



Written by [Bob Adelman](#) on January 23, 2020

Davos Confab to Replace “Shareholder Capitalism” With “Stakeholder Capitalism”

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As [The New American](#) noted on Wednesday, the real agenda of the Davos confab taking place this week in Switzerland is giving more and more power and control to global elites in order to make the world more “sustainable.” We wrote: “This involves us giving them — the saviors — more power and more money.” The partners supporting the World Economic Forum (WEF) vision include Big Business, Big Banking, Big Tech, Big Foundations, Big Green, and Big Labor. As we noted, “This united front pushes for more Big Government as the solution to every “crisis” — with Global Total Government as the ultimate solution.”

The “crises du jour” Davos is laboring to solve consists of “income inequality,” “climate change,” and “political polarization.” The solution: changing how corporations operate to meet those needs and solve those problems, by force.

It’s called “stakeholder” capitalism, and it will replace the old, outmoded, and corrupt “shareholder” capitalism that has done nothing less than catapult the world’s standard of living to levels never seen in history.

The real intentions of the gathering at Davos were barely visible in 1973 when its Code of Ethics for Business Leaders concluded that “the long term existence [of corporations] cannot be ensured without sufficient profitability.... Profitability is the necessary means to enable the management to serve its clients, shareholders, employees and society.”

As the world’s standard of living moved inexorably higher thanks to individuals and companies operating under Adam Smith’s “invisible hand,” the code had to be revised. And so, in 2020 the Davos code now reads:

A company is more than an economic unit generating wealth. It fulfils human and societal aspirations as part of the broader social system. Performance must be measured not only on the return to shareholders, but also on how it achieves its environmental, social and good governance objectives....

Corporate global citizenship requires a company to harness its core competencies, its





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entrepreneurship, skills and relevant resources in collaborative efforts with other companies and stakeholders to improve the state of the world.

The change is necessary, said Klaus Schwab, the founder and executive chairman of the WEF, “as a way of addressing the world’s greatest challenges, from societal divisions caused by income inequality and political polarization to the climate change crisis we face today.”

The old way, despite reams of evidence to the contrary, “needs a serious update,” according to Doug Sundheim, a “leadership consultant” writing in the *Harvard Business Review*. The old way — the concept that a corporation’s primary purpose was to generate returns to its owners — must be changed and broadened to address those “problems.” Businesses, wrote Sundheim, “must be stewards of the environment, uphold human rights throughout their global supply chains, and pursue sustainable shareholder returns that don’t sacrifice the future for the present.”

Brookings fellow in the Global Economy and Development program Addisu Lashitew says that the present “narrow focus on short-term profit-making [by corporations] is now blamed for everything that bedevils our societies, from the financial crisis to rising inequalities, from the collapse of societal trust to populist politics and climate change.... There should be another way.”

But what if that “other way” doesn’t solve all the world’s problems by corporations voluntarily adopting the Davos Manifesto on their own? Writes Lashitew: “Even if the ethos of the Davos Manifesto were to be adopted universally, however, progress will be halting without enforceable governance mechanisms to hold managers to account.... Voluntary governance principles lack the teeth to curb corporate misadventure.”

That’s what Davos is all about, says Lashitew: “As business titans at Davos debate the best ways of infusing business with [the Davos] purpose, regulators and lawmakers will have to work out the legal mechanisms that hold managers accountable to this renewed corporate mission.”

What form does this proposed mechanism take? It is called “progressive capitalism,” where the state is called upon to design and oversee the management of the economy without actually taking ownership of it. And that is, essentially, fascism — “a system of government marked by centralization of authority under a dictator ... subject to stringent governmental controls” (from the *American Heritage Dictionary of the English Language*, 5th Edition).

Elizabeth Warren has been proposing such a transformation during her campaign. If her bill, the Accountable Capitalism Act, is enacted, it would pave the way for federal mandates putting certain “interests” on the boards of corporations: hiring more women, more blacks, and more “people of color”; limiting salaries of the CEO; limiting share buybacks unless equivalent funds go to workers; mandating financial support of certain charities; demanding expanded employee benefits; limiting the company’s “carbon footprint” in the war against “climate change”; implementing gender equality; and prohibiting discrimination against LGBTQ people, among other things.

This is what is being proposed and debated in Davos, paving the way for, as we noted, “Global Total Government.”

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