In Search of Davos Man

Peter Gumbel

William Browder was born in Princeton, New Jersey, grew up in Chicago, and studied at Stanford University in California. But don't call him an American. For the past 16 of his 40 years he has lived outside the U.S., first in London and then, from 1996, in Moscow, where he runs his own investment firm. Browder now manages $1.6 billion in assets. In 1998 he gave up his American passport to become a British citizen, since his life is now centered in Europe. "National identity makes no difference for me," he says. "I feel completely international. If you have four good friends and you like what you are doing, it doesn't matter where you are. That's globalization."

Alex Mandl is also a fervent believer in globalization, but he views himself very differently. A former president of AT&T, Mandl, 61, was born in Austria and now runs a French technology company, which is doing more and more business in China. He reckons he spends about 90% of his time traveling on business. But despite all that globetrotting, Mandl who has been a U.S. citizen for 45 years still identifies himself as an American. "I see myself as American without any hesitation. The fact that I spend a lot of time in other places doesn't change that," he says.

Although Browder and Mandl define their nationality differently, both see their identity as a matter of personal choice, not an accident of birth. And not incidentally, both are Davos Men，members of the international business élite who trek each year to the Swiss Alpine town for the annual meeting of the World Economic Forum, founded in 1971. This week, Browder and Mandl will join more than 2,200 executives, politicians, academics, journalists, writers and a handful of Hollywood stars for five days of networking, parties and endless earnest discussions about everything from post-election Iraq and HIV in Africa to the global supply of oil and the implications of nanotechnology. Yet this year, perhaps more than ever, a hot topic at Davos is Davos itself. Whatever their considerable differences, most Davos Men and Women share at least one belief: that globalization, the unimpeded flows of capital, labor and technology across national borders, is both welcome and unstoppable. They see the world increasingly as one vast, interconnected marketplace in which corporations search for the most advantageous locations to buy, produce and sell their goods and services.

As borders and national identities become less important, some find that threatening and even dangerous. In an essay entitled "*Dead Souls: The Denationalization of the American Elite*," Harvard Professor Samuel Huntington describes Davos Man (a phrase that first got widespread attention in the 1990s) as an emerging global superspecies and a threat. The members of this class, he writes, are people who "have little need for national loyalty, view national boundaries as obstacles that thankfully are vanishing, and see national governments as residues from the past whose only useful function is to facilitate the élite's global operations." Huntington argues that Davos Man's global-citizen self-image is starkly at odds with the values of most Americans, who remain deeply committed to their nation. This disconnect, he says, creates "a major cultural fault line. In a variety of ways, the American establishment, governmental and private, has become increasingly divorced from the American people."

Naturally, many Davos Men don't accept Huntington's terms. Klaus Schwab, the founder and executive chairman of the World Economic Forum, argues that endorsing a global outlook does not mean erasing national identity. "Globalization can never provide us with cultural identity, which needs to be local and national in nature."

Global trade has been around for centuries; the corporations and countries that benefited from it were largely content to treat vast parts of the world as places to mine natural resources or sell finished products. Even as the globalization of capital accelerated in the 1980s, most foreign investment was between relatively wealthy countries, not from wealthy countries into poorer ones. U.S. technology, companies and money were often at the forefront of this movement.

However the past two decades have witnessed the rise of other significant players. The developed world is beating a path to China's and India's door — and Chinese and Indian companies, in turn, have started to look overseas for some of their future growth. Beijing has even started what it calls a "Going Out" policy that encourages Chinese firms to buy assets overseas. Asian nations are creating "a remarkable environment of innovation," says John Chambers, chief executive of Cisco Systems. "China and India are graduating currently more than five times the number of engineers that we are here in the U.S." That means that U.S. and European companies are now facing high-quality, low-cost competition from overseas. No wonder so many Western workers worry about losing their jobs. "If the issue is the size of the total pie, globalization has proved a good thing," says Orit Gadiesh, chairman of consultants Bain & Co. "If the issue is how the pie is divided, if you're in the Western world you could question that."

The biggest shift may just be starting. A landmark 2003 study by Goldman Sachs predicted that four economies — Russia, Brazil, India and China — will become a much larger force in the world economy than widely expected, based on projections of demographic and economic growth, with China potentially overtaking Germany this decade. By 2050, Goldman Sachs suggested, these four newcomers will likely have displaced all but the U.S. and Japan from the top six economies in the world.

It's also entirely possible that the near future may see the pendulum of capital swing away from Davos Man-style globalization. One counterpoint is Manila Woman — low-paid migrant workers from Asia and elsewhere who are increasingly providing key services around the world. Valerie Gooding, the chief executive of British health care company BUPA, says the British and U.S. health care system would break down without immigrant nurses from the Philippines, India, Nigeria and elsewhere. Unlike Davos Man, she says, they're not ambivalent about being strongly patriotic.

Not all Davos Men seek global markets, either. Patrick Sayer runs a private equity firm in France called Eurazeo, and complains there are still too many barriers to cross-border business in Europe, let alone the world. So he's focused Eurazeo on its domestic market. "I profit from being French in France. It's easier for me to do deals," Sayer says. "It's the same elsewhere. If you're not Italian in Italy, you won't succeed."

That may sound like a narrow nationalism, yet it contains a hidden wisdom. Recall that Italy itself was, until 1861, not a unified nation but an aggregation of city-states. Despite tension between its north and south, there's no contradiction between maintaining a regional identity and a national one. Marco Tronchetti Provera, chairman of Telecom Italia, for example, can feel both Milanese and Italian at once, even as he runs a company that is aspiring to become a bigger international presence. The question is whether it will take another 140 years for Davos Man to figure out how to strike the same balance on a global scale.

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