

Rede
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Olaf Scholz, MdB

anlässlich
der State of the World Sessions
des Weltwirtschaftsforums Davos

„Working Together, Restoring Trust“

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Professor Schwab, [lieber Klaus],
Ladies and gentlemen,

I am sure most of us would have wished for a different start to this year. COVID has been with us for two whole years now. And we are still struggling with the pandemic. Our digital meeting today is proof of that.

So, obviously, I can't avoid mentioning COVID in my remarks. But I will try something that Germans are not particularly famous for: being **optimistic**. And combined with the inevitable dose of German caution, I hope to give you a **realistic assessment** of both the **opportunities and the challenges** that we are facing. And hopefully some **ideas** on how to deal with them.

"Working together, restoring trust" – that is the motto you have chosen for this year's annual meeting, Klaus. And indeed, it is also a good starting point for our exchange today.

So, let me begin with "working together". The last couple of weeks – my first weeks in my new office – have urgently reminded us just how important **international cooperation, political exchange and dialogue** are.

Take the intensive talks we have been engaging in with **Russia** since the beginning of January. It is still too early to tell whether they will help deescalate the situation Russia created by concentrating 100,000 troops along the border with **Ukraine**. But after years of rising tensions, **staying silent is not a sensible option**.

That is why we are talking to Moscow in a range of different formats:

- About our commitment to Ukraine's **territorial integrity**.
- And about a key principle of our common **European peace order**: that borders must not be moved by force. That "right makes might" – and not the other way round.

The Russian side is aware of our determination. I hope they also realise that the gains of **cooperation** outweigh the price of further **confrontation**.

This is the basis on which we are engaging. Because we strongly believe that global public goods can only be preserved through **international cooperation**. And **peace** is the most important one of them.

Closely followed by **global health**.

One of the most uplifting statements that I have heard during the pandemic came from the Israeli historian and author **Yuval Harari**, and I quote: “*The big advantage humans have over viruses is that we can cooperate in ways they can't.*”

And we do!

- European doctors are benefiting from the findings of their American, Israeli or African counterparts.
- Scientists from all over the planet are sharing their research on new variants and potential treatments globally – often in real time.
- And two German researchers invented a vaccine based on the new mRNA technology that helped save millions of lives around the world.

These examples are proof of the **power of cooperation**. They also illustrate the importance of exchanges like the one we are having here today.

It was at **Davos** in 2000 that leaders launched the **global vaccine alliance**. Today, 21 years later, vaccines are by far our best tool to leave the pandemic behind us.

Without a truly **global immunisation campaign**, we will soon run out of letters in the Greek alphabet for new variants of the virus.

But the good news is: thanks to far-sighted cooperation, we have the tools to break this cycle. And **Germany**, already the second largest donor to the global vaccine campaign, will continue to do its part. By supporting COVAX, we are determined to reach **70 percent of the world population** by the middle of the

year. And as part of our **current G7 Presidency**, we will focus on improving the international health infrastructure, including in countries of the Global South.

However, we need partners to join hands, particularly in the **private sector**. So, in the **spirit of Davos**, let us work together to fully fund the global vaccination campaign. That would also be the **booster shot** our economies need.

As we speak, those economies are facing the **most fundamental transformation since the industrial revolution**.

For the last 250 years, our prosperity has depended on burning fossil fuels – coal, oil and gas. The effects of **man-made climate change** are felt by everyone, in every corner of the world. That is why Europe has decided to become the first **carbon-neutral continent** by 2050. Germany wants to reach that goal in 2045 already. This leaves us with less than 25 years to reach “net zero”. A monumental task.

But a task that we can and will master.

We will prove wrong those who are currently portraying our continent as a billiard ball in a great **geo-economical game** between **China and the United States**.

- Europe offers the **openness** and **liberal societies** that benefit innovation.
- We are on course towards greater **technological sovereignty** – a top priority of the European Commission.
- And a global shift towards more sustainable growth will give Europe the “**first-mover advantage**”.

But of course, Europe alone won't end the climate crisis. That's where the *leitmotiv* of “*working together*” applies again.

We will use our **Presidency of the G7** to turn that group into the nucleus of an **International Climate Club**. What we want to achieve is a **paradigm shift** in international climate policy: we will no longer wait for the slowest and least ambitious.

Instead, we will **lead by example**. And we will turn climate action from a **cost factor** into a **competitive advantage** – by agreeing on joint **minimum standards**.

Ambitious, bold and cooperative – that will be the **Climate Club's ABC**.

- **Ambitious** by committing its members to the 1.5 degree target and to climate neutrality by 2050, at the latest.
- **Bold** by ensuring that we act now to reach those goals, for instance by pricing carbon and preventing carbon leakage.
- And **cooperative**, by remaining open to all countries and by respecting WTO rules.

We are not looking to be an **exclusive club**. By addressing technology transfer and climate financing, we hope to bring **developing and emerging economies** on board.

Let me highlight one example of how this could work: **green hydrogen**. Within the Climate Club, we want to work on a common understanding of what green hydrogen is. And we will coordinate our respective investments. That is the way towards a **reliable global supply**.

The mutual benefits are obvious: for a country like Germany, with a strong industrial base and high energy demands, and also for those who would become the main producers of green hydrogen – namely emerging economies and developing countries.

Ladies and gentlemen,

Germany is committed to playing a crucial role in the global transformation. We have set sail to turn the 2020s into a new beginning – a **decade of transformation and progress** for our country.

- By 2030, **80 percent** of our energy will come from **renewables** – twice as much as today. This requires massive **investment** in our infrastructure – from electricity grids to hydrogen pipelines.

- We will **speed up planning processes** and stimulate private investment in future technologies and digitalisation.
- And we will **modernise our immigration laws** to attract the skilled workers, scientists and technicians that our labour market needs.

However, this transformation that we are now embarking on is not an end in itself. **Progress is not an end in itself.** And in hindsight, we sometimes have to realise that yesterday's ideas of progress can become today's and tomorrow's problems. Think about the ecological crisis. In the end, it is a product of former ideas of progress.

So, what we need is **better progress**.

Progress that isn't measured just in its short-term results, but also factors in its **long-term consequences** and **side effects**.

Progress that addresses the **concerns of all of our citizens**. Because we know that **change in a democracy only works if it is by the people and for the people**.

This is precisely where the second part of today's theme comes in: "*restoring trust*".

The sheer magnitude and simultaneity of **globalisation, digitalisation, and climate adaptation** leaves many citizens worrying:

- Will their well-paid **jobs** move away?
- Will **energy prices** or **rents in big cities** continue to soar?
- Will **pensions** remain secure and **health systems** reliable?

Leaving questions like these unanswered **erodes trust**. Trust in our **democratic systems** and their promise of equal opportunities. And trust also in our **social market economy** and its promise of fairness.

Yes, trust can erode. But **it can also be won back**. A recent global survey showed that during the pandemic, public confidence in science and in scientific

institutions has increased. And nearly nine out of ten Germans – an increase over 2021 – said in opinion polls that they have trust in health workers.

So, where does that leave us, governments and businesses?

- First, in an age of technology, our policies and decisions must be based on **science, rationality and reason**.

That is why my government has established an independent board of experts and scientists who advise us during the pandemic. And when their credibility is attacked by a small, but loud and radical minority, it is our duty to defend them.

- Second: citizens demand **explanations** for the changes our decisions are making to their lives. If we, as political or economic leaders, do not explain our decisions properly, people will look for explanations elsewhere. "*Politics is will*", the great Swedish Prime Minister Olof Palme once said. "Will and **communication**", one must add, in today's digital world.

- And finally, we must not allow technological innovation and growth to be decoupled from **social progress**.

On the contrary: only a **society of mutual respect** will stay united through the epochal changes that lie ahead.

Social justice and **equal opportunities** do not stand in the way of transformation. They are necessary **preconditions** that make transformation work.

I know that many of you share this view. And that, for me, is another source of **optimism**.

Ladies and gentlemen,

My hope is that we can maintain and build on that **unity**.

Some will try to tell us that **dialogue and compromise** are signs of **weakness**.

Some will try to pitch **climate action** against **prosperity**.

Some will argue that **social progress** hampers **economic growth**.

And some will try to divide us – into **cosmopolitans** and **regular citizens**,

"**Anywheres**" and "**Somewheres**", **rich** and **poor**.

But the truth is: the progress we want – **better progress** – will only be possible if we overcome these divisions.

Working together is the way, restoring trust is our goal.

Thank you for your attention!