

Preface

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The Global Competitiveness Report 2011–2012 comes out amid multiple challenges to the global economy. After a number of difficult years, a recovery from the economic crisis is tentatively emerging, although it has been very unequally distributed: much of the developing world is still seeing relatively strong growth, despite some risk of overheating, while most advanced economies continue to experience sluggish recovery, persistent unemployment, and financial vulnerability, with no clear horizon for improvement. In addition, rising commodity prices are eroding the purchasing power of consumers and are likely to slow the pace of recovery. Such uncertainties are being exacerbated by growing concerns about the sustainability of public debt amidst the slow growth of some advanced economies. The damage that would be wrought by the first sovereign defaults among advanced economies since the 1940s is impossible to gauge, although the mere possibility of this eventuality has already hit investor confidence, put the very viability of the euro into question, and further undermined the US dollar's value and its place as the world's preferred reserve currency.

Policymakers are struggling to find ways to manage the present economic challenges while preparing their economies to perform well in an increasingly complex global landscape. Given the extensive and necessary short-term efforts related to addressing the most pressing fiscal concerns, it remains critical for countries to establish the fundamentals underpinning economic growth and development for the longer term. The World Economic Forum has, for more than three decades, played a facilitating role in this process by providing detailed assessments of the productive potential of nations worldwide. The *Report* contributes to the understanding of the key factors determining economic growth, helps to explain why some countries are more successful than others in raising income levels and opportunities for their respective populations, and offers policymakers and business leaders an important tool in the formulation of improved economic policies and institutional reforms.

The complexity of today's global economic environment has made it more important than ever to recognize and encourage the qualitative as well as the quantitative aspects of growth, integrating such concepts as inclusiveness and environmental sustainability to provide a fuller picture of what is needed and what works. Indeed, the Forum is focusing increasingly on

“quality growth” in its various activities. In this context, the Forum's Centre for Global Competitiveness and Performance has begun to explore which factors are necessary to ensure that national competitiveness remains sustainable over the longer term. To this end, Chapter 1.2 of this *Report* presents our preliminary thoughts on how to understand and measure quality growth through a competitiveness lens by defining sustainable competitiveness in economic, social, and environmental terms. Issues of quality growth and sustainable competitiveness represent important areas for the World Economic Forum's research going forward.

This year's *Report* features a record number of 142 economies, and thus continues to be the most comprehensive assessment of its kind. It contains a detailed profile for each of the economies featured in the study as well as an extensive section of data tables with global rankings covering over 100 indicators. This *Report* remains the flagship publication within the Forum's Centre for Global Competitiveness and Performance, which produces a number of research studies that mirror the increased integration and complexity of the world economy.

The Global Competitiveness Report 2011–2012 could not have been put together without the thought leadership of Professor Xavier Sala-i-Martin at Columbia University, who has provided ongoing intellectual support for our competitiveness research. We are also grateful to the members of our Advisory Board on Competitiveness and Sustainability, who have provided their valuable time and knowledge to help us develop the preliminary framework on sustainability and competitiveness presented in this *Report*: James Cameron, Founder and Vice-Chairman, Climate Change Capital; Dan Esty, Commissioner, Connecticut Department of Energy and Environmental Protection; Edwin J. Feulner Jr, President, The Heritage Foundation; Clément Gignac, Minister of Economic Development, Innovation and Export Trade of Quebec, Canada; Jeni Klugman, Director, Gender and Development, World Bank; Hans-Juergen Matern, Vice-President, Head of Strategic Quality Management, METRO GROUP; John McArthur, Chief Executive Officer and Executive Director, Millennium Promise; Kevin X. Murphy, President and Chief Executive Officer, J.E. Austin Associates; Mari Elka Pangestu, Minister of Trade of Indonesia; Luis Guillermo Plata, Chief Executive

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