The Global Competitiveness Report 2000

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The term “country” as used in this report does not in all cases refer to a territorial entity that is a state as understood by international law and practice. The term covers well-defined, geographically self-contained economic areas that are not states but for which statistical data are maintained on a separate and independent basis.
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The global economy is undergoing tremendous change, not only bringing about huge opportunities, but also important challenges. In several countries, most notably the United States, the rapid development of information technology has led to increased productivity and higher economic growth. In Europe, a cyclical recovery is underway, and it is hoped that monetary unification will provide renewed impetus for further deregulation and accelerated market-oriented reforms. In the emerging markets, the financial crises are behind us, and many countries have begun to return to a sustained growth path. On the other hand, large disparities in the global economy continue to exist. Indeed, there is a nontrivial risk that the *digital divide*—the gap between those countries that have access to communications infrastructure and those that do not—will widen further, undermining economic integration and development in a large part of the world.

Seizing the opportunities of the network economy and coping with the challenges of increased globalization requires substantial efforts on many fronts. First and foremost, however, this entails improving our understanding about the complexity of the dramatic changes in the world economy. It is with great pleasure, therefore, that I present the World Economic Forum’s *Global Competitiveness Report 2000*, which I hope will make an important contribution in this endeavor.

Aiming at helping to *make a difference*—the theme of this year’s annual meeting of the Forum—the *Global Competitiveness Report 2000* includes a number of important innovations, three of which are particularly worth noting. To begin with, we attach significantly greater weight than before to technology as a key driver of sustained economic growth. As a result, our rankings reflect to a much larger degree whether countries belong to the group of innovators or adopters whose economies look set to expand particularly fast, or whether they are technologically disconnected. In this context, the Report also discusses the role of education in achieving technological progress and narrowing the gap.

Second, this year’s Report focuses on the environmental performance of individual countries, recognizing that the standards of living are inextricably tied to the quality of the natural environment. This analysis builds upon a project that was launched in Davos earlier this year by the Environmental Task Force of the Global Leaders for Tomorrow of the World Economic Forum. In contrast to this project, which attempts to measure sustainability in a single index, the Report seeks to explain differences in environmental performance across countries based on differences in their policy environments.

Finally, the Report assesses the recent experience with the Euro, the introduction of which in early 1999 arguably represents the most important change in the international monetary system since Bretton Woods. In so doing, the Report takes advantage of the information contained in the Executive Opinion Survey, a truly unique set of data. Comparing the views of key decision makers in the business community, not only across member countries of the European Monetary Union but also over time, suggests a number of important policy conclusions.

As it is becoming increasingly clear just how far-reaching the implications of globalization are, it seems fitting that this year’s Report will reach a wider audience than ever before. We are pleased that Oxford University Press has agreed to publish the 2000 Edition, and its tradition of excellence in publishing will surely contribute to the continued success of the Report.

The *Global Competitiveness Report* is the result of an extremely fruitful cooperation with our partners at Harvard University, especially Professor Michael Porter of the Harvard Business School and Professor Jeffrey Sachs of Harvard’s Center for International Development, who each draw from their command of their disciplines to make their intellectual mark on the Report. Important analytical and empirical contributions have again been made by Dr Andrew Warner of the Center for International Development, helping to ensure the excellence of the Report. At the World Economic Forum, Dr Peter Cornelius has been charged with heading the Global Competitiveness Program under which the *Global Competitiveness Report* is published. I would like to thank especially Dr Macha Levinson, who has continued to ensure the coordination of the Report and the execution of the Executive Survey.
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* NOTE: The concept behind the “Growth Competitiveness Ranking, 2000” and the “Competitiveness Ranking, 1999” is the same: to measure growth potential. However, the methodology for the 2000 ranking has been revised in light of new evidence. Please see the Executive Summary and the chapter on Economic Creativity for further explanation.