

# World Economic Forum: The Global Shadow Elite

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Below are excerpts from Ernst Wolff's book.

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## Foreword

*We live in turbulent and unsettling times. The world around us is changing at an unprecedented speed. Financialization and the digitalization of the world economy have fundamentally changed the global balance of power on our planet within the past 50 years.*

After Wall Street's big banks dominated global finance for almost a century, the big asset managers took their place at the start of the millennium. The ten leading companies in this industry, which has only emerged in the last 50 years, managed well over 40 trillion US dollars in mid-2022, roughly as much as the combined gross domestic product of the USA, China and Japan, the world's three largest economies.

In addition, there is a historically unique concentration process: the largest asset managers BlackRock and Vanguard finance each other as major shareholders and are also among the major shareholders of six of the next largest eight asset managers. In addition, BlackRock has Aladdin[1], a unique global financial data analytics system used by numerous large corporations and major central banks. Their leaders, such as the Federal Reserve (Fed) and the European Central Bank (ECB), have made BlackRock an influential advisor in return for access to its software.

The second process that has led us to the current situation alongside financialization is the digitization of the global economy. Although it is less than 50 years since the first IT giants Microsoft and Apple were founded, this industry has now conquered the entire planet. With the platform economy[2], it has spawned an entirely new branch of business that has spread like wildfire across the globe and usurped unprecedented market power.

What's more, digitization has given IT giants a competitive advantage that has never existed before: By capturing the data and financial flows of other companies, they have insights into their innermost workings that no company before them has had. This information has not only given them an invaluable knowledge advantage over the rest of the economy, but has also historically changed the balance of power in the world. Whereas "money makes the world go round" used to apply, this change means that "money and data make the world go round" nowadays.

With BlackRock and Vanguard also still among the major shareholders of Apple, Alphabet, and Microsoft, and themselves digitally merged with some of them (Aladdin was uploaded to Microsoft's Azure Cloud in 2021), the digital-financial complex has created a corporate cartel that surpasses anything the world has ever seen in cartels and monopolies.

The impact of this development became apparent in the wake of the Corona Crisis starting in 2020. Nearly 200 governments, regardless of all other differences and controversies, enacted almost identical measures that brought historic gains to the digital-financial complex. Whether lockdowns, quarantines, homeschooling, home offices, the introduction of QR codes, or the rollback of cash — the beneficiaries of all restrictions were always the digital corporations and the asset managers behind them.

Not only did the power of the world-dominating cartel become clear during the Corona crisis, but also the way in which it exercises this power. It has outsourced a large part of its power so that it can remain largely unrecognized in the background and pull the strings undisturbed. This has created a network of organizations with which it can exert pressure through a wide variety of channels, disseminate targeted information or even misinformation, and manipulate and direct the economy and society in its interests.

But who are these organizations that serve as tools for the cartel? Besides the transnational conglomerates, which are dominated by the digital-financial complex, it is first and foremost the central banks, who have been dependent on Aladdin's data and thus on BlackRock since the world financial crisis. The top asset managers are now so powerful that they can move any market on earth in any direction they wish and therefore have the central banks completely in their hands. Should they make any decisions that the asset managers do not like, a short, deliberately induced crash of the financial markets would be enough to bring them back on track.

Governments can also be made compliant in this way. Greece provided a vivid example of this in 2015. When the austerity-critical Syriza party threatened to win the elections, the ECB unceremoniously cut the country off from all financial flows — with the effect that, after the election, Syriza politicians did exactly the opposite of what they had promised the Greek people in the election campaign.

In addition to central banks and governments, the digital-financial complex has also subjugated academia, especially the world's leading universities. A good example of this is provided by the US Johns Hopkins University, which produced the statistics during the

Corona crisis on the basis of which lockdowns and restrictions were decided. The most important institute of its medical faculty is the Johns Hopkins Bloomberg School of Public Health, founded in 1916 with the help of the Rockefeller Foundation. Since 2001, it has been named after the IT billionaire Michael Bloomberg, who donated more than \$3.5 billion to the school by 2022.

Even international organizations such as the United Nations and several of its sub-organizations such as the children's relief organization UNICEF or the World Health Organization WHO are by no means independent. They are largely dependent on private donors such as the international pharmaceutical industry, for example, which in turn is backed by the digital corporations and asset managers. Even global financial institutions such as the World Bank and the International Monetary Fund (IMF) cannot get around their power. This was also evident in the Corona crisis, when the granting of loans to various governments was linked to compliance with health rules that benefited the platform economy.

It is no different with the media. If you look at the shareholder structure of the major media groups, the same names always appear there, too. Even where they don't appear, the digital-financial complex has its fingers in the pie. For example, the powerful Bill and Melinda Gates Foundation, by far the financially strongest in the world with assets of around 50 billion U.S. dollars in 2022, awards millions year after year worldwide for "good journalism". In December 2018, for example, the German news magazine DER SPIEGEL received a donation of more than \$2.5 million.[3]

The development of Gates' foundation also reflects a trend that has played an increasingly important role in the global power structure over the past 20 years — the concealment of influence by the ultra-wealthy elite through the increasing use of foundations.

The general public still sees foundations as organizations through which particularly successful people want to give something of their wealth back to society out of gratitude. However, this view has little to do with their actual function. After all, modern foundation law came into being primarily to make it easier for wealthy people to avoid paying taxes.

In recent decades, this goal has been joined by another: direct influence on politics, the economy and society, bypassing parliamentary or other social structures, almost always dressed up as the benefaction of one or more philanthropists. The Open Society Foundations conglomerate of U.S. billionaire and major investor George Soros, the Bill and Melinda Gates Foundation, and the World Economic Forum (WEF) have been particularly prominent in this regard.

The WEF plays a special role here, because its example is an excellent illustration of how parliamentarism has been increasingly eroded and condemned to ineffectiveness in recent decades. Moreover, this story shows that the course of the world is increasingly determined by forces that are not elected by anyone and are often hardly known to the public. This example also illustrates in a frightening way the immense dangers of abusing power in times of rapid technological upheaval.

The world, especially with the support of the WEF, has reached a point where it is no longer just about political, economic or social change, but about the transformation of people themselves, about their fusion with the digital sphere, also called "biodigital

convergence” or “transhumanism”.

This development is by no means in its infancy any more, but is already far advanced and is being pushed ahead at high speed behind the public’s back. Should it reach its goal, it would be no more and no less than the end of evolution and the dawn of an epoch in which the process of creation would be interfered with and the self-determination of man would be replaced by external control in the interest of a tiny elite.

This book is intended to help prevent such a development.

## Chapter I: A Small Town on the Shores of Lake Geneva

If you drive north from Geneva along the shores of Lake Geneva, after a few kilometers you reach Cologny, one of the most beautiful communities in western Switzerland, home to about 5,000 people. The townscape is characterized above all by the historic facades of stylish country houses that the Geneva upper classes have built there since the end of the 17th century.

If you turn onto the Route de la Capite, which runs parallel to the waterfront promenade, after a few hundred meters you will see the stately Villa Diodati on your left, which is considered a kind of place of pilgrimage among fans of the horror genre. In its rooms, the then 18-year-old Mary Shelley wrote the manuscript for her literary worldwide success *Frankenstein* in the cold summer of 1816.[4]

If you drive a little further straight ahead, you will come to a building opposite a golf course that doesn’t fit into the picture at all: a spacious cubist fat-roofed building with huge window fronts and terraced floors, whose contemporary architecture seems like a provocation compared to the old architectural style of the place.

The break in style has a symbolic character, because since 1998 it has been home to the headquarters of an organization that has undergone a historically unique development over the past 50 years and set new standards worldwide. The World Economic Forum (WEF), founded in 1971 by the German professor Klaus Schwab as the “European Management Forum”, has succeeded within a few decades in becoming one of the most important political and economic hubs of world affairs and thus one of the most significant power centers of our time.

Whether multinational corporations, governments, trade unions or NGOs — there is hardly an organization of significance in the leading industrialized nations and also in many emerging and developing countries whose leading personnel are not linked to the WEF in some way. Top politicians and corporate leaders from all continents have passed through the WEF’s two cadre workshops, the “Global Leaders for Tomorrow” and the “Young Global Leaders”, some 1,000 major corporations with billions in sales are among its international partners, and more than 10,000 ambitious young people under 30 are currently being networked and prepared for careers in the WEF’s spirit as part of the “Global Shapers”.

The annual highlight of the WEF’s activities is the yearly meeting held in Davos in the Swiss canton of Graubünden. Usually about 2,500 business leaders travel to meet presidents, heads of government and representatives of the ultra-rich elite to discuss current issues and to agree and coordinate future strategies.

To this day the foundation is led by its founder Klaus Schwab, who still holds the reins firmly in his hands and who must also be considered one of the most important personalities in contemporary history, at least since the 1980s. But how did an unknown German professor manage to catapult himself to such unimaginable heights leading a Swiss foundation and becoming one of the key figures in world affairs? Does Klaus Schwab possess extraordinary abilities that others do not have? Or were there special historical circumstances that favored his rise? And if so — which ones?

These are precisely the questions that this book seeks to explore. On the one hand, it will shed light on Schwab's background and personal activities, and on the other hand, it will try to uncover the social, economic and financial driving forces that made the historically unique rise of the WEF possible.

## Chapter II: Klaus Schwab's Background

Klaus Schwab was born in Ravensburg on March 30, 1938, the son of the German Eugen Wilhelm Schwab and his second wife, the Swiss Erika Schwab,[5] née Epprecht. Eugen Schwab, a trained mechanical engineer, had been appointed commercial director of the Ravensburg branch of the Swiss engineering and turbine company Escher Wyss, which he had previously managed in Zurich.

Escher Wyss, one of Switzerland's largest exporters of industrial products after the First World War, ran into difficulties in the wake of the world economic crisis in the 1930s and struggled to survive. During this struggle, the Ravensburg plant headed by Eugen Schwab developed into an important pillar of the company as a whole, albeit under questionable auspices. As a military contractor, the company benefited from Hitler's war preparations and, as the largest employer in Ravensburg, was awarded the title of "National Socialist Model Company" by the NSDAP.

During the war, Escher Wyss helped the German Wehrmacht to produce war weapons and armaments, including manufacturing parts for German fighter planes and employing prisoners of war.[6]

Because of their German-Swiss origins, the Schwab family enjoyed the privilege of traveling back and forth between the two countries at any time during the war. After the end of the war, Eugen and Erika Schwab moved back to Switzerland with Klaus and his younger brother Urs Reiner. The family returned to Ravensburg a few years later, where Eugen Schwab was appointed president of the Ravensburg Chamber of Commerce.

Klaus Schwab attended The Spohn High School in Ravensburg from 1949. After graduating from high school, he studied mechanical engineering at the Swiss Federal Institute of Technology (ETH) in Zurich from 1958 to 1962 at the request of his father. In 1962, he graduated with an engineering degree. He then studied business administration at the University of Fribourg in western Switzerland, working part-time from 1963 to 1966 as assistant to the general director of the German Engineering Federation (VDMA) in Frankfurt. In 1965, he received his doctorate from the ETH Zurich with a dissertation on "Der längerfristige Exportkredit als betriebswirtschaftliches Problem des Maschinenbaus" (Long-term export credit as a business problem in mechanical engineering) and in 1967 from the University of Fribourg with a dissertation on "Ö!entliche Investitionen und wirtschaftliches Wachstum" (Public Investment and Economic Growth).

In 1966 and 1967, Schwab completed an academic year at Harvard Business School, from which he graduated with a Master of Public Administration (MPA). Here he met a number of personalities who were to have a major influence on the rest of his life. According to Schwab's own statements, his professor Henry Kissinger, one of the key figures in world politics in the 1970s as U.S. National Security Advisor and Secretary of State, is one of the personalities who most influenced his thinking over the course of his life.

Hardly less important may have been two other Harvard professors: Kenneth Galbraith, world-famous economist, textbook author and advisor to several U.S. presidents; and Herman Kahn, cyberneticist, futurologist and, as a nuclear strategist, one of the architects of the concept of "nuclear deterrence" developed during the Cold War. All three were to play a decisive role in the establishment of Schwab's foundation in 1971.

In 1967, Schwab returned to Zurich and worked until 1970 as assistant to the chairman of the board of directors of Escher Wyss, the company his father had previously headed. Escher Wyss had again run into difficulties in the years before and, after unsuccessful cooperations with Brown Boveri and Maschinenfabrik Oerlikon, was taken over by Winterthur-based Sulzer AG in 1966.

In the following three years, Schwab helped in a leading position to organize the complete merger with Sulzer. Here, some of his strengths became apparent, namely the early recognition of technological and market trends and their implementation in business practice. When he took up his post in 1967, he already predicted the importance of the use of computers in modern mechanical engineering. In the three years that followed, he put this insight to good use and ensured that the mechanical engineering company, renamed Sulzer Ltd, was developed into a modern technology group.

In 1969, he accepted a part-time professorship at the Centre d'Études Industrielles (CEI), an international management institute affiliated with the University of Geneva, which later became IMD in Lausanne, Switzerland.

### Chapter III: Three Decisions with Big Consequences

In 1970, Schwab made three decisions that would change his life from the ground up: He quit his job, completed a book, and prepared for a first major international conference.

After quitting his permanent job, he set up a three-person office in Geneva. The first employee he hired was Hilde Stoll, whom he married the following year and who remains by his side to this day. In the same year, he completed a book entitled *Moderne Unternehmensführung im Maschinenbau* (Modern Management in Mechanical Engineering), which he had written at the request of his former employer, the German Engineering Federation (VDMA), and which was published in Frankfurt in 1971.

This book contains an important key to understanding Schwab's great success. In it, he outlined the foundations of his political and economic philosophy and was one of the first to use the term stakeholder capitalism. Schwab thus deliberately set himself apart from the neoliberal concept of shareholder capitalism. For its most popular proponent at the time, Milton Friedman, the main goal of corporate managers should be to maximize earnings in order to increase returns for shareholders (Friedman Doctrine).

Schwab countered this provocatively cynical definition with his vision of a capitalism that



should also be concerned with the interests and welfare of employees, customers, suppliers, the government, society as a whole and, beyond that, with protecting the environment. In doing so, however, it merely adopted the common critique of capitalism voiced mostly by the political left, without questioning the laws of the market, challenging the political order, or providing concrete instructions for action to achieve its goals. Basically, the ideology of stakeholder capitalism was and is nothing more than a wholehearted commitment to the market economy and to the existing political and social structures, combined with a (mostly ineffective) appeal to the conscience of entrepreneurs and politicians.

For the latter, however, Schwab's ideology has a certain appeal: On the one hand, those who subscribe to it indicate that they are familiar with criticism and strive to act in a more socially acceptable way than the neoliberal competition. On the other hand, whenever they deviate from its principles, they can point to external constraints of an economic or political nature, and thus redeem themselves morally. In other words, the concept of stakeholder capitalism is a fig leaf behind which one can hide without having to fundamentally change one's strategy.

Schwab's main activity as an independent contractor in 1970 was to prepare and organize a conference to introduce top European managers to American management methods, and to do so on a large scale. His goal was to bring together several hundred CEOs with the leading faculty of European and U.S. business schools the following year.

Since Schwab was only 32 years old at the time, had just five years of professional experience, and could not boast an extraordinary success story, one wonders: Were these the fever dreams of a young man suffering from overconfidence?, or were there possibly influential forces supporting him in the background?

At least one such force is even confirmed by Klaus Schwab himself. According to his statements, there was a German industrialist who lent him 50,000 francs for his project.[7] The fact that he made this loan to Schwab conditional on either repaying the money or joining his company suggests that the two were close. It is quite possible that the sponsor was Gottlieb Stoll, the founder of the Swabian company Festo and father of Schwab's later wife Hilde.

But even 50,000 francs would certainly not have been enough to put Schwab's plans into practice. So who were the other supporters? A look at the personnel and circumstances of the first conferences should provide the answer to this question.

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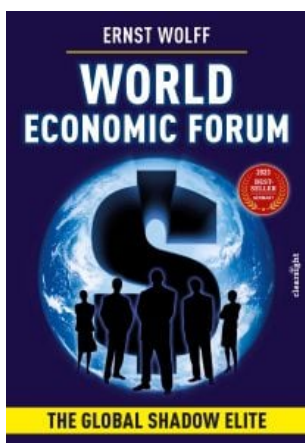
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