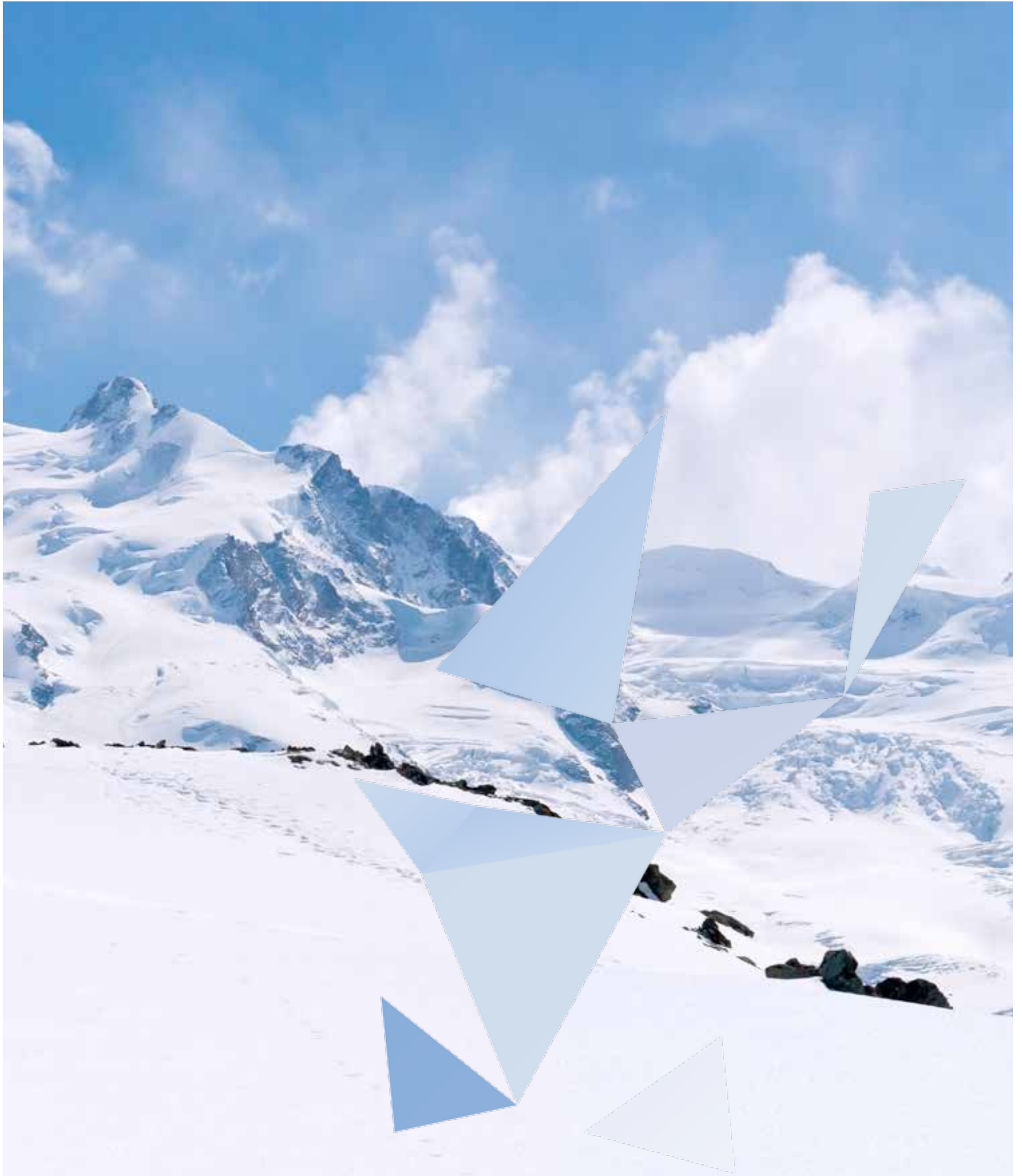


# Newsletter

## January 2014





## Introduction by Chairman **Klaus Schwab**

### **In a time of unprecedented change, how can we prepare for the year ahead?**

We live in a fast-moving, highly interconnected and complex world. Breakthrough technologies, demographic shifts and societies in transformation are reshaping the world and have far-reaching social, political and economic consequences. More than ever, leaders need better information and understanding if they are to guide nations, organisations and societies successfully.

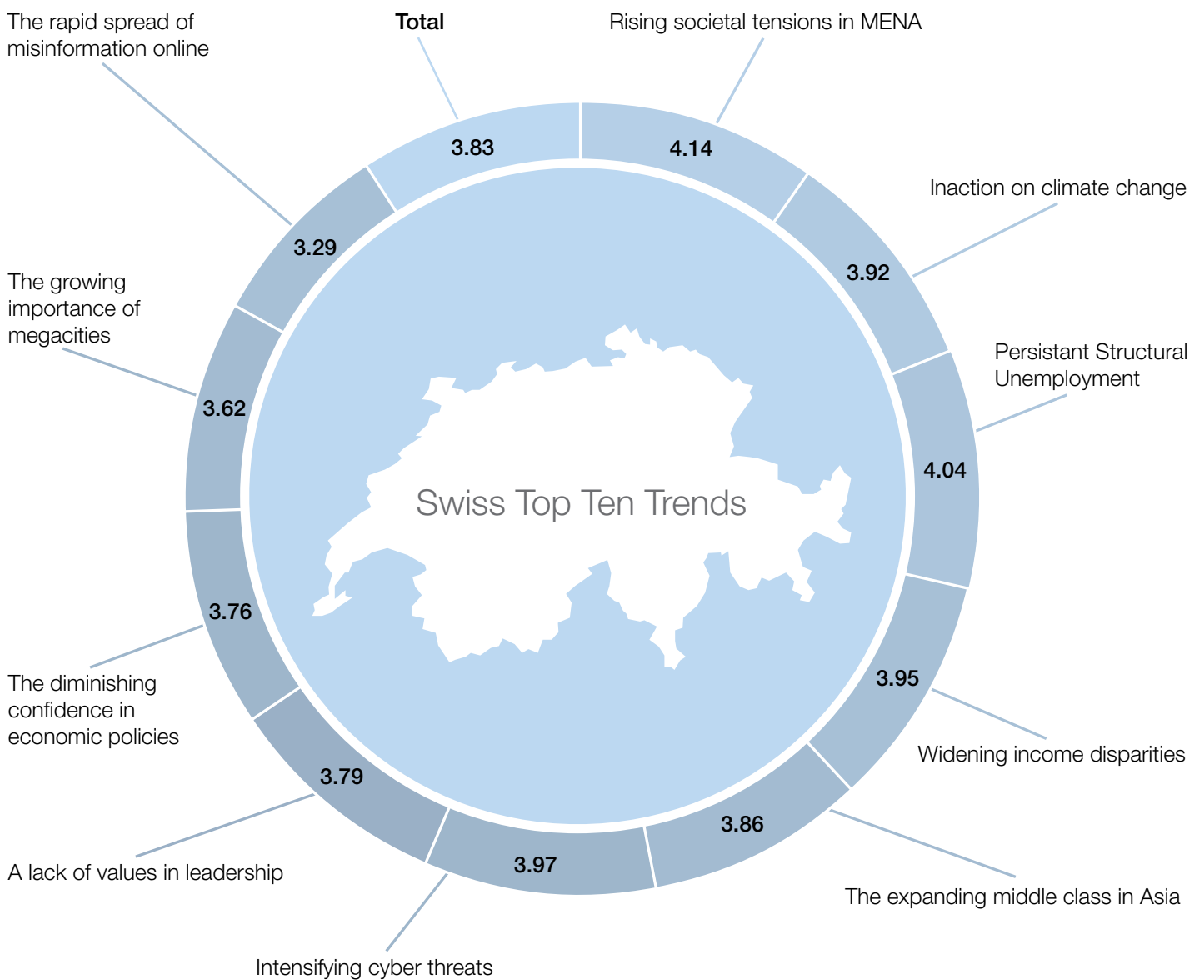
The Network of Global Agenda Councils was created to foster greater understanding and collaboration around the major issues of our time. Each of the 86 Councils is driven by top experts and thought leaders from around the world, who are not only recognised for their unique contributions to thought, but also for their commitment to cooperating in search of pioneering solutions.

The flagship publication of the Network, the Outlook on the Global Agenda 2014 provides a top-of-mind perspective from the Global Agenda Councils on the challenges and opportunities of the coming 12–18 months. It offers a comprehensive overview of the world, drawing upon the foremost global intelligence network and its collective brainpower to explore the most important issues we all face in the coming year.

To better understand the complexity of these issues, the Outlook also provides deep insights into specific regional challenges, highlighting the perspectives of different stakeholders and those of the next generation. It illustrates the connections across issues and explores some of the outstanding questions our experts are grappling with, and finally, it looks ahead to the emerging issues and technologies that will shape our world.

A handwritten signature in black ink that reads "Klaus Schwab". The signature is fluid and cursive.

**Klaus Schwab**  
Executive Chairman  
World Economic Forum



# Tarik M. Yousef

Chief Executive Officer of Silatech, Qatar, and Vice - Chair of the Global Agenda Council on the Arab World.



## **There is a battle of ideas going on in the Arab world and it is polarizing a region whose outlook is already uncertain.**

A year ago, the trajectory for post-Arab Spring countries seemed clear. The world assumed political transition in countries such as Egypt, Tunisia and Libya would bring a more open, democratic and pluralistic society, as well as boost job creation and economic growth. The road might have looked bumpy in the short term, but the destination was in sight.

In light of events that have unfolded since, many have started to question these assumptions. Across the Middle East and North Africa, the outlook has become more complex. There is now a growing consensus that the region is facing a time of uncertainty, at the root of which is social and political polarization.

The Outlook on the Global Agenda 2014 supports this viewpoint, revealing that experts all over the world consider



rising social tensions in the Middle East and North Africa to be the largest challenge facing the world in 2014. But the data also allows us to focus on the region: in the past, divergence in the Arab world ran mainly along economic lines, but since the Arab Spring, additional drivers have emerged, with 45% of respondents saying the biggest challenge they face is political instability and only 27% naming unemployment as the region's greatest challenge.

In this context, differing ideological and political viewpoints have come to the fore, presenting some very divergent paths for the future. We can see both increased tensions between communities and a relative lack of regional consensus on some of the key issues. Most visible is the split between those who think Islam should play an important role in political and public life, and those who think religion and state should be kept separate.

In a polarized society, it is assumed that only one side can prevail. People become less tolerant and more likely



to demonize one another, leading to increased tensions on the street. Imagine neighbours with violently opposing views living side-by-side in Cairo, or the challenge of safely reintegrating former regime members in post-civil war Libya.

National politics that lack tolerance, trust between parties and the ability to put transition on a proper trajectory are to blame for the increasing tensions. It is important to recognize that regional players with divergent perspectives also have a role in defining national destinies.

The Arab world may be going through a period of tension, in which the future could be as much about a defeat of everything we hoped for a few years ago as the emergence of a great good. Our new destination remains unclear, but we cannot allow that to deter us.

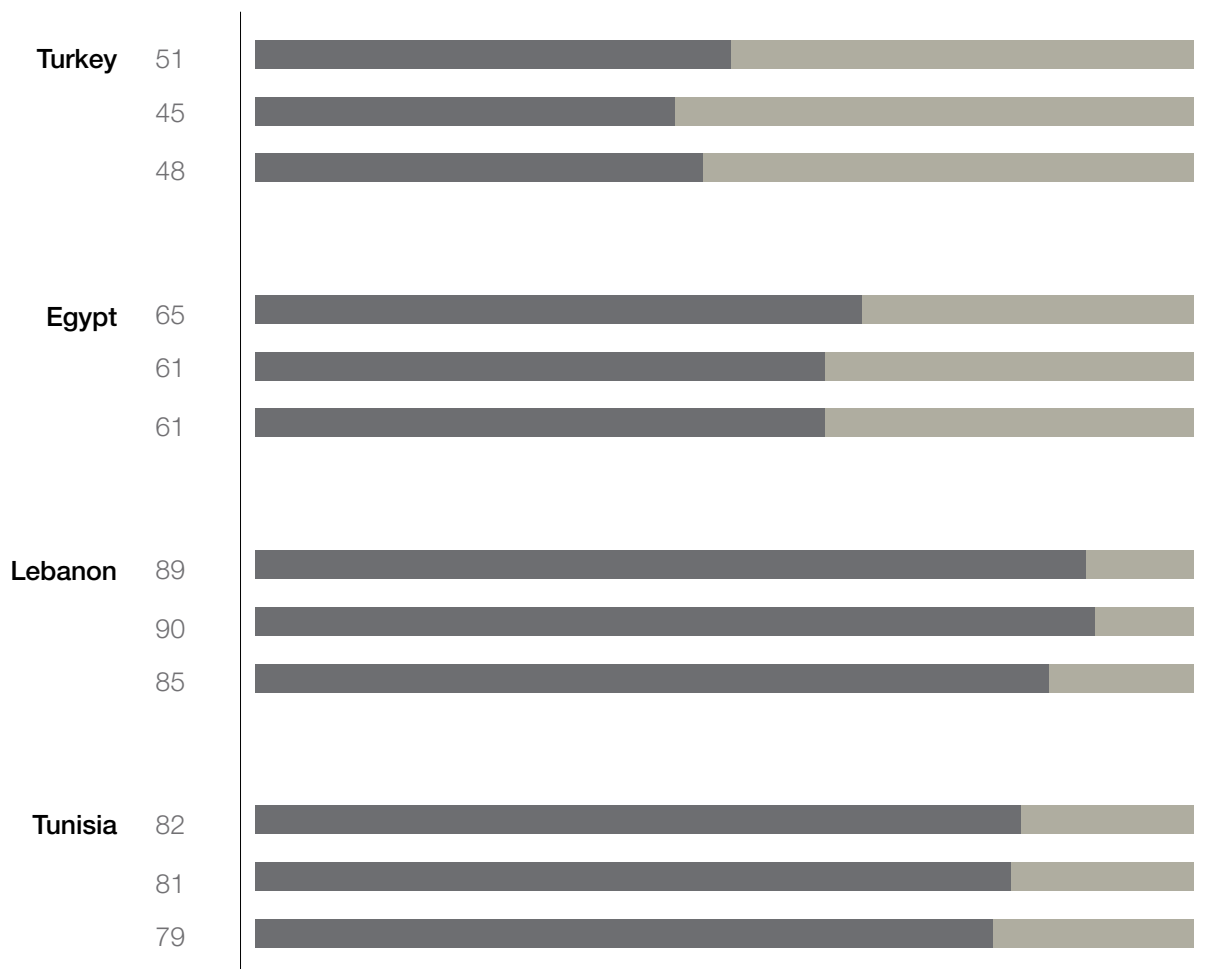




# Outlook on the Global Agenda 2014

Was the Arab Spring bad for the Middle East and North Africa?  
Lack of social and political cohesion means the region's  
future appears more uncertain than ever

There are high levels of dissatisfaction across the Middle East and North Africa, especially among young people





## Christiana Figueres

Executive Secretary of the United Nations Framework Convention on Climate Change (**UNFCCC**)

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**There is action, and it's moving in the right direction, but it's not moving fast enough. That's why there is the perception of inaction**

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Over the past three to four years we've seen extreme weather events happening more frequently and more intensely in a growing number of countries. That is one reason why people have woken up to the very real threat of climate change.

Climate change only comes fifth in the list of the top 10 trends facing the world this year. That's not due to climate scepticism, which is now less pervasive than it used to be. It is fifth because the consequences of insufficient action are still underestimated. If we understood them properly, climate change would top the list. Because the fact is that if we don't take action in a timely fashion, at the scale that we need, our climate has the potential to wipe out all the progress we have made over the past 20 years in economic development, social development, in environmental protection. It is the major 'wipe out' factor.

I think that's why people all around the world aren't happy with the lack of attention given to climate change. The Survey on the Global Agenda showed that satisfaction levels for this challenge are by far the lowest of all the challenges, but we shouldn't mistake that dissatisfaction for genuine inaction.

There is action, and it's moving in the right direction, but it's not moving fast enough. For example, we have \$1 trillion of cumulative investment in renewable energy. That's good news, but it's not enough. We need \$1 trillion

per year. There's action nationally, internationally and on the ground, but it is not enough, and that's why there is the perception of inaction.

Our changing climate is the most pressing challenge we face, but it's also the most compelling opportunity we've ever had. Because there is no response to climate change that doesn't take us into a very exciting future. To slow deforestation has several co-benefits environmentally, socially and economically; to accelerate the introduction of renewable energies into the energy matrix isn't just positive action on climate change, it also transports us into the cutting-edge future of a low-carbon economy.

Addressing climate change is daunting in its complexity. There's no human endeavour that is not in some way linked to the challenge. We are facing a complete transformation of our economy, but we have changed our economies before – look at the industrial revolution, or the rise of the digital age. It's all doable. We have the technology, we have the finance, we have the wherewithal – but we cannot allow ourselves to become paralysed, because we do not have the option to ignore the problem.

It doesn't help that you can't point to any single economy that has already succeeded. There are economies like Germany, which has made a serious commitment to the transformation of energy, and economies like tiny Costa Rica, the country I come from, which has announced its intention to become



## Why climate change must be tackled **today**, not tomorrow

carbon neutral. But these are isolated examples of transformation and we need to move from isolated examples to making this the norm.

But wherever you are in the world, policy can't wait for transformative action, and action can't wait for policy perfection. It is completely unacceptable for those who have the power to effect change to stay in a "you first" stance. Policy and action must progress hand-in-hand, learning from each other. We have to bring these two factors together.

It's clear this is not just a government responsibility, a business opportunity or an academic exercise – this is something in which no single human being is exempt from responsibility. This is not just an environmental challenge and it's not a future challenge; it is a transformational challenge that we must embrace today, not tomorrow.

**We are losing the battle on climate change – the sense of urgency we had two years ago has disappeared**



## S. D. Shibulal

Chief Executive Officer and Managing Director of Infosys, India, and Member of the Global Agenda Council on Emerging Multinationals.

The world has finally woken up to the problem of persistent structural unemployment. There is now a widespread understanding that, unless we address this chronic lack of jobs, we will see an escalation in social unrest. People need to be productively employed or crime rates go up, economies stagnate and our entire social fabric unravels.

The fact that governments and businesses are realizing this gives me reason to be optimistic, particularly in the West. The latest Pew research shows that the dearth of employment opportunities consistently comes out top when people in North America and Europe are asked which issue government should tackle first. But to make a change, we need to follow that realization with real innovation and investment, working across borders, all around the world. This isn't a national problem, so it's essential that governments and the private sector take a global view of unemployment and resist tendencies towards protectionism.

In this respect, globalization has already given us many gains. In India alone, millions of jobs have been created and the middle class has grown from 30 million people to 300 million in my lifetime. The IT sector, where I work, employs 2.2 million directly and 8 million indirectly. That's a good start, but in a country of 1.2 billion people, with 40 million unemployed, it's a drop in the ocean.

Governments must create regulatory structures that encourage economic stability, first of all incentivizing companies to create jobs, and then to invest in their workers. This investment is essential because people can no longer expect the guarantee of lifetime employment; a person who is employable today may not be employable in four years, unless their employer invests in them or they invest in themselves. Workers today are competing in a global environment, and that means they need quality education, schooling in soft skills and opportunities for retraining when necessary.

The solutions required vary from region to region around the world. The US talks about having 8.5% unemployment, but unemployment is only 3.5% in the technology sector, so there's an opportunity there for more technology jobs to be created and more people to retrain. Europe, meanwhile, has a serious shortage of talent in healthcare, a sector that will always be needed.

India's specific problems relate to its large population, and so solutions must be implemented on an enormous scale. We may have 3 million graduates a year, including a million engineers, but only a quarter of those are considered employable, while the others still need further training in communication skills, business etiquette or English. Meanwhile, some 16 million Indian children are not in school at all. India is working on it, but the results will take time.





# Why global unemployment has to end now

There's huge potential for innovation, and the role of the private sector is key. In their tireless search for talent, enterprises can join the fight against youth unemployment by training and mentoring young people in roles that offer career opportunities. In this way, companies can increase their pool of young and ambitious employees, while at the same time contributing to the creation of an ecosystem of employable youth that have acquired the necessary work skills.

I think it's our responsibility to create opportunities like this. Technology is often blamed for unemployment, but jobs are not disappearing. They're evolving. Losses in one sector often mean gains in another. At the airport, for example, I now check in at an automated kiosk. That may have meant job losses for counter agents, but think of the thousands who worked to create the check-in software.

We are all custodians of social wealth. No institution or agency can do this alone. That's where organizations

like the World Economic Forum can help, by providing a global platform for exchanging ideas and innovation. This is going to be a long journey, but if we work at it together I can see progress ahead.

“

**A generation that starts its career in complete hopelessness will be more prone to populist politics and will lack the fundamental skills that one develops early on in their career. This can undermine the future of European integration, as the countries with the highest youth unemployment rate are on the periphery.**

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## Nigel Inkster

Director of The Transnational Threats and Political Risk International Institute for Strategic Studies, and Chair of the Global Agenda Council on Terrorism





## The Future of **Surveillance**: how does digital surveillance fit within a world of increasing transparency?

Big Data has fundamentally changed our relationship with information and called into question established expectations of privacy. Our personal information and online behaviour has become a commodity to be analysed and marketed to a degree that few users of electronic media appreciate, and with virtually no controls.

As a former intelligence officer I am no stranger to electronic surveillance, but I fully understand that ordinary citizens are uncomfortable with this phenomenon. We now live in a world of Big Data and unlike in the past, the technologies that enable this are almost exclusively in the hands of the private sector. It should come as no surprise that governments have sought to keep pace with these developments to ensure national security or to pursue national advantage: there are many malevolent actors who use the internet and other electronic media for nefarious purposes including criminality, sabotage and terrorism, and governments need to be able to counter such activities. But they need to do so in ways that command public confidence: there needs to be clarity about the reasons for governments to access Big Data – though not the ways in which they do it – and transparent and verifiable processes for ensuring that such access is not abused. I doubt

whether any of my former colleagues in the intelligence community would have a problem with these propositions.

That said, I don't think you can ever perfectly reconcile aspirations for transparency and the need for security. This has to be a pragmatic calculation driven by perceptions of threat and risk; history suggests that most populations will accept some constraints on their freedom in return for feeling safe. This has to be a pragmatic calculation driven by perceptions of threat and risk; history suggests that most populations will accept some constraints on their freedom in return for feeling safe.

Concerns about security and privacy should not obscure the very real benefits the internet has brought about. And for all the current talk of threat and risk, we should bear in mind that so far nothing too bad has happened in the cyber domain. But the pace of development has taken us all by surprise and we need to start thinking through the implications of where we now find ourselves in a more systematic – and democratic – way.



# Open Forum Davos 2014

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## A Day in the Life of a Refugee

**Tuesday** 21 January at 16.00 to 17:15  
**Wednesday** 22 January at 12.30 to 13:45  
**Saturday** 25 January at 15.00 to 6:15 & 18.00 to 19:15

Address: Berufsfachschule Davos, Bahnhofstrasse Platz 5 (Davos Platz). Please use the main entrance to the school. Refugees tell us, "You can't understand a man until you walk a mile in his shoes."

Take part in this powerful simulation to experience some of the struggles and choices that refugees are facing to survive each day. The Refugee Run is hosted by the Crossroads Foundation and designed with refugees, internally displaced persons and NGOs. After the simulation, refugees, field workers and others will discuss the options for engagement with participants, with a special focus on Syria.

For all further enquiries, please e-mail [refugeerun@crossroads.org.hk](mailto:refugeerun@crossroads.org.hk) or call +41 (0)79 212 9526.

Space is limited so please email to reserve your place.

Address: Berufsfachschule Davos, Bahnhofstrasse Platz 5 (Davos Platz). Please use the main entrance to the school.

For more information visit [www.refugee-run.org](http://www.refugee-run.org)



## Higher Education: Investment or Waste?

**Wednesday** 22 January 19:00 - 20:30

Benjamin Franklin once said, "An investment in knowledge pays the best interest." Yet today, the US has a trillion dollar student loan bubble and the graduate unemployment rate has reached a staggering 14%. With over 285,000 university graduates working at minimum wage in the US, many students are faced with buyer's remorse. This trend is consistent across the Western world. As the mania for higher education has turned into neurosis, it is time to reconsider whether a college degree is worth the investment.

- What is the impact of Massive Open Online Courses on traditional higher education?
- Will Generation Y youth be better or worse off than their parents? What are the implications?

Speakers:

**Angel Gurría**, Secretary-General, Organisation for Economic Co-operation and Development (OECD)  
**Daphne Koller**, Co-Founder and Co-Chief Executive Officer, Coursera, USA  
**Gianpiero Petriglieri**, Associate Professor of Organizational Behaviour, INSEAD, France  
**Zach Sims**, Chief Executive Officer and Co-Founder, Codecademy, USA

Moderated by:

**David Callaway**, Editor-in-Chief, USA Today, USA



## Immigration: Welcome or Not?

**Thursday** 23 January 12:30 - 14:00

For over 200 million people, migrating to a foreign land represents the hope of a better life and valuable career experience. While it is viewed by some as an opportunity for development as well as a healthy source of skills on the job market, many are concerned with irregular flows of migrants, the costs of integration and the potential increase in criminal activity. With European migration on the rise, should governments improve their integration policies or impose barriers to entry?

- What best practices can assist countries to improve management of migration flows?
- How have countries leveraged immigration for development?
- What are the implications of stricter regulations vs integration policies?

Speakers:

**Kofi Annan**, Chairman, Kofi Annan Foundation, Switzerland; Secretary-General, United Nations (1997-2006)  
**Wolfgang Lutz**, Founder and Director, Wittgenstein Centre for Demography and Global Human Capital (IIASA, VID/ÖAW, WU), Austria  
**Peter D. Sutherland**, Chairman, Goldman Sachs International, United Kingdom  
**Martin Schulz**, President, European Parliament, Brussels  
**William Lacy Swing**, Director-General, International Organization for Migration (IOM), Geneva

Moderated by:

**Janine di Giovanni**, Middle East Editor, Newsweek, USA



### Ethical Capitalism: Worth a Try?

**Thursday** 23 January 19:00 - 20:30

Capitalism lifted 1 billion people out of poverty in 20 years but, today, society is discontent. Some believe the neo-liberal capitalist model needs shaking up, and that regulators, supervisors and corporate governance managers have failed those they are meant to protect. Western economic and social crises are pointing to the bankruptcy of the capitalist model. Yet the question remains: What is the alternative?

- Is the ethos of capitalism unethical? What are its economic and policy structures?
- Who needs to lead the effort for society to act for the common good?

Speakers:

**Stanley M. Bergman**, Chairman of the Board and Chief Executive Officer, Henry Schein, USA  
**Peter Brabeck-Letmathe**, Chairman of the Board, Nestlé, Switzerland  
**Martin Sorrell**, Chief Executive Officer, WPP, United Kingdom  
**Muhammad Yunus**, Chairman, Yunus Centre, Bangladesh

Moderated by:

**Zanny Minton Beddoes**, Economics Editor, The Economist, United Kingdom; Global Agenda Council on Fiscal Sustainability



### Faith and Gender Equality: Mind the Gap

**Friday** 24 January 12:30 - 14:00

Women represent more than half of the world's population. Yet, with enduring patriarchal traditions, women still do not have the same rights as men. Issues of reproductive rights and socially mandated roles in the family remain controversial. Considering the important role of faith in social and economic development, can religious bodies help rethink the role of women in society?

- Are religions fair to women? How can religious traditions accompany and support the evolving role of women in society?
- How is modernity transforming religious traditions?

Speakers:

**Orzala Ashraf Nemat**, Executive Director, Youth and Women Leadership Centre, United Kingdom  
**Diarmuid Martin**, Archbishop of Dublin, Ireland  
**Chris Seiple**, President, Institute for Global Engagement, USA

Moderated by:

**Anne McElvoy**, Editor, Public Policy and Education, The Economist, United Kingdom



### The Secret Is Out: What's Next for Switzerland?

**Friday** 24 January 19:00 - 20:30

Switzerland is known for its chocolate, watches and banking sector. But today, with traditional banking secrecy gone, the country has to reinvent itself to retain its competitive advantage. Can Switzerland use this shift to its advantage by creating new markets while continuing to benefit from its pharmaceutical, energy management and tourism industries?

- How is Switzerland going to create new advantages?
- What sustainable and innovative sectors should be invested in? What policies should be put forward?

Speakers:

**Jean-Claude Biver**, Chairman, Hublot, Switzerland  
**Didier Burkhalter**, President of the Swiss Confederation and Minister of Foreign Affairs  
**Boris Collardi**, Chief Executive Officer, Bank Julius Baer, Switzerland  
**Harry Hohmeister**, Chief Executive Officer, Swiss International Air Lines, Switzerland  
**Joseph Jimenez**, Chief Executive Officer, Novartis, Switzerland

Moderated by:

**Andrea Bleicher**, Chief Editor, SonntagsZeitung











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COMMITTED TO  
IMPROVING THE STATE  
OF THE WORLD

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Incorporated as a not-for-profit foundation in 1971 and headquartered in Geneva, Switzerland, the Forum is tied to no political, partisan or national interests.

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