



COMMITTED TO
IMPROVING THE STATE
OF THE WORLD

Professor Klaus Schwab
Founder and Executive Chairman

H.E. Mr Mark Rutte
Prime Minister of the Netherlands
Office of the Prime Minister of the Netherlands
P.O. Box : 20001
2500 EA The Hague
Netherlands

11 December 2020
saf/psa

Dear Prime Minister,

It is my honour to invite you to share your perspectives during the Leadership Panel on Transforming Food Systems and Land Use, which will take place on 27 January from 09.00 to 09.45 CET in the context of the World Economic Forum Davos Agenda being held virtually from 25 to 29 January 2021.

By convening this top-level gathering at the beginning of 2021, the Forum will build on its 50-year multistakeholder dialogue history and its status as an International Organization for Public-Private Cooperation to provide important signposts in finally overcoming the centennial challenge of COVID-19.

This Leadership Panel will have wide media visibility, while also providing for an opportunity to engage with business leaders from the Forum's 1,000 Partner companies.

I believe your leadership and insight are absolutely essential in this context. As such, the Forum will contact your office to ensure that this engagement is of maximum value to you and the Netherlands. I would be grateful to receive your confirmation before 21 December in order to make the appropriate arrangements.

Yours sincerely,

handtekening



SESSION STRUCTURE

Transforming Food Systems and Land Use (Eastern Hemisphere)

Wednesday 27 January 09:00 - 09:45

While more than 1 billion tonnes of food is still wasted every year, agriculture remains a major driver of water use, climate change and nature loss, and a nature-positive economy could create 395 million new jobs by 2030. With the Biodiversity COP15 and the UN Food Systems Summit scheduled for 2021, this Leadership Panel examines how to scale inclusive action to transform our food systems, improve farmer livelihoods and restore nature.

Reporting press: Not Allowed.

Session duration: 45 minutes.

The session will include:

Panellist

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- Bescherming persoonlijke levenssfeer

Moderated by

-
- Bescherming persoonlijke levenssfeer

FORMAT OBJECTIVES

Leadership panels are designed to generate insights, highlight promising approaches and amplify impact stories. Speakers are visible and audible; attendees are muted and invisible in a 30-45 min Zoom Webinar.

persoonsnaam

Van: persoonsnaam@weforum.org>
Verzonden: maandag 7 december 2020 14:44
Aan: persoonsnaam
CC: persoonsnaam, persoonsnaam
Onderwerp: Prime Minister's Recommendation for 'Stakeholder Capitalism,' New Book from Professor Klaus Schwab
Bijlagen: Stakeholder Capitalism_Proof_Manuscript PDF.pdf
Opvolgingsmarkering: Opvolgen
Markeringsstatus: Gemarkeerd

Dear persoonsnaam, hope all is well.

On 25 January at the start of The Davos Agenda, Professor Klaus Schwab will be releasing his new book, titled "Stakeholder Capitalism". In it, he deals with the great challenges the world is facing, including income inequality, the climate crisis, and the increasing "winner-take-all" nature of the global economy.

As Professor Schwab greatly values the Prime Minister's approach to governance and sees many similarities with his vision on stakeholder capitalism, he wanted to ask if the Prime Minister would be willing to provide a short recommendation for the book's promotion. This could be 1-3 sentences, or 30-50 words. You may find attached the manuscript, and here a sample recommendation:

Stakeholder Capitalism provides an eye-opening account of the progress, challenges, and major issues with the global economy. But it also gives us a glimpse into a future world, where progress can once again be widely shared, and countries collaborate to ensure a healthy planet for future generations. A must-read.
John Doe, President, Country

Unfortunately we do have a bit of a short timeframe however, as we would need the text by 15 December when the manuscript will be going to the final stages of the publishing process.

We do recognize that this is a very short notice, but Professor Schwab would be very appreciative to receive the Prime Minister's recommendation for his newest piece.

Many thanks for letting us know, and I remain at your disposal for any questions.

Best,

persoonsnaam

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Community Lead, Europe and Eurasia
Center for Regional and Geopolitical Affairs

World Economic Forum
91-93 Route de la Capite
CH-1223 Cologny/Géneva, Switzerland

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Conclusion

The Road to Stakeholder Capitalism

In the immediate months that followed the outbreak of the COVID-19 pandemic, the world as we knew it was turned upside down. Like most people, I was constrained to observing the situation from inside my home and our empty offices, and I relied on video calls to know how others were doing. In Geneva, as in so many other cities around the world, the eerie silence on the streets, devoid of cars, commerce, and the hustle and bustle of people, was only equaled in intensity by the stir in hospitals, where entire wards were hastily transformed in makeshift COVID facilities.

In those moments of crisis, it was hard to be optimistic about the prospect of a brighter global future. Several million people lost their lives or were severely ill. Tens, perhaps hundreds of millions of people lost their livelihoods. And probably well over a billion children and elderly people were cut off from the outside world, unable to learn or see their loved ones for months. The only upside, perhaps, was the temporary drop in greenhouse gas emissions, which brought a slight relief to the planet's atmosphere. It shouldn't have come as a surprise, then, that many started to wonder: Will governments, businesses, and other influential stakeholders truly change their ways for the better after this, or will we go back to business as usual? Can we, in other words, make the turn to stakeholder capitalism, or are we doomed to revert to more short-term and selfish reflexes of a rawer kind of capitalism?

After reading the first half of this book, you may have been inclined to give a pessimistic answer. As we saw in the first chapters, we are facing enormous economic, environmental, social, and political challenges. With every passing year, these issues, as many people have experienced directly, seem to get worse, not better. That is true for income and wealth inequality in almost every country of the world. It is true for climate

change, which affects us all. And it is true for social and political division, which is on the rise across continents from America to Asia. We seem to be living in a vicious global economic system, in which possibility of progress is engulfed by the much darker road toward decline.

Part II of this book demonstrates that, despite society's progress, there are no easy ways out of this vicious cycle, even though the mechanisms to do so lie at our fingertips. Every day, we invent new technologies that could make our lives and the planet's health better. Free markets, trade, and competition create so much wealth, that in theory they could make everyone better off if there was the will to do so. But that is not the reality we're living in today.

Technological advances often take place in a monopolized economy and are used to prioritize one company's profits over societal progress. The same economic system that created so much prosperity in the golden age of American capitalism in the 1950s and 1960s is now creating inequality and climate change. And the same political system that enabled our global progress and democracy after World War II now contributes to societal discord and discontent. Each of those policies were well intended but had unintended negative consequences.

Yet we should not lose our optimism. There are reasons to believe a more inclusive and virtuous economic system is possible—and it could be just around the corner. As the initial shock of the COVID crisis receded, we saw a glimpse of what is possible, when all stakeholders act for the public good and the well-being of all people, instead of just a few. Mere months after the pandemic began, work was started on more than 200 potential SARS-CoV-2 vaccines. Many of them resulted from multinational collaboration involving both the public and the private sectors. Companies approached the World Economic Forum's COVID Taskforce with offers of hygiene products, ventilators, containers, funding to help the emergency health response. There was also a strong desire for cooperation between governments and business, to secure the funds needed for vaccine development and distribution. To me, these initiatives showed that a "Great Reset" of our global economic system is possible and that this crisis could also bring out the best in all of us, as we work to overcome the pandemic.

In Part III of this book, I've tried to show how such virtuous instincts can become a feature of our economic systems, rather than a rare exception. I have shown how companies, governments, international organizations, and civil society can reinvent themselves. Rather than chasing short-term profits or narrow self-interest, they could pursue

the well-being of all people and the entire planet. This does not require a 180-degree turn: companies do not have to stop pursuing profits for their shareholders, and governments do not have to stop putting the well-being of their citizens first.

All it takes is that they shift to a long-term perspective, looking beyond the next quarter or fiscal year, to the next decade and the next generation, and that they take the concerns of others into account. That is what companies such as Maersk have done, while remaining profitable and competitive. And it is what countries such as New Zealand and Singapore are doing, creating prosperity for all their citizens and businesses, while respecting others and the planet.

We should all follow these trailblazers' example. We should think deeply about the future and change our own business model or mission statement to clarify how we can contribute to the broader well-being of people and the planet, while pursuing other, more short-term goals. Building such a virtuous economic system is not a utopian ideal. Most people, including business leaders, investors, and community leaders, have a similar attitude about their role in the world and the lives of others. Most people want to do good. But what's been missing in recent decades is a clear compass to guide those in leading positions in our society and economy.

For the last 30 to 50 years, the neoliberalist ideology has increasingly prevailed in large parts of the world. This approach centers on the notion that the market knows best, that the "business of business is business," and that government should refrain from setting constraining rules for the functioning of markets. Those dogmatic beliefs have proven wrong. But fortunately, we are not destined to follow them.

As I mentioned several times earlier in this book, in September 2020, my belief that a more virtuous capitalist system is possible was reaffirmed by the "Stakeholder Capitalism Metrics" initiative of the Forum's "International Business Council" led by Brian Moynihan of Bank of America. These are non-financial metrics and disclosures that will be added (on a voluntary basis) to companies' annual reporting in the next two to three years, making it possible to measure their progress over time.

Doing so will allow us to answer questions such as: What is the gender pay gap in company X? How many people of diverse backgrounds were hired and promoted? What progress has the company made toward reducing its greenhouse gas emissions? How much did the company pay in taxes globally and per jurisdiction? And what did the company do to hire and train employees?

But why did this project come to fruition now? At the World Economic Forum, we had been advocating the idea that companies should try and optimize for more than just short-term profits for decades. But around 2016 a handful of business leaders emerged who wanted the private sector to play a concrete role in achieving the United Nations Sustainable Development Goals (SDGs). Individuals such as Brian Moynihan but also Frans van Houten of Philips and Indra Nooyi, then at PepsiCo, subscribed to this notion and enlisted many of their peers to sign a compact confirming their commitment.

In the following years, pressure from social and climate justice movements such as Fridays for Future (inspired by Greta Thunberg), #MeToo, and Black Lives Matter added to the sense of urgency. Business needed to do more than make a well-intentioned but vague pledge. By the summer of 2019, Brian and others put forth the idea of creating a tool to measure themselves, to replace the “alphabet soup of metrics” that existed until then. By the fall, the work was underway, and the “Big Four” consulting firms—Deloitte, EY, KPMG, and PwC—signed on to define the metrics.

By January 2020, a first consultation draft of the metrics was ready and was enthusiastically received. Then, the COVID-19 disaster struck. It turned out to be a real litmus test. Would the project survive this global crisis? And, more broadly, would the whole idea of stakeholder capitalism die a premature death in the COVID crisis? The concept had been embraced by the US Business Roundtable—a major lobby group of US firms in Washington—just months earlier. Now, it was feared, that nascent commitment to stakeholder capitalism could make way for a more realistic, *sauf ce qui peut* approach in companies: save what you can, even if it means laying off employees or cutting off suppliers.

But if anything, the enthusiasm of the companies working on the project increased. “There was a sense that this was really important, especially in the crisis,” Maha Eltohy, who headed the initiative for the World Economic Forum, said. Thus, when a physical meeting was cancelled in the spring, all leading project sponsors—myself included—dialed in to a virtual meeting. It was the spark that was needed to complete the project. And so, in the fall of 2020, the Metrics were finalized and publicly released, after many more workshops, interviews, and other meetings were conducted in the middle of the worst global public health crisis in a century. It is these kinds of developments that give me hope that stakeholder capitalism isn’t a fad but a feature of our future system.

Of course, we remain far from our goal of achieving a better global economic system for all. The Stakeholder Capitalism Metrics are just one of many initiatives that are needed to get to such an outcome—and time is quickly running out. But in a world where pessimism is increasingly the order of the day, and narrow and short-term self-interest is still alluring, initiatives like these demonstrate that a more inclusive and sustainable model is possible.

After the devastation of World War II, I was lucky enough to grow in a town and a society that embraced the stakeholder mindset in all that it did. I saw it at work at my father's factory, where everyone, from the shop floor to the corner office, had the same drive to make the company and its products a long-term success, and everyone shared in the fruits of it when it arrived. I saw it in Friedrichshafen and Ravensburg after the war, as all citizens, as well as the entire local government, came together to rebuild what had been destroyed. And I have been advocating for it ever since, whether in business or in government, and going from Swabia to Singapore.

I hope that you too, after reading this book, are convinced of the stakeholder model. I hope that you concluded—as have I—that the state of the world isn't a given but that we can improve it if we are all committed to a better world. And I hope that all of us—together—will now build the more resilient, inclusive, and sustainable economy we need, in the post-COVID world. That is the essence of stakeholder capitalism: a global economy that works for progress, people, and planet.