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Magic cure for economic ills

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THE lure of Thomas Mann's *The Magic Mountain* draws the annual World Economic Forum back to Davos, Switzerland.

The sub-zero temperatures do not deter more than 2,100 participants who will consider ways of rebuilding trust and seek remedies and cure for the world's ills and illnesses.

There is much that plagues the world - regional political conflicts, religious strife, lack of trust, AIDS/HIV, poverty, trade disputes, financial scandals and unemployment.

Prime Minister Datuk Seri Dr Mahathir Mohamad who is participating in the forum is expected to speak on "Trust and Governance for a New Era" - an important topic which will kick off the six-day annual forum today.

The organisers point out that over the course of the last one year "we have witnessed the breakdown of trust in many sectors of society". The world has witnessed an extraordinary climate of uncertainty and complexity.

"Confidence in the security of public and corporate life has been shattered as, across the world, apparently robust institutions have been rocked by disaster, scandal and financial collapse," the World Economic Forum (WEF) notes.

Can trust be re-established? What will leaders need to do to function successfully in this new era? And are there universal values on which they can rely? These are some of the issues that will be raised following Dr Mahathir's presentation.

Lord Carey of Clifton, former Archbishop of Canterbury; Charles O' Holliday Jr, chairman and chief executive officer, DuPont, US; and Kenneth Roth, executive director, Human Rights Watch, US are among those who will respond to points raised by Dr Mahathir on trust and governance for a new era.

A survey conducted by Gallup International and Environics International reveals that "trust" will be one of the major issues of 2003. It shows a dramatic lack of trust in democratic institutions and distrust in the democratic process.

The Davos-based WEF in unveiling the survey findings said the lack of trust leads to weaker business partnerships, higher risks, higher interest rates and lower margins.

The lack of trust will further undermine the health of the world economy in addition to the viability of the corporations.

Business leaders and the Who's Who of the global corporate world will seek ways to push the world economy even as it is bruised by the major corporate scandals and political uncertainty.

The state of the corporate world and the health of the global economy is a major item on the agenda.

Even though most of the large-scale corporate failures and scandals of 2002 unfolded in the US, companies and regulators worldwide are struggling to improve investor confidence.

Movers and shakers who will make their pilgrimage to the snow-capped Swiss Alps hope to inject investor confidence through more effective corporate governance rules and behaviour.

The participants from various sectors of society including government leaders, heads of state, religious leaders, academics, public and business leaders and NGOs have a tight schedule.

More than 300 sessions will be held in which participants will consider topics such as terrorism, global governance, insurance crisis, globalisation, poverty and inequality, health of the world economy, technology, the dotcom bust and what went wrong, the occurrence of another Sept 11 and its impact on business; the pros and cons of genetic engineering and religious conflicts.

Dr Mahathir is expected to join several leaders in a discussion on political Islam and its discontent.

The misconception and misunderstanding of the religion and of its followers must be explained, especially to the west.

Dr Mahathir will certainly point out that Islam is a religion of peace and a religion "that civilised the world", one that is misunderstood not only by non-Muslims but by some Muslims themselves.

He will help put right many of the wrong perceptions of the religion and the misconception associating it with terrorists and terrorism.

Terrorism has taken centre stage in global politics, transforming the nature of international relations.

Terrorism is having a significant impact on domestic, regional and international policy. Nations are seeking to balance new requirements for public safety with civil liberties, and business grapples with added uncertainty and costs.

A sub-theme of the annual forum "Security and Geopolitics" will consider issues including energy security, the fight against terrorism and the Israel-Palestine conflict.

Undoubtedly, the impending US-led attack against Iraq will not escape the participants' attention.

It is important as economically, the situation in Iraq will have three important consequences - the negative short-term impact of war on global economic growth; the potential disruption of a steady supply of oil; and the long-term consideration of a stable energy security policy.

Other regional conflicts - the dispute between India and Pakistan over Kashmir, the Arab-Israeli conflict and the situation in North Korea have the potential of spilling over beyond their respective regions.

These will be addressed, in addition, to the unresolved conflicts in Africa and Latin America.

The plight of Latin America with its dire economic situation, Central Asia, East and Southeast Asian economies will also be considered.

Climate change, the rights of children, freedom, sports, trust and politics, questions dealing with violence and wealth and happiness will also be discussed.

Poverty remains at the core of the global development agenda. Despite a relative drop in the worldwide level of people living in extreme poverty, from 29 per cent in 1990 to 23 per cent in 1999, absolute poverty levels remain stable, with almost 1.2 billion living on less than US\$1 (RM3.80) a day - a situation worse off than a cow in Europe which gets a subsidy of US\$3 a day.

But why do seasoned government leaders, business and corporate captains who collectively account for more than 80 per cent of the global GDP leave the comfort of their office and the help of an army of secretaries to walk or use public transport in sub-zero temperatures to participate, hear, debate and discuss issues?

The annual meeting offers a platform for leaders to address the most pressing global, regional and industry issues that cannot be adequately debated in industry-specific or region-specific settings.

But it is not all work, meetings, discussions and debates. In addition to serious subjects and the state of the world, lighter issues have not been ignored.

The participants will be given safety tips and a "driving experience" on icy conditions.

Cultural aspects include a performance by the UBS Verbier Festival Youth Orchestra of 112 musicians aged between 17 and 29 years from 34 countries.

Music is universal and brings people together. It is hoped that the magic of the mountain and music will work to help resolve many of the issues and help rebuild trust.