

# Memorandum

**To:** Faculty, Department of Economics  
**From:** Kyle H. Wilkins; Furman '08  
**Re:** Trip to UDRISE VII; Dayton, Ohio  
**Date:** 2 April 2007

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The University of Dayton RISE VII Global Investment Forum offered interesting speakers and workshops. The keynote speakers included such well-renowned experts and personalities as Ralph Alvarez, President and COO of McDonald's Corporation; Peter H. Coors, Chairman of Molson Coors Brewing Company; Gary Stern, President and CEO of the Minneapolis Federal Reserve; and Nobel Laureate in Economics, Dr. Myron S. Scholes. At the conference, students from over sixty countries were represented.

All five keynote addresses were very informative on the economy, the markets, corporate governance, the Federal Reserve System, and public policy. During the discussion on the U.S. economy, J.P. Morgan Senior Policy Analyst Dr. James Glassman was concerned about a "sad sound coming out of Washington,"—protectionism. Echoing the fundamental principles of trade, Glassman reminded the audience that trade is not a zero-sum game. However, Glassman indicated that the reason the public may fall prey to protectionist fears is that the numerous beneficiaries of free trade, unlike those who are harmed by it, are hard to notice.

Offering contrarian advice, as well as a soothing balm amidst the over-hyped fear of the press, the Chief Economist at Wachovia, Dr. John Silvia, discounted the effects of the sub-prime loan market foreclosures that have attracted headlines the past month. Silvia based his argument on the simple fact that the sub-prime market is extremely small and that this "crisis" has helped restore needed caution to the loan markets. Silvia argued that home ownership in the United States is too high, with individuals taking out mortgages without realizing the long-term commitment involved with homeownership. Given the housing boom that has occurred throughout the Carolinas, it is easy to see that both builders and consumers were caught in a housing frenzy that could not be sustained.

One of the most interesting discussions occurred between the Deputy Speaker of the Latvian Parliament, Gintaras Steponavicius, and Slovakian Minister of the Economy, L'Ubomir Jahnotek. Both speakers come from nations that have flat taxes; both attribute economic growth to the flat tax. Jahnotek believes that for a firm deciding where to locate a factory or branch office, a flat tax allows the firm to easily know its financial position compared to nations with complex corporate tax codes, such as the United States.

Dayton itself was a lesson in urban economics. Compared to Greenville, Dayton was decrepit. A once vibrant downtown was devoid of people at every hour, restaurants closed at 6PM, and buildings without tenants. From my experiences at Furman and Greenville, and echoed by the Slovakian and Latvian speakers, a favorable tax system and a city government with pro-business policies is vital for a city's survival. Ohio, once a bulwark of the U.S.

economy, has been replaced by the South and West in economic importance. Industry and labor fled southward to regions more accommodating of business and pleasant to raise a family. Pro-business policies also imply pro-city policies. People want to live in areas that are attractive. Businesses want to exist in cities that attract people. From my short stay in Dayton, it was clear that the city government has not learned the lesson of Greenville in the 1960s and 1970s. Sadly, Dayton has great potential, but it remains undeveloped.

While I found the conference enjoyable, educational, and well-run, it was primarily focused on finance. The keynote addresses were more interesting to me as an economics major. However, as a member of the Investments Club at Furman, the conference offered insight into the financial world from the men and women who analyze every facet of our economy. The most valuable tool I learned was the importance of maintaining a set asset allocation of a portfolio as the best method to protect savings against market depreciation.

Recommendation: If the conference interests a student, I suggest they attend. However, I would advise that the department consider events that concentrate on economics. The meeting certainly was beneficial as a member of the Investments Club, but I feel that much can be learned from experience in the club and through guest speakers.

Finally, I would like to thank the department for the opportunity to attend the RISE Conference. The chance to hear such well-renowned and intelligent speakers was well worth the trip.