
Sombre Mood Awaits At Davos

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The politicians and bureaucrats are likely to set the agenda at the annual World Economic Forum in Davos. Sean O'Grady reports

Chastened" is probably the word that best sums up the mood of participants preparing to travel to the annual World Economic Forum in the charming Swiss ski resort of Davos. What else could they be, after a year which has seen what the Governor of the Bank of England, Mervyn King, has called the worst banking crisis since the First World War? And when one of their discussions, ominously, will be on "The Return of State Power"?

Since they last met among the ski slopes, some of the biggest names in international finance have been humiliated and nationalised. Personalities such as Dick "The Gorilla" Fuld of Lehman Brothers and Fred "the Shred" Goodwin of the Royal Bank of Scotland have been humbled; others, such as Bernard Madoff exposed as frauds. The reputation of the financial community has not been at such a low ebb in decades. Even the organisers of Davos have found themselves embarrassed by the enforced absence this year of Ramalinga Raju, of Satyam, an Indian technology and outsourcing group. No wonder some at Davos talk about the possibility of a code of ethics for bankers, similar to the doctors' Hippocratic oath.

In his opening press conference yesterday, the distinctive personality of Davos Dr Klaus Schwab, founder and inventor of Davos as a unique gathering of world business and political leaders mixed in with a little light winter sport, even condemned the "self-indulgence" of the recent past. He said that could not replace "reasonable competitive remuneration" and stressed his belief - a constant Davos theme - that business is there to serve "stakeholders" and society at large. As a sort of high priest for global capitalism, he went so far as to express regret that the "warning voices" heard at Davos in the past, such as those of Nouriel Roubini and George Soros, had not been heeded, and said the free marketers should "blame ourselves" for that failure.

Well, we can of course, be sure, that some of the former masters of the universe won't be attending Davos this year. The hotel suites normally allocated to Lehman Brothers' contingent (slogan; "Where Vision Gets Built") will have been reallocated, probably to some regulators, the new masters of the universe.

The Forum's organisers say that the numbers attending this year are broadly stable. This year, though, the balance at Davos will tilt towards government and regulators, representatives from the "real" economy and, above all, the Chinese, who will be landing in record numbers.

What they will talk about is pretty obvious. A year ago, the mood was subdued, the euphoria of the "Nice" (non-inflationary continuing expansion) decade having already pretty much evaporated. The question being asked in January 2008 was whether there would be a recession. The question being posed this year is whether the world can avoid a recession turning into a slump. The WEF's mottos are usually amorphous in the extreme; last year's was the unarguable "Power of Collaborative Innovation". In 2009, things are more to the point: "Shaping the Post-Crisis World".

So who will be doing the shaping? Not Bono, is the short answer. Pared down last year to the likes of Emma Thomson, the celebrity community will be conspicuous by its absence. Bono, whose presence in the name of the poor of the world was always a conference fixture, is committed to completing an

album. Tellingly, perhaps, even the showbiz stars of Davos are glittering from Eastern skies - the Chinese actor and martial arts expert Jet Li, and Bollywood legend Amitabh Bachchan. Worthy cultural leaders such as Peter Gabriel, Viswanathan Anand, the current world chess champion, and author Paulo Coelho will be there to leaven the mix, though. A session entitled "Meet the Peacemakers", and featuring the Middle East Quartet peace envoy Tony Blair seems to have been cancelled (Mr Blair is appearing alongside the religious leaders instead).

The emphasis is definitely on how to get the patient - world capitalism - out of its coma. Shaping the answers to this is the usual array of heavyweight figures: a substantial slice of the planet's wealth and power will be concentrated in this small corner of the Alps next week. From the world of business will be, for example, Anand Mahindra, managing director of Mahindra & Mahindra, Rupert Murdoch, chairman and chief executive of News Corporation; Jeroen van der Veer, chief executive of Royal Dutch Shell, Werner Wenning, chairman of the board of management of Bayer, Carlos Ghosn, president of Renault, and Tom Glocer, the chief executive of Thomson Reuters. Bankers and financiers are more than adequately represented too, for example by Stephen Green, chairman of HSBC, Joseph Ackermann, chief executive of Deutsche Bank, and Stephen Schwarzman, the boss of Blackstone.

Some 56 per cent of the 2,500 participants from 96 countries will be from the private sector, encompassing more than 1,400 chief executives and chairs - but you get the impression that, this year above all, the politicians and the bureaucrats will be setting the agenda. Some 42 heads of state and government will be showing their faces, with a joint appearance by the Chinese and Russian premiers Wen Jiabao and Vladimir Putin, to kick off the five days in a suitably grand fashion.

Given that these two great powers have not always been the best of friends, such diplomatic gestures may even bring some tangible good in their wake. In the past, Davos was known for the private sector deals that were done in quiet rooms away from the public sessions; they will still be there, but this time governments will also be doing some deals, with each other (Armenia and Azerbaijan, say) and with the private sector. Those behind the upcoming G20 summit in Downing Street, for example, will be hoping to sound out some of their ideas on the bankers.

Gordon Brown, Taro Aso of Japan and Angela Merkel of Germany will join their counterparts from Thailand, Mexico, Kenya, Switzerland and elsewhere in a unique gathering. Barack Obama and most of his team may have other things to do, but members of the new US administration will be there; Larry Summers, the new Treasury Secretary, and Jim Jones, National Security Adviser, will be saying "yes we can". Boris Johnson and Peter Mandelson will hopefully be at their provocative best, spicing up the conversations between 17 finance ministers, 19 central bank chiefs, 20 trade ministers, 16 foreign ministers, nine EU commissioners and a goodly quota from international bodies such as the World Trade Organisation and the World Bank.

In its 39th year, Davos will be a more sober affair than ever, but rumours that champagne receptions and parties are being cancelled to match the more austere times are, wide of the mark. Few, if any, were ever the decadent affairs some might imagine. Bad disco-dancing and the odd ill-judged lunge was about as wild as it ever got; genteel drinks receptions hosted by chartered accountants were more like it, and no one is going to dance on the table at the British business lunch.

Minds will be concentrated on the very survival of the laissez-faire capitalist system as we have known it for the past two or three decades. As one of the sessions is entitled, "Business as usual is not an option".

Serious times: 'Yes we can' say serious leaders

This year, it will be the politicians and bureaucrats who will be the stars of the Davos firmament, picking up the tab, on our behalf, for the mistakes made by the world, bankers and investors. Gordon Brown, Alistair Darling and David Cameron are not quite adequate replacements for Bono, but these are, as someone said, serious times for serious leaders. And you don't get much more po-faced a crowd than Vladimir Putin, Angela Merkel, Wen Jiabao, Ban Ki-Moon and Jean Claude Trichet. We won't get a dose of Obama, but Bill Clinton and Al Gore both said "yes we can" and will no doubt be reminiscing about the gold old days when they ran the world with the likes of Kofi Annan and Tony Blair. The French Finance Minister, Christine Lagarde, should help break the overwhelming maleness of the proceedings, as should the seemingly constant presence of Ariana Huffington at these gatherings of the great and good. The media are also in the spotlight; a session entitled Fragility in the Fourth Estate may or may not benefit from the presence of Rupert Murdoch. For different kinds of inspiration look to noble prize-winners such as Joseph Stiglitz, the public intellectuals Niall Ferguson, Nassim Taleb (of Black Swan fame), the world chess champion Viswanathan Anand, Peter Gabriel and HRH the Duke of York.

Stars and bars: The places to be seen

Hotel Steigenberger Belvedere

Times may be tough, but Davos will still soon see the world's biggest concentration of wealth and power, and this is one of their favourite haunts. In the boom, some banks used to book entire floors at this five-star establishment. The ever popular Google party has often been held here, and last year Arcelor Mittal held a late-night "speakeasy" at the hotel.

Hotel Europe

Try the piano bar of this Davos Platz institution, where Barry the cabaret singer will belt out Manilow and Queen covers. It's said that Barry has met more global leaders than Elizabeth II. Popular with members of the press.

Hotel Schatzalp

This former sanatorium was a pioneering site for research into TB and was the setting for Thomas Mann's 'The Magic Mountain'. It possesses a certain jaded Art Nouveau era beauty, and is perched precariously above the town on the Parsenn mountain. Famous for its hot chocolate these days, and the Barclays' dinner.
