

WORLD
ECONOMIC
FORUM

The logo for the World Economic Forum, featuring the words "WORLD", "ECONOMIC", and "FORUM" stacked vertically in a blue, sans-serif font. A blue arc is positioned below the text, starting under the "O" in "WORLD" and ending under the "M" in "FORUM".

COMMITTED TO
IMPROVING THE STATE
OF THE WORLD

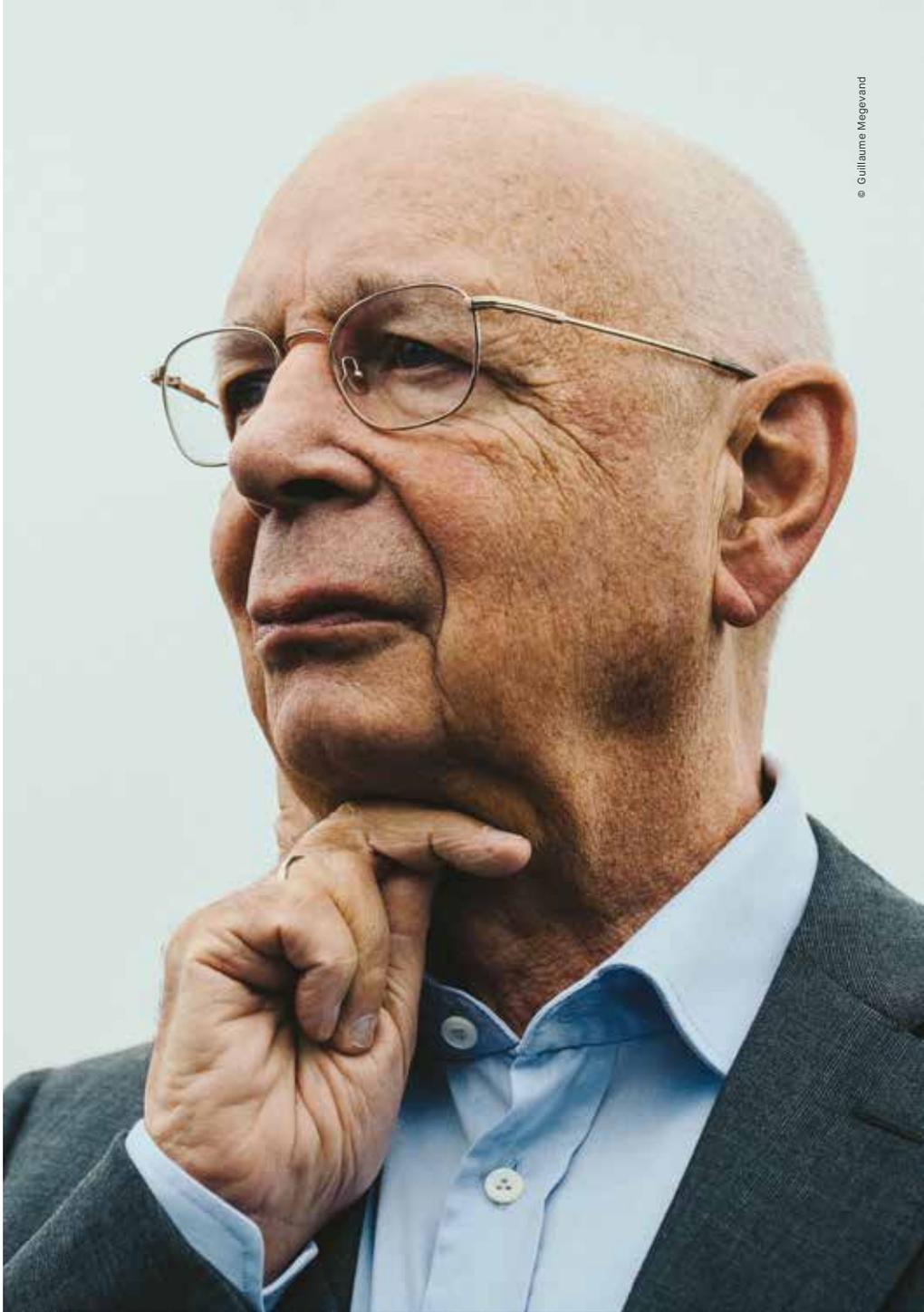
THE WORLD ECONOMIC FORUM
A Partner in Shaping History
1971–2020

“Until one is committed, there is hesitancy, the chance to draw back, always ineffective, concerning all acts of initiative (and creation). There is one elementary truth the ignorance of which kills countless ideas and splendid plans: that the moment one definitely commits oneself, then providence moves too. All sorts of things occur to help one that would never otherwise have occurred. A whole stream of events issues from the decision, raising in one’s favour all manner of unforeseen incidents and meetings and material assistance which no man could have dreamed would have come his way. Whatever you can do or dream you can, begin it. Boldness has genius, power and magic in it. Begin it now.”

Goethe

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Foreword

The World Economic Forum Annual Meeting 2020 marks the 50th year of the organization, which was founded in 1971 as the European Management Forum. In January that year, the first European Management Symposium was held in Davos, Switzerland. In 1987, the European Management Forum was renamed the World Economic Forum and the European Management Symposium became the Annual Meeting, reflecting the expansion of the Forum's scope and focus.

Through the years, numerous business, government and civil society leaders have made their way to the Swiss Alpine resort, the perfect venue for a gathering to consider the major global issues of the day and to brainstorm on solutions to address these challenges. The Annual Meeting has also been a critical platform for furthering peace and reconciliation in many parts of the world, promoting understanding between East and West, introducing emerging economies such as China and India to the international community, and bringing to the forefront the latest trends and developments in every field – from information technology to global security, from architecture to philanthropy.

Davos has been a place where incipient changes in the world are first discerned and where ideas for changes that have shaken the world have been conceived or refined. What has never changed since its beginning is the Forum's dedication to collaboration among stakeholders, the steadfast adherence to high-level participation of leaders sharing the Forum's commitment to improving the state of the world, and the Forum's trust in the power of dialogue and exchange based on

mutual respect and civility to bridge divides and shape actionable solutions to global challenges. While many global institutions are notable for the breadth of nations or the powerful political leaders attending their gatherings, the World Economic Forum Annual Meeting and indeed all the activities and initiatives of the Forum around the world are distinguished by the active participation of government, business and civil society figures, both the most experienced and the most promising, all working together in the collaborative and collegial Spirit of Davos.

This book provides a year-by-year summary of the highlights of the five decades of the World Economic Forum. For the most part, it tells the Forum's story through the eyes of its members, the participants in its activities, and its leadership, as well as through media reports. What is clear from this compilation of impressions, insights and memories is that the Forum has evolved from a modest yet groundbreaking attempt to bring European corporate managers and their stakeholders together to discuss business strategies into an organization that today is widely regarded as the world's foremost multi-stakeholder platform for addressing the most pressing issues on the global agenda.

Since 1971, the World Economic Forum has undertaken a host of activities, organizing over 1,000 meetings, launching numerous initiatives, publishing various reports annually and convening thousands of task forces and working groups. The Forum gave special focus to all the most important issues on the global agenda over the years. This book, however, does not render an account of everything that the Forum did or all the issues with which it has been concerned. Rather this history lays out the motivation, strategies and spirit that have driven the

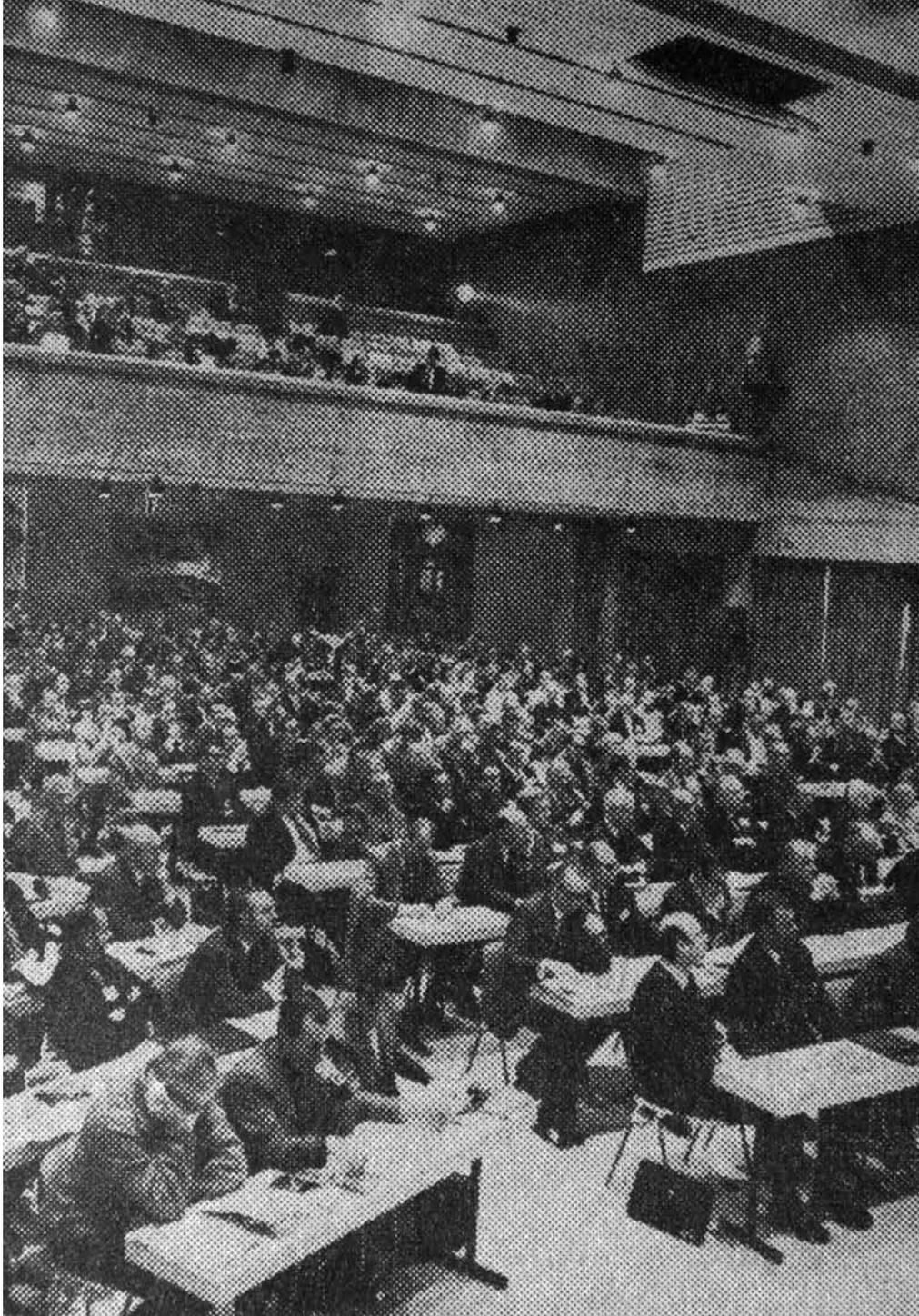
Forum's development as it has worked to promote and support entrepreneurship in the global public interest.

The World Economic Forum's significance as an important actor in global affairs has been highlighted in 2015 by its recognition as the international Organisation for Public Private Cooperation.

Today the World Economic Forum is shaping global, regional and industry agendas, engaging its 1000 partner companies in initiatives, in collaboration with governments, international organisations, civil society and academia. It has concluded with the United Nations a strategic cooperation framework agreement, making it a privileged partner in addressing the Sustainable Development Goals.

The history of the past 50 years should serve as an inspiration to our partners and to our 800 collaborators to continue this work in the years ahead – ever committed to improving the state of the world.

Klaus Schwab



1971

1971

1971 The First Year The European Management Forum

Visitors to the headquarters of the World Economic Forum in Cologne, a mainly residential part of Geneva, may not realize that, from the beginning, the organization was rooted in Graubünden (the Grisons), the mountainous canton on the other side of Switzerland, where the city of Davos is located. The European Management Forum was initially established as a foundation nominally based in Chur, the cantonal capital, under the supervision of the Swiss Confederation on 8 February 1971 by an official document dated just 10 days earlier.¹ Its initial endowment: 25,000 Swiss francs. From the start, what was to become known and cherished as the Davos Spirit – the concept of multistakeholder participation, collaboration and congenial exchange – was the foundation of the Forum. In this same year, Klaus Schwab outlined the idea in his book *Moderne Unternehmensführung im Maschinenbau (Modern Enterprise Management in Mechanical Engineering)*, which was published in Frankfurt. He argued that the management of a modern enterprise must serve all stakeholders (*die Interessenten*), acting as their trustee charged with achieving the long-term sustained growth and prosperity of the company.

Who are these stakeholders? They include the enterprise's owners and shareholders, customers, suppliers, collaborators of any kind, as well as the government and society, including the communities in which the company operates or which may in any way be affected by it. Indeed, a broad range of actors in the national economy may in some way or another be counted among the stakeholders of any commercial organization.

The inaugural European Management Symposium, which was held in Davos from 24 January to 7 February, was intended to allow top managers of corporations to interact with all their stakeholders. It was also conceived as an opportunity for senior European managers to learn about the latest management techniques and concepts from the most engaging thought leaders in business,

The first European Management Symposium in Davos drew a full house

EIDGENÖSSISCHES DEPARTEMENT DES INNERN • DÉPARTEMENT FÉDÉRAL DE L'INTÉRIEUR • DIPARTIMENTO FEDERALE DELL'INTERNO

3003 Bern, 3 March 1971

Decree by
the Federal Department of the Interior concerning the supervision of the

Foundation "EUROPEAN MANAGEMENT FORUM"

According to the official Document dated 29 January 1971 and the entry into the Trade Register of the Canton Graubünden of 8 February 1971 (published in the Swiss Trade Bulletin N° 42 of 20 February 1971, p. 410), a Foundation by the name of "EUROPEAN MANAGEMENT FORUM", headquartered in Chur, exists in the sense of Articles 80-89 in the Code of Civil Law. The purpose of the Foundation is to promote events that serve a closer cooperation of the international, and in particular the European industry, in the elaboration of role models and concepts for responsible and successful management. Within the scope of its objectives, the Foundation can foster particular projects related to research, training and further education in the field of management, especially on an international level.

The Foundation takes up its activity with an initial endowment of SFr. 25'000.

Article 84 of the Code of Civil Law stipulates that a Foundation is under the supervision of the community (Confederation, Canton, municipality) to which it belongs corresponding to its purpose. Obviously, the purpose shows that the Foundation in question displays a distinct international characteristic; hence, the supervision of the Swiss Confederation is appropriate.

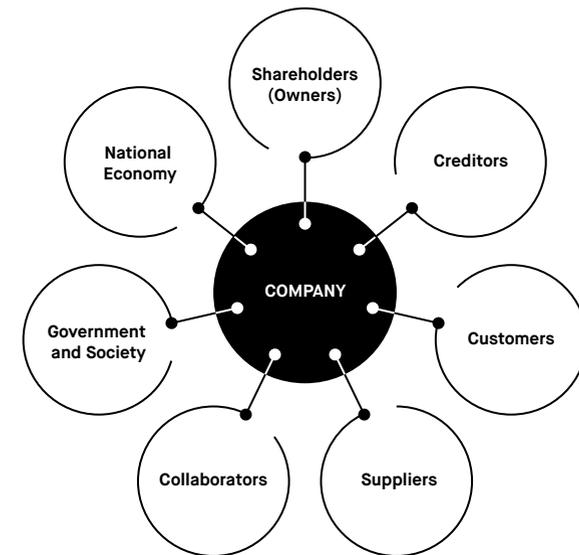
In application of Article 84 of the Code of Civil Law it is decreed:

1. The Foundation "EUROPEAN MANAGEMENT FORUM" is under the supervision of the Swiss Confederation.
2. The Foundation Board is required to report its activities and financial statements to the Swiss Federal Department of the Interior within three months after the end of each financial year.
3. Notifications to:
 - a) Foundation Board of the Foundation "EUROPEAN MANAGEMENT FORUM", c/o Dr. iur. D. Capaul, lawyer and notary, Bahnhofstrasse 7, 7000 Chur (registered mail);
 - b) Trade Register of the Canton Graubünden, Reichsgasse 25, 7000 Chur;
 - c) Federal Department for the Trade Register, Effingerstrasse 3, 3003 Bern.

An administrative court complaint against this decree can be lodged with the Federal Supreme Court within 30 days after notification of the Foundation Board (Article 98, lit. b and Article 106 of the federal law regarding organization of federal law enforcement.)

Federal Department²

² Hans-Peter Tschudi, Federal Councillor, Head of the Department of the Interior, 1959-1973



As shown in Klaus Schwab's book *Moderne Unternehmensführung im Maschinenbau*, the company is at the centre, surrounded by its stakeholders.

including prominent professors from the top US business schools. Some 450 participants from 31 countries joined 50 faculty members and media representatives for the fortnight-long meeting that focused on two themes: in the first week, "The Challenge of the Future", and in the second, "Corporate Strategy and Structure". During the sessions, participants discussed the many factors changing the business world at the time – and what strategies companies should employ to survive these challenges.

Today, such an event might not seem groundbreaking. But consider the tenor of the times: This was a period of major technological, political, social and economic upheaval. Man had recently landed on the moon; the conflict in Vietnam was intensifying the Cold War and raising questions about the role of the United States in the world; social protest movements in developed countries had stirred debate and sometimes violent protests over civil rights, poverty and justice; developing nations were struggling to build stable societies and economies; the US monetary system would soon go off the gold standard; Americans would go through one

of the most wrenching political ordeals in their history, leading to the resignation of a president and a crisis of confidence in their leadership; conflict in the Middle East would heighten concerns about global security; and oil price shocks would rock the global economy and spark an international energy crisis.

It was against this backdrop of daunting change that the first Davos meeting took place. Klaus Schwab recognized the value of bringing together business leaders and stakeholders to consider strategies for addressing the critical challenges enterprises face. The venue had to be accessible and comfortable enough so as not to deter attendance yet sufficiently removed to foster among participants a feeling of seclusion and camaraderie.

The resort of Davos, a picturesque town nestled along a valley surrounded by peaks, was the setting of Thomas Mann's *The Magic Mountain (Der Zauberberg)*. It was – and remains – a place of seclusion, contemplation, recreation and relaxation, the crisp, clean mountain air vital to restoring health and clear thinking. And in 1971, it had recently opened a congress centre. Davos had all the elements for hosting a productive working retreat for top CEOs. "There is no reason at all why these conferences should not be held in places like Davos", the *Financial Times* commented at the time. "Precisely because Davos is a holiday centre, where people expect to relax, the businessmen attending the Davos conference have shed their business suits, have put on their sports coats, and are meeting in a highly informal atmosphere."

Invited to chair the first European Management Symposium was George Pierce Baker, who had been dean of Harvard University's Business School from 1962 to 1969. Schwab spent the 1966-1967 academic year at Harvard's John F. Kennedy School of Government, where he earned a Master of Public Administration (MPA) degree. During his stay, he had forged a close friendship with the legendary Dean Baker and had met other prominent Harvard academics including Henry Kissinger and John Kenneth Galbraith, who would eventually become frequent Davos participants.

Galbraith, one of the leading economists of his day, was among the speakers at the first Davos meeting. Also leading discussions were other Harvard academics, as well as political scientist Otto von Habsburg, physicist and public policy commentator Herman Kahn, Columbia University Humanities Professor Barbara Ward and Jacques G. Maisonrouge, President of International Business Machines (IBM) Corp. Ward spoke on the divides between East and West and between North and South, while Maisonrouge addressed



Klaus Schwab welcomes participants to the inaugural European Management Symposium in 1971. Otto von Habsburg (left) delivered the keynote speech at the opening session

the impact of computers on individual privacy – both cutting edge topics of the time that remain highly relevant today.

The first Davos meeting set a precedent that the Forum has maintained ever since: the use of the latest information and communications technology. Borrowing from the US space agency's mission-control operations, Schwab had a closed-circuit television system set up to cover sessions and facilitate interaction among participants. The Forum also created a database of information on the programme and on participants to organize working groups and panels. Computer-generated models were employed to analyse the implications of strategies under consideration and predict the impact that any specific allocation of resources would have on their businesses and the environment. Monitors displayed the managers' "decisions", while colour slides illustrating the consequences of these choices were projected on large screens.

The inaugural European Management Symposium had been a major success, yielding a profit of 25,000 Swiss francs, which went to endow the European Management Forum. Participants enthusiastically called for the event to be held again the following year.



Klaus and Hilde Schwab at their wedding in 1971 in the Sertig Valley, near Davos. Hilde was Schwab's first collaborator in the European Management Forum. While she ceased working for the Forum after they were married, Hilde continued to act as an informal adviser and later co-founded with Klaus the Schwab Foundation for Social Entrepreneurship, serving as its chairperson.

Klaus Schwab: Professor, Manager, Visionary

Born in Ravensburg, Germany, in 1938, Schwab grew up during the tumultuous post-World War II reconstruction period in Europe. He was heavily involved in efforts to promote reconciliation between German and French youth. His father was the managing director of a Swiss machinery company who led several industry and business associations.

In 1957, after completing the *Humanistische Gymnasium*, Schwab moved to Zurich to study mechanical engineering at the Swiss Federal Institute of Technology and – simultaneously – economics and social sciences at the Universities of Zurich and Fribourg in Switzerland. He earned a master's degree in engineering in 1962, a master's degree in economic and social sciences the following year, and two doctorates, the first in technological sciences in 1966 and the second in economics in 1967. All his degrees were attained with the highest honours. Schwab gained valuable experience in business, working on the shop floor of companies in several countries during university holidays and later as the personal assistant to the Managing Director of the German Machine Building Association (VDMA) in Frankfurt from 1963 to 1966. He spent the

1966-1967 academic year at Harvard University, earning a Master in Public Administration (MPA) degree at the John F. Kennedy School of Government. On his return to Switzerland from the United States, Schwab joined the managing board of Escher Wyss, a Swiss industrial group, where he was responsible for the integration of the 10,000-employee company with the Sulzer Group. In 1969, he became a part-time professor at the Centre d'Études Industrielles (CEI), an international management institute associated with the University of Geneva that later merged into IMD in Lausanne, Switzerland. At the request of VDMA, Schwab wrote a book on modern management in the German machinery industry. Published in 1971, it described the stakeholder theory that was to become the driving core concept behind all of Schwab's future work.

With the Escher Wyss-Sulzer merger practically complete, Schwab left Escher Wyss in 1970 and began to focus on his idea to create a platform that would allow European business and political leaders to exchange concerns, ideas and knowledge. He was particularly keen to bring together European CEOs and US business experts to discuss the latest management approaches and techniques. The forum would also promote interaction between corporate management and stakeholders. He set up a three-person office in Geneva to carry out those plans.

In January 1971, on his own financial account and risk, and after efforts to raise funding, he organized the first European Management Symposium in the Swiss alpine ski resort of Davos. Using the surplus from the event, Schwab created the European Management Forum, a non-profit foundation that was to become the institution through which he would execute his plans for a multistakeholder platform to promote dialogue on business and political issues. That same year, Schwab married Hilde Stoll, his first Forum collaborator. She has remained his partner, trusted adviser and "social conscience". In 1998, the couple co-founded the Schwab Foundation for Social Entrepreneurship, which Hilde has led since its inception. In 1972, Klaus Schwab was named a Professor at the University of Geneva, where he lectured on business policy until 2003. While he maintained his academic role throughout that three-decade period, taking on two-thirds of a professor's full teaching load, Schwab focused much of his energy on building and expanding what in 1987 was renamed the World Economic Forum.

1 The Foundation's official base was transferred to Cologny in 1992



The second Annual Meeting drew 300 participants

1972

The Triumph of an Idea

While participants in the inaugural European Management Symposium had been enthusiastic about repeating the event, 1972 proved to be a difficult year for the fledgling European Management Forum.

The novelty of the intimate and intensive high-level meeting in the Swiss Alps had quickly vanished. Yet events clearly warranted such a gathering of top business leaders to reflect on global issues and challenges. On 15 August 1971, aiming to stabilize his country's economy and tackle inflation, US President Richard Nixon shocked the world when he ended the direct convertibility of the American dollar to gold, roiling the financial markets and raising uncertainty about the international monetary system and fixed exchange rates. Despite this, the second Davos attracted 300 participants, 150 fewer than the first. Still, as it had done the year before, the Forum continued to be selective, inviting only the CEOs of major companies. Invitations were personal and not transferable. Maintaining exclusivity would remain a steadfast practice of the Forum and a hallmark of all its meetings.

At the second Davos, the Forum focused on Europe, reflecting widespread enthusiasm for the enlargement of the European Communities (EC) from six to nine countries with the addition of Denmark, Ireland and the United Kingdom.¹ Coincidentally, the new members of the EC signed a Treaty of Accession on 22 January 1972, the first day of the second Symposium. Notably, a Forum document defined the Foundation's goal as follows: "The European Management Forum was established to provide international and particularly European business with a select forum for the study, discussion and determination of concepts and objectives for responsible and successful management."²

Reinforcing the European orientation of the 11-day Symposium was the patronage and strong participation of the Commission of



Invitation to the Forum

the European Communities (the European Commission), particularly the presence in Davos of its Vice-President, Raymond Barre, who became a true friend and strong supporter of the Forum and served as a member of the Foundation Board from 1992 until 2001. The Meeting Chairman, Hermann J. Abs, Chairman of Deutsche Bank and the most prominent European business leader at that time, had to cancel his participation at short notice. As a last resort, Klaus Schwab filled the vacancy. This was the first and only Davos for which Schwab himself would serve as the meeting chair.

The second Davos marked the first time that the Forum welcomed a head of government – Pierre Werner, President of Luxemburg, who presented the so-called Werner Plan that laid the foundation for the European Monetary Union and the single currency. Other distinguished speakers included Wernher von Braun, Deputy Associate Administrator at the US National Aeronautics and Space Administration (NASA) in Washington DC and one of the most celebrated rocket scientists in the world. He would later become director of NASA's Marshall Space Flight Center and the chief architect of the Saturn V booster rocket that helped with the first moon landing.

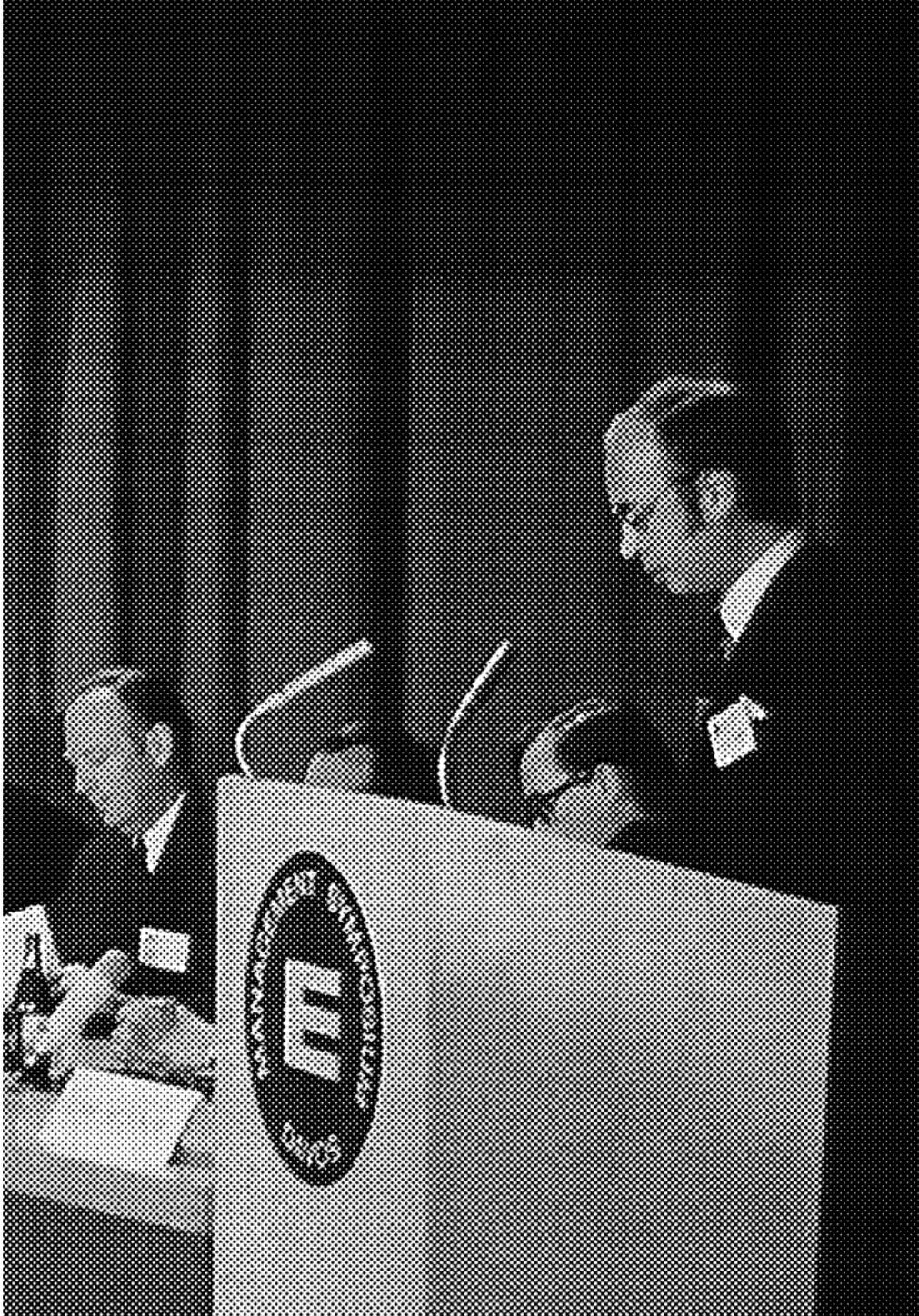
One forceful personality from civil society to attract attention at this meeting was the trade unionist and labour intellectual Charles Levinson, the General Secretary of the International Federation of



European Management Forum continued to invite only the CEOs of major companies

Chemical and General Workers' Federation (now the International Federation of Chemical, Energy, Mine and General Workers' Unions). Despite the drop in the number of participants, the discussions at the second Symposium and the satisfaction of the business leaders at the event strongly reconfirmed the value of such a meeting. As the Zurich newspaper *Neue Zürcher Zeitung* put it, the second Davos meeting had been the "triumph of an idea."³

- 1 Norway also signed the treaty but its citizens rejected EC membership in a referendum on 25 September 1972
- 2 From an invitation to the Second European Management Symposium, 1972
- 3 "Zweites Europäisches Managementsymposium: Sieg einer Idee", *Neue Zürcher Zeitung*, 12 Februar 1972



Klaus Schwab welcomes members to the "Club of Davos"

1973 The Davos Manifesto

At the third European Management Symposium, the Forum broadened its European focus under the theme "Shaping Your Future in Europe". This Davos meeting was held under the honorary sponsorship of His Royal Highness Prince Bernhard of the Netherlands. The Commission of the European Communities renewed its patronage.

Two developments distinguished this Davos meeting. First, Aurelio Peccei, the Italian industrialist, delivered a speech summarizing *The Limits to Growth*, a book that had been commissioned by the Club of Rome, the global think tank that he founded and served as its first president. The study had caused a sensation after its publication in 1972 for calling into question the sustainability of global economic growth. Reiterating some of the same concerns about demographics that the 18th-century scholar Thomas Malthus had expressed, the authors examined several scenarios for the global economy and outlined the choices that society had to make to reconcile economic development and environmental constraints. The landmark publication was eventually translated into some 30 languages and sold more than 12 million copies.

Second, participants spontaneously took the initiative to draft a "Code of Ethics" based on Klaus Schwab's stakeholder concept. The text was unanimously approved in the final session of the Symposium. This was a singular achievement for the Forum, which from the beginning has adhered to the principle that it should neither act as an advocacy group nor express any opinions on behalf of members or participants. What has become known as "The Davos Manifesto" was a rare exception to this policy.

In 1973, the Foundation began to expand its activities beyond organizing the annual Davos meeting. To add value to its services,



Olivier Giscard d'Estaing, Founding Dean and Director-General of INSEAD

the Forum launched three initiatives aimed at capturing and disseminating knowledge through publications, developing regional and country-focused activities, and creating communities to expand and deepen the discussion of pressing global issues.

These were:

- **launch of "Synopsis", a documentation service that provided European business leaders with information on public policy and government strategy**
- **holding of two roundtables – the first on Europe at the European Commission in Brussels in May and the second on Germany in Bonn in November – to promote interaction between the business community and European governments, including the European Commission**
- **creation of the European Club for Cooperative Management, the first high-level community of the Forum**

With these initiatives and the Davos Manifesto, the European Management Forum was moving deliberately to construct a wider and more substantial platform for business, government, civil society and other stakeholders to work together to address important global issues.

Code of Ethics – The Davos Manifesto

A. The purpose of professional management is to serve clients, shareholders, workers and employees, as well as societies, and to harmonize the different interests of the stakeholders.

B. 1. The management has to serve its clients. It has to satisfy its clients' needs and give them the best value. Competition among companies is the usual and accepted way of ensuring that clients receive the best value choice. The management's aim is to translate new ideas and technological progress into commercial products and services.

2. The management has to serve its investors by providing a return on its investments, higher than the return on government bonds. This higher return is necessary to integrate a risk premium into capital costs. The management is the shareholders' trustee.

3. The management has to serve its employees because in a free society leadership must integrate the interests of those who are led. In particular, the management has to ensure the continuity of employees, the improvement of real income and the humanization of the work place.

4. The management has to serve society. It must assume the role of a trustee of the material universe for future generations. It has to use the immaterial and material resources at its disposal in an optimal way. It has to continuously expand the frontiers of knowledge in management and technology. It has to guarantee that its enterprise pays appropriate taxes to the community in order to allow the community to fulfil its objectives. The management also has to make its own knowledge and experience available to the community.

C. The management can achieve the above objectives through the economic enterprise for which it is responsible. For this reason, it is important to ensure the long-term existence of the enterprise. The long-term existence cannot be ensured without sufficient profitability. Thus, profitability is the necessary means to enable the management to serve its clients, shareholders, employees and society.



Attendee checks for messages

1974 In the Midst of Recession

In 1974 and 1975, the oil crisis plunged the world into a serious economic recession. While the European Management Forum was not immune to the impact of the downturn, it weathered the storm. Klaus Schwab wrote in the *Annual Report* of the Foundation:

“Although the looming signs of stagnation and recession in the European and international economy led to budget cuts in a number of companies, perceptible mainly in the plunge of professional training, the European Management Forum did not suffer from this tendency – to the contrary, it seems that the policy of the foundation to offer services fostering above all a better understanding of the European and international political, economic and social development meets with a higher response in these periods of crisis [...] The economic situation has had an influence on the Forum inasmuch as special efforts were undertaken to reduce overall costs and to boost quality and utility of its different activities.”¹

At the 1974 European Management Symposium, Dom Hélder Câmara, the Roman Catholic Archbishop of Olinda and Recife, Brazil, made a notable appearance, bolstering the Forum’s role as a platform for provocative yet vital voices. Câmara had been invited to Davos despite the fact that he was considered *persona non grata* by many governments and business leaders. He had dubbed himself “the spokesperson of those two-thirds of humanity who suffer from the unfair distribution of nature’s resources.”

In his address, Dom Hélder predicted that developing countries could some day challenge and clash with the leading economic powers. “Let’s hope by the Almighty God that this confrontation will not force them into using arms.” He criticized multinationals for keeping so much of mankind in appalling conditions. He called



Dom Hélder Câmara, the Roman Catholic Archbishop of Olinda and Recife, Brazil

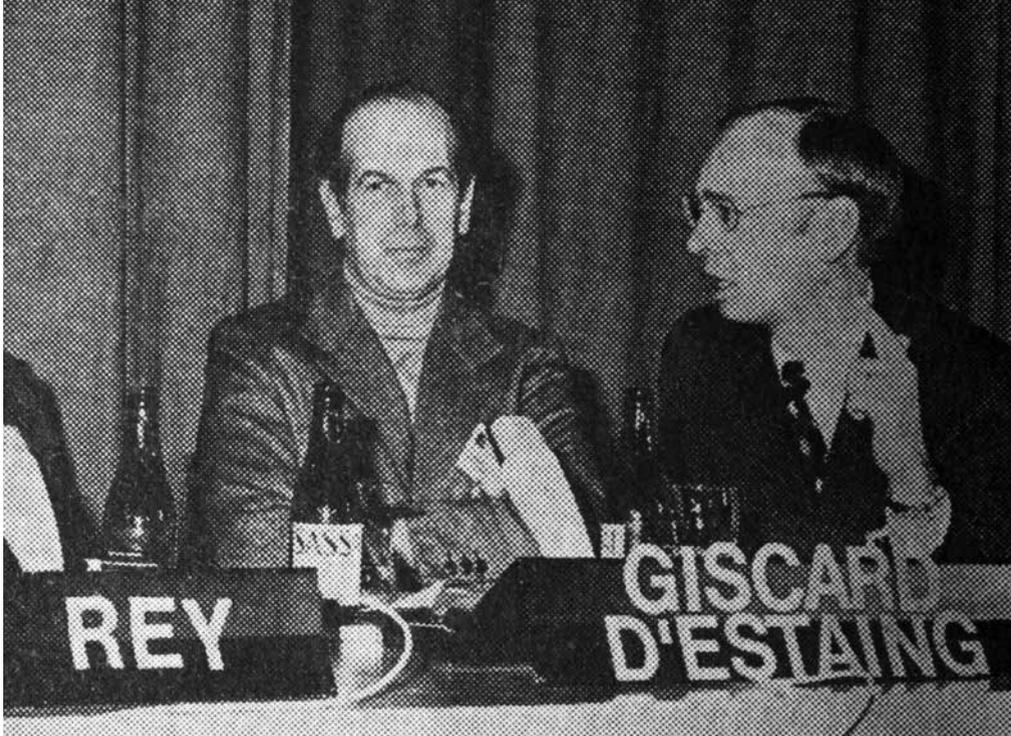
for a higher social responsibility, fairer wealth distribution and a reassessment of “the false values of a waste society” to achieve prosperity for all people. After having provided a platform for the Club of Rome report *The Limits to Growth*, which attracted a great deal of publicity for the 1973 meeting, the Forum intensified its emphasis on environmental issues, inviting Captain Jacques-Yves Cousteau, the renowned French naval officer and undersea explorer, to Davos. He blamed the inaction of governments in promoting environmental protection on “political immaturity” and urged leading industrial nations to take action. “It is of decisive importance that these governments promulgate laws and coordinate efforts with the objective to preserve the oceans and guarantee their rational usufruct [the legal right to employ or gain benefit or profit from somebody else’s property so long as that property is not damaged],” Cousteau argued. “Or else they should create a supranational authority – precedents already exist – to whom they would transfer the respective rights of sovereignty.”

Meanwhile, the Forum expanded its series of roundtables to seven events, including meetings on Europe at the European Commission base in Brussels and on Britain, France, Germany, Italy, Spain and Sweden in each country’s capital. Clearly, the recession had not diminished the Forum’s determination to expand its activities and services.



Since its inception, networking among participants has been an important feature of the Forum’s activities

1 Tätigkeitsbericht der Stiftung European Management Forum für die Periode vom 1.1.1974 bis 30.6.1975



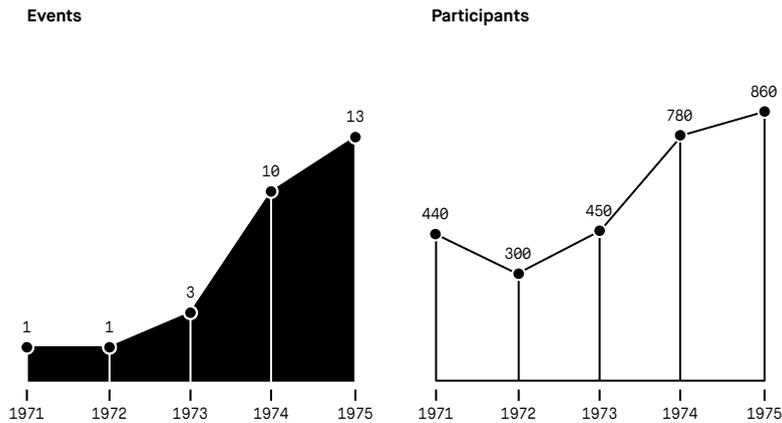
1975 Davos Goes Global

This was a breakthrough year for the European Management Forum. Attendance at the European Management Symposium increased to 860 participants, with the CEOs and chairmen of the largest European companies such as Royal Dutch Shell, Unilever and Philips attending. The Forum welcomed to Davos the first official delegation from a non-European country, Mexico, which was led by José Campillo Sainz, the Minister of Commerce and Industry. In addition, the Forum entered into its first official cooperative arrangement with a specialized agency in the UN system, UNIDO (the United Nations Industrial Development Organization), which is headquartered in Vienna and has as its primary objective the promotion and acceleration of industrial development in developing countries and economies in transition, as well as the support of international industrial cooperation. Meanwhile, the number of roundtables increased to nine.

The Forum also published its first institutional brochure, in which it described its role as follows: "The European Management Forum is an independent, self-financing, not-for-profit Foundation, aligned with the strategic needs of the top decision-makers of European business."¹ The document outlined seven ways in which the Forum serves business leaders through its programmes:

- It observes the European and international economic environment.
- It discovers new trends and follows closely their development.
- It widens the horizon by pointing at the connections.
- It facilitates contacts at the highest level.
- It brings together leaders from business and government.
- It helps to find new business relations.
- It integrates its participants actively into creative programmes.

A breakthrough year with 860 participants



In the first five years, the European Management Forum expanded quickly

After just five years, the Forum had gained acceptance at the highest levels of business and government. While not advocating policy or strategy, the Forum had become a respected organization that served as a valuable platform for business, government, civil society and other stakeholders to confer and collaborate. Klaus Schwab's stakeholder theory was beginning to evolve into a broader concept of corporate global citizenship. In an editorial published in the Zurich newspaper *Neue Zürcher Zeitung*, Schwab reflected on the role of the CEO as politician:

"To cope with structural changes, genuine top executives must act as politicians, that is to say as foreign affairs and not as domestic affairs politicians. It is their task to 'manage' the company's relations with its political, economic, technical and social environment. As a consequence, the company must increasingly adopt the conventional principles of a foreign policy proper. This includes cultivating the cooperation with the relevant institutions, looking constantly and consciously for new opportunities of coalitions to strengthen its own position, and striving to influence as much as possible in a positive sense the course of things through anticipatory or curative measures. To that end it is necessary to look at the environment not in an isolated way or, in other words, to consider only the economic realities.



Former British Prime Minister Edward Heath and future French President François Mitterrand

To defend the foundations of the economic order towards the outside, the responsible executives must first be willing to make active political and social commitments."²

While Schwab had gained significant experience in his five years at the helm of the Forum, he was still only 37 years old. Olivier Giscard d'Estaing, Founding Dean and Director-General of the INSEAD business school and the brother of French President Valéry Giscard d'Estaing, was Co-Chair of the Davos meetings in the years 1973-77. One day, Schwab asked his secretary to connect him with "Mr Giscard d'Estaing". After a short while, he received a call and a female voice announced: "*Je vous passe Monsieur le Président de la République.*" ("I am putting you through to the President of the Republic.") Suddenly, Schwab heard President Giscard's characteristic deep voice and quickly realized that he had the French leader on the line. Nonplussed, he hung up. Many years later, at a dinner with Valéry Giscard d'Estaing, who by then had left office, Schwab told him the story. "You are probably the only person who ever hung up a phone on a French president," Giscard responded.

1 Institutional brochure, *European Management Forum*, 1975

2 Klaus Schwab, "Der Unternehmenspolitiker", *Neue Zürcher Zeitung*, 29 October 1975

1976

Bridging the Arab World and the West

The highlight of the sixth European Management Symposium in Davos was a highly contentious debate on the future role of free enterprise in Europe that developed between Edward Heath, who had stepped down as prime minister of the United Kingdom in 1974 and as leader of the British Conservative Party the following year, and François Mitterrand, Secretary-General of the French Socialist Party, who would become his country's president in 1981. The cooperative exchange programme with UNIDO was launched, with 26 developing countries, mostly represented by minister-led delegations. It offered a platform for emerging economies to present investment projects to Davos participants. Among the nations taking advantage of this initiative were Bolivia, Iran, the Ivory Coast, Nigeria, the Philippines and Thailand. Having observed the growing popularity of small interactive sessions among participants who found them highly useful, the Forum increased the number of workshops, seminars, contact lunches and dinners to 200. The Foundation also reinforced the participation of civil society by inviting prominent speakers such as Ralph Nader, the American consumer rights activist and environmentalist, who spoke on what industry can do for consumers.

In October, the Forum took yet another significant step forward in its internationalization when it organized the first Arab-European Business Cooperation Symposium in Montreux, Switzerland, together with leading Arab and European institutions. Over 1,500 senior executives, including over 400 from the Arab world, took part in three days of plenary sessions, seminars and private discussions. Never before had so many, at such a high-level, met to discuss all aspects of practical business cooperation between Western Europe and the Arab world. The response of participants was overwhelmingly positive.



Shimon Peres, Yasser Arafat and Klaus Schwab

Opening the meeting, Klaus Schwab said:

“The overwhelming interest in this Symposium shows the need for multinational, direct and practical contacts between the top decision-makers in the industrial, economic and financial life of the Arab and European countries. Instead of the 1,000 participants we had planned for, more than 1,500 have come and are now assembled here; hundreds had to be turned away owing to lack of space. The great success of this Symposium, which we can foresee before it has even started, is evidently based on a genuine Euro-Arab partnership.”¹

With the meeting in Montreux, the Forum played a critical role in deepening that partnership and repairing the strained relations between Arab and Western countries that had broken down after the oil crisis of 1973.

¹ Klaus Schwab, First Arab-European Business Cooperation Symposium, European Management Forum, March 1977

1977

The Davos Club

The Forum's growing international dimension was even more perceptible at the seventh European Management Symposium. Participants came from over 50 countries. Notably, prominent American and Japanese business and political figures made the journey. The Davos meeting was gaining the reputation of being something of a "club". To reinforce this sense of intimacy and exclusivity, the Forum introduced special status for companies who participated regularly in its activities. By 1 July, this group included 71 members. The Organisation for Economic Co-operation and Development (OECD) joined as an official sponsor.

"Roughly half of the participants, whom I can welcome today, are old friends – so to speak – or represent companies that have already been present in the past," Klaus Schwab said at the opening of the Symposium. "Thus, the term 'Davos Club' becomes ever more a legitimate claim. Those of you who are here for the first time will soon discover the hallmark of the club. It is characterized by the sportsmanlike work climate that develops particularly well thanks to the beautiful scenery that distracts our attention from the daily work."¹

A memorable moment at this meeting was the dramatic appearance of Vladimir Bukovsky, a former Soviet political dissident, author and activist who had spent 12 years in prison, labour camps and forced treatment in psychiatric hospitals before being exchanged in December 1976 for the Chilean Communist leader Luis Corvalán. Bukovsky arrived in Switzerland in handcuffs, travelling immediately to Davos where he made his first public speech on the topic of "The Worldwide Threat to Civil Rights and the Responsibility of Industrial Leaders". His moving appeal to Western business leaders to refrain from supporting financially the Soviet regime received worldwide media coverage.

After Dom Hélder Câmara's participation in 1974, Klaus Schwab regularly invited religious leaders to Davos. In 1977, Franz Cardi-



nal König, the Roman Catholic Archbishop of Vienna, joined the meeting and voiced his concerns about humankind's egotistical drive for material wealth and comforts, calling for a renewal of society to put the two pillars of faith and love at its core. The Forum achieved several other breakthroughs this year. The first roundtable outside Europe took place in Washington DC in March. It focused on the implications of the US leadership transition from Gerald Ford to Jimmy Carter. Encouraged by the success of the Arab-European meeting the year before, the Forum organized the first Latin America-European Business Co-operation Symposium in Montreux in October under the auspices of the Inter-American Development Bank, the World Bank and the Economic Commission for Latin America (ECLA).

To broaden its relationship with the media, the Forum shifted its perspective from regarding the press as mainly working journalists covering its events to considering them to be important stakeholders in global society. In cooperation with EUROPA (at that time the monthly supplement of Italy's *La Stampa* newspaper, *Le Monde* of France, *The Times* of London and Germany's *Die Welt*) and the International Chamber of Commerce in Paris, the Forum introduced a special series of meetings and publications. The first event was held in Geneva in November under the theme "Should business leaders serve in politics?".

The Forum published its first survey, which focused on the concerns of business leaders about protectionism. In addition, it maintained its leadership in the use of technology to provide better interaction among participants and improve its services and activities.

¹ Klaus Schwab, Opening Address, European Management Symposium, 27 January 1977

1978

Tragedy and Security

In September 1977, the Red Army Faction, an extreme left-wing terrorist group, kidnapped Hanns-Martin Schleyer, the President of both the Federation of German Industries (BDI) and the Confederation of German Employers' Associations (BDA) and one of the most powerful men in Germany. His dead body was discovered more than a month later in the trunk of a car. This atrocity cast a tragic shadow over Davos. When he was abducted, Schleyer had already agreed to chair the 1978 European Management Symposium.

The meeting, which began with a minute of silence in memory of the German industrialist, marked the first time that the Forum had to take special measures to ensure the security of participants. "The Congress Centre in Davos resembled a fortress," reported the German business magazine *Capital*. "Participants – all of them highly paid managers – had to deposit their fingerprints, pass the computerized control each time they entered into the building and wind themselves through the guard mounted by policemen armed with machine guns. Yet they accepted the inconveniences without complaint. They believed that with these measures the eighth European Management Symposium was effectively protected against terrorist attacks."¹

Global economic conditions remained at the forefront of participants' minds, with more discussions focusing on the social responsibilities of enterprises and the challenge of equitable distribution of wealth in light of the recent downturn. "There are many reasons why we talk of an 'adverse environment', combined with catchwords such as 'structural crisis', 'stagflation', 'energy crisis', 'lack of mutual trust'," Klaus Schwab remarked in his opening address. Schwab continued: "Naturally, all these factors throw a spanner in the works of the entrepreneurial mechanism. However, the main reason lies not in the economic facts but in the psychological atmosphere in which we have to work. During the 'fair-weather

economy', we grew accustomed to improving continuously our living standard and to expecting more and more social services from the state. A disease that I would call 'pensioner mentality' struck large circles of the population. Thus, for many years, the focus of discussion was wealth distribution. The annual growth rates of the gross national product being juicy, the distribution dispute did not demand real sacrifice from anybody. The question was solely whether increment turned out to be more or less important. Still today, our attitude, our political and social systems and mechanisms are dominated by the wealth distribution aspect."² Yet, Schwab argued, the concerns about fairness and equity had become much more serious and pressing.

In 1978, in addition to the Davos Symposium, the Forum convened nine roundtables – one in Washington DC for European investors, one in Brussels in collaboration with the European Communities, and the others in London, Amsterdam, Athens, Bonn, Rome and Paris. In the French capital, two separate meetings were held – one on France and the other with the Organisation for Economic Co-operation and Development (OECD). The second Arab-European Business Cooperation Symposium took place in Montreux in May, again with over 1,500 participants.

1 "Die Elitetreffs des Managementprofessors Schwab", *Capital*, April 1978
 2 Klaus Schwab, Opening Address, Davos Symposium, 26 January 1978



1979

1979

1979 Opening the Door to China

This year marked the first time that a delegation from the People's Republic of China participated in the Davos Symposium. In the fall of 1978, Klaus Schwab followed with great interest the emergence of Deng Xiaoping as China's paramount leader and the evolution of his "Open Door" policy. Deng had initiated a domestic programme, known as the "Four Modernizations", to reform Chinese industry, agriculture, national defence, and science and technology. He was gradually moving China to let go of many orthodox Communist doctrines and implement a pragmatic socialist market system "with Chinese characteristics."

Schwab invited Deng to the 1979 Davos Symposium. While he did not come, Beijing sent a delegation of eminent Chinese economists, led by Professor Qian Junrui, Director of the Institute for Global Economic Research at the Chinese Academy of Social Sciences. The presence of the Chinese aroused lively interest among participants at the meeting, which was chaired by Edward Heath, the former British prime minister, and opened by the French Prime Minister Raymond Barre. This was the beginning of a long relationship between the Forum and China, which has included official Chinese participation at Davos every year since. In April, Schwab paid his first visit to China at the invitation of the Chairman of the Chinese Academy of Social Sciences. This was followed by a Forum delegation of 20 European CEOs, who had a rich programme that allowed significant interaction with Chinese authorities. China's Ministry of Economic Relations with Foreign Countries signed a Memorandum of Understanding with the European Management Forum that allowed for the establishment of regular exchange and the holding of an annual meeting in Beijing in cooperation with the newly created China Enterprise Management Association (CEMA). The agreement also committed the Forum to hosting in Geneva Chinese ministerial delegations to meet representatives of relevant companies and enterprises. In the early 1980s, the Forum organized a number of such visits.

The beginning of a long relationship between the Forum and China



Klaus and Hilde Schwab on their first trip to China

"Another key achievement this year was the publication of the Forum's first *Report on the Competitiveness of European Industry*, which later became the annual *Global Competitiveness Report*. The study was based on Schwab's innovative concept to define competitiveness not only in the traditional manner of labour or capital productivity but also by employing a wider set of criteria and measures. This was explained in the introduction to the *Report*:

"Traditionally competitiveness is defined mainly in terms of the cost of production and productivity. However, we know today that many other elements come into play: the internal dynamism of a country, its socio-political consensus, the quality of its human resources, its commercial spirit, the manner in which it prepares for the future, etc. But competitiveness can also be influenced by factors as diverse as wage costs and the cost of social programmes, or the efficiency of telephone systems, or even the ability to speak foreign languages! For this reason, the present Report takes into account both quantifiable elements and subjective ones. The methodology employed provides for a combination of strict economic and statistical material with opinions obtained from corporate chief executives and from economic and social specialists throughout Europe. This was supplemented by the experience and knowledge acquired by the Forum's staff during the past 10 years."¹



Edward Heath rehearsing for a good cause

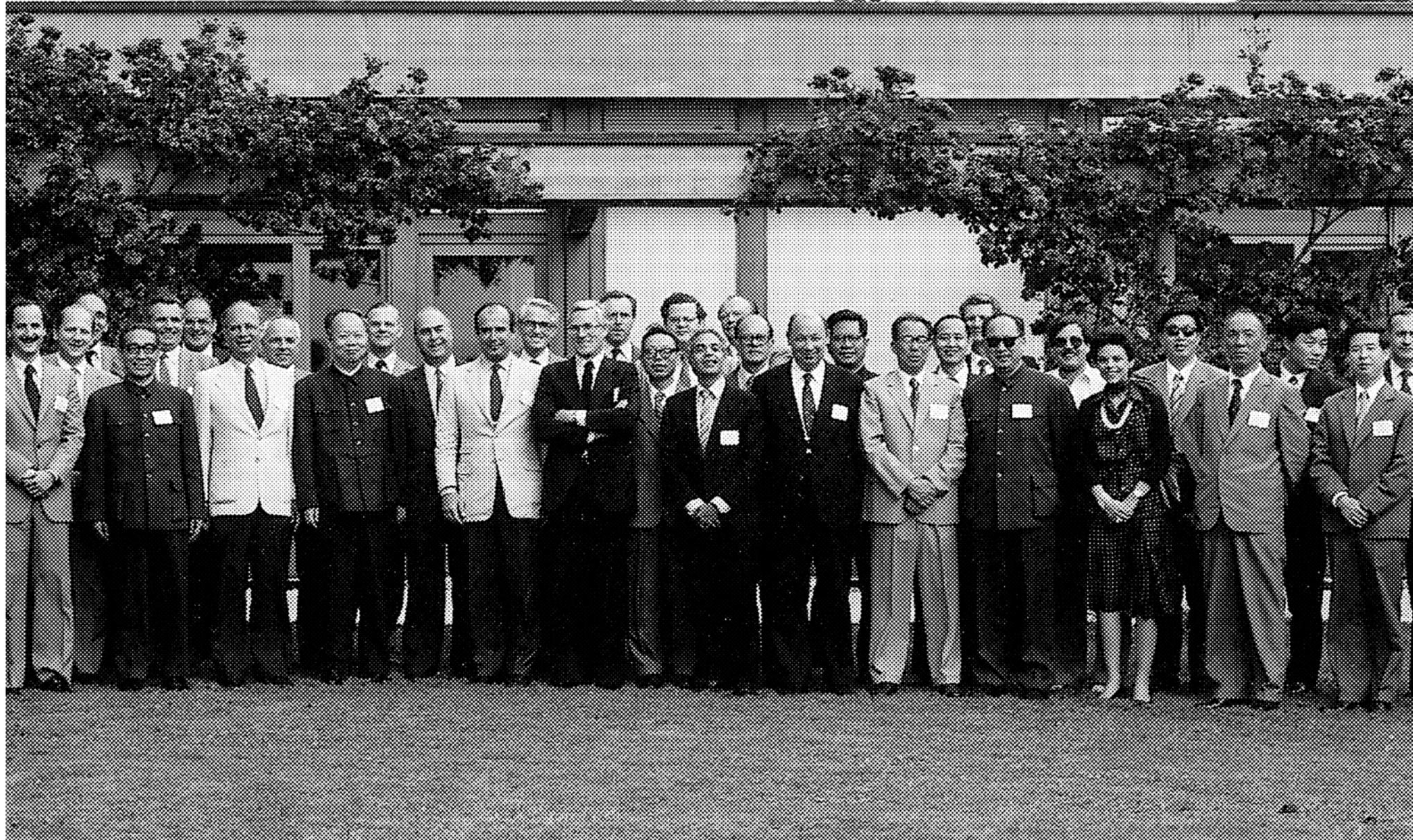
As outlined in the *Report*, the 10 factors determining competitiveness were:

- **dynamism of the economy**
- **industrial efficacy and cost of production**
- **dynamics of the market**
- **financial dynamism**
- **human resource**
- **the role of the state**
- **infrastructural dimension**
- **outward orientation**
- **forward orientation**
- **socio-political consensus and stability**

Also this year, the Forum successfully organized the second Latin America-European Business Cooperation Symposium in Montreux in November. In 1979, the Forum included a concert in the Davos programme for the first time – the beginning of what has become a tradition. The charity event was organized to support the United Nations Educational, Scientific and Cultural Organization (UNESCO) International Year of the Child. Performing was the Zurich Chamber Orchestra, with Symposium Chairman Edward Heath as guest conductor.

¹ "Background Document Davos Symposium 1980", *Report on the Competitiveness of European Industry, 1979*, European Management Forum

1979



1979



Henry Kissinger delivered the opening address

1980 Change, Celebration and Competitiveness

By this year, the 10th anniversary of the European Management Forum, the list of members increased to over 300, among them the most successful European enterprises and an increasing number of international companies. At the 1980 European Management Symposium, former US Secretary of State Henry Kissinger delivered the opening address. Before he spoke, the Forum awarded him a prize created to mark its first decade. The German-born former Harvard professor and 1973 Nobel Peace Prize laureate, who had left government service in January 1977, was honoured for his contributions to international cooperation.

In his prescient speech, Kissinger focused on “the constantly changing world” and the age of global interdependence. He warned of “a dilution of confidence in classic economic models, a challenge to the capitalist system,” but also noted “a demoralization of the socialist systems which nowhere have produced the satisfaction of the human personality.” He concluded: “All of these changes are global and would make ours a period of turmoil – even apart from any specific challenge that we face.”

Another significant development was the decision to replace the Arab-European and Latin America-European symposia in Montreux, both held biennially, with more country-oriented activities such as missions and “Geneva Meetings” or one-day in-depth events at the Forum bringing together important public figures with about 70 members.

In 1980, the Forum convened Geneva Meetings with five guests including Kang Shi'en, Vice-Premier of the State Council and Chairman of the State Economic Commission, People's Republic of China; Faisal Al-Bashir, Deputy Minister of Planning of Saudi Arabia; Li Feiping and Lin Hua, Vice-Ministers of the Metallurgical Industry, People's Republic of China; René Ortiz, Secretary-General of the

Organization of the Petroleum Exporting Countries (OPEC); and León Roldós Aguilera, President of the Monetary Board of Ecuador. In addition to the traditional Europe-focused country roundtables, the Forum organized three missions, including one to several Gulf countries with programmes in Riyadh, Abu Dhabi, Dubai and Kuwait, as well a visit of Arab ministers and business leaders to Germany and Austria, and a European business delegation to China.

The second edition of the *European Competitiveness Report* now included Japan, the United States and Canada into its evaluations. It also provided, for reference purposes, major statistics on two newly industrialized countries (NICs), Brazil and Mexico. The *Report* attracted worldwide notice. Even today, the release of the annual *Global Competitiveness Report* draws the most media – and government – attention of any Forum activity except for the Davos meeting. In 2008, for example, some 300 articles relating to the *Report* were published in the launch week alone.

The intensive media coverage underscores the credibility and authority that the *Global Competitiveness Report* has gained over the past 30 years. It has served as a useful benchmark for governments around the world to monitor their performance based on economic as well as social criteria. The *Report* has become an indispensable tool that many countries employ to identify reform priorities.

Klaus Schwab recalls a meeting he had in the 1980s with Singaporean Prime Minister Lee Kuan Yew, whose country had achieved the top position in the ranking that year. After Schwab congratulated Lee, the prime minister responded by noting that Singapore had received only a mediocre score in education. As a result, he told Schwab, his government had decided to reform the country's educational system to ensure that it performed better in future.

The Constantly Changing World

Excerpts from the opening address by Henry Kissinger, former US Secretary of State, to European Management Symposium 1980

Now let me discuss the international situation as I see it. I will mention briefly a number of structural, dynamic changes independent of specific actions and then I will address the specific events that have led to the current situation, independent of the actions of any state. We are living in a world which has seen a major redistribution of power. Several times, first at the end of World War II when Europe lost its traditional pre-eminence, then in the decades afterwards, there developed new standards of power including Europe, so that the world became transformed first into a bipolar system and then into a somewhat multipolar system. But it is a curious system because, for the first time in history, economic, political and military power are not identical.

For the first time in history, it is possible for a country to be militarily strong and economically stagnated, like the Soviet Union. It is also possible for a country to be economically very strong and yet be militarily insignificant. Some countries play a major political role for a variety of reasons, without being either militarily or economically strong. So the incommensurability of the various elements of power gives a complexity to contemporary international relations that is unique.

The second is that, for the first time in history, foreign policy is truly global. Until the end of World War II, the various continents pursued their policies in isolation from each other. One could not really compare China and Europe in the 17th Century because, to all practical purposes, they did not interact. That condition has changed, and it is compounded by the loss of economic autarky of the various regions. Then, for the first time in history, there are many problems that affect all of humanity: environmental concerns, proliferation of the dangers of nuclear weapons. There is, again for the first time, a discovery of agricultural incompetence in many parts of the world that cannot feed themselves any longer, either because they do not have the technology or because the population has pressed at the margins of their resources – of which the reverse side is the near monopoly position of small numbers of countries of scarce raw materials. And there is a dilution of confidence in classic economic models, a challenge to the capitalist system, but also a demoralization of the socialist systems which nowhere have produced the satisfaction of the human personality. All of these changes are global and would make ours a period of turmoil – even apart from any specific challenge that we face.¹

¹ Henry Kissinger, Opening Address to the European Management Symposium, Davos, 31 January 1980

1981

In Search of Pioneering Enterprises

Three major innovations introduced this year extended the European Management Forum's scope of activities. First, informal, small and closed summits were integrated into the Davos Symposium to allow participants from specific areas, regions or industries to interact and brainstorm in a completely informal atmosphere. Second, the Forum held its first meeting in China. And third, the Forum took the first step in a long-term effort to recruit new members from among the world's fast-growing and innovative small and medium size enterprises.

The first "Mini-Summit" on the Davos programme brought together central bankers who discussed currency issues. The summary of the session (see *box*) shows how financial and monetary issues that are being debated today were already on the global agenda 30 years ago. (During this meeting, Saudi Arabia announced a special loan of several million US dollars to the International Monetary Fund.)

After having sent delegations to China in 1979 and 1980 and received several Chinese delegations to Switzerland and Europe, the Forum held its first event in the People's Republic. The China-Europe Business Leaders Symposium took place in the Great Hall of the People in Beijing on 23-29 June 1981, sponsored by the Chinese State Economic Commission and co-organized with the China Enterprise Management Association.

At this inaugural Symposium, senior Chinese officials outlined China's plans for its economic development over the next decade. Given the Chinese economy's spectacular growth over the past three decades and the impressive flow of foreign direct investment into the country over this period, their remarks provide interesting insight into China's ambitions at a time when few outsiders would have predicted the success that this reawakening giant would achieve.

To involve fast-growing, innovative and dynamic small and medium-sized enterprises in its activities, the Forum selected and published the list of *100 Pioneering Enterprises in Europe*. This ground-breaking effort to put the spotlight on such companies and recruit them as members would become a long-term policy of the Forum, eventually resulting in the creation in 2007 of the Community of Global Growth Companies, which by July 2009 included more than 200 members from over 50 countries.

In the preface to the 1981 report on the Pioneering Enterprises, Klaus Schwab wrote:

"We tend to base our view of present problems – political, social or economic – on conceptions rooted in the past. Since the framework has changed, those conceptions have become misconceptions... The premise of this report is that economic and social progress is the sum of the endeavours of pioneering enterprises that have dared to translate creative ideas into project, market, process innovation, and also into social innovation."¹

With the words above Klaus Schwab had already the vision of what would be called social entrepreneurship: combining entrepreneurial activity with social engagement. At that time social innovation was regarded to be completely in the hands of governments.

In 1981, the Forum also organized country meetings in Germany, the UK, Portugal, France, Italy, Spain and the Netherlands. It held Geneva Meetings with ministers or high-level representatives from Costa Rica, Egypt, Jordan, Kuwait, Morocco, Peru, the Philippines, Saudi Arabia and Venezuela. It also conducted the first European Business Mission to Australia at the invitation of the Confederation of Australian Industry, as well as a special Briefing in Washington DC on the policies of the new Reagan Administration in the US. The latter took place in the US Senate. Leading the discussions were top American officials including Treasury Secretary Donald Regan, Defence Secretary Caspar Weinberger, Senate Majority Leader Howard Baker, Senators John Glenn, Gary Hart and Bill Bradley, and Murray Weidenbaum, Chairman of the President's Economic Council.

¹ *100 Pioneering Enterprises in Europe 1981*, European Management Forum, 1981



Currency Mini-Summit in Davos

Sound currencies were the basis for a healthy economy. Monetary matters were therefore another focal point of the Symposium. On "bankers' day", the Chairman of the Governing Board of the Swiss National Bank, Fritz Leutwiler, said that with fluctuating currency exchange rates the money market could not always guarantee economically acceptable rates. The tendency to inflate the rates of exchange was a general phenomenon that had to be borne in mind in the future. Considerable competitive distortions of the predominant countries had become more nearly aligned; but the rates of inflation would remain high.

Since a commonly devised economic policy based on solidarity could not be realised in the near future, there might well be tensions and crises in the system of fixed exchange rates; speculative movements of capital and transferrals of inflation could happen, with consequent government intervention in the traffic across frontiers in trade, services and capital. In Leutwiler's view, the system of fixed exchange rates at present acted as a brake rather than a driving force towards integration. The speaker also complained that some countries, in order to fight inflation, kept their own currencies at artificially high level not justified in real economic terms.

German Federal Bank President Karl Otto Pöhl stated that the existence of the European Monetary System (EMS) was not guaranteed, since there was no convergence in the economic development of the individual national economies. Tensions that had arisen earlier in the System could reappear at any time. This meant that for the moment hope should be abandoned that the EMS could become a central banking system for Western Europe. In future, in fact, there would be greater tensions than in the past. The possibilities of changes in leading currencies were gaining probability. In the long term, however, the German mark and the franc would probably continue to show upward tendencies. The economic bases of these currencies were better than those of other currencies at present maintaining a good position or even showing an upward trend.

Managing Director and Chairman of the Board of the International Monetary Fund (IMF), Jacques de Larosière de Champfeu, indicated that the industrial countries would probably lose their predominance in the IMF. Because these countries had not had sufficient sense to reduce their oil consumption and with it their oil bill, they now had to hold out their hands for OPEC funds. Some of the OPEC countries would demand, as quid pro quo, greater influence on decisions in the IMF. That was stated and demanded also by Saudi Finance and National Economy Minister Sheikh Mohammed Ali Abalkhail.

In the course of the discussion it was specially emphasized that the yen played an increasingly important role today in controlling the movements of currency rates, and this was a welcome development. Moreover, the sinking price of gold was the first sign that inflation dangers were diminishing. The only way to attain a stable exchange relationship to the leading currency was via economic stability and collaboration between the countries concerned. An industrial expert on currency described the discussion, carried on at a high level, as a kind of "monetary summit", since the president of the Netherlands Central Bank and president of the Bank for

International Settlements, who was present as a participant, also talked with the speakers.¹

¹ *Highlights of the Symposium and Summary of the Programme, Davos Symposium, European Management Forum, 1981*



The future comes to the Forum – Apple Computer demonstration

1982 The First IGWEL

The most important innovation introduced at this year's European Management Symposium was the holding of the first Informal Gathering of World Economic Leaders, which Davos regulars now usually refer to by the acronym IGWEL. This closed-door, off-the-record meeting allowed for informal dialogue, permitting participants to get to know each other, exchange ideas and work on ongoing issues and problems without having to produce a communiqué, treaty, press statement or any other document at its conclusion. Today, the IGWEL remains enormously attractive to participants as the only global framework for an interdisciplinary exchange of ideas and opinions of government leaders. In recent years, G20 countries have typically been represented by their head of government, as well as by ministers in charge of foreign affairs, finance, economy, trade, environment, technology, health or other portfolios. The IGWEL acts as an informal consensus-building system and as a catalyst for launching new ideas and initiatives. During the first few years it was convened, four issues dominated its agenda: the international monetary system, trade relations, East-West ties and North-South relations. The IGWEL discussions today focus on many of the new global challenges such as food security, water conservation and management, and poverty eradication. Politicians from developing nations have been particularly appreciative of the IGWEL since they have always been integrated into the process as full and equal partners. This contrasted markedly with their participation in many multilateral organizations.

US President Ronald Reagan: "We will work with our allies in a spirit of equality and consultation."

A highlight of the 1982 European Management Symposium was US President Ronald Reagan's special message to Davos participants via satellite from Washington DC:

Greetings to all of you attending the European Management Forum! On behalf of the American people, please accept our very best wishes for the New Year. I would have liked to meet with you personally, but I am glad Ambassador Brock will be in Davos representing our administration. As we begin 1982, we know these are times of testing in our relations. Together we face new perils of repression in the East and problems of weak growth in our own countries. Unless we are careful, these stresses could divide rather than unite us. They could combine with a sense of the complexity of modern life to produce scepticism and fear – a turning away from the sources of our strength. Let us resolve that this must not and will not happen. The values and principles we share – faith in God, devotion to the rule of law, human rights, and economic liberty – are the foundation of Western civilization. They give life to the spirit of freedom and nourish the dreams of millions of oppressed around the world. Our values and principles have never failed us – when we have lived up to them. Think back over the past 35 years. They have been remarkable years of peace, prosperity, and progress – years in which America and Europe have grown together to new heights of community and commerce. We need to remember that despite the problems we face, we are strong, secure, and stable democracies. We

need to remind ourselves that when we stood together in the past, we performed great feats. We can do it again; we can meet any challenge if we remain true to each other and to the beliefs we share.

In America, we are trying to do this. We have relearned one lesson we should have never forgotten: that only by rewarding personal initiative and insisting government live within its means can we save the spirit of enterprise and risk-taking so essential to economic progress, human fulfilment, and the preservation of freedom itself.

There is no other way. Higher government spending and taxation do not work. Protectionist tariffs do not work. Always they are sold as short-term solutions. But inevitably, a quick fix leads to long-term addiction, and in this case, the disease of higher interest rates, inflation, and economic stagnation nearly destroyed our economy.

The United States has turned an historic corner. We have put together the greatest collection of incentives in 50 years to help Americans rebuild our economy and restore their financial security. These reforms are just beginning. They won't work overnight. But they will work, and savings, investment, and productivity growth will revive.

No one appreciates the role of personal initiative and incentives better than you, the entrepreneurial leaders



President Ronald Reagan

of Europe. We are impressed by the talent and treasure of your industry and commerce. We look to you to initiate the revival we seek, to overcome the fears that some betray, and to reignite the spirit of independence and individual freedom we need. Some say it is dangerous to push for dramatic reforms in a period of instability. But I believe it is dangerous not to. There will always be a crisis. There may not always be an opportunity. As we strive for economic recovery, we are strengthening our defences so America can work with your countries as a trustee of freedom and peace. We will work with our allies in a spirit of equality and consultation. There will never be complete agreement on all issues, nor should there be. We are sovereign nations. But let us remain unified and resolved on the essential: that above all, the Atlantic Alliance was built for the defence of Europe, and that it's because we've worked together for more than 30 years to keep the Alliance strong that Europe has remained at peace, free to grow and prosper. Today we face a new challenge in Poland. Soviet-sponsored repression

brings fresh evidence of the failure and inflexibility of their totalitarian system. Sixty-five years after their revolution, they still need the West to feed their people; they need our credits and technology to run their industries; and they remain so frightened of freedom they need walls, minefields, barbed wire and guns to keep their people in.

It is a measure of our strength that we would never declare martial law to prevent our citizens from voting for the kind of government they want. It would be a sign of our weakness if we tied our future too closely to the system that must.

Let me leave you with the words of a man who grew up in Germany and later moved to the United States – a man who never stopped leading us to new frontiers in space and time. His name was Albert Einstein, and he said, "Everything that is really great and inspiring is created by the individual who can labour in freedom." This is the wonderful heritage we share – entrusted to us to stand by, to protect, and one day, to pass on.

Thank you, and God bless you all."¹

¹ President Ronald Reagan's Remarks to the European Management Symposium, Davos, 28 January 1982

1982



1982



A Davos session on "Consensus-Building for Western Security": US General Bernard W. Rogers and Raymond Barre, Chairman of the Symposium

1983 The Spirit of Davos

By 1983, the European Management Symposium had become, as Klaus Schwab put it in his opening address, "the foremost annual gathering of decision-makers of the world economy." Schwab remarked that at Davos were economic experts of great breadth and experience, including "500 business leaders, 100 politicians responsible for economic affairs and 100 business journalists from 52 countries." Concluded Schwab: "This means a major commitment for all of us."

He went on to assess the global economic situation and the mood of the international community – and called on participants to shape innovative and concerted responses:

"The crisis symptoms which we discussed here in the last years have reached such a scale during 1982 that we can only feel relief that there has not been a disaster. In 1936, Winston Churchill said: 'We are decided only to be undecided, resolved to be irresolute, adamant for drift, solid for fluidity, all-powerful to be impotent.' Some time someone must have the courage to break out of the depth of laxity and defeatism. Why not us? Impulses that change the world could emanate from here. Each single exploit on earth has always originated from an idea. A small snowball on the slopes out here can unleash an avalanche. The same can be true in the human, economic and social spheres."¹

It was at this time that participants began to recognize the unique atmosphere and attributes of the Symposium and articulate what made the meeting so special. A Forum summary document referred to the annual gathering as "one of those increasingly rare international events where formality can be dispensed with, where personal contacts can be made, where new ideas can be tried out in complete freedom, where people are aware of the responsibili-



Peter Sutherland, GATT and WTO Director-General, Switzerland and Raymond Barre, Chairman of the Symposium

ties involved in belonging to an international community, where we have time to look at the really important issues rather than everyday pressures. This is what we call the Spirit of Davos.”²

President Reagan’s address via satellite in 1982 signaled the beginning of regular US government participation in the Symposium. In 1983, US Secretary of Commerce Malcolm Baldrige assured Davos participants that the United States would remain engaged in the world. “The likelihood of the US slipping into isolationism and protectionism is 1,000 to one against, so strong are our memories of what happened in the early thirties,” he said.

Meanwhile, General Bernard W. Rogers, Supreme Allied Commander Europe, outlined Washington’s views on global security and arms control. “We understand peace as peace with freedom,” he declared. “We have only one option: successful disarmament negotiations with fair and verifiable control measures. We must remove obstacles to the negotiations. We need political unity and military strength. The only thing that impresses the Russians is a strong and resolute attitude.” His message was greeted with thunderous applause. A special event at this Symposium was the World Summit Session on Global Economic Issues, which was chaired by former French Prime Minister Raymond Barre. Klaus Schwab moderated the discussion, which included high-level public figures from developing countries such as Ivory Coast, Brazil, People’s Republic of China, Nigeria and Malaysia, together with their colleagues from the US, Japan and Europe, highlighting again the special attention the Forum was giving to North-South cooperation.



Klaus Schwab with a Chinese delegation

Another highlight of this year’s meeting was the Prime Ministers’ session, which Helmut Schmidt, the former chancellor of the Federal Republic of Germany, moderated. The panellists – Robert Muldoon of New Zealand (also his country’s minister of finance), Poul Schlüter of Denmark, Kalevi Sorsa of Finland, Cesar E. Virata of the Philippines; and Kaare Willoch of Norway – analysed the key problems of leadership in the West and in economic policy-making in general. In view of the financial crisis in 2008-2009, it is noteworthy to mention the 1983 plenary session entitled “How can we avoid the ‘debt-crash’ and whose responsibility is it?” Banking experts on the panel agreed that a country’s debts were not in themselves cause for concern so long as they were backed up by a corresponding creditworthiness. Because of the popularity of the informal discussions at Davos, the Forum took the initiative to invite the trade ministers of the top 12 trading nations and the head of the General Agreement on Tariffs and Trade (GATT) to join an Informal Gathering on World Trade in Lausanne. On that occasion, the group launched the idea of a new trade round. Later, at the invitation of the Uruguay government, the group met again in Montevideo, where the Uruguay Round of global trade negotiations was officially launched. These talks would eventually lead to the creation in 1995 of the successor to the GATT, the World Trade Organization (WTO).

1 Klaus Schwab, Opening Speech to the Davos Symposium 1983, European Management Forum, 27 January 1983

2 *Highlights of the Symposium and Summary of the Programme*, Davos Symposium 1983, European Management Forum

Davos Debate: The Green and the Red

Over the years, the Davos meeting has been a platform for vigorous debate, where different perspectives are welcomed and encouraged. This summary of a 1983 session with German environmental activist and pioneering green politician Petra Kelly and British trade unionist Arthur Scargill highlights precisely the value of such discussions:

Petra Kelly, Leader of the German Greens, and Arthur Scargill, President of the National Union of Mineworkers in Britain, had been invited to submit the views of the other side, as is only right at a forum. For Petra Kelly, people are becoming help-less objects of the economic complexes they have created, instead of being active subjects, using them to satisfy their needs.

She painted a grim picture of the current situation, with the problems of raw materials and energy shortages as well as pollution of the environment. The growth society and the belief in progress have come to an end, and this demands a fundamental change to a decentralized, ecologically based economic system, which aims for qualitative rather than quantitative growth. Politics and economics must be "humanized" again and not stay in the hands of the bureaucrats. Technology must limit itself. Not everything that is technically possible must therefore be done.

The limitless commercialization of basic commodities must be stopped. Multinational firms must no longer be allowed to decide about structural changes. The impoverishment of the Third World must be taken seriously. Kelly did not expect salvation from the State: this programme is to be carried out by "democratic and non-violent grass-roots movements." We have the potential to solve our problems. Weapons production must be converted to non-military production. The Western profit-based economy and the Eastern planned economy are both to be rejected. Finally, we must demand work for all, including women.

Arthur Scargill made a strong attack on capitalism in general and the Thatcher Government in particular. He advocated a socialist society as the way out of our troubles. Under Mrs. Thatcher the British economy, and the capitalist economy in general, is heading for collapse. This can lead towards a neo-fascist situation, where the police are left to deal with the problem of instability. Scargill, too, sees multinational companies as primarily responsible for misusing the technological means at our disposal. The free market economy, which invests more in destruction than in construction, has failed. There is only one solution: the socialist system, in Britain and throughout the world, a system that is no longer based on profit but on the needs of the people, a world of peace.

Many governments supported the Forum from its early years

I received, with appreciation, your kind message sent on behalf of 500 chief executives of major European and international business leaders who were kind enough to choose me as their "Economic Personality for 1979" in recognition of our efforts in the field of international economic co-operation.

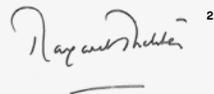
It gives me great pleasure to express to you and to Mr Edward Heath as well as members of the Symposium organized on Feb. 6, 1979, my most sincere thanks and gratitude for your noble sentiments, and for your interest in pursuing and supporting our efforts with a view to achieving economic development and progress in our country.

I wish to reiterate that the Egyptian experts are willing to cooperate with you in all fields, motivated by earnest desire to realize prosperity and welfare for all peoples.



1

I was most honoured to be asked to make this speech, since I am aware of the international reputation of the European Management Forum and of the influence which it exerts.



2

I would like to pay sincere tribute to your invaluable activity to promote dialogue at a high level among business leaders, economic specialists and government leaders from the advanced regions of Europe, the United States and Japan as well as from developing countries. I would also like to offer you my great admiration for the outstanding achievements in the area of research regarding main industrial and financial problems.



3

- 1 Mohamed Anwar El Sadat, President of the Arab Republic of Egypt, 1979
- 2 Margaret Thatcher, Prime Minister of the United Kingdom, 1982
- 3 Yasuhiro Nakasone, Prime Minister of Japan, 1983



Future Prime Minister of India Manmohan Singh

1984 Invitation to India

This year marked the beginning of what would quickly become a very strong relationship between the European Management Forum and India. Klaus Schwab took the initiative to invite Rajiv Gandhi, then General Secretary of the ruling Congress Party, to meet business leaders at the Forum's headquarters in Geneva in August. Less than a year later, the Forum convened the first India Economic Summit in New Delhi in cooperation with the Confederation of Indian Industry (CII). Gandhi, who had succeeded his mother Indira as prime minister of India on her assassination just three months after his trip to Switzerland, delivered the opening address.

The Summit has since become a significant annual event on the Indian business calendar and has contributed substantially to the economic and industrial development of India and the promotion of understanding and collaboration between the international and Indian business communities.

"If one day history of India's globalization and liberalization will be written, you (Klaus Schwab) will figure in the most prominent way in this history book." Prime Minister Manmohan Singh of India, November 2009

By 1984, the Informal Gathering of World Economic Leaders (IGWEL) had already become a useful place for leaders to launch and test new ideas. Many initiatives that were later officially undertaken by international organizations or governments were in fact "born" in Davos. For example, Mexican President Carlos Salinas de Gortari, who spearheaded and negotiated the North American Free Trade Agreement (NAFTA) with the United States and Canada, once said that the idea of the trade bloc had emerged at an IGWEL. The first steps to organize the UN Conference on Environment and Development, known as "The Earth Summit", that was held in Rio de Janeiro in 1992, were also taken at an IGWEL.

Forging a Partnership

In this excerpt from his contribution to the *Liber Amicorum* to celebrate the 70th birthday of Klaus Schwab in 2008, Tarun Das, Chief Mentor of the Confederation of Indian Industry (CII), recalls how the Forum arrived in India:

Much in India was changing in the early 1980s. The Congress Party had returned to political power with its leader, Indira Gandhi, as Prime Minister. The new government was taking final steps to relax the industrial licensing regime, and a new Industrial Policy Resolution had been announced, making expansion for private enterprise somewhat easier. The Forum felt that this was the time to make a beginning in India. But India's complex systems were proving a hurdle.

Nevertheless, when Rajiv Gandhi visited Geneva in August 1984, the Forum made a special effort to meet him. They found the General Secretary of the Congress Party – and the son of the prime minister – to be open and engaged. He was interested in learning about the problems faced by overseas companies in doing business with India, and appreciated their concerns. When the idea of holding an India Meeting was mooted, he was fully in favour of it and in fact committed to requesting the prime minister to inaugurate it.

But history had other intentions. Barely three months after this meeting, Prime Minister Indira Gandhi was assassinated. Rajiv Gandhi was chosen by the Congress Party to be its leader, and in the general elections that quickly followed, won the popular vote by a huge margin to become the new prime minister. His immediate task was to restore order to a shocked and fractured nation.

Rajiv Gandhi proved to be a progressive and innovative leader. Among all his preoccupations with nation building, he found time to renew his contacts with the Forum. When the first India Meeting was held on 15-16 April 1985 in New Delhi, just a few months after the new government took charge, Rajiv Gandhi delivered the inaugural address.¹

¹ Tarun Das, *Liber Amicorum for Klaus Schwab*, 30 March 2008



Listening to other people's opinions

To integrate business leaders in Davos into these high-level discussions, a World Economic Brainstorming (WEB) session preceded this year's IGWEL. A Forum summary described the session:

"One afternoon was given over to the WEB, an innovation at this year's Symposium, and one that, by common consent, was a great success. A large number of small tables were arranged throughout the Congress House, at each of which about a dozen participants could exchange ideas, concerns and suggestions informally with politicians, ministers and heads of international organizations. A rotation system, with three prominent people spending 40 minutes at each table, ensured a useful variety of conversation partners. This new kind of event at Davos was presented with the motto 'Don't miss the opportunity of speaking your mind!'

Many entrepreneurs were delighted to have the opportunity to talk economics with a prime minister, a finance minister or an industry minister. An interesting aspect of the WEB was that public figures themselves put questions to the business leaders, thus obtaining a first-hand, direct feedback on their policies and gathering suggestions of needed actions."²

² *Highlights of the Symposium and Summary of the Programme*, Davos Symposium 1984, European Management Foundation

Participants in the 1984 Informal Gathering of World Economic Leaders (IGWEL)

Raymond Barre

Chairman of the Symposium; former Prime Minister of France

Lloyd M. Bentsen

US Senator from Texas (Democrat)

Francis Blanchard

Director-General of the ILO, Geneva

John Button

Leader of the Government in the Australian Senate and Minister for Industry and Commerce of Australia

Alden W. Clausen

President of the World Bank, Washington DC

Gamani Corea

Secretary-General of UNCTAD, Geneva

Kenneth W. Dam

US Deputy Secretary of State

Pieter Dankert

President of the European Parliament, Luxembourg

Arthur Dunkel

Director-General of the GATT, Geneva

Hans Ewerlöf

Ambassador of Sweden to the International Organizations in Geneva; Chairman of the Contracting Parties of the GATT, Geneva

Leslie Fielding

Director-General for External Relations of the Commission of the European Communities, Brussels

Kurt Furgler

Vice-President of the Swiss Federal Government and Head of the Department of Public Economy of Switzerland

Ernane Galveas

Minister of Finance of Brazil

Robin Trevor Gray

Premier of Tasmania, Australia

G. Ijewere

Special Representative of the Nigerian Government, Ambassador of Nigeria to the International Organizations in Geneva

Ishak bin Pateh Akhir

Chairman of the Malaysian Industrial Development Authority

Kumbirai Kangai

Minister of Industry and Technology of Zimbabwe

Pieter Korteweg

Treasurer-General of the Netherlands

Otto Graf Lambsdorff

Minister of Economy of the Federal Republic of Germany

Emile van Lennep

Secretary-General of the OECD, Paris

Fritz Leutwiler

Chairman of the Board of Directors and President of the Bank for International Settlements, Basel; Chairman of the Governing Board of the Swiss National Bank
Robert Lighthizer
US Deputy Trade Representative

Allan MacEachen

Deputy Prime Minister and Secretary of State for External Affairs of Canada

R. T. McNamar

US Deputy Secretary of the Treasury

Mahathir bin Mohamed

Prime Minister and Minister of Defence of Malaysia

Madan Gopal Mathur

Deputy Director-General of the GATT, Geneva

Moriyuki Motono

Deputy Minister for Foreign Affairs of Japan

Sylvia Ostry

Deputy Minister (International Trade); Coordinator, International Economic Relations, Department of External Affairs of Canada

Turgut Özal

Prime Minister of Turkey

Jean-Claude Paye

Director of Economic and Financial Affairs, Ministry of Foreign Relations, France

Raymond Probst

Secretary of State, Federal Department of External Affairs, Switzerland

Gerald Regan

Minister of State (International Trade) of Canada

Jean Ripert

Director-General for Development and International Economic Co-operation, United Nations, New York

H. O. Ruding

Minister of Finance of the Netherlands

Jesús Silva Herzog

Minister of Finance and Public Credit of Mexico

Janko Smole

Member of the Federal Executive Council of Yugoslavia

Mario Soares

Prime Minister of Portugal

Anthony Solomon

President of the Federal Reserve Bank of New York, USA

Norman Tebbit

Secretary of State for Trade and Industry of Great Britain

Hans Tietmeyer

Secretary of State, Ministry of Finance, Federal Republic of Germany

Pierre Elliott Trudeau

Prime Minister of Canada

Geronimo Velasco

Minister of Energy of the Philippines

Ali Wardhana

Minister Coordinator for the Economy, Finance, Industry and Development Supervision of Indonesia

Yuan Baohua

Vice-Chairman of the State Economic Commission and Chairman of CEMA, People's Republic of China

Big Deals and Small Talk in Davos's High-Class Bazaar

The Financial Times

Jonathan Carr

2 February 1984

In the early 1980s, the international media became more aware of Davos as the place for "deals and ideas", as described in this 1984 Financial Times report:

"Just imagine," breathed an American executive, "if everyone in China bought just one motor bike each – that means a sale of one billion motor bikes. Wow." He was whispering, only half in jest, at the back of a meeting addressed by a high Beijing official about China's economic prospects. More than 100 managers were present from all over the world. Many were already involved in China business. Quite a lot felt frustrated by Chinese bureaucratic delay. But hardly one was not dazzled by the vision of a potential breakthrough into that market of 1bn consumers.

The meeting was one of dozens, held over the past week, at a symposium of top businessmen, industrialists and political leaders in Davos, 5,000 feet up in the Swiss Alps.

In Thomas Mann's book *The Magic Mountain*, set in Davos, the characters represent the sick Europe of before the First World War. Nowadays the annual Davos get-together, this time attracting more than 500 participants from about 50 countries, is a pretty fair microcosm of a dynamic and disordered world economy.

There are Arab financiers looking for investment projects, debtor country representatives looking for funds, Swedes seeking partners in the West Indies, Malaysians hoping to do timber deals with Koreans, Germans probing for chocolate export deals to Japan – and so on and so on.

The symposium runs a private contact service aimed at bringing the most unlikely partners together. Does it work?

Half a dozen random samples suggest that it often does. One entrepreneur from a developing state says he had found on his second evening in Davos just the business contact he had long been seeking. The prospective benefits far outweighed the CHF 8,800 (£ 2,787) symposium fee (less for those already subscribing to the European Management Forum, the private Geneva-based organisation which runs the gathering).

The initial contacts can be followed up well away from the congress itself during a hotel supper or on the ski slopes. Informality is the keynote. Ties tend to be the exception, sweaters and boots the rule. Incongruously, most participants also clutch formal grey attaché cases, issued on arrival to take at least part of the torrent of documentation.

The symposium is thus like a high-class bazaar – but it is one of ideas as well as merchandise. Every day there are small group sessions, some pretty gruelling like 'How to increase synergy in your research and development strategy', others more generally tempting like 'How to negotiate successfully' or 'How to get someone else to finance your investment'.

Those looking for easy short cuts, let alone magic formulae, are disappointed. "There are no free deals," one senior U.S. executive told his audience sternly. But there are a lot of useful hints about. And there is the camaraderie of those who find to their relief that their competitors are tearing their hair over the same intractable problems. There has been criticism from some business participants in the past that the symposium has been too political and too little managerial. But this year's proceedings, with the cautiously optimistic theme 'Warming up for economic recovery', underlined that political and business decision-makers are as dependent on one another as Siamese twins.

For the first time 'brainstorming sessions' were introduced, in which world political and economic leaders moved from one round-table group of businessmen to another, discussing debt, protectionism, investment and so on with no holds barred for 40 minutes at a time.

In quick succession senior executives got the chance to challenge (and be challenged by), say, the President of the World Bank, the U.S. Deputy Treasury Secretary and the Prime Minister of Malaysia. To be honest, few new ways of putting the problems right showed up – but most of those who participated said afterwards they had a better idea of why things were going wrong.³

3 Jonathan Carr, "Big Deals and Small Talk in Davos's High-Class Bazaar", *The Financial Times*, 2 February 1984



1985

A roundtable at Davos

1985 On the Industry Agenda

At this year's European Management Symposium, the CEOs of leading companies in the telecommunications and information industries held separate sessions with relevant ministers and regulators. This was the Forum's first industry-specific event and would eventually lead to the development of the Governors Meetings and the Industry Partnerships.

The first official Japanese delegation, which was headed by Isamu Yamashita, Chairman of Mitsui Engineering & Shipbuilding Co. and the Vice-Chairman of Keidanren, made the journey to Davos. Other members of the group included Taiyu Kobayashi, Chairman of Fujitsu; Minoru Inouye, Deputy President of the Bank of Tokyo; and Takashi Ishihara, President of Nissan Motor Company.

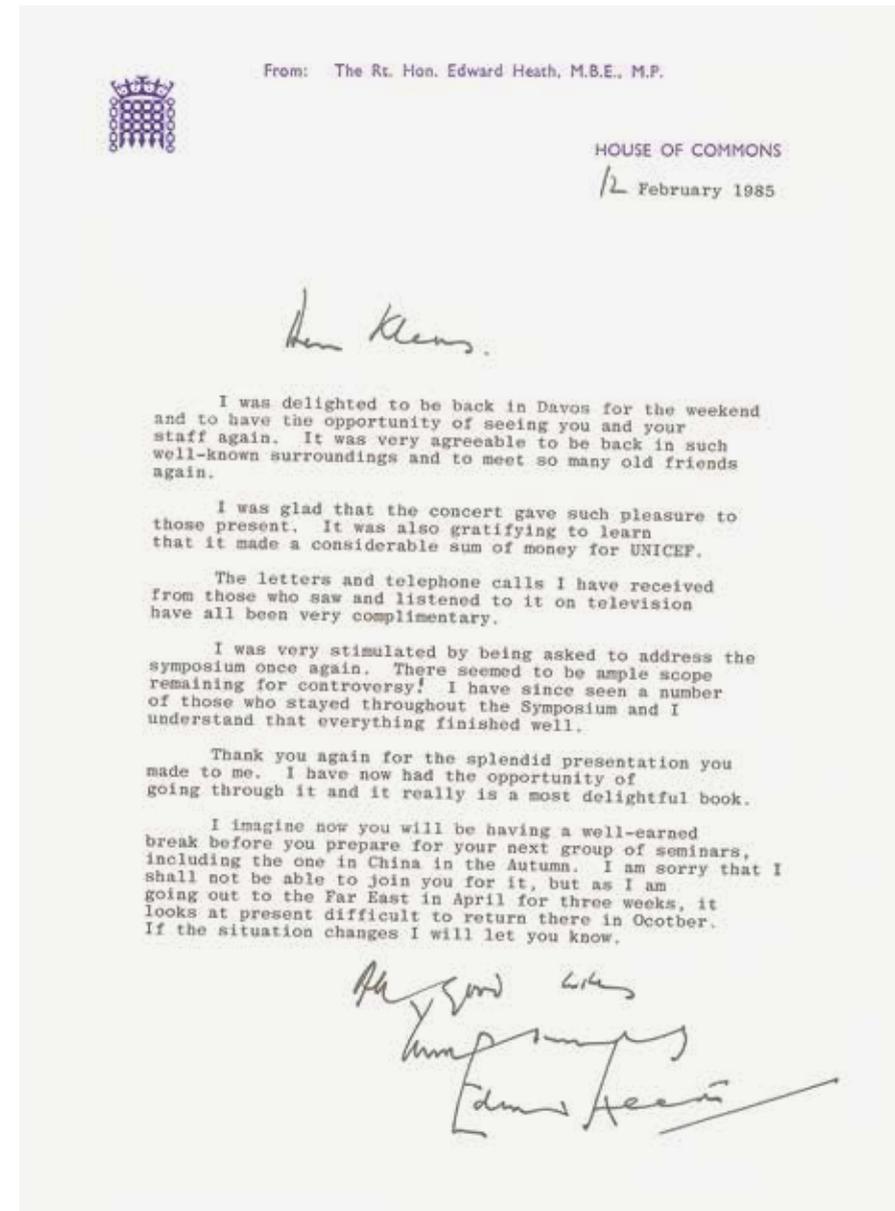
Given the prominence today of environmental protection on the global agenda, it is interesting to note that this was already a priority for business leaders at Davos. Two key figures from the automobile industry addressed the challenge. In one session, Takashi Ishihara, President of Nissan Motor Company. (Japan), told participants that Japanese automakers had to spend enormous sums on research and development because of new environmental regulations. Despite this, in the end, the Japanese automobile industry would become more competitive in international markets, Ishihara reckoned.

He drew four conclusions: First, enterprises must approach environmental problems positively and take preventive measures in the medium and long term. Second, companies must use their R&D resources to find solutions and new opportunities. Third, a business must ensure that its environmental procedures and policies are transparent and must implement them across the company wherever it operates. Finally, business should abandon the idea that environmental policies necessarily conflict with economic health.

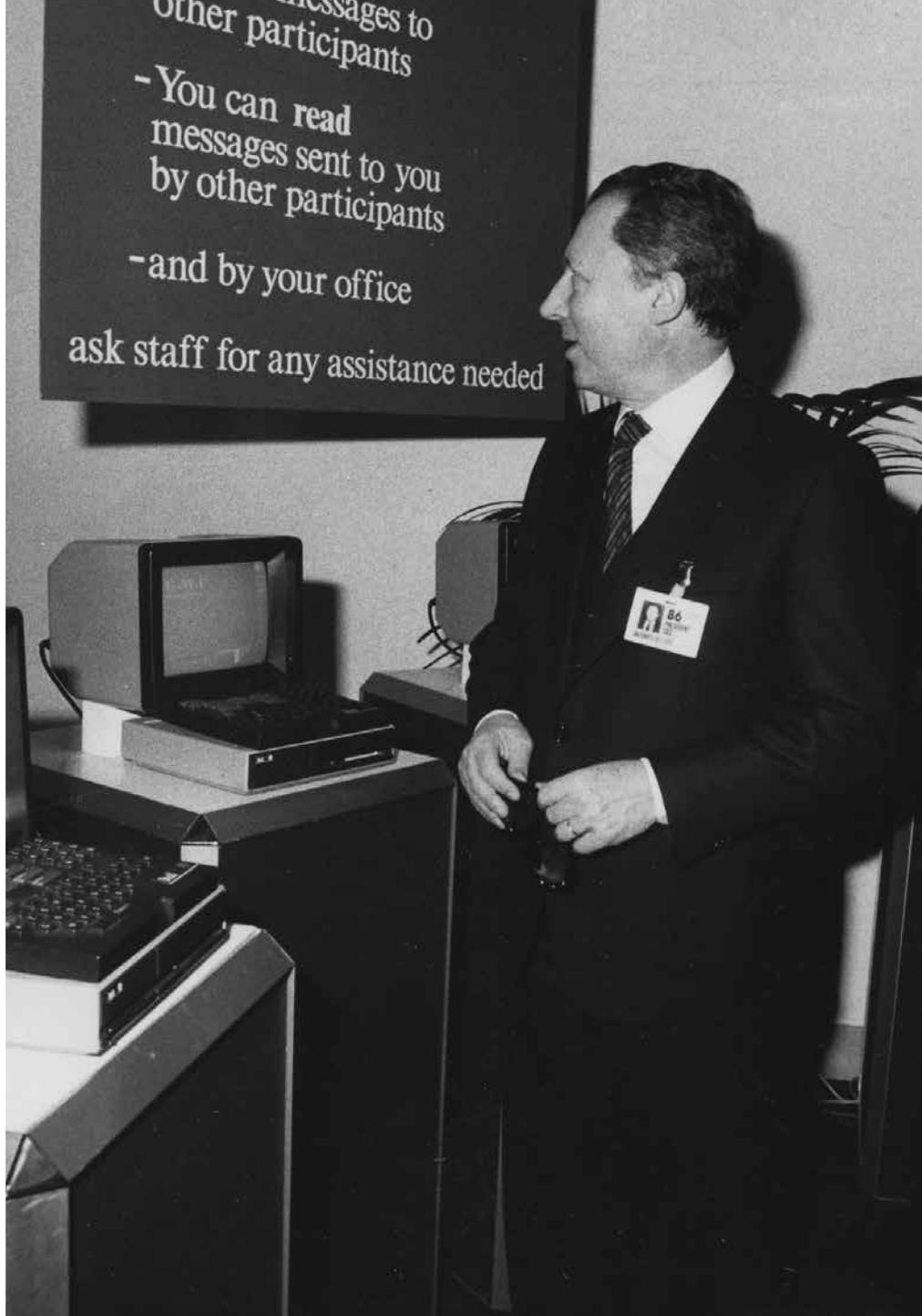
1985

For his part, Carl H. Hahn, Chairman of Volkswagenwerk, the German automaker, also called for more attention to be paid to the protection of the environment. "In the long term, this is our only chance," he warned. "But we must tackle the problems methodically: find out the true causes of pollution, work out the cost of dealing with them, continue with research, evaluate the implications of consumption in general, explore the international dimension of solutions, and so on." He concluded: "The economical use of resources and the demands of economics are not mutually exclusive."¹

While the world has made progress on environmental protection and addressing climate change over the past 25 years, some of the progressive voices at Davos on this issue were sadly not heeded early enough. The Forum provides the platform for the assembled business, government and civil society leaders to raise crucial issues and make people aware of what should be done. In the end, however, it is the responsibility of the participants themselves to implement the ideas and strategic insights that they take home from Davos and other Forum events.



¹ *Highlights of the Symposium and Summary of the Programme, Davos Symposium 1985, European Management Foundation*



The Forum ahead of its time – Jacques Delors,
President of the European Commission

1986 Davos Diplomacy

This Davos Symposium was memorable because of the historic public meeting between Prime Minister Turgut Özal of Turkey and Greek Prime Minister Andreas Papandreu. The two leaders even sat on the same panel in an economic session. It was a landmark moment in the history of both nations and a testament to the power of the Spirit of Davos to bridge divides.

Klaus Schwab had invested a lot of time and effort into creating the right atmosphere for the meeting of the prime ministers, spending the month of January shuttling between Ankara and Athens to ensure that both parties agreed to come to Switzerland and were comfortable with the arrangements. On 23 January 1986, prior to their encounter, Schwab wrote to both men:

Mr Prime Ministers,

You have vested interests in each other's welfare and security. I am sure that today there is a unique opportunity to start processes in order to resolve the issues between your countries peacefully, justly and equitably, through negotiations. Having studied myself the issues which concern and worry you so much, I am nevertheless convinced that the problems between you are not of an irreconcilable nature. History shows that confrontation has never been to the advantage of neighbouring countries. The path should therefore be clear: Mr Prime Ministers, you should try to restore a healthy and a mutually beneficial relationship by seriously tackling the issues which mar your relations and by trying to accommodate each other's lives and interests. Mr Prime Ministers, this may be a historic day for both your countries. Please agree jointly to start a process of negotiations.

**With warmest respects,
Klaus Schwab**



Narayan Dutt Tiwari, Minister for External Affairs, India

Davos diplomacy was also at work when Soviet Premier Nikolai Ryzhkov addressed a business audience in the West for the first time through a satellite link from Moscow. It was also the first time that Russia participated in the Davos Symposium. Ryzhkov appealed for a broadening of the USSR's international economic relations to help the country speed up its economic development and reforms, and modernize its production systems.

Three other leaders made significant interventions during their stay in Davos. Jacques Delors, President of the Commission of the European Communities, defined "the outlines of a world economy which will be in a better position to deal with its problems." His analysis rested on two key ideas: First, the world cannot hope to solve its current problems without continued healthy growth in world trade. Second, global trade cannot expand strongly if the world does not at the same time deal with current deficits and financial imbalances.

Preston Martin, Vice-Chairman of the Board of Governors of the US Federal Reserve Bank, argued that the profound changes that the world had experienced recently made cooperation and coordination indispensable. Hence, United States monetary and fiscal policies were formulated more and more with an eye on their international impact. "We need a change of attitudes," Martin concluded. "Each country must take adequate steps to control and regulate

markets; we must also face the consequences of the deregulation of banking on competition between institutions, between interest rates and between financial centres."



Zhu Rongji, Vice-Chairman of China's State Economic Commission and a future premier, leading the Chinese delegation

H.R.H. The Prince Philip, Duke of Edinburgh, President of WWF International, makes a strong plea for the conservation of nature and endangered species

H.R.H. The Prince Philip, Duke of Edinburgh, President of the World Wildlife Fund International (WWF), made a strong plea for the conservation of nature and endangered species. "Our survival depends on the preservation of every variety of plants and animals," he warned. The prince also underscored that industry had to be concerned about the ways that raw materials were exploited and transformed, the dangers of their exhaustion, the production and use of fertilizers, and the impact of transportation infrastructure. He conceded that many enterprises were moving towards some form of self-regulation. "But we must go further and put into operation joint action between business enterprises and nature conservancy organizations."

Notable too at this Davos Symposium was the Chinese delegation, which was led by Zhu Rongji, Vice-Chairman of the State Economic Commission. He would become China's premier from 1998 to 2003.

Meanwhile, the Forum expanded its industry-focused summits to six, covering informatics, automotive, international contracting, multimedia, health, and food and agro-industry. In addition to the numerous Geneva Meetings over the year to promote investment in developing economies, the Forum also organized 18 regional and country-related roundtables and other events – a punishing schedule of meetings around the globe – with a staff of around 55.

TUR	Istanbul	20/21 Mar	FRA	Paris	9/10 Jun
IND	New Delhi	24-25.Mar	NDL	The Hague	23 Sep
BEL	Brussels	15 Apr	AUT	Vienna	7/8 Oct
GBR	London	24/25 Apr	CHI	Beijing	20/23 Oct
USA	Washington DC	14/15 May	IDN	Jakarta	27/28 Oct
PRT	Lisbon	22/23 May	MYS	Kuala Lumpur	30/31 Oct
BRA	Rio de Janeiro	26/27 May	DEU	Bonn	10/11 Nov
FIN	Helsinki	26/27 May	ESP	Madrid	20/21 Nov
NOR	Oslo	28/29 May	ITA	Rome	3/4 Dec

Davos Détente

The Financial Times

3 February 1986

The historic meeting between the Greek and Turkish prime ministers captured the attention of the world, as this *Financial Times* report illustrates. The summit confirmed Davos as a special place where people of differing perspectives come together and diplomatic breakthroughs could be achieved:

It was not as spectacular as the Reagan-Gorbachev meeting but it made history all the same – and once more, the scene was Switzerland. With camera bulbs flashing, Andreas Papandreou, the Greek Prime Minister, and Turgut Özal, his Turkish counterpart, advanced and shook hands for the first time. Later, both leaders sat on the same panel for an economic discussion, and a beaming Papandreou even praised Özal for putting "a very good question." That will not solve the Cyprus problems, of course, but there was a distinct political thaw in the air during the weekend encounter in blizzard-swept Davos, 5,000 feet up in the Swiss Alps.

That the meeting took place at all is thanks to Klaus Schwab, professor of business policy at Geneva University, and a man with an uncanny knack of bringing together unlikely partners.

Some 15 years ago, while lying by the Davos swimming pool watching a Congress Hall being built next door, Schwab, now 47, had the idea of founding an international business conference. These days, the Davos Symposium of Schwab's Geneva-based EMF Foundation is an annual event, attended by more than 600 political leaders and top executives from more than 50 countries.

Schwab coaxed the Chinese to start going there years ago. This time, he has arranged a satellite-transmitted question and answer session with Moscow, as well as the Greek-Turkish mini-summit. Perhaps next year, he could attract Gorbachev himself. The Soviet leader evidently thirsts for knowledge of modern business. Where better to get it than Davos?¹

1 "Davos Détente", *Financial Times*, 3 February 1986



WORLD ECONOMIC FORUM

1987 Now, the World Economic Forum

Reflecting its global membership and the fact that economic policy was at the forefront of its activities – yet bearing in mind that economics are closely linked with politics, society, business and ecology – the European Management Forum changed its name to the World Economic Forum.

The fitness of the global economy and financial system and of corporations during a period of market turbulence and instability were the focus of what was now called the Davos Annual Meeting. In the opening plenary session, Klaus Schwab set the tone for the event by outlining what he regarded as the keys to dynamism: **Flexibility, Initiative and Toughness**. “We must finally behave as what we are – a global community,” he declared.

At Davos, Hans-Dietrich Genscher, Vice-Chancellor and Foreign Minister of the Federal Republic of Germany, made a strong appeal for the West to change its approach and reach out to the Soviet Union, which at that time was seeking to implement major economic and political reforms – *perestroika* (restructuring) and *glasnost* (openness) – under the leadership of Mikhail Gorbachev. “The West has no reason to fear cooperation,” Genscher told participants. “Our motto must be: Let us take Gorbachev seriously. Let us take him at his word! If there is an opportunity today to reach a turning point after 40 years of confrontation in West-East relations, it would be a mistake of historical dimensions if the West would miss this opportunity just because it cannot overcome the general mindset which, with regard to the Soviet Union, always assumes a worst case scenario.”

Many historians now regard Genscher’s speech as a critical marker of the end of the Cold War. “There was no better place for this speech than Davos,” he wrote more than 20 years later. Genscher’s appearance coincided with the presence of the first official delegation to Davos from the Soviet Union, which was led by

A new name to reflect an expanding global role



Hans-Dietrich Genscher, Vice-Chancellor of Germany calls on the West to reach out to the Soviet Union to support reforms

Ivan Ivanov, First Deputy President of the State Foreign Economic Commission, who explained the implications of the new *glasnost* policy. He was accompanied by several ministers including N. A. Panishev, Minister of the Machine-Tool Industry, and V. M. Velichko, Minister of Machinery and Equipment in the Energy Field. Robert Hawke, Prime Minister of Australia, used the Davos platform to launch a major agricultural initiative, proposing a freeze on the level of agricultural subsidies and negotiations for an agreement to reduce the gap between domestic and world prices of farm products. "We live in an era of uncertainty with troubling worldwide developments in debt accumulation, current account imbalances, interest rates and unemployment," Hawke explained. "Beneath these problems lie deeper complexities. Many of the premises of the post-war decades are eroding – or have vanished entirely – without being replaced by new principles on which to base the resolution of our difficulties."¹

By this Annual Meeting, the Informal Gathering of World Economic Leaders (IGWEL) had grown to include more than 50 heads of government, ministers and chiefs of international organizations. Paul A. Samuelson, Institute Professor Emeritus at the Massachusetts Institute of Technology (MIT), USA, and Nobel Prize laureate in Economics, prepared the economic agenda for the session. "The essentials are present in the world for a long, sustained expansion," he wrote. "But letting nature take its course never perpetuated prosperity. ... Coordination of economic policies is not a code word for exchange rate pegging and concerted interventions. None of

our societies are autonomous islands unto ourselves. Still, under flexible exchange rates we can each pursue our separate destinies free from having to inflate just because our neighbours inflate, or deflate because they deflate, or stagnate just because they do."²

From the beginning and through its use of closed-circuit television, the Forum always employed the latest communications technology at Davos to enhance the ability of participants to interact. In 1987, videophones were made available at the Congress Centre, enabling participants not only to speak to each other but also to see each other at the same time.³ Today, the Forum employs a wide range of devices through which it communicates with participants, and participants can communicate with each other. These include kiosks that allow participants to look up the latest information about the Annual Meeting and to send messages to other participants, hand-held personal digital assistants, flat-screen monitors displaying photographs of session highlights, and Internet stations where participants can go online to check e-mail.

In 1987, the World Economic Forum further expanded its Industry Summits to include events covering food, automotive, energy, engineering and construction, health and information technologies. These Summits were attracting high-level participation. Among those at the World Energy Summit were the President of the Organization of Petroleum Exporting Countries (OPEC) Alhaji Rilwanu Lukman; US Energy Secretary John Herrington; Charles J. DiBona, President of the American Petroleum Institute; the energy ministers of Australia, Canada, Indonesia, Nigeria, Norway and the USSR; and the heads of several global companies.

The Forum also launched the magazine *World Link* to be distributed among the 33,333 top decision-makers in the world who had been identified through extensive research. In its first two years, *World Link* was published monthly. Later, it became a bimonthly. In 2003, the Forum replaced the magazine with the annual *Global Agenda* publication, which was discontinued three years later.

- 1 Robert Hawke, "A major trade proposal", *Highlights and Summary of the Programme*, Annual Meeting 1987, World Economic Forum, February 1987
- 2 "A few 'pages of wisdom' were prepared by Professor Paul Samuelson", *Highlights and Summary of the Programme*, Annual Meeting 1987, World Economic Forum, February 1987
- 3 "Electronic Fitness", *Highlights and Summary of the Programme*, Annual Meeting 1987, World Economic Forum, February 1987

Ending the Cold War

In his contribution to the Liber Amicorum to honour Klaus Schwab on his 70th birthday in 2008, Hans-Dietrich Genscher, Vice-Chancellor of Germany at that time, wrote about Schwab, the Forum, and his historic speech at the 1987 World Economic Forum Annual Meeting in Davos:

The man is a phenomenon; his name is Klaus Schwab.

A man full of ideas. A man who has moved and continues to move things without holding a public or other office; move in the sense of achieve. He succeeds in bringing people together who would not meet otherwise. He creates a platform where developments are discussed and, thus, popularized – without being populist. Davos – famous in many contexts – has become a signpost to the future comparable with gigantic telescopes that dare to cast a glance at infinity. In the year 1986, I became convinced that Gorbachev was striving after something great, that he meant what he said. In Germany, the raging pre-election campaign provided a hostile environment for a serious debate over intentions and prospects of the new politics in Moscow. Notwithstanding the circumstances, I continued – also during the electoral campaign for the Bundestag in 1986 – to caution against dismissing Gorbachev with the usual preconceived opinions. Not only Washington, but also my own country, frowned at my warnings; even within the federal government opinions differed significantly. Ultimately, in a speech on fundamental principles, I decided to highlight Gorbachev's new politics, their earnestness and the opportunities they represented, as well as the necessary and responsible answer that was needed from the West. Whoever wants to know what Klaus Schwab and the World Economic Forum Annual Meeting meant for me can deduce it from my decision to deliver this speech in Davos. Luckily, Schwab's Annual Meeting took place immediately after the Bundestag election. On 1 February 1987, I formulated the alternatives for the West and drew the conclusions:

“Humankind is facing the decision to be either doomed to destruction in a confrontation or to survive collectively. Survival requires cooperation in securing the natural means of existence, in developing all aspects of life and in creating co-operative security structures. Who wants to take Gorbachev at his word must be ready to cooperate. Who refuses

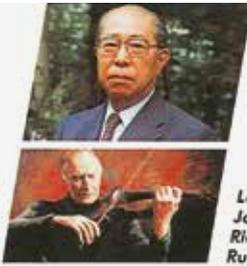
to cooperate sins against his own interests. The West has no reason to fear cooperation. Our motto must be: Let us take Gorbachev seriously. Let us take him at his word! If there is an opportunity today to reach a turning-point after 40 years of confrontation in West-East relations, it would be a mistake of historical dimensions if the West would miss this opportunity just because it cannot overcome the general mindset which, with regard to the Soviet Union, always assumes a worst case scenario. Let us not sit with our arms folded and wait to see what Gorbachev will decide! Let us rather try to influence, advance and shape the developments. It would be dangerous to fall prey to the illusion that the Soviet Union is acting out of a situation of weakness, which should be exploited and even intensified, instead of encouraging the new developments. Resoluteness is imperative. A policy striving for power and superiority, linked to an arms race, must definitively belong to the thought patterns of the past – also in the West. Such an attitude can only lead humankind into disaster.”

The speech had an enormous effect in East and West. In the West, the term “Genscherism” spread as synonym for naivety. But in reality, this speech triggered a serious debate about Gorbachev's politics with the outcome that the West stood increasingly behind my arguments. As for Gorbachev and his comrades in Moscow, this speech was an encouragement to maintain their course with determination. Looking back, there was no better place for this speech than Davos. The Annual Meeting always radiated and still radiates new fascination. All this is the work of one man who had the ingenuity not only to develop but also to carry out such an idea. With personal authority and deep inner composure he captures the real problems of the time. This protects Davos from becoming a spectacle of the rich and the mighty. In its serious, sometimes passionate debates, turnover and wealth do not matter, nor do positions or titles; what counts are exclusively ideas, arguments and future prospects.

Klaus Schwab has given many new impulses to the international debates – his life work is Davos. It might sound contradictory: the man who germinates future-oriented ideas, who tracks down new trends, has erected a memorial in his honour already during his lifetime. What more can one hope for?⁴

⁴ Hans-Dietrich Genscher, Liber Amicorum for Klaus Schwab, 30 March 2008

Raymond Barre
Hermann Becker
Francis Blanchard
Bill Bradley
Willy Brandt
Gro Harlem Brundtland
Giuseppe Coco



Lakshmi Kant Jha
John Kerin
Richard D. Lamm
Ruud F.M. Lubbers

World Link

Kenneth H. Cooper
Roger Fauroux
Jacques Fournier
Herbert Giersch
Abd-Elaziz M. Hegazy
Gertrud Hähler
Ray L. Hunt
Takashi Ishihara
Rokuro Ishikawa



Jean Meilhaud
Yehudi Menuhin
Michèle Mouton
Saburo Okita
Antonio Mosconi
Edward Schuh
Mario H. Simonsen
Jean Solé
Edward Sorel
Jonathan Taylor
Lester C. Thurow
Manuel Villa-Issa
Clayton Yeutter



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among the world's 33,333 decision-makers.

N° 1 February 1987

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- Its creation of dialogue on global issues. WORLD LINK is an instrument of its users. On the basis of impartiality, independent of any regional, commercial or political interest, it provides the appropriate world-wide framework for concerned parties to communicate ideas and to make proposals for action. WORLD LINK is devoted to pragmatic co-operation and progress.
- Its role as an official communication vehicle. WORLD LINK is a vehicle through which corporate and institutional news is conveyed to the world. Advertising of a traditional kind is not accepted. Furthermore, WORLD LINK employs a simple but comprehensive announcement classification system. Both announcing institutions and readers can therefore easily locate information of specific relevance to them. Finally, co-operation with announcers is established on a long-term basis, thereby making WORLD LINK a practical, permanent tool of service to the world community.

Welcome to the WORLD LINK SYSTEM!

Klaus Schwab
Chairman





Achieving a historic accord between Prime Minister Andreas Papandreu of Greece and Prime Minister Turgut Özal of Turkey

1988 The Davos Declaration

The political highlight of the 1988 Annual Meeting was the renewed rapprochement between Prime Minister Turgut Özal of Turkey and Andreas Papandreu, Prime Minister of Greece. After their first encounter in Davos in 1986, the tension between the two countries escalated and nearly led to war. Two years later, Klaus Schwab succeeded through many preparatory visits in Athens and Ankara in bringing both sides back to Switzerland, where they negotiated and signed the Davos Declaration aimed at normalizing relations. War would have been unavoidable had he not met Papandreu in Davos two years before, Özal told Schwab later. Because of that encounter, he was certain that he could trust his counterpart.

In a joint press communiqué, the two prime ministers explained the agreement they had reached at Davos:

“The prime ministers gave their views of Turkish-Greek relations, starting from a historic perspective and their deterioration in time. They further elaborated on the recent crisis in the Aegean that brought the two countries to the brink of war and expressed at the same time their optimism introduced as a consequence of the exchange of messages between them. They agreed that from now on such a crisis should never be repeated and both sides must concentrate their efforts on the establishment of lasting peaceful relations.”¹

Historians regard the Davos Declaration as the beginning of a new era in Greek-Turkish relations. After some tentative moves to improve ties in the first few years after the document was signed, the two countries took more decisive steps to enhance their relationship even though some key issues remained unresolved. Today, a situation such as in 1987 with Greece and Turkey at the brink of war is inconceivable.

The internationalization of the Annual Meeting continued – 62 heads of government, ministers and leaders of international organizations travelled to Davos, with strong participation from developing countries, many of which used the platform to appeal for foreign investment. Prime Minister Mário Machungo of Mozambique, for example, explained his country's new open-door policy, describing the devastating human and economic costs imposed on his nation by destabilization from external sources.

For the second year in a row, a high-level Russian delegation, which was led by Ivan Ivanov, Deputy Chairman of the State Commission for Foreign Economic Relations, was present at the Annual Meeting. Ivanov told participants that the Russian rouble would be convertible by the second half of the 1990s. (In fact, it would not be until 1 July 2006 that this would happen.) And after having addressed participants by satellite in 1987, Japan's Prime Minister Yasuhiro Nakasone came to Davos. In his address he urged industrialized countries to adopt the standardization of taxation regimes as a long-term goal.

The global magnitude as well as the human and economic toll of HIV/AIDS occupied an important place and a great deal of time in the discussions at Davos, even if this issue had only recently emerged. So did the environment. Carl Sagan, the celebrated American Professor of Astronomy and Space Sciences, highlighted the risks to the environment and life systems from some of the very technological developments that have been the basis for our prosperity and progress.

At the Davos meeting, the policy has been to conduct numerous activities in small groups, placing particular emphasis on allowing participants to exchange experiences and ideas. The Forum has pursued and intensified this practice since its creation. In 1988, the true value of the Annual Meeting was to be found in the small group sessions and events, some 200 of which were scheduled. Beyond Davos, the Forum organized 16 country-related events, five of which were held outside Europe, in the USA, India, Indonesia, China and Brazil.

On the technology front, once again the Forum was breaking new ground. Fascinated by the opportunities offered by new digital technologies, Klaus Schwab pursued his vision of creating an in-



The Crystal Award

terconnected "digital community" in cooperation with a technology leader who shared his dream, Digital Equipment Corporation International (Europe), or DECIE.

This project, which is considered by many experts to have been the first attempt to create a high-level global "social community", unfortunately and despite intensive efforts did not progress beyond the test phase that interconnected the Forum members of the Engineering and Construction Industry. This was due to high communication costs at a time when the Internet was not yet widely available and to DECIE encountering economic difficulties that forced them to withdraw. Many of its assets were spun off and what remained of the company was ultimately sold to Compaq Computer Corp.

1 Joint Press Communiqué issued by the Governments of Greece and Turkey, Davos, 31 January 1988



Norwegian Prime Minister Gro Harlem Brundtland with Klaus Schwab

1989 Global Membership

A hallmark of the 1980s was the substantial expansion of the membership of the World Economic Forum. By 1989, over half the members came from outside Europe. The change of the Forum's name two years earlier had been timely and necessary. The Davos Annual Meeting was the most compelling evidence of the global breadth and depth of the Forum's activities. Consider the diversity of topics and the richness of the discussions that engaged participants this year. Among the highlights:

- Venezuela's President-elect Carlos Andrés Pérez tested the waters with a major new initiative on debt management, proposing the creation of an international body expressly to help reduce the foreign debt of developing countries to commercial banks.
- Mario Vargas Llosa, the Peruvian author and a candidate in his country's 1990 presidential elections, blamed capital flight on regulations and corruption, calling for more privatization to spread property ownership more widely.
- Michel Camdessus, Managing Director of the International Monetary Fund, laid down seven imperatives for reducing global imbalances, including a forceful programme of deficit reduction in the US and sustained growth of domestic demand in Europe and Japan.
- Focus was put on environmental concerns and, above all, the "greenhouse effect" and its implications. Norwegian Prime Minister Gro Harlem Brundtland called for an "ecological-environmental" summit and offered to host a meeting of government leaders on energy resources.
- The 1984 Nobel Physics Prize winner and Director-General of CERN, Carlo Rubbia, predicted that we may be forced to give up fossil fuels before their natural end due to high overall costs and that we were bound to be nuclear, with safety being the determining factor in the adoption of atomic energy.
- Dean Lester Thurow of the Massachusetts Institute of Technology's Sloan School of Management made the provocative prediction that "GATT is dead," arguing that the world was moving towards three trading blocs: North America, Europe and the Asia Pacific.
- President Robert Mugabe of Zimbabwe proposed that creditor countries should accept debt servicing pegged to a developing country's export earnings.
- Harry Oppenheimer, former Chairman of Anglo American Corporation, argued that the system of apartheid was fundamentally wrong and anticipated that the current instability

in South Africa would lead to change. (One year later, the African National Congress and anti-apartheid leader Nelson Mandela was released from prison.)

- South Korea's Deputy Prime Minister Cho Soon, Indonesia's Coordinating Minister Radius Prawiro, and Korn Dabbaransi, Minister in the Thai Prime Minister's Office, three representatives of the Asian economic "tigers", debated the implications of the region's new economic power.
- The EC Commission President Jacques Delors stressed that the Commission's vision of Europe 1992 was that of a "Partnership Europe" rather than of a "Fortress Europe" as many countries feared.
- Finland's Prime Minister Harri Holkeri emphasized that his country would never join a European political union, whereas Franz Vranitzky, Federal Chancellor of Austria, declared that his nation would continue to study the proposal.
- Karoly Grosz, General Secretary of the Hungarian Socialist Workers' Party, called for international efforts to more actively coordinate economic policies with socialist countries.
- West German Vice-Chancellor Hans-Dietrich Genscher considered the progress in East-West links and concluded that a new mood of inter-

nationalism was producing "a global domestic policy." He also called for a reaffirmation of the "transatlantic partnerships."

- West German Vice-Chancellor Hans-Dietrich Genscher considered the progress in East-West links and concluded that a new mood of internationalism was producing "a global domestic policy." He also called for a reaffirmation of the "transatlantic partnerships."
- The North Atlantic Treaty Organization Secretary-General Manfred Wörner described Soviet arms reduction offers as a "proposal-of-the-week fireworks display" and declared that NATO was still the true conceptual leader in East-West negotiations. He argued that the present Soviet reform process was not irreversible.
- Former US presidential adviser Martin Feldstein, a leading American economist and Head of the National Bureau of Economic Research, made headlines with his prediction that the dollar would fall to 100 yen and 1.4 West German marks in two to three years.
- US Federal Reserve System Governor H. Robert Heller suggested that European Community countries establish unitary exchange rates for the entire market.

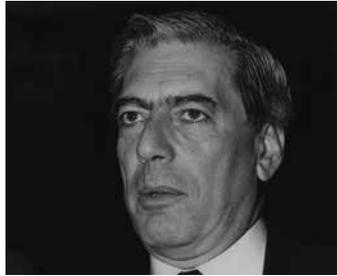
Once again, the unique capacity of Davos to bring different perspectives and opposing sides together was on display. For the first time ever, North and South Korea met for discussions at the ministerial level. Foreseeing the fall of the Berlin Wall, Klaus Schwab invited the heads of 20 countries and regions in Eastern and Western Europe, including West German Federal Chancellor Helmut Kohl, to discuss the implications of German reunification and partnerships in the "neighbourhood".

In addition to 13 country-related events, the Forum held its first meeting on Japan in Tokyo in April, which was co-sponsored by all the leading Japanese industry organizations.

One of the most difficult decisions that the Forum had to make in 1989 was whether to hold the annual Business Leaders Symposium in China in light of the events on Tiananmen Square in Beijing on 4 June. After careful consideration and in line with the Forum's traditional position as a bridge-builder and a platform for open discussion, the meeting went ahead as scheduled.

Some 10 Geneva Meetings were held with special emphasis on ministerial delegations from the USSR and Eastern European countries, given the new atmosphere of reform and opening up prevailing in the region at the end of the 1980s and beginning of the 1990s. The delegation from India at one meeting was notable because it was headed by Manmohan Singh, then Secretary-General of the South Commission, who would become one of the chief architects of India's economic reforms in the 1990s, twice becoming finance minister before taking office in 2004 as his country's 14th prime minister. He was re-elected for a second term in 2009.

Meanwhile, the Electronic Message Service became a regular feature of Davos, despite the conventional wisdom in those days that CEOs would not use this useful tool. In 1989, participants accessed the system 11,000 times and 3,500 messages were sent during the Annual Meeting. Twenty years later, the Forum registered 43,471 logins at the kiosks, 673,091 page hits, 75,776 accesses to the message system and 5,882 messages.



1.



2.



3.



4.



5.



6.

1. Mario Vargas Llosa
2. Gro Harlem Brundtland
3. President of Zimbabwe Robert G. Mugabe
4. Harry Oppenheimer
5. Manfred Wörner
6. Martin Feldstein

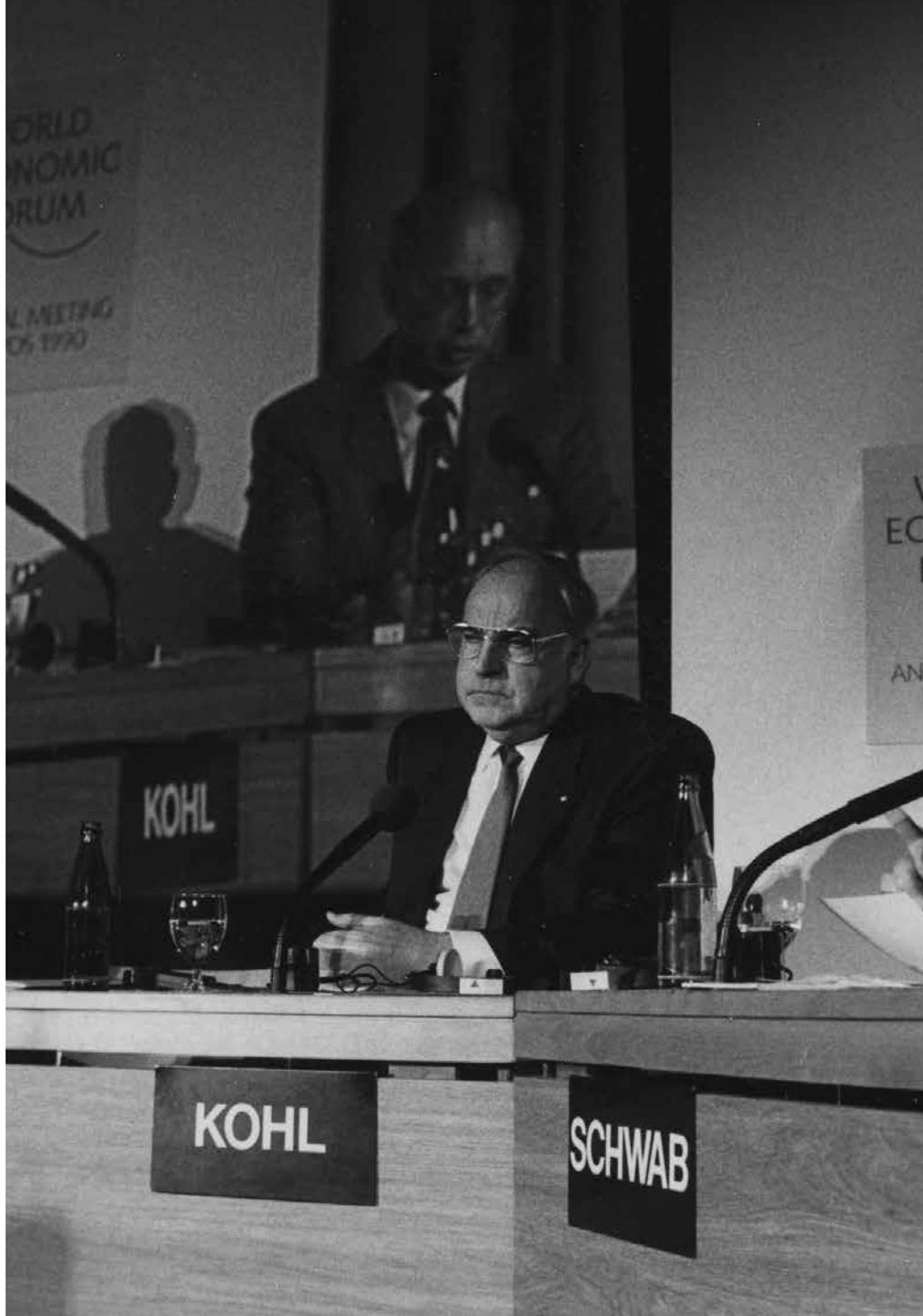
IGWEL: The Impact of Science and Technology on Global Economic Growth

In a press conference, former French Prime Minister Raymond Barre summarized the discussions held at the Informal Gathering of World Economic Leaders, or IGWEL. He focused in particular on the global economy's long-term growth prospects and the development of the knowledge economy:

Last point: the new growth. This is the result of the discussion we had this morning with the scientists and with the businessmen. I can summarize the discussion in the present way. We are entering a new phase of long-term output growth after two decades of stagnating economic growth. But this process of growth will be characterized by a new concept of growth. First, there will be a process of growth led by science and technology. The consequence of that is that in every country human investment appears as the most important factor for growth. Human investment means not only investment in education, but also investment in research and science. We have to develop in every country the knowledge that is at the disposal of the community because knowledge is becoming the most important asset of nations. The scientists and the businessmen reminded us of the fact that the education cycle is now a life cycle. There is not in a human life a part of life devoted to acquiring knowledge and a part of life devoted to using this knowledge. Knowledge

is evolving so quickly that it's absolutely necessary to have continual formation. The education system has to take account of the fact that it has to create a new behaviour of people. But what appears necessary is an international coordination of scientific efforts and an interesting idea was proposed: when nations have to discuss international networks they have to adopt rules of standardization, rules of regulation, not to protect industries but for the protection of the users of those networks of information. This is a growth led by science and technology but this new growth will be an ecological growth. In the past ecology was linked to the notion of zero growth, today ecology is linked to the notion of growth; but in the past we accepted growth at any cost, now we consider that the process of growth has to take account of some ecological constraints, like the greenhouse effect, like the efficient use of energy, and this concept of an ecological growth appears fundamental for maintaining growth in the long term.¹

¹ Press Conference by Raymond Barre, Davos, 30 January 1989 (transcript from audio-cassette)



West Germany's Federal Chancellor Helmut Kohl on course to German reunification

1990 German Reunification and the New Europe

In October 1989, the Berlin Wall – the divide between East and West and stark symbol of the Cold War – was pulled down. The 1990 Annual Meeting became an important platform for facilitating the process of German reunification. The first encounters between West Germany's Federal Chancellor Helmut Kohl and the newly elected East German Prime Minister Hans Modrow in Davos were decisive in determining the course of the reunification process of Germany. Kohl recognized the urgency to act. The German Democratic Republic was in the process of imploding and needed immediate economic support to maintain financial stability. For his part, the deeply affected Modrow realized that he could no longer insist on German post-reunification neutrality.

On his return to Bonn, Chancellor Kohl moved quickly. Days later, on 7 February, his cabinet confirmed officially the proposal for the monetary union of the two Germanies. Eight months later the process was complete and, on 3 October 1990, Germany was reunified. Spurred by the atmosphere of awakening and excitement that prevailed in Davos, an informal group of East and West German parliamentarians and business leaders joined forces under the leadership of Otmar Franz, Chairman of the Inter-Parliamentary Working Group on European Currency in the European Parliament. They called for immediate implementation of a monetary stabilization programme for the German Democratic Republic. This initiative became the basis for the economic reunification of West and East Germany.

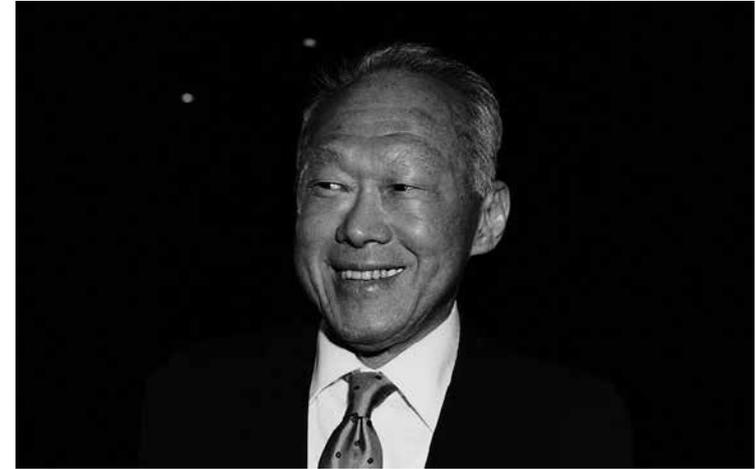
At the Annual Meeting, a session on the "New Europe" took place, bringing together for the first time the heads of Western and Eastern European countries. Among the participants were President Wojciech Jaruzelski of Poland, Prime Minister Marián Calfa of Czechoslovakia, Prime Minister Andrei Lukanov of Bulgaria (who had been in office for only 24 hours), Prime Minister Ante Markovic of Yugoslavia, Prime Minister Modrow of the German Democratic



East German Prime Minister Hans Modrow and Wojciech Jaruzelski,
President of Poland

Republic, and Péter Medgyessy, Deputy Chairman of the Hungarian Council of Ministers. They all agreed that Comecon, the East European trading block, should be radically changed so as to open up trade and other economic links with the West. They also emphasized the need for safety nets to palliate the initial effects of urgent and drastic economic reforms. Among the Western European representatives were Franz Vranitzky, Federal Chancellor of Austria, and Gianni de Michelis, Foreign Minister of Italy. Annual Meeting participants felt that they were part of living history and were witnessing a new beginning in East-West relations. The French magazine *L'Expansion*, in its 22 February 1990 edition, reflected this feeling with the headline: "Les participants du forum de Davos ont assisté à la renaissance de l'Europe." ("The participants in the Davos forum were present at Europe's renaissance.")

At Davos, there was also a historic meeting between Singaporean Prime Minister Lee Kuan Yew, who would step down as his country's leader in November, and Vo Van Kiet, First Vice-Chairman of the Council of Ministers of the Socialist Republic of Vietnam who would become prime minister from 1991 to 1997. Kiet is remembered today as the architect of his nation's transformation from a socialist command system to one of the world's fastest-growing market economies. Two years after this encounter, Vietnam signed the Association of Southeast Asian Nations (ASEAN) Treaty of Amity



Prime Minister Lee Kuan Yew of Singapore

and Cooperation, a move that led the country to become a member of ASEAN in 1995. ASEAN had originally been established in 1967 in part to act as a bulwark against the spread of communism in South-East Asia.

A particularly moving and dramatic moment at the Annual Meeting was the arrival of Vitaly Korotich, the outspoken editor of *Ogonyok* magazine, who came directly from the first pro-democracy demonstration in Moscow. He flew to Davos by special plane and made an emotional appeal for human rights in the Soviet Union, with a strong official delegation from the USSR present.

Moral issues and ethics have been a recurrent theme at the Annual Meetings. This year was particularly notable for the launch by the theologian Professor Hans Küng of Project World Ethos, which developed into a strong movement to promote "a universal ethic for world religions." He spoke to participants on the theme "Why do we need global ethical standards to survive?" In his book *Project World Ethos*, published in 1990, Küng wrote:

"I am grateful to the Founder and President of the World Economic Forum, Professor Klaus Schwab, for having challenged me as a theologian to speak to this internationally representative audience. For if we fail to persuade the leaders from politics, business and finance of the ethical

concerns then, I am convinced, all ethical claims from religions and churches – no matter how well intended these may be – will remain futile.”¹

In 1990, the number of regional and country-focused meetings reached a record 20, eight of which were held outside Europe. To accelerate the emergence of the New Europe, the Forum organized the East-West Germany meeting in East Berlin (see box) and two events in Prague and Budapest.

Klaus Schwab also invited the heads of all political constituencies of South Africa to the Forum’s headquarters in Geneva. They met together for the first time to discuss the post-apartheid future.

Frédéric Sicre, a former managing director of the Forum, described the meeting as follows:

“The Forum’s offices in Geneva were the location for the first inclusive meeting between South Africa’s political parties and leading representatives of its business community. Discussions centred on which path to take, one emphasizing the creation of wealth and the other the redistribution of wealth. A picture of Conservative Party member Koos van der Merwe sitting next to Thabo Mbeki with a broad smile on his face was to create havoc in Parliament shortly thereafter. Global business executives participating in this meeting still recall Chief [Mangosuthu] Buthelezi drawing his genealogical tree on a napkin at their request and explaining the greatness of the Zulu. The Forum was building bridges between former enemies and developing an international support network for South Africa at the highest level.”²

This first meeting led to a strong partnership with South Africa and to a whole range of activities and concrete actions relating to that country and the rest of the African continent.

1 Hans Küng, *Projekt Weltethos*, R Piper GmbH & Co KG, München 1990

2 *South Africa at 10: Perspectives by Political, Business and Civil leaders*, World Economic Forum, Human & Rousseau, Cape Town, 2004

The New Germany

In June, four months before the formal reunification of the Germany, the Forum organized its first East-West Germany meeting, which took place in a hotel in East Berlin. Participants from the West had to cross Checkpoint Charlie to reach the venue on the other side of the Berlin Wall. One week later, that infamous checkpoint was dismantled. At the meeting, Prime Minister Poul Schlüter of Denmark spoke of “The New Germany”: was dismantled.

It has already been said in numerous speeches and written in just as many articles: What happened in Europe in 1989 was incredible and unbelievable. The unyielding suddenly proved elastic. The impossible suddenly became possible. Nowhere else in the world was this demonstrated more clearly than in the city where we are tonight, in Berlin. None of us will ever forget the scenes from Brandenburger Tor [Brandenburg Gate] on the 9th of November. What we saw on our TV screens helped us realize that the world had changed! ... I would like to say a few words about the moral-ideological aspect of the disappearance of Communism as an important actor from the global stage – a problem which, in my opinion, the Western side may easily overlook. We must not forget that the process of readjustment now taking place in the former Communist countries is not only of an economic and political character, but it presupposes also a radical shift of attitudes. To compare developments with the Cultural Revolution is not altogether wrong. In particular, we must not forget that communism, apart from being incapable of generating economic results, and apart from its lack of respect for freedom and democracy, also contained moral tenets of a certain attraction. I therefore believe that we shall endeavour to emphasize the Western societies’

moral dimension more clearly. I refer not only to democracy and human rights, but also to the principles and the ethics which form part of the foundation of the liberal economic system and the administration thereof. Socialism with a human face was the name which Alexander Dubcek gave his attempt to introduce reforms in the Prague Spring of 1968. I believe that the present situation calls for the representation of capitalism with a human face. The author Thomas Mann has been quoted as saying that his vision was not a German Europe, but a European Germany. I concur in the latter. But I would also like to see a Europe which is German, if at the same time it is Italian, Irish, Czech and Danish. For this is what makes Europe unique. Its pluralism. A Europe which with its point of departure in a core of democratic countries in the West has developed a close and trusting cooperation. A Europe which now is experiencing the discontinuation of its unfortunate division into East and West. A Europe in which new resources and creativity will be released for the benefit of the European peoples and the outside world, with which Europe has always been inseparately bound up. In this Europe, it is no longer hazardous for a small country to neighbour a large and strong one. On the contrary, it is an advantage.³

3 Press Conference by Raymond Barre, Davos, 30 January 1989 (transcript from audio-cassette)

1990



1990



1991

Davos means paperwork

1991 Despite War and a Coup

In August 1990, Iraq invaded and annexed Kuwait. This prompted the US to deploy troops to Saudi Arabia and the United Nations to demand that Iraq withdraw. On 16 January 1991, two weeks before the Annual Meeting, a US-led coalition launched Operation Desert Storm to force Iraqi troops out of Kuwait. The World Economic Forum decided to go ahead with the Meeting despite the heavy costs for reinforced security. About 18% of participants decided not to go to Davos. Most of those who cancelled were from outside Europe since many US corporations had imposed a ban on business travel.

From the White House, US President George H. W. Bush delivered a special message to the participants in Davos:

"I am pleased to send greetings to all those participating in the 1991 World Economic Forum. Bringing together distinguished representatives from government, business and the media, this international gathering is both timely and appropriate. Today, many nations are making tough choices and considerable sacrifices as they seek the benefits of democratic government and free market reforms. Yet, in the Persian Gulf, the global community faces a ruthless dictator who would terrorize innocent people and brazenly deny the sovereignty of nations in order to achieve regional hegemony and to exert undue influence over the world economy. Simply put, immense challenges and opportunities now loom before us. However, the rewards of meeting them together are immeasurable.

Through constructive dialogue and sustained cooperation, we can build a more peaceful and prosperous future for all our citizens. At the economic level, for example, a successful conclusion to the Uruguay Round of Trade Negotiations is key to expanding economic opportunities among all coun-

1991

tries and especially in the emerging democracies in Eastern Europe and Latin America. Expanded trade can be a catalyst not only for economic growth but also for peace among nations. I applaud the spirit of cooperation that characterizes this Forum. You have my best wishes for a productive and rewarding series of discussions. God bless you.”¹

As in previous years, Davos served again as a valuable platform for “newcomers” to the global scene, such as Poland, Hungary, South Africa and Vietnam. The Prime Minister of the Soviet Union, Valentin Pavlov, introduced the delegation from the USSR in a special message:

“Soviet reforms aim to achieve full participation of the Soviet Union in the world economy. This strategy is based on direct economic interest. At the same time, we believe that the rest of the world can benefit by having access to such an extensive market as the one potentially offered by the USSR. We fully realize that fundamental economic reforms need be made and we intend to create new market economy institutions and structures. New laws have already been adopted in this context. Above all, this involves organizing a network of trade, stock and currency exchanges, developing an infrastructure of foreign economic ties, legal and practical channels for the privatization process, transferring ownership from the state to other entities, de-monopolizing economic activity and promoting competition, mobilizing domestic savings and foreign investment.

Understandably, such a programme presupposes stabilization of the economic and social situation in the country, normalization of the consumer market, improvement of the currency finance system and provision of social protection for various groups of the population.

Doing away with the old mechanisms and structures is a complicated and painful process. This is why we highly value the efforts undertaken by the world community in support of our economic transformation and we rely on further cooperation in this direction.

Last year we took a giant step forward in putting an end to the division of Europe. This is a historical achievement, the cost of which was suffered by generations of people. It is to be hoped that world public opinion, as represented at the Annual Meeting, will be governed by the intention to free



Theologian Hans Küng, Prince Sadruddin Aga Khan and Klaus Schwab

cooperation of any possible barriers. We have agreed to proceed ahead and this line of action should be supported, despite arising difficulties.”²

In August, Prime Minister Pavlov would be among the Soviet leaders who would seek to remove President Mikhail Gorbachev from power. The coup attempt failed, though it heralded the eventual collapse of the USSR. Before the putsch, the Forum had scheduled its first regional meeting in Moscow in partnership with the League of Scientific and Industrial Associations of the USSR, which was led by Arkady Volsky. He pulled out at the last moment and urged the Forum to postpone the meeting. But the Forum was determined to proceed with or without a partner. In September, just days after the coup, the first group of high-level business leaders from the West arrived in Moscow.

The 150 participants at the event were fully aware that they were in the Soviet capital at a momentous time. The meeting opened only hours after the Soviet Congress of Peoples’ Deputies had created new organs of government. Assembled in one of the halls of the Kremlin, the deputies had voted to hand over power to the republics. Then, one after another, the key economic and political figures of the struggling nation crossed the street to address

participants at the Forum gathering in the elegant Hotel Metropol. Anatoly Sobchak, the Mayor of St Petersburg (which had just dropped its Soviet-era name, Leningrad) who had faced down the anti-Gorbachev opposition in his city following the coup, opened the meeting. He predicted that the overthrow attempt would be the final death knell of the Communist Party. For the first time, he noted, the people had been prepared to defend the Constitution and the rule of law.

At the end of the meeting, the participating businessmen outlined 12 points that were incorporated in a letter to President Gorbachev and Russian President Boris Yeltsin, who had emerged as another heroic figure when he stood on a tank in opposition to the coup. On behalf of the participants, Klaus Schwab signed the six-page document, which contained the essentials of a comprehensive transformation plan for a nation that appeared to be crumbling.

“Your Excellencies, President Mikhail Gorbachev and President Boris Yeltsin,

The Meeting in Moscow held by the World Economic Forum from 5 to 7 September 1991 brought 150 Western businessmen to your country at a moment of intense political activity and jubilation. The victory of the democratic forces over the attempted putsch of August gave cause for rejoicing, as did the successful restructuring of the government by the Congress of Peoples’ Deputies which finished its work on the very day that our meeting opened. We had the great honour of meeting a large number of your prominent political and economic leaders who came to discuss issues with participants and engage in direct dialogue with them.

The deep interest and involvement of the Western businessmen in your country was evident by their very presence in Moscow. After three days of intensive sessions, these leaders from the international business community were prompted to offer you their views and proposals both for accelerating economic reform, in Russia and the other republics, and for attracting foreign capital into your economies. Please understand that these views are advanced with only the best of intentions for the future of your country. There is no desire to interfere in the course of internal affairs. We feel, however, that it is important to convey to you the commitment of the participants at our meeting and the ideas

which came from the vantage point of an outside community with the sincere objective of contributing to the very delicate task before you of moving to a market economy.”³

By 1991, the Forum had expanded its industry-specific events to cover 10 industries: aerospace, automotive, energy, engineering and construction, financial services, food and agriculture, health-care, information technologies, media and communications, and textiles. Recognizing the significance of arts and culture in fostering global understanding and goodwill, Schwab launched the World Arts Forum as a parallel platform to the World Economic Forum. The aim: to enhance the role of the arts in effective cross-cultural cooperation and to encourage a spirit of understanding in a world of cultural diversity. The World Arts Forum held a Summit in Venice at the end of August. Over 200 leaders from the international arts community – artists, patrons and arts administrators – gathered in the city of the Doges. Host and chairman of the meeting was Italian Foreign Minister Gianni de Michelis.

Sir Yehudi Menuhin, whom Klaus Schwab had met in his hometown Cologne when the virtuoso violinist performed at an award ceremony for Schwab and with whom he had developed a close friendship, provided valuable advice in organizing the meeting. In a special message, Menuhin, who would be awarded a life peerage by Britain’s Queen Elizabeth two years later, introduced the World Arts Forum:

“Societies have become ever more complex, their populations ever more differentiated in their work, their background and their manner of living. Therefore, ever wider common denominators must be found for religion, for the arts, for law, government and administration without ever surrendering to the anonymity, the bureaucratic reduction of individuals to inert categories; for that is the negation of life – of living order and represents the acceptance of the false facsimile of order parading under the banner of predictable happenings – to which living happenings eventually refuse to conform.

The highest common denominator is our general respect for the dignity of all life and all cultures. The lowest common denominator is fear and aggression. These are the result of

frustration, instinct for revenge against the innocent and weak, the claiming of rights without responsibility, the defiant assertion of untrammelled liberty and are the evidence of sick minds and bodies. We are here to build bridges out of the very stones hitherto used to build walls. We are here to nurture the garden and its plants and not to defend dead and life-constricting walls. Not the least essential purpose of Professor Klaus Schwab’s wholesome vision is the establishing of trust between humankind and those human beings, their spokesmen who speak on their behalf. May you succeed in this vast task.”⁴

The Forum later integrated the World Arts Forum into the Annual Meeting in Davos and other events. It made special efforts to ensure the strong engagement of the arts community in all its activities. In 1995, the Forum created the Crystal Award to honour personalities who, in addition to having made a real difference in the world of arts, had also made an outstanding contribution to cross-cultural understanding.

1991

1 Letter from George H. W. Bush, The White House, Washington DC, 1 February 1991
 2 Unofficial translation of the letter from Prime Minister Valentin Pavlov to the World Economic Forum Annual Meeting, 30 January 1991
 3 Letter from Klaus Schwab on behalf of the participants in the World Economic Forum Moscow Meeting, 16 September 1991
 4 “Special message from Sir Yehudi Menuhin”, World Arts Summit, Venice, 29-31 August 1991



© Reuters/Stefan Wermuth

Yo Yo Ma Crystal Award recipient

Selected Crystal Award Recipients	
Vladimir Ashkenazy	Pianist and Conductor
Amitabh Bachchan	Actor and Philanthropist
Christo and Jeanne-Claude	Artist-Engineers
Paulo Coelho	Author
Umberto Eco	Writer, Historian and Philosopher
Peter Gabriel Singer	Songwriter and Musician
Richard Gere	Actor and President, Gere Foundation
Valery Gergiev	Artistic & General Director, Mariinsky Theatre
Gilberto Gil	Musician and former Minister of Culture
Nadine Gordimer	Author, Nobel Prize in Literature 1991
Quincy Jones	Producer, Composer and Musician
James Levine	Conductor and Artistic Director
Jet Li	Actor and Founder, One Foundation
Yo-Yo Ma	Cellist
Amin Maalouf	Writer and Historian
Richard Meier	Architect
Wole Soyinka	Poet & Playwright, Nobel Prize in Literature 1986
Elie Wiesel	Author, Nobel Prize for Peace 1986

1991

WORLD ECONOMIC FORUM



Nelson Mandela and Klaus Schwab

1992 Mandela in Davos

Based on its early contacts with African National Congress (ANC) representatives, the World Economic Forum had established a strong base of trust with the new South African leadership. At the Annual Meeting in Davos, Nelson Mandela, the South African anti-apartheid leader and head of the ANC who had been released from prison two years earlier, made a joint appearance – the first outside his country – with South African President F. W. de Klerk and Chief Minister of KwaZulu, Mangosuthu Buthelezi. Bringing new impetus to the political transition to build a new South Africa, Mandela laid down his vision of a multi-party democracy, with a Constitution providing for one person, one vote:

“The impending political transformation of South Africa is part of the truly phenomenal process of renewal which our planet is experiencing. The features of this process are clear enough. They delineate a future in which the peoples in all countries will govern themselves under open and plural democratic systems. In our own country, this means the end of white-minority dictatorship and the building of a new nation of many colours, languages and cultures, bound together by a common South African patriotism, a shared spirit of nationhood and bonds of mutual dependence. As in other parts of the world, we too will establish a society based on respect for human rights to ensure the freedom and dignity of every individual, as an inalienable condition of human existence and development.”¹

To make this joint appearance happen, Klaus Schwab had travelled to South Africa several times to define together with each leader the basic conditions for their participation in a Davos session, which was broadcast live all over the world. When Mandela exceeded substantially the time that had been allocated and agreed upon, Schwab intervened. Mandela never forgot this interruption.



Henry Kissinger chairing a panel session on "The New Partners"

Still, the two developed a very friendly relationship, meeting regularly, most recently in the summer of 2009.

Mandela and de Klerk would together win the Nobel Peace Prize in 1993 and Mandela would become South Africa's first democratically elected president the following year, with de Klerk as one of his deputy presidents (serving along with Thabo Mbeki). Mandela returned to Davos in 1997 and 1999. He acknowledged that his first visit in 1992 had had a major impact on his perception of the world and particularly of free markets, influencing substantially his policies as president.

Another significant development at the Annual Meeting was the participation of Chinese Premier Li Peng. In his address to participants, he said that "by 2030 to 2050 China aimed to achieve the status of a medium-level developed country." The premier's appearance contributed to the re-establishment of normal relations between China and the West following the events in Tiananmen Square in Beijing in June 1989.

The tensions between Europe and China were still tangible. The Chinese government insisted that Premier Li's trip to Davos be combined with an official visit to at least one European nation. To meet this request, Schwab phoned a number of European foreign ministers. Italy agreed to host Li and his delegation.

For the first time, all the heads of the Commonwealth of Independent States (CIS) came to Davos. They shared the stage in a session entitled "The New Partners". Panelists included Presidents Islam Karimov of Uzbekistan, Leonid Kravchuk of Ukraine, Ayaz Mutalibov of Azerbaijan, Nursultan Nazarbayev of Kazakhstan, Mircea

Snegur of Moldova, Levon Ter-Petrosian of Armenia, and Stanislav Shushkevich, Chairman of the Supreme Soviet of Belarus.

Following the Summit of the heads of Eastern European countries at the Annual Meeting 1990, this session that brought together these emerging economies further to the east showed how the definition of Europe had changed dramatically.

At Davos, President Carlos Andrés Pérez of Venezuela had led a large delegation. On landing back home in Caracas, the President suddenly faced a military coup, which failed. The news triggered dismay among participants. Moisés Naím, then Executive Director of the World Bank and member of the Venezuelan delegation, was still in Davos and would later recall the situation in his contribution to the *Liber Amicorum* to mark Klaus Schwab's 70th birthday in 2008:

"As the world would later learn, that night Hugo Chávez – who until then had been an obscure lieutenant colonel – led a small group of paratroopers in a bloody attempt to murder the president and overthrow the government. Colonel Chávez failed in his attempt to take power that day. But not for long. In today's Venezuela, 4 February is an official national holiday celebrated with military parades and speeches that extol the courage of the soldiers that participated in the coup – many of whom are now running the country. More than a decade and a half later, the shock waves of what happened that night, as the Venezuelan president returned from Davos, are still felt throughout Venezuela and the rest of the world."²

In an exceptional gesture following the failed coup, the World Economic Forum issued a press release condemning the attempt and fully supporting President Pérez. In his recollection, Naím quotes Schwab as saying: "I don't know what led to this and what the coupsters' grievances are, but political disagreements should never be resolved through violence and when that happens, we all must condemn it – forcefully, immediately, and without reservations or hesitations."

Resuming the historical encounter of their predecessors four years ago, the new prime ministers of Turkey and Greece, Süleyman Demirel and Constantin Mitsotakis, respectively, met for a comprehensive exchange of views in the Spirit of Davos. In addition, a

Summit of Baltic countries and another gathering of Balkan nations were integrated into the Annual Meeting programme.

Also at Davos, H.R.H. The Prince Charles, Prince of Wales, made an appeal for public-private partnerships:

“None of what I have said so far is very original, and I am not trying to suggest that I have a Utopian answer to the many problems humanity is destined to face. All I want to emphasize is that, as it says in the Bible, ‘Man does not live by bread alone.’ We are not just cost-effective machines that can be made ever more efficient. There is another dimension that has to be recognized. That is why the message I want to leave you with today is that business is uniquely well placed to take a lead and to get things done, but in partnership with local communities, governments, non-governmental organizations and other representatives of the voluntary sector.”³

The concept of public-private partnerships has gained wider support among business and civil society stakeholders in recent years, with the Forum becoming the world’s foremost catalyst to promote PPPs. Meanwhile, President Václav Havel of Czechoslovakia made an eloquent and impassioned plea for the restoration of values and an elementary sense of justice, responsibility, wisdom, courage, compassion and faith – a view still highly relevant today when the institutions and systems of global governance need to be re-designed:

“Looking at politics ‘from the inside’, as it were, has if anything confirmed my belief that the world of today – with the dramatic changes it is going through and in its determination not to destroy itself – presents a great challenge to politicians. It is not that we should simply seek new and better ways of managing society, the economy and the world as such. The point is that we should fundamentally change how we behave. And who but politicians should lead the way? Their changed attitude towards the world, themselves and their responsibility can, in turn, give rise to truly effective systemic and institutional changes.”⁴

Other leaders addressed the lack of values and the importance of creating a fairer society. The Archbishop of Milan, Carlo Maria Cardinal Martini, reflected on the nature and role of faith amid the economic and social problems of the world, while Algerian Prime



Overcoming the antagonisms of the past, South Africa’s President F. W. de Klerk with Nelson Mandela, President of the African National Congress

Minister Sid-Ahmed Ghazali suggested that the new international order could lead to disorder unless more attention was paid to poverty in the poorer countries.

The Forum reinforced its global reach with 17 regional or country meetings. It organized its first Summit of the Black Sea Economic Zone and Central Asian Republics in Istanbul. The Forum decided to group its Asian national events, with the exception of China and India, into a regional summit organized along the same principles as the Annual Meeting. The first Europe/East Asia Economic Forum took place in Hong Kong in October in partnership with the Hong Kong Trade Development Council. The success of such a regional approach led the Forum to hold similar regional meetings for Southern Africa in 1993, the Middle East and North Africa in 1994, and Mercosur in 1995.

To familiarize its members with the economic potential of the “new regions”, the Forum decided in the spring to charter a plane and send members on a series of round-trip visits to important cities in a number of countries. The first destination was St Petersburg, where many local businessmen participated in a one-day meeting with Mayor Anatoly Sobchak. Removed from the pressures of Moscow’s charged politics, the northern city had been making an effort to attract foreign investors. It offered less bureaucracy and more tax breaks and eventually succeeded in luring companies such as Unilever, Cadbury, Gillette and others into manufacturing joint ventures.



President Vaclav Havel of Czechoslovakia in conversation with HRH Prince Charles prior to a plenary session, with Klaus Schwab behind

At a brainstorming lunch, three young men who would rise to prominence within the next decade were present: Alexei Kudrin, Deputy Chairman of St Petersburg's Committee for Economic Development and now Minister of Finance of the Russian Federation; Alexei Miller, Head of Department of the city's External Affairs Committee and now Chairman of Gazprom, Russia's largest company; and Vladimir Putin, Deputy Mayor of St Petersburg and Chairman of the External Affairs Committee, who would succeed Boris Yeltsin in 2000 as president of the Russian Federation and then become prime minister in 2008. After St Petersburg, the Forum group flew on to the Baltic capitals of Tallinn in Estonia, Riga in Latvia and Vilnius in Lithuania. At each stop, the participants had the chance to meet the new and upcoming political leaders of the country. After having held close to 150 Geneva Meetings, the Forum decided to incorporate this activity into future regional summits. The last Geneva Meeting took place in May with Palannipann Chidambaram, Minister of Commerce of India, who played a major role in his country's economic reform process as finance minister.

- 1 Nelson Mandela, Statement to the World Economic Forum Annual Meeting, Davos, 2 February 1992
- 2 Moisés Naim, *Liber Amicorum for Klaus Schwab*, 30 March 2008
- 3 H.R.H. The Prince of Wales, Address to the World Economic Forum Annual Meeting, Davos, 4 February 1992
- 4 Václav Havel, Address to the World Economic Forum Annual Meeting, Davos, 4 February 1992

Global Leaders for Tomorrow

In 1992, the Forum launched a new community, the Global Leaders for Tomorrow (GLTs), composed of 200 young leaders from business, politics, academia, the arts and the media, all of them under 43 years of age and well established through their achievements and positions of influence. Among those nominated in the first year were many individuals (indicated below with their titles at that time) who would later assume key responsibilities or distinguish themselves further in their fields:

- **Martine Aubry**, Minister of Labour, Employment and Vocational Training of France
- **José María Aznar**, President, Partido Popular, Spain
- **José Manuel Durao Barroso**, Minister of Foreign Affairs of Portugal
- **Anthony C. L. Blair MP**, Shadow Cabinet Minister, United Kingdom
- **Gordon Brown**, Shadow Chancellor of the Exchequer, United Kingdom
- **Yuriko Koike**, Senator, Japan New Party, Japan
- **Anne Lauvergeon**, Deputy Secretary-General, Elysée Palace, France
- **Yo-Yo Ma**, Musician
- **Angela Merkel**, Federal Minister for Women and Youth of Germany
- **Nicholas Sarkozy**, Assistant Secretary, RPR, France
- **Lawrence Summers**, Vice-President and Chief Economist, World Bank, Washington DC

The group which would hold its own Summits, partially in conjunction with the Annual Meeting in Davos, would be reconstituted in 2003 as The Forum of Young Global Leaders.

1993

Entrepreneurship in the Global Public Interest

Under the timely theme “Rallying All the Forces for Global Recovery”, the Annual Meeting brought together 800 company chief executives, 150 political leaders including 25 heads of state or government (among them, Russian Prime Minister Victor Chernomyrdin who was making his first trip to Western Europe since taking office) and 200 of the world’s leading experts and academic thinkers. In the 1993 *Annual Report*, the Forum set out objectives and operating principles that remain valid today:

- **Facilitate integration and interaction**
- **Invite the highest level politicians in an individual capacity, without delegations**
- **Ensure that the political-business encounter is a real interaction with concrete and positive consequences for political-economic policy formulation at a global level**
- **Be very selective on participation by applying rigorous criteria but welcome the Global Leaders for Tomorrow as a specially featured group**
- **Continue with the “Summit of Summits” concept by identifying as many common interests among participants as possible and arranging special small peer-group meetings for them as well as interaction between distinct peer groups**
- **Reinforce the idea that the Annual Meeting, given its very strong political orientation as a result of the world situation, is the place where participants can recharge their intellectual batteries, take the “global pulse” in all fields, and create the basis for real leadership**
- **Integrate spouses as full partners**
- **Keep alive the Spirit of Davos – the informal, direct, no-nonsense yet friendly atmosphere which in recent years has contributed so much to creating partnerships and friendships¹**

In addition to the East Asia and Southern Africa regional summits, a “round-trip” visit by members to Central Asia with stops in Almaty, Tashkent, Ashkhabad and Baku, and 10 country meetings, the Forum convened a global Industry Summit in Cambridge, Massachusetts, USA, in partnership with the Massachusetts Institute of Technology and in cooperation with Harvard University. This new event offered an additional opportunity for the Governors of each of the Industry Forums to meet outside the Annual Meeting and to exchange opinions on global strategic issues of common concern. It encouraged cooperation in strategic but non-competitive fields among the top decision-makers in industry, international organizations and governments and the most eminent experts in each specific field so that together they could serve the international community most effectively.

The Forum also held its annual USA Meeting in Washington DC, which was conducted for 20 consecutive years, providing participants with privileged insight into what could be expected from the current White House administration and Congress. The meeting was traditionally based on the strong presence of senators and members of the House of Representatives. Thanks to this mechanism and the regularity of the gathering, the Forum established and maintained a cordial and productive relationship with the American political leadership. The annual US meeting was later discontinued when the Forum decided that there were many opportunities to interact with the US government during its other events and activities.

Another initiative taken this year was the creation of the Forum Fellows, a group of 300 top experts in the political, economic, social, cultural and technological fields who served as permanent advisers and contributors to the foundation’s activities. They were the predecessors of the Global Agenda Councils.

Klaus Schwab was always seeking to bolster the intellectual capacity of the Forum which underpinned all its activities. To this end, he proposed the Leadership Hexagon (see *box*), a “leadership concept” for political and business leaders who outlined the driving forces and power behind its work. The hexagon underscored the motto of the Forum and its members: “Entrepreneurship in the global public interest.”

¹ Report from the President, World Economic Forum, 1993



1993

1993



Saparmurat Niyazov, President of Turkmenistan and Süleyman Demirel,
President of Turkey

1994 One Thousand Members

The World Economic Forum welcomed its 1,000th member. At the same time, the Forum decided as a strict policy not to exceed this record high in the future so as to maintain exclusivity. In coming years, the focus would be on substantially improving not only the quality of membership benefits and services but also regional and industrial diversity.

At the Annual Meeting, which was co-chaired by Singapore's Senior Minister Lee Kuan Yew, the focus of attention was inevitably on the Middle East and the Israeli-Palestinian conflict. Earlier in the 1990s, the Forum had already welcomed discreetly – in parallel with the so-called Oslo Process – Israeli and Palestinian representatives. This year, Israel's Foreign Minister Shimon Peres and Yasser Arafat, Chairman of the Palestine Liberation Organization (PLO), were in Davos for talks. They forged a draft agreement on Gaza and Jericho, which moved the peace process forward significantly.

But what has stuck in the memories of Annual Meeting participants that year was when Peres and Arafat spontaneously joined hands and walked up the Congress Hall stage together to thunderous applause. This was one of those unforgettable moments that illustrate the Spirit of Davos so well.

Among the many other heads of state and government present was German Chancellor Helmut Kohl, who called on Europe to support the new democracies of Central, Eastern and South-Eastern Europe as well as the former Soviet Union. Russian Prime Minister Victor Chernomyrdin, who had returned to Davos for the second time in a row, told participants that his country had a Constitution that reflected democracy, as well as a president and government that would not be deterred from implementing reforms. But he also acknowledged that rampant crime now threatened the great majority of new private enterprises, imperilling foreign investment. Mean-

while, Prime Minister P. V. Narasimha Rao of India also promised to pursue reform in his country, favouring a step-by-step approach.

How much Davos had developed into a “Summit of Summits” may be discerned from the groups that held private peer-to-peer meetings. In addition to the Governors Meetings from 12 different industries and the traditional Informal Gathering of World Economic Leaders (IGWEL), there were Informal Gatherings among Business Organization Leaders, Regional Leaders, Media Leaders and Cultural Personalities. There were also separate programmes for the Global Leaders for Tomorrow, the National Economic Research Organizations, the Global City Mayors and the Editorialists.

The negotiations conducted in Davos by Foreign Minister Peres and Chairman Arafat encouraged the Forum to organize the first Middle East and North Africa (MENA) Economic Summit in Casablanca. The event, which took place at the end of October, was organized in partnership with the Council on Foreign Relations in New York, under the patronage of His Majesty King Hassan II of Morocco and with the support and endorsement of President Bill Clinton of the United States and President Boris Yeltsin of Russia. For the first time in history, Arab and Israeli leaders came together in a comprehensive programme of discussion and exchange. The MENA Summit drafted groundbreaking partnerships between the public and private sectors and signalled a new era of diplomacy through the creation of mechanisms designed to advance economic development and cooperation.

Two thousand top leaders from government and business from virtually all the MENA countries attended the Summit, which concentrated on the economic dimension of the so-called Madrid Process for peace in the Middle East. Participants from outside the Arab world included US Secretary of State Warren Christopher; President Ion Iliescu of Romania; the prime ministers of Austria, Israel, Malta, Portugal, Spain and Turkey; the foreign ministers of Brazil, Canada, Finland, France, Germany, Israel, the Netherlands, Pakistan, Russia, Switzerland and Venezuela; ministers from Belgium, China, Denmark, Greece, India, Ireland, Italy, Japan, South Korea, Sweden and Thailand; the heads of the European Commission, the GATT and the IMF; and the vice-president of the World Bank. Casablanca was widely regarded as heralding a fresh start for the region. Declared Warren Christopher at the opening session: “If I may borrow the famous Humphrey Bogart line, this conference

could be the beginning of a beautiful friendship.” It was a Summit of genuine hope and commitment, as demonstrated by the high-level participation from around the globe. Participants expressed the heightened expectations in the Casablanca Declaration released at the end of the meeting: “The Summit leaders feel united behind the vision that brought them to Casablanca, that of a comprehensive peace and a new partnership of business and government dedicated to furthering peace between Arabs and Israelis.”¹

Earlier in the year, in a conversation with Singaporean Prime Minister Goh Chok Tong during a banquet at the third East Asia Economic Summit, Klaus Schwab raised the idea of complementing the strong transatlantic alliance through NATO and the deepening links across the Pacific through the Asia-Pacific Economic Cooperation Forum, or APEC, with a third regular mechanism bringing together Asia and Europe. The idea germinated and led eventually to the creation of the Asia-Europe Meeting (ASEM) of heads of government, which was launched by Prime Minister Goh and his French counterpart Edouard Balladur. Goh would announce the new arrangement in Davos in 1996.

The growing importance of Asia in the global economy and in the international community, especially with the emergence of China and India, was not lost on the Forum and its members. In an article entitled “Power and Policy: The New Economic World Order” and published in *Harvard Business Review*, Klaus Schwab, together with Claude Smadja, then Senior Adviser to the Forum, wrote: “What we actually have been going through for the last three years is not merely a crisis but a worldwide economic revolution. ... Perhaps the most spectacular component of the current revolution is the shift in the world economy’s centre of gravity to Asia. The extraordinary process of fast and steady growth in East Asia since the end of the 1960s has led to an overall redistribution of the world’s economic power, the impact and implications of which are just beginning to be felt.”²

The Forum, meanwhile, held its second Industry Summit in Palo Alto, California, hosted by Stanford University and organized in cooperation with Caltech and the University of California, Berkeley

1 Casablanca Declaration, *The Casablanca Report*, Middle East and North Africa Economic Summit, 30 October – 1 November 1994

2 Klaus Schwab and Claude Smadja, “Power and Policy: The New Economic World Order”, *Harvard Business Review* November-December 1994

Our Leadership Concept

We have to confront a new world characterized by

- **Multipolarity with a multiplicity of actors**
- **A global agenda with new dimensions of complexity; and**
- **Time compression with ever-accelerating pressures on leadership.**

This new world requires a specific mix of characteristics which we have defined in the form of a leadership “hexagon”.

The six characteristics are divided into three inner driving forces and three outward-oriented implementation powers:

1. **MORAL FORCE:** Identification with a system of values; moral strength; ethical actions and behaviour; credibility; congruence between words and actions.
2. **FUTURE FORCE:** Ability to develop strategies, concepts and a coherent vision; to prepare for the future appropriately and in time.
3. **PHYSICAL FORCE:** Capability to possess, cultivate and radiate physical force and vitality; to act with dynamism.
4. **MESSAGE POWER:** Ability to reach collaborators, customers, voters effectively and intuitively with a distinctive “message”, thus obtaining above-average attention and acceptance.
5. **IMPACT POWER:** Ability to achieve results quickly; to carry out one’s visions, strategies and concepts; to use time and speed to one’s advantage.
6. **NETWORKING POWER:** Ability to develop and maintain networks, i.e. to create truly flexible partnerships to pursue mutual objectives.

Forces and powers are interrelated, for example

- **Credible MESSAGE POWER** is only possible if it is supported by **MORAL FORCE**
- **IMPACT POWER** is only effective if it is guided by **FUTURE FORCE**
- **NETWORKING POWER** will require today a strong **PHYSICAL FORCE** and vitality

The Forum has developed this leadership “hexagon” to illustrate its contribution to the process of political, economic and business leadership.

1. **The principal objective of all the Forum’s activities is to strengthen the future force of its constituents and, ultimately, their impact power in the world community.**
2. **The Forum is the world’s top networking institution and a unique mechanism for the development of networking power.**
3. **The Forum aids the setting of priorities and thus allows the development of message power.**
4. **The members of the Forum constitute a moral force by sharing the Forum’s motto: “Entrepreneurship in the global public interest.”**

ראש הממשלה
Prime Minister

November 27, 1994

Dear Mr. Schwab,

I would like to thank you again for your invitation to me to address the World Economic Forum. Only through economic development and prosperity can nations truly "beat the swords into pruning shields". By convening the Casablanca Conference we took one small, but significant step toward that direction.

I would also like to thank you for your warm words of congratulations as one of this year's laureates for the Nobel Peace Prize. Peace is not the enterprise of just one person - it is the achievement of many. Our efforts to realize our dream of living in peace is our legacy to our children, both Palestinian and Israeli.

The work, however, is not yet finished. The Nobel Peace Prize is for future generations, more than it is a reward for the achievements we have made towards peace thus far. I am hopeful that with continued cooperation and dialogue, our two peoples can overcome the obstacles placed by those who oppose co-existence, and that we will fulfill the ideals embodied in the Nobel Prize.

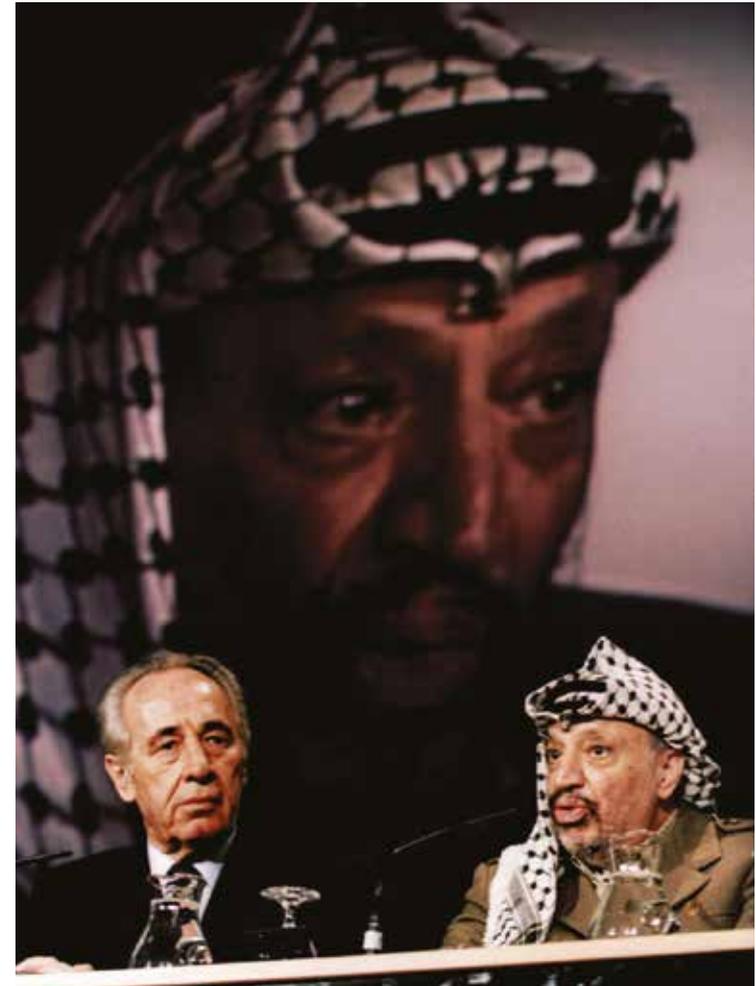
With best wishes.

Sincerely yours,

Y. Rabin
Yitzhak Rabin

Mr. Klaus Schwab
President
World Economic Forum
53 Chemin des Hauts-Crets
CH-1223 Cologny/Geneva
Switzerland

Jerusalem, Israel

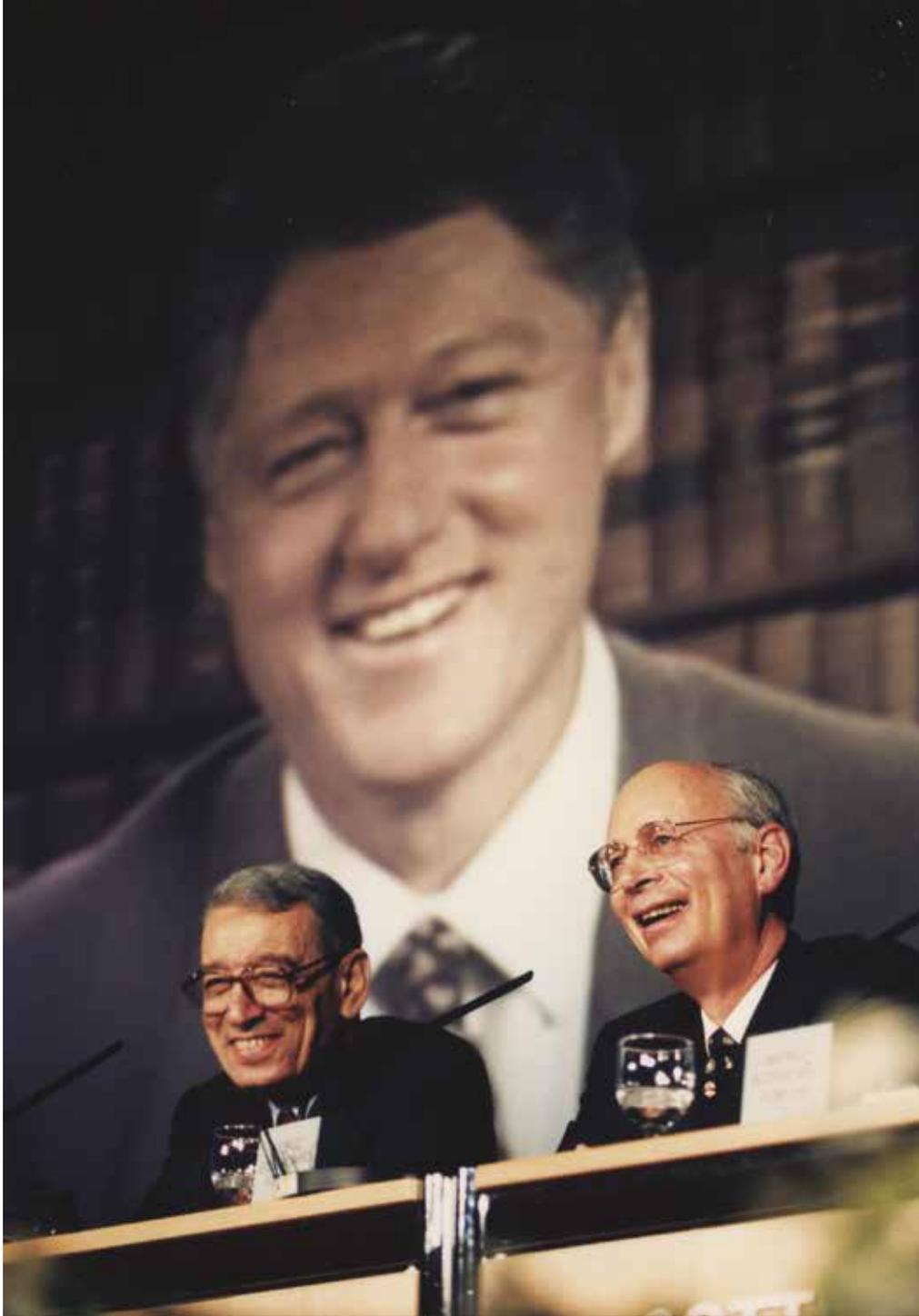


Hoping for peace: Yasser Arafat, Chairman of the PLO and Shimon Peres, Israeli Minister of Foreign Affairs

© Reuters/Andy Meitner

1994

1994



UN Secretary-General Boutros Boutros-Ghali with Klaus Schwab

1995

Overcoming Indifference

This year marked the 25th anniversary of the World Economic Forum. The occasion prompted Klaus Schwab to reflect on the key achievements of the organization he had built. In the Forum's *Annual Report*, he wrote:

"Twenty-five years ago, as a young professor born just before World War II, I felt very strongly that Europe's business leaders should take a much more active role in shaping the region's political, economic and social future. What drove me was the conviction that cooperation and partnership across national borders are the best guarantee of development and peace in the world. I convinced the European industry associations, and particularly the Commission of the European Communities, to give the necessary moral support for the creation of a Forum of Europe's chief executives, and organized the first Davos symposium in January 1971. The response was overwhelming. What was planned as a single event turned out to be the answer to a fundamental need: to create a permanent bridge between political and business decision-making. To serve this need I established the Foundation, now called the World Economic Forum, which organized, in January 1995, its 25th Annual Meeting. It has become the world's foremost institution integrating leaders from business, government, academia and the media into a partnership for economic and social progress.

Since 1971, I have continued to devote myself to the fascinating journey of an entrepreneur in the global public interest. The need still clearly exists for intensive, personal interaction at the highest level globally, particularly today in a world with a vast number of players, all under tremendous time pressure.

With you our members, we have achieved a great deal over the past 25 years and I am grateful to all my colleagues who helped make this possible. If I were to choose two highlights from our history, they would be the transformation of the Foundation from a European to a truly global forum, and the intellectual and political role the World Economic Forum has been able to play in many world developments, as we described in detail in the last Annual Report.

We have fascinating opportunities today. We have the credibility, the organizational and financial strength, and above all the confidence of our members – over 1,000 leading enterprises – to develop these opportunities into new value-added services for our members and constituents and for the world at large. On the occasion of this anniversary we will focus on a visionary outlook for the next 25 years.”¹

Rather than being an occasion to celebrate, the Forum’s silver anniversary brought to the fore a host of questions and concerns about the implications of an increasingly globalized and interdependent world, especially the social and ethical dimensions of this transformation. At Davos through the years, members and other participants have in different ways been focusing on values and the challenge of safeguarding diversity so that globalization does not provoke sudden disruptions that result in conflict. Is it possible to define a set of shared values that would serve as a basis for this integrating world?

At the Annual Meetings this and other years, participants have repeatedly challenged the traditional parameters of leadership, many feeling that what it means to be a leader has to be redefined, given the dispersal of the decision-making power and processes in business, government and civil society to include more and more actors. There is also the need for even greater personal responsibility, courage and creativity to tackle problems, a sense of personal risk-taking in business as well as in government. Economic, business and social uncertainty is not a passing phenomenon but has become a permanent characteristic of our world. Our societies and nations risk being subverted by international crime, corruption and terror campaigns, not to mention threats from environmental degradation, disease and the social consequences of poverty, especially in the least developed parts of the world. Global cooperation is required to fight this. Interdependence means that we



As early as 1995, the Forum sought to engage dynamic enterprises with ambitions to become global players

cannot be indifferent to what happens elsewhere. We must combat both indifference and extremism – and commit to open societies. With this imperative in mind, Schwab put together the book *Overcoming Indifference: Ten Key Challenges in Today’s Changing World*, which was published this year. He believed that the world was at a critical turning point in history. Although the outlines of any new order remained obscure, it seemed clear that historians would someday judge the 1990s and the turn of the century as the dawn of a new era. There was a need to reassess the fundamental assumptions of global society as a whole. Yet this pressing need met with indifference at all levels of society, Schwab feared. The book’s title was borrowed from Professor Elie Wiesel’s contribution to the collection of essays on crucial issues of long-term global concern. The worst enemy and the biggest challenge facing the world was – and is – indifference, Wiesel wrote. He added:

“The opposite of love is not hate but indifference. But this applies to other concepts as well. The opposite of education is not ignorance but indifference. The opposite of beauty is not ugliness but indifference. The opposite of life is not death but indifference to both life and death. Is this the new assumption we all seek now to accept? No, it is an old one. In fact, it is as old as human hope which has helped us triumph over fear.”²

PALESTINE LIBERATION ORGANIZATION
Palestinian National Authority
Office of the President



منظمة التحرير الفلسطينية
السلطة الوطنية الفلسطينية
مكتب الرئيس

Mr. Klaus Schwab
President of the World Economic Forum
Geneva - Switzerland

Greetings,

With great appreciation, I have received your invitation for the participation on the Plenary Session of the Economic Summit in Amman.

That has our great privilege and sincerely looking, for the contribution in this important event effectively, and also in the current great efforts for the success of the summit on all levels.

I highly evaluate your constructive efforts and Your leading role to push the reconciliation of the process, and reconstruction and to achieve the highest level of regional Economic cooperation in the Middle East and North Africa. I hope that the Palestine National Authority could obtain the needed support from the participants in the summit including the members of the European Union, Canada and Japan.

The Palestine National Authority do its tremendous efforts to realize the social and Economic development for the Palestinian people, who incepts the process of reconstruction of the vital aspects and the building of his national institutions and his national economy with the support of the friendly and brotherly states. Our Palestinian people look with great hope for the persistence of this support in all vital aspects.

Thank you, with my best wishes of health happiness and success.

With our best regards

Gaza: 14/9/1995

Yasser Arafat
Chairman Of The Executive Committee
Of Palestine Liberation Organization
President Of The Palestinian National Authority

St. Cardinal Roger Etchegaray

1 mars 1995

Monsieur le Président,

C'est au retour d'un périple en Afrique que je trouve votre bonne lettre. Vous me précédez, car je désirais moi-même vous écrire pour vous remercier de l'accueil que vous m'avez réservé durant mon bref passage à Davos. Ce fut pour moi une merveilleuse découverte de votre Oeuvre si originale qui fêtait ses 25 ans. Vraiment le *World Economic Forum* dépasse ce que je pouvais imaginer comme une sorte d'oasis où se croisent et se rencontrent les caravanes venues de tous les horizons et les mieux équipées de projets économiques et politiques. Grâce à vous, l'homme d'Eglise ne s'est pas senti dépaycé parmi ces grands décideurs de la société dont plusieurs paraissent même heureux de me voir.

A l'occasion, j'aimerais bien vous accueillir à nouveau au Vatican pour prolonger cet échange d'impressions. De tout façon, je vous prie de transmettre mon vif merci aux personnes qui m'ont si aimablement facilité mon séjour.

Avec l'expression de mes respectueux et religieux sentiments,

Roger Card. Etchegaray

Monsieur Klaus SCHWAB
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PIAZZA S. CARLO, 10

Besides the Nobel Peace Prize laureate, many other leaders and thinkers, statesmen, scholars and chief executive officers of major industrial corporations contributed to the broad range of views expressed in the publication. The 10 key challenges identified in the book were:

- coping with the disintegration of value systems
- maintaining global security
- facing the new inequalities
- ensuring sustainability in an overpopulated world
- living in the new information society
- keeping pace with a globalizing economy
- integrating Asia
- creating sufficient employment
- ensuring national policy-making in a global world
- re-engineering the corporation

They remain as relevant today as in 1995.

Following on from the Summit in Casablanca, the second Middle East and North Africa Economic Summit was held in Amman, Jordan, under the patronage of His Majesty King Hussein bin Talal. Co-sponsored by the United States and the Russian Federation, with the support of the European Union, Canada and Japan, the Summit brought together nearly 2,000 government and business leaders from the Middle East and North Africa, Europe, the Americas and Asia.

Cultural leaders such as the Nigerian poet and novelist Ben Okri are always among the participants at the Annual Meeting in Davos, contributing their special insights and approaches to global issues.

1 Klaus Schwab, "Message to our members", *Annual Report 1994-1995*, World Economic Forum

2 Klaus Schwab, *Overcoming Indifference: Ten Key Challenges in Today's Changing World*, New York University Press, 1995



Christo & Jean-Claude



1996

A Mounting Backlash against Globalization

In an editorial published in the *International Herald Tribune* that attracted worldwide attention (see box), Klaus Schwab, Founder and President of the World Economic Forum, and Claude Smadja, the Forum's Managing Director, wrote that "economic globalization has entered a critical phase." They warned of "a mounting backlash against its effects, especially in the industrial democracies," that "is threatening a very disruptive impact on economic activity and social stability in many countries." Concluded Schwab and Smadja: "So as globalization goes on deploying its impact, innovative policies that help contain the mounting backlash against it are urgently needed. ... Public opinion in the industrial democracies will no longer be satisfied with articles of faith about the virtues and future benefits of the global economy. It is pressing for action."

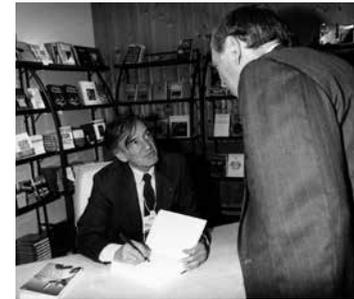
This prophetic essay predated the Asian financial crisis that played out in 1997-1998 and the "Battle in Seattle" anti-globalization protests that disrupted the World Trade Organization Ministerial Conference at the end of 1999. It generated extensive debate at the Annual Meeting 1996 and after over the impact of globalization and the need to ensure that this unfathomable force has a human face. It presaged too the robust discussions today – in the aftermath of the global economic crisis that erupted in 2008 – about the nature of capitalism and the consequences of free markets.

Indeed, two days after the Schwab-Smadja editorial appeared, the *International Herald Tribune* columnist William Pfaff wrote about the debate swirling at the Annual Meeting. In his essay, he exposed the tensions between shareholder and stakeholder capitalism. "The conventional wisdom claims that this social return will automatically be provided by today's capitalism's current emphasis on fiscal return to corporations, since in the long term the wealth created by globalization, downsizing and corporate rationalization will do good for all men," Pfaff observed. "This is a nice theory that defies the common sense of any realist's observation of how the system

actually is working today, and how it has worked in the past. It is a theory – or, more properly, an ideology – that rationalizes much evil and suffering in contemporary society."

He concluded:

"The current wisdom about capitalism, the globalized marketplace and appropriate corporate behaviour is today under increasingly severe criticism. As a 'vision' of society it seems too narrow, defective in its social and political assumptions, lacking a sense of history. What can take its place is unclear and will come both from theoretical economics and the practical and political demands of society. But a change unmistakably is on the way."



a.



b.



c.



d.

- a. Author and Nobel laureate Elie Wiesel
 b. Rosen, Aboulmagd and Kirill
 c. WELCOM: Some ideas need some time to flourish
 d. The technology pioneers. Michael Bloomberg, Founder of Bloomberg;
 William H. Gates III, Chairman and CEO of Microsoft Corporation

Change certainly was on the way – and continues to happen, though serious efforts to redesign the global economy and the institutions and systems of global governance, a process that the Forum is helping to move forward, only accelerated since the 2008-2009 crisis. The prospects for meaningful reform and restructuring are still unclear.

On the political front, the Annual Meeting 1996 turned out to be a watershed in Russian history with the so-called Davos Pact. Macha Levinson, at that time a director of the World Economic Forum, remembers the events:

“[Boris] Yeltsin had become the first democratically elected president of the Russian Federation in 1992, riding a wave of popularity after his heroic stand against the attempted putsch of the old guard Communist conspirators. But four years later, the outlook for the president’s re-election was dismal. Weakened by ill health and by reportedly heavy drinking, the polls showed his support hovering at around 5%. A month before the Davos meeting, the Communist Party had won a resounding victory in the elections for the State Duma [or legislature]. Almost totally eclipsed after Russia’s independence the Party had made an extraordinary comeback and now commanded a solid majority in the Duma. The polls showed party leader, Gennady Zyuganov, at 14-20% of the upcoming presidential vote considerably ahead of his rivals.

Nearly all of the top Russian leaders were present at the Annual Meeting 1996, with Gennady Zyuganov being by far in the limelight. In the words of [*New York Times* columnist] Tom Friedman: ‘This year the star – the man everyone wanted to interview – was a Communist: Gennady Zyuganov, head of Russia’s resurgent Communist Party.’¹ And Fred Kempe of *The Wall Street Journal* commented: ‘Russia’s Communist leader moves through the crowds with a bulldozer’s power and a prizefighter’s balance.’²

In Davos, Zyuganov promised to eradicate corruption and to substantially improve conditions for foreign investment – by all means a most welcome statement from a Communist leader. The members of the Russian delegation, and particularly the business leaders, became deeply concerned about the popularity of Zyuganov and the likelihood of a victory of the Communist party.

Many were infuriated that Zyuganov was saying one thing in Russia and another thing in Davos, appearing in the guise of a modern moderate rather than a hard-line Communist. They decided to take action and to throw their financial weight behind Yeltsin’s campaign. The unwritten collective pledge became known as the ‘Davos Pact’.

After their return to Moscow, the so-called oligarchs requested a meeting with President Yeltsin to discuss campaign strategies and to ask that Anatoly Chubais, who had spearheaded the Davos Pact, manage his campaign. In his memoirs, Yeltsin later confirmed this meeting and quoted the oligarchs as saying, ‘What is going on in your campaign headquarters and in your entourage means almost certain failure. The situation is forcing some businessmen to make deals with the Communists or to pack their bags. We don’t have anyone to make a deal with. The Communists will hang us from the lamp-posts. If we don’t turn this situation around drastically, in a month it will be too late.’³ Yeltsin added: “But what amazed me the most was that they all agreed that I needed Anatoly Chubais in the campaign. The Davos Pact turned out to be the decisive element in the re-election of Boris Yeltsin. Yeltsin officially announced his candidacy on 15 February. Backed by a strong team and the finances of the oligarchs, he set out to regain the voters and avert the danger of a return to Communism. The Davos Pact had brought Russia’s controversial business leaders to the forefront of political activity.”

In July 1996, Boris Yeltsin was re-elected by a wide margin. To an extent, Russia’s political future may have been decided in the corridors of the Annual Meeting 1996 in Davos.

Following tradition, the Forum launched again a number of reconciliation and peace-building initiatives in Davos this year, including the Peace in the Balkans Initiative under the leadership of Richard Holbrooke, US Assistant Secretary of State for European and Canadian Affairs, and chief architect of the Dayton Peace Accords in 1995. As *New York Times* journalist Craig R. Whitney reported, the focus was on urgently attracting investments to bolster the reconstruction effort and secure the peace:

“The peace accord in Bosnia-Herzegovina could unravel if the United States and other governments do not provide much more money to put its non-military provisions into place, the key US official involved in negotiating the pact warned Tuesday. ... Some of the difficulties facing the

peacemakers were apparent at the meetings here of the private World Economic Forum, which was attended by most of the new Bosnian government, led by Prime Minister Hasan Muratovic. High officials from Croatia and from Yugoslavia, the federation of Serbia and Montenegro, also came. All of them were hoping to attract investment from foreign countries to help rebuild their economies after the war.”⁴

The peace process in Northern Ireland was also a concern. A special Davos session included on the panel leaders who had never before been brought together, including John Hume, Member of the British Parliament and Member of the European Parliament; Sir Patrick Mayhew, Secretary of State for Northern Ireland, United Kingdom; Mitchel McLaughlin, National Chairperson of Sinn Féin; Dick Spring, Deputy Prime Minister of Ireland; and David Trimble, Leader of the Ulster Unionist Party and Member of the British Parliament.

Klaus Schwab convened a private reconciliation session for the Irish leaders. He will never forget how difficult it was to start the meeting. He had assumed that the participants would be willing to sit at one table but they refused. To resolve the impasse, Schwab had two more tables brought in, arranging all three in a triangle while still trying to maintain some intimacy. After the tables were moved around several times, the delegates finally agreed to sit down.

Once again at Davos, Shimon Peres, now the Prime Minister of Israel, and Yasser Arafat, President (Rais) of the Palestinian Authority, shared the stage in a session, in which both appealed for the greater involvement of the business community in building the basis for a lasting peace in the Middle East.

Another Davos highlight was a panel discussion with Michael Bloomberg, President and Founder of Bloomberg; Bill Gates, Chairman and CEO of Microsoft Corporation; and Lou Dobbs,

Executive Vice-President of CNN Business News, who discussed the new opportunities offered by the digital revolution.

During the Annual Meeting, the Forum created a task force to look at the role of religion in reconciliation processes and convened a special meeting between business leaders and government and law enforcement officials to call for tighter international sanctions on bribery. The latter led to the Forum’s Partnering Against Corruption Initiative (PACI), which was launched in 2004.

By 1996, the Forum had transformed its manifold country meetings into the following integrated regional summits: Southern Africa, the Middle East and North Africa, East Asia, China, India, Mercosur

and, for the first time, Central and Eastern Europe. The Central and Eastern European Economic Summit, which was held in Salzburg for seven consecutive years, played a substantial role in overcoming political, economic and psychological barriers between the two former blocs. The first Salzburg Summit attracted seven presidents and six prime ministers from countries that had once been part of the Soviet bloc.

Each regional summit evolved into a genuine regional Davos, with multistakeholder participation integrating political, business, civil society and other thought leaders in a common effort to look at the future of their region. The summits were conducted in the spirit of complete transparency and attracted wide media attention.

In addition to the regional events, the Forum organized again another trip by chartered plane to the Greater Mekong region that brought participants to Hanoi, Phnom Penh and Yangon.

The World Economic Forum moved on to the information superhighway with the launch of its Internet website at www.weforum.org.

The Forum’s policy of integrating global, regional and industry-related issues into its strategic concept led to another Industry Summit in May, hosted by the University of Chicago in conjunction with Northwestern University and the Chicago Council on Foreign Relations. The highlight of the meeting, which was attended by 500 leaders from industry, government and research institutions, was a unique session on the future of the economy conducted by a “Nobel Dream Team” of five distinguished economists.

- 1 Thomas L. Friedman, “Beware, Traders, We All Have our Zyuganovs”, *International Herald Tribune*, 8 February 1996
- 2 Frederick Kempe, “Communist Zyuganov Bedazzles the West With Fancy Footwork”, *The Wall Street Journal*, 5 February 1996
- 3 Boris Yeltsin, *Midnight Diaries*, PublicAffairs, 2001
- 4 Craig R. Whitney, “Holbrooke Warns Pact Could Fail Without Money to Rebuild Bosnia”, *International Herald Tribune*, 7 February 1996

Start Taking the Backlash Against Globalization Seriously

International Herald Tribune

1 February 1996

Economic globalization has entered a critical phase. A mounting backlash against its effects, especially in the industrial democracies, is threatening a very disruptive impact on economic activity and social stability in many countries.

The mood in these democracies is one of helplessness and anxiety, which helps explain the rise of a new brand of populist politicians. This can easily turn into revolt, as December's unrest in France showed.

Four basic elements have to be kept in mind.

- **The lightning speed at which capital moves across borders, the acceleration of technological changes, the rapid evolution of management and marketing requirements increase the pressure for structural and conceptual readjustments to a breaking point. This is multiplying the human and social costs of the globalization process to a level that tests the social fabric of the democracies in an unprecedented way. What is striking is our inability, so far, to come up with coherent, effective and sustainable approaches not only to help people cope with these structural adjustments but also to convince them that change will lead to renewed prosperity.**
- **The globalization process is in essence a tremendous redistribution of economic power at the world level, which will increasingly translate into a redistribution of political power. By the end of this decade we will have fully entered the era of strategic economic parity among the United States, East Asia and Europe. Any change of this magnitude in the global balance of power is bound to have a profound destabilizing effect.**

In the present phase, East Asia is a net beneficiary. Results for Europe look much less certain. The United States has recovered ground lost in the 1980s but at the cost of an actual decline in real wages.

The globalization process challenges some familiar assumptions. Until now, for instance, it was conventional wisdom that technological change and increases in productivity would translate into more jobs, higher wages. But in the

last few years technological changes have eliminated more jobs than they have created.

In the famous process of "creative destruction", only the "destruction" part seems to be operating for the time being. And the services sector is now hit with a vengeance. We have yet to see new job-multiplier activities emerge, as traditional ones are delocalized or streamlined.

It becomes apparent that the head-on mega-competition that is part and parcel of globalization leads to winner-take-all situations; those who come out on top win big, and the losers lose even bigger. The gap between those able to ride the wave of globalization, especially because they are knowledge- and communication-oriented, and those left behind is getting wider at the national, corporate, and individual levels.

- **Popular scepticism about the win-win effect of the global economy is compounded by two phenomena.**

First, it is becoming harder in the industrial democracies to ask the public to go through the pains and uncertainties of structural adjustment for the sake of benefits yet to come. Public opinion is on the defensive, increasingly anxious about the future. The social impact of these pressures is being felt at the very moment when economic activity has slowed markedly in most industrial democracies.

The second phenomenon is that globalization tends to de-link the fate of the corporation from the fate of its employees. In the past, higher profits meant more job security and better wages. The way transnational corporations have to operate to compete in the global economy means that it is now routine to have corporations announce new profit increases along with a new wave of layoffs.

Some estimates put at 3 million the number of layoffs since the end of the 1980s in the United States, and more are expected. It is no consolation for a laid-off employee to hear analysts explain how the re-engineering of which he is a victim will help his former employer prosper.

For those who keep their jobs, the new sense of insecurity means the demise of corporate loyalty bonds. It is not yet clear that corporations have fully realized the consequences that this will have on their future performance.

All this confronts political and economic leaders with the challenge of demonstrating how the new global capitalism can function to the benefit of the majority and not only for corporate managers and investors.

But if the key issue today is to make apparent the social returns of global capitalism, we have to be equipped to reap these returns. This is where the critical question of setting national priorities comes to the fore.

The effort of focusing on training and education, on the constant overhauling of telecommunication and transportation infrastructures, on entrepreneur-incentive fiscal policies, on recalibrating social policies has to be a central part of a national competitiveness policy going beyond the traditional concept of economic policy.

Meanwhile, the globalized economy must not become synonymous with "free market on the rampage", a brakeless train wreaking havoc. The social responsibilities of corporations (and governments) remain as important as ever. What is on the agenda is the need to redefine and recalibrate them.

Moral considerations aside, there can be no sustainable growth without the public at large seeing itself as the major stakeholder in the successful functioning of the economy.

The globalization process is not a passing aberration. The revolution in information technologies, the emergence of new strategic centres of power such as East Asia, the addition of 2.5 billion people to the world market with the opening up and liberalization of previously closed societies and economies – all that makes it irreversible. So as globalization goes on deploying its impact, innovative policies that help contain the mounting backlash against it are urgently needed.

True, some reactions reflect an entitlement culture, an impulse to protect acquired advantages or unthinking protest against change. But it would be dangerous to dismiss them as mere rearguard grumbling.

They can make the globalization process even more painful and more socially costly. And they can affect the new opportunities that the globalized economy offers.



Seven Presidents and four Prime Ministers sit at the opening ceremony of the Central and Eastern European Economic Summit in Salzburg

Emerging economies are not only new competitors but are also already proving to be new markets and new sources of investment, as shown by recent major Asian investments in Europe. The revolution in the labour market in industrialized democracies, with the recourse to outsourcing, is spurring a new spirit of individual entrepreneurship. But no individual, corporation or country will be able to seize these new opportunities in a social vacuum.

Public opinion in the industrial democracies will no longer be satisfied with articles of faith about the virtues and future benefits of the global economy. It is pressing for action.⁵

5 Klaus Schwab, Founder and President, and Claude Smadja, Managing Director, World Economic Forum, "Start Taking the Backlash Against Globalization Seriously", *International Herald Tribune*, 1 February 1996

WORLD ECONOMIC FORUM

COMMITTED TO
IMPROVING THE STATE
OF THE WORLD



A clear commitment

1997 Committed to Improving the State of the World

To underscore its overarching purpose and focus, the World Economic Forum added its mission statement – “committed to improving the state of the world” – to its logo. The Foundation launched the “Partnership Concept” for its various activities. This would enable the Forum to forge deeper relationships with certain member companies that could provide specialized knowledge and critical expertise. By 30 June, the Institutional Partners included Amoco Corporation; Andersen Consulting; Arthur Andersen; Ascom Holding; A.T. Kearney; Audi; Booz, Allen & Hamilton; Deloitte Touche Tohmatsu; DHL Worldwide Express; Hewlett-Packard; Itochu; Price Waterhouse; Sun Microsystems; Swiss Telecom; and Volkswagen.

The debate over the impact of globalization continued, with the publication of another editorial by Klaus Schwab and Claude Smadja in the *International Herald Tribune* (see box). “Corporations need to give new meaning to the old notion of corporate responsibility,” they wrote. “Business leaders will have to strike a new balance between the imperative of anticipating fast changes and the need for a long-term view, even if it sometimes means resisting the pressure for instant shareholder gratification. Managing the shareholder-stakeholder equation is more than ever a critical priority.”

The Annual Meeting programme under the theme “Building the Network Society” included more than 270 sessions. The Forum made special efforts to enhance the “take-home value” for participants. For example, “update sessions” were organized at the start of the Meeting to give participants a quick way to get up to speed on various global issues and regional developments. On many of the panels were leading scientists and experts, such as Nobel Prize laureates.

Discussions at Davos focused on how globalization and the IT revolution are completely reshaping the way corporations, societies

and individuals function. In various sessions, top leaders from the IT sector explored the impact of the Internet particularly on the service sector including financial services. Electronic commerce was a topic of special interest. On the political and economic side, key sessions centred on the future of Europe, the progress towards the creation of the European single currency, the Middle East reconciliation process, the economic restructuring of Russia, and the crucial role that emerging markets will play in the global economy of the 21st century.

On 1 July, the United Kingdom handed back to China sovereignty over the British colony and international financial centre of Hong Kong, which had previously hosted Forum meetings. Klaus Schwab attended the ceremony as a guest of honour. Just two months after the handover, the Forum held its East Asia Summit in the new special administrative region (SAR) of the People's Republic of China, tangibly signaling the strong support of its members for the city and the success of the unique "one country, two systems" framework under which Hong Kong reverted to Chinese rule.

One of the remarkable achievements of the World Economic Forum has been its success in building the "World Economic Forum" and "Davos" into brand names familiar to millions of people around the world. "Davos", in particular, has come to stand for more than the Swiss city that hosts the unique global gathering of business, government and civil society leaders that takes place at the beginning of every year. The word has come to encompass the spirit of collaboration and collegiality that is the hallmark of the Annual Meeting.

Harvard University political scientist Samuel P. Huntington, who died in 2008, is credited with coining the term "Davos Man" to refer to what he regarded as a global elite, a minority, who "have little need for national loyalty, view national boundaries as obstacles that thankfully are vanishing, and see national governments as residues from the past whose only useful function is to facilitate the elite's global operations."

In a leader published in 1997, the editors of *The Economist* offered their assessment of "Davos Man":



President Yasser Arafat and Prime Minister Benjamin Netanyahu shake hands

In Praise of Davos Man

The Economist

7 February 1997

How businessmen may accidentally be making the world safer

It is not every day that 1,000 of the people who run the world gather under a single roof. But every year 1,000 of the people who think they run the world congregate in Davos, a Swiss ski resort, for the annual meeting of a foundation known as the World Economic Forum. Although this event is often marred by an atmosphere of self-importance, the Davos crowd has a better excuse than usual for basking in the limelight this weekend. Samuel Huntington, an American academic, has put Davos at the centre of an argument about civilisation and its future. He has attacked Davos Man. And, self-important or not, Davos Man must be defended.

Mr. Huntington, remember, is the author of a strikingly uncomfortable idea, first propounded in 1992 and recently elaborated in a book (*The Clash of Civilisations and the Remaking of World Order*, Simon & Schuster). He thinks the countries of the West assume too blithely that with the end of the cold war the whole world is modernising along western lines – law-based, plural, secular, attentive to individual rights. In fact, says he, many countries may not modernise in a western way at all. Prosperity may lead some to emulate the West, but give others the power and confidence to reassert their own values – some of which are not just different from the West's but hostile to it.

Davos is an example. Mr. Huntington notes that almost all of the businessmen, bankers, officials and intellectuals who flock there hold university degrees, work with words or numbers, speak some English and share beliefs in individualism, market economics and democracy. They control many of the world's governments, and the bulk of its economic and military capabilities. But they are singularly unrepresentative. Outside the West, he reckons, less than 1% of the world's population shares this culture. Could there be a better demonstration of the folly of expecting the whole world to converge on a single culture like the one on parade in Davos? This may look like a fair cop. The Davos crowd are undeniably an unrepresentative elite. But in their defence it must be said – and Mr. Huntington doesn't – that they are a different kind of elite. In particular, Davos Man is not Chatham House Man. And, arcane

though it sounds, this difference makes the future of the world look a good deal brighter.

Chatham House is the elegant London home of the Royal Institute of International Affairs, where for nearly 80 years diplomats have mulled the strange ways of "abroad". By training and disposition, Chatham House Man was a linguist and romantic. By profession he was a diplomat. In bed at night he worried about the world's division into two armed camps, not his next billion. He probably worked at a western embassy in an exotic Arab country. He may have sent home (duly encrypted) reports about "sentiment in the bazaar".

Markets and mandarins

This, naturally, is a parody. The serious point is that less than a decade ago Chatham House Man and his kind really thought they made the world go safely round. Now the end of the Cold War and the spreading global economy have squashed such pretensions. The two armed camps have become umpteen interlinked economies; the bazaar, teeming with sleek young things from Wall Street, has lost its mystery. Diplomacy has not disappeared, nor the need for it: rather a lot of history has happened since 1989 (remember the Soviet Union?), when Francis Fukuyama announced history's end. But in most places, and for the present, business is pushing the old Chatham House world to the margin.

It is this change that Davos symbolises, and which Mr. Huntington overlooks. Although 40 or so heads of state will troop to Davos this weekend, the event is paid for by companies, and run in their interests. They do not go to butter up the politicians; it is the other way around. Davos Man, finding it boring to shake the hand of an obscure prime minister, prefers to meet Microsoft's Bill Gates.

All this should cheer up Mr. Huntington, not cast him down. Some people find Davos Man hard to take: there is something uncultured about all the money-grubbing and managerialism. But it is part of the beauty of Davos Man that, by and large, he does not give a fig for culture as the Huntingtons of the world define it. He will attend a piano recital, but does not mind whether an idea, a technique or a market is (in Mr. Huntington's complex scheme) Sinic, Hindu, Islamic or Orthodox. If an idea works or a market arises, he will grab it. Like it or loathe it, that is an approach more likely to bring peoples together than to force them apart.¹

¹ "In praise of Davos Man", *The Economist*, 7 February 1997



Join Forces to Solve the Shareholder-Stakeholder Equation

International Herald Tribune

By Klaus Schwab and Claude Smadja

31 January 1997

A critical change brought by the emergence of the network society is the lightning mobility of capital flows around the world. This creates permanent pressure for high returns on capital so as to keep flows moving inward rather than outward – to attract investment by providing the most conducive environment for it.

This is leading to a situation in which capital markets are more and more perceived as dictating the course of events, forcing or tying the hands of policymakers, and fostering a mood that a top European business leader calls 'share-value fetishism'. Financial capitalism is today overtaking manufacturing capitalism.

If this trend is not kept under check by strong, farsighted corporate leadership, which balances the short term interests of shareholders with the long-term interests of the company, it is bound to exacerbate resentment, social tensions and labour strife.

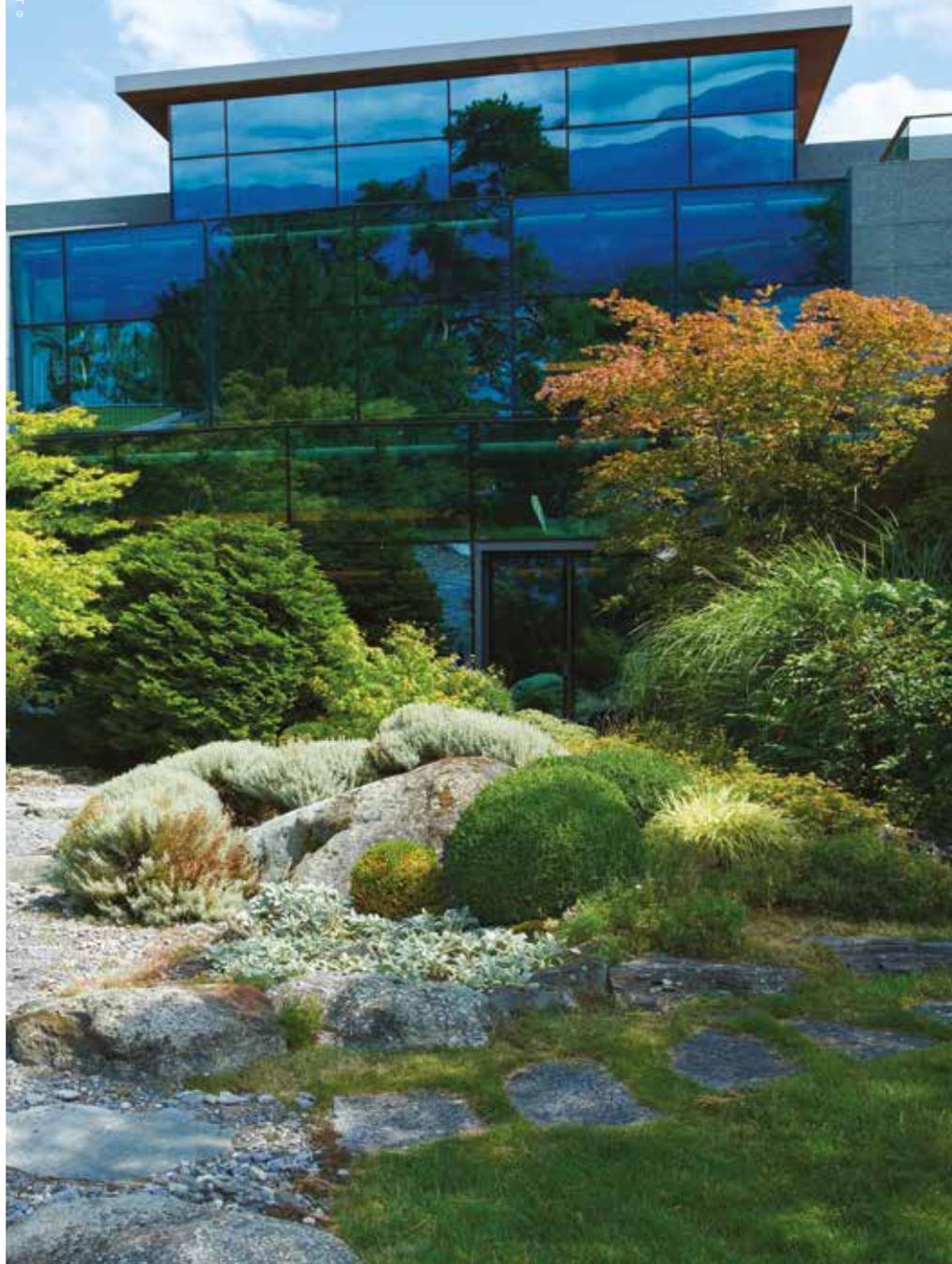
Correct or not, a perception is already quite widespread that the benefits of the changes so far have gone to shareholders and financiers, while workers were left to bear the costs.

Tackling this issue is made even more difficult by a weakening, even a disintegration, of political power at the same time that the emergence of the network society concentrates economic power. This issue has not received as much attention as it should. If the present trend were to continue unchecked, its implications would prove serious for social and political stability.

Most governments are encountering serious difficulties in adjusting to an era of instantaneous and multisourced information and communication. They are being deprived of what was until recently a classic instrument of power – privileged information. And they have to act and react at a pace for which their structures and modes of decision-making are in many cases not prepared. Governments' margin of manoeuvre is today seriously limited by the crisis of credibility and moral authority that most industrialized countries are going through, and by the pressure to cut government spending and reduce budget deficits.

Meanwhile, last year's wave of mega-mergers and acquisitions is expected to continue and even expand this year. The dominant role that transnational corporations play today in international trade flows, and competition to attract foreign investment attention, create a perception that there is today a definite shift of power in favour of the capital markets and financial capitalism. The magnitude of the conceptual and political challenge we are facing is such that no single group can provide appropriate answers, or answers acceptable to other social groups. What we need urgently is a convergence of efforts by political, business and labour leaders.²

2 Klaus Schwab, Founder and President, and Claude Smadja, Managing Director, World Economic Forum, "Join Forces to Solve the Shareholder-Stakeholder Equation", *International Herald Tribune*, 31 January 1997



World Economic Forum headquarters in Geneva

1998 New Home

On 1 November, the World Economic Forum inaugurated its new headquarters and settled into what really may be called its home. The building gave the organization a visible identity, raising its stature among its partners, members, constituents and collaborators. In 1970-1971, the Forum's first office was a garage-like pavilion of about 30 square metres. After moving briefly to a small office in the centre of Geneva, in late 1973, with just four people, it transferred to a villa in the suburb of Cologny. By 1998, the Forum had grown to include 73 full-time and 26 part-time colleagues. Each available corner of the house, even bathrooms, the garage and patios had been gradually taken over and transformed into workspace. Since the beginning of the 1990s, Klaus Schwab had entered into negotiations to purchase a large property in Cologny but intermittent discussions with the owner went nowhere because the asking price was too high. After a few years of persistence, the Forum managed to buy the property at a reasonable price and with the help of the government of Geneva.

Hilde Schwab was responsible on the Forum side for managing the construction of the building on the site. "The three-level terraced structure was meant to be much more a clubhouse than an office building, reflecting the spirit of the organization, its openness and transparency, with landscaped offices and large glass windows, integrated in its magnificent surroundings overlooking Lake Geneva and the Jura Mountains," she recalls. "The building combines subtle elegance with ethereal spaciousness, functionality and technical sophistication. It features state-of-the-art communications technology and an innovative ecological concept using natural resources such as earth and water to buffer thermal energy. It offers unprecedented partitioning flexibility to optimally accommodate any type of meeting."

At the Annual Meeting earlier in the year, the active participation of heads of state and government bolstered the Spirit of Davos

and ensured the meaningful interaction between political and business figures – a hallmark of all the activities of the Forum. Germany's Chancellor Helmut Kohl delivered a strong message on Europe's future, while Latin American and African leaders played a prominent role in the discussions. During the Informal Gathering of World Economic Leaders (IGWEL), institutional mechanisms to discuss reforms of the global financial system were the main concern. Participants emphasized the need to integrate major developing countries into the process of resolving global aspects of the financial crisis then affecting emerging markets.

One of the ideas discussed during IGWEL was to set up a body that brought together 20 countries – half of them developed economies and the other half developing ones. Just such a meeting of what became known as the G20, was held for the first time later in 1998 in Bonn. Participation was restricted to finance ministers and its scope limited to global finance. In subsequent years, Klaus Schwab, among others, proposed in several speeches to elevate the G20 meeting to become a true global summit. This finally happened in 2008 when the US hosted a G20 summit in Washington DC, to address the impact of the global economic crisis. In September the following year, world leaders meeting in the American city of Pittsburgh decided that the G20 would replace the G8 as the main forum for coordinating global economic policy.

Attracting the most interest among participants in the Annual Meeting 1998 in Davos was a person without any official government or corporate title. Hillary Rodham Clinton, the First Lady of the United States, made a forceful call to the business community to meet its social responsibilities. In her speech, she eloquently and succinctly expressed the multistakeholder philosophy of the Forum. "There are many large problems that confront us as a world," Clinton remarked to a packed Congress Hall. "It is impossible to think of any corporation, no matter how large, or any government, no matter how powerful, addressing these alone. Whether we like it or not, we are more interdependent today than we have ever been. I believe that interdependence is a good development. And it should be respected by governments and businesses alike. Because through it we can meet mutual challenges of environmental degradation or security threats, and we can also work together to help build up strong, functioning markets, governments and civil societies."



Recep Tayyip Erdogan, Mayor of Istanbul, in discussion with participants in the Turkey Meeting

After engaging in a lengthy dialogue with Clinton, Schwab concluded the session: "I would take on one other question which came from the audience, and it says, Don't you think it is time at the beginning of the next century for the US to elect and support a strong, brilliant woman for the job of the president?" Replied Clinton, who a decade later would unsuccessfully campaign for the presidency herself: "Yes, and I look forward to voting for her!"

The sessions on new trends in business and management issues, as well as on the impact of IT developments on commercial prospects and practices, once again enhanced the relevance of the discussions in Davos for business and helped participants to integrate the latest thinking in these domains into their strategies. The same held true in the arts and culture, science, medicine and technology, which were all an integral part of the agenda.

The Forum strengthened its industry-related activities by conducting Governors Meetings in 16 different sectors: automotive, chemicals, energy, engineering & construction, entertainment, finance, food & beverage, healthcare, infrastructure, services, media & communication, mining & metals, pulp & paper, retail & consumer goods, transport services, and travel & tourism.

The Forum restarted its WELCOM videoconferencing system, convening five virtual meetings on specific issues during the year:

- **The Implications of the Asian Crisis in our Global Governance System**
- **Update on Current Volatility in the Global Financial Markets**
- **Currency, Market and Economic Issues in Russia**
- **Twenty-Four Hours after the German Elections: The Impact on the EU and the Euro**
- **Innovative Leaders in Globalization**

At the time, conducting meetings this way was highly innovative. Eventually, the technical challenges of multi-point videoconferencing through an Integrated Services Digital Network (ISDN) became insurmountable and the World Economic Forum abandoned the project, only to relaunch it successfully about a decade later with Web-based technologies. WELCOM is a good example of a strategic vision that the Forum launched perhaps too early but which it revisited and retried again and again until finally implementing it successfully. Meanwhile, the Forum continued to develop its regional activities, with the Asian financial crisis and the volatility in emerging markets the chief issues of interest. The East Asia Economic Summit in Singapore focused on defining Asia's way back to sustainable growth and global competitiveness. The Action Plan for Global Growth and Reform of the World Financial System, a blueprint drawn up by some participants for a coordinated global response to the so-called Asian financial crisis, had a significant impact among policy-makers and attracted international media attention.

The Russia Meeting in Moscow allowed participants to make a first-hand assessment of the impact of the economic and political crisis that had shaken the country following the drastic currency devaluation and debt moratorium in August. In his opening statement, Prime Minister Yevgeny Primakov directly addressed some of the key concerns of investors. On behalf of the participants, the three co-chairs specified seven key priorities for immediate action. A special surprise carefully engineered by the Forum at the Southern Africa Economic Summit in Windhoek, Namibia, was the startling and unforgettable appearance of pop star Michael Jackson, who called for investments that bring economic development and improve the lives of children.



Klaus Schwab and Yuan Baohua, Former Director of the State Economic Commission of the People's Republic of China

Hillary Rodham Clinton on Nurturing Civil Society

Excerpts from US First Lady Hillary Rodham Clinton's address at the Annual Meeting:

After having looked at the programme, and seen some of the sessions, I think it is probably more appropriate to refer to this gathering as the World Economic, Political and Social Forum, because certainly in the discussions that I have been privileged to hear about and to hear directly, it has struck me that there is a very strong awareness of how interdependent the economic, political and social spheres of life happen to be.

It is something that I think we need to pay even closer attention to. Certainly when one thinks about the economy, whether it is the economy of a business, of a nation state, or of our entire globe, one talks a great deal about the importance of and the significance of the free market. And I believe that as we end this century, any doubt about the effectiveness of organizing our economy along the lines of a free market, have finally been put to rest. That is one of the major accomplishments, perhaps, of this past century. That we now understand that the greatest capacity to create employment, income, wealth and investment is derived from a free market.

At the same time, I hope we have also recognized as we end this century, that we need effective, functioning, competent governments. Governments that are neither oppressive, nor too strong and authoritarian, nor on the other hand, so weak that they can neither deliver goods and services for the public good to their citizenry or play the kind of partnership role that they should in connection with a vital free market.

But if that's all we were to speak about – the economy on the one hand and government on the other – we

would be leaving out one of the most important aspects of what we should turn our attention to as we move into this new century, that is civil society, because between the marketplace and the government that is what makes life worth living. It is the stuff of life. It is the family, it is the religious belief and spirituality that guide us. It is the voluntary association of which we are a member. It is the art and culture that make our spirits soar.

I think as we look at the end of this century and the beginning of the next, it behoves all of us, no matter what our perspective or experience, to think hard about how we create conditions in which the economy, governments and the civil society all flourish. Think of it, if you will, as a three-legged stool. We are not stable if we are only on one leg, no matter how strong the economy might be, no matter how strong a government might be. We are also not stable if we rest merely on two legs of the stool. Rather we need to see the interdependence and connection among the economy, the government and the civil society. And more than that, I think we need to recognize the ways in which each of those spheres of influence is affected by the other. I know there has been a great deal of useful conversation here about what needs to be done to help manage crises such as the Asian crisis, how to better provide technical assistance for banking supervision and the regulation of markets in many countries around the world, even suggestions as to what could be done to create more of a global regulator atmosphere along the lines perhaps of a new Bretton Woods.

These are all very important conver-



Hilary Rodham Clinton and Klaus Schwab

sations. And I hope that the economic and political leaders gathered here will certainly follow up on them through the various entities that exist, and perhaps some that are yet to be born, so that we can address these very important problems that are posed by the state of the economy today. We have also heard how important it is for governments to work with the economies of their countries and regions and globally, and how significant it is to find the right balance between regulation that permits real competition to flourish and that which stifles entrepreneurship. So there is much for governments also to ponder coming out of this conference. How can they do a better job to unleash the energies of their people to provide environments in which businesses can flourish? How do they become more transparent? How do they stand against corruption? How do they create the instruments that are needed for governments today to provide the kind of support for the economy at the same time that they provide the

sort of capacity for their people to be able to thrive in this new economic environment? I will leave it to others, many of whom have addressed you, to speak about how we can do more to make sure that our markets do what they should do, and to make sure that our governments do likewise. But what I want to address is this third leg of the stool. In my travels I have focused on this third leg of the stool, the civil society, and I have seen many changes within the last several years, as governments and economic interests understand that there must be created within society, the work ethic for capitalism to thrive and continue, a sense of citizenship for governments to be stable and succeed one another peacefully. And so how do we nurture this civil society? Why is it in the interest of business leaders, such as many of you, to worry about whether in the countries in which you do business there is an effort being made to create these civil society functions and institutions? Why should you care whether

women are given the opportunity to go to school, or have health care, or vote? Why should you worry whether or not children are being taught basic lessons about democracy or not? Well, I would argue again that it is in your long term interests to do so: to have conditions in the countries in which you do business supportive over the medium and long term of what we mean by a free market, and to have governments that understand their appropriate roles...

There are many large problems that confront us as a world. It is impossible to think of any corporation, no matter how large, or any government, no matter how powerful, addressing these alone. Whether we like it or not, we are more interdependent today than we have ever been. I believe that interdependence is a good development. And it should be respected by governments and businesses alike. Because through it we can meet mutual challenges of environmental degradation or security threats, and we can also work together to help build up strong, functioning markets, governments and civil societies. I would just end these remarks by reminding us tonight that there isn't any perfect human institution. There is no perfect market except in the abstract theories of economists. There is no perfect government except in the dreams of political leaders. And there is no perfect society. We have to work with human beings as we find them. And we have learned a lot about what

works. And the lesson of the global economy will certainly be that those who ignore the lessons that we have learned about effective functioning markets and political and governmental leadership will pay a steep price. That may be a necessary part of the learning curve.

But as we go into the 21st century, if we can keep in mind the balance of power among these three spheres that affect all of our lives, and if we can look for ways to work cooperatively together, then I think the doomsayers and the pessimists will be proven wrong. I wouldn't want to be more optimistic than conditions warrant, but I think based on the conversations that I've heard coming out of this conference, from people in a position to affect economic and governmental action, there is every reason to believe that there is a new awareness growing among the decision makers around the world about the steps that must be taken in order to ensure stability and sustained growth.

I'll only ask that in that calculus, we remember the billions of men, women and children who are effectively without a voice, often without a vote, and that we understand that our long-term success, either economically or governmentally, will ultimately depend upon whether we empower them as well, to take their rightful places in forums around the world where they plan their own futures. Thank you very much.¹



Li Lanqing, Vice-Premier on the People's Republic of China
President Jerry Rawlings of Ghana and UN Secretary General Kofi Annan

¹ Hillary Rodham Clinton, Address to the Annual Meeting of the World Economic Forum, Davos, 2 February 1998



President Nelson Mandela of South Africa

1999 The UN Global Compact

The United Nations Secretary-General Kofi Annan and Klaus Schwab were in discussions about how the participants in the Annual Meeting 1999 could be integrated into an effort to highlight again the social responsibility of business leaders. At the meeting, Kofi Annan issued a call for a “Global Compact of shared values and principles” on human rights, labour standards, environmental practices and anti-corruption.¹ This was the genesis of the UN Global Compact, “a leadership initiative endorsed by chief executives” that serves as “a policy platform and a practical framework for companies that are committed to sustainability and responsible business practices. It is a voluntary initiative that relies on public accountability, transparency and disclosure, to complement regulation and to provide a space for innovation.” Ten universally accepted principles in the areas of human rights, labour standards, the environment and anti-corruption are the bedrock of the Global Compact. Since its official launch in 2000, it has attracted more than 7,000 business and non-business participants in over 135 countries.

Also at the Annual Meeting, South African President Nelson Mandela returned to Davos to bid farewell before leaving office. Frédéric Sire, then a managing director of the World Economic Forum, remembers the emotional appearance of Madiba, as Mandela is fondly known among his people:

“Sitting in the speakers’ room next to the plenary hall, which was overfull, Nelson Mandela was a few minutes away from walking up onto the stage to say goodbye and thank you to the Davos community as President of South Africa. Global broadcasters were adjusting their cameras; participants were cramped in their seats waiting to salute a living legend; standing room was no longer available.

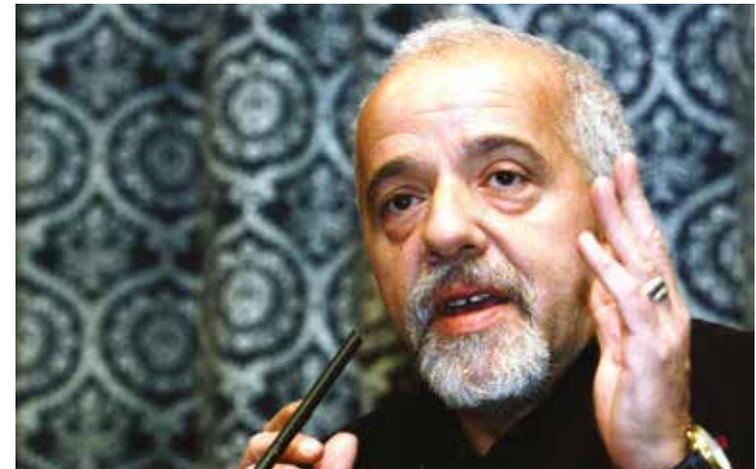
A few of us were in the speakers’ room waiting for the green light to ask Madiba onto the stage. A few minutes were

left to go and Nelson Mandela asked me if he could use my mobile phone. Of course, I said yes and gave him my phone which he, in turn, gave to his then Chef de Cabinet Jakes Gerwel. I made a movement towards the door to give them privacy, to which Madiba said: 'No, please stay here, you don't have to leave the room.' I sat down again. With so many years in the scorching sun of Robben Island's courtyard, Nelson Mandela's eyesight had been severely affected and he asked Gerwel to dial on my phone his home number.

What followed was unbelievable: this man was literally minutes away from walking onto a stage to address the most powerful business gathering in the world as well as the global community through the wires and media – yet he found the time to call his home, in front of my eyes, and spoke to five of his grandchildren to make sure they had done their homework that day! He spoke to each for about 30 seconds, his smile beaming, obviously transported far away from the speakers' room we were sitting in to the youth of his grandkids he loved so much. He was with them many thousands of miles away, and notwithstanding the immensely important speech he was about to deliver, he found the time to ask a question to each of his grandchildren about the subject of their homework.

One grandchild, from what I could gather, had not done his or her homework. Nelson Mandela's smile disappeared, he became very concerned, very serious – quite stern to tell the truth. He expressed his disappointment to the child with a patriarchal voice, calm yet strong, establishing the ultimate importance of education and learning and knowledge. The young interlocutor on the other side was given a summons to be ready in two days to meet with his grandfather once back home, with his homework for the week to come and his timetable to achieve it.

The door to the stage opened, a voice said 'time', Madiba returned my phone to me, and I pressed the hang-up button. The giant of a man got up and walked out the door to thunderous applause – I didn't know if I had been in the presence of a legend, an angel or both!"



© Reuters/Reynold Steingger

Braslian author Paulo Coelho, Crystal Award recipient

Besides Mandela, other political leaders who used the Davos platform to deliver special messages were the United Kingdom Chancellor of the Exchequer Gordon Brown, President Hosni Mubarak of Egypt, Israeli statesman Shimon Peres, Singaporean Senior Minister Lee Kuan Yew, Russian Prime Minister Yevgeny Primakov, President Roman Herzog of Germany, and Vice-President Al Gore of the United States.

The community of Global Leaders for Tomorrow, which had been playing an increasingly active role in Forum activities, met in Davos. They decided to launch a number of initiatives and task forces on issues relating to key challenges for the 21st century, which they had identified. This was a continuation of a process launched with the Wake Up Europe initiative brought forward by a group of young European leaders to assess and define the success factors for a prosperous and stable Europe. Wake Up Europe had stirred a vigorous debate in Europe about the future of the continent.

Among the initiatives organized in Davos were the launching of a project to establish criteria for measuring environmental performance indicators and the business of cooperation programme. The latter aimed to promote the role of business in fostering political stability and public-private sector collaboration that in turn could benefit the companies' bottom line. The Technology to Alleviate

Poverty project sought to highlight how technology could help developing countries address their social problems.

A group of young leaders from South Africa, the Balkans, the Middle East and Northern Ireland – regions that had achieved political breakthroughs in the transition to peace from conflict – launched the Transition to Peace Initiative, developing a conceptual framework for peace building that integrated the lessons each region had learned from their reconciliation efforts. A participant in this group, Zlatko Lagumdžija, who would become prime minister of Bosnia and Herzegovina in 2001, later acknowledged on several occasions how important this initiative had been in helping his country to achieve peace.

In Davos, the violinist and conductor, Yehudi Menuhin, had taken a special interest in the Transition to Peace Initiative. On 12 March 1999, barely a month after participating in the Annual Meeting, he passed away. Lord Menuhin had been a mentor to Klaus Schwab and active supporter of the integration of a strong cultural dimension into the World Economic Forum, with which he had a cherished friendship (see *box*). After his death, a Davos participant spontaneously sent to the Forum his “star-struck thoughts on a pop artist named Menuhin.” Ending the eulogy, he wrote: “It was clear to anyone listening that Lord Menuhin was also possessed by infinity, that his thoughts and his music knew no boundaries, that he had made his life an art.”

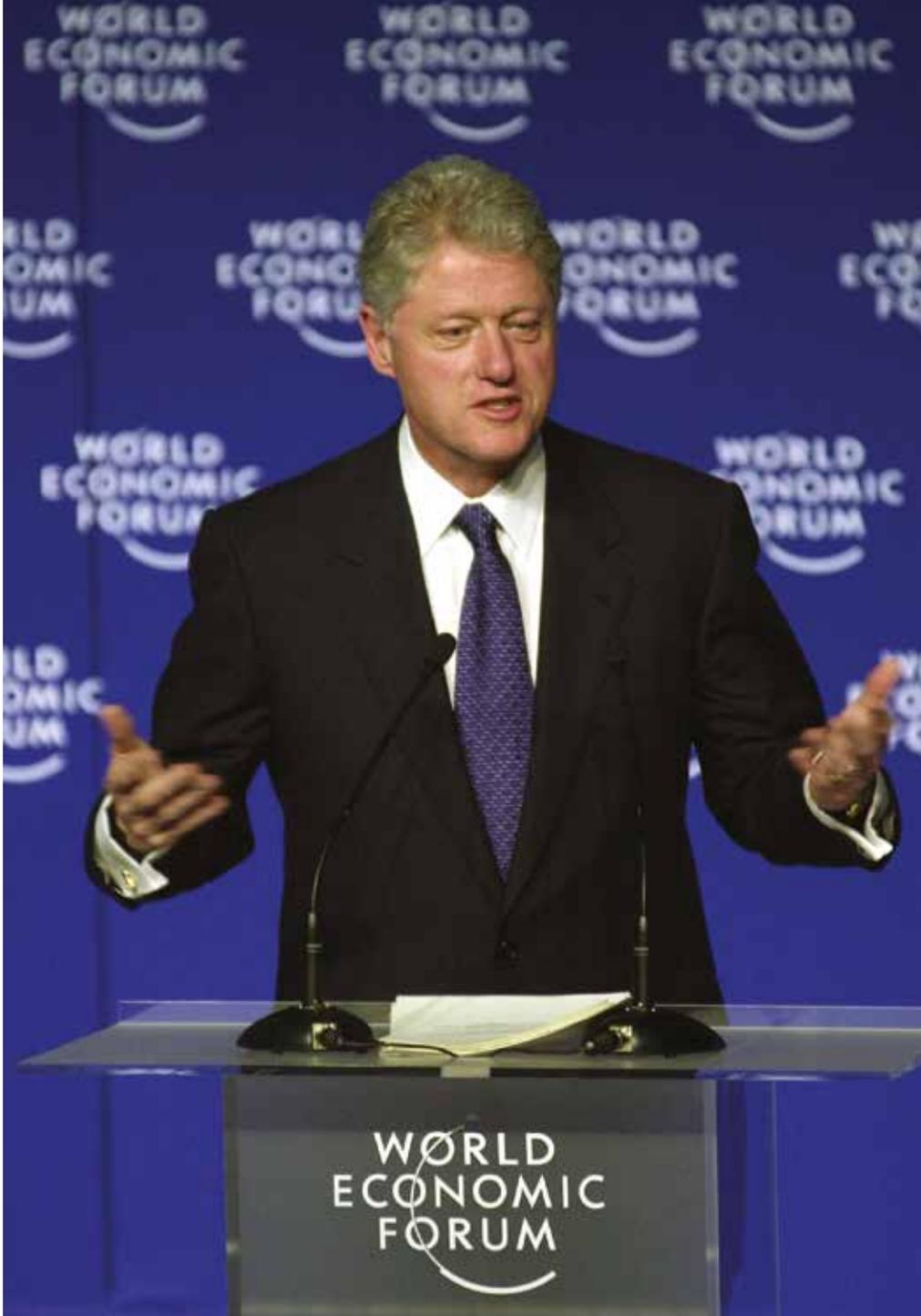


Local musicians at the traditional farewell buffet



Yehudi Menuhin and the World Economic Forum

- 1989 Sir Yehudi Menuhin delivers a stirring message in the opening session, sharing his vision of moving from an exploitative world to a world in which we value and protect beauty and culture. He concludes with a short masterful solo performance.
- 1991 Sir Yehudi conducts the traditional Charity Concert, featuring violinist Vladimir Spivakov and the Moscow Virtuosi.
- 1994 Lord Menuhin, on a concert tour, sends a special message for the Charity Concert, which is performed by the Camerata Lysy of the International Menuhin Music Academy, Gstaad.
- 1995 Lord Menuhin speaks on "Commitment in the public interest". In another session, he calls for the creation of a "parliament of cultures" in parallel with parliaments of states. Lord Menuhin is the first recipient of the Forum's Crystal Award.
- 1997 Lord Menuhin has an active role in two sessions and, together with HM Queen Silvia of Sweden, participates in the closing session urging new respect for children's rights: "The weaker must possess the rights and the stronger the responsibilities," he argues.
- 1998 Lord Menuhin addresses the issue of "Relationships and attitudes", and shares a panel on "A moral challenge" with Indian economist Amartya Sen and other prominent speakers.
- 1999 At the last Annual Meeting, Lord Menuhin conducts the Charity Concert, featuring violinist Vadim Repin and the Sinfonia Varsovia. He also participates in a session entitled "Pop art in a business world".



President Bill Clinton addresses Congress Hall

2000 The 30th Anniversary

The 30th Annual Meeting at the turn of the millennium was special for many reasons. Chief among them was the unprecedented high-calibre participation of political and business leaders. For the first time, a sitting American president, Bill Clinton, came to Davos, where he was joined by British Prime Minister Tony Blair. It was Clinton himself who from the lectern on the Congress Hall stage observed that so many world leaders were in the room, calling it “an indication of the importance of the World Economic Forum.” In the delegation from the US were five cabinet officials, a large number of congressmen, and leaders from business and civil society. “There’s no one home in Washington to take care of things,” Clinton joked. He went on:

“The World Economic Forum has been at it for 30 years now. The thing that I have appreciated most about your deliberations is your consistent focus on the future. For example, you spotted the networking of society before the Internet was out of its infancy. Both Vice-President Gore and my wife, Hillary, have spoken here; and I am glad, even though I am late, to finally get in on the act. We have got a chance to build a 21st century world that walks away from the modern horrors of bio and chemical terrorism and from ancient racial, religious and tribal hatred. Growth is at the centre of that chance. It gives people hope every day. But the economics must be blended with the other legitimate human concerns. We can do it – not by going back to the past, but by going together into the future.”¹

For his part, Blair spoke about a new kind of politics:

“We have the chance in this century to achieve an open world, an open economy, and an open global society with unprecedented opportunities for people and business. But



© Reuters/Remy Steingger

US Secretary of State Madeleine Albright

we will succeed only if that open society and economy is underpinned by a strong ethos of mutual responsibility – by social inclusion within nations, and by a common commitment internationally to help those affected by genocide, debt, environment. I call it a Third Way. It provides a new alternative in politics – on the centre and centre-left, but on new terms. Supporting wealth creation. Tackling vested interests. Using market mechanisms. But always staying true to clear values – social justice, democracy, cooperation.”²

Pope John Paul II, who just weeks later would make a historic pilgrimage to Jerusalem followed by a visit to Egypt, sent a special message to Davos. With the nature of globalization and its pros and cons still at the forefront of discussions, the pontiff’s words provided an essential perspective and made note of the Forum’s motto – entrepreneurship in the global public interest:

“With a deep sense of shared interest, I greet the many economic and financial leaders gathered in Davos for the 30th Annual Meeting of the World Economic Forum, and I assure you all of my prayers for the success of your deliberations. The Forum brings together important decision-makers at what is a decisive time, as your theme ‘New Beginnings: Making a Difference’ recognizes. At the dawn of the third millennium, ‘globalization’ is a word which serves to focus much of the newness now emerging, and leaders especially

face the question of what kind of globalization is appropriate. For the process only has the life we give it, or more precisely the life we choose to give to free markets and the communications revolution, since it is the convergence of these which drives the globalizing process. Globalization without ethical and moral values will produce deeper polarization in the world, as the strong and weak grow ever further apart. Without an ethic of solidarity millions of human beings will be increasingly excluded from the knowledge and skills which they need if they are to benefit from development and progress. In some societies there are already signs that the process will lead to that marriage of material wealth and spiritual poverty which wreaks havoc in human lives. But globalization which recognizes that human beings are ‘the source, the center and the purpose of all economic and social life’ (*Gaudium et Spes*, 63) will serve what your motto calls ‘the global public interest’, the integral development of individuals and the common good of the human family. Trusting that the World Economic Forum will effectively promote the globalization of solidarity and will therefore be a bright beacon of hope as we move into the future, I invoke upon everyone assembled at Davos the divine gifts of wisdom and strength as you seek those genuinely new beginnings which will truly make a positive difference.”³

At this Annual Meeting, the level of civil society participation also reached a new height. The Forum had very evidently moved from a convener of business and government leaders to a platform integrating all key stakeholders of global society. Practically all the major global NGOs were represented in Davos by their top figures. As a result, an ongoing informal dialogue emerged to foster better understanding and cooperation among global companies and some of the most influential civil society groups.

This year, the Forum also reinforced its role as a partner of governments in supporting global policy action. The Digital Divide Initiative was created by the CEOs (Forum Governors) of approximately 100 leading companies in the ICT (information and communications technology) field. Klaus Schwab and CEOs participating in the initiative submitted proposals to Prime Minister Yoshiro Mori of Japan for integrating the issue of the digital divide between developed and developing economies into the agenda of the G8 Kyushu-Okinawa Summit. Among the ideas were the formation of a volunteer Global Digital Opportunity Corps similar to the Peace

Corps, the setting up of local technology community centres, and the creation of “e-chambers of commerce” to support technology-related businesses.⁴

Environmental concerns again loomed large at Davos. For the first time, the Annual Meeting was carbon neutral. Consistent with the principle of practising what you preach, the Forum commissioned Green Globe 21, the worldwide benchmarking and certification programme for the travel and tourism industry, to plant trees in Mexico to compensate for the emitted greenhouse gases relating to the Annual Meeting. Another major project launched at Davos was the publishing of an environmental sustainability index that measured ecological responsibility in over 100 countries.

The Governors of the travel and tourism industry issued the Davos Declaration on Travel and Tourism: Global Prosperity through Sustainable Travel and Tourism Development, which committed the industry to the basic principles of social, economic and ecological sustainability. In April, Marilyn Carlson Nelson, National Chair, and William S. Norman, President and CEO of the Travel Industry Association of America (TIA), wrote to Schwab informing him that the Board of Directors of the TIA endorsed the objectives of the Davos Declaration on Travel and Tourism.⁵

The Annual Meeting 2000 was also the occasion when the Global Alliance for Vaccines and Immunization (GAVI) was born. GAVI today serves as a vital coordinator of the global network of governments, international financial institutions and development organizations, philanthropic organizations and private sector actors in the effort to maintain the world's commitment to vaccines and immunization, which are essential to global public health and development, especially for children. Among the early supporters of GAVI was Microsoft founder Bill Gates, who was a regular Davos participant from 1996. In 2000, among the many grants made by the Bill & Melinda Gates Foundation was a donation to GAVI of US\$ 750 million that was to be given over five years.

Recognizing the importance of small companies that create impact through technological innovation on the business model of whole industries, the Forum created the community of Technology Pioneers and launched a programme for the first members named to the group. Since then, in a rigorous selection process in cooperation with its strategic partners, the Forum has nominated 20 to 40 Technology Pioneers every year.



The Social Entrepreneurs Community at the Forum's headquarters

After 30 years, Davos had become a reference point. The name alone evoked the collegial, civil and collaborative spirit of the Annual Meeting and all the Forum's other activities. As a result, many institutions and organizations tried to benchmark themselves against the Forum and against Davos. Some have even sought to emulate the Forum, present themselves as alternatives, or even to hijack the brand power of Davos. Fundamental misunderstanding of the Forum and its ethos has on occasion led to attacks on the organization by those who allege that it is some kind of supranational global government that seeks to impose the will of the elites or a single world view. Following the disruptive protests at the World Trade Organization Ministerial Conference in Seattle at the end of November 1999, the World Economic Forum also became the target of increased demonstrations requiring a reinforcement of security measures at Davos two months later.

As an organization devoted to dialogue, the Forum has always been in favour of protecting the laws that guarantee free assembly and free speech. Despite the widely covered street demonstrations at Annual Meetings over the years, the only damage, not counting some easily erased graffiti, has been a smashed window at one of the local fast-food shops.

In 2000, however, the demonstrations against the Forum reached a critical point at the Asia Pacific Economic Summit in Melbourne, Australia. This was the only Forum event when participation in a meeting was directly affected. Some 200 participants were stranded at their hotels unable to reach the meeting venue, despite the use of helicopters to ferry five or six at a time to the rooftop.

Selected Social Entrepreneurs of the Year who joined the network of 160 outstanding social entrepreneurs of the Schwab Foundation for Social Entrepreneurship

a. Andre Cavalcanti de Albuquerque – Terra Nova – Brazil

12.4 million Brazilians are living in 3.2 million informal dwellings without access to public services such as water, electricity and waste collection. In São Paulo alone, more than half of the favelas are illegally located on public land. Terra Nova acts as an intermediary between the legal land owners and the land occupiers to find a win-win solution for both sides. Terra Nova was founded to resolve, in an amicable fashion, various conflicts that had dragged on in the courts for years. The land regularization process brings a final resolution to the conflict between landowners and occupants. The property rights are transferred to the occupants after payment of an indemnity. The original property owner typically accepts the deal, even if depreciated, to avoid long court cases that drag on through the judicial system and hardly ever guarantee the return of the property.

b. Naif Al Mutawa – Teshkeel Media Group – Kuwait

Teshkeel Media Group is focused on creating new children's adventures through its superheroes "The 99". Drawing upon global history, culture and traditions, its aim is to provide positive and inspirational role models for children that are inspired by Islam albeit on a global level. "The 99" are superheroes from 99 countries that work together to improve the world with story lines that promote diversity, multiculturalism, personal responsibility and accountability. "The 99" comics have been licensed in eight languages, a first theme park recently opened in Kuwait and a global animation project will come out by the end of 2009.



a. b. c. d. e.

c & d. Mitchell Besser and Gene Falk – mothers2mothers – South Africa

Mothers2mothers provides education, mentoring and support to HIV-positive pregnant women and new mothers. It focuses on preventing transmission of HIV from mother to child and teaching women to improve their health, the likelihood of their survival and the health of their babies. Its Mentor Mothers programme hires and trains new mothers living with HIV to inspire, mentor and counsel pregnant women diagnosed with HIV. In only seven years, it has become a multinational organization operating in 500 locations in seven countries, serving more than 150,000 women every month.

e. Timothy Ma – Senior Citizen Home Safety Association – People's Republic of China

As family values and demographics are shifting, a rapidly rising number of older citizens are living on their own. Senior Citizen Home Safety Association runs a 24-hour call service in Hong Kong. Subscribers can press a trigger that connects them to different services, such as ambulances in the case of an emergency or counselling if they are lonely. This service has been used more than 3.5 million times since the launch of the organization. Senior Citizen Home Safety Association reaches 13% of the elderly population in Hong Kong and is currently expanding into other cities in China.

- 1 Bill Clinton, Remarks to the Annual Meeting of the World Economic Forum, Davos, 29 January 2000
- 2 Tony Blair, Speech to the Annual Meeting of the World Economic Forum, Davos, 28 January 2000
- 3 Message from the Supreme Pontiff Pope John Paul II", World Economic Forum, 2000
- 4 John Markoff, "Group Meets to Address Digital Divide", *New York Times*, 19
- 5 Letter from the Travel Industry Association of America, 10 April 2000 July 2000

The Schwab Foundation for Social Entrepreneurship

In 1998, Klaus and Hilde Schwab created a foundation to promote social entrepreneurship. A separate institution from the World Economic Forum, though both work closely together, the Schwab Foundation for Social Entrepreneurship officially started its activities in August 2000. At that time, the concept of “social entrepreneurship” was little known in Europe and most of the rest of the world. It was just beginning to emerge in the United States.

In an essay prepared for this book, the Schwabs recalled why they established the Schwab Foundation:

“The World Economic Forum was created to bring together world leaders in business and public policy to find solutions to macroeconomic and geopolitical problems. We thus fulfilled a dream to create an impartial platform where men and women of national and global influence could take time out at Davos and contribute their knowledge and insights to improving the state of the world.

But over these years, the world changed dramatically. Despite concerted efforts by governments and multilateral organizations to promote economic growth and reduce poverty, we have more income inequality and more insecurity than when we started. Clearly, the world needs more than ever before a multistakeholder platform such as the World Economic Forum, but this is not enough!

By establishing the Schwab Foundation for Social Entrepreneurship we fulfilled another dream: to create a global community of outstanding social entrepreneurs and to tap into the knowledge generated by their practical approaches to solving social and economic problems, as well as help mobilize stronger support for their efforts. In celebrating and disseminating their success stories, we seek to build together a world that promotes social progress and better standards of living in an innovative and effective manner.”

A focal point of the Foundation’s activities has been the search and selection of the world’s leading social entrepreneurs. In the first year of the Foundation’s operations, 40 social entrepreneurs were selected to be part of the network. In subsequent years, the Foundation has selected between

20 to 25 social entrepreneurs a year to join the community. In early 2005, the Foundation introduced national competitions to identify the Social Entrepreneur of the Year in participating countries.

The Foundation has pursued two goals with its selection strategy. First, it has aimed to broaden global awareness of social entrepreneurship by identifying social entrepreneurs who are not known at the international level. Media partnership ensures much better coverage of the social entrepreneurs at the national level. Second, the competitions are geared at introducing the concept of social entrepreneurship in countries where it has not been recognized or only recognized by certain segments of society, but lack the backing of political and corporate leaders.

By 2008, the Schwab Foundation was conducting Social Entrepreneur of the Year competitions in close to 30 countries. It has gone from screening about 150 candidates a year when it started the award to assessing close to 1,000 annually. In 2009, the Foundation introduced regional competitions to identify the top two to five social entrepreneurs. The awards are presented at World Economic Forum regional meetings. Since its beginning, the Schwab Foundation recognized the need for social entrepreneurs from across the globe to come together and share their experiences. The first group of 40 social entrepreneurs met in Geneva in November 2001. This was the first global meeting of social entrepreneurs and provided the seed for a strong personal and professional support network among leading social entrepreneurs. The Foundation continued to organize an annual global Social Entrepreneurs’ Summit until 2008.

Selected social entrepreneurs have been increasingly integrated into World Economic Forum events and initiatives. The first group of social entrepreneurs was invited to the Annual Meeting in 2002. Since then, between 30 and 50 social entrepreneurs have participated in the Annual Meeting every year, taking on active roles in the programme and providing a pragmatic and grounded voice to the “Davos” conversations.

Social entrepreneurs participate in every Forum regional meeting, where the new Social Entrepreneurs of the Year in countries in the specific region receive their awards in a plenary session. This gives the winners instant recog-



Urvashi Sahni (second left), the Winner of the Social Entrepreneur Award India 2017 with Hilde Schwab

...tion and media attention in their home countries and across their region. The social entrepreneurs participate in Forum initiatives, the conversations shaping the future agendas of industries, and the Global Agenda Councils. Looking back over the past 10 years, the co-founders of the Schwab Foundation have reflected on its achievements:

“Since 2000 when we began our operations, the landscape for social entrepreneurship has substantially changed. A multitude of institutions and activities have mushroomed across the globe and a number of well-endowed foundations have been set up to support social entrepreneurship. International gatherings draw thousands, and multiple awards and prizes have been created, financial support schemes have been developed and many universities teach courses in social entrepreneurship. Social entrepreneurs have become more self-confident based on increased recognition of their work. We are proud that the Foundation has been part of this historic shift. Like all innovative entities, the Foundation has existed to change mindsets and practices. Over the last 10 years, we have witnessed within the World Economic Forum and its members a dramatic change in the level of interest and openness to these grassroots innovators.”

The Schwab Foundation owes its success also to committed former and present Foundation Board members, among them Sadako Ogata, Paulo Coelho, Zanele Mbeki, David Gergen, Stephen Brenninkmeijer.



Gisele Yitamben of ASAFE Cameroon winner of Social Entrepreneur of the Year 2002 in Africa with Hilde Schwab



Yasser Arafat and Bill Clinton – a final attempt at peace

2001 A Missed Opportunity

After the efforts by President Bill Clinton in Camp David in 2000 to advance the Israeli-Palestinian peace process, a new attempt to bring the parties back to the table was made at the Taba conference in January 2001. The news coming out of the Egyptian resort was very promising and the impression prevailed that this conference had finally resulted in a breakthrough. It was widely thought that, after the conclusion of the technical discussions in Taba, an agreement might be carried through to Davos and then endorsed by Palestinian Authority Chairman Yasser Arafat and Shimon Peres, who at that time was Israel's Minister of Regional Cooperation. A session in Davos with the two leaders took place on Sunday afternoon, 28 January, one day after the end of the peace talks in Taba. This was just nine days ahead of general elections in Israel. It was clear that the outcome of this plenary would have a substantial bearing on whether Prime Minister Ehud Barak would be re-elected. Understandably, expectations – particularly among the media – were high and the session was broadcast live.

Amre Moussa, at that time Minister of Foreign Affairs of Egypt, also sat on the panel, while UN Secretary-General Kofi Annan joined the audience to witness this special moment, which could have been truly historic. Klaus Schwab, who had painstakingly prepared the procedures for the session, was the chair. It had been agreed with both parties that the session would take place in a very constructive, reconciliatory spirit – the Spirit of Davos – and that Arafat would speak first, followed by Peres and then Moussa.

Just as the session started, Arafat told Schwab that he had left his speech in his hotel room and would therefore prefer to speak second. Schwab asked Peres to open the session, which he did in a very positive and cooperative way. It was Arafat's turn. Schwab wondered why nobody in the meantime had brought up any document to Arafat. The Palestinian leader pulled papers out of his

pocket and delivered one of his most aggressive verbal attacks on Israel, leaving the Davos audience stunned and, at the same time, destroying any hope for a true and lasting peace.

On 6 February, Barak lost the election and Ariel Sharon, a more hard-line figure, came to power.

What happened in that Davos session was the biggest disappointment that Schwab has experienced at any Annual Meeting. Many say Arafat's most glaring mistake was contributing to the breakdown of talks at Camp David II in the summer of 2000. Indeed, Arafat could have accepted or presented an alternative to Barak's offer. However, Arafat's most serious mistakes came later. After the Camp David talks, with an outline of a deal at Taba, Arafat and Peres were supposed to endorse it in Davos. The Taba proposals would have become a template for future negotiations. Instead, Arafat turned on Peres at Davos – in front of 2,000 astounded participants – and denounced Israel for killing Palestinians. That fall, Arafat failed to end the second Palestinian uprising.

In the wake of the devastating earthquake in Gujarat, India, that occurred during the week of the Annual Meeting, the Governors representing the engineering & construction and the logistics & transportation sectors determined that business and industry should do more to help victims of natural disasters. They called upon the World Economic Forum to create a Disaster Resource Network (DRN) that would proactively participate in a multi-sector effort to prevent and mitigate the human suffering associated with disasters.

Since its launch, the DRN has played an important role in international relief efforts. As an example, its contribution was clearly evident following the tsunami that struck South and South-East Asia in December 2004. The DRN's post-tsunami relief and recovery activity proved an inspiring example of the public-private collaborative model in action. Based at the Bandaranaike International Airport in Colombo, Sri Lanka, the DRN's Airport Emergency Team handled over 7,400 tons of relief supplies in 24 days. In total, it contributed an estimated US\$ 1.7 million in volunteer labour and services to emergency relief efforts in the afflicted region.

On 11 September 2001, the world was shocked by the devastating terrorist attacks on the twin towers of the World Trade Center using two hijacked planes, as well as the crashing of a jet into the Pentagon in Washington DC and into the ground in Pennsylva-

nia. Two months later, the Forum decided to relocate the Annual Meeting from Davos to New York to show solidarity with the city and with Americans. This decision not only tested the adaptability and flexibility of the Forum staff to a maximum, but also required many participants to overcome their reluctance to travel. Schwab endorsed the move, having been himself in New York on 9/11. He recalls:

“In the evening of 10 September, members of the World Economic Forum and many other friends from New York had assembled at the new Carriage House Center on Global Issues where UN Secretary-General Kofi Annan presented me with the Candlelight Award.

The contrast of the atmosphere of that evening with what happened less than 12 hours later could not have been more striking. This experience left a deep impression on me and my wife Hilde. We were blocked for five days in our hotel in New York, before being able to return to Geneva from Montreal by private plane. We will never forget the atmosphere that reigned after the attacks: on the one hand a strong mixture of ghostly surrealism, and on the other hand there were so many sparks showing New York's vitality.”

The final decision to relocate the Annual Meeting was taken in November when Schwab arrived back in New York with the first Concorde plane to take off after 9/11. New York Mayor Rudy Giuliani welcomed him at the airport and showed him Ground Zero by helicopter. Smoke still rose from the piles of rubble and debris, all covered in ash. Giuliani then received Klaus Schwab as his last official visitor in the Mayor's mansion before handing over the office to the newly elected Mayor Michael Bloomberg who in turn received Schwab as his first official visitor. During a luncheon at the New York Stock Exchange, Schwab announced the decision to relocate the Annual Meeting to thunderous applause from the city's leaders.



2001

2001

The Forum's Expanding Portfolio

By 2001, the Annual Meeting, as well as the summits in each major region in the world, became increasingly interwoven with ongoing Forum task forces and initiatives, which included the following:

- Corporate Initiative on Diseases of Poverty
- Global Corporate Citizenship Initiative
- Business and NGO Informal Dialogue
- The Future of the Multilateral Trade System
- Global Competitiveness Report
- Digital Readiness Report
- Transition Report
- Environmental Sustainability Index
- Global Climate Change and the Automobile
- Changing Corporate Governance in Russia
- Balkan Task Force
- Middle East Strategy Group
- Digital Divide Task Force
- Corporate Performance Initiative
- Global Governance Report



His Highness Sheikh Hamad bin Khalifa Al-Thani delivers his speech on 'The Role of Islam in Bridging the Religious Divides'

Olusegun Obasanjo, President of Nigeria



2002 Davos in New York

The World Economic Forum held its Annual Meeting in New York to show solidarity with the United States and the inhabitants of the city after the 9/11 terror attacks. "Davos in New York" took place in the Waldorf-Astoria Hotel in midtown Manhattan, with more than 2,700 participants from 102 countries under very tight security. After the momentous Meeting, Maurice Strong, former Undersecretary-General of the United Nations, Chairman of the Rio Summit and a former member of the Foundation Board of the World Economic Forum, wrote to Klaus Schwab:

"It is often said that the world could never be the same after 11 September 2001. In many respects this is certainly true and indeed we are still in the process of understanding and accommodating to its full implications. For the World Economic Forum, the changes have clearly been profound. September 11 abruptly brought to a head the process already underway of calling into question the prospect of holding this year's Annual Meeting in Davos due to difficulties and costs foreseen by the Swiss in ensuring its security. September 11 compounded these concerns and made it clear that such large gatherings of world leaders would continue for the indefinite future to be the targets of protestors with a high potential for accompanying terrorism. This situation will continue to impose high costs on the hosts and organizers of such gatherings which will act as a deterrent both to those who host them and those who participate in them. This clearly has important implications for the Forum. The decision to move the Annual Meeting to New York as a dramatic affirmation of the confidence of the international community in New York as a world centre proved to be a brilliant one, both in its timing and its implementation. You and your team did a remarkable job in reorienting the programme and the practical arrangements for the meeting

in an almost impossibly short time and were successful in obtaining the full cooperation of the authorities in New York. The result was clearly the most uniquely successful meeting of all time for the Forum accompanied by an unprecedented level of high quality publicity, most of it positive, and particularly in the North American media. At the same time the actions you took to include in the programme issues which responded to the concerns of many protestors and invited as participants an impressive group of civil society leaders demonstrated the degree to which the Forum is really committed to “improving the state of the world” and not merely to advancing the special interests of business.”¹

At the meeting, former New York Mayor Rudolph W. Giuliani, who had been in charge of the city on 9/11, told participants of the deep significance of the Forum’s decision to bring the Spirit of Davos to the Hudson River:

“By holding their 2002 Annual Meeting in New York, the World Economic Forum served as a resounding endorsement of New York City’s sustained vitality. We can’t think of a more appropriate, courageous and optimistic milieu for the Davos Meeting to be held than in the most diverse city in the world, which also happens to be the financial capital of and a global economic partner to the world. This is a tremendous vote of confidence in our city. It sends a message that New York is back in business, and that New York is the place to be for world leaders and decision-makers.”²

This year, the Forum established the International Business Council (IBC), an interactive community of concerned and committed business leaders. Made up of 100 highly respected and influential chief executives from all industries, the IBC identifies and addresses globally relevant business issues. It acts as an advisory body providing intellectual stewardship to the World Economic Forum and makes active contributions to the Annual Meeting agenda. UN Secretary-General Kofi Annan launched the Global Health Initiative (GHI) of the World Economic Forum. The purpose: to engage businesses across industries, together with governments, international and non-governmental organizations, in systematically fighting infectious diseases, in particular, HIV/AIDS, tuberculosis and malaria, and strengthening health systems in both developing and emerging countries. The GHI works closely with a number of



Opening of the Annual Meeting in New York

Forum members, as well as in partnership with the World Health Organization, UNAIDS and the World Bank, to develop toolkits and guidelines to assist companies in setting up workplace programmes; to conduct high-level advocacy events around these issues at its Forum events to ensure they stay high on the world’s agenda; and to create public-private partnerships, leveraging each partners’ skills and resources for the optimum impact on the ground. The GHI is active across Africa and Asia. The World Economic Forum, with the independent Danish think tank *Monday Morning*, launched the Bridging Europe initiative, designed to promote democratic sustainability in Europe through a qualified dialogue with the new generation of Europeans. A thousand young people aged between 18 and 25 from 33 European countries participated in an online dialogue with European leaders, followed by a two-week gathering in a “European village” in Copenhagen. The result of their combined efforts was a draft proposal for a new European Constitution, which was presented to the Danish EU Presidency and to the President of the Convention on the Future of Europe, Valéry Giscard d’Estaing. The European Constitution was rejected by voters in France and Holland in 2005 and was subsequently replaced by the Lisbon Treaty, which by October 2009 had been ratified by 25 of the 27 European Union Member States.

1 Memorandum from Maurice F. Strong, “Some thoughts concerning the future of the World Economic Forum”, 20 February 2002
2 *Annual Report 2001-2002*, World Economic Forum



2002

2002

Are Business Leaders Still Trustworthy?

In an editorial published in the World Economic Forum's newsletter in September 2002, Klaus Schwab questioned the confidence society has in its business leaders, raising issues still highly relevant today:

The question is: can business leaders still be trusted today? Is the economy – after all one of the essential components of our lives – still trustworthy? Many citizens would answer in the negative. Even if the mentioned cases are exceptions and spectacular, even if business leaders who abuse confidence and their position are in the minority: the misdemeanours affect the image of how leaders, particularly those of the globalized economy, are perceived. This image is underscored by growing mistrust. For confidence cannot be bought, it must be earned – and over longer periods. It is therefore quite obvious: if business wants to regain trust, those responsible must behave accordingly.

Whether we are collaborators, shareholders, consumers, residents, educators or heads of family, we all expect business leaders to behave as corporate citizens.

It is not words but concrete actions that are urgently needed on three levels:

1. The Business Level

Companies and their decision-makers do not operate in an open space. They cannot command as they please. Business leaders must meet economic, ecological and social demands. They are liable not only to one but to various stakeholders. If enterprises want to succeed at long term they need the trust of all the relevant interest groups. This can only be achieved if they are willing to align their actions with ethic principles. Those who believe that they can do without it must sooner or later reckon with the negative consequences.

2. The National Level

Clearly, self-regulation alone is not sufficient. For this reason, each country needs authoritative regulations that guarantee various standards. These regulations comprise, among others, distinct standards of effective auditing, transparent rules that exclude any conflicts of interest, systems of compensation and bonuses aimed at long-term value creation for shareholders and other stakeholders, authoritative environmental regulations, etc.

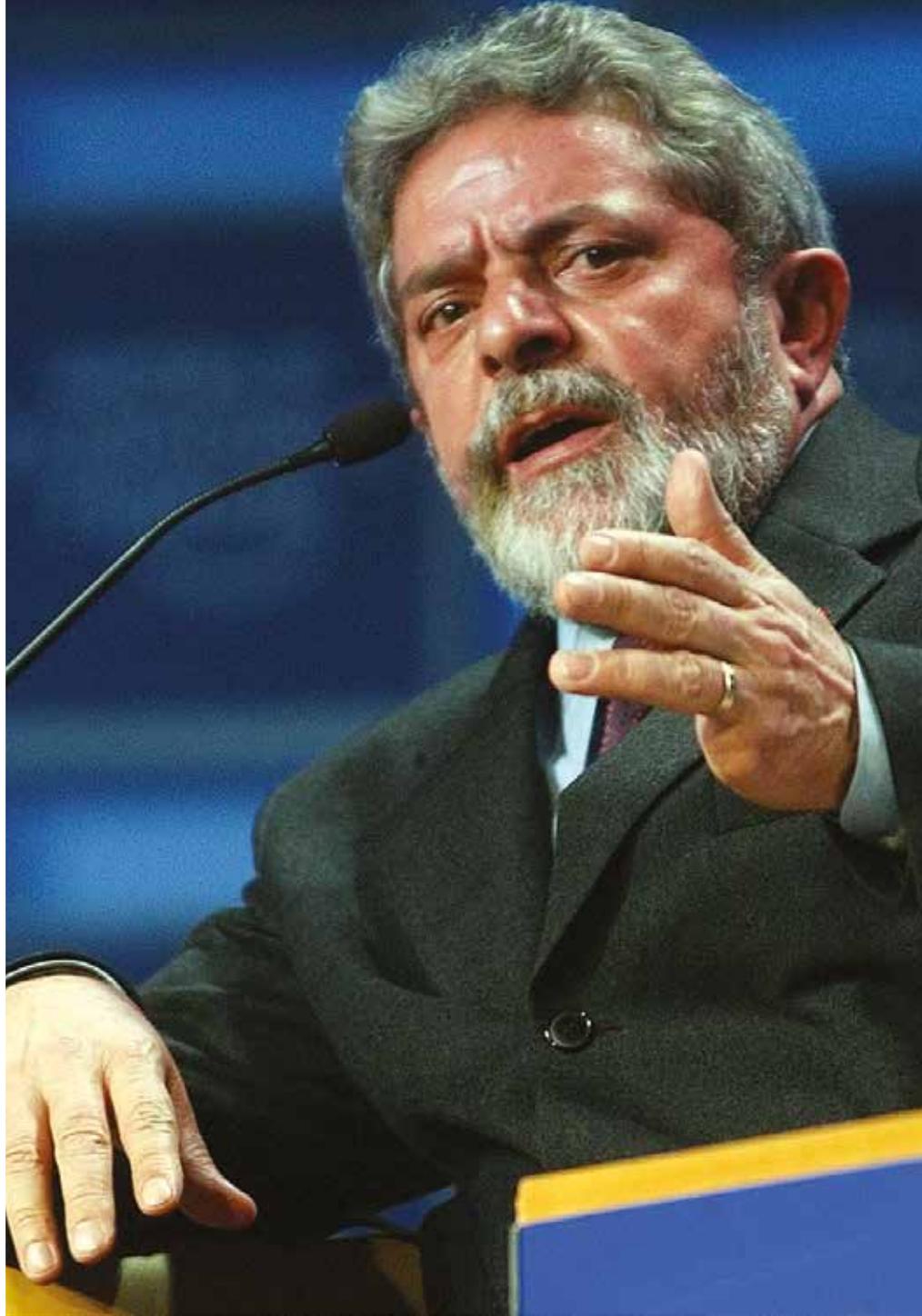
3. The Global Level

As business long ago transcended national borders, operating globally, the efficacy of national legislation remains obviously limited. The chain is always as strong as its weakest link. In other words, to guarantee the effectiveness of the regulations, these must be internationally coordinated and legalized.

Who can undertake this task? On our continent, the European Union is pushing the homologation of the regulations ahead with success. Likewise, the United States is moving the process forward – too often, however, solely from its own perspective and safeguarding its interests. But this process has not yet reached wider regions of the globe. Hence, everybody is challenged – business, governments and the international organizations.

From the outset, the stakeholder principle has been the conceptual framework of the World Economic Forum. The problems of our world can only be tackled successfully with the cooperation of all the stakeholders. The prerequisite for such fruitful cooperation is, however, a minimum of mutual trust.³

3 Klaus Schwab, "Sind Wirtschaftsführer noch vertrauenswürdig?", Editorial, World Economic Forum Newsletter, September 2002



President Luiz Inácio Lula da Silva of Brazil

2003 Global Tensions, Open Forum

Global security once again took centre stage at the Annual Meeting. The prospect of war with Iraq (which erupted two months later) and its economic and geopolitical implications overshadowed every discussion. There was anxiety that an assault on Baghdad or a deepening of the Israeli-Palestinian conflict could fuel even deadlier global terrorism. There was concern about continuing wars within states in many regions. There was despondency – with North Korea the immediate focal point – about the resurging proliferation and potential use of weapons of mass destruction. There were doubts about the international community’s capacity to prevent and resolve conflict. And, deeply discomfiting for American participants, there was much sharp questioning of the way the United States had been choosing to exercise its colossal and unrivalled power. Not surprisingly, the strong US delegation led by Secretary of State Colin Powell attracted intense interest and faced numerous critical questions.

On 20 March 2003, when the war in Iraq broke, Klaus Schwab sent a memorandum to Forum staff:

“The war has broken out and our first thoughts are with all the innocent people who will suffer. Today we are living a dramatic situation that naturally provokes a great deal of personal emotions, which will be magnified by the media in the coming weeks. I fully understand that it is tempting to take a one-sided, sometimes extreme position for or against the war. However, as part of an institution which by nature has a culture to respect communities with different opinions and attitudes, and which has continuously worked for a better understanding between people, we respect a priori all those who act according to their values. The ones who feel that a sophisticated humanity should not resort to war should make every effort to resolve issues through negotiations, even if the other side lacks goodwill. But also

those who feel that we cannot take any risks when dealing with armaments of mass destruction and terrorism whose effects, as shown in the past in Iraq and on 9/11, can be so devastating. Needless to say that as an institution we support all people who believe that we have a common duty in the 21st century to make sure that everybody in the world can enjoy fundamental human rights, and the Iraqi people have been dismissed from those rights.

The war vindicates even more the Forum's needfulness. Never before has global cooperation been more important than today. People who are committed and engaged in living up to the mission of the Forum, which has always concentrated on the positive, must be mobilized. Improving the state of the world has never been so necessary."

After the war broke, the Forum took the unprecedented decision to organize a full-scale extraordinary Annual Meeting to bring the Spirit of Davos to the Middle East at a time of profound global tension. The Extraordinary Annual Meeting in Jordan was held in June at the Dead Sea under the patronage of His Majesty King Abdullah II of Jordan. This significant event was combined with a meeting of the so-called Quartet that included United Nations Secretary-General Kofi Annan, Russian Foreign Minister Igor Ivanov, Greek Foreign Minister George Papandreu, US Secretary of State Colin Powell, High Representative for European Common Foreign and Security Policy Javier Solana, and European Commissioner for External Affairs Chris Patten. The leaders discussed the situation in the Middle East in light of the recent release of the Roadmap for Peace in the region.

The presence at the Annual Meeting in Davos of Brazilian President Luiz Inácio Lula da Silva, who had flown in directly from the World Social Forum in Porto Alegre, together with the presidents of Argentina, Colombia, Mexico and Peru, brought to the forefront questions about economic policy and reforms not just in Latin America but in all developing countries. In a Forum post-Davos report, Moisés Naím, the Editor of *Foreign Policy*, summed up the debate:

"Is the 'Washington Consensus' merely in need of some repairs and extensions, as many Davos participants seem to believe, or is it more fundamentally flawed, as Porto Alegre participants argue? A World Economic Forum Annual Meet-



HM Queen Rania Al Abdullah of the Hashemite Kingdom of Jordan gathering information on the progress made by the Jordan Education Initiative

ing panel on the social dimensions of globalization ended with a call for 'inclusive globalization' that would combine 'the passion of Porto Alegre with the rationality of Davos.'

However, squaring this circle may not prove so simple. Certainly, the renewed emphasis on poverty reduction and social programmes in poor nations is laudable and long overdue. But social policies need funding and funding depends crucially on economic growth. Growth helps alleviate poverty, and foreign direct investment flows are essential to sparking economic growth, particularly in regions with chronically low savings rates, such as Latin America. In the context of global economic fragility, the rhetoric of Porto Alegre may not be the most conducive to encourage foreign investment.

The outcome of this debate is critical to the future of emerging economies. The creation of prosperity in poor countries and the diminution of inequality everywhere continued to be perplexing challenges for everyone participating in the Meeting. Only the simple-minded, the ideologues, or the self-promoting gurus claim to have the answer to what is to be done to eradicate poverty."¹



HRH Prince Turki Al Faisal Al Saud, Hamid Karzai, President of Afghanistan & Vaira Vīķe-Freiberga, President of Latvia

A significant innovation in 2003 was the first Open Forum Davos, a series of public sessions accessible to everyone and co-organized by the World Economic Forum and civic society groups, including churches, fair trade organizations and the Swiss Red Cross. The staging of the Open Forum reflected the desire to build a “living bridge” connecting the main Annual Meeting with critical NGOs and the local community, making the World Economic Forum’s mission more accessible and transparent.

At the meeting at the Dead Sea, the Forum launched the Jordan Education Initiative (JEI), a global-local, public-private partnership, to leapfrog education reform in the country. Undertaken in cooperation with the government of Jordan and Forum partners in the IT industry, the initiative aimed to improve the learning process in Jordan through public-private partnerships and, in the process, help the Jordanian government achieve its vision for education as a catalyst for social and economic development. Another focus was to build a model of efficient public-private partnership for the acceleration of education reforms in developing countries through unleashing the innovation of teachers and students.

The JEI was also intended to demonstrate the effective use of information and communications technology in the learning process. The emphasis within this model was both on the formal education system as well as lifelong learning channels within society. The



Andrew S. Natsios, USAID & Sergio Vieira de Mello, Special Representative of the Secretary-General of the UN in Iraq

aim was to maximize the reusability in other countries of both the partnership approach and the learning objects, after appropriate adaptation. The initiative was also meant to build the capacity of the local information technology industry for the development of innovative learning solutions in partnership with world-class firms, thus creating economic value that may lead to mutually beneficial business opportunities. Finally, it was created to leverage the power of government commitment and corporate citizenship for fuelling reform that can be exported and replicated in other countries.

In 2006, after three years of solid implementation, management of the JEI was handed over to the government of Jordan under the patronage of H.M. Queen Rania Al Abdullah of the Hashemite Kingdom of Jordan. By then, the JEI had attracted no less than 17 global corporations, 17 Jordanian entities, and 11 governmental and non-governmental organizations working together to achieve the JEI’s objectives in partnership with the government of Jordan. Direct contributions to the initiative from global and local partners had reached over US\$ 25 million. The JEI has since been successfully replicated in Rajasthan State in India, Egypt, the Palestinian Territories and Rwanda.

1 Moisés Naím, “The Global Economy: Surprises, Perplexities and Risks”, *Annual Meeting 2003, Building Trust, Global Agenda Monitor*, World Economic Forum, 2003



Social Entrepreneur, Mirai Chatterjee, Coordinator for Social Security, Self-Employed Women's Association, India

2004 Forging Partnerships with Industry and Young Leaders

After US Secretary of State Colin Powell's appearance at the Annual Meeting in 2003, American Vice-President Dick Cheney came to Davos the following year, together with four other members of the Bush Administration and 15 senators and congressmen. Cheney declared that recent developments, including the capture of Saddam Hussein, the adoption of a democratic constitution for Afghanistan, and Libya's decision to stop its weapons of mass destruction programme were all reasons for optimism. Yet, he added, the world continued to face a sophisticated global network of terrorists ready to engage in suicide missions and calling themselves martyrs. Governments, Cheney said, had three fundamental responsibilities: first, to defeat violence by advancing freedom; second, to keep alliances strong and to cooperate on every front when meeting common dangers; and third, to be ready to use military force when diplomacy fails.

On the sidelines of the Annual Meeting, 20 trade ministers pledged to reinvigorate the Doha Development Agenda of global trade negotiations. Organized by the World Trade Organization and the Swiss government, this special gathering has since become an annual event at Davos. Unfortunately, by the end of 2009, the Doha Round had yet to be concluded.

The Forum's major institutional initiative this year was the creation of the Industry Partnership Programme to strengthen further the bonds with members, enhance the value of services, and foster closer engagement with industry. The Industry Partners are intended to build on the achievements of the Industry Governors, many of whom joined the new programme. Like the Industry Governors who preceded them, the Industry Partners comprise a select community of the world's foremost industry leaders drawn from a representative cross-section of sectors and regions. Their balanced diversity ensures that they bring a comprehensive, global and integrated perspective to the Forum's work.

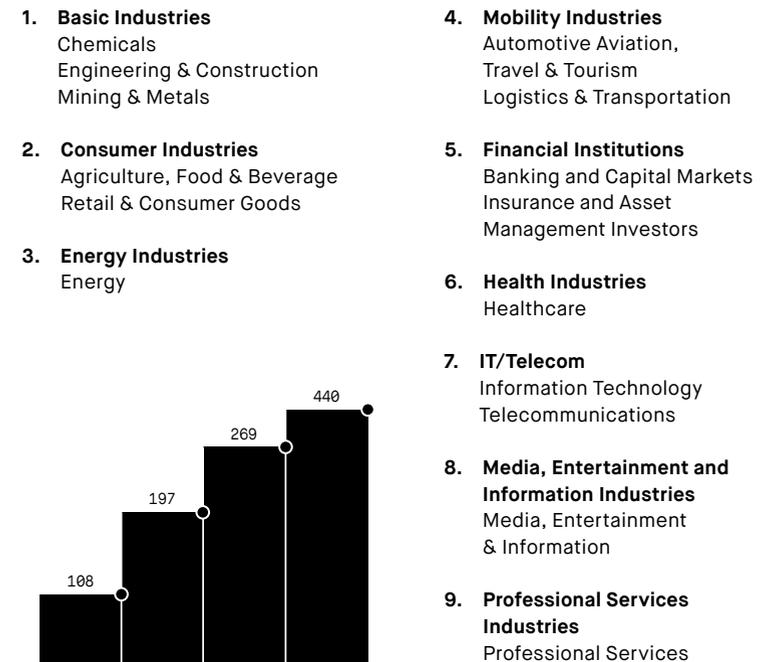
The Forum established the Industry Partnership Programme in response to three principal drivers:

- **Although the economy is global, there are – with few exceptions – no global industry associations. The Industry Partnership Programme provides a dynamic forum to shape global industry agendas.**
- **Timescales are becoming shorter as corporate strategy setting becomes increasingly complex. The Industry Partnership Programme is designed to enable top corporate decision-makers to take timely action in the face of constant change.**
- **The dynamics of each sector cannot be addressed in isolation. By bringing all sectors together under a single banner, the Programme makes it possible for organizations to follow joint analysis with collaborative action.**

Companies are chosen to participate in the Industry Partnership Programme on the basis of their support for the Forum's mission. As part of the Programme, CEOs and senior executives from partner companies take part in a structured and strategically focused mix of activities. These activities bring together industry-specific communities where members can share best practices, carve out new insights and develop proactive solutions to common challenges through a process of debate and knowledge sharing.

The Programme started out with three pilot sectors: IT and telecommunications, energy and financial services. It was fully operational one year after launch and grew quickly, covering 18 different sectors by 2009.

While the World Economic Forum has pursued its mission and vision with firm determination since its founding, it has also been flexible and adaptable when necessary. In 2004, it became evident that the concept of the Global Leaders for Tomorrow required revamping and a closer alignment with the Forum's mission. The Forum of Young Global Leaders (YGLs) was therefore established to provide a more structured framework to integrate its members into the Forum and its activities beyond Davos, while at the same time maintaining the autonomy of the group. In January 2004, Klaus Schwab announced the creation of the YGLs with the US\$ 1 million he had received as part of the Dan David Prize, which he was awarded for building the Forum into an organization that works for peace and social responsibility.



Number of Industry Partners

Comprising dynamic and inspiring leaders up to the age of 40, The Forum of YGLs was launched to respond to the growing consensus that the interlocking challenges confronting the world demand integrated solutions based on a holistic, forward-looking vision. Selected from over 8,000 candidates by a nomination committee of the world's most eminent media leaders, the first 238 YGLs represented 69 countries and were drawn from all sectors. More than 30% were women.

Under the theme "The World in 2020", the YGLs held their inaugural summit at Zermatt, Switzerland, in June 2005. The 200 participants outlined a plan of action for the group to take individual and collective action to shape a more positive future. In January 2006, the nomination committee, which is headed by H.M. Queen Rania Al Abdullah of the Hashemite Kingdom of Jordan, named the second

cohort of 220 young leaders, split equally between the business and non-business sectors. The announcement was given extensive coverage in over 100 newspapers around the world.

In 2007, The Forum of YGLs reached an inflection point in its development as individual leaders began to shape the community's identity more proactively. A true community spirit of shared values emerged at the third YGL Summit in Dalian, China, as participants outlined the principles behind their leadership and continued to map out joint action in six key areas of concern for the future, including development and poverty, education, environment, global governance and security, health and values. This led to the launch of YGL task forces and community initiatives such as Table for Two, a programme that simultaneously addresses hunger in the developing world, and lifestyle-related diseases in the developed world through healthy meal schemes in over 100 companies worldwide. Another project is the Earth Love Campaign, which encourages the world's most influential businesses to reduce their carbon emissions and leverage their brands to encourage customers to be more environmentally responsible.

The Forum of YGLs has since evolved into a self-defined and self-organized community. This was made possible in part by the decision to distinguish between people honoured as YGLs and those members who wished to commit fully to the development and life of the community. While the primary community-building work is done at the YGL Summits – in Tianjin, China, in 2008, and at the Dead Sea, Jordan, and in Dalian, China, in 2009, members have increased their self-organized activities at the regional level. These have included informal get-togethers in various cities and larger meetings anchored around specific leaders or YGL-led initiatives.

YGLs have also increased their knowledge and insight into global policy issues through a number of programmes and events. Thanks to the generous donation of several philanthropists, the World Economic Forum and Harvard University's John F. Kennedy School of Government launched an exclusive YGL executive education course on global public policy. YGLs also held roundtables with the US government in 2007 and 2009 and the European Union in 2008. Members have also met with the heads of state or government in Afghanistan, Brazil, Colombia, Israel, Jordan, Palestinian Authority, South Africa, South Korea and Zimbabwe.

With their strong community spirit, YGLs have been involved in a variety of initiatives ranging from promoting entrepreneurship in Africa to keeping children in school through deworming programmes. YGLs have demonstrated a "can-do" approach to tackling the world's challenges with sustainable, entrepreneurial solutions. At all their events, the YGLs are keen to have a positive impact on their host community. They have organized Impact Journeys that take YGLs out of the congress centres and into communities to visit social entrepreneurs or civil society organizations. These visits allow YGLs to share their expertise and experiences and also to learn about innovative models that they can take back to their own organizations or apply to global challenges.

All of the work of the YGLs is underpinned by a strong set of common ethical values. Members have drafted a YGL global oath for business, an ethical framework to guide leaders in times when they have to make tough choices. By 2009, the YGL community had grown to more than 650 active members who passionately contribute their time and energy to the community's worthy endeavours and support the programmes of the World Economic Forum as speakers, Global Agenda Council members, industry experts and engaged contributors.

Among the regional summits in 2004, the European Economic Summit in Warsaw was of special significance since it was timed to coincide with the enlargement of the European Union from 15 to 25 members on 1 May. More than 20 heads of state and government were among the 630 leaders from business, academia, the media and civil society who attended the Summit in Poland, the largest of the accession countries. It was the first meeting to convene key players of the new Europe at the highest level and broached such important issues as the developing labour market, immigration and the investment climate. In collaboration with the broadcaster BBC World, an hour-long debate exploring the issues surrounding enlargement and immigration involving key participants was televised, reaching more than 250 million viewers worldwide.



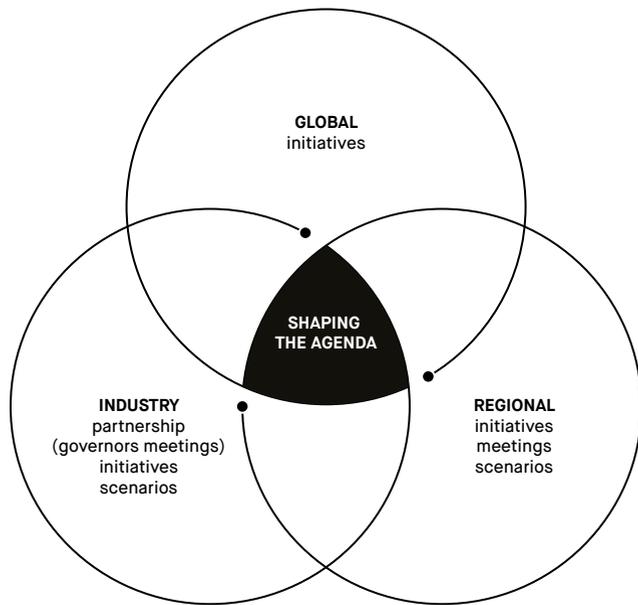
Angelina Jolie Goodwill Ambassador United Nations High Commissioner for Refugees (UNHCR)

2005 Building the Centre for Global Industries

For the first time, the World Economic Forum structured the agenda of the Annual Meeting to provide targeted support to the United Kingdom, which had taken over the chair of the G8 group of industrialized nations and would assume the presidency of the EU in the second half of the year. The Forum continued this approach in subsequent years, giving to the chair of the G8 or G20 a prominent platform such as the opening session and working closely with the respective government to coordinate the programme so that multistakeholder input could work into the official agendas. Another innovation was the "town hall meeting" at the start of the Annual Meeting. It gave the opportunity for all 2,000 participants to prioritize the concerns, which they wished to focus on and develop action agendas around, while in Davos and after. At this first meeting, participants opted for fighting poverty and promoting equitable globalization, climate change, education, the Middle East initiatives and global governance.

Following the tradition of having new leaders introduce themselves to the international community on the Davos platform, the newly elected president of Ukraine, Viktor Yushchenko, made his first appearance outside his country. Following his appeal to the international business community to support the efforts of his government in its first difficult year in power, the Forum convened in June an Extraordinary Ukraine Roundtable in Kiev, opened in the presence of the presidents of six countries. The roundtable was characterized by extremely strong engagement from the Ukrainian government, with the president, the prime minister and virtually all key ministers involved throughout the meeting. Among the participants was former Russian Prime Minister Viktor Chernomyrdin, who had become his country's ambassador to Ukraine.

To draw even more attention to the major global issues, the Forum experimented with inviting international celebrities known for their advocacy of specific global concerns such as poverty, Africa, AIDS



Global Competitiveness Programme
Global Risk Programme

and debt forgiveness (see box). The integration of these stars backfired since the media in particular focused on their presence without making any reference to the societal aspect for which they had been invited. For this reason, the Forum revised the practice of welcoming stars, limiting the celebrities at Davos to those with a genuine connection to a cause that was obvious and justified. In 2005, the Forum developed further its Strategic Concept (see box). The Forum's strategy has always been based on creating strategic insights and knowledge through the interaction of its members and constituents. Accordingly, it has developed in-house competences only in those areas that provide benchmarks for best practices or a framework for "out-of-the-box" thinking. The Forum built up such competences in the areas of global competitiveness and global risk.

The Forum established a specific competence in scenario planning. The scenarios are developed by conducting open-ended interviews and discussions to gather a broad range of perspectives, and convening a series of multistakeholder workshops that bring together



Ukrainian President Viktor Yushchenko and French President Jacques Chirac

leaders in business, society, government and academia. The scenarios are built on a thorough analysis of factors – social, political, economic, environmental and technological – that could shape the future environment of a given business, region or policy area. Since 2005, the Forum has published reports on scenarios to 2025 for India, Russia, China, the United Arab Emirates, the Kingdom of Saudi Arabia, the Gulf Cooperation Council (GCC) countries, and the Kingdom of Bahrain. It has also released sectoral scenario studies including:

- **Digital Ecosystem: Convergence between IT, Telecoms, Media and Entertainment**
- **Technology and Innovation in Financial Services: Scenarios to 2020**
- **The Future of Pensions and Healthcare in a Rapidly Ageing World: Scenarios to 2030**
- **Financing Demographic Shifts: Pension and Healthcare Scenarios to 2030 (China and Italy)**
- **Engineering & Construction: Scenarios to 2020**
- **The Future of the Global Financial System: A Near-Term Outlook and Long-Term Scenarios**
- **Transforming Pensions and Healthcare in a Rapidly Ageing World: Opportunities and Collaborative Strategies**

Follow the Stars

Time Magazine

By James Graff

7 February 2005

Follow the Stars. *Forget bankers and politicians – this year, celebrities ruled Davos*

It was a role Sharon Stone hadn't played quite so dramatically before, or in front of such an influential audience. At a plenary session on fighting poverty last week at the World Economic Forum in Davos, Switzerland, Stone listened as Microsoft founder and chairman Bill Gates described how simple bed nets treated with insecticide can protect poverty-stricken Africans from malaria-bearing mosquitoes. Leading off the question-and-answer session, the star of *Basic Instinct* and *Casino* turned the nets into an immediate cause. She pledged US\$ 10,000, then turned to the elite group of politicians, businessmen, celebrities and journalists in the hall and asked that they contribute, too.

There was a murmur of interest, consternation and a little embarrassment over her grandstanding. "Would anyone else like to stand up and help? Just stand up! Stand up and people will take your name," Stone urged, her hand raised above her head like an evangelical preacher. A man behind Stone stood up and offered US\$ 50,000, and slowly, tentatively, others stood, too. Within about 10 minutes, 35 people rose around the packed auditorium to make donations, as an aide bustled around the hall collecting business cards. The session chairman, US Senator Bill Frist, announced later that US\$ 1 million had been collected for the fight against malaria. It was an impressive example of how quickly a Hollywood star can bring much-needed funds – and attention – to an important cause. "These were people with a lotta cash," Stone said that evening. "I thought, I really have to get it now, and that's why I made an ass of myself."

At this year's World Economic Forum, the power of celebrity kicked some passion into the wonky work of saving the world, showing how fame and sex appeal can work as well for humanitarian causes as it does for selling movies. Now in its 35th year, the World Economic Forum has long since outgrown its origins as a strictly business event; the smattering of cultural figures in recent years



Sharon Stone

more than tripled in number this year to include not only Nobel prizewinners like Elie Wiesel and Nadine Gordimer, but also film stars including Gérard Depardieu, Carole Bouquet, Richard Gere, Chris Tucker and popular musicians such as Bono, Lionel Richie and Peter Gabriel. Lara Croft: Tomb Raider star Angelina Jolie, Goodwill Ambassador for the United Nations High Commissioner for Refugees (UNHCR), sees the role of celebrities as throwing a spotlight on problems that might otherwise be ignored. At a cocktail reception in Davos, Jolie, 29, mesmerized a crowd including executives from multinationals with her account of a visit to refugees in Cambodia. "They'd faced the Khmer Rouge, genocide, starvation, years in refugee camps," Jolie said. "And then there were the land mines." Yet she described how this ravaged group, many of whom had lost arms and legs, managed to build five houses in two weeks. "These are the most capable people I've ever met in my life," she said. Many had lumps in their throats when she was through.¹

¹ James Graff, "Follow the Stars", *Time Magazine*, 7 February 2005



US First Lady Laura Bush with Klaus and Hilde Schwab at the World Economic Forum on the Middle East in Jordan

The Forum also launched its milestone study *Woman's Empowerment: Measuring the Global Gender Gap*. The report quantifies the gap between men and women in five critical areas:

- **economic participation – equal remuneration for equal work**
- **economic opportunity – access to the labour market that is not restricted to low-paid, unskilled jobs**
- **political empowerment – representation of women in decision-making structures**
- **educational attainment – access to education**
- **health and well-being – access to reproductive healthcare**

The report covers all 30 OECD countries and 28 other emerging markets. It uses a large number of hard-data indicators drawn from international organizations and qualitative information from the Forum's own Executive Opinion Survey. It is designed to help countries identify their strengths and weaknesses in advancing women's interests, an area of crucial importance to national economic development.

In the summer, the Forum leadership began to explore expanding the organization's international constituency and reach beyond its



Klaus Schwab marked the official opening of the World Economic Forum USA by ringing the NASDAQ closing bell

Geneva home. It had set an ambitious goal to integrate further the business community into the organization through a new structured form of engagement called Industry Partnership and to have 300 companies commit to this programme within three years. To achieve this target, the Forum would need not only to work more closely with its core business community but also to create a platform to attract staff and other contributors with greater industry knowledge and global expertise.

With these ambitions in mind, the Forum formally expanded into North America with the creation of its first overseas affiliate. The World Economic Forum USA was crafted to act as the global headquarters for the Centre for Global Industries, the unit responsible for the design and implementation of the new Industry Partnership Programme. On 8 December 2005, the World Economic Forum USA was incorporated as a non-profit corporation and was soon granted exemption from US income tax as a business league under section 501(c)(6) of the Internal Revenue Code. It was launched as an independent legal entity, with its own board of directors and officers and a formal link to the World Economic Forum through a negotiated affiliation agreement governing their arm's length relationship. It also shared the Forum's mission and vision to engage

leaders in improving the state of the world and planned to use its New York location as a hub for intellectual collaboration.

In its first two years in operation, the World Economic Forum USA grew dramatically. By the end of the first fiscal year in June 2007, its revenues were US\$ 7 million and it had 29 staff. A year later, revenue reached US \$19 million, while its staff count rose to 44. In 2008–09, its third year, the World Economic Forum USA achieved several notable milestones. Its flagship Industry Partnership Programme, managed in New York and Geneva, reached 310 partnerships, while it booked US\$ 32 million in revenues – both figures exceeding the aggressive growth targets that had been set three years earlier.

Another highlight of 2005 was the creation of the Global Leadership Fellows (GLF) programme to build up a strong knowledge base and culture inside the Forum by attracting the best young global talents.

Over the years the Forum had undergone a gradual change from an organization with a strong event management capability to an institution emphasizing community building, community management and knowledge management. To foster this process, the Forum in the 1990s had outsourced its major functions related to event management to Global Events Management (GEM) – first as a joint creation between Publicis Group and the World Economic Forum. Later on, Publicis Group became the sole owner of GEM, or PublicisLive as it was now called, to avoid any notion that the Forum was engaging in a commercial venture.

This transformation in the Forum’s culture accelerated with the creation of the GLF programme, which allowed the organization to attract in a structured way exceptionally talented individuals with world-class university backgrounds and proven experience. The Forum recognized that the world lacked a top programme for developing the leadership capacity for global management positions in government, business and civil society. It also understood that integrating a learning function into the Forum’s activities would strengthen its programme-development capabilities. To position itself as a global employer of choice, the Forum had to maintain a strong value proposition to attract and retain top talent from around the world.

The Forum launched a global campaign to recruit some of the world’s finest talent to join the organization and the inaugural three-year Global Leadership Fellows programme. Within three months, it received more than 1,800 applications and interviewed and assessed 120 short-listed candidates, including one from Bhutan who travelled over a week from his hometown to Geneva. An Australian economist working with the Sierra Leone government used a state helicopter, the only available means of transportation, to get to the nearest airport. In the end, the Forum selected a group of 47 Fellows from 35 nations – all with degrees from the world’s finest universities – with an average age of 31.

The new Fellows became full-time employees and joined various task forces to shape the curriculum and structure of the leadership programme. The assumption behind this experiential approach was that leadership derives from taking initiative and can only be developed through action. Under the supervision of the Dean and self-governed by an elected Council, the Fellows drafted a charter, experimented with different structures, and set up a regular series of interactive peer-exchange learning activities. The Forum complemented the practical approach to leadership with academic modules delivered by professors from Columbia University, INSEAD, London Business School and The Wharton School of the University of Pennsylvania. About 30 new Fellows are now chosen every year.

A 2009 *Financial Times* article highlighted the special qualities of the Fellows and the uniqueness of the GLF programme:

“Faculty love participating,” says Soumitra Dutta, INSEAD’s Professor of Information Systems and Dean of External Relations. “The response has been uniformly extremely positive. There is not one that hasn’t voluntarily chosen to go back to teach [at the Forum] if given the chance.” In some sense, says Professor Dutta, faculty are challenged by the fellows: “Their quality is very varied but also very high – I would roughly compare it to the top 20% of an MBA class.” And because they interact with global leaders on a daily basis in their regular work at the Forum, fellows are also “much more in touch with the latest issues than, say, a regular MBA class.”

How Young Global Leaders bring solutions to the world's challenges

In 2007, a group of Young Global Leaders in Davos were discussing how to address education gaps and support the Millennium Development Goal of universal primary education. While many solutions were explored in the workshop, the YGLs chose an “out-of-the-box” and unfashionable solution: de-worming. The economists in the group shared the evidence that de-worming was the single most, cost-effective way to increase schooling and improve child health. For very little money, a treatment, school-based distribution of anthelmintic drugs, made de-worming a “best bang for the buck” public health intervention, improving educational achievement, raising health status, improving physical growth and cognitive development among school-age children.

As one of the YGLs behind the project said, “It was a challenge that played to the YGL strengths. The issue was global – spanning virtually every developing country – and so was the YGL network. But the problem of worms was under-recognized—and the YGLs realized they had the ability to raise the profile of the issue. De-worming the world also required partnerships between funders and implementers, governments and non-governmental organizations and technical experts. Building partnerships between people of different backgrounds and expertise is what the YGL community is all about.”

Young Global Leaders quickly set up a charitable organization to manage the project and partnered with implementation organizations such as Feed the Children, the World Food Programme and the American Institutes for Research (AIR). The organization worked to raise awareness about the issue through publication of rigorous in-field economics studies, proving the effectiveness of school-based de-worming interventions, in mainstream media (*Boston Globe*, *Time*). They coopted award-winning Director Eugenio Polgovsky to produce a 12-minute film on de-worming interventions and used the platform of the World Economic Forum Annual Meeting in Davos to share their findings with world leaders.



Global Leadership Fellows discover India

In 2009, the “De-worm the World” programme treated 20 million school-age children in 26 countries, through the YGL community’s networks and partnerships far in excess of their original commitment at the Clinton Global Initiative in 2008 of 10 million children. An example of this is YGL Vikram Akula, who founded India’s SKS Microfinance and is using his distribution network to reach 1 million schoolchildren in Andhra Pradesh in 2009, scaling up to 8 million in the coming years.

Over the next three years, the YGL “De-worm the World” programme will focus on at-risk school-age populations in Sub-Saharan Africa, Asia and Latin America, and increase its reach to treat up to 75 million children, thanks to increased funding. YGLs continue to explore ways in which the remaining 300 million affected children can be reached, but are heartened by the progress made in just two short years.

Kristin J. Forbes, Professor of Economics, Sloan School of Management, Massachusetts Institute of Technology, USA, a YGL and founding member of the task force, said of the progress made since launching this initiative: “Our experience with “De-worm the World” shows the amazing power, energy and synergies of the YGL network. YGLs from all sectors – including microfinance, media, fund-raising, academia, NGOs and the private sector – have all made contributions of some kind to show that the community as a whole is much more powerful than the sum of its parts.”



Ngozi Okonjo-Iweala, Minister of Finance of Nigeria during the session 'Economics of Equality'

2006

The New Drivers of Growth

The World Economic Forum's long-term policy of involving fast-growing and innovative companies in its activities finally led to the launch of a new strategic venture: the Community of Global Growth Companies (GGC), enterprises that have already made a mark in their national and regional markets, and are poised to become global industry leaders. This brought into the Forum the fresh thinking and dynamism of these New Champions, which could benefit from the insights and mentoring of the Forum's more established members.

In June, the Forum opened its China representative office in Beijing to serve as the home for the Centre for Global Growth Companies and to spearhead the development of the GGC programme. Prior to the inauguration of the new facility, Chinese Premier Wen Jiabao received Klaus Schwab and members of the World Economic Forum's International Business Council at Zhongnanhai, the seat of China's central government. The setting up of the Forum's second overseas office and the launch of the GGC initiative led to the holding of the first Annual Meeting of the New Champions in Dalian in 2007. Participants quickly began referring to this event as the "Summer Davos".

This was yet another busy year for the World Economic Forum and all its constituents and collaborators. Many existing Forum initiatives were expanding their scope, while several programmes were launched. The Disaster Resource Network (DRN) sponsored the deployment of two Medical Action Network emergency teams following the Pakistan earthquake in October. It delivered more than US\$ 3 million in high-priority relief and constructed 400 interim shelters in Jammu and Kashmir. Following the sweep of Hurricane Katrina across the Gulf of Mexico coast in the southern US, the DRN brought emergency wireless technology to evacuees. In just two weeks, the team established the networks needed to connect 11 towns and 10 relief organizations.



Laura D. Tyson, Dean of the London Business School, during the session on 'Economics of Equality'

By this year, the Jordan Education Initiative had benefited more than 50,000 pupils in 100 schools in the country. The partnership between the Forum's IT member companies and the government in Amman channelled more than US\$ 25 million in direct contributions to recipients. Under the Global Education Initiative, a new programme was launched in Egypt to reach 650,000 students and 70,000 teachers.

President Olusegun Obasanjo of Nigeria, United Kingdom Chancellor of the Exchequer Gordon Brown and Microsoft Chairman and Chief Software Architect Bill Gates launched the Global Plan to Stop Tuberculosis (2006-2015) at the Annual Meeting. The aim: to treat 50 million people and prevent 14 million tuberculosis deaths worldwide over the next 10 years.

The Forum's Water Initiative was working in Uganda to install 1,000 "play" pumps near public buildings and schools. It also launched projects in India, Mozambique and South Africa, where it planned to reach 70,000 people through public-private partnerships with existing municipal water networks. Member companies launched the Business Alliance Against Chronic Hunger. With governments and civil society partners, the group aimed to deliver scaleable, market-based solutions to the persistent problem of hunger in Kenya.



Boxing legend Muhammad Ali, receives the C-100 Award from Lord Carey and HRH Prince Turki Al Faisal Al Saud, the C-100 Co-Chairs

The Partnering Against Corruption Initiative (PACI) now had over 100 signatory companies, representing total annual revenue of over US\$ 550 billion and staff of more than 1.5 million people. At the Annual Meeting, the heads of the main multilateral development banks agreed to work with PACI to include anti-bribery requirements as part of their bidding processes.

The Forum itself has adhered to a strict policy of transparency and disclosure with regard to the management of its finances and its business practices. (In the financial year ending 30 June 2006, the Forum for the first time achieved a total income exceeding 100 million Swiss francs.) In principle, membership fees cover operational costs. Events are funded through cost contributions from participants and event partners, while projects are supported by income from partnership contracts. The Forum may accept grants, donations, legacies and other contributions or subsidies that are consistent with its purpose of "integrating leaders from business, politics and society at large into a community for global action committed to improving the state of the world and the well-being and prosperity of human society."¹

Since its founding, the Forum has been scrupulously non-partisan, making no payments to political personalities, parties or

other organizations, and avoids involvement in national politics. Despite every effort to safeguard this neutrality and impartiality, the Forum's integrity has been tested over the years. One such situation occurred at the Annual Meeting 2006 when the magazine *Global Agenda* (originally known as *World Link*) carried an article that was considered insulting to participants for what were discriminatory and anti-Semitic comments in it. The editorial content of the publication had been outsourced to a company in London that was not under the control of the Forum. As soon as the Forum became aware of the publication of this article, its leadership took immediate action, despite the substantial financial consequences. Klaus Schwab ordered all copies of the magazine withdrawn from circulation and the issue reprinted with the offensive article replaced by an editorial by him:

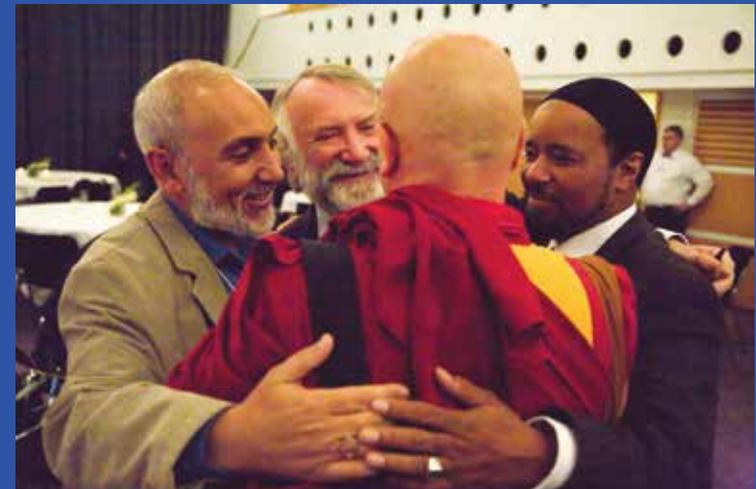
"We believe that dialogue must truly be a two-way street, which is why we open our doors to all positions regardless of political, religious or ethnic persuasion. We do so with one very important caveat – constructive dialogue and engagement are mandatory. Using the Forum as a bully pulpit to advance a cause in a vacuum is unacceptable and intolerable. And those who deny the humanity or the right to existence of others have no place in our global dialogue."²

The magazine was closed down immediately.

Promoting Inter-Faith Dialogue

From its start, the World Economic Forum has sought to integrate the voices of faith leaders into its events and other activities. Following the 9/11 attacks in the US, the Forum worked to engage the leaders of various religious groups in an inter-faith dialogue, particularly between Islam and the West. In New York in 2002, it launched the concept for what two years later formally became the Council of 100 Leaders for West-Islam Dialogue, a unique community of business, political, religious, media and opinion leaders joined by the common mission to promote understanding across different segments of society in the Western and Muslim worlds. The C-100 was co-chaired by Lord Carey of Clifton, Former Archbishop of Canterbury, United Kingdom, and H.R.H. Prince Turki Al Faisal Al Saud, Chairman, King Faisal Center for Research and Islamic Studies, Saudi Arabia.

In 2008, the Forum began to engage faith leaders on a broader set of topics of global relevance including education, health, climate change, values and business ethics. In addition to the C-100, now the Community of Global Religious Leaders, the Forum also convened the Global Agenda Council on Faith that brought together thought leaders and experts, including members of the business community, to explore the challenges inherent in the role of religion in society.



1 *Annual Report 2006-2007*, World Economic Forum
2 Klaus Schwab, *Global Agenda*, Annual Meeting 2006



WORLD
ECONOMIC
FORUM

Premier of the People's Republic of China Wen Jiabao

2007 Summer Davos

The Inaugural Annual Meeting of the New Champions – the first “Summer Davos” in Asia – took place in Dalian, China, in September. This event brought together the Global Growth Companies, the Forum’s new community of fast-growing businesses, along with the Technology Pioneers and the Young Global Leaders. More than 1,700 business, government and civil society leaders, representing 90 nations, participated. At the meeting, 125 Global Growth Companies, 40% of which were Asian businesses, were welcomed as founding members of the community. These New Champions were able to share ideas with each other and with representatives of established businesses – a valuable mixing of the old and new economies.

In his keynote address to open the meeting, Chinese Premier Wen Jiabao said that the event showed “the world’s increasing interest in China’s economic development and the growing cooperation between China and the Forum.” He added: “The key to the success of the Forum is that political and business leaders, experts and scholars from various countries participate in the Forum with sincere wishes for equality and mutual respect. With a strong sense of responsibility and mission, they are committed to discussing major and potential issues of the world economy, paying greater attention to underdeveloped regions and people in poverty, and playing an active role in promoting development, progress and harmony of the world. This is the spirit of the World Economic Forum.”

The Annual Meeting of the New Champions, Wen remarked, reflected “both the international community’s focus on the fast-growing companies and regions and its strong desire to establish a new international economic order.” He also told participants that China recognized the need “to cooperate with the international community on the basis of equality and mutual benefit to promote balanced, universal and win-win progress in economic globalization.”¹

The Annual Meeting in Dalian gave the Forum the opportunity to expand its activities in public health. The Global Health Initiative delivered Health@Dalian, a series of high-impact public and private sessions on both chronic and infectious diseases. The Young Global Leaders, meanwhile, used the gathering to launch Table for Two, a two-pronged initiative to tackle obesity in developed nations and hunger in the developing world by encouraging healthy eating in company cafeterias and restaurants. For each meal consumed, US\$ 0.20 is donated to fund healthy school meals in a developing country. The Forum and the World Health Organization also collaborated on a two-day meeting in Dalian to highlight effective workplace wellness programmes.

Earlier in the year, at the Annual Meeting in Davos, the Russian Federation's First Deputy Prime Minister Dmitry Medvedev received special attention. Many observers of Russian politics now identify that event as an early indication of Medvedev's rise to become his nation's top leader. He would take over as president from Vladimir Putin in May 2008. Medvedev also participated in the Forum's Russia CEO Roundtable in June, the first in partnership with the St Petersburg International Economic Forum (SPIEF), which held its major annual event at the same time. The high-level Forum delegation met President Putin in a private off-the-record discussion. They also conferred with Russian cabinet members including Medvedev and Sergei Ivanov, also a First Deputy Prime Minister, as well as Minister of Economic Development and Trade Herman Gref and Finance Minister Aleksey Kudrin.

At Forum meetings as the year progressed, Klaus Schwab grew increasingly concerned about the likelihood of a major global recession after listening to the voices of experts such as New York University Economics Professor Nouriel Roubini and global investor George Soros. An opinion piece in the *Financial Times* in March by frequent Davos participant and Forum friend William Rhodes, the Senior Vice-Chairman of Citigroup and CEO and President of Citibank, prompted Schwab to conclude that, if an insider such as the veteran banker was worried, he had to act. The Forum moved to restructure its investment portfolio, the Foundation's reserves, to shift mainly into Swiss government bonds. This was a fortuitous decision. It saved the Forum from experiencing the fate of so many foundations that lost substantial parts of their endowment when the financial markets slumped in the autumn of 2008.



The Russian Federation's First Deputy Prime Minister Dmitry Medvedev

To be sure, as 2007 progressed, worries mounted about the global financial system, particularly the US economy and real estate market. The Forum's *Global Risk Report* had warned as early as spring 2007 that a blow-up in asset prices was one of the major risks confronting the world in 2007 and 2008. The issues and challenges identified in the report shaped the core of the agenda for the Annual Meeting. A Davos summary outlined the concerns, which would come to the fore more than 18 months later:

"Another vexing issue is the rising tide of capital flooding through the world's financial markets, though it is not clear if anything can or needs to be done to address this development. Cheap capital has been a boon to developing nations, lowering their financing costs and enabling them to dig their way out of debt. But to compensate for low interest rates, investors are taking advantage of cheap funding costs to make more leveraged investments. An increasing amount of public pension funds and private savings are flowing into hedge funds and private equity funds, which in turn use unconventional investments to generate higher returns.

While most funds do not disclose their portfolios, many have been investing increasingly in sophisticated and little understood instruments such as credit derivatives. With multilayered, leveraged investments including funds of funds, institutional funds and hedge funds, bankers and regulators worry that the impact of any financial shock could be amplified. Countries need to do their homework to reduce the risks of these instruments and investing habits.”

As it does every year, the Forum was highly active in shaping regional agendas. Over the years, its regional meetings have become the foremost platforms for leaders of specific regions or those wishing to connect with the leaders of a particular area. They have also become important occasions for launching major initiatives. At the 2007 World Economic Forum on the Middle East at the Dead Sea in Jordan, for example, H.H. Sheikh Mohammed Bin Rashid Al Maktoum, Vice-President and Prime Minister of the United Arab Emirates, and Ruler of Dubai, established the Mohammed Bin Rashid Al Maktoum Foundation with an endowment of US\$ 10 billion. The goal of this institution is to contribute to a

brighter future in the Middle East by promoting youth education and a knowledge-based society.

At the World Economic Forum in Turkey in Istanbul, political issues were at the forefront. Under the theme “Connecting Regions – Creating New Opportunities”, the discussions focused on Turkey’s negotiations to join the EU, as well as the country’s competitive advantages and emerging business opportunities. Participants also explored Turkey’s strategic role in bridging civilizations and its geopolitical importance in mitigating the geopolitical and economic risks facing Europe.

At the World Economic Forum on Africa in Cape Town, three initiatives were launched, including the *Africa Competitiveness Report 2007*, which recommended that the continent focus on building capacity and narrowing the skills gap to underpin continued growth; the Alliance for a Green Revolution in Africa (AGRA), chaired by former UN Secretary-General Kofi Annan, aimed at tackling the challenges holding back hundreds of millions of small-scale farmers; and the Africa Enterprise Challenge Fund, which was inaugurated by Baroness Amos, Leader of the House of Lords in the United Kingdom, to unlock Africa’s potential by providing matching funds for supporting business innovations.

A key outcome of the World Economic Forum on Latin America, which was held in the capital of Chile, was “The Santiago Consensus”, a list of clear priorities and objectives aimed at helping to shape a clear and positive regional agenda to boost economic growth and more equitable income distribution. The initiative focused on education, environmental responsibility, investment in innovation, the creation of efficient tax systems and infrastructure development.

In early December, at the India Economic Summit, the Forum published the report *Engineering and Construction: Scenarios to 2020*, as well as the *India@Risk 2007* study, which outlined six of the major global risks to the country, including the loss of freshwater, economic shocks and oil peaks, the economic impact of demographics, protectionism, climate change and infectious disease. The Forum’s many communities were also very active. Notably, The Forum of Young Global Leaders convened a US Policy Roundtable. Over 100 YGLs met senior officials of the US administration including Secretary of State Condoleezza Rice, Secretary of the Treasury Henry Paulson, Commerce Secretary Carlos Gutierrez,

2007

2007

Core Global Risks 2006-2009			
January 2006	January 2007	January 2008	January 2009
<ul style="list-style-type: none"> Oil prices/energy supply Asset prices/Indebtedness US Current Account deficit and US dollar Coming fiscal crises China Critical infrastructures 	<ul style="list-style-type: none"> Oil price shock/energy supply interruptions US current account deficit/fall in US\$ Chinese economic hard landing Fiscal crises caused by demographic shift Blow up in asset prices/excessive indebtedness 	<ul style="list-style-type: none"> Rising and volatile food prices Oil or gas price spike An abrupt, major fall in the value of the US\$ Chinese growth slows to 6% Declining fiscal positions House/other asset prices collapse in the US, UK and Europe, reducing consumer spending 	<ul style="list-style-type: none"> Sharply deteriorating fiscal positions Chinese growth slowing to 6% Further falls in asset classes globally Increase resource related risk (water, land and energy) Global governance gaps Chronic disease

From 2006 to 2009, the World Economic Forum’s annual Global Risk Report identified key global risks. The potential for an economic crisis was identified more than two years before the meltdown in the markets that occurred in the autumn of 2008.



Ellen Johnson Sirleaf, President of Liberia during the session on 'Scaling Innovation in Foreign Aid'

Undersecretary of State for Political Affairs R. Nicholas Burns, and others. They also conferred with leading members of Congress. The YGLs also established a biannual 10-day executive education course at Harvard University's Kennedy School of Government, "Global Leadership and Public Policy for the 21st Century". This programme allows YGLs to have access to the latest knowledge and thinking on global issues as they prepare themselves to take on even greater responsibilities. Sponsors from among the Forum's network cover the fees.

On 15 November, immediately after new German Chancellor Angela Merkel had formed her government, she met a Forum delegation in the Chancellery in Berlin to discuss Germany's domestic reform programme, its EU presidency, and the priorities it would pursue as G8 chair. The meeting ended with informal exchanges over dinner. This was yet another example of the relationship that the Forum has built with government leaders and political figures across the world, particularly in key G20 economies.

After participating in the Annual Meeting 2006, parliamentarians from Japan's ruling Liberal Democratic Party (LDP) formed a Davos Caucus to support the activities of the Forum as it organized the first East Asia Summit to be held in Tokyo, which took place in

June. Another objective of the group was to enhance dialogue with leaders around the world on shaping the global agenda and to raise Japan's global profile by encouraging its political leaders to participate in Forum activities. Parliamentarians from the opposition Democratic Party of Japan (DPJ) also set up their own Davos Caucus under the chairmanship of Yukio Hatoyama, who became prime minister in September 2009 after the DPJ won parliamentary elections. Eventually, both parties created a single caucus, with co-chairs from both sides. They work together to select representatives to participate in Forum events both in Japan and elsewhere. This bipartisan model may be replicated in other countries with an interest in supporting the Forum's mission. In 2009, a Davos Caucus was established in the US House of Representatives in Washington DC.

Also this year, the Forum launched its Global Agenda Councils concept to form a formidable brain trust by tapping the expertise of the world's best experts on a wide range of global issues. This plan complemented the Global University Leaders Forum (GULF), which integrated the presidents of the world's 25 top academic institutions into the Forum's networks and activities. When Klaus Schwab visited the prime minister of one of the G8 countries, they talked at length about the Forum and its long history. In the middle of the conversation, Schwab's host suddenly stopped and said: "If I consider it rightly, there are only three people who have been active on the international scene for as long a time as you: Fidel Castro, Muammar Ghaddafi and you!" Schwab left the meeting wondering whether he should take the remark as a compliment or not.

In its 14 May issue, Time magazine listed Klaus Schwab among the 100 most influential people in the world. Kofi Annan, the UN Secretary-General from 1997 to 2006, wrote an essay on Schwab and his accomplishments:

"In a sense, Klaus Schwab and I are in the same business: we're both people who organize global meetings. I held mine at the UN. Since 1971, Klaus, founder of the World Economic Forum, has been holding his in Davos, Switzerland.

A German-born economist, Klaus, 69, turned his meetings at an initially obscure and still hard-to-reach ski resort into an annual event that nurtures understanding and spurs collec-

tive action on global issues. With great single-mindedness, he built Davos into a meeting place of business leaders, politicians, religious figures, policy-makers and, more recently, activists, celebrities and younger leaders. Davos entered the global lexicon as a place you went to try out new ideas, confirm trends or launch initiatives. That's why, in 1999, I felt it was the right place to begin my campaign for a voluntary global compact between the UN and world business leaders on respect for human rights, the environment and labour standards.

Davos filled a need that was widely felt in a newly globalized world, but it also aroused suspicion among activists and demonstrators. Klaus deftly overcame much of that by inviting the protesters inside the tent. With the help of his wife Hilde, Klaus has kept Davos at the front of things. And, Klaus, as one meeting organizer to another, I must acknowledge that your meetings were often livelier than mine. But then you could also give better parties!"²

- 1 Wen Jiabao, "A Growing China Embraces a Bright Future", Opening Address to the World Economic Forum Inaugural Annual Meeting of the New Champions, 6 September 2007
- 2 Kofi Annan, "Klaus Schwab: Creating a place that's like the UN – only more fun", in "Time 100: Scientists & Thinkers", *Time*, 14 May 2007

Global University Leaders Forum (GULF) Members in 2007

Patrick Aebischer

President, Ecole Polytechnique
Fédérale de Lausanne (EPFL),
Switzerland

M. S. Ananth

Director, Indian Institute of
Technology (IIT) Madras, India

Lee C. Bollinger

President, Columbia University, USA

J. Frank Brown

Dean, INSEAD, France

Ronald Daniels

President, Johns Hopkins University,
USA

Howard Davies

Director, London School of
Economics and Political Science,
United Kingdom

John J. DeGioia

President, Georgetown University,
USA

Ralph Eichler

President, ETH Zurich, Switzerland

David T. Ellwood

Dean, John F. Kennedy School of
Government, Harvard University, USA

Drew Gilpin Faust

President, Harvard University, USA

Amy Gutmann

President, University of
Pennsylvania, USA

Gu Binglin

President, Tsinghua University,
People's Republic of China

Junichi Hamada

President, University of Tokyo, Japan

John Hennessy

President, Stanford University, USA

Susan Hockfield

President, Massachusetts Institute
of Technology, USA

John A. Hood

Vice-Chancellor, University
of Oxford, United Kingdom

Richard C. Levin

President, Yale University, USA

Andrew Likierman

Dean, London Business School,
United Kingdom

Rafael Rangel

President, Tecnológico de
Monterrey, Mexico

Alison Richard

Vice-Chancellor, University
of Cambridge, United Kingdom

Atsushi Seike

President, Keio University, Japan

Ruth J. Simmons

President, Brown University, USA

Tan Chorh-Chuan

President, National University
of Singapore, Singapore

Zhou Qifeng

President, Peking University,
People's Republic



Christine Lagarde Minister of Economy Finance and Employment of France during the session on 'The Global Economic Outlook 2008'

2008 Global Brains Trust

Recognizing the complexity and interconnectedness of global challenges and the need for collaborative, innovative and integrated approaches to address them, the World Economic Forum created the Network of Global Agenda Councils (GACs). The initial 68 GACs convened in November for the first Summit on the Global Agenda in Dubai. The Forum's vision was to engage the very best minds from various stakeholder and geographic perspectives to allow the best knowledge to emerge and enable the exploration of the cross-cutting links across global issues. In an environment marked by short-term views and thinking in silos, the Network is intended to foster long-range interdisciplinary approaches to shaping viable solutions.

Each Council consists of 15 to 30 of the most innovative thinkers on a specific issue on the global agenda. They confer every quarter, with three of the meetings conducted virtually through the Forum's WELCOM (World Economic Leaders Community) system. The fourth meeting is at the Global Agenda Summit. The GACs are intended to bolster the Forum's commitment to deliver value to its partners, members and other communities. They are meant to be a brain trust that feeds directly into the Forum's activities and processes, with the ultimate goal of realizing the organization's mission to improve the state of the world by positively shaping the global, regional and industry agendas.

As it happened, the convening of the Summit in Dubai over three days in early November proved serendipitous, in light of the unfolding global economic crisis. The discussions served as a useful way to distil input for the G20 Summit in Washington DC just days later and for the new US administration that would take office at the end of January 2009. Dubai also offered the opportunity for the members of the GACs to shape the agenda for the Annual Meeting 2009.

The 700 participants in Dubai delivered a critical message: the world needed to examine the basic operating systems that drive its economies, markets and societies and aim for a “fundamental reboot” to establish a fresh platform based on renewed trust, confidence and commitment to sustainability, social responsibility and ethical principles. This call to action led to the launch at the World Economic Forum Annual Meeting 2009 of the Global Re-design Initiative (GRI), the Forum’s wide-ranging effort to review the global economic and financial system and to look at current institutions and practices of global governance in light of the crisis to determine what should be done to achieve this reboot. The global economic crisis had clearly demonstrated the need for a complete redesign of the system for managing global interdependence. In an essay in *Newsweek*, Klaus Schwab wrote:

“We need to realize that today’s world is far more Asian and more African than the one that gave birth to these institutions. It is also a young world, with a median age of 28 years and new paradigms of virtual communication that reach across space and time. It is more complex, much more integrated, and bottom up rather than top down. And, above all, this new world is so interdependent that solutions for global problems require true global trusteeship. This means that the old ways of multilateral negotiation, which are based on defending national interests, are simply no longer adequate for addressing the problems of this rapidly changing world.”¹

In late 2007, Schwab received a call from Microsoft Founder Bill Gates who asked if he might be allowed 20–25 minutes to speak in a plenary session at the coming Annual Meeting, even though speakers are normally given only 5–7 minutes each to address participants. Schwab hesitated. Anticipating his reservations, Gates told him that it would be the most important speech he will have delivered. Schwab acceded to his request. At the Annual Meeting, Gates outlined for participants his concept of “creative capitalism”, which attracted worldwide media coverage. Schwab was delighted to have conceded the extra time as the journal *Foreign Affairs* had published in its January/February 2008 issue an in-depth article by Schwab on the concept of “global corporate citizenship.”² As it turned out, Gates’s creative capitalism and Schwab’s global corporate citizenship were closely aligned, as Bill Gates said in his speech:



Bill Gates outlining his concept of “creative capitalism”

“[Both] go beyond the concepts of corporate philanthropy, including social investing; corporate social responsibility; and corporate social entrepreneurship in that it entails focusing on ‘the global space’, which is increasingly shaped by forces beyond the control of nation states. Global corporations have not only a license to operate in this arena but also a civic duty to contribute to sustaining the world’s well-being in cooperation with governments and civil society. Global corporate citizenship means engagement at the macro level on issues of importance to the world: it contributes to enhancing the sustainability of the global marketplace.”

At the Annual Meeting, Japanese Prime Minister Yasuo Fukuda used the Davos platform to launch the Cool Earth Partnership, a US\$ 10 billion-fund to help developing nations combat global warming. Later in the year, Fukuda would chair the G8 Summit in Hokkaido, where climate change would be among the top agenda items. Through its Gleneagles Dialogue Industry Partners Project and together with the World Business Council on Sustainable Development, the Forum helped business leaders shape the climate discussions at the G8 Summit. Before the event, Klaus Schwab went to Tokyo and personally presented to Fukuda detailed recommendations including a pragmatic set of measures that collec-



Gordon Brown, Prime Minister of the United Kingdom and HRH Queen Rania Al Abdullah of the Jordan talk during the session 'Corporate Global Citizenship in the 21st Century'

tively would represent a major departure from the Kyoto Protocol if adopted at the UN Climate Change Conference in Copenhagen in December 2009. The framework entails significantly closer collaboration between governments and businesses than has been the case so far.

In September, just weeks after Beijing had successfully hosted a spectacular Olympic Games, the second Annual Meeting of the New Champions took place in Tianjin under the theme "The Next Wave of Growth". As he did at the inaugural event, Premier Wen Jiabao delivered the opening address, assuring participants that, three decades after it first opened up its economy, China was still focused on pursuing modernization by implementing further economic restructuring and promoting political reform. Just as the meeting was getting underway, a Chinese astronaut made the first-ever space walk by a Chinese, highlighting China's technological progress and economic achievements.

1 Klaus Schwab, "No More Top-Down Leadership", *Newsweek*, 17 November 2008
 2 Klaus Schwab, "Global Corporate Citizenship: Working With Governments and Civil Society", *Foreign Affairs*, January/February 2008

At the end of 2008 and into 2009, the world experienced its worst economic crisis since the Great Depression of the late 1920s. In an opinion piece that appeared in *The Times* newspaper of London in early November 2008, Klaus Schwab focused on the opportunities that the downturn offered:

Crisis Aftermath: A Chance for Positive Change	
The Times	
By Klaus Schwab	4 November 2008

We are all surprised that the current financial crisis has come this far. But let's be honest: the warning voices, even from insiders such as George Soros, have been around for a long time. When the World Economic Forum published its *Global Risk Report* last year, it warned of exactly those risks which have now brought about a collapse of the system.

In my opening speech at the Annual Meeting of the World Economic Forum in Davos in January, I spoke about a schizophrenic world and how we would be held accountable for our sins. The reason why the writing on the wall was not seen has to do not only with denying inconvenient truths, but was also because nobody really felt responsible, or capable of action. Our international system, created in the middle of the 20th century and based on multilateral institutions, either lacked the authority or the competency to deal with the challenges of a global financial system that went overboard.

Furthermore, individual governments have not shown the initiative to address a fundamentally restrictive global financial system – either out of national interest or because of ideological reasons. In addition, the G7, the grouping of the leading industrialized countries, and the International Monetary Fund have not shown the necessary long-term vision. The absence of regulatory functions has been abused by many actors, consciously or unconsciously, to the great detriment of national economies and, unfortunately, common people as well. Only now do we see "global finance summits" aimed at establishing rules that have been long overdue.

It remains to be seen whether we will be able to create a "world community" which will find the right balance between necessary

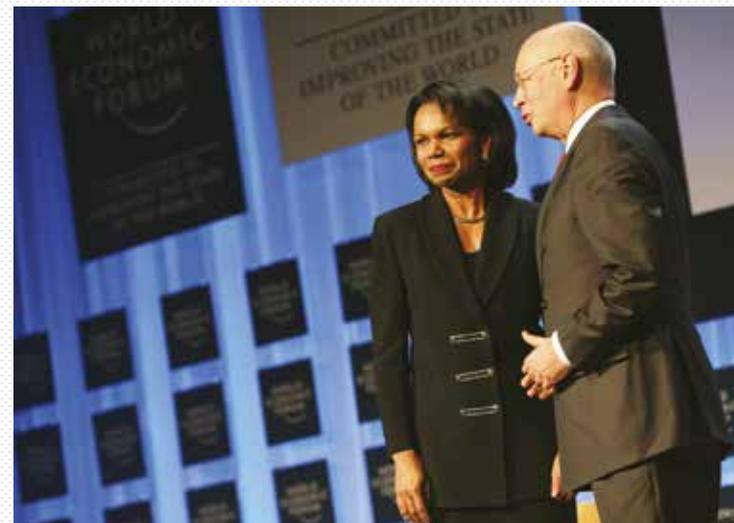
regulation and maintaining entrepreneurial dynamism. It is now more important than ever not to stifle the real economy – especially in the early stages of a recessionary phase – in order to save jobs. While regulation is important for the future of the global economy, rules alone are not sufficient. The economy is not an independent or self-contained realm; the crisis has shown that the economy has to serve society. We have to be careful that the measures taken to curtail the crisis will not damage the power of innovation in the real economy.

I founded the World Economic Forum in 1971 based on the stakeholder theory. According to the theory – which has served as the philosophy of the World Economic Forum for the past 40 years – the management of an enterprise has to serve all stakeholders.

This goes beyond serving only the shareholders; it means that the management has to lead the enterprise as the trustee of all stakeholders and not just the appointee of the shareholders, in order to secure the long-term prosperity of the company. This comprehensive, professional role of management has been undermined in recent years by bonuses and other systems that link the management to the short-term interest of the shareholders. Maximum profit seeking has increasingly taken precedence over long-term strengthening of competitiveness and sustainability. I have described this perversion of the professional ethos of management in the following way: When I had surgery a few years ago, I knew very well that my future quality of life would be dependent to a large extent on the qualifications of the surgeon. This is why I sought an expert who was the best in his profession. I naturally assumed that I was in the hands of a doctor who would apply his most professional skills without claiming that he would like to have a share of my future income – since, of course, this would be dependent on his know-how – in addition to his remuneration.

Going forward, what we need is a management philosophy that is based on a professional ethos and not on maximum profit seeking. Of course, highly qualified business leaders are highly paid in an internationally competitive environment. However, those leaders should always do their best in every situation – which many undoubtedly do – without the need for additional incentives such as bonuses.

Perhaps we need an equivalent of the Hippocratic Oath for management, as it exists for doctors, which incorporates this comprehensive responsibility. If we are not capable of installing a long-term



Condoleezza Rice, US Secretary of State and Klaus Schwab

comprehensive responsibility for business leaders in all areas of the economy, then the new rules and regulations will not help, because there will always be loopholes. In times of crisis it is necessary to slow down the tornado caused by mistakes of the past and to prevent further damage. But it is even more important that we should not act blindly in a superficial way. We need to identify the fundamental problems and change our behaviour accordingly. This is why the current crisis, hopefully, has a transformational character.

For the short-term future, it is essential to build a real global partnership to overcome the negative impact of our financial instruments and to make progress on the other global challenges facing us, such as climate change, fighting poverty, healthcare and other important issues. There is a danger today that these and other fundamental questions will be pushed to the sidelines – with the same disastrous consequences we saw as a result of ignoring the early warning signs of this financial crisis.

I hope that the conscious adoption of a business ethos based on the comprehensive and long-term stakeholder principle, instead of the one-sided, short-term shareholder principle, becomes one positive outcome of this crisis.³

³ Klaus Schwab, "Financial crisis is a chance for positive change", *The Times*, 4 November 2008

Celebrating Klaus Schwab and the World Economic Forum

In March 2008, Klaus Schwab celebrated his 70th birthday. To mark the occasion, several of his friends contributed recollections and congratulations to a Liber Amicorum, Latin for "Book of Friends". Excerpts:

**Thomas Friedman, Columnist,
New York Times, USA**

"Today, some of my best friends and most important intellectual collaborators are people I first met at the Annual Meeting in Davos... Indeed, when I think back on my 13 Annual Meetings, they look to me like rings of a historical tree. I first came there when Russian democracy was being born, after the end of the Cold War. Back then securing an interview with any of the Russian reformers – particularly Boris Yeltsin – was the hot ticket in town. This was followed by the Israeli-Palestinian Oslo years, in which Yasser Arafat and Shimon Peres played cameo roles. Then there were the dot.comers, during the Internet boom and bubble. Then it was the Indians and Chinese, as the world started to flatten out and these rising economic powers took their place on the global stage. Lately it has been the environmentalists, the climate change activists and social entrepreneurs focused on the most disadvantaged."

**Sadako Ogata, President, Japan
International Cooperation Agency,
Japan; United Nations High Commis-
sioner for Refugees (1991-2001)**

"The Kosovo crisis in 1998-1999 had a very large impact on European governments and on the public. NATO resorted to air strikes and triggered an outflow of refugees. One day, I received an unexpected visit of Klaus in my Geneva office. He took the personal initiative to fundraise for the humanitarian needs of the

victims. He felt that the large business communities in Europe and in the United States had become more aware of the humanitarian consequences of the Balkan wars, and the additional needs for rehabilitation and reconstruction. I was touched by his genuine sympathetic commitments. Over the years, I believe I played some part in arousing sympathy for the kind of work carried out by humanitarian colleagues among the economic and political Davos leaders. Klaus' action convinced me that the distance between world leaders, political and business, and the ordinary victims of war had certainly been narrowed."

**Shimon Peres, President of the
State of Israel; Nobel Peace Prize
Laureate (1994)**

"Today the world has completely changed. But governments have remained the same, with laws, with armies, with regimes and with antiquated systems. The economy today is more global than national; terror is global rather than national; communication technology ignores sovereignty. Ecology does not recognize territorial division...

In the absence of a global government there is a need for an informal dialogue between the powers that are driving the new era. In fact, even the term 'government' seems somewhat archaic. How can one govern the brains of scientists, of engineers, of inventors, of freewill reorganization? Even a dictator cannot govern the globe alone.

Communications have almost erased even national dictatorship. It is true that the existing governments have formal powers: the law, the judiciary, the army, the police, a budget. But these powers do not combine to provide the strength needed to deal with the new problems we are facing. Terrorists do not respect the law; they do not wrestle with an organized army and police. And although governments have budgets, wealth flows beyond their control... This new power does not have a past. It does not have a precedent. It does not have any prejudices. It does not need to distinguish between male and female, nor between black and white, nor between believers and secularists. Whoever does not have a past is entirely engrossed in the future. He prefers vision to memory, openness to discipline... The strength of goodwill, in contrast to governmental powers, did not have a place to meet or a means for meetings that would not contradict its uniqueness; it was also unwilling to confront the existing institutions.

Klaus Schwab proposed such an opportunity with the Annual Meeting of the World Economic Forum. What he offered was not exactly a conference of powers, of governments or of institutions, but a conference of unbuttoned suits in which to learn, compare, and compete without coercion, without decisions made and without instructions being given. In this setting, the source and the inclination for decision-making is taken over by understanding, influence, and choice. The atmosphere is informal, yet the participants have influence over the entire world. The Annual Meeting in Davos has become a magnet where every year the most pressing global issues are empha-

sized without being monopolized. And alongside the statistics, Davos always gives space for an accompanying song, story or picture."

**Lawrence H. Summers, Director,
National Economic Council, USA;
US Secretary of the Treasury (1999-
2001); President, Harvard University
(2001-06)**

"There is nothing else quite like the Annual Meeting in Davos. It is a powerful demonstration of what economists call 'multiple equilibria' and 'focal points'. Think about it, not 3 percent of the participants would choose in isolation to have a winter holiday in Davos, beautiful though it is. They are all there to see, to listen to, and above all to talk to each other. This is what is meant by the term 'multiple equilibria' – the meeting could just as easily occur somewhere else or nowhere else. Each person is following the others. Economists teach that where multiple equilibria are possible, focal points determine what happens. And you, Klaus, are that focal point. It is your vision, your execution, and your imagination that bring everyone to Davos each winter..."

This is a remarkable achievement in entrepreneurship. There are many entrepreneurs in the corporate space, and in the social and governmental realms, there are also many who try. Yet I can think of few, if any, who match you in the scale they have been able to reach the audience they command and the impact that they have. And I can think of none that are as global in their impact. Truly, even though most people on earth have never heard of Davos or the World Economic Forum, I think it can be said that what happens in Davos affects directly or indirectly every citizen of this planet."

World Economic Forum Initiatives

These partnership initiatives have had a positive effect on countless organizations and individual lives. For example, the Global Health Initiative (GHI) partnership of the Forum, the World Health Organization, UNAIDS, the Gates Foundation and other non-governmental, governmental and philanthropic organizations has worked with 170 companies representing over 10 million workers in Africa and East and South Asia.

GHI's India Business Alliance to Stop TB alone has reached over 4 million people through company awareness and treatment programmes, including approximately 1.5 million employees of over 30 companies. In Africa, the GHI has worked with 15 countries (representing 47% of the global HIV burden), bringing together the national business coalitions on HIV/AIDS with the national AIDS councils, labour unions and donors. In Angola, the GHI introduced companies from a range of industries, including oil and food and beverage, which are now jointly programming anti-stigma campaigns. And, in South Africa, the GHI catalysed the four leading banks to come together for an industry-wide seroprevalence survey covering 28,000 people, forming the foundation for industry-based action and advocacy.

In another example, the Forum's Global Education Initiative (GEI), a partnership of leading Forum industry partner companies from information technology and other sectors. The objectives of the GEI are to improve the development and delivery of education to citizens through public-private partnerships that unleash the innovation of teachers and students through the use of information technology, and to broaden the uptake of modern curricula in several disciplines, such as math, science, English and Arabic. Through the initiative, the international business community leverages the commitment of national governments to build a replicable model of education reform.

Specifically, the initiative has directly impacted over 1.8 million students and teachers, and mobilized over US\$ 100 million in resource support in Jordan, Rajasthan (India), Egypt, Palestine

and Rwanda. It engages over 40 private sector organizations, 14 governments, 7 international organizations and 20 NGOs, with a Steering Board of nine industry and strategic partners. For example, in the Indian state of Rajasthan, the initiative has impacted 43,500 schools, 60,000 teachers and 1.2 million students. The GEI has partnered with UNESCO and the Education for All Fast Track Initiative to scale these partnership models at the global level.

These are just a few of the examples by which Forum multi-stakeholder initiatives have catalysed on-the-ground action or shaped policy frameworks. Other areas include corruption, humanitarian relief, development finance, public-private partnerships in water, global warming, reform of the international financial architecture, energy poverty, West-Islamic relations, food security and information technology for development. In each case, the Forum's informal, neutral platform has provided a conducive environment for collaboration by partner companies and other Forum constituents in time-limited projects or task forces that aim to improve the state of the world in practical and concrete ways.



Prime Minister Vladimir Putin of the Russian Federation

2009 The Year of Global Crisis

Despite the global economic crisis – or perhaps because of it – the number and the quality of participants at the Annual Meeting was unprecedented. Typically, the World Economic Forum had looked beyond the unfolding turmoil in the global economy when it chose the theme: “Shaping the Post-Crisis World”.

In his opening address, Klaus Schwab stressed that the international community not only had to manage a crisis of unprecedented scope but also shape the post-crisis world. “What we are experiencing is the birth of a new era, a wake-up call to overhaul our institutions, our systems and, above all, our thinking, and to adjust our attitudes and values to the needs of a world which rightly expects a much higher degree of responsibility and accountability,” he explained. “If we recognize this crisis as being really transformational, we can lay the fundamentals for a more stable, more sustainable and even more prosperous world.”

Schwab continued:

“This Annual Meeting is part of a global process and – with your help – a hopefully significant step in getting the crisis under control and relaunching the economy. The Annual Meeting 2009 should also act as the catalyst for deep and serious reforms that could turn the crisis ultimately into an opportunity to enact those changes, which were overdue since quite some time. Even if we are still in the midst of the crisis with accelerated negative consequences, we have to establish signposts for the future to instil direction and hope.

People in every corner of the world today ask the question how was it possible that decisions could be taken, led by greed and incompetence, which had terrible consequences not only for the global economy but for real people who have lost their pensions, their homes or their jobs. Those people are bewildered, confused, scared and angry. They do not

understand what went wrong, but they are clear that their leaders have let them down. They now look to those leaders – corporate, political and societal – to repair the damage to their families and communities. Gathered here are many of the world’s most influential leaders. We cannot duck our responsibility to work together to rebuild shattered economies and institutions. We must hold ourselves accountable or others will do it for us.”¹

Forty heads of state or government, the leaders of all the major international organizations, and over 100 ministers made the journey to Davos. This strong political participation underlined the need for public-private cooperation even in times when governments have to take urgent and drastic measures to avoid the breakdown of the global financial system. Such collaboration is even more critical when countries working in coordination implement the necessary steps to revitalize the global economy and prevent systemic breakdowns in the future. The Annual Meeting discussions reinforced the need for a comprehensive and concerted effort by the international community to reform and redesign global systems. Schwab announced just such a programme, the Global Redesign Initiative (GRI), in a session with representatives of the three sponsoring governments – Qatar, Singapore and Switzerland.

In the halls of the Congress Centre, and in all the events during the Annual Meeting, there was a strong and touching sense of community among participants. The most poignant moment took place in the closing session when Desmond Tutu, the Nobel Peace Prize laureate and Archbishop Emeritus of Cape Town, South Africa, issued a heartfelt plea for compassion amid the tension and grief: “You are meant to live in a delicate network of interdependence, of complementarity. God says: My children, please know that you are my children, that you really belong in one family. Please care for one another.”²

During the year, four developments stood out. First, the Forum celebrated 30 years of cooperation with China. The organization has been present in China in manifold ways every year for the past three decades, providing thousands of Chinese with the opportunity to absorb the latest thinking on leadership and global issues. Forum activities have also offered numerous foreign leaders the chance to gain first-hand knowledge of Chinese economic policies and reforms. Many of today’s foreign investments and joint



Secretary-General of the United Nations Ban Ki-moon

ventures in China were conceived at one of the Forum’s events. Practically every senior Chinese leader has participated in a Forum gathering, whether in China or in Switzerland. Today, through its office in Beijing, the Forum works closely with the Chinese National Development and Research Commission (NDRC), as well as with the Ministry of Foreign Affairs, and is proud to count among its members a significant number of Chinese enterprises, including some that are among the Global Growth Companies celebrated at the Annual Meeting of the New Champions. In September, the third “Summer Davos” took place in Dalian under the theme “Re-launching Growth”, with more than 1,300 participants. Once again, Chinese Premier Wen Jiabao delivered the opening address. Second, the Forum marked the 25th anniversary of its partnership with India. Of this lasting and fruitful collaboration, Rahul Bajaj, Chairman of Bajaj Auto, and a loyal friend and member of the Forum, wrote:

“The World Economic Forum and the Confederation of Indian Industry (CII) have had a very long and productive relationship. At 25, it is a relationship that is both youthful and mature. I have had the privilege and pleasure to see this relationship blossom from its inception.

The Annual Meetings at Davos and the India Economic Summits have been India’s window to the world. Much of what is now the establishment view in India was, and is often, uttered with vigour at the World Economic Forum Annual Meetings in Davos and especially at the India Economic Summits, organized annually by the Forum and the CII in New Delhi. A lot of the thought leadership for the Indian government and also for Indian industry has come from the fertilization of ideas at the India Economic Summit.

I believe that the patient and untiring work that has been done at the India Economic Summit over the last quarter century is now paying dividends. India is no longer a country with a future potential, but one of the countries. There is now an unstoppable momentum taking the country forward.

The focus of the India Economic Summit has always been the future. So, its content and format have constantly evolved to deal with a changing economy and society. Both Davos and the India Economic Summit have been and will remain permanent fixtures in my calendar.

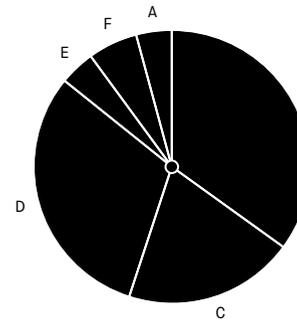
Incidentally, I may add that my association with the Annual Meeting in Davos started in 1979 and has continued uninterrupted ever since. Klaus Schwab presented me with a World Economic Forum award in 2008.”

Third, the Forum organized its second Summit on the Global Agenda in Dubai in November, bringing together 750 of world’s most innovative and knowledgeable experts on a host of issues (see box). This important meeting served as a key intellectual driver for the Global Redesign Initiative.

Fourth, the Forum finally succeeded in using its WELCOM virtual network and videoconferencing system on a large scale to communicate continuously with its various communities and promote interaction and networking among them. WELCOM creates a virtual ecosystem that is unmatched in terms of its power of knowledge generation and facility for collaboration.

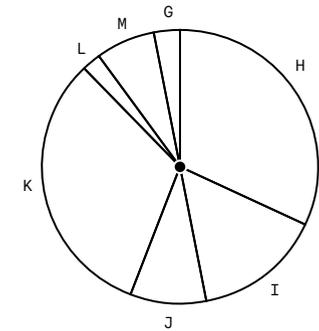
A key distinctive feature of the Global Agenda Councils is their multistakeholder and regional diversity.

Regional Representation



- A 4% Latin America (incl. Caribbean)
- B 35% North America
- C 20% Asia
- D 31% Europe
- E 4% Middle East/North Africa
- F 6% Sub-Saharan Africa

Stakeholder Representation



- G 3% Non-business
- H 32% Business
- I 15% NGO
- J 9% International Organization
- K 32% Academia
- L 2% Media
- M 7% Government

This was a record year for the Forum in many other aspects – in partner and membership development, as well as the number of activities and initiatives. The organization welcomed its 100th strategic partner. Because the Forum has firmly committed to not go beyond this number, there is a waiting list of companies that wish to become a strategic partner.

The Forum communities were involved in over 30 initiatives over the year. Meanwhile, the staff count rose to over 400 collaborators around the world. The Forum inaugurated an office in Tokyo, Japan, located at prestigious Roppongi Hills. Once again demonstrating its long-held practice of adopting the latest technology and communication methods, the Forum launched a special effort to integrate the general public into its activities through the use of social media and networking techniques. It invited to Davos two representatives from the MySpace and YouTube communities to cover the Annual Meeting as “citizen reporters”. The Davos Debates on YouTube have become a permanent fixture also at regional meetings of the Forum, capturing the thoughts of participants and YouTubers on key topics on the agenda at each meeting.



German Chancellor Angela Merkel

At the Annual Meeting, the Forum also tapped into the collective wisdom of the millions of users on Facebook. For the first time ever, the social networking platform ran real-time polls, or “pulses”, of its users. These polls were conducted live during a dozen sessions. One of these pulses ran for 45 minutes and attracted 120,000 responses.

The 22 press conferences held on the sidelines of the Annual Meeting were streamed live on Livestream.com and Qik.com giving a global audience the opportunity to ask the panellists questions. With over one million followers on Twitter, 10,000 subscribers on its YouTube channels and several thousand fans on Facebook, the Forum has attracted an ever-growing audience on the global social networks. Every month, over 100,000 people view the Forum’s pictures on Flickr, 400,000 watch its videos on YouTube, and over 25,000 read its reports on Scribd.com. The Forum has reached out to new audiences in China through Youku.com, China’s premier video portal, and also started to microblog in Chinese on Sina’s Twitter feed at <http://t.sina.com.cn/davos>.

With the active engagement of social networks, the Forum is uniquely positioned to transform its subscribers, supporters, friends, fans and followers on each network into a new generation of partners in its activities.

- 1 Klaus Schwab, Opening Speech, Annual Meeting 2009, World Economic Forum.
- 2 *Report on the World Economic Forum Annual Meeting 2009*, World Economic Forum.

The Strategic Partners of the World Economic Forum in 2009

- ABB
- Abraaj Capital
- Accel Partners
- Accenture
- Adobe Systems
- Agility
- Alcoa
- Alcatel-Lucent
- AMD
- ArcelorMittal
- AT&T
- AUDI AG
- Bahrain Economic Development Board
- Bahrain Mumtalakat Holding Company
- Bain & Company
- Bank of America Merrill Lynch
- Barclays PLC
- Basic Element
- Bill & Melinda Gates Foundation
- Bombardier
- Booz & Company
- The Boston Consulting Group
- BP
- BT
- CA, Inc.
- Chevron
- Cisco
- Clayton, Dubilier & Rice
- Clifford Chance
- The Coca-Cola Company
- Credit Suisse
- Deloitte
- Deutsche Bank
- Deutsche Post DHL
- Dogus Group
- Dubai Holding
- Dubai World
- DuPont
- EDF (Electricité de France)
- Ernst & Young
- Etihad Airways
- Fluor Corporation
- Forbes
- GE
- Goldman Sachs
- Google
- HCL Technologies
- Heidrick & Struggles
- Hubert Burda Media
- HP
- HSBC
- IHS Inc.
- Infosys Technologies
- Intel Corporation
- Investor
- JPMorgan Chase & Co
- KPMG
- Kohlberg Kravis Roberts & Co.
- Kudelski Group
- Lenovo
- Manpower
- Mahindra Satyam
- Marsh & McLennan Companies (MMC)
- McKinsey & Company
- Merck & Co.
- METRO Group
- Microsoft Corporation
- NASDAQ OMX Group
- National Bank of Kuwait
- Nestlé
- News Corporation
- Nike
- Nomura Holdings
- NYSE Euronext
- Omnicom Group
- PepsiCo
- PricewaterhouseCoopers
- Reliance Industries
- Renault-Nissan
- Roland Berger Strategy Consultants
- Saudi Basic Industries Corporation (SABIC)
- Sberbank
- Siemens
- SK Group
- System Capital Management
- The Standard Bank Group Limited
- Standard Chartered Bank
- Swiss International Air Lines
- Swiss Re
- Thomson Reuters
- Troika Dialog Group
- UBS
- Unilever
- VimpelCom
- Vision 3
- Volkswagen AG
- VTB Bank
- WPP
- Xenel Group
- Zurich Financial Services



French President Nicolas Sarkozy

2010 Strengthening Cooperation is Everybody's Business

In April, more than 450 participants from 60 countries met in Doha, Qatar, at a unique World Economic Forum gathering – the Global Redesign Summit. The purpose of the meeting was to discuss proposals from more than 1,500 business, government, academic and civil society leaders for improving the state of the world. The Global Redesign Initiative (GRI) had been launched in 2009 across the Forum's communities to examine the institutions and mechanisms of global governance and explore ways to bolster the international community's capacity to address issues, manage challenges and respond to crises. Patrons of the initiative included the governments of Qatar, Singapore, Switzerland and Tanzania.

To wind up the GRI, the Forum published a report, *Everybody's Business: Strengthening International Cooperation in a More Interdependent World*, which presented 58 proposals for strengthening international cooperation. Among the conclusions of the study was that "the G20 represents the international community's best potential mechanism for mobilizing systemic leaps forward in international cooperation" as "it enjoys considerable goodwill due to the success of its crisis-response measures and greater diversity than the G8." But presciently, the Forum warned that "there is a risk this goodwill will dissipate among the rest of the so-called G192 if [the G20's] ongoing purpose and relationship with the United Nations and specialized international organizations are not clarified soon."

In November, at the Summit on the Global Agenda in Dubai, the Forum announced that it was launching the Risk Response Network (RRN). The purpose of the network was to bring the world's foremost thought leaders – including members of the Forum's Network of Global Agenda Councils – together with top policy-makers and decision-makers to shape and implement viable solutions to

major global challenges. “We have started a global mobilization to increase risk resilience at the micro and macro levels,” Klaus Schwab told participants in the closing session of the Summit. “It is a movement with a clear purpose: to strengthen risk resilience in a world which is characterized by much higher volatility in a world of much greater togetherness.”

Greater international cooperation would be an important way to build public trust in the international system and reduce global risks. “The world needs to deal with a dizzying array of risks and opportunities,” said Ngairé Woods, Professor of International Political Economy at Oxford University, who would soon become the inaugural dean of Oxford’s Blavatnik School of Government. More effective networks and partnerships are needed to improve cooperation, the quality and use of information, and stakeholder collaboration, she explained. The RRN would focus on risk prevention and mitigation, preparedness, response, and recovery and rehabilitation, reckoned Heizo Takenaka, Director of the Global Security Research Institute at Keio University in Japan and a Member of the World Economic Forum’s Foundation Board. “We should focus on how to involve the business community. With this network, if we start exchanging views on best practices, this could be an early success.”

While only in its third year, the Global Agenda Summit had already proven to be a crucial event in the World Economic Forum’s calendar – a global brainstorming that plots the course of the discussions to take place in Davos just months later and the other meetings during the coming year. “The Summit on the Global Agenda sets the direction for ground-breaking policies and action strategies that have the potential to effectively address global challenges,” His Excellency Mohammed Al Gergawi, UAE Minister of State for Cabinet Affairs, said. “From poverty alleviation to climate change concerns, energy & water use efficiency to women empowerment, the world’s pressing challenges will be evaluated by the world’s finest minds at the Summit, setting in motion a new global agenda.”

Meanwhile, the Forum’s regional meetings again brought into focus the challenges faced by leaders around the world who struggle to balance their global, regional and national domestic responsibilities. This is especially difficult to do in situations where politics are volatile and there is social unrest.



The strategic concept of the World Economic Forum

Nearly 1,000 business, government and civil society leaders participated in the 20th World Economic Forum on Africa in Dar es Salaam in early May – the first time the Africa meeting was held in East Africa. The occasion marked 50 years since the start of the independence movement that transformed the continent’s geopolitical landscape. Hosted by President Jakaya Kikwete, the event was held under the theme *Rethinking Africa’s Growth Strategy*. “Africa is a continent full of potential,” Kikwete said before the opening. “Africa has been growing despite the economic instability that is facing the world today. We will have the opportunity to examine the strategy of Africa for today to ensure that there is a better tomorrow.”

In advance of the World Economic Forum on Europe in Brussels, Belgium, in May, the Forum published its fifth and final Lisbon Review of the competitiveness of the European Union (EU), a biennial series of reports that assessed the progress made by EU countries, candidate members and prospective members in meeting the far-reaching goals of the Lisbon Strategy of economic and structural reforms. The conclusion: the EU failed to achieve its aim of becoming the world’s most competitive region. At the Europe meeting, European Commission President José Manuel Barroso unveiled a rescue package to support the euro in the wake of the



Abhisit Vejjajiva (right) Prime Minister of Thailand during the World Economic Forum on East Asia in Ho Chi Minh City

European debt crisis that was disrupting global markets. “We will do anything to defend the euro,” Barroso said.

In June, at the World Economic Forum on East Asia in Ho Chi Minh City – the first Forum regional meeting in Vietnam – Thailand’s Prime Minister Abhisit Vejjajiva spoke forcefully about the political and social protests that had roiled his country in the previous two months, vowing to keep the nation and its economy moving forward. Also at the meeting, 12 global companies joined the government of Vietnam to launch a public-private task force to advance sustainable agricultural growth in the country. Developed by the Forum’s New Vision for Agriculture Initiative, the task force coordinates investments in agriculture to increase high-quality production and benefit farmers.

In September, at the Annual Meeting of the New Champions in Tianjin, China, the World Economic Forum hosted its first-ever Ministerial Meeting on Innovation and Sustainable Growth in partnership with the Chinese Ministry of Science and Technology. Ministers of science and technology, environment, climate, natural resources, energy, economy and human resource development joined leaders from business and international organizations and experts to discuss driving forward the global agenda on innovation and sustainable growth.



Chanda Kochhar, Managing Director and Chief Executive officer, ICICI Bank, India

China’s Science and Technology Minister Wan Gang emphasized that scientific and technological progress can help promote sustainable economic and social development. Energy-saving and environmentally-friendly products will lead the future market, as well as technological innovation, he reckoned. Going green is a must, not an option, but the critical challenge lies in ensuring coherent and efficient implementation of green strategies. In October, less than two months before the wave of Arab Spring demonstrations would start in Tunisia, the Forum convened the World Economic Forum on the Middle East and North Africa in Marrakech, Morocco. Participants focused on ways to boost youth employment, close the gender gap and drive growth in a region with a fast-growing more demanding middle class.

Earlier, at the Annual Meeting, Bill and Melinda Gates, Co-Chairs of the Bill & Melinda Gates Foundation and Founding Partners of the GAVI Alliance (formerly the Global Alliance for Vaccines and Immunization), pledged US\$ 10 billion to vaccinate over 8 million children over the next decade. Bill Clinton, who was president of the United States from 1993 to 2001, announced a joint initiative among the Forum, the Clinton Global Initiative and the United Nations for the reconstruction of Haiti following the severe earthquake that had struck the Caribbean nation just days before participants gathered

in Davos-Klosters. On behalf of President Luiz Inácio Lula da Silva, Brazilian Minister of Foreign Relations Celso Amorim accepted the first Global Statesmanship Award at a ceremony in Davos. “This award increases my responsibility as a leader, and my country’s responsibility as an increasingly present and active player on the global scene,” Lula da Silva said in a prepared text read by Minister Amorim, which offered an overview of the accomplishments of his administration since he had first participated in an Annual Meeting seven years earlier.

“Thirty-one million Brazilians have joined the middle class and 20 million have been lifted out of absolute poverty” in that period, Lula noted. “I would like to stress that the best policy for development is the fight against poverty,” he said. “It is also one of the best recipes for peace. And we found out, last year, that it is also a powerful shield against crises.” He added: “This lesson learned by Brazil is applicable to any part of the world, be it rich or poor.” The recipe would focus on “broadening opportunities, increasing productivity, expanding markets and strengthening the economy,” he said. “It means changing mentalities and relationships. It means creating factories of jobs and citizenship.”

In September, the International Advisory Board of the Atlantic Council, a global affairs think tank in Washington DC, presented Klaus Schwab with its inaugural Global Citizen Award, honouring the World Economic Forum on its 40th anniversary. The prize recognized Schwab for his leadership in facilitating international cooperation to create a more stable and secure world. The awards dinner in New York featured a performance by celebrated Chinese pianist Lang Lang.

In his speech to accept the award, Schwab said:

“Today, the interdependence characterized by our global togetherness requires true global citizenship. However, we all know that this will certainly not be achieved through the establishment of a global government, but rather through the creation of more productive and collaborative systems of cooperation, which engage all stakeholders of society.



Angel Gurría, Secretary-General of the OECD with Klaus Schwab

Let me be clear. I am not suggesting that we replace our local and national citizenships with a global one. What is necessary for citizens in the 21st century is to accept three distinct but integrated levels of rights and duties: local – national – global. It is only by encompassing these three levels of identities that we will create the conditions for a more peaceful, prosperous and sustainable future.

In this context, the development of a global citizenship mentality is particularly crucial since, unlike local and national levels where legal frameworks are usually in place, it must rely much more on an inner sense of duty.”¹

¹ Klaus Schwab, “Atlantic Council Global Citizen Award”, World Economic Forum, 23 September 2010 – <http://www.weforum.org/pdf/ACA/AtlanticCouncilAward2010.pdf>



2011

2011

2011 Global Shapers

Engaging young people and emerging leaders has always been an important part of World Economic Forum activities. Having firmly established the Forum of Young Global Leaders as the premier network for the world's young business, government and civil society leaders, the Forum launched the Community of Global Shapers at the Annual Meeting of the New Champions in September. This network of self-organizing local city hubs brings together emerging leaders in their 20s – new champions, to be sure – who have already demonstrated potential for leadership roles in society. Global Shapers have fully integrated into all Forum events and activities, while pursuing their hub projects and initiatives. Within three years, there were 355 hubs and more than 4,000 Shapers. By 2020, the community had grown to nearly 9,000 Shapers in over 400 hubs in almost 160 countries, with a 1,900-strong network of alumni/ae.

The Shapers and their collaborative initiatives exemplify how, in a volatile and more complex post-crisis world, young people are coming together with shared aspirations and in search of common values. 'It's more than just talented individuals, it's a family who sacrifices time, effort and resources to make a better world,' Luis Sena of the Santo Domingo Hub said of the Shapers Community. 'As a Shaper, I have the opportunity to be inspired and to inspire others to actively shape our environment without expecting to be rewarded.' Concluded Mariel Reed of the San Francisco Hub: 'If you asked me to choose the best part of being a Global Shaper, it's not any of the fancy stuff. It's the people.'

With the global economy still recovering from the Great Recession, Annual Meeting participants gathered in Davos under the theme "Shared Norms for the New Reality" to take stock of the past three years and the aftermath of the crisis, and to consider how to master the heightened level of uncertainty and risk. "We are at a turning point," reckoned Co-Chair Paul Bulcke, Chief Executive Officer of Nestlé, Switzerland, speaking at a press conference on the first day.

Selfie with the Global Shapers

“There is growth in the world. We have to ‘go forward’ to basics. The role of economies has always been to create value for society at large.” Added fellow Co-Chair Yorihiro Kojima, Chairman of the Board of Mitsubishi Corporation of Japan: “Many things separate us but we have to unite as global citizens to address issues that are important not only for now but for generations to come.”

At the Annual Meeting, the World Economic Forum launched the Risk Response Network – a practical framework for the international community to improve global risk management. Just days before, a terrorist attack on Moscow’s Domodedovo Airport underscored the need for such a cooperative mechanism. In an opening address to 2,500 participants in the enlarged Congress Hall of the freshly renovated and expanded Congress Centre, Russian Federation President Dmitry Medvedev issued a stark warning: “All our efforts to develop the world economy further will be for nothing if we fail to defeat terrorism, extremism and intolerance, if we fail to eradicate altogether these evils which are the greatest danger to mankind.””

Medvedev was one of over 35 heads of state or government at the Annual Meeting, where all of the permanent members of the G20 were represented at the ministerial level or higher. President Susilo Bambang Yudhoyono of Indonesia, the world’s third largest democracy and the biggest Muslim-majority nation, which would for the first time host the World Economic Forum on East Asia later in the year, warned of increasing food and energy prices and how they can lead to increased poverty and social and political unrest.

Prime Minister David Cameron of the United Kingdom called for a change of direction in Europe, still reeling from the global crisis and dealing with several countries including France, Spain, the Irish Republic and particularly Greece under severe stress. “I want to make the case for optimism, for confidence in our future,” the British leader told participants. “We can overcome these problems, but we do need a change of direction. We have been our own worst enemy, but the power is within us to change.” In his address to Davos participants, President Nicolas Sarkozy of France declared that his country and Germany would never permit the euro to collapse. He reminded participants that European integration and cooperation had ensured peace and stability on the continent for more than six decades. Meanwhile, Angela Merkel, the Chancellor of Germany, cautioned against complacency in the face of the high risk of another financial crisis.

In an important speech that presaged the growing rise of populism and nationalism, Thailand’s Prime Minister Abhisit Vejjajiva warned that political leaders had to build a new consensus across all stakeholders about how their economies and societies should develop. “The new contract has to move beyond the rulers and the ruled. We’re all partners now.” The state should not intervene in the private sector, he argued, but should focus instead on creating the conditions that would allow companies to create employment and make profits for their shareholders. “The new social contract must recognize that governments do not create wealth as well as the private sector,” said Abhisit. “What governments do is to facilitate and to support. Therefore, the first obligation is that governments must create opportunities. That means human resource development, providing education and healthcare to make sure people have the skills to have opportunities and jobs.”

The continuing challenge of addressing the economic and social destruction wreaked by the global recession would be the most pressing issue on the global agenda throughout the year. In September, at the fifth Annual Meeting of the New Champions in Dalian, Chinese Premier Wen Jiabao pledged that China would do what it could to contribute to global economic recovery and stability. “I believe China’s economy can achieve longer term, better quality growth,” Wen told more than 1,500 industry, government, technology and civil society leaders gathered at the “Summer Davos” meeting. “This will be our new contribution to strong, sustainable global growth.”

Wen also vowed that China would continue to provide aid and humanitarian assistance to African countries. “We must not forget the difficulties in the countries that suffered most from the crisis and face unprecedented challenges,” he explained. “The international community must work in the spirit of solidarity in tackling the crisis. That is the spirit in which China is addressing these challenges.”

Other countries also used the World Economic Forum platform to lay out how the crisis had spurred new responses to ongoing domestic, regional and global economic and social challenges.

At the Annual Meeting in Davos, Naoto Kan, Prime Minister of Japan, outlined a new diplomatic approach, aimed at further opening up his country to the world. He said Japan would aim to take the lead in grappling with global problems, emphasizing the challenges of technological innovation, climate change and trade liberalization.

Less than two months later, Japan would be hit by a severe earthquake, which would trigger tsunamis and significant damage to a nuclear power facility in Fukushima. The disaster resulted in more than 18,000 deaths and tens of billions of dollars in damage. It would lead Japan to decide to phase out its nuclear power plants.

In an audio recorded speech to Annual Meeting participants, Nobel Peace Prize laureate and Myanmar pro-democracy leader Daw Aung San Suu Kyi, who had been released from house arrest in November 2010, asked world leaders gathered in Davos “to use their particular opportunities and skills as far as possible to promote national reconciliation, genuine democratization, human development and economic growth in Burma, so that our people may in turn be able make their own contribution towards a safer, happier world”.

Egypt was also a focus of attention, with discussions on whether the protests there would lead to the fall of the government, as had happened in Tunisia days prior to the Annual Meeting. Participants debated the broader implications of the “Jasmine Revolution” that seemed to be sweeping through the Maghreb region. By the second week of February, Egyptian President Hosni Mubarak had stepped down from office in the face of demonstrations in Cairo’s Tahrir Square and across the country.

In a speech former British prime minister Tony Blair, UN Middle East Quartet Representative, told participants that “unless ordinary people see tangible progress over the next three years, there will be a huge popular backlash”. In October, the World Economic Forum convened the Special Meeting on Economic Growth and Job Creation in the Arab World to address the issues arising from the protest movements in the Middle East and North Africa.

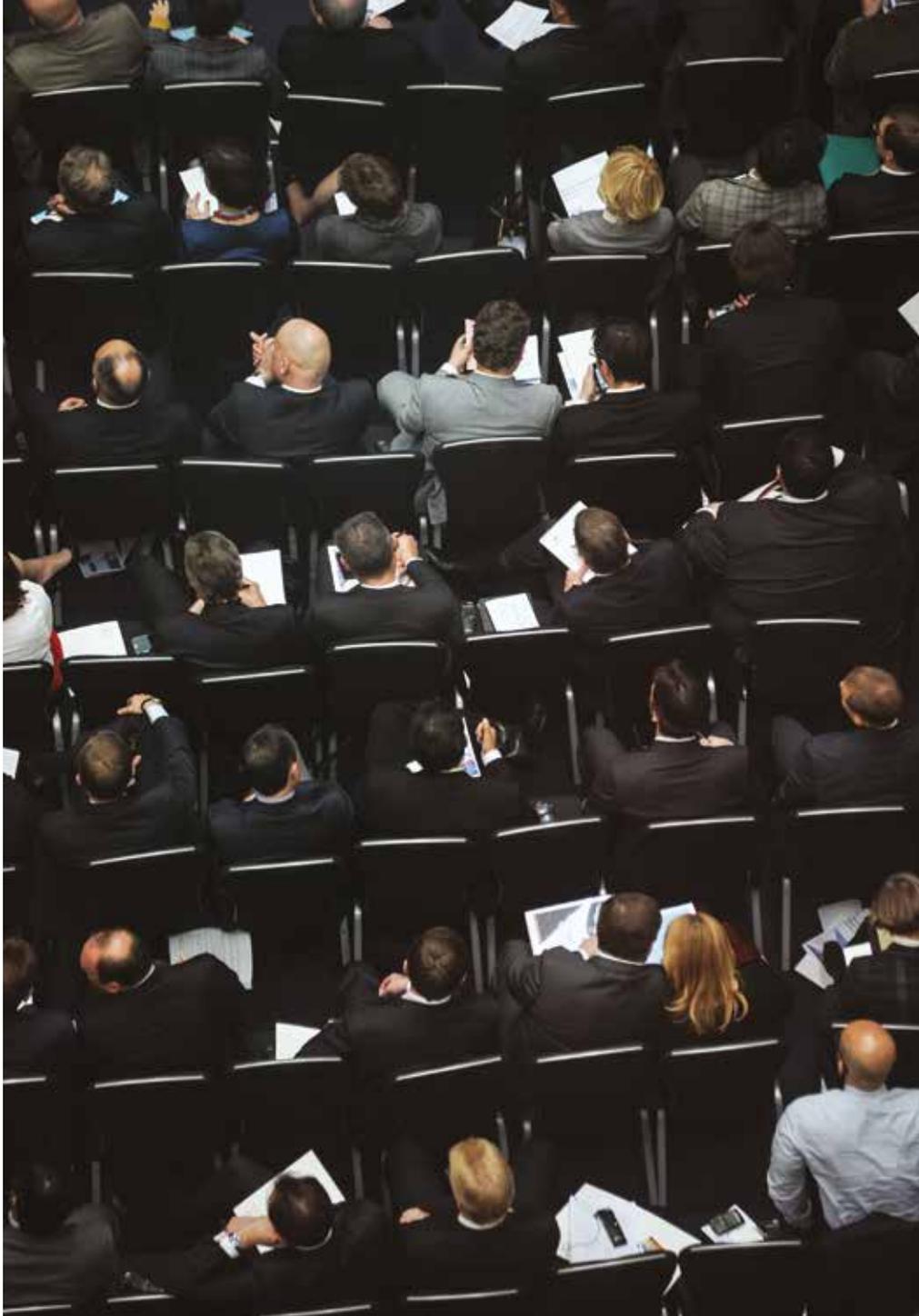
The World Economic Forum continued its efforts to be transparent and to include the public as much as possible. Special efforts were made to make full use of the range of social networks that have become an important channel for opening all the Forum’s activities to a wider audience and include the general public in the discussions. At the opening plenary session, some of the questions posed to Russian President Medvedev were submitted through the Forum website, on which people anywhere in the world could view a live webcast. The Forum compiled a list of 400 participants as well as journalists active on the microblogging service Twitter. The Forum

itself adopted the @WEF and @Davos Twitter IDs. Forum communities also established their presence in the “Twitter-verse” - @SchwabFound, @TechPioneers and @YGLVoices.

The Forum had already established a presence on Livestream, YouTube and Facebook. All press conferences and key plenary sessions were carried live on Livestream. Anyone in the world could pose questions directly to the panellists at press conferences through Twitter and Facebook. As part of the Davos Debates initiative, the Forum invited 29-year-old video blogger Shawn Ahmed from Canada to Davos to participate in a panel and interview participants in the Social Media Corner. (At the Annual Meeting of the New Champions, video blogger Ming Gao, winner of the Summer Davos Debates competition, run in partnership with Youku, filled the same role.) Forum reports published at the meeting were made available on Scribd, where users could download, link to or embed the documents.

Live interviews with participants were streamed on the Forum’s Facebook page. In selected sessions, the Forum tapped into the collective wisdom of the online population through the use of pulses, quick polls on Facebook. The pulses allowed the opinion of several thousand Facebook users to be captured in a matter of minutes. Their views were fed back into the panel discussions.

The Forum launched a World Economic Forum application for iPhone and Android smartphones available to anyone through the app stores. The application integrated all of the Forum’s social media output – Twitter, Blog, YouTube and Flickr. A participant version of the app, which offered users up-to-date meeting programmes and other real-time information, has become an indispensable tool at the Annual Meeting and all other Forum events. The use of social media to broadcast Forum events and activities and to carry on the debates and discussion in cyberspace would explode over the next decade. In 2018 our combined digital content had potential reach of 680 million people, this was more than double the 2017 reach of 317 million people. The estimated reach in 2019 from 275 shares is 1.3 billion people.



2012

2012

2012 The Great Transformations: Reshaping the World

“Capitalism, in its current form, no longer fits the world around us. We have failed to learn the lessons from the financial crisis of 2009. A global transformation is urgently needed and it must start with reinstating a global sense of social responsibility.”¹

The Annual Meeting theme, “The Great Transformation: Shaping New Models”, aptly captured the tempo of the times and the World Economic Forum’s mission to improve the state of the world. The lingering impact of the global financial crisis continued to roil markets. Growth in the US, Europe and Japan remained sluggish. Countries in the Middle East and North Africa (MENA), meanwhile, were in the throes of profound social and political change, the Syrian civil war having erupted the year before. From Eastern Europe to the South China Sea, from the Korean Peninsula to the rainforests of Latin America, the world seemed to be in the midst of unfathomable transformations, with nations and regions going in different directions but with interconnected effects that defied comprehension.

Against this complex risk landscape, the World Economic Forum convened its 42nd Annual Meeting. In strenuous debates, participants focused on finding new models of growth and global governance. At the top of the agenda: jobs – and how to create enough of them so young people in particular can be gainfully employed. “We have to make capitalism and the free market much more responsive to social needs,” Klaus Schwab remarked in the closing plenary. “If business is not serving society, then business is not sustainable.” In a session on the future of capitalism, Australian labour leader Sharan Burrow, General Secretary of the International Trade Union Confederation (ITUC) in Brussels, framed the challenge in stark terms, arguing that widening income inequality and high unem-

ployment, especially among young people, are an indication that the capitalist system has failed society. The business community “has lost its moral compass”, she reckoned. “We must redesign the model. We must reset it. Stop the greed. Unless employers and workers sit down with governments, the system will continue to fail.”

David M. Rubenstein, Co-Founder and Managing Director of the Carlyle Group, a private-equity firm and global asset manager, countered that “the business community has not lost its moral compass. Capitalism may be the worst economic system except for any of the others”. Businesses do not devise ways to reduce wealth and jobs, he added. To ensure that capitalism is fair, focus on improving laws and regulations, investing in education and promoting innovation and creativity, Rubenstein advised.

In another session on corporate global citizenship, Klaus Kleinfeld, Chairman and Chief Executive Officer, Alcoa, USA, explained that a consequence of living in what he called a “25/8 world” made possible by the Internet and always-on news media – beyond 24 hours a day and seven days a week – is that businesses can no longer pretend to be good corporate citizens when in reality they are not. “You will be quickly found out,” he warned.

The Global Shapers – exceptional emerging leaders in their 20s – participated in the Davos Annual Meeting for the first time. Their presence underscored the importance of addressing youth concerns. At the end of the opening session, Schwab welcomed to the stage about 70 members of the Shapers. Nobel Peace Prize laureate and the Archbishop of Cape Town from 1986 to 1996, Desmond M. Tutu, who was then Chair of The Elders, an organization of elder statesmen from around the world, stood among the group. He encouraged them to “go on dreaming God’s dream of a world where war is no more and poverty is history” and to “dream of a world that is more compassionate, more gentle, more caring”. Tutu gave them his blessing and cheered: “God is saying that I have no one but you to make my dream – God’s dream – a reality. Go for it!”

The challenge of addressing the aspirations of young people was a major part of the discussions in Davos on the rapid developments in the MENA region, more than a year after the Arab Spring had broken. Tunisia’s new prime minister, Hammadi Jebali, vowed that his country would draft a constitution that would guarantee freedom of the press, an independent judiciary and an end to discrimination by religion, language or gender. Later in the year at the

World Economic Forum on the Middle East, North Africa and Eurasia, the Forum released two reports, which underscored that political and economic reform is needed in the Middle East to address the region’s chronic problem of youth unemployment.

As she had done at the Annual Meeting the year before, Daw Aung San Suu Kyi again delivered an address to Davos participants, this time videotaped, asking them to support Myanmar’s efforts to democratize. Suu Kyi would make her first trip outside her country in 24 years when she travelled to Bangkok, Thailand, to participate in the World Economic Forum on East Asia. The Nobel Peace Prize laureate joined the meeting for all three days, both as a speaker and as a participant listening and contributing to the discussion. President Felipe Calderón of Mexico, which held the G20 presidency, addressed participants. He warned Europe of the global impact of its debt crisis, calling on Eurozone countries to set up an effective financial firewall to stem any contagion. Speaking plainly, he recalled Mexico’s own meltdown nearly a decade earlier and offered this advice: “Taking action now is much cheaper than taking action in the future.”

The Mexican president was not the only government leader from outside Europe to express deep concern about the EU’s financial woes during the Annual Meeting. Interviewed by videolink from Tokyo, Japanese Prime Minister Yoshihiko Noda told a panel discussion on risk, hosted by NHK, that Japan viewed Europe’s debt crisis as the major risk of the day. Noda said that Japan was already working with South Korea and India to reduce the risk of the crisis spreading to Asia, and his country would do what it could to help Europe. “Japan stands ready to support the Eurozone as much as possible,” he said.

In its regional meetings, the Forum and its constituents ventured to new places, expanding the organization’s coverage. The East Asia meeting was held in Bangkok for the first time, while the World Economic Forum on Africa took place in Addis Ababa, Ethiopia. The first World Economic Forum on the Middle East, North Africa and Eurasia was held in Istanbul. In November, the World Economic Forum on India convened in the city of Gurgaon – a financial and industrial centre in the state of Haryana, south-west of New Delhi. That same month, at the Summit on the Global Agenda in Dubai, the Forum hosted the inaugural Meeting of Leaders of Regional Organizations, a platform to strengthen global governance through cooperation among regional multilateral institutions. In Decem-



Sheryl Sandberg Chief Operating Officer Facebook and Peter Voser Chief Executive Officer Royal Dutch Shell

ber, the Forum organized a half-day country workshop in Hanoi, Vietnam, on the theme “Redefining the Competitive Advantage of Vietnam through Greater Risk Resilience”.

“Do we dare to have more ‘Europe’?”

Earlier, the Forum held a meeting on European competitiveness in Villa Madama, an Italian government site built in the Renaissance. In remarks at the end of the day, Prime Minister Mario Monti of Italy told participants that “Europe has ceased to be a machine for economic convergence. The competitiveness performances of member states are diverging. There is a competitiveness gap between the dynamic exporting economies of northern Europe and the southern economies. The debt crisis is exacerbating this gap.” The flagging competitiveness of many European economies, amid mounting deficits and the sovereign debt crisis that had been putting severe strains on EU unity, had been the focus of German Chancellor Angela Merkel’s address at the opening plenary of the Annual Meeting in Davos. “There is a clear lack of political structures and underpinnings to make this work,” Merkel acknowledged. “We are not going to become faint of heart. But we will not be able



Ngozi Okonjo-Iweala, Minister of Finance of Nigeria; Meles Zenawi, President of Ethiopia; Jacob Zuma, President of South Africa and Gordon Brown, Prime Minister of the United Kingdom

to wave a magic wand to address this. Yet at some point in time we have to do something about these weaknesses.” Concluded the German leader: “The question is: Do we dare to have more ‘Europe’? In the year 2012, yes, we do dare.”

Shortly after the Rome meeting, the Forum published a book by Klaus Schwab – *The Re-emergence of Europe*. In it, Schwab predicted a painful transition period as Europe goes through inevitable fiscal and political union. Europe would prevail, he maintained, because its core strengths of high human capital stock and strong governance will underpin sustainable economic, social and environmental change.

Cyber-resilience

At the Davos Annual Meeting, the World Economic Forum launched an initiative to improve global resilience to major cyber-risks. In publishing *Partnering for Cyber Resilience – Principles and Guidelines*, the Forum put forward a set of shared principles, endorsed by chief executives of companies who recognized the interdependence of all organizations in combating cyber-risks and their



Melinda French Gates, Co-Chair of Bill & Melinda Gates Foundation
with Young Global Leaders

role in contributing to a safer digital environment. The initiative had been developed through stakeholder dialogues across the globe, with Deloitte LLP acting as Project Advisers. The initiative aimed to provide a common framework for leaders to align individual actions for collective good. CEOs who signed the “Commitment to Cyber Resilience” bound their companies to board-level awareness and leadership, and to the development of an implementation programme that encourages suppliers and customers to adopt a similar level of awareness and commitment.

Also at Davos, the Bill & Melinda Gates Foundation renewed its pledge to the Global Fund to Fight AIDS, Tuberculosis and Malaria, announcing that it would contribute US\$ 750 million through a promissory note – a new and innovative funding mechanism. “These are tough economic times, but that is no excuse for cutting aid to the world’s poorest,” said Bill Gates, Co-Chair of the Gates Foundation. “The Global Fund is one of the most effective ways we invest our money every year.”

1 Klaus Schwab, Founder and Executive Chairman, World Economic Forum

Magic Mountain: What happens at Davos?

The New Yorker

by Nick Paumgarten

27 February 2012

Whether you think the World Economic Forum is a worthy enterprise or a bunch of baloney, its annual meeting is an extraordinary creation—a miniature society, at once fluid and defined. Forty-two years ago, a German academic named Klaus Schwab willed it into being, and now, at seventy-four, he continues to nurture it, with a kind of dogged sincerity that contradicts some of the Forum’s more cynical functions and outlandish mutations. He may well be the most connected man on the planet. Around the Congress Hall, no one walks faster than Klaus.

During the opening ceremony, Schwab, who, besides being the Forum’s chairman, is also a professor at the University of Geneva, descends the Congress Center’s grand stairway like a tax-haven monarch, pausing to take in the applause of the nobles. In the Congress Center, there is a giant video screen that spools conference quotes and international cityscapes interspersed with photos of Schwab and his wife, Hilde, and the mountains of Graubünden. A remark of unknown provenance made the rounds: “The question is, When God and Klaus Schwab are face to face, who blinks first?” This year, over the course of five days, Schwab made it to a hundred and fifty-six commitments. God blinks, and then nods off...²

2 Nick Paumgarten, Excerpt from “Magic Mountain: What happens at Davos?”, *The New Yorker*, 27 February 2012



HRH King Abdullah II of Jordan

2013 In search of Resilient Dynamism

“What we need today is a new moment in history that embraces the values, principles and aspirations of a new era – more openness and cooperation between nations, more inclusion and solidarity among peoples and stronger accountability of those responsible for the global economy.”¹

Through its dialogues and discussions at the Annual Meeting, its two other yearly global meetings and regional summits around the world and through its many initiatives and activities, the World Economic Forum has demonstrated its unique position not just as a convener of all stakeholders in the world’s future but also its role as an international institution for public-private cooperation.

While the impact of the global recession was still evident at the beginning of 2013, confidence in the world economy had clearly recovered. At the start of the Annual Meeting, the World Economic Forum released its quarterly *Economic Confidence Index*, based on a poll of 390 experts, which rose to 0.43 from 0.38 on a scale from 0 to 1 – nearly in the optimistic zone. This was due to some positive signs from the Eurozone and a sense that the worst fears for the US “fiscal cliff” debt crisis had been allayed. The improvement in confidence was most marked in North America.

Meanwhile, the *Outlook on the Global Agenda 2013*, based on the annual Survey on the Global Agenda, identified the global leadership deficit as the biggest challenge. “We need proper global governance that has the necessary tools, power and energy to create a more level playing field at the international level,” said Pascal Lamy, Director-General of the World Trade Organization (WTO) and a Member of the Global Agenda Council on Institutional Governance Systems.



Klaus Schwab and Henry Kissinger

The global crisis had shown that, as recovery was taking hold, each economy had to pursue a continuous agenda of reform to build resilience and drive growth so that it could withstand future stresses. The Annual Meeting 2013 theme, “Resilient Dynamism”, emphasized the importance of restructuring economies and companies so they grow sustainably and responsibly.

“To be resilient is to adapt to changing contexts, withstand sudden shocks and recover from them while still pursuing critical goals,” Klaus Schwab said on the eve of the Meeting. “We face a new reality of sudden shocks and prolonged global economic malaise, particularly in major economies experiencing economic austerity. Future growth in this new context requires dynamism – bold vision and even bolder action. Either attribute – resilience or dynamism – alone is insufficient, as leadership in 2013 will require both; thus, the theme of ‘Resilient Dynamism’.” The leaders addressed the theme in Davos, many candidly acknowledging deficiencies in their economies and offering some solutions. In a session on scenarios for the Russian Federation, Prime Minister Dmitry Medvedev acknowledged that his country needed to “create a competitive environment, both domestically and globally”.

In an address to participants, Italian Prime Minister Mario Monti called on policy-makers to take a long-term perspective, warning

against “short-termism” in politics. “Leadership is the opposite of short-termism,” he said, conceding that his country had “failed to take on the challenges of globalization” but instead pursued policies of the status quo and procrastination. Monti took the opportunity to react to British Prime Minister David Cameron’s pledge in a speech that same day in the UK Parliament in London to hold a referendum on Britain’s membership in the European Union. “I am confident that if there is a referendum one day, UK citizens will decide to stay in the EU and continue to shape its future,” the Italian leader predicted. “The European Union does not need unwilling Europeans. We desperately need willing Europeans.” In June 2016, the UK would hold the promised referendum, which resulted in a vote for Brexit, for Britain to exit the EU.

Cameron himself would take the Davos stage the next day, speaking about Britain’s proposals for reforming its relationship with the EU. These changes, he maintained, are as necessary for Europe as they are for the UK. “This is not about turning our backs on Europe. This is about how we make the case for a more competitive, flexible and open Europe – not just for Britain’s sake, but for everyone’s sake.”

The discussions and debates at Davos demonstrated that the international community well understood the most pressing global challenges. Yet it was clear that mobilizing nations to shape effective multilateral approaches, let alone solutions, appeared difficult, if not impossible. Despite consensus that action must be taken to address, for example, climate change, the world continued to be seriously divided on how to set a global framework for reducing carbon emissions and rein in global warming. Conclusion of the Doha Round of multilateral trade negotiations under the WTO remained elusive. And a regional challenge, the civil war in Syria, had proven to be a confounding conundrum, with the limited response allowing for tragic consequences. Since the very first gathering in 1971, the Forum’s Annual Meeting was never about participants coming up with any communiqué or written agreement outlining next steps. As Klaus Schwab put it in his welcoming remarks, the Annual Meeting and the Forum itself are “a lab of new ideas, a launching pad for initiatives and a platform for interaction and dialogue”. But the leadership deficit had clearly emerged as a serious global challenge that required bold fresh approaches. The world is becoming ungovernable, Shimon Peres, President of Israel, cautioned in remarks to participants. “Governments have

found themselves unemployed because the economy has become global while governments remain national.” Global companies were filling the role of governments, he explained. “Forty global companies have more fortune than all the governments in the world,” he pointed out, going on to say that global corporations are answering the expectations for fulfilling individuality that younger generations have. “Young people are not satisfied by the attempt to be equal,” he said. “They are satisfied by the attempt to be different.” At the end, everyone must have hope, Peres asserted. “I never lost anything by believing or by hoping. Better to create hope than to suggest hopelessness. Live as an optimist. I tried it for 90 years and it’s not bad.”

In a wide-ranging address to Annual Meeting participants, Henry Kissinger, Chairman, Kissinger Associates, USA, called on the United States and Russia to work together to solve the crisis in Syria. He advocated for “an American-Russian understanding as a first step towards defining what the objective is”, adding that “the Syrian problem would best be dealt with internationally by Russia and America not making it a contest of national interest”. The following day, in his own address to participants, H.M. King Abdullah II Ibn Al Hussein, King of the Hashemite Kingdom of Jordan, lamented the lack of international action to end the conflict in Syria: “I urge once more a stepped-up world response to the Syrian crisis,” he said, adding that “more international support is desperately needed”.

Because of its constitution as an international organization that brings together business, government and civil society in all its many forms and that is inclusive in geography and size, the World Economic Forum has proven its inestimable value to modern diplomacy. It is a non-partisan partner for all parties – a platform that is founded on the principle of stakeholder collaboration and on the Davos Spirit of collegial and candid exchange.

The media rarely pick up on this important aspect of the Forum and its mission. Yet the Davos Spirit is often evident, even if little attention is paid to it. One such time was at the 2013 World Economic Forum on East Asia in Nay Pyi Taw, the capital of Myanmar. At the meeting, in which more than 1,000 business, government and civil society leaders from 55 countries participated, the Forum hosted representatives of the full spectrum of Myanmar politics and society, including President Thein Sein and opposition leader Daw Aung San Suu Kyi.



Hilde Schwab presents Charlize Theron with a Crystal Award

“We are part of the global community,” President Thein Sein declared. “We are getting back to our rightful place.”

Also at the meeting was President Benigno Simeon Aquino III of the Philippines, whose country was emerging from decades of stormy politics and economic stress finally to become an economic force in East Asia and the world. The Philippines would host the next East Asia meeting in May 2014. Two months before the Myanmar meeting, the Forum convened the eighth World Economic Forum on Latin America in Lima, Peru. At the opening session, three Latin American presidents – President Ollanta Moises Humala Tasso of Peru, President Ricardo Martinelli of Panama and President Enrique Peña Nieto of Mexico – joined together to call for inclusive growth in the region through comprehensive reforms. The meeting concluded with a call for the region to build on its many economic successes and prepare for the future by focusing on education and social inclusion. Luis A. Moreno, President of the Inter-American Development Bank (IDB) in Washington DC, forecast that Latin America would grow at least twice as fast as the developed world for at least the next three to five years. Debt overhangs, budget deficits and macroeconomic instability no longer haunted most countries, he observed.

At the Annual Meeting of the New Champions in Dalian, the Forum welcomed new Chinese Premier Li Keqiang in his debut appearance at the Summer Davos. “We live in a global village,” Li told participants in his opening address, in which he described China’s progress in transforming its economy. “No country can live in isolation from others like Robinson Crusoe did.” The Confederation of Indian Industry (CII) and the World Economic Forum, which started their partnership in 1985, signed a new collaboration agreement. The two organizations outlined their common objective – to pursue the Forum’s mission of supporting entrepreneurship in the global public interest in India, which like China had entered a crucial stage in its economic and political development. In November, the Forum convened its first Strategic Dialogue on the Future of Ukraine, bringing together senior policy-makers from Ukraine, neighbouring countries and international organizations. This was an unprecedented opportunity for close to 200 participants from the global business community to discuss how best to unlock Ukraine’s economic potential. Within weeks, however, Ukraine would be plunged into political turmoil sparked by a heated dispute over an association agreement with the European Union. This would lead to violent protests culminating in the ouster of President Viktor Yanukovich and the overthrow of his government in February 2014. Tensions grew between the Ukraine and the Russian Federation, especially after the interim government in Kiev signed the EU association agreement and a new government under President Petro Poroshenko took office.

In Davos, the World Economic Forum released an important study on climate change and investment – *The Green Investment Report: The Ways and Means to Unlock Private Finance for Green Growth*. The report concluded that if the public sector increased its annual investment in addressing climate change by only US\$ 36 billion, up from spending at that time of US\$ 96 billion, it could mobilize up to US\$ 570 billion in private capital. This would address the US\$ 700 billion in investment that the report estimated was needed to tackle what was and arguably remains the most pressing threat to the global economy. “Greening the economy is the only way to accommodate 9 billion people by 2050,” said Thomas Kerr, Director of Climate Change Initiatives at the World Economic Forum. “There are many successful cases where governments have strategically targeted their public funds to mobilize significant sums of private investment for green infrastructure. It’s now time to scale up these proven solutions.”



Pakistani filmmaker Sharmeen Obaid-Chinoy also recipient of a Crystal Award

At the Annual Meeting, as had become traditional at the opening session, the World Economic Forum recognized distinguished cultural leaders who not only excel in their art but also use their artistry and position to improve the world. This year, Hilde Schwab, Chairperson and Co-Founder of the Schwab Foundation for Social Entrepreneurship, presented the Crystal Award 2013 to the artist Vik Muniz from the US, the documentary filmmaker Sharmeen Obaid-Chinoy of Pakistan, and South African actress Charlize Theron.

Obaid-Chinoy’s films had raised awareness about social issues such as acid attacks on women, prompting legislation to address the problem. “My mission as a filmmaker is not only to expose all the things that are happening around the world, but also to become a voice for those who cannot tell their own message,” she said, on accepting her award. Muniz, for his part, was recognized for his “use of art as an element of inclusion” and his goal “to make art a right, not a privilege”. To achieve these goals, he had taken art out of exclusive exhibition spaces, in one instance, working with Brazilian garbage pickers on a project that became the subject of an award-winning documentary film.

1 Klaus Schwab, Founder and Executive Chairman, World Economic Forum



Brazilian President Dilma Rousseff and Klaus Schwab

2014 Reshaping the World through Inclusion

"I wish to emphasize the importance that the various political and economic sectors have in promoting an inclusive approach which takes into consideration the dignity of every human person and the common good...What is needed is a renewed, profound and broadened sense of responsibility on the part of all...Without ignoring, naturally, the specific scientific and professional requirements of every context, I ask you to ensure that humanity is served by wealth and not ruled by it."¹

"Davos moment" has become a popular phrase among World Economic Forum participants. It refers to any memorable interaction that evokes the Davos Spirit of cooperation, inclusion and mutual respect – a scene or juxtaposition that could only happen at the unique global gathering that is the Annual Meeting. Many Davos moments have occurred behind the scenes, away from the view of the working media. But many Davos moments have been captured by the press and by participants, especially with the proliferation of camera-equipped smartphones.

The 2014 Annual Meeting theme "The Reshaping of the World: Consequences for Society, Politics and Business" inspired many Davos moments, two of which were particularly notable:

In the packed Congress Hall, President Hassan Rouhani of the Islamic Republic of Iran delivered a message of "friendship, engagement, cooperation and peaceful coexistence" to participants. In a different session in the same room, Cardinal Peter Turkson of Ghana read out a special message from Pope Francis, who had been in office for less than a year. The pontiff called on business and political leaders to pursue "an inclusive approach which takes into consideration the dignity of every human person and the common good".

The papal advice was timely. Prior to the meeting, the Forum's annual *Global Risks Report* identified the worsening wealth gap as the biggest risk facing the world. This was a significant indicator of the enduring impact of the global recession from which the world was still recovering.

The Forum was born to give life to Klaus Schwab's stakeholder concept of inclusion and social responsibility. Since then, it has adapted its role according to the changing needs of business and society. In his essay "Global Corporate Citizenship: Working with Governments and Civil Society", published in 2008 in *Foreign Affairs*, Schwab had described that shift:

"A new imperative for business, best described as 'global corporate citizenship', must be recognized. It expresses the conviction that companies not only must be engaged with their stakeholders but also are themselves stakeholders alongside governments and civil society. International business leaders must fully commit to sustainable development and address paramount global challenges, including climate change, the provision of public health care, energy conservation, and the management of resources, particularly water. Because these global issues increasingly impact business, not to engage with them can hurt the bottom line. Because global citizenship is in a corporation's enlightened self-interest, it is sustainable. Addressing global issues can be good both for the corporation and for society at a time of increasing globalization and diminishing state influence."²

Because business, governments, international organizations and civil society are all stakeholders in a common future, they must work together to secure it. For this reason, the World Economic Forum has focused on becoming an even more trusted partner in making these essential collaborative and inclusive efforts possible and effective.

The three Crystal Awards given out at the opening session of the 2014 Annual Meeting underscored the need for that inclusive approach to protect human dignity. Actor and humanitarian Matt Damon was recognized for his work to address the global water and sanitation crisis. "For me, ensuring that every human being has access to safe water and the dignity of a toilet – two incredibly basic and inextricably linked requirements for survival – is one of the most urgent and pressing causes in the world today," Damon explained.

Leading opera tenor Juan Diego Flórez founded an organization that runs orchestras and choirs to help vulnerable young people, while filmmaker Shirin Neshat had tackled gender, power and displacement in her masterful films. "My art has stemmed from a desire to bridge deeply personal issues with critical social, political, historical issues that concern the world that I inhabit," Neshat said. Water, vulnerable youth, displacement and gender inequality are fundamental global challenges that confront billions of people who have never heard of Davos. Yet these were the issues at the top of the 2014 Annual Meeting agenda.

Health and the environment were a particular focus. Over 25 sessions dealt with the most pressing healthcare challenges of the 21st century. In nearly the same number, the centre of attention was on climate change and related issues including extreme weather, food crises and water scarcity. At the Annual Meeting, the Forum convened an inaugural Health Summit that brought together heads of government, chief executives, academics and Nobel laureates to sharpen the awareness of health as a cross-sector challenge in societies. Participants zeroed in on mental health as a priority. Studies had revealed that mental ill health was the leading cause of absenteeism in many sectors and industries, with the cumulative cost to the global economy estimated at US\$16 trillion over 20 years. In consonance with the emphasis on health, the Forum challenged participants to make healthy choices in the food and drink they consumed and in their physical activity ("Avoid the shuttles and walk!"). Many at Davos were trying out wearable technologies and health empowerment tools, which would become highly popular in coming years.

The Annual Meeting also cast a spotlight on the work of the Forum's Members and Partners on the environment. Nobel Peace Prize laureate Al Gore rallied participants to take decisive action on climate change. The World Economic Forum announced an agreement with the United Nations Secretary-General Ban Ki-moon and the Executive Secretary of the UN Framework Convention on Climate Change (UNFCCC) Christiana Figueres to advance public-private partnership on climate change running up to the Climate Summit to be convened in New York in September.

The Forum released a report on the concept of the circular economy prepared in collaboration with the Ellen MacArthur Foundation. Over US\$1 trillion a year could be generated by 2025 for the global economy and 100,000 new jobs created within the next



2014

2014

five years if companies focused on encouraging the build-up of “circular” supply chains to increase the rate of recycling, reuse and remanufacture. This would maximize the value of materials when products approach the end of their use, the study explained.

Also at Davos, the Global Shapers community launched a year-long initiative to showcase their local projects. The 52 Weeks, 52 Cities initiative would highlight through social media the work of Shapers around the world. Among them: libraries in Manila, therapeutic farms for the disabled in Tunis, public Wi-Fi hotspots in disadvantaged neighbourhoods in Bamako, eliminating financial illiteracy in Atlanta, promoting the use of green transportation in Zurich, and popularizing science in Astana.

The World Economic Forum launched the not-for-profit Forum Academy, an online learning platform to deliver professional leadership courses. The initiative aimed at certified professional development was conceived in partnership with edX, a non-profit venture created by founding partners Harvard University and the Massachusetts Institute of Technology (MIT). “The reshaping of our world requires professionals to develop a transformational mindset and constantly update their knowledge,” Klaus Schwab observed at the launch. “However, this knowledge is becoming increasingly difficult to attain through traditional means, precisely due to the growing complexity, velocity and uncertainty in the world. The Forum Academy will contribute to the mission of the Forum by providing a global audience with strategic insights on global, industry and regional developments.”

For all the electrifying moments at the Annual Meeting, the Forum’s Partners, Members and constituents were also moving forward their initiatives and activities beyond Davos. At the World Economic Forum on Latin America in Panama City, Panama, in April, more than 600 participants explored ways to build on the success of the region in lifting more than 70 million out of poverty.

Under the theme “Forging Inclusive Growth, Creating Jobs”, the World Economic Forum on Africa was held in Abuja, Nigeria, in May, despite a difficult security situation in the country. The more than 1,000 participants focused on how to create jobs, improve infrastructure across the continent and bolster agricultural development. The participation of Premier Li Keqiang of China added to the significance of the meeting. Also participating were Nigerian President Goodluck Ebele Jonathan, President Paul Kagame of

Rwanda, and President Jakaya M. Kikwete of Tanzania.

Later in May, the World Economic Forum on East Asia took place in Manila, the Philippines, which only months before had been hit by Typhoon Haiyan, the strongest recorded storm ever to hit land. President Benigno Simeon Aquino III stressed the importance of good governance, action against corruption and structural reforms to sustain the economic success. At the same meeting, the Forum presented the Global Statesmanship Award to Indonesian President Susilo Bambang Yudhoyono, the third recipient of the prize.

Days later, the Forum held its national strategy meeting in Tokyo, Japan, with Prime Minister Shinzo Abe speaking in the closing session. In the discussions, participants shared ideas and insights with ministers and business leaders on Japan’s Abenomics reform programme. The one-day event took place in a club in the Roppongi district, an unusual venue that created a high level of intimacy and allowed business and civil society leaders from outside Japan to join the meeting through a video link. Later in June, the Forum held a “Meet the Government” event in Berlin, which included an informal discussion and dinner with German Chancellor Angela Merkel. In July, Cardinal Turkson, in his role as president of the Pontifical Council for Justice and Peace, welcomed to Vatican City business, government and civil society leaders to a special meeting on “The Global Common Good: Towards a More Inclusive Economy”, which the Forum convened to build on the Pope’s Davos message of inclusion. The Forum launched the NETmundial initiative, a coalition of diverse stakeholders from the private sector, government, academia, technical and civil society communities joining together to find ways to maximize the collaborative and creative power of the internet. In the autumn, the Forum began to implement its FORUM2020 strategy, marking the phase of its transformation from a founder-led organization into an international institution for public-private cooperation. The Forum also announced a new initiative on the future of the global financial system under the leadership of Anders Borg, Sweden finance minister from 2006 to 2014. The aim of the project was to facilitate cooperation towards a new framework for global finance.

1 Pope Francis in a message to World Economic Forum participants in Davos delivered by Cardinal Peter Turkson, President of the Pontifical Council for Justice and Peace, on 21 January 2014

2 Klaus Schwab, “Global Corporate Citizenship: Working with Governments and Civil Society”, *Foreign Affairs*, January/February 2008



Klaus Schwab and François Hollande, President of France

2015 International Institution for Public-Private Cooperation

“Through this recognition, Switzerland has shown not only its full support for the World Economic Forum’s mission but also its commitment to enhance further the role of Switzerland, and in particular Geneva, as a centre for international cooperation.”¹

On 23 January, in Davos, the World Economic Forum and the Swiss Federal Council signed a Host State Agreement that recognized the Forum’s legal status under Switzerland’s Host-State Act as an “international institution for public-private cooperation”. In a ceremony, Didier Burkhalter, Federal Councillor and Head of the Federal Department of Foreign Affairs of the Swiss Confederation, and Klaus Schwab co-signed the accord, which granted the Forum the privileges enjoyed by other international organizations, such as the International Committee of the Red Cross (ICRC) and the United Nations.

The recognition from the Swiss Government confirmed the Forum’s transition from a founder-centred not-for-profit foundation into an international institution that had met the highest standards of governance. It validated the Forum’s unique global role in fostering public-private cooperation to improve the state of the world. “Through this recognition, Switzerland has shown not only its full support for the World Economic Forum’s mission but also its commitment to enhance further the role of Switzerland, and in particular Geneva, as a centre for international cooperation,” said Schwab.

The 45th Annual Meeting theme was “The New Global Context”, which served to highlight the Forum’s new standing. A record number of participants – over 2,500 from more than 140 countries – journeyed up to Davos-Klosters to join several sessions devoted

to the political tensions and conflicts of the previous year, such as the turmoil in Ukraine. Participants looked at ways to move out of crisis and to re-create sustained economic growth with a higher degree of social inclusion. There was also general awareness that the world was at the beginning of a new technological revolution that would require an elevated level of cooperation among business, governments and civil society.

At the Annual Meeting, as the lead international institution for public-private cooperation, the World Economic Forum launched 10 multi-year initiatives, integrating top decision-makers from relevant stakeholder communities. The initiatives focused on these issues:

- **Agriculture and food security**
- **Environment and resource security**
- **The future of the internet**
- **Infrastructure and development**
- **International trade and investment**
- **Employment, skills and human capital**
- **Gender parity**
- **Public security, crime and anti-corruption**
- **The future of the global financial system**
- **Economic growth and social inclusion**

At the request of UN Secretary-General Ban Ki-moon, the Forum placed special emphasis during the Annual Meeting on the Post-2015 Development Agenda (which led to the Sustainable Development Goals, or SDGs, the successor to the Millennium Development Goals, or MDGs) and COP21 (the 21st annual session of the Conference of the Parties to the 1992 United Nations Framework Convention on Climate Change, or UNFCCC), which was held in Paris at the end of the year. The Annual Meeting 2015 offered an active platform for expanding public-private cooperation in support of the two key UN initiatives. "With these [events] we can set our life and world on course for a better future," Ban said in Davos. The Annual Meeting also featured a special gathering of trade ministers. The discussions at the Annual Meeting proved crucial. In July, the third International Conference on Financing for Development in Addis Ababa, Ethiopia, resulted in a new roadmap for supporting sustainable development. At the UN Sustainable Development Summit in New York in September, the international community adopted the 2030 Agenda for Sustainable Development, the SDG framework. And in December, 196 state parties concluded the



Didier Burkhalter of the Federal Department of Foreign Affairs of the Swiss Confederation and Klaus Schwab are captured during the signing of the Host Country Agreement, which officially recognizes the Forum as an international entity

Paris Agreement, a new global framework for addressing climate change, building on the 1997 Kyoto Protocol. On 22 April 2016, 174 countries signed the agreement in New York.

The Forum's annual Global Risks Report published prior to the Annual Meeting identified interstate conflict with regional consequences as the number one global risk in terms of likelihood, with water crises ranking highest in terms of impact. The survey results reflected events in 2014, including the armed conflict in Ukraine. In Davos, recently elected Ukrainian President Petro Poroshenko told participants that, despite the aggression it faced, his nation was resilient and unified. "Ukraine has become stronger," he declared. "Ukraine has become more democratic. And Ukraine has become more European." The presidential and legislative elections the previous year – "the most difficult in our history" because foreign troops occupied parts of the country – had been free and fair, he asserted.

In May, the World Economic Forum launched the New Economic Vision for Ukraine initiative, which brought together key leaders from government, business, academia and civil society to focus on shaping an achievable future for Ukraine. Building on scenarios set out in a Forum report, the programme aimed to improve Ukraine's



Jack Ma, Executive Chairman of the Alibaba Group

global competitiveness by strengthening domestic institutions, enhancing the investment climate, adapting to developments in the global energy and commodity markets and forging reliable and lasting relations with its trading partners.

Also in Davos, President François Hollande of France gave a forceful speech just two weeks after terrorist shootings at the office of the anti-fascist satirical magazine Charlie Hebdo and a kosher market in Paris that resulted in 20 dead and 22 injured. It was not just France but freedom itself that was attacked, Hollande stated, expressing gratitude for the exceptional international solidarity after the incidents. "It is the very foundation of our society which has found itself under assault," he added, warning that "all countries are vulnerable to terrorism".

In the now-traditional special message from the country holding the G20 presidency to outline its agenda for the year, Prime Minister Ahmet Davutoğlu of Turkey called for national ministers to set aside their parochial interests and act in the broader interests of humanity by taking an inclusive approach to global growth, trade and investment.

Meanwhile, Li Keqiang, Premier of the People's Republic of China, told participants that the Chinese economy would not have a hard

landing even as it braces for a further slowdown. Li had a meeting with members of the Forum's International Business Council (IBC), where he announced several reforms aimed at stimulating further investment in the Chinese economy and promised more to come. At the Annual Meeting, the Forum announced that it would host the secretariat of the Tropical Forest Alliance (TFA) 2020 beginning in February 2015. Underpinned by US Government support for the Consumer Goods Forum and its commitment to achieve zero-net tropical deforestation by 2020, the TFA was a global public-private partnership aimed at slowing tropical deforestation and addressing climate change.

The World Economic Forum would help TFA partners expand and implement commitments for sustainable sourcing of key agricultural commodities, including beef, paper and pulp, palm oil and soy. Production processes for these commodities are a major driver of the world's tropical deforestation. TFA partners include governments, producers, consumer goods companies, NGOs, indigenous people's groups and other stakeholders collaborating to create sustainable supply chains by 2020.

The Forum also launched the multi-year Future of the Internet initiative to strengthen trust and expand concrete cooperation on internet-related challenges and opportunities. The informal process of strategic dialogue and cooperation would complement the work of formal institutions and existing initiatives. It would do so by taking advantage of the Forum's unique inter-ministerial and cross-industry communities, as well as its interdisciplinary intellectual networks and capacity to catalyse stakeholder partnerships. The purpose of the initiative was to help develop the internet as a core engine of human progress and safeguard its globally integrated and highly diverse nature. Policy-makers had been struggling to keep pace with many related policy and governance questions, while governments had been struggling with how to address legitimate policy concerns related to the array of services and other activities available on the web. Cybersecurity was of course one such concern. In Davos, the Forum and the Government of Japan agreed to work closely together to start a stakeholder dialogue on cybersecurity and its implications for the future of the internet. This led to a meeting on the issue in Japan in November.

At the Annual Meeting, the Forum officially launched the Global Strategic Foresight Community with 32 experts who in their work

focus on identifying trends and shifts that will shape future global, regional and industry agendas.

Prior to the Annual Meeting 2015, the Forum's Global Shapers Community launched its 400th Hub in Anchorage, Alaska. In each city Hub, Shapers work together on projects to improve their communities. Fifty Global Shapers participated in the Annual Meeting. They joined 10 webcast Shaping Davos sessions connecting 40 cities around the world to discuss critical global challenges, such as "building trust in public-private partnerships", "disrupting classrooms" and "engaging youth in work". A session on conflict resolution included broadcast links from Gaza, Juba, Colombo and San Salvador, while a discussion on art as a catalyst for social change connected Rome, Kingston, Palo Alto and Monterrey.

The Forum organized a series of cultural events in Davos to highlight the importance of culture in achieving inclusion and equality across the world. The installations included "In Search of Balance", a series of digital photographic installations in collaboration with the Victoria and Albert Museum; "The Refuge", projections of intimate portraits of 10 female refugees by artist Lynette Wallworth; and "The Studio", a display of Daan Roosegaarde's "Dune", an interactive, energy-neutral landscape of LED lights that react to the motion of passing visitors. These presentations spurred discussion sessions on creative solutions for sustainability.

To promote physical activity during the Annual Meeting and access to education, UBS and the UBS Optimus Foundation pledged to donate one specially designed bicycle to a schoolchild in rural South Africa for every participant to walk an average of six kilometres. As a result of the challenge, World Bicycle Relief, a not-for-profit organization in Africa dedicated to improving access to education by reducing travel time for children, received a donation to supply 2,500 bicycles.

In March, the Schwab Foundation for Social Entrepreneurship and Harvard Kennedy School introduced the first bespoke executive education course on Social Entrepreneurship, titled "The Art and Science of System Change". Forty leading late-stage social entrepreneurs in the Schwab Foundation network concluded a week-long executive education module on creating systemic change. The Schwab Foundation and the Kennedy School's Executive Education Program and its Center for Public Leadership had developed the course with the aim of immersing participants in systems think-

ing for social change. The following month, the World Economic Forum on East Asia took place in Jakarta, Indonesia, with participants focusing on the impact of the launch of the ASEAN Economic Community (AEC) at the end of the year. In the opening session, President Joko Widodo, popularly known as Jokowi, spoke of how his country had to implement painful reforms to prevail in the challenging global environment. "We have to reinvent our economies; we have to reinvent our societies," he acknowledged.

At the 10th World Economic Forum on Latin America in Riviera Maya, Mexico, in early May, the discussions also focused on the need for restructuring to allow economies to build resilience and help them to achieve the next level of development. The theme of the meeting was "Advancing through a Renovation Agenda". "Reforms are the foundation for building a better country," said Enrique Peña Nieto, the President of Mexico, in his welcoming remarks. "They are a platform for beginning a new stage of development."

Highlighting the re-establishment of diplomatic relations between the United States and Cuba after a half-century, senior Cuban officials joined the meeting in Mexico. They told participants that Havana was eager to receive foreign investment and had taken measures to make Cuba an attractive investment destination. Lina Pedraza Rodríguez, Minister of Finance and Prices, said the country urgently needed to modernize its economy to protect the achievements of the Cuban Revolution. This required foreign investment, including from the United States, she noted.

Later that month, the World Economic Forum on the Middle East and North Africa (MENA) returned to the Dead Sea in Jordan, with H.M. King Abdullah II Ibn Al Hussein of the Hashemite Kingdom of Jordan also taking up the reform theme in his opening plenary speech. "It is time for a new push, engaging all sectors, to create inclusive growth," he said. "Our goal is to relaunch growth and investment while deepening reform and inclusion." His government was introducing measures to support start-ups, business expansion and the development of market-ready skills, with new public-private partnerships to promote industry, innovation and entrepreneurship in the private sector, the most important source of job growth.

Recognizing that longer-term reform by the public sector must go hand in hand with the active participation of the private sector,

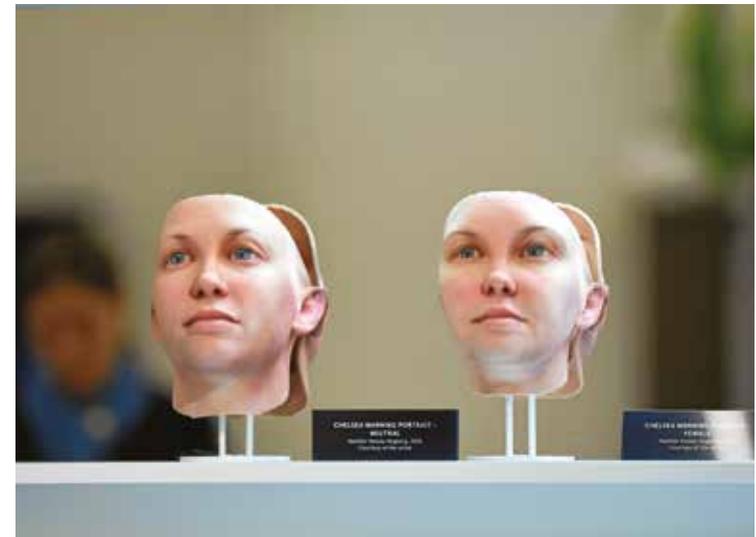
the World Economic Forum's Regional Business Council (RBC) for the MENA region launched the next phase of its New Vision for Arab Employment initiative. This entailed investment in continuous learning, training and job-readiness programmes for youth, as well as collaboration among businesses, educational institutions, civil society and governments, to help education systems keep up with the needs of the labour market. The RBC's goal was to train 100,000 young people across the region by 2017.

At the eighth Summit on the Global Agenda in Abu Dhabi, United Arab Emirates, in October, the nearly 1,000 leading experts from academia, government, business, civil society and the media gathered for discussions in over 80 Global Agenda Councils, each with its own distinct mandate. A key focus was the advent of the Fourth Industrial Revolution – the rapid proliferation of technologies that will have broad and deep impact on all aspects of life – which was raising profound questions about the future, including major ethical challenges. Technology thought leaders warned of the impending challenges posed by innovations in artificial intelligence, biotechnology, nanotechnology, robotics and 3D printing, among others. The theme of the 2016 Annual Meeting in Davos would be “Mastering the Fourth Industrial Revolution”.

The Forum's busy year ended with a focus on trade. In December, the World Economic Forum, the Center for International Private Enterprise and the International Chamber of Commerce along with the Governments of Canada, Germany, the United Kingdom and the United States launched a major new partnership to support the effective implementation of the World Trade Organization's (WTO) landmark Trade Facilitation Agreement (TFA) – which could reduce trade costs by an average of 14.3% and create up to 20 million jobs, mostly in developing countries.

The Global Alliance for Trade Facilitation was created to provide a platform to bring together business expertise and resources to support the implementation of customs and border reforms. While WTO members recognized that private-sector engagement would be critical for the successful implementation of the TFA, the Global Alliance was the first initiative to establish a network for involving the business sector in the process of promoting and enacting reforms under the agreement.

1 Klaus Schwab, Founder and Executive Chairman, World Economic Forum



The future comes to Davos

WORLD ECONOMIC FORUM

2016 The Fourth Industrial Revolution

Technology and its implications had been on the World Economic Forum agenda from the organization's very first meeting. The Forum itself has always been at the forefront of adopting cutting-edge technology to advance its work, bring stakeholders and experts together and allow them to interact not just at meetings but anytime from anywhere. As an engineer, Klaus Schwab had an abiding interest in emerging technologies – from the latest interactive platforms to the newest medical breakthroughs – and in highlighting them at Forum events, notably the Annual Meeting of New Champions, and through the yearly roster of Technology Pioneers.

Through his consultations with leaders in science, technology, business and other fields, Schwab had become fascinated by what the convergence and interaction of various new technologies and concepts, such as artificial intelligence, the internet of things, big data, nanotechnology and robotics, would mean for the world. Over the last three months of 2015, with the support of the Forum's network of experts and staff, he wrote the book *The Fourth Industrial Revolution*, which was published in time for the Annual Meeting 2016.

The title referred to how new technologies were changing every aspect of how people live, work and interact with each other. The book, which was eventually translated into over 30 languages, proved to be a seminal work that popularized the term "Fourth Industrial Revolution" and stirred global discussion and debate about the impact of the "4th IR" on humanity, which has continued since. The theme of the Annual Meeting 2016 was "Mastering the Fourth Industrial Revolution". Other pressing issues, such as the global economy and climate change, were on the agenda – identified a failure of climate change mitigation and adaptation was identified as the risk with the greatest potential impact, the first time since the annual survey was launched in 2006 that an environmental threat had topped the ranking. (Weapons of mass destruction was listed



Bono and Klaus Schwab celebrate 10 years of project (RED)

second, followed by water crises, large-scale involuntary migration and severe energy price shocks – with involuntary migration reckoned to be the risk most likely to happen.)

Yet Forum Members and participants agreed that it was crucial to focus on the disruptions caused by rapid technological change. Regional meetings in Kigali, Rwanda; Medellín, Colombia; Kuala Lumpur, Malaysia; and New Delhi, India all had a strong focus on the Fourth Industrial Revolution.

“The Fourth Industrial Revolution refers to the fusion of technologies across the physical, digital and biological worlds, which is creating entirely new capabilities and dramatic impacts on political, social and economic systems,” Schwab explained at the meeting’s outset. “The speed, scale and systemic nature of this transformation have the potential to disrupt all sectors and call into question the essence of human nature and identity. The purpose of our meeting this year is to build a shared understanding of this change, which is essential if we are to shape our collective future in a way that reflects ultimately that the human being should be at the centre.”

The significance of the 4th IR was brought home at the very start of the meeting, in a special session that focused on the US government’s initiative to cure cancer. Dubbed the “cancer moonshot”, the all-out campaign, which US President Barack Obama had launched in his State of the Union address the week before, was to be spearheaded by Vice-President Joe Biden, who convened the panel of eminent scientists, doctors and technologists in Davos to discuss priorities. “Our goal is to make a decade worth of advances in five years,” Biden told participants. “We are not looking for incremental changes; we are looking for quantum leaps.”

The fight against cancer, the vice-president remarked, was “at an inflection point. Research and therapies are on the cusp of incredible breakthroughs”. It would be vital to tap and share widely the “treasure trove” of data and information on cancer cases, research and treatments across a whole range of disciplines to achieve progress, he added. “We need dynamic big-data collection and to deploy this as well as we can,” said 2009 Nobel Medicine Prize laureate Elizabeth Blackburn, the new President of the Salk Institute at the University of California, San Francisco. “As cancer is evolving, we have to promote ways of sharing data among scientists.”

The Future of Jobs, a landmark report released in Davos, under-



Envisioning the Fourth Industrial Revolution

scored the importance of harnessing the various technologies from artificial intelligence to biotechnology that are causing widespread disruption not only to business models but also to labour markets, requiring new skill sets for workers to thrive. In terms of overall impact, the report indicates that the nature of change over the next five years is such that as many as 7.1 million jobs could be lost through redundancy, automation or disintermediation, with the greatest losses in white-collar office and administrative roles. This loss is predicted to be partially offset by the creation of 2.1 million new jobs, mainly in more specialized “job families”, such as computer and mathematical or architecture and engineering. In a Davos panel on the transformations driven by the Fourth Industrial Revolution, government, business and technology leaders stressed the importance of enhancing dividends and bridging divides. “Think about the changes in the world happening in terms of hope or fear,” Sheryl Sandberg, Chief Operating Officer and Member of the Board of Facebook in the US, advised. “The question that Davos is trying to answer this year is how hopeful or how fearful the world should be. The challenge needs to be to have the triumph of hope over fear.”

Technology can be a great equalizer, Paul Kagame, President of Rwanda, observed. Even though much of Africa is only starting to reap the benefits of the computer revolution, it is important for the continent to put one foot ahead in this new technological age.



Paul Kagame President of the Republic of Rwanda

"Technology has a huge multiplier effect on finding solutions to many problems by having even the poorest people have access to the technologies that can improve their lives," he said. But there will be winners and losers in the Fourth Industrial Revolution, Kagame warned. "Our job is to make sure that we narrow the gap and that there are fewer losers and more winners."

As the 4th IR gains pace, inclusion is a major concern, argued Meeting Co-Chair Satya Nadella, Chief Executive Officer of Microsoft Corporation, USA. "Is there a digital dividend or a digital divide? That is the right debate to have. The emphasis should be on skills. Rather than worry about jobs being lost, we as a society will have to spend the money to educate people so they can find new jobs." The key: improve productivity to drive growth. "The question is how the dividend is going to get spread," Nadella asked. "Is it going to spread out geographically, to all sectors of the economy, to help people of different economic strata?"

In his special message to participants, read by Cardinal Peter Turkson, President of the Pontifical Council for Justice and Peace, Pope Francis urged leaders "not to forget the poor" and to see the creation of jobs as an essential part of business leaders' service to the common good. "The present moment offers the world a precious opportunity to guide and govern the transformations associated with the Fourth Industrial Revolution in a way that builds

inclusive societies. However, it brings diminished opportunities for employment that also brings with it a responsibility among leaders to create jobs, tackle inequality and help solve society's complex crisis," the pontiff said. "Clearly there is a need to create new models of doing business that, while promoting the development of advanced technologies, are also capable of using them to create dignified work for all."

In a keynote address, US Vice-President Biden took up the same theme in the context of the potential for the Fourth Industrial Revolution to pull down the middle class. "The middle class is about possibilities – the possibilities for anyone willing to work hard to achieve a decent life," he said. "When the middle class does well, the wealthy do very well and the poor have a ladder up...The [Fourth Industrial] Revolution has the potential to further hollow out the middle class. It is our responsibility to bend these changes to the benefit of society – to make sure that the digital revolution creates more winners than losers." Speaking at the Annual Meeting just months after taking office, Canadian Prime Minister Justin Trudeau cautioned against being dazzled by new technology. "It needs to serve the cause of human progress," he said. "The Fourth Industrial Revolution will not be successful unless it creates opportunities for the billions who are unable to be here today."

In September, the World Economic Forum announced that it would launch the Network of Global Future Councils to provide insight and vision to tackle some of the world's most critical global, regional and industry challenges and help prepare governments, businesses and communities for the arrival of the Fourth Industrial Revolution. Successor to the Global Agenda Councils, the refreshed network consisted of 35 distinct panels, each comprising 25 members representing acknowledged leaders from across academia, government, business and civil society. With a two-year mandate, the role of the councils is to contribute analysis and generate ideas in support of the Forum's efforts to deepen understanding of the drivers and enablers that are *shaping the Fourth Industrial Revolution*.

A month later, the Forum launched the Centre for the Fourth Industrial Revolution in San Francisco to serve as a platform for interaction, insight and impact on the scientific and technological changes that are altering the way we live, work and relate to one another. When the Center opened its doors in March 2017, it was

the first permanent, globally active office of an international organization in the Bay Area.

“Given the accelerating change brought on by innovation, continuous public-private cooperation on a global level is needed more than ever,” Klaus Schwab said ahead of the opening in San Francisco. “This is the purpose of our Centre for the Fourth Industrial Revolution in San Francisco, which will serve as a global platform for dialogue and collaborative action on the most important questions related to the impact of emerging technologies.” Four other Centres for the Fourth Industrial Revolution would eventually be established – in China, Japan, India and Dubai – creating a network of hubs for developing solutions to 4th IR challenges.

At the Annual Meeting, the stresses pulling at European unity were a major focus. Senior leaders from France, Germany, Greece and the Netherlands reiterated their countries’ commitment to the European Union and pledged to do everything to reach a compromise with the United Kingdom that would keep it as a full member. “What we need is more of Europe, rather than less of Europe,” Manuel Valls, Prime Minister of France, told participants.

British Prime Minister David Cameron reiterated his determination to secure the future of the United Kingdom in a reformed European Union, calling a possible deal “the best outcome for Britain and the best outcome for Europe”. He said that he wanted “to hardwire competitiveness into the EU” by cutting bureaucracy, completing the single market in digital services and energy, and signing trade deals with the fastest-growing parts of the world. Within a month of his appearance in Davos, Cameron would set 23 June as the date for the UK’s referendum on EU membership, which resulted in a 52 percent-to-48-percent vote to leave.

Mounting political and social tensions in Europe over the refugee and migrant crisis was also a priority issue at the Annual Meeting. At that time, a record 60 million people around the world were estimated to have been forced to flee their homes by war, violence and persecution, some 85% of them hosted by developing countries that require help from the international community. The United Nations Refugee Agency said that just under 20 million people had found new lives in other countries as refugees. More than 1 million had reached Europe by the end of 2015. German Chancellor Angela Merkel cancelled her planned visit to Davos to attend to



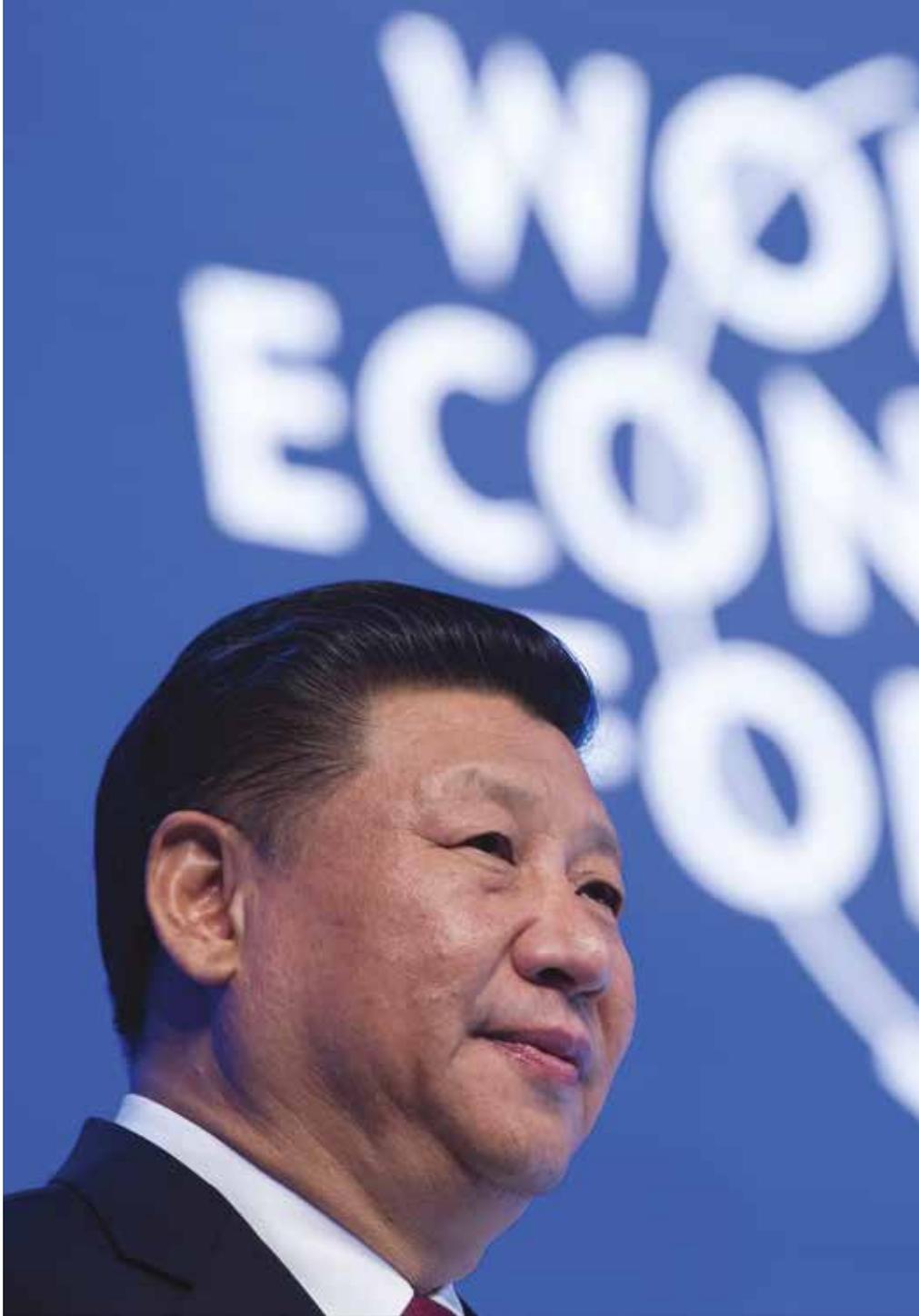
Leonardo DiCaprio, Yao Chen, Olafur Eliasson, Hilde & Klaus Schwab and William Adams

the growing problem. President Joachim Gauck participated in the Annual Meeting in her stead.

In Davos, the Secretary-General of the United Nations Ban Ki-moon and the President of the World Bank Jim Yong Kim jointly announced their intention to form a panel to mobilize urgent action on the Sustainable Development Goal (SDG) for water, sanitation and related targets. Co-chaired by the presidents of Mauritius and Mexico, the group would include government leaders from developed and developing countries.

In June, at a ceremony in Gütersloh, Germany, Klaus Schwab, received the prestigious Reinhard Mohn Prize for Responsible Entrepreneurship from Liz Mohn, Vice-Chairwoman of the Bertelsmann Foundation Executive Board.

In October, the World Economic Forum recognized Sarik Tara, Founder and Honorary Chairman, Enka Construction and Industry, one of Turkey’s largest construction companies, with the first Business Statesman Award to honour the achievements of business leaders and statesmen who have shown commitment to improving the state of the world. Tara’s foundation provides world-class education and supports sports programmes for young people.



Xi Jinping, President of the People's Republic of China

2017 Responsive and Responsible Leadership

When participants arrived in Davos for the 47th Annual Meeting of the World Economic Forum, there was a sense that the world was entering a new era, though it was yet unclear what its defining characteristics would be. The election of Donald Trump as president of the United States two months earlier was a matter of concern for every country in the world, with questions on what it would mean for the global order and for each nation's relations with Washington.

Trump took office on 20 January 2017, the closing day of the Annual Meeting. In his inaugural address, he put forth his "America First" agenda: "The wealth of our middle class has been ripped from their homes and then redistributed across the entire world. But that is the past. And now we are looking only to the future. We assembled here today are issuing a new decree to be heard in every city, in every foreign capital, and in every hall of power. From this day forward, a new vision will govern our land. From this moment on, it's going to be America First."

President Trump would bring his worldview to the Annual Meeting in 2018 but, this year, it was China's President Xi Jinping who captured headlines at Davos with his address at the opening plenary session three days before the Trump inauguration. The Chinese leader delivered a robust defence of globalization, stressing China's commitment to fulfilling its international responsibilities to contribute to addressing pressing global challenges, including climate change, and the need for new drivers of economic growth and job creation in the face of the disruptions caused by Fourth Industrial Revolution technologies.

"Many of the problems troubling the world are not caused by economic globalization," Xi argued, citing the global refugee crisis as an example. "There is no point in blaming economic globalization for the world's problems, as that is not the case and it will not help with solving the problems." But he warned: "We should recognize

that economic globalization is a double-edged sword. The pitfalls of economic globalization have been laid bare and we need to take these seriously.” Despite all the difficulties that economic globalization had caused, there was no reason to write it off. China, Xi remarked, had doubted the wisdom of joining the World Trade Organization (WTO), but did so anyway. It was the right strategic choice, he concluded. “If one is always afraid of the bracing storm, one will get drowned in the ocean sooner or later.”

Xi was not the only global leader to affirm the benefits of globalization or the positive contributions to global peace and security of regional and multilateral cooperation. Two days before stepping down from office, US Vice-President Joseph R. Biden called on the United States and Europe to confirm the transatlantic alliance and continue to work together to defend the liberal international order that had brought stability to Europe since the end of World War II. “There will be a new president in the US, but the challenges and choices we make as an international community do not hinge exclusively on Washington’s leadership. Whether we reinforce the ties that bind us, or they unravel, these choices will be made by every single nation.”

In her special address to Davos participants, British Prime Minister Theresa May asserted that, despite the United Kingdom’s decision by referendum to leave the European Union, her country remained committed to free markets, free trade and globalization. “Forces that underpin the rules-based international system that is key to global security are somehow at risk of being undermined. The sense among the public is that mainstream political leaders have failed to hear their concerns for too long.” Brexit was the outcome of this failure, May conceded. The British “chose to build a truly global Britain”, she proposed. “We have to take the people with us... Talk of greater globalization can make people fearful. We must not forget that our first responsibility as governments is to serve the people. We need to do more to respond to the concerns of people who feel that the modern world has left them behind.”

Yet “we may be at a point where globalization is ending”, warned Ray Dalio, Founder, Co-Chairman and Co-Chief Investment Officer of Bridgewater Associates, an investment management firm he founded in 1975. Inequality and a sense among the middle class that governing elites do not represent them have led to growing popular discontent and political movements aimed at tapping that resentment. “Populism scares me,” Dalio declared in a plenary session. Calling the problem “the number-one issue for market

participants”, he said the world should not turn its back on globalization and technological change. But “can the middle be cohesive enough so that the extremes won’t be in control?”

Participants continued to engage in deep discussions about the challenge posed by the Fourth Industrial Revolution and the disruptions to life and work caused by all the emerging technologies. The accelerating pace of change threatens to create wider income and opportunity gaps. “We are at a point where it is possible that technological development can accelerate and increase digital refugees,” cautioned Marc Benioff, Chairman and Chief Executive Officer of Salesforce in the US, in a session on preparing for this future. Added Vishal Sikka, Chief Executive Officer of Infosys in the US: “We have to put in an extra effort so that we don’t create a bigger society of have-nots. That means a deep commitment to education and to addressing the displacements.” What is required is responsible and responsive leadership, business, government and civil society the leaders in Davos agreed. “We now have an opportune moment to put in place policies that will help,” Christine Lagarde, Managing Director of the International Monetary Fund, said. Each country will have to set out its action plan to prepare for the wrenching transformations of the Fourth Industrial Revolution. Viet Nam committed to doing so under an agreement its government concluded with the World Economic Forum to continue collaborating on ongoing initiatives in areas such as food security, trade, infrastructure and the future of manufacturing and to expand cooperation even further. “As Viet Nam is embarking on a new development stage, we must look to the future and understand the opportunities and challenges that lie ahead,” Nguyen Xuan Phuc, Prime Minister of Viet Nam, explained. “We strongly hope that our great cooperation with the World Economic Forum will contribute to ‘future-proofing’ our economy and ensuring that our citizens continue to benefit from our development journey.”

Prime Minister Phuc and his Cambodian counterpart Samdech Techo Hun Sen were among the ASEAN business, government and civil society leaders who set a record for South-East Asian participation at the Annual Meeting. This was fitting since 2017 marked the 50th anniversary of the founding of ASEAN. In May, Cambodia would host the World Economic Forum on ASEAN for the first time in the capital Phnom Penh. The Forum presented an exceptional Global Statesman Award to Juan Manuel Santos, President of Colombia and the 2016 winner of the Nobel Peace Prize, to recognize his leadership and contribution to peace. The Colombian Government

and rebel forces had signed a peace agreement in November 2018 after four years of negotiations to end the 52-year civil conflict. António Guterres made his first appearance, who had been Prime Minister of Portugal from 1995 to 2002, in his new role as Secretary-General of the United Nations. He told participants that his priority at the UN would be to reform the organization's peace and security architecture, recalibrating its focus towards prevention – and not just resolution – of conflict. Pointing out that peace-keeping accounts for over 70% of the UN's budget, he observed that "today most of our operations take place in countries where there is no peace to keep. Peace-keepers become, inevitably, parties to the conflict." He concluded: "The best prevention is sustainable and inclusive development."

The Davos meeting appropriately ended with a closing session that included remarks by American statesman Henry A. Kissinger, who served as US Secretary of State from 1973 to 1977. He had words of advice for the incoming US leader. "President Trump will have to find a definition of the American role that answers the concern in many parts of the world that America is giving up its indispensable leadership role and define what and where America can lead, where it must contribute and, in that process, help in the creation of an international order."

Trump would have to reshape ties with China and Russia and recast the transatlantic alliance, he counselled. In his speech to open the Annual Meeting, Chinese President Xi Jinping had "laid out a concept for globalization and its challenges", Kissinger noted. "It was an assertion by China of its participation in the construction of a new international order. One of the key problems of our period is that the international order with which we are familiar is disintegrating and new elements from Asia and the developing world are entering."

In March, the World Economic Forum opened the Centre for the Fourth Industrial Revolution in San Francisco. The city's mayor, Ed Lee, and Governor Jay R. Inslee of the US state of Washington spoke at the ceremony. The Centre was established to bring together start-ups, venture capitalists, the world's leading companies, experts, academics, NGOs and governments to discuss how science and technology policies can benefit all of society. Among the more than 120 participants at the opening were the CEOs of major technology companies, as well as the presidents of five top global research universities.

In April, the World Economic Forum on Latin America took place in Buenos Aires, Argentina, under the theme "Fostering Development and Entrepreneurship in the Fourth Industrial Revolution". The World Economic Forum on Africa was held in Durban, South Africa, in May. During the meeting, the Forum and the Government of South Africa announced the launch of the South Africa Internet for All project, which aimed to bring millions of South Africans, including those in rural areas, onto the internet for the first time through new models of public-private collaboration.

The Forum's ASEAN meeting opened under the theme "Youth, Technology and Growth: Securing ASEAN's Digital and Demographic Dividends". Later the same month, the World Economic Forum on the Middle East and North Africa convened at the Dead Sea in Jordan. At the meeting, the Forum and the International Finance Corporation, the private-sector arm of the World Bank Group, brought together 100 start-ups from the Arab world that were shaping the Fourth Industrial Revolution. The technology focus at these regional meetings set the stage for the 11th Annual Meeting of the New Champions, which brought to Dalian, China, over 2,000 participants from more than 80 countries under the theme "Achieving Inclusive Growth in the Fourth Industrial Revolution". In his opening address, Li Keqiang, Premier of the People's Republic of China, acknowledged the widespread impact of the Fourth Industrial Revolution across all economies, sectors and business models, stressing the importance of pursuing strategies for inclusive growth to ensure that the negative effects of technological disruptions would be limited.

"The world is making continued progress against the backdrop of this new economic globalization," Premier Li told participants. "Never before have we human beings been presented with such opportunities for development. Yet the global economy is not yet strong. But if we are committed, we will prevail." Warned Li: "If inadequate measures are taken, this can create the problem of a lack of inclusive growth and the challenge of achieving fairness. The lack of inclusive growth will lead to idle workforces and resources." Li was positive about the Fourth Industrial Revolution. He noted that small farmers are now able to connect to markets in big cities. China's concept of mass entrepreneurship has led to 14,000 newly registered daily. "We have fostered an open platform for mass entrepreneurship," Li explained. "This has not only created an unimaginable number of tailor-made new jobs, but it has also given people the opportunity to change their lives."



Børge Brende, President of the World Economic Forum

Concurrent with the United Nations General Assembly Leaders Week, the World Economic Forum convened the inaugural Sustainable Development Impact Summit in New York with the aim of scaling up solutions and accelerating the deployment of technological innovations in support of the Sustainable Development Goals (SDGs) and the Paris Agreement to combat climate change. At the opening session, government and business leaders agreed that public-private cooperation should be stepped up to speed up action to achieve the SDGs by 2030. “There is no time to waste on this journey,” Stefan Löfven, Prime Minister of Sweden, told participants. “Goals matter. If we are to succeed, we also need business, academia, civil society and trade unions. There will be no progress without public-private cooperation. This is a business case. This will boost our innovation capacity. Innovations are crucial for the transition to a new sustainable society.” Warned Miroslav Lajčák, the Foreign Minister of Slovakia, who was serving as president of the 72nd United Nations General Assembly: “If we don’t make partnerships part of our work for every goal, we won’t achieve any of them. The world is more interconnected, and partnerships are growing in response. But we are still far from seeing the partnerships needed to implement the 2030 goals.” “If we don’t engage in partnership, we will not make headway,” agreed Ameenah Gurib-Fakim, President of the Republic of Mau-

ritius. She stressed the need to bring together strong institutions and robust scientific research and data, bolster accountability and promote inclusion, particularly through the greater involvement of women, to make better policy decisions. “Water and food security will all be affected by climate change. This is why we have to go for public-private partnerships.”

In remarks referring to the climate change challenge and the Paris Agreement to address it, Al Gore, the Vice-President of the United States from 1993 to 2001 and a Forum trustee, observed that “these partnerships are the real keys to putting in place the solutions that we need. We have the tools. We have the ability. We are winning this, but we have to win it more quickly and we will do so with the private-public cooperation that the World Economic Forum is facilitating.”

To engage the global public on the key geostrategic challenges facing the multipolar world, in October, the Forum launched its Global Platform for Geostrategic Collaboration. It featured research and analysis from the Atlantic Council of the United States, the International Crisis Group, RAND Corporation, the Stockholm International Peace Research Institute and the Woodrow Wilson International Center for Scholars, along with other anchor think-tank partners from China, India, Japan, the Republic of Korea and Russia. Many other organizations and policy institutes from around the world have since joined the network. The strategic intelligence platform aggregates and analyses content on a wide range of global issues building on the input from experts and institutions from across the Forum’s ecosystem. At the heart of the platform are the Forum’s Transformation Maps which have become useful tools for policy-makers and strategists seeking to understand the interconnections among issues and the drivers of change from climate change to cybercrime. By 2020, over 250,000 people were using the maps, which became publicly accessible in November 2017.

The year ended with the 33rd India Economic Summit in New Delhi in October – under the theme “Creating Narratives on Global Challenges” – and the Annual Meeting of the Global Future Councils in Dubai in mid-November. The Global Future Councils generated ideas and solutions for responsible and responsive leadership that then fed into the global, regional and industry agendas for the Forum’s Annual Meeting.

The Forum launched two more partnerships. On 28 November, the Tropical Forest Alliance 2020, an initiative hosted by the Forum,

Turning Information into Insight: Strategic Intelligence and Transformation Mapping

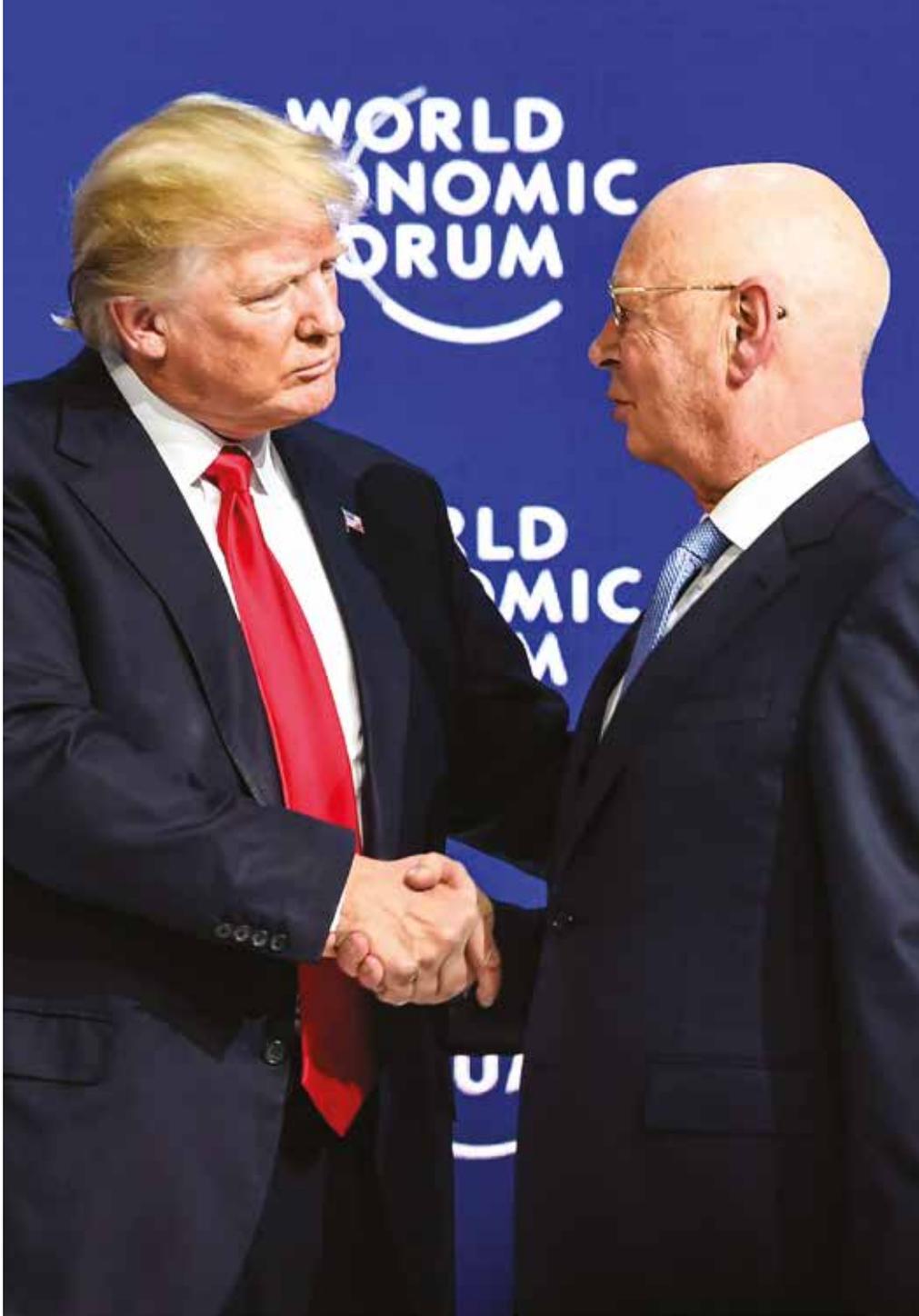
The World Economic Forum's innovative Strategic Intelligence platform collates information and ideas gathered through all its activities – from events to its blog – and, with the help of artificial intelligence, turns that data into insight into the complex forces driving transformational change across economies, industries and global issues. These unique tools help government, business and civil society leaders make sense of the fluid interconnections among global issues so that they can make more informed and effective decisions.

Strategic Intelligence has evolved into a dynamic data-driven set of knowledge tools used by organizations across the world, as well as a growing number of the general public. At the core of the platform are the Transformation Maps, interactive visualizations of the links and correlations among the accumulated expert- and machine-analysed knowledge and insight into over 120 topics. The Forum co-curates the Transformation Maps with experts from universities, think tanks, international organizations, or other research institutions. Each map is constantly refreshed, as the latest research and analysis feed into the Strategic Intelligence platform from leading research institutions and specialized media outlets around the world.

The Transformation Maps offer not just valuable insight into how the complex world works but also a handy means to devise the most effective strategies for addressing specific challenges. For example, they assist policy thinkers and policy makers in figuring out the suite of measures that need to be implemented and how to sequence them and to discern any unanticipated consequences of particular solutions. Collective intelligence for effective action.

joined forces with the Government of Colombia to create a stakeholder platform to protect over 60 million hectares of Amazon rainforest within the country's borders. The TFA 2020 Colombia Alliance aimed to have zero net deforestation in the Amazon by 2020. On 11 December, the World Trade Organization, the Electronic World Trade Platform (eWTP) and the Forum established the Enabling E-commerce initiative to drive public-private dialogue on e-commerce. The launch took place in Buenos Aires on the margins of the WTO's 11th Ministerial Conference. The Enabling E-commerce initiative would provide the opportunity for stakeholders to develop a clearer understanding of how to enable micro, small and medium-sized enterprise (MSME) e-commerce around the globe. It would also encourage research and knowledge sharing on the practical challenges faced by MSMEs and serve as a bridge between global e-commerce practice and policy.

On 15 September, Klaus Schwab announced that the Board of Trustees of the World Economic Forum had nominated Børge Brende, the Foreign Minister of Norway, to the new role of President of the Forum. In this position, Brende would chair the managing board, which has collective responsibility for the execution of the Forum's strategies and activities. As Executive Chairman, Schwab would remain responsible for the overall strategic development of the organization. "The World Economic Forum has entered a new phase, reflecting the increased need for collaborative efforts of governments, business and civil society to address the manifold challenges we face," Schwab said. "Børge Brende has the leadership and political experience to ensure our increased relevance for international cooperation. He has served Norway with distinction, and during his previous service as a managing board member, he also contributed to the mission-oriented spirit of the World Economic Forum." Added Peter Brabeck-Letmathe, Vice-Chairman of the Board of Trustees: "The Board welcomes the separation of the functions of executive chairman and president, foreseen last year in the revision of the statutes and regulations of the World Economic Forum when it became the International Organization for Public-Private Cooperation. I am confident that with the vision of Klaus Schwab, the leadership quality of Børge Brende and the top-level experience of the managing board members, we have the best team in place to continue and to enhance the successful development of the World Economic Forum, particularly now when cooperation is needed more than ever to shape our future."



President Donald J. Trump with Klaus Schwab

2018 Shared Future in a Fractured World

Donald J. Trump became only the second sitting US president (after Bill Clinton in 2000) to participate in a World Economic Forum Annual Meeting. That he had won election in 2016 by campaigning on an “America First” agenda critical of globalism heightened the excitement among participants that any leader of a major global power would naturally generate.

In his address, President Trump took credit for the US economy’s strong economic growth in the first year of his administration, noting that the stock markets were setting records, consumer and manufacturing confidence were soaring, and job creation was robust. Unemployment among African Americans, Hispanic Americans, and women were at all-time lows, he observed. “I am here to deliver a simple message,” the president said. “There has never been a better time to hire, to build, to invest and to grow in the United States. America is open for business and we are competitive once again.”

Just four days before Trump’s appearance, his administration had announced tariffs on solar panels and washing machines, two products among China’s exports to the US. This measure would turn out to be the first move in a major trade dispute between the US and China that would unfold over the coming months and lead to questions about the possible decoupling of the two markets and even about a reversal of globalization.

At the Annual Meeting, the president reiterated his promise to “always put America first – just like the leaders of other countries should put their country first also”. But, he insisted, “America first does not mean America alone. We support free trade, but it needs to be fair and it needs to be reciprocal because, in the end, unfair trade undermines us all. The United States will no longer turn a blind eye to unfair economic practices, including massive intellectual property theft, industrial subsidies and pervasive state-led planning.”



French President Emmanuel Macron

Earlier, in the opening plenary, Indian Prime Minister Narendra Modi offered his country as a model for addressing the most pressing global challenges, including climate change, terrorism and isolationism and inward-looking attitudes among nations. He emphasized the Indian tradition of harmony with the natural world based on consumption and need, not greed. India was aggressively developing renewable energy sources, he reported.

“Many societies and countries are becoming more and more focused on themselves,” he lamented, comparing this troubling trend with the existential challenges of climate change and terrorism. “We will have to accept that globalization is slowly losing its lustre,” he acknowledged, but blamed this in part on the inadequacies of transnational institutions. “These global organizations created after World War II – do they even reflect the aspirations and dreams of mankind and the reality of today?” he asked.

Modi warned that the gap between the capacity of global governance and the needs of developing countries was now too large and unsustainable. “The solution to this worrisome situation is not isolation,” he asserted. “The solution is accepting and understanding change and formulating policies in line with the changing

times.” What is needed is a new kind of globalism that does not seek to sweep away national and cultural differences, he argued. “The father of India, the respected Mahatma Gandhi, said: ‘I do not want the walls and the windows of my house to be closed from all directions but that the winds of all countries come in with aplomb. Yet I will not accept my feet being uprooted by these winds.’ The India of today has accepted this view.”

The theme of the 48th Annual Meeting was “Creating a Shared Future in a Fractured World”. Participants focused on finding ways to reaffirm international cooperation to pursue crucial shared interests, such as international security, the protection of the environment, progress in achieving the Sustainable Development Goals (SDGs), and maintaining stable growth and balance in the global economy.

That the US-China trade fight was just beginning highlighted the increasing geostrategic competition and divisions between states and within economies. The rise of politically disruptive populist movements in many countries underscored how longstanding social contracts were coming under pressure or had broken down, with stress and emotions surging due to rapid changes brought on by Fourth Industrial Revolution technologies and the proliferation of often contentious and divisive debate playing out on social media. The fractures emerging in the world were making people forget that they have a shared future. *The Global Risks Report 2018* revealed how the world is struggling to keep up with the accelerating pace of change. Humanity is pushing micro and macro systems to the brink – from biodiversity loss reaching extinction-level rates to mounting conflicts erupting in security hotspots around the world. In the report’s annual Global Risks Perception Survey, of the nearly 1,000 experts surveyed, 93% expected political or economic confrontations between major powers to worsen. The challenge for participants was to identify the opportunities for addressing the weaknesses in global and regional systems and governance.

In this regard, advances in technology are clearly both an opportunity and a source of concern. At the Annual Meeting, the World Economic Forum released *Shaping the Fourth Industrial Revolution* co-authored by Klaus Schwab and Nicholas Davis, the Forum’s Head of Society And Innovation, a sequel to Schwab’s 2016 best-selling book that brought to global attention the power of converging new technologies from artificial intelligence to quantum

computing to disrupt – in both positive and negative ways – how people live and work. Work on the new book led to the creation of the Forum’s Centre for the Fourth Industrial Revolution in San Francisco, which would soon be supported by a network of affiliated centres around the world, all aimed at developing an agile governance cooperation platform for business and government. The second volume aimed to help leaders develop techniques necessary to harness technological advances to solve critical global challenges. It offered a practical guide to understanding 12 sets of emerging technologies from a systems perspective and how to better appreciate the rules, norms, institutions and values that are shaping their development and use.

Adopting “systems leadership” is necessary, Schwab argued, given the unprecedented speed at which these technologies are developing, which is rendering obsolete or redundant the approaches of governments, regulators and companies on which people rely to manage their disruptive impact. Unless technology develops within an inclusive and sustainable governance system, the Fourth Industrial Revolution could worsen income inequality, leaving billions of people behind and wasting the opportunity to deploy these new tools to help address global challenges.

“It took the world more than a decade to develop a collective response to climate change,” Schwab remarked at the launch of the book. “If we take the same amount of time to respond to the Fourth Industrial Revolution, we will have lost the opportunity to influence the development of the technologies that shape the way we work, live and act. If we act now, we have the opportunity to ensure that technologies – such as artificial intelligence – sustainably and meaningfully improve the lives and prospects of as many people as possible.”

In June, at the World Economic Forum Industry Strategy Meeting, the Forum announced that the governments of Denmark, Brazil and the United Arab Emirates would participate in work of the Centre for the Fourth Industrial Revolution, joining the governments of Bahrain, India, Japan, Rwanda and the United Kingdom, as well as the Inter-American Development Bank (IDB). Each government and institution would be partnering with leading businesses, start-ups, civil society, academia and international organizations to co-design and pilot new approaches to policy. The new policies will help shape the trajectory of emerging technology and will be piloted



Pelé and Malala Yousafzai

by governments and businesses around the world. As part of the build-out of a global Centre for the Fourth Industrial Revolution Network, similar centres would open in Japan, China and India over the year. “Emerging technologies are advancing at unprecedented speed, putting enormous pressure on regulatory frameworks,” Schwab said at the Industry Strategy Meeting. “The Centre for the Fourth Industrial Revolution Network is a global hub for public-private cooperation to help governments and businesses adopt agile governance policies to maximize the benefits of science and technology for society.”

Among the more than 3,000 participants in this year’s Annual Meeting were an unprecedented number of global leaders, including 70 heads of state and government and 38 chiefs of major international organizations.

As he had done in previous years, Pope Francis prepared a speech to participants, which was read by Cardinal Peter Turkson, Prefect of the Dicastery for Promoting Integral Human Development. Taking up the theme of the meeting, the pontiff again offered a rallying cry for the business community to bring people together to solve persistent global problems. “The entrepreneurial world has enormous potential to effect substantial change by increasing the quality of



Justin Trudeau, Prime Minister of Canada

productivity, creating new jobs, respecting labour laws, fighting against corruption and promoting social justice,” he said. “If we want a more secure future, one that encourages the prosperity of all, then it is necessary to keep the compass continually oriented towards true north” – authentic shared values.

In his special address to participants, Canadian Prime Minister Justin Trudeau announced to resounding applause from participants that his country and the 10 remaining members of the Trans-Pacific Partnership, or TPP, had reached an agreement in Tokyo on what would be known as the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). President Trump had withdrawn the US from the TPP soon after taking office in 2017, leaving questions about whether the other countries in the agreement could keep the accord intact.

The CPTPP would be a game changer, Trudeau maintained. It would correct the inequitable distribution of the fruits of global trade over the past decades. “We cannot neglect our responsibility to the people who matter most – the people who aren’t here in Davos and never will be,” he told participants. “If you are anxious, imagine how the folks who aren’t in this room must be feeling. For them, technology is a benefit to their personal lives, but a threat to their jobs.”

The Canadian leader, who drew international attention when he took office in 2015 for putting together a gender-balanced cabinet, made an impassioned case for gender equality, arguing that it is not only the right thing to do but also makes economic sense. He squarely addressed the issues of sexual harassment and assault that had made the headlines in many countries around the world. “Me Too, Time’s Up, the Women’s March – these movements tell us that we need to have a critical discussion on women’s rights, equality and the power dynamics of gender,” he concluded.

Later, French President Emmanuel Macron also spoke of the need to address people’s concerns about globalization. The key was to make France and other economies more competitive. “France has been very much affected by structural change and its relationship with globalization. I have to fight with a nationalist party because there are many fears in my own country – because we didn’t deliver properly. Some people think that the solution is to get out of globalization. And that gives me a special responsibility of building a France that is open to the rest of the world and standing beside those who have been forgotten and left behind by globalization – and to show that it benefits the middle and lower classes.”

Also in Davos, the heads of some of the world’s largest companies, such as Alphabet, The Coca-Cola Company, Royal Philips and Unilever, and the governments of Indonesia, Nigeria, China and Rwanda, as well as the UN and World Bank announced the formation of the Platform for Accelerating the Circular Economy (PACE) to take action to tackle urgent environmental challenges from electronic waste to plastic pollution. The members of the public-private partnership would advocate for a circular economy that exchanges the typical cycle of make-use-dispose in favour of a sustainable process of redesign, reuse and recycle.

The Global Fund to End Modern Slavery (GFEMS) was another public-private partnership launched at the Annual Meeting. With initial funding from the United States and the United Kingdom, the members of the coalition aimed to collaborate across sectors and geographies to pursue core programmes on the rule of law, business engagement and sustaining freedom. “Modern slavery is a crime of economic opportunity,” Jean Baderschneider, Chief Executive Officer of the GFEMS, explained. “Addressing it in a sustainable way requires a coherent global strategy and mobilization of resources commensurate with that strategy. This includes close engage-

ment with the private sector as allies and partners. We believe that sustainably ending modern slavery will require market-based solutions and proactive business leadership.”

The World Economic Forum and the Government of Denmark signed a memorandum of understanding to pursue a partnership aimed at improving the state of the world through public-private cooperation. This innovative alliance would focus on promoting green growth, promoting technological innovation, supporting the mobilization of private capital for infrastructure investment, moving forward the work of the Global Alliance for Trade Facilitation, the Forum-born initiative aimed at removing bottlenecks to trade in emerging and developing economies, and advancing the implementation of the SDGs. Under the terms of the agreement, the Danish Ministry of Foreign Affairs agreed to second a senior adviser to the Forum’s New York City office.

Before the Annual Meeting closed, the Forum announced that it has received ISO 20121:2012 certification for the sustainable planning and operation of its premier global summit in Davos-Klosters from DNV GL, an external certification body. “The Forum’s philosophy has always been to answer global challenges in the context of our own meetings,” Klaus Schwab said. “I am proud that we have achieved certification to ISO 20121 because of the rigorous and comprehensive process involved.”

In February, the World Economic Forum launched a pilot project to reduce the negative impact of Type 2 diabetes in the Canadian province of Ontario with a coalition of 70 healthcare representatives and the Boston Consulting Group (BCG). The partnership aimed to decrease the prevalence and rate of complications resulting from Type 2 diabetes to be in line with average Organisation for Economic Co-operation and Development (OECD) levels by 2021, the 100-year anniversary of the discovery of insulin at the University of Toronto. This could result in savings of up to \$1.9 billion and 550,000 lives positively affected.

The following month, the Forum announced the creation of a consortium to strengthen cybersecurity for financial technology companies (fintechs) and data aggregators. Founding members included global bank Citigroup, insurance company Zurich Insurance Group, fintech lender Kabbage, information technology company Hewlett Packard Enterprise (HPE), and financial infrastructure pro-

'We Are All Stakeholders of Our Global Future'

Time Magazine

27 February 2012

Klaus Schwab, founder of the World Economic Forum, sat down with TIME to discuss a sweeping vision for a rapidly changing world ahead of this year’s summit, which will begin in Davos, Switzerland on Tuesday.

“Big issues in the world cannot be solved by governments alone,” Schwab said, speaking with TIME Editor-in-Chief and CEO Edward Felsenthal and National Correspondent Haley Sweetland Edwards in December.

Decades ago, Schwab helped define “stakeholder theory,” which holds that businesses are not only responsible to their shareholders, but also to the wider array of “stakeholders” – employees, governments, customers and others – that it impacts.

“Business has a big role to play. Civil Society has a big role to play. So we are all stakeholders of our global future,” he said.

For Schwab, securing the future requires that we embrace change, rather than shy away from it.

“What today I think is dividing society is the gap between those who embrace change, who look forward, who have a constructive approach to life, who know that we have to adapt our institutions, and those who want to retreat to a ‘good old world,’ which in practice doesn’t anymore exist,” he said¹

¹ Excerpt from ‘We Are All Stakeholders of Our Global Future’: Klaus Schwab, Founder of the World Economic Forum, Talks Change and Progress, *Time Magazine*, 27 February 2012

vider the Depository Trust & Clearing Corporation (DTCC). Its aim was to create a framework for the assessment of cybersecurity in financial technology.

At its various regional and other global meetings, the Forum moved forward the discussions on creating a shared future that had taken place in Davos. In São Paulo, Brazil, in March, participants in the World Economic Forum on Latin America launched a Gender Parity Task Force in Peru, the fourth such collaboration with the IDB in Latin America (after Argentina, Chile and Panama).

In June, the World Economic Forum convened a roundtable to focus on the South African government's reform agenda. Business leaders from around the world joined recently elected President Cyril Ramaphosa to discuss a roadmap for reform and ways to propel and guide the restructuring needed to restore investor and consumer confidence in the South African economy, shape policies to drive inclusive growth in the Fourth Industrial Revolution, and catalyse the forging of public-private partnerships for high-impact social innovation.

September was unusually busy for the Forum. Early in the month, under the theme "ASEAN 4.0: Entrepreneurship and the Fourth Industrial Revolution", the 27th World Economic Forum on ASEAN took place in Ha Noi, Viet Nam. A record eight heads of state or government of ASEAN's 10 member states participated. Among them: newly elected Malaysian Prime Minister Tun Dr Mahathir Mohamad of Malaysia, who met his peers on the international stage for the first time since he returned to office in May at the age of 92, 15 years since he had stepped down after serving as his country's leader for over two decades.

Days later, the 12th Annual Meeting of the New Champions opened in Tianjin, China, with the focus on "Shaping Innovative Societies in the Fourth Industrial Revolution". New drivers of growth will spearhead the sustainable and fair development of China's economy in the new era, Li Keqiang, Premier of the People's Republic of China, said in his opening address. "We are now seeing an encouraging shift from traditional drivers of growth to new ones," he said. "In this process, new industries, new forms of business and new models have played a key role in keeping China's economic performance stable." He promised: "China will work even harder to stimulate innovation and new drivers of growth."



Annual Meeting of the New Champions in Tianjin, People's Republic of China

On 24 September, the second annual Sustainable Development Impact Summit opened in New York City with a call for government, business and civil society leaders to scale up proven initiatives to build sustainable global markets. "The thinking has been done; now is the time to implement," Klaus Schwab told participants at the opening plenary. "The World Economic Forum will be committed to provide its platform on a very grassroots level to shape a new global architecture for tomorrow."

The Annual Meeting of the Global Future Councils took place in Dubai in November. "The future belongs to those who can imagine it, shape it and implement it," Mohammad Abdullah Al Gergawi, Minister of Cabinet Affairs and the Future of the United Arab Emirates, told participants in his opening address. Today, "governments cannot create the future singularly; it is important to involve everyone from the private sector to youth, international partners and others in creating policies."





Time Magazine "Special Davos Issue"

2019 Partnership for Inclusive & Sustainable Globalization

In 2017, the World Economic Forum convened the first Sustainable Development Impact Summit in New York City to bring together government, business and civil society leaders to focus on ways to accelerate efforts to achieve the 2030 Agenda for Sustainable Development, the Sustainable Development Goals (SDGs). The Summit quickly became an important event during the busy United Nations Leaders Week, when the UN General Assembly annual session begins.

The Summit's third iteration took place on 23-24 September this year. This edition was special, coming just three months after the Forum and the UN signed in New York a Strategic Partnership Framework outlining areas of cooperation to deepen institutional engagement and jointly accelerate the implementation of the SDGs. The framework was developed from a mapping of existing collaboration between the two institutions and is aimed at fostering a more strategic and coordinated UN-Forum Partnership (in line with the 17th and last of the SDGs – "to strengthen the means of implementation and revitalize the global partnership for sustainable development").

"Meeting the Sustainable Development Goals is essential for the future of humanity," Klaus Schwab said at the signing. "The World Economic Forum is committed to supporting this effort and working with the United Nations to build a more prosperous and equitable future." The partnership, UN Secretary-General António Guterres reckoned, "has great potential to advance our efforts on key global challenges and opportunities, from climate change, health and education to gender equality, digital cooperation and financing for sustainable development. Rooted in UN norms and values, the Framework underscores the invaluable role of the private sector in this work – and points the way towards action to generate shared prosperity on a healthy planet while leaving no one behind."

The UN General Assembly convened against the backdrop of heightened international concern about fires in the Amazon rainforest. Fittingly, Latin American countries were well represented at the third Sustainable Development Impact Summit, where the benefits of deforestation-free supply chains were a major topic on the agenda. Sebastián Piñera, President of Chile and a meeting Co-Chair, and Iván Duque Márquez, President of Colombia, both addressed participants. Chile was to host the 2019 UN Climate Change Conference, known as COP25, in its capital Santiago, but due to street protests across the country, the gathering was moved to Madrid, Spain.

At the Sustainable Development Impact Summit, Duque revealed that eight Latin American nations planned to conclude a regional pact to increase the contribution of renewable energy to 70% of all energy by 2030. He also announced an initiative, Biodiverse Cities, aimed at reinvigorating the economic health of cities in the Amazon Basin. In a special address delivered at the end of a session, His Royal Highness Prince Charles, The Prince of Wales, told participants about the creation of the Sustainable Markets Council, a public-private philanthropic coalition convened by the Forum that would work towards building and financing sustainable markets at a global scale.

Also in New York, the Forum announced the launch of UpLink, an open-source digital platform to foster mass participation from entrepreneurs, community groups and other interested parties or individuals to meet the SDGs. Developed by the Forum in collaboration with partners Deloitte, Microsoft and Salesforce, UpLink is a tool for crowd engagement, providing a means for governments and international organizations, entrepreneurs, experts and concerned citizens to share insights on the major challenges and obstacles to implementing the SDGs.

How to make globalization more inclusive and sustainable was the focus of discussions at the Annual Meeting in Davos-Klosters, which had as its theme “Globalization 4.0: Creating a Global Architecture in the Age of the Fourth Industrial Revolution”. To underscore the importance of including the voices of the up-and-coming generations in the search for solutions, the Forum tapped six members of the Global Shapers community of over 7,000 emerging leaders to serve as co-chairs of the meeting alongside Jim Yong



HRH Prince of Wales and David Attenborough

Kim, President of the World Bank, and Satya Nadella, Chief Executive Officer of Microsoft. The six were affiliated with Shaper Hubs in Colombia (Bogotá), Iraq (Erbil), Japan (Osaka), Kenya (Kakuma), Sweden (Stockholm) and the US (Chicago).

“Globalization as we know it may have peaked, but global integration will continue,” Schwab explained before the meeting. “It is fuelled by the technologies of the Fourth Industrial Revolution and the urgent need to address challenges such as climate change and biodiversity, job loss through automation and a threatening breakdown in global collaboration. All those changes will particularly affect the next generation. For this reason, it is essential to integrate their voice prominently in building a new sustainable and inclusive global architecture.” Concluded Schwab: “With half of the world’s population below 27 years of age, we have to listen to the young people.”

While millennial co-chairs were guiding the discussions and debates, Annual Meeting participants also heard from two veteran voices on the need to protect the environment and address the climate challenge. In accepting one of the year’s Crystal Awards, the celebrated natural historian and broadcaster Sir David Attenborough, a vigorous 92, urged the business, government and civil society leaders to “move beyond guilt and blame” and take on the pressing task of preventing climate change from getting to a

calamitous level. “The Garden of Eden is no more,” he declared. “If people can truly understand what is at stake, I believe they will give permission for business and governments to get on with the practical solutions.”

Later in an interview with His Royal Highness Prince William, The Duke of Cambridge, on the Congress Hall stage, Attenborough encouraged participants to recapture the childlike wonder they had when they first encountered the wonders of nature: “I don’t believe a child has yet been born who doesn’t look at the world around it with those fresh eyes and wonder. If you lose that first wonder, you’ve lost one of the great sources of delight, and pleasure, and beauty in the whole of the universe. Caring for that brings joy and enlightenment that is irreplaceable.”

Attenborough previewed for participants scenes from his new series *Our Planet*, including spectacular footage of an Arctic glacier calving – “within 20 minutes, 75 million tonnes of ice break free”, he explained, describing the drama in his familiar narrator’s tone. The threat posed by anthropogenic climate change is “difficult to overstate”, Attenborough cautioned. Humanity has done “appalling damage upon marine life, the extent of which we don’t fully know. The paradox is that there’s never been a time when more people are out of touch with the natural world, and yet we have to recognize that every breath of air and every mouthful of food come from the natural world – and if we damage the natural world, we damage ourselves. It’s not just beauty and wonder: it is essential to human life. We are in danger of wrecking that. We are destroying the natural world, and with it, ourselves.”

In another session, Al Gore, Vice-President of the United States (1993–2001) and Chairman and Co-Founder, Generation Investment Management, sounded the alarm for what he called a “true, full-blown global emergency” for the planet’s oceans. The Nobel Peace Prize laureate warned that global warming traps the equivalent heat energy of 500,000 Hiroshima-class atomic bombs every day. As oceans warm, the impact on humanity is devastating, he said, with extreme weather events more common and food scarcity resulting from lower oxygen levels and the migration and depletion of vital fish stocks.

“We’re taking out each year in fishing the human weight of China,” Gore noted. Plastic pollution has emerged as one of the more vis-

ible crises our oceans now face, he added, noting that, at current rates, by the year 2050, the weight of plastic in the world’s oceans will be more than that of the fish. More than 90% of plastic is never recycled, and 8 million metric tons of plastic waste are dumped into the oceans annually.

The plastics waste problem had become a global priority, with the momentum for action mounting. The Forum’s Global Plastic Action Partnership (GPAP) is a coalition of businesses, international donors, national and local governments, community groups and leading experts united to fight plastic pollution. GPAP members are taking action in concert to drive support for redesigning the “take-make-dispose” economy into a circular one, in which products and materials are recovered and reused.

Annual Meeting participants sustained their sharp focus on the environment throughout the week. In the closing session, the risks posed by climate change were the main topic of discussion. “Climate change is happening faster than we thought it would,” said Kristalina Georgieva, Chief Executive Officer of the World Bank, who by 1 October would take over the job of managing director of the International Monetary Fund (IMF). She called on government and business to eliminate harmful subsidies for energy and agriculture, invest in shifting to a low-carbon economy, support those countries most at risk from the consequences of climate change and relentlessly pursue a price for carbon.

By the end of the Annual Meeting, what had become clear to the participants was that old approaches to tackling global issues needed to be reset or recalibrated. The Forum’s stakeholder approach remained the guiding principle. “We cannot solve the most pressing global challenges without unique partnerships between government, business and civil society,” President Børge Brende reiterated at the closing plenary. But with globalization becoming even more complex in the context of the Fourth Industrial Revolution, Globalization 4.0 must be more human-centred, more responsive to people, many of whom are confounded by rising inequality and attracted to populist nostrums. “Globalization is a fact,” distinct from globalism, the philosophy that underpins the Forum and its efforts to promote globalization, Klaus Schwab explained in the opening session. “The World Economic Forum has never stood for unfettered globalism. We feel that Globalization 4.0 has to be more human-centred”, as well as more inclusive and sustainable. As the



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world enters a period of great instability and stress brought on by the technological disruption and the realignment of geoeconomics and geopolitical forces, “we want to be future-oriented and not just absorbed by crisis management,” Schwab said.

In April, in advance of the World Economic Forum on the Middle East and North Africa at the Dead Sea in Jordan and the Annual Meeting of the New Champions in Dalian, China, the Forum published the White Paper “Globalization 4.0: Shaping a New Global Architecture in the Age of the Fourth Industrial Revolution” that gave the title concept more substance. The trajectory of this new phase of globalization will depend in large part on how well governance at multiple levels – governmental, corporate and international – adapts to the technological, geopolitical, environmental and socio-economic changes playing out in the world. According to the paper, these four driving forces of Globalization 4.0 demand fresh approaches by governments, companies, civil society institutions and citizens to strengthen and modernize international cooperation and domestic governance. In the paper, the Forum urges leaders to heed the lessons of 2009 when the G20 acted in concert to avert the deepening of the global financial crisis. It calls for all stakeholders to work together now rather than become complacent about the gaps in national and global governance that have accumulated as a result of changes in technology, markets and macroeconomic conditions, which ultimately led to the global financial crisis of 2008-2009. With the deliberations in Davos and the release of the White Paper, the Forum was redoubling its efforts to identify governance gaps in the international system and opportunities for updating and strengthening the global order. The Forum had done significant work on this nearly a decade earlier with its Global Redesign Initiative. This time, the arrival of the Fourth Industrial Revolution had added to the sense of urgency.

In May, to help policy-makers and businesses strike the right balance between enabling emerging technologies and proactively mitigating the social risks that can result, the World Economic Forum launched six Global Fourth Industrial Revolution Councils. Covering the emerging technologies perceived to be having the most disruptive impact, including artificial intelligence, autonomous mobility, blockchain, drones, internet of things and precision medicine, the global councils bring together more than 200 leaders from the public and private sectors, civil society and academia from around the world. Council members are to develop

policy guidance and address governance gaps or the absence of well-defined rules for emerging technology. They met for the first time on 29 May at the Forum’s Centre for the Fourth Industrial Revolution in San Francisco.

“Companies and governments are not moving fast enough to anticipate social expectations in the Fourth Industrial Revolution,” said Richard Samans, Managing Director and Head of Policy and Institutional Impact at the Forum.

“We believe that that this bottom-up, societally-focused approach can help to build and maintain public trust in the technologies while strengthening the evidence base on which policy decisions are made by governments and companies. This is the first place where this kind of high-level, strategic dialogue on the governance of these technologies will take place across stakeholders and regions on an on-going basis.”

In September, the Forum filled one of those gaps, releasing the world’s first government procurement guidelines for artificial intelligence. The United Kingdom will be the first to pilot or test these guidelines, potentially accelerating the use of artificial intelligence in the public sector. The “Guidelines for AI Procurement” for governments were co-designed by the World Economic Forum’s Artificial Intelligence and Machine Learning team and fellows embedded from the UK Government’s Office of AI, Deloitte, Salesforce and Splunk.

Members of government, academia, civil society and the private sector were consulted throughout a ten-month development process, which incorporated workshops and interviews with government procurement officials and private-sector procurement professionals. The report outlines the requirements a government official should meet before acquiring and deploying AI solutions and services. It also provides the questions that companies should answer about their AI development and how the data is used and processed. Moreover, the guidelines include information on implementation.



2020 The Mission Ahead

The World Economic Forum begins its 50th year in 2020. When a person achieves this milestone, he or she is well and truly middle-aged, the period when an adult begins the transition to becoming a senior citizen, with retirement looming. Middle age is typically a time for an individual to reflect on life – family, career – and plan for the remaining sunset years. A 50th anniversary is meant to be a jubilee for toasts and testimonials in celebration of accomplishment and longevity.

For the Forum, however, this is just the beginning - when our *raison d'être* has become amply clear. All the tireless efforts of our stakeholders and staff during this formative half century have placed the Forum, as the international organization for public-private cooperation, in a unique position to contribute to improving the state of a world caught up in nothing less than a rapid, comprehensive transformation marked by astonishing technological, economic, social and political change. The Fourth Industrial Revolution is not only disrupting business models but also transforming the way we live and work. Climate change has become the paramount challenge of humankind. The international order that has promoted peace, security and prosperity in the world since World War II has come under severe stress, with mounting doubts about its integrity and viability going forward. The re-emergence of China and India and the rise of other major economies and regional players are reshaping the global power structure. There is now widespread talk of globalization having peaked, yielding to an era of deglobalization.

Two facts highlight the global shifts underway: In 2020, Asia's economies will account for more than half of global GDP reckoned by purchasing power parity. Already, emerging and developing economies account for a bigger share of global GDP than developed countries. China is clearly the most important driver of this new growth – 40 years ago, its share of global GDP was less than 2 percent; today it is close to 20 percent.

With this Great Disruption, it has become evident that the world needs a new framework for global cooperation. After the Second World War, the international community came together to design institutions for collaboration to secure peace, prosperity and stability. While the task of reshaping the global order is so much more complex today, the need to safeguard our shared future is all the more urgent.

What is clear is that marginally adapting our existing institutions and processes is not enough. We need to redesign them to capitalize on the enormous opportunities offered by technology and innovation, even as we aim to mitigate the negative impact of the relentless disruptions. We cannot be satisfied with patches to make up for deficiencies in our outdated systems, rather we have to create agile mechanisms and frameworks for action that will allow us at least to keep up with the changes if not stay ahead of them. For this Great Reconstruction, we require an updated approach to how we manage our global interdependence. The first round of globalization dates back to the ancient Silk Road and the vast trading networks through which goods and commodities were carried across the globe (roughly between 130 BC and 1453 AD). Globalization 2.0 was a result of the first Industrial Revolution sparked in Britain and then propelled by the United States when mechanization launched the age of mass production, mass consumption and mass transportation (between about 1760 and 1840). Globalization 3.0 was driven by the institutions and mechanisms of global governance built after World War II (from 1944, when the Bretton Woods conference took place) that shaped a rules-based system of global trade and commerce and financial interaction. This open multilateral world generated the ever-shifting web of regional and global supply chains and promoted the spread of ideas and liberal values including free market economics, democracy and human rights, and the rule of law. The collapse of communism in the 1990s gave liberalism primacy in the world order – at least temporarily.

If globalization is to remain a positive force, we need to evolve our global system and enter a higher level of globalization – call it Globalization 4.0 – to respond to the needs and realities of our fast-changing world. Globalization 4.0 must be underpinned by three principles:

First, it must be sustainable. We only have one planet to support human life. Yet existing economic and business models are wreak-

ing irreparable damage to the environment. Global efforts so far, including the Paris Agreement signed in 2016, are insufficient to deal adequately with global warming. The current rate of greenhouse gas emissions will cause temperatures to rise by 3.2 degrees Celsius by 2100. The United Nations Environment Program (UNEP) estimates that to limit the temperature rise to 1.5-degrees will require countries to reduce emissions by rates five times faster than those they have committed to in the Paris framework. Incremental change is not enough.

Second, Globalization 4.0 must be more inclusive. In the western world, globalization's critics argue that, while it may have contributed to the alleviation of poverty around the world, it has increased inequality within economies. Modern mass communications including social media has raised awareness of income disparities and bolstered the sense among people of the need for social justice, especially for the marginalized including women and girls, and ethnic, religious and social minorities. Increasing interconnections in the world require a greater focus on inclusion and policies that aim to achieve inclusive growth.

Third, Globalization 4.0 must be collaborative. This new approach must be respectful of diversity and be based on the principle that different nations have different approaches to development and different concepts of the way in which their economies should be managed and societies governed. But those differences should not stand in the way of cooperation in the search for common solutions for shared challenges. The world needs not less but more globalization since, in the age of the Fourth Industrial Revolution, national challenges will be more and more globally interlinked. A major impediment to shaping this new approach to globalization is the collapse of trust – between nations, even between allies, between religions, between citizens and their governments, between consumers and businesses. There is a lack of leadership – of honesty, morality and responsibility among leaders – to take us forward.

The World Economic Forum, as a unique global platform for public-private dialogue and cooperation, provides an “operating system” to rebuild trust and to promote sustained engagement among all stakeholders to shape a broad consensus around workable and actionable solutions. Whether to address longstanding risks such as nuclear proliferation and environmental degradation or new challenges such as cybersecurity, highly drug-resistant bacteria

or the implications of a world run by artificial intelligence, we need these fresh approaches and mechanisms for cooperation. We recognize that these conversations cannot be driven by a false dichotomy between global and national identities. We must embrace individualistic, patriotic and globalist identities and aspirations as they exist in all people. We are all stakeholders in our global future. And the World Economic Forum is, and will continue to be, a catalyst for collaboration, for shaping Globalization 4.0. The renewed Davos Manifesto, which the Forum has launched at the Annual Meeting 2020, is the latest example of this special role. Crafted 47 years after the original Manifesto, the pioneering Forum initiative that set out guidelines for responsible corporate behavior, this is a fresh articulation of the key principles of stakeholder capitalism, which has been the foundation of the World Economic Forum and its activities from its beginning half a century ago.

Consider again the global challenge of climate change. The international community must embrace a more aggressive agenda for climate action. Meeting this challenge will require building an extensive international public-private platform for action that would enable and empower all the various partners to do what they can and need to do. This would be an example of the new kind of enabling architecture required in a Globalization 4.0 world – practical, public-private arrangements to help governments find agile, collaborative solutions to pressing global problems in this more complex world that is being rapidly transformed by the Fourth Industrial Revolution.

To be a catalyst and curator of this transformation, institutional maturity is essential. The World Economic Forum has grown from a small, founder-led organization into an established international institution which counts on a committed Board of Trustees and a qualified and experienced Managing Board, led by Forum President Børge Brende, who served as Norway's minister of foreign affairs between 2013 and 2017.

The Forum is deeply anchored in the global governance system through its Strategic Partnership Framework agreement with the United Nations and through its many partnerships with both international organizations and governments. The Annual Meeting in Davos-Klosters is a focal point of all our activities, but the collaborative efforts of all our communities and partners extend over the entire year and include over 100 working groups and many regional, country and issue-oriented meetings around the world.

We have identified major global issues that can only be solved through global cooperation among business, government and civil society. They require forward-looking systemic thinking and the integration of state and non-state actors.

The Forum's objective for the next 50 years is translateral integration. Thus, instead of growing into a larger organization, the Forum's platform approach means engaging the efforts that other public and private institutions are undertaking to shape the future. This will allow us to integrate, aggregate and amplify multiple actions for faster and greater impact. With this ambitious objective in mind, the Forum has already become the foremost global platform for public-private cooperation supported by 800 collaborators located in its headquarters in Geneva and in key centres of global influence. Globalization 4.0 has only just begun, but we are already vastly underprepared for it. Clinging to an outdated mindset and making limited adjustments to our existing mechanisms and tools will not do. Rather, we need to redesign them from the ground up, so that we can capitalize on the new opportunities that await us, while avoiding the kind of disruptions that we are witnessing today.

As we develop a new approach to the new economy, we must remember that we are not playing a zero-sum game. This is not a matter of free trade or protectionism, technology or jobs, immigration or protecting citizens, and growth or equality. Those are all false trade-offs, which we can avoid by developing policies that favour "and" over "or," allowing all sets of interests to be pursued in parallel.

To be sure, pessimists will argue that political conditions are standing in the way of a productive global dialogue about Globalization 4.0 and the new economy. But realists will use the current moment to explore the gaps in the present system, and to identify the requirements for a future approach. And optimists will hold out hope that future-oriented stakeholders will create a community of shared interest and, ultimately, shared purpose. After 50 years, we at the World Economic Forum are just getting started.

Davos Manifesto 2020: The Universal Purpose of a Company in the Fourth Industrial Revolution

To coincide with its 50th anniversary, the World Economic Forum has launched a new Davos Manifesto, a set of ethical principles to guide companies in the age of the Fourth Industrial Revolution.

A. The purpose of a company is to engage all its stakeholders in shared and sustained value creation. In creating such value, a company serves not only its shareholders, but all its stakeholders – employees, customers, suppliers, local communities and society at large. The best way to understand and harmonize the divergent interests of all stakeholders is through a shared commitment to policies and decisions that strengthen the long-term prosperity of a company.

I. A company serves its customers by providing a value proposition that best meets their needs. It accepts and supports fair competition and a level playing field. It has zero tolerance for corruption. It keeps the digital ecosystem in which it operates reliable and trustworthy. It makes customers fully aware of the functionality of its products and services, including adverse implications or negative externalities.

II. A company treats its people with dignity and respect. It honours diversity and strives for continuous improvements in working conditions and employee well-being. In a world of rapid change, a company fosters continued employability through ongoing upskilling and reskilling.

III. A company considers its suppliers as true partners in value creation. It provides a fair chance to new market entrants. It integrates respect for human rights into the entire supply chain.

IV. A company serves society at large through its activities, supports the communities in which it works, and pays its fair share of taxes. It ensures the safe, ethical and efficient use of data. It acts as a steward of the environmental and material universe for future generations. It consciously protects our biosphere and champions a circular, shared and regenerative economy. It continuously expands the frontiers of knowledge, innovation and technology to improve people's well-being.

V. A company provides its shareholders with a return on investment that takes into account the incurred entrepreneurial risks and the need for continuous innovation and sustained investments. It responsibly manages near-term, medium-term and long-term value creation in pursuit of sustainable shareholder returns that do not sacrifice the future for the present.

B. A company is more than an economic unit generating wealth. It fulfils human and societal aspirations as part of the broader social system. Performance must be measured not only on the return to shareholders, but also on how it achieves its environmental, social and good governance objectives. Executive remuneration should reflect stakeholder responsibility.

C. A company that has a multinational scope of activities not only serves all those stakeholders who are directly engaged, but acts itself as a stakeholder – together with governments and civil society – of our global future. Corporate global citizenship requires a company to harness its core competencies, its entrepreneurship, skills and relevant resources in collaborative efforts with other companies and stakeholders to improve the state of the world.

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