

# Preface

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Globalization and the Fourth Industrial Revolution have created new opportunities but also disruption and polarization within and between economies and societies. In this context, the World Economic Forum introduced last year the new Global Competitiveness Index 4.0, a much-needed new economic compass, building on 40 years of experience of benchmarking the drivers of long-term competitiveness.

The index is an annual yardstick for policy-makers to look beyond short-term and reactionary measures and to instead assess their progress against the full set of factors that determine productivity. These are organized into 12 pillars: Institutions; Infrastructure; ICT adoption; Macroeconomic stability; Health; Skills; Product market; Labour market; Financial system; Market size; Business dynamism; and Innovation capability.

The results of the GCI 4.0 in 2019 reveal that, on average, most economies continue to be far from the competitiveness “frontier”—the aggregate ideal across all factors of competitiveness. Performance is also mixed across the 12 pillars of the index. The report demonstrates that 10 years on from the financial crisis, while central banks have injected nearly 10 trillion dollars into the global economy, productivity-enhancing investments such as new infrastructure, R&D and skills development in the current and future workforce have been suboptimal. As monetary policies begin to run out of steam, it is crucial for economies to rely on fiscal policy, structural reforms and public incentives to allocate more resources towards the full range of factors of productivity to fully leverage the new opportunities provided by the Fourth Industrial Revolution.

The report also looks to the future, specifically the two defining issues of the next decade—building shared prosperity and managing the transition to a sustainable economy—and poses the question of their compatibility with competitiveness and growth. There is already a clear moral case for a focus on the environment and on inequality. The report demonstrates that there are no inherent trade-offs between economic growth and social and environmental factors if we adopt a holistic and longer-term approach. While few economies are currently pursuing such an approach, it has become imperative for all economies to develop new inclusive and

sustainable pathways to economic growth if we are to meet the Sustainable Development Goals. Bold leadership and proactive policy-making will be necessary, often in areas where economists and public policy professionals cannot provide evidence from the past. The report showcases the most promising emerging pathways, policies and incentives by identifying “win-win” spaces, but also points to the choices and decisions that leaders must make in sequencing the journey towards the three objectives of growth, inclusion and sustainability.

At the World Economic Forum's Platform for Shaping the Future of the New Economy and Society, the home of *The Global Competitiveness Report*, over 200 leaders from business, government and civil society work together to deepen their understanding of complex issues, shape new models and standards and drive scalable, collaborative action for systemic change on three deeply interconnected areas: growth and competitiveness; education, skills and work; and equality and inclusion. By combining insight, models and action the Platform serves as an accelerator for emerging solutions, pilots and partnerships. We invite leaders to join us to co-shape new solutions to the challenges highlighted in this report, working together with the urgency and ambition that the current context demands of us.

I want to express my gratitude to the core project team involved in the production of this report: Sophie Brown, Roberto Crotti, Thierry Geiger, Guillaume Hingel, Saadia Zahidi and other colleagues from the Platform for Shaping the Future of the New Economy and Society. My deep gratitude goes to Professor Xavier Sala-i-Martin for his guidance and to the experts, practitioners and governments who were consulted. Finally, we thank the 141 Partner Institutes, which help administer the Executive Opinion Survey, whose results provide invaluable data for the GCI 4.0 and other benchmarks.

*The Global Competitiveness Report* is designed to help policy-makers, business leaders and other stakeholders 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 visionary and bold leadership required to build a new economic agenda for growing, sustainable and inclusive economies that provide opportunity for all.