante el evento "CNE UNA GRAN CAUSA LEADERSHIP SUMMIT | FAREED ZAKARIA" en San Juan, Puerto Rico.

Por una buena causa

El evento "CNE UNA GRAN CAUSA LEADERSHIP SUMMIT | FAREED ZAKARIA" se celebró en San Juan, Puerto Rico, con la participación de líderes locales y nacionales.

PANORAMA

Hay que crear riqueza

Fareed Zakaria evalúa la situación económica de Puerto Rico y ofrece sus recomendaciones.

ANTONIO S. RIVERA
Primer línea

Puerto Rico tiene que abandonar su política de dependencia de fondos federales y centrarse en la creación de empleos y el crecimiento económico.

El economista y autor de "The Great Mind" llama a la acción a los líderes de la isla para que cambien su política de subsidios y se enfoquen en la creación de empleos y el crecimiento económico.

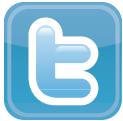
74 PERSPECTIVA

EDITORIAL

FÓRMULA CONTRA LA DEPENDENCIA

Como sólo se es profeta en tierra ajena, fue estimulante escuchar de los labios del mundialmente conocido editor, analista y economista, Fareed Zakaria, la exhortación a que Puerto Rico se plantee como pueblo abandonar la política de dependencia de fondos federales y sustituirlo con esfuerzos para generar producción y riqueza locales.

El artículo de Zakaria es un llamado a la acción para los líderes de la isla. Él argumenta que Puerto Rico debe abandonar su política de dependencia de fondos federales y centrarse en la creación de empleos y el crecimiento económico.



ON: WWW.TWITTER.COM/FAREEDZAKARIA

I was recently in Puerto Rico and was struck by the brilliance, energy, and entrepreneurialism of the young businesspeople there.

April 25



FACEBOOK

A note on Puerto Rico

by Fareed Zakaria on Wednesday, April 27, 2011
on www.facebook.com/FareedZakaria

I was just in Puerto Rico, and was struck by the energy and dynamism of the young businesspeople I met there.

When I was last in Puerto Rico 10 years ago, it was much more cut off from the rest of the world. And back when I was growing up, if you were on the periphery, you were really cut off from the world.

Today, Puerto Rico is deeply interconnected. I met a group of young businessmen who were bright, engaged, energetic (regular watchers of GPS!) who followed world events closely. They were all very motivated to make Puerto Rico more competitive and more dynamic. These young businesspeople were plugging into the world and gaining energy and knowledge from it.

Puerto Rico has a lot of problems. It has a political system that is totally paralyzed. In some ways it looks like Washington except in a tropical climate. On the political side, nothing is changing, but underneath it you see all this dynamism and energy. In some ways that resembles mainland America.

Acknowledgements

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Thank you for your support!



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