

Short-Term Thinking is Not Leadership, Says Italian Prime Minister Monti

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- Italian Prime Minister Monti defended his government's reforms and criticized short-term thinking in politics
- IMF Managing Director Lagarde said that 2013 is a "make-or-break" year for the global recovery
- Swiss President Maurer stressed the importance of competition to improve economic performance
- The theme of the 43rd World Economic Forum Annual Meeting is *Resilient Dynamism*. For more information, visit <http://wef.ch/Davos>

Davos-Klosters, Switzerland, 23 January 2013 – In an address to participants on the first day of the 43rd World Economic Forum Annual Meeting, Italian Prime Minister Mario Monti defended his government's record and warned against "short-termism" in politics. "Leadership is the opposite of short-termism," he said, noting that his country had "failed to take on the challenges of globalization" but instead pursued policies of the status quo and procrastination.

His administration implemented wide-ranging reforms that have changed the country and put its economy and fiscal position on sounder footing, Monti argued. "We did not go for the low-hanging fruit but aimed for big targets." Structural reforms are important because they lay the foundation for future growth, he added. "If my experience is anything to go by, the odds are against reforms if the government is not able to confront the interests that are resisting them." Concluded Monti: "Leadership is better tested at times of adversity, but it is also possible to lead against the odds."

Reacting to the pledge today by British Prime Minister David Cameron to hold a referendum by the end of 2017 on whether Britain should stay in the European Union, Monti said: "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 European Union does not need unwilling Europeans. We desperately need willing Europeans."

Speaking after Monti, Christine Lagarde, Managing Director of the International Monetary Fund (IMF), told participants that 2013 will be a "make-or-break" year for the global recovery. She noted that the IMF had just slightly lowered its global growth forecast from 3.6% to 3.5% for the year, with developed economies projected to grow by only 1.4%, compared to 5.5% for emerging markets. "If we continue to act and if we can embrace and keep the momentum in the short term, we will get beyond the crisis." Leaders must continue necessary reforms, she said.

A new global economy is emerging, Lagarde declared, one that is driven more by emerging markets and shaped by the values and principles of younger generations. "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."

Ueli Maurer, President of the Swiss Confederation and Federal Councillor of Defence, Civil Protection and Sports of the Swiss Confederation, underscored the importance of competition. For economies to be both resilient and dynamic, there must be competition among them, he argued. "Resilient dynamism cannot be achieved without peaceful competition between business locations." *Resilient Dynamism* is the theme of the Annual Meeting.

In his welcoming remarks to participants, Klaus Schwab, Founder and Executive Chairman of the World Economic Forum, told participants that, while no decisions are taken at the Annual Meeting, "it is a lab of new ideas, a launching pad for new initiatives and a platform for interaction and dialogue." With the global crisis receding and concerns about Europe subsiding, "the time has come to look at the future with greater vision and constructive optimism," Schwab advised. "The risks have not gone away," he warned. "What we should do is develop the necessary resilience to deal with those risks in time." He called for social and moral responsibility. "Without a basic moral consensus on a global level, humankind cannot survive," Schwab said.

Notes to Editors

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