

# Economic Club hears 'think global' message



William Glavin, chairman and CEO of Oppenheimer Funds, was the keynote speaker at the Worcester Economic Club Tuesday. (T&G Staff/STEVE LANAVA)

**By Mark Sullivan, CORRESPONDENT**

WORCESTER — The postwar economic boom that brought tail fins and TV sets to U.S. consumers in the 1950s and '60s today is being mirrored on a much larger scale around the globe, opening new opportunities to savvy American businesses and investors, the chairman and chief executive officer of OppenheimerFunds Inc. said Tuesday.

"We're pretty optimistic about what's going on around the globe and the opportunity for the U.S. and American companies specifically to benefit from that," said William F. Glavin Jr., who heads one of the nation's largest investment management firms. The 1980 graduate of the College of the Holy Cross returned to the city last night to address a dinner of the Worcester Economic Club at the Beechwood Inn. He spoke with the Telegram & Gazette before the event.

"This whole globalization of the economy is creating a massive new class of middle-class consumers globally," Mr. Glavin said, drawing a comparison with the economic

boom in the United States in the decades after the Second World War.

"Post-war (America), the economy roared. You had this emerging middle class: people moving into their own homes, buying cars. That's happening globally right now in places like China and India and Indonesia and Brazil — but the numbers on the global scale dwarf the boom that happened here back in the '50s and '60s.

"The Internet started this," Mr. Glavin said. "People can sell their goods and services anywhere in the world. You go on and buy something and it comes from Indonesia. It gives people all over the world a chance to compete. So vendors in Vietnam who had no access beyond Vietnam are now becoming huge exporters of goods to all parts of the world through the Internet and through the global economy.

"Globalization is creating the opportunity to sell things. As (people) sell things, they get more disposable income (and) as they get more disposable income, then they can start to buy things. They become consumers, which is the same pattern that happened in America back in the '50s and '60s, except there are billions of people doing that globally versus hundreds of millions doing it in the U.S. in the '50s and '60s. It just dwarfs the scale of the boom of our economy back (then)."

This provides a "huge, huge opportunity" for American business and investors, said Mr. Glavin.

Mr. Glavin talked about one of OppenheimerFunds' global managers, who spends a great deal of time in China, and regularly is asked at cocktail parties, "Who is going to be the Nike and Apple of China?" The answer, he says, "is obvious: It's going to be Nike and Apple, not some Chinese version of Apple.

"Apple is a huge company in China," Mr. Glavin said. "Nike is a huge company in China. Less than 50 percent of Coca Cola's revenue today comes from the United States. The rest of it is global, most of it in emerging markets.

"If you live in India, and for the first time ever you have five extra bucks a week, what are you going to buy? How about a Coke? They don't go buy some no-name cola from some Indian company. That's not a status symbol. You go to China, they're the biggest consumers of Gucci bags in the world right now, because it's a status symbol." The message, he said, is: "I've made it. I'm in the middle class."

Global consumers who have grown up watching American TV and movies "want the brands that we grew up with," Mr. Glavin said. "The companies that are leading globally right now are companies that are effective in the emerging markets. It's a huge, huge opportunity and it's still evolving."

His advice to investors: think globally.

"Think about where (a company) earns its money and who's competitive globally," Mr. Glavin said. "If you only bought U.S. companies, you would own Ford, GM and Chrysler, not Porsche, Audi, BMW, Toyota. Which of those seven would you rather

own right now? You've got to (ask) who the global leaders (are) in an industry, not who the U.S. leaders (are).

"As this economy globalizes and we become one big economy, goods and services are moving across borders faster than we can imagine, so you've got to think about where to invest on that basis," Mr. Glavin said.

As Mr. Glavin was bullish on the global economy, he also struck a positive note on the U.S. economy.

The current rhetoric coming out of the capital has the nation on the seeming verge of collapse, he said. "We're hearing different things out of Washington than are actually happening. A lot of the communications that come out of Washington have enormous political tilt to them. Nobody's willing to tell you what's really going on. They tell you what they think they want you to hear, which will further both their political causes.

"For instance, the deficit has been cut in half over the last year," he said. "It's hard to imagine that when you listen to the rhetoric coming out of Washington. The Republicans are saying we've got to cut expenses and the Democrats are saying we've got to raise taxes.

"And yet we've cut the deficit in half this past year. So they're both doing a good job right now. Spending is coming down. We had a tax increase on the wealthy a year ago and that's generating new increased revenue to the federal government. That gap is closing fairly dramatically, (but) that's not a headline right now."

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