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# A View from the WEF Annual Meeting 2017 at Davos

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The city of Davos

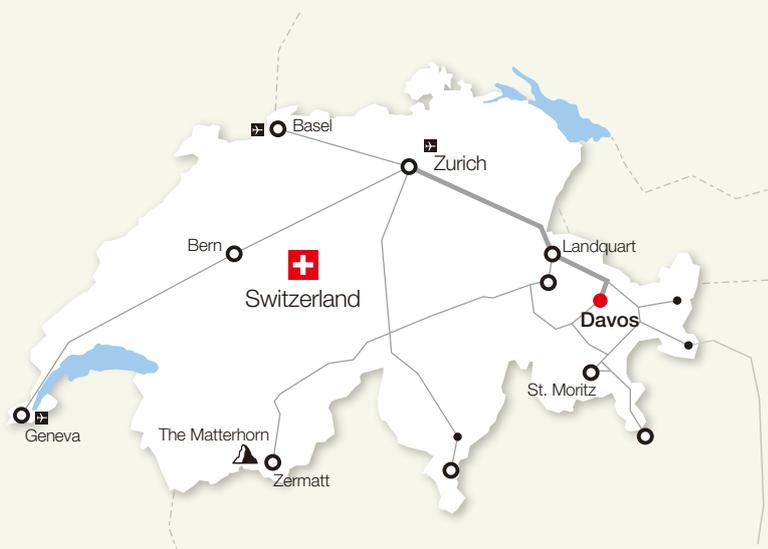
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### To Davos

The best way to get to Davos is by train. The train glides from the magnificent neo-Renaissance Zurich Main Station, then arcs wide to the left. Leaving the city, the train runs along the Lake Zurich shore. The seats are wide, clean, and comfortable, and the train hardly shakes. Gazing through the window at the dull gray, not-quite-frozen lake through a cloud of snow flung up by the train, it is easy to forget work and become absorbed in the journey. Leaving the

lake behind, the train enters a countryside valley and eventually arrives at Landquart Station. Passing through crowds of skiers, you change from the Swiss Federal Railways to the Rhaetian Railway, the largest private railway in the Swiss Confederation.

The Rhaetian Railway started in 1889 as Schmalspurbahn Landquart-Davos AG (Landquart-Davos Narrow Gauge Railway Co.). The route crosses over a deep valley via the curving Landwasser Viaduct, a World Heritage structure, and images of this characteristic



red train crossing it are frequently seen in the media. Noting that this express train climbs from Landquart (altitude 500 m) to Davos (altitude 1,500 m) should give some idea of how steep the line is, but in fact it is a leisurely journey with frequent rider-requested stops at small stations nestled between the mountains. Slowly passing through snow-covered cedar forests, settlements appear to the left, far below in a valley. At around that time, you can enjoy the rugged face of the Swiss Alps beyond the tree line.

After an hour or so, you arrive at Davos Dorf Station. Hans Castorp also got off at this station. Davos is the setting of *The Magic Mountain*, the magnum opus by Nobel Prize in Literature recipient Thomas Mann. The book begins with protagonist Hans Castorp getting off at this station to visit his cousin, a tuberculosis patient.

Prior to the development of practical antibiotics, Davos was an international sanatorium for tuberculosis treatment. This began when a young mid-19th-century doctor, Alexander Spengler, declared Davos to be an ideal location for recovery from tuberculosis, thanks to its cool, dry air and low atmospheric pressure characteristic of its high altitude. The opening of the Rhaetian Railway thus brought tuberculosis patients and their well-wishers to Davos from around the world. Guests included *Sherlock Holmes* author Conan Doyle and *Treasure Island* author Robert Louis Stevenson, and Mann is said to have been inspired to write *The Magic Mountain* when he visited his wife Katia in 1912.

### The Passion of a Young Economist

With the spread of antibiotics after the Second World War, Davos fell into decline as a sanatorium. The “European Management Symposium”—launched in 1971 by the young Swiss economist Klaus Schwab to revitalize Davos and the European economy, which was showing signs of stagnation—was the beginning of the World Economic Forum (WEF), also known as the Davos Meeting.

Approximately 450 people, primarily European top executives, gathered at this symposium. Afterward, Schwab established a nonprofit foundation, the European Management Forum. The conference has been held every January since. Its initial purpose was economic revitalization in Europe, but it has gradually come to address global issues.

The early 1970s was a time of international upheaval, due to US President Richard Nixon’s announcement in July 1971 that he would visit China, the ending of the convertibility of the US dollar to gold in August of the same year—thus ending the Bretton Woods Agreement, which had supported the world economy since the end of the Second World War—and the Yom Kippur War in 1973, which triggered a worldwide oil shock. Against this background, political leaders also began participating from the 1974 meeting.

In 1987, the European Management Forum was renamed the World Economic Forum (below, the Annual Meeting itself is called the Davos



Congress Hall (main hall)

The Congress Centre (main venue)  
(Copyright: World Economic Forum)

Meeting, and its parent body is called the WEF), and the Davos Meeting gradually came to play an increasingly important role in world stability. At the 1988 Conference, Greece (formally, the Hellenic Republic) and the Republic of Turkey signed the Davos Declaration and avoided war despite growing tensions between them, and in 1989 the Prime Ministers of East and West Germany began discussing German unification.

In consideration of the influence of the Davos Meeting, at the 1999 meeting then United Nations Secretary-General Kofi Annan called for cooperation between companies and the United Nations in working toward solutions to negative globalization issues. This resulted in the United Nations Global Compact. The Davos Meeting influences world stability through its neutrality. The United Nations and G7 Summit exist for the benefit of their participating countries, but as a nonprofit organization, the WEF is not influenced by the interests of specific countries or regions. This is also related to Klaus Schwab's research theme of "multi-stakeholder governance," the idea that management should consider the interests of all stakeholders, including corporate shareholders, customers, employees, government, and local communities. This is precisely why the interests of specific groups and regions can be set aside. Because of its strict neutrality, a wide variety of people attend the Davos Meeting.

As of March 2017, members of the WEF Board of Trustees who are responsible for WEF governance other than Klaus Schwab include a wide

variety of personages, such as former US Vice President Al Gore, International Monetary Fund Managing Director Christine Lagarde, cellist Yo-Yo Ma, and Queen Rania of the Hashemite Kingdom of Jordan. The Davos Meeting is normally held on a Wednesday through Saturday in late January. As an exception this year, it was held on January 17 (Tuesday) through January 20 (Friday), reportedly to accommodate the first-time participation of Chinese president Xi Jinping before the start of the Chinese New Year and the inauguration of newly elected US President Donald Trump scheduled on January 20.

In addition to the Davos Meeting, the WEF also holds regional meetings in South America, Africa, Southeast Asia, the Middle East, and North Africa. While regional meetings have expanded on the themes of the Davos Meeting, there are also cases where regional governmental, corporate, and non-governmental organization stakeholders are tackling region-specific issues there, and many participants place emphasis on such matters. The so-called "Summer Davos" is held in China, annually alternating between Dalian and Tianjin, and features an agenda that focuses on technology and innovation.

From its original participation by 450 people, the 2017 meeting grew to approximately 3,000 participants. Among these were heads of state such as Chinese President Xi Jinping and UK Prime Minister Theresa May, some 300 executives from international organizations, such as United Nations Secretary-General António



Panel discussion in a medium-sized venue



Small-venue session



Seminar

Guterres, and over 1,000 business leaders. Corporate attendance is restricted to executives; assistants and the like are not allowed. However, strategic WEF partner associates have the privilege of taking five participants, plus one attendant and two staff members.

### Strolling through the Davos Meeting

Surrounded by the Alps, the city of Davos is in a small basin that extends from the northeast to the southwest. Down the middle flows a small stream, which the Rhaetian Railway runs alongside. To the northeast at the city entrance is Davos Dorf station, and to the southwest is the main city station, Davos Platz. Davos is a small town, spanning about 4 km between the two stations from a plains area on the north side of the tracks to the mountain foothills.

The main venue is the Congress Centre near the center of town. It has four above-ground floors and a basement level, but it is built into a sloping hillside, so the underground floor used for VIP valet service is partially above ground, and the ground floor can be accessed by a road running along a ridge.

Entrance to the Congress Centre and hotels where the elite VIPs stay is restricted to those with identification cards. Therefore, the first thing participants do upon arriving in Davos is head to the registration center on the southeast edge of town to receive a WEF-supplied identification card.

As one might expect at a gathering of some of the most important people in the world, Swiss soldiers toting machine guns and police are posted at key positions, and during the Davos Meeting the town has an extremely tense atmosphere. Ski tourists stand out among the meeting participants, however, creating an unexpectedly relaxed scene.

When entering the Congress Centre, you must place your identification card onto a dedicated reader for authentication, and pass yourself and your belongings through a metal detector, like at an airport. The venue has grown along with the scale of the Davos Meeting, so the building interior is something of a maze. On the basement floor is the main Congress Hall, which can hold some 1,500 people for presentations by world leaders. There are over 100 other meeting rooms, with occupancies ranging from a dozen to 100 people, as well as conference rooms for private meetings of 5 to 10 people. The layout varies somewhat each year, so even regular attendees can get lost on the first day.

In addition to events at the Congress Centre, a wide variety of sessions are held at over 30 Davos hotels. With the Congress Centre as a base, participants wander about the city, attending sessions of interest. In addition to provided shuttles, participants can hail taxis or Uber\* rides. Davos is a small town, so many participants just walk. Of note, as in the case of meeting participants, before entry into the city during the

\* Uber is a trademark of Uber Technologies, Inc.



Hiroaki Nakanishi,  
Chairman of the Board, Hitachi, Ltd.,  
attending a panel discussion  
(Copyright: World Economic Forum)

meeting period, vehicle registration numbers and drivers of non-local automobiles must be registered in advance.

The *lingua franca* of world leaders is of course English, but not necessarily American or British English. Various kinds of English are heard, including that of speakers from India, Africa, Russia, and South America. American and British native speakers might find it quite tiring to distinguish the subtle differences in accent and pronunciation.

It is not only the language that can be a challenge. The diversity that the Davos Meeting seeks brings one face-to-face with unwelcome realities and persons that one might rather not meet. There have been many cases in the past where the leaders of countries and regions in conflict simultaneously attended. It is said that today's world is one of unexpected events, but this is because people tend to turn away from realities that they would rather ignore. The Davos Meeting, where diverse opinions collide, is thus a good opportunity for gaining a sense of where the times are headed.

### ***The Magic Mountain and the Davos Meeting***

*The Magic Mountain* is a story about people from around the world gathering in Davos on the eve of the First World War. Through conversation with people from around the world, Hans Castorp—a brilliant engineer who is uninterested in the

disturbing situation of the world at the time—gradually comes to solidify his own beliefs.

Hans Castorp is particularly influenced by the characters Lodovico Settembrini and Leo Naphta. The Italian Settembrini is an adherent of free trade, an advocate of progress, and a Freemason who believes that technological innovation will produce a better society. In contrast, Naphta is a Galician Jew who has left his home and become a Jesuit. He believes in the providence of God and the creation of His kingdom. The interactions between the protagonist and these two characters present debate on various issues, ranging from capitalism versus communism, the rise of nation-states, the decline of religious authority, and the latest technologies of the time, such as railways, the telegraph and other technological innovations, to philosophy and the arts.

As a novel written a century ago, the personalities and opinions of characters in Mann's *The Magic Mountain* include expressions and attitudes that are inappropriate by today's standards, and their exaggerated, imaginative nature means that we should dissociate them from any actual groups. Even so, reading the arguments that these two characters present in their discussions with the protagonist about every social challenge, and considering the worrisome social circumstances that serve as their backdrop, is curiously similar to watching the Davos Meetings of today. *The Magic Mountain* primarily presents ongoing discussions between sanatorium patients, along with visits by the protagonist to

Naphta's home for private conversations. Hans Castorp neither wholly accepts or denies their arguments, but rather shows sympathy on some occasions and doubts on others, and sometimes he just observes the debaters, as he gradually forms his own opinion.

It seems that many Davos Meeting participants, like Hans Castorp, do not hastily accept or deny the opinions of others, but rather carefully observe the reactions of other participants and consider the content of the debate. Many panel discussions at the Davos Meeting provide opportunities for interactive comments from the audience, and opinions are often exchanged with those sitting in neighboring seats, who may turn out to be the CEO of a global company or a minister in a national government. One of the true pleasures of the Davos Meeting is considering the direction of public opinion learned from such serendipitous encounters and utilizing them for awareness leading to new business.

Just as Hans Castorp made private visits to Naphta's home, representatives of companies and organizations hold private discussions called "bilateral meetings" at the Davos Meeting. One can search for participants using TopLink, a dedicated social networking service for the Davos Meeting, and can request a meeting. An enormous number of requests arrive up until just before the Davos Meeting, to the extent where even reading through them all is difficult. However, the unique appeal of the Davos Meeting is this ability to speak with leaders from around the world at one place. These individual meetings are held everywhere, including lounges and bilateral meeting rooms within the Congress Centre and hotels in the city.

Each Davos Meeting is assigned a theme associated with the social situation of the time. The 2015 theme was "The New Global Context," and the one for 2016 was "Mastering the Fourth Industrial Revolution." Each theme is aimed at multifaceted considerations of the influence of technological evolution (digitization, robotization) on industry, society, humanity, and solutions to future problems.

While themes for the two previous years were related to exploring the impact on society of technological innovation such as the Internet of Things (IoT) and artificial intelligence (AI), the 2017 theme was "Responsive and Responsible Leadership," an investigation of how global leaders keenly aware of shifts in public opinion and how responsible leadership is needed in a world of increasing protectionism and populism. Five challenges were also presented: "Preparing for the Fourth Industrial Revolution," "Strengthening Systems for Global Collaboration," "Revitalizing the Global Economy," "Reforming Market Capitalism," and "Addressing Identity through Positive Narratives."

Like the discussions between characters in *The Magic Mountain*, the content was quite interesting. The world of 110 years ago as depicted in *The Magic Mountain* was one where new social norms and lifestyles arising from the Second Industrial Revolution were being propagated around the world via railway, telegraph, and other new technologies of the time, causing conflict and friction with uniquely regional customs. Today, too, products symbolizing the Fourth Industrial Revolution such as the IoT, AI, and robots are producing social transformation, which is being instantaneously propagated throughout the world via social networking services and the like and creating friction. In such times of high uncertainty, it is helpful not only to listen to the opinions of others, but also to express one's own opinions while keeping an eye on current trends.

Hiroaki Nakanishi, Chairman of the Board, Hitachi, Ltd., served as Davos Meeting Co-Chair in 2016, where under the theme of "Mastering the Fourth Industrial Revolution" various platformers described the advantages of each IoT platform, and at a co-chair briefing he introduced the concept of the Society 5.0 platform for a new society as advocated by the Japanese government.

In 2017, Chairman Nakanishi also took part in a Congress Hall panel discussion that was fundamental to the Davos Meeting titled "The



Compact for Responsive and Responsible Leadership,” where he described how contributing to a society that utilizes the IoT and other technological innovations presents an image of leadership that will be required worldwide in the future.

The Davos Meeting began with a keynote speech by Chinese President Xi Jinping at the opening ceremony, and in a sense ended with the inaugural address of US President Donald Trump in Washington, DC, about 6,700 km away, which happened to coincide with the closing ceremony.

In a world of increasing uncertainty, it is vital to effectively utilize the Davos Meeting. Its utility can be roughly summarized as three aspects: being able to grasp world trends and movements, being able to disseminate information to the world, and being able to network with leaders from all regions.

### ***Illuminating the Magic Mountain***

It was particularly cold in Davos this year. Walking through town in close to  $-20^{\circ}\text{C}$  weather, I recalled a scene from *The Magic Mountain* where Hans Castorp wandered over snowy mountains and ended up walking in circles in the same place after being caught in a blizzard. This is called *Ringwanderung*, where one intends to move in a straight line but actually ends up going in circles due to a tendency toward one direction caused by one’s habitual walking pattern, such as one’s dominant foot, in a situation of poor visibility.

In this century of the IoT, where vast amounts of data fly about us like a snowstorm, cognitive bias in our personal habits and thinking may lead us astray, despite our intentions for heading straight into the future. The name of Hitachi’s IoT platform Lumada was coined from two words, “illuminate” and “data.” The path toward the future is murky, but Lumada will help to show the right way to people by casting light upon vast amounts of data.

Hans Castorp managed to escape hardship, but he was led astray by the turbulence

preceding the First World War, leading him to make a tragic choice. Hitachi uses technologies to protect people from unavoidable anxiety. Hitachi will contribute to society through technology, as it has done for over 100 years, since the time Thomas Mann visited Davos.

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