

BUSINESS WORLD

DAVOS FORUM

'GLOBALISATION A SCAPEGOAT'

Schwab warns of dangers of growing isolationism and world characterised by interests

GENEVA

THE man behind the annual Davos forum that for decades has been singing the praises of global trade insists that globalisation is only one factor in dramatic shifts provoking angst and anger.

Klaus Schwab, the 78-year-old founder and executive chairman of the World Economic Forum (WEF), said in an interview this week he understood that rapid changes in societies were provoking anxiety, but stressed that globalised trade was not the sole culprit.

"It's not just a backlash against globalisation," he said, adding that "what we are witnessing is a time of enormous change".

Rapid shifts in technology, economies and social structures have fuelled "a certain anxiety of the people, (who) are looking for an identity in this new world", he said.

This year's Davos meetings take place next week, and Schwab's comments come after a wave of anti-establishment populism over the past year which saw Britain vote to leave the European Union and maverick billionaire businessman Donald Trump elected as United

States president.

Other populists have also been gaining ground in many Western democracies, largely by stoking fears about globalisation, immigration and refugee flows.

Schwab said the world appeared to be in "emotional turmoil" but said the turbulence was rooted in a range of factors, including deep concerns over how new technologies are threatening jobs.

Globalisation, he insisted, was simply "a very easy scapegoat".

But while globalisation is easy to blame, there are no good alternatives to it, he suggested, warning of the dangers of growing isolationism.

A more isolationist world would be "different from today's world", he said, including a likely return of borders and border controls in Europe "with all the inconvenience for business but also for people that borders represent".

"But what I'm much more concerned with is the fact that countries become much more egotistical under the pressure of the national electorate," he said.

An isolationist world would be one that is no longer "based on shared values, but a world which will be characterised by interests", he warned, saying that if global coop-

eration happened at all it would be based on shared interest alone.

"But a global cooperation which is based just on sharing interests will be very unstable because values remain the same, but interests move over time," he said. "We will be in a much more fragile world."

Schwab said Davos was the perfect place to begin addressing the problem, with its strong focus on "the need for responsive and responsible leaders".

"Responsive means that if you are a good leader, you have to listen to the people who have entrusted you with leadership," he said. "But in the end, it's not enough just to listen. You have to solve the issues. You have to address... the root causes."

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World Economic Forum founder and executive chairman of Klaus Schwab says responsive leaders listen to the people. REUTERS PIC

