

# Stakeholder Capitalism



A Global Economy  
that Works for Progress,  
People and Planet

**Klaus Schwab**

with Peter Vanham

WILEY



“Fifty years ago Klaus Schwab first proposed his theory that businesses are not only responsible to their shareholders, but also to all their stakeholders. With a global economic system generating deep divisions and inequalities, Klaus renews his call for a form of capitalism that works for everyone and where businesses don’t just take from society but truly give back and have a positive impact. *Stakeholder Capitalism* is an urgent call to action.”

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“If you think this is just another pre-COVID/post-COVID book, think again. Klaus Schwab draws on his vast experience to take us on a roller-coaster ride past the highs and lows of post-war capitalism. His knack for economic storytelling gives you a real and deep insight into where we are headed and what we should be aiming for.”

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“We can no longer think short term. Companies need to answer to more than their shareholders; they need to be accountable to higher morals. Now, in the middle of the COVID-19 crisis, Klaus Schwab shows us that we cannot go back to business as usual. He inspires us to look at the current response of global solidarity between people, companies, and governments to this health crisis and see it as the unequivocal way to a new paradigm to tackle the climate crisis and the scandal of rising inequality in the world.”

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“*Stakeholder Capitalism* offers a timely analysis that shows how the neoliberal economic system privileges billionaires and extractive corporations over the dignity of billions of people and the protection of our planet. As COVID-19 has deepened despair and economic, gender and racial inequalities, governments must—with stakeholders—act decisively to depart from shareholder-first capitalism and instead put human rights at the heart of our economy.”

—**Gabriela Bucher, Executive Director, Oxfam International**

“Professor Schwab’s new book offers us insightful perspectives on the world’s economic history and the thinking that has led us towards the greatest challenges we face today – none larger than climate change. More importantly, it offers a blueprint for the future, inviting us to build a more inclusive, prosperous, healthier and greener world by embracing Stakeholder Capitalism at scale.”

—**N. Chandrasekaran, Executive Chairman, Tata Sons**

“In *Stakeholder Capitalism* my good friend Professor Schwab outlines an inspiring way forward in making the global economy more equitable, sustainable and future-proof. A vision that fits in perfectly with all his efforts over the years to build a better world. Once again, Professor Schwab gives us food for thought and reflection with this fascinating book.”

—**Mark Rutte, Prime Minister of the Netherlands**

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*To my parents, Eugen Wilhelm Schwab (†) and Erika Epprecht (†),  
who taught me firsthand the value of education, collaboration,  
and the stakeholder principle*



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# About the Authors



Professor **Klaus Schwab** is the founder and executive chairman of the World Economic Forum. In 1971, he first published *Modern Enterprise Management in Mechanical Engineering*. In the book, he argues that a company must serve not only shareholders but all stakeholders to achieve long-term growth and prosperity. To promote the stakeholder concept, he founded the World Economic Forum the same year.

Since his first publication, Schwab has authored and co-authored various books and reports, including the yearly World Economic Forum *Global Competitiveness Report* (1979–present), *The Fourth Industrial Revolution* (2016), a worldwide best seller translated into 30 languages, *Shaping the Future of the Fourth Industrial Revolution* (2018, with Nicholas Davis), and *COVID-19: The Great Reset* (2020, with Thierry Malleret). Alongside his leadership of the World Economic Forum, Schwab also started the Schwab Foundation for Social Entrepreneurship with his wife, Hilde (1998), The Forum of Young Global Leaders (2006), and the Global Shapers Community (2011).

Professor Schwab holds doctorates and master's degrees in economics (University of Fribourg) and in engineering (Swiss Federal Institute of Technology) and obtained a master's degree in public administration (MPA) from the Kennedy School of Government at Harvard University. In 1972, he became a professor at the University of Geneva, where he is now honorary professor. Throughout his career, Schwab has received 17 honorary doctorates. Schwab was knighted in France (Knight of the *Légion d'Honneur*, 1997), in England (by Queen Elisabeth II, Knight

Commander of the Order of St Michael and St George, 2006), and Germany (Knight Commanders Cross, 2012). He also received the Grand Cordon of the Rising Sun of Japan (2013), among many other national distinctions. He lives in Geneva with his wife, Hilde.

**Peter Vanham** is the head of Chairman's Communications and the International Media Council at the World Economic Forum. He previously led the Forum's US media relations from New York, and worked as a journalist in Philadelphia, London, Zurich, and Berlin. Vanham is the author of *Before I Was CEO* (2016), recounting the life and career lessons from CEOs before they made it to the top, and has contributed stories on emerging markets and business leadership to *The Financial Times*, *Business Insider*, *Harvard Business Review*, and many other media. He holds master's degrees in business and economics journalism (Columbia University) and commercial engineering (KU Leuven). He lives in Geneva with his wife, Valeria.

# Preface

In early February 2020 I sat down in Geneva to discuss this book with a colleague, when the phone rang in my office. It turned out to be what you could call an *AC/BC* moment, when attention shifted from the time *before COVID-19* to the reality that set in *after COVID-19*.

Before that call, me and my colleagues had been preoccupied with the long-term challenges of the world economy, including climate change and inequality. I had reflected in depth on the global economic system built in the 75 years since the end of the Second World War, and the 50 years since the creation of the World Economic Forum. I examined the various elements of our globalized world today, including the benefits, trade-offs, and dangers. Then I considered what changes to the system were needed in the next 50 or 75 years, to make sure it would be more equitable, sustainable, and resilient for future generations.

But in one call, that long-term agenda was upended. My focus moved to the immediate crisis that was about to be faced by all of us, in every country on the planet.

On the other end of the line was the head of our Beijing representative office in China. Usually, these kinds of calls cover routine matters, providing a chance to catch up on established initiatives and programs. But this one was different. The director had called to update me on the epidemic that had hit China hard earlier that winter: COVID-19. Initially confined to the city of Wuhan, this novel coronavirus, which often causes a severe respiratory disease, was rapidly becoming a primary public health concern across the country. Our colleague explained that much of Beijing's population had travelled beyond the city to attend Lunar New Year celebrations and, as they returned, they carried the novel coronavirus with them, causing an outbreak and subsequent lockdown in the capital.

My colleague kept his cool, providing objective facts on what the lockdown meant for our employees and operations. But from his voice, I could tell that he was very worried. His family, and everyone in his life, was affected, facing the dangers of infection and the lockdown in place. The measures taken by authorities were drastic. Employees would be forced to work from home indefinitely, only being allowed to leave their apartments under very strict conditions. If anyone showed symptoms, they'd be tested and quarantined immediately. But even with these draconian measures, it wasn't certain that the health threat would be kept in check. The epidemic was spreading so rapidly that, even as people were locked inside, they were terrified of contracting the virus. Meanwhile, news from the hospitals was that the disease was very aggressive, hard to treat, and overwhelming the health system.

Back in Switzerland, we had known about SARS-CoV-2, the virus that causes COVID-19, since our Annual Meeting in late January 2020. It had been a topic of conversation in public health discussions, among participants from or with major operations in Asia. But until that phone conversation, I had hoped the outbreak would be limited in its duration and geographic spread, similar to how the coronaviruses SARS and MERS had been contained. I hoped it would not personally affect so many of my own colleagues, friends, and family.

During the phone call, my understanding of the global public health threat changed. In the days and weeks following, I halted the work on this book, and the World Economic Forum went into crisis mode. We set up a special task force, asked all employees to work from home, and focused all our efforts on aiding the international emergency response. It was not a moment too soon. A week later, the virus forced a lockdown in much of Europe, and a few weeks after that, much of the world was facing a similar situation, including the United States. In the following months, several million people died or were hospitalized, hundreds of millions of people lost their jobs or income, and countless businesses and governments went physically or virtually bankrupt.

As I write this preface in the fall of 2020, the global state of emergency caused by the first wave of COVID-19 has mostly receded, but a new wave of infections is putting the world once more on high alert. Countries around the world cautiously resumed social and economic life, but the economic recovery is very uneven. China was among the first major countries to end its lockdowns and reopen businesses, and is even expected to see economic growth over the full year 2020.



In Geneva, New York, San Francisco, and Tokyo, our other permanent bases, by contrast, parts of public life have resumed also, but in a much more fragile way. And all around the world, many lives and livelihoods were lost; billions were spent to keep people, businesses, and governments afloat; existing social divisions deepened and new ones emerged.

By now, we have some distance from the initial crisis, and many of us—including myself—have come to realize the pandemic and its effects are deeply linked to problems we had already identified with the existing global economic system. This perspective brought me back to the discussion I had been having in February 2020 on the date of that fateful phone call from Beijing. Many of the analyses we had previously been working on were more true than ever. You will be able to read about them in this book. I will present in what follows my observations on rising inequality, slowing growth, sputtering productivity, unsustainable levels of debt, accelerating climate change, deepening societal problems, and the lack of global cooperation on some of the world's most pressing challenges. And as I hope you will agree, these observations are as valid after COVID-19 as they were before.

However, one thing has changed in the interim period between “BC” and “AC”: there is, I notice, a greater understanding among the population, business leaders, and government that creating a better world would require working together. The idea that we need to rebuild differently post-COVID is widely shared. The sudden and all-encompassing impact of COVID-19 made us understand, much more than the gradual effects of climate change or increasing inequality, that an economic system driven by selfish and short-term interests is not sustainable. It is unbalanced, fragile, and increases the chance of societal, environmental, and public health disasters. As COVID-19 demonstrates, when disasters strike, they put an unbearable strain on public systems.

In this book, I will argue that we can't continue with an economic system driven by selfish values, such as short-term profit maximization, the avoidance of tax and regulation, or the externalizing of environmental harm. Instead, we need a society, economy, and international community that is designed to care for all people and the entire planet. Concretely, from a system of “shareholder capitalism,” which prevailed in the West in the past 50 years, and a system of “state capitalism,” that gained prominence in Asia, and is centered on the primacy of the state, we should move to a system of “stakeholder capitalism.” That is the core

message of this book. In what follows, I show how such a system can be built, and why it is so necessary to do so now.

Part I (Chapters 1 through 4) provides an overview of global economic history since 1945, both in the West and Asia. It explores the major achievements and shortcomings of the economic system we live in, including increased economic growth, and also inequality, environmental degradation, and debts for future generations. It also looks at how societal trends, such as increased political polarization, are related to the state of the economy and our governance systems. Part II (Chapters 5 through 7) digs deeper in the possible causes and consequences of our economies' problems and progress. It looks at the role played by technological innovation, globalization, and trade, and the use of natural resources. Finally, Part III (Chapter 8 through 11) looks at possible changes to our global economic system. It provides a definition of *stakeholder capitalism*, and shows what it can mean in practice for businesses, governments, international organizations, and civil society.

Throughout the book, I have tried to be fair and even-handed, whether in presenting the global problems we are facing, their possible causes and consequences, and the solutions I see to create a better world going forward. But I should immediately add that the views I present here are my own, and inevitably colored by my personal life experiences. I talk about some of those formative experiences as a child, student, and young professional in the first chapter of this book. I hope they help you as a reader to understand my world view, which is based on the belief that the best outcomes in a society and economy result from cooperation, whether between the public and the private sector, or peoples and nations from around the world.

I hope this book inspires you, whoever you are, to help build such a system. By working together to build an economic system built on inclusivity, sustainability, and equality, we can change COVID-19's legacy. While it inevitably includes death and ruined lives and livelihoods, it can perhaps help us orient ourselves toward a more resilient world. In that way, I hope the post-pandemic world could be to our generation what the post-World War II era was to my parents' generations: a moment of unity, where the recent past is a stark reminder of a world that nobody wants, and the present and future are an opportunity to create a world where everyone can thrive.

In the decades after the war, we did so by building a social compact at home—including a social market economy in Europe, and a “Great Society” in the US. We also created a multilateral system aimed

at preserving peace, fostering collaboration, and creating financial home—including institutions such as the World Bank, International Monetary Fund, and the UN.

Now, I hope we will use the post-COVID recovery to enact stakeholder capitalism at home, and a more sustainable global economic system all around the world.

Thank you for reading,

Klaus Schwab  
Geneva, December 2020



PART I  
THE WORLD I GREW UP IN

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# 1

## *75 Years of Global Growth and Development*

**I**n the 75 years since the end of World War II, there has been a surge of global economic development. But despite this, the world is living a tale of two realities.

On the one hand, we have rarely been as well off as we are today. We live in a time of relative peace and absolute wealth. Compared with previous generations, many of us live long and mostly healthy lives. Our children get to go to school, even often college, and computers, smartphones, and other tech devices connect us to the world. Even a generation or two ago, our parents and grandparents could only dream of the lifestyle many of us have today and the luxuries that come with abundant energy, advances in technology, and global trade.

On the other hand, our world and civil society are plagued by maddening inequality and dangerous unsustainability. The COVID-19 public health crisis is just one event that demonstrates that not everyone gets the same chances in life. Those with more money, better connections, or more impressive ZIP codes were affected by COVID at far lower rates; they were more likely to be able to work from home, leave densely populated areas, and get better medical care if they did get infected.

This is a continuation of a pattern that has become all too familiar in many societies. The poor are consistently affected by global crises, while the wealthy can easily weather the storm.

To understand how we got here—and how we can get out of this situation—we must go back in time, to the origins of our global economic system. We must play back the picture of post-war economic development and look at its milestones. The logical starting point for this is “Year Zero” for the modern world economy: 1945. And there is perhaps no better place from where to tell this story than Germany, for which that year was truly a new beginning.

## **Foundations of the Post-War Global Economic Order**

Children like me, who started primary school in Germany in 1945, were too young to understand why the country they lived in had been at war before or why the next years would change so markedly. But we understood all too well that future conflict was to be avoided at all costs. As in the years following the First World War, “Nie Wieder Krieg,” or “Never Again War,” became a rallying cry all over Germany. People had had enough of conflict. They wanted to rebuild their lives in peace and work together toward a better quality of life.

This would not come easily, in Germany or elsewhere. As World War II came to an end, the country lay in ruins. Barely a fifth of the historic buildings in Germany’s main cities still stood. Millions of homes had been wiped out. Swabia, the region in southern Germany where I grew up, was no exception. In its most industrialized city, Friedrichshafen, almost every factory was razed to the ground. This included those of Maybach and Zeppelin, two legendary manufacturers of cars and aircraft whose production capacity had been used by the Nazi government for military purposes during the war.

It is one of my earliest memories, how on the roof of my parents’ house, just 18 kilometers away from Friedrichshafen, we watched the fires that led to Friedrichshafen’s destruction. We prayed that the raid would not also hit our hometown, and luckily it didn’t, but 700 people died in the last raid of Friedrichshafen alone. I remember how my parents cried when they heard the news, knowing many people personally in this neighboring city. By the war’s end, only a quarter of



the 28,000 original inhabitants of Friedrichshafen remained.<sup>1</sup> The rest had fled, disappeared, or died.

Ravensburg, where I lived, was one of the rare towns spared by Allied bombardment, a fate likely due to its lack of military-industrial capacity. But the consequences of war were all around us. By the end of the war, as the French Allied army moved in, Ravensburg had become a vast shelter for internal refugees, forced laborers, prisoners of war, and wounded soldiers.<sup>2</sup> The chaos in the city was complete. The only silver lining at midnight on May 8, 1945, was that the war had truly ended. In Germany, we came to mark this moment as the “Stunde Null,” or “Zero Hour.” Historians such as Ian Buruma later referred to the year that followed as “Year Zero.”<sup>3</sup> Germany’s economy was a wasteland, and it could only hope to be allowed to begin again, with a clean slate.

The other Axis powers, Italy and Japan, faced similar challenges. The Axis nations’ productive capacity had been decimated. Turin, Milan, Genoa, and other Italian cities had suffered extensive bombings, and Hiroshima and Nagasaki saw unparalleled devastation by atomic bombs. Other European countries were also shell-shocked and went through an initial period of chaos. Further east, China and much of Southeast Asia were mired in internal conflicts. Economies in Africa, the Middle East, and South Asia were still shackled by colonial rule. The Soviet Union had suffered enormous losses during World War II. Only the economies of the Americas, led by the United States, had come through the war largely unscathed.

It was thus up to Washington and Moscow to lead the post-war era, each in its sphere of influence. In Swabia, then part of Allied-occupied Germany, the future depended in large part on the choices the United States would make.

America faced a difficult balancing act. It was determined not to repeat the mistakes from the Treaty of Versailles, which ended World War I. Signed in 1919, the Treaty of Versailles saddled the defeated Central Powers (Germany, Austria-Hungary, the Ottoman Empire, and Bulgaria)

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<sup>1</sup>70 Jahre Kriegsende, Schwabische Zeitung, Anton Fuchsloch, May 2015, (in German) <http://stories.schwabische.de/kriegsende#10309>.

<sup>2</sup>Wie der Krieg in Ravensburg aufhort, Schwabische Zeitung, Anton Fuchsloch, May 2015, (in German) <http://stories.schwabische.de/kriegsende#11261>.

<sup>3</sup>*Year Zero, A History of 1945*, Ian Buruma, Penguin Press, 2013, <https://www.penguinrandomhouse.com/books/307956/year-zero-by-ian-buruma/>.

with an unbearable debt load. This curtailed their economic development and led to an erratic economic recovery, which planted the seeds for the Second World War.

After World War II, Washington took another approach. It wanted to revive the European economies that lay within its sphere of influence, including the parts of Germany under British, French, and American occupation. The United States wanted to promote trade, integration, and political cooperation. As early as 1944, America and its allies had created economic institutions such as the International Monetary Fund and the International Bank for Reconstruction and Development (now part of the World Bank).<sup>4</sup> Over the decades that followed, they continued their efforts to develop a stable, growing economic system in West Germany and throughout Western Europe.

From 1948 onward, the United States and Canada also provided specific regional aid. Through the Marshall Plan, named after then-US Secretary of State George Marshall, the United States helped Western European countries purchase American goods and rebuild their industries, including Germany and Italy. Providing aid to former Axis powers was a contentious decision, but it was deemed necessary because without the German industrial motor, there could be no strong, industrial Europe. (The Organisation for European Economic Cooperation and Development (OEEC), the forerunner of the OECD, was an important administrator of the program.)

America did not limit its efforts to aid. It also encouraged trade by setting up European markets for coal, steel, and other commodities. That led to the creation of the European Coal and Steel Community, the embryonic form of what is now the European Union. In Asia, too, the United States provided aid and credit to countries including Japan, China, the Republic of Korea, and the Philippines. Elsewhere, the Soviet Union expanded its sphere of influence, promoting an economic model based on centralized planning and state ownership of production.

Local governments, industries, and workers also played a role in the reconstruction effort. For example, in 1947, the Zeppelin Foundation transferred almost all its assets to the city of Friedrichshafen<sup>5</sup> in the hopes of reigniting a prosperous future for the Zeppelin companies and

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<sup>4</sup>Organisation for Economic Co-operation and Development (OECD), Eurostat, <https://ec.europa.eu/eurostat/statistics-explained/pdfscache/1488.pdf>.

<sup>5</sup>Friedrichshafen, History of the Zeppelin Foundation, <https://en.friedrichshafen.de/citizen-city/zeppelin-foundation/history-of-the-zeppelin-foundation/>.

their workers. At the same time, Friedrichshafen's citizens worked long days to rebuild their homes. Women played a special role in this rebuilding and in much of the initial work of reconstruction. German magazine *Der Spiegel* later recalled: "With so many men killed in the war, the Allies relied on women to do the hard work of clean-up."<sup>6</sup>

Just as a jigsaw puzzle requires every piece to be placed correctly to create a complete picture, the work of reconstruction required every resource to be deployed and every human effort to be mobilized. It was a task that the entire society took to heart. One of the biggest, most successful manufacturers in Ravensburg was a family enterprise that eventually renamed itself Ravensburger.<sup>7</sup> It resumed its production of puzzles and children's books, a business that continues to this day. And in Friedrichshafen, ZF, a subsidiary of the Zeppelin Foundation, re-emerged as a manufacturer of car parts. Companies like these, often from Germany's famous *Mittelstand*, i.e., the small and mid-sized businesses that form the backbone of the German economy, played a critical part in the post-war economic transformation.

## The Glorious Thirty Years in the West

For many people living in Europe—myself included—the relief of the end of the war soon made way for the fear of another one. The free market approach in US-occupied West Germany and the rest of Western Europe clashed with the centrally planned economic model of the Soviet Union, which held sway over East Germany and the rest of Eastern Europe. Which would prevail? Was peaceful coexistence possible, or did things have to end in a head-on conflict? Only time would give us the answers.

At the time, the results were not clear to us or anyone else. This was a battle of ideologies, economic systems, and geopolitical hegemony. For decades, both powers entrenched their positions and their competing systems. Asia, Africa, and Latin America saw the same ideological battle between capitalism and communism play out.

With the benefit of hindsight, we know that the economic institutions the United States created, based on capitalism and free markets,

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<sup>6</sup>Der Spiegel, A Century-Long Project, October 2010, <https://www.spiegel.de/fotostrecke/photo-gallery-a-century-long-project-fotostrecke-56372-5.html>.

<sup>7</sup>The company was founded as the Otto Maier Verlag and later changed its name to Ravensburger.

were building blocks for an era of unparalleled shared economic prosperity. Combined with the will of many people to rebuild, they laid the groundwork for decades of economic progress and economic dominance of the West over the “rest.” The Soviet model of centralized planning initially bore fruit, too, allowing it to prosper at first, but it would later collapse.

Beyond the economic shifts, other factors shaped our modern era. Many parts of the world, including the United States and Europe, had a baby boom. Workers were drawn away from the nihilistic demands of wartime production to the socially productive work during peacetime. Education and industrial activity expanded. The leadership provided by heads of government, such as Konrad Adenauer in Germany or Yoshida Shigeru in Japan, was a crucial piece of the puzzle too. They committed themselves and their governments to reconstructing their economies and societies in an inclusive way and to developing strong relations with the Allies aimed at a sustained peace, rather than give in to the quest for revenge that had dominated after the First World War. Given the national focus on community and economic reconstruction, there was an increase in societal cohesion (which is more deeply discussed in Chapter 4).

Between 1945 and the early 1970s, these factors came together to drive a *Wirtschaftswunder*, or economic miracle, in Germany and the rest of Europe. A similar boom got underway in the United States, Japan, and South Korea (and, initially, in the Soviet Union). The West entered its golden age of capitalism, and the innovations of the Second Industrial Revolution were widely implemented: highways for car and truck transport were built en masse, the age of commercial flying arrived, and container ships filled the sea lanes of the world.

In Swabia, too, new technologies were implemented on the back of this economic miracle. At Ravensburger, for example, sales tripled in the 1950s, kicking off the phase of mass industrial production that began in 1962. Family board games like *Rheinreise* (which literally translates as “Journey on the Rhine”) became extremely popular<sup>8</sup> as the children of the baby boom came of age. Ravensburger expanded further in the 1960s,<sup>9</sup> when the company introduced puzzles to its product line. (The brand’s logo, a blue triangle on the corner of its boxes, became iconic.) Around the same time, ZF Friedrichshafen resurfaced in the 1950s as a

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<sup>8</sup>Company interview with Heinrich Huentelmann and Tristan Schwenmsen, August 2019.

<sup>9</sup>Ravensburger, About Ravensburger, <https://www.ravensburger-gruppe.de/en/about-ravensburger/company-history/index.html#1952-1979>.

manufacturer for automotive transmissions, complementing its assortment with automatic transmissions by the mid-1960s.<sup>10</sup> It helped propel German car manufacturers such as BMW, Audi, Mercedes, and Porsche to the top, at a time when the European car industry was booming. (ZF's success lasts until this day, as the company in 2019 posted global revenues in excess of \$40 billion, had almost 150,000 employees worldwide, and operations in over 40 countries around the world.)

Looking at economic indicators in the leading economies of the world, it seemed as though everyone was winning. Annual economic growth averaged up to 5, 6, and even 7 percent. Gross domestic product (GDP) is the monetary value of the goods and services produced in a given economy. Often used to measure economic activity in a country, it doubled, tripled, and even quadrupled in some western economies over the next decade or two. More people went to high school and into middle-class jobs, and many baby boomers became the first in their families to go to college and climb up the socioeconomic ladder.

For women, climbing up that ladder had an extra dimension. At first slowly, then steadily, emancipation advanced in the West. More women went to college, entered and stayed in the workforce, and made more conscious decisions about their work-life balance. The booming economy had plenty of room for them, but they were also supported by advancements in medical contraception, the increased accessibility of household appliances, and, of course, the emancipation movement. In the United States, for example, female labor-force participation jumped by 15 percent between 1950 and 1970, from about 28 to 43 percent.<sup>11</sup> In Germany, the percent of female students at university rose from 12 percent in 1948 to 32 percent in 1972.<sup>12</sup>

At the Ravensburger company, women came to the forefront, too. Starting in 1952, Dorothee Hess-Maier, a granddaughter of the company's founder, became the first woman at the helm of the company, alongside her cousin Otto Julius. It was exemplary of a broader trend. Women's liberation in Western societies continued for the remainder of the century and into the 21st. Anno 2021, there are more women than

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<sup>10</sup>Heritage, ZF, [https://www.zf.com/mobile/en/company/heritage\\_zf/heritage.html](https://www.zf.com/mobile/en/company/heritage_zf/heritage.html).

<sup>11</sup>Our World in Data, Working women: Key facts and trends in female labour force participation, <https://ourworldindata.org/female-labor-force-participation-key-facts>.

<sup>12</sup>Kompetenzzentrum Frauen in Wissenschaft und Forschung, Entwicklung des Studentinnenanteils in Deutschland seit 1908, <https://www.gesis.org/cews/unser-angebot/informationsangebote/statistiken/thematische-suche/detailanzeige/article/entwicklung-des-studentinnenanteils-in-deutschland-seit-1908/>.

men enrolled in university in many countries around the world, including the US and Saudi Arabia<sup>13</sup>(!), and women form close to half of the workforce in many countries. Despite this, inequalities related to pay and other factors remain.<sup>14</sup>

Over the course of those early post-war decades, many countries used their economic windfall to build the foundations of a social market economy. In Western Europe, notably, the state offered unemployment benefits, child and education support, universal health care, and pensions. In the United States, pro-social policies were less *en vogue* than in Europe, but thanks to the rapid economic growth, more people than ever did ascend to the middle class, and social security programs did grow both in the number of beneficiaries and the overall funds allocated to them, especially in the two decades between 1950 and 1970.<sup>15</sup> Median wages rose sharply, and poverty fell.

France, Germany, the Benelux countries, and the Scandinavian countries also promoted collective bargaining. In most German companies, for example, the Works Council Act of 1952 determined that one-third of the members of the supervisory board had to be selected by workers. An exception was made for family-owned companies, as ties between the community and management there were typically strong, and social conflict was rarer.

As I grew up in that golden era, I developed a keen appreciation for the enlightened role the United States had played in my country and the rest of Europe. I became convinced that economic cooperation and political integration were key to building peaceful and prosperous societies. I studied in both Germany and Switzerland and came to believe the borders between European nations would one day disappear. In the 1960s, I even had the opportunity to study one year in the United States and learn more about its economic and management models. It was a foundational experience.

Like so many of my generation, I was also a beneficiary of the middle-class, solidarity society European countries had developed. Early on, I became very intrigued by the complementary roles business and

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<sup>13</sup>School Enrollment, Tertiary, Saudi Arabia, World Bank, 2018, <https://data.worldbank.org/indicator/SE.TER.ENRRR?locations=SA>.

<sup>14</sup>Global Gender Gap report 2018, <http://reports.weforum.org/global-gender-gap-report-2018/key-findings/>.

<sup>15</sup>“Historical Background and Development Of Social Security,” Social Security Administration, <https://www.ssa.gov/history/briefhistory3.html>.