

Preface

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With the Fourth Industrial Revolution (4IR), humanity has entered a new phase. The 4IR has become the lived reality for millions of people around the world, and is creating new opportunities for business, government and individuals. Yet it also threatens a new divergence and polarization within and between economies and societies. This year also marks the tenth anniversary of the beginning of the global financial crisis, which has had social and economic consequences of a magnitude unprecedented in recent generations. Combined with a background of growing inequality and geopolitical flashpoints, this has fuelled citizens' concerns about globalization and polarized the political debate. Although global economic growth has been robust over the past two years, it remains fragile in this changing economic and political context.

These developments—the 4IR and the consequences of the Great Recession—are redefining the pathways to prosperity and, indeed, the very notion of prosperity, with profound implications for policy-making. Concerned leaders are grappling for answers and solutions, aiming to go beyond short-term, reactionary measures.

In this context, the World Economic Forum is introducing the new Global Competitiveness Index 4.0, a much-needed economic compass, building on 40 years of experience in benchmarking the drivers of long-term competitiveness. After having conceptualized the Fourth Industrial Revolution, the World Economic Forum is contributing to global thinking and policy-making by integrating the notion of the 4IR into the definition of competitiveness.

The index integrates well-established aspects with new and emerging levers that drive productivity and growth. It emphasizes the role of human capital, innovation, resilience and agility, as not only *drivers* but also *defining features* of economic success in the 4IR. It calls for better use of technology for economic leapfrogging—but also cautions that this is only possible as part of a holistic approach with other factors of competitiveness. Finally, it offers objective, data-driven analysis for dispassionate, future-oriented, and rational policy-making.

The results of the GCI 4.0 reveal the sobering conclusion that most economies are far from the competitiveness “frontier”—the aggregate ideal across all factors of competitiveness. In fact, the global average score of 60 suggests that many economies have yet to implement the measures that would enhance their long-term growth and resilience and broaden opportunities for their populations. In addition, we find that countries have a mixed performance across the twelve pillars of the index and that long-standing developmental issues—such as the lack of well-functioning institutions—continue to be a source of friction for competitiveness. Yet there are bright spots—in the form of economies that outperform their peers and present valuable case studies for learning more about methods to implement the factors of competitiveness.

At the World Economic Forum's Centre for the New Economy and Society, the new home of the *Global Competitiveness Report*, we provide a platform for leaders to understand and anticipate emerging economic and social trends, and to adapt policies and practices to our rapidly evolving context. This report is complemented by a range of other benchmarking tools as well as frontier insights on the emerging contours of the new economy and society. Importantly, the Centre also aims to serve as an accelerator for newly emerging solutions, experiments and pilots led by the public and private sectors in areas such as designing new industrial policy, closing skills gap, developing new standards for business, and preparing for the future of work. This combination allows policy-makers, business and other stakeholders to combine insight and action into accelerating change, and we invite leaders to engage with our platform.

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The *Global Competitiveness Report* is designed to help policy-makers, business leaders and other stakeholders around the world shape their economic strategies in the era of the Fourth Industrial Revolution. We hope it will also serve as a call to action to engage in the long-term, holistic, agile and far-sighted leadership required to build the competitive economies of the future, lift living standards and provide opportunities for all members of society.