The Big Debate: Setting the Business Agenda Questions Demanding a Creative Response

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In a session designed to map the agenda for this year's Annual Meeting, participants discussed five subthemes designed to highlight the key challenges facing the world at the dawn of the 21st century, and articulated three broad responses to those challenges. Participants then formulated a list of questions related to these issues, and selected the most urgent of these questions via an instant electronic ballot.

Lawrence H. Summers, President, Harvard University, USA, a Co Chair of the Annual Meeting 2006, reviewed the changing economic landscape, which he described as a battlefield between two competing emotions: hope and fear. Global financial markets may currently be experiencing an excess of the former and a deficit of the latter. "You could say that the main thing we have to fear is the lack of fear itself," Summers said. Investor exuberance, he explained, creates the risk of asset bubbles, delays necessary structural adjustments and magnifies the risk of an eventual "hard landing" to the current expansion. Over the longer run, the situation is reversed: an excessive fear of globalization threatens to negate the benefits it can provide. "The integration of the four fifths of the world that is poor with the one fifth that is wealthy has the potential to be one of the two or three most important economic developments of the past millennium, along with the Renaissance and the Industrial Revolution," Summers said. Realizing that dream will require balancing the efficiencies that come with global competition with the human need for security, he added.

Laura D. Tyson, Dean, London Business School, United Kingdom, addressed the challenge of creating future jobs in an era marked by the entry of billions of workers into the global market economy. The latter development, she noted, has had a dramatic effect on the worldwide ratio of labour to capital, with consequent downward pressure on wages. These conditions can be expected to last for at least the next 25 years. Solutions for this challenge can only emerge from partnerships between the public and private sectors, Tyson concluded, challenging business leaders to think about their own responsibilities.

Peter Brabeck Letmathe, Chairman and Chief Executive Officer, Nestl窠Switzerland, a Member of the Foundation Board of the World Economic Forum, and Co Chair of the Annual Meeting 2006, discussed the threats to stability and progress posed by regional identities and struggles. Despite economic globalization, he contended, the world's regions are actually drifting apart. This trend, Brabeck Letmathe argued, is accelerating, driven by demographic trends (rapid population growth in parts of the developing world; ageing societies in the industrialized countries) and increased competition for natural resources. Recent discussions with developing world leaders, he added, have also highlighted a growing divide between rural and urban communities. Will the forces of integration or disintegration prevail? "Whether the future is seen with hope or fear will be decisive as to which force shapes the future," he predicted.

Despite the obvious risks, hope should have the upper hand in that struggle, argued Mukesh D. Ambani, Chairman and Managing Director, Reliance Industries, India, a Co Chair of the Annual Meeting 2006. Ambani examined the emergence of China and India, arguing that the two countries have an opportunity to develop new economic models that can be replicated in other low income countries.

Sir Martin Sorrell, Group Chief Executive, WPP, United Kingdom, also a Co Chair of the Annual Meeting 2006, focused on the need for new mindsets and changing attitudes, particularly among business leaders. Established companies, he said, generally have been slow to adapt to such changes as the rise of the Internet, in part because their corporate structures don't sufficiently foster or reward innovation. "I think it is just about impossible for traditional companies to alter their thinking rapidly enough... You need to create new organizations," Sorrell said.

Jagdish Bhagwati, Professor, Columbia University, USA, cautioned participants not to assume that present trends will continue in either the developed or the developing worlds. For example, the assumption that China and India will continue to enjoy rapid economic growth is not set in stone, nor are the problems commonly cited in those countries necessarily the ones that will prove most intractable. "The first thing we need to look at is whether a given course is sustainable," Bhagwati said. "Then we can discuss whether it is good or bad."