

The phrase 'Made in India' may come to represent innovation in the new global economy."

Raghuram Rajan, the director of research for the International Monetary Fund, sits on the board of HeyMath.com, a very innovative Indian education company that puts Indian students to work over the Internet tutoring students in Singapore and elsewhere, and also employs Indian, British, and Chinese experts to help HeyMath design the best ways to teach various math and science concepts to young people in grades K–12. In working with public schools in Singapore, and now even in the United States, HeyMath provides teachers with lesson plans, PowerPoint presentations, online homework packets, and other jazzy ways for them to teach math and science. This saves teachers time, which they can then use to customize certain lessons just for their class or spend more time with one-on-one interactions. HeyMath, headquartered in Chennai, India, is paid for by the schools in Singapore and elsewhere. But Cambridge University in England is also part of this equation, providing the overall quality controls and certifying the lesson plans and teaching methods.

"Everyone wins," says Rajan. "The company is run by two Indians who worked for Citibank and CSFB in London and came back to India to start this business . . . Cambridge University is making money from a company that has created a whole new niche. The Indian students are making pocket money. And the Singapore students are learning better." Meanwhile, the underlying software is probably being provided by Microsoft and the chips by Intel, and the enriched Indian students are probably buying cheap personal computers from Apple, Dell, or HP. *But you can't really see any of this.* "The pie grew, but no one saw it," said Rajan. No one anywhere lost a job because HeyMath went into business, but lots of people in all different places got jobs that did not exist five years ago.

An essay in the *McKinsey Quarterly*, "Beyond Cheap Labor: Lessons for Developing Economies" (January 2005), offers a nice example of companies and countries moving from one comparative advantage to another: "In northern Italy's textile and apparel industry . . . the majority of garment production has moved to lower-cost locations, but employment remains stable because companies have put more resources into