EXECUTIVE SUMMARY

Washington, DC | March 13, 2018

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The Plaza Hotel & The Ziegfeld Ballroom, NY | December 13 - 14, 2022

Is Coming Home Again Smart or Even Possible?
Global Markets and Self-Reliance

The Plaza Hotel & The Ziegfeld Ballroom, NY | December 13 - 14, 2022

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Agenda

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Life Time in Leadership Award: Lech Walesa, President (1990-1995), Poland; Nobel Peace Prize Laureate

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Darius Adamczyk, Chairman & CEO, Honeywell International
Kevin Rudd, 26th Prime Minister of Australia; President, Asia Society Policy Institute
Klaus Kleinfeld, Chairman & CEO, Constellation Acquisition Corp; Former CEO, Siemens AG; Former Chairman & CEO, Alcoa/Arconic
Timothy D. Snyder, Richard C. Levin Professor History, Yale University

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Klaus Kleinfeld, Chairman & CEO, Constellation Acquisition Corp; Former CEO, Siemens AG; Former Chairman & CEO, Alcoa/Arconic
Ben Harris, Assistant Secretary for Economic Policy, US Department of the Treasury
Kevin O’Reilly, Summit of the Americas National Coordinator, US Department of State

Respondents
Morgan Brennan, Co-anchor, Squawk on the Street, CNBC
David Faber, Co-Anchor, Squawk on the Street, CNBC
Peter Pomerantsev, Senior Fellow, Johns Hopkins University
Christopher Gaes, Director, Central European Center, Columbia University
OPENING REMARKS
Albert Bourla, Chairman & CEO, Pfizer
Michel Doukeris, Chief Executive Officer, Anheuser-Busch InBev
Robert M. Bakish, President & CEO, Paramount Global
David Gibbs, Chief Executive Officer, Yum! Brands
Jonathan Greenblatt, CEO & National Director, Anti-Defamation League (ADL)
Ro Khanna, Congressman, State of California
Brad S. Karp, Chairman, Paul Weiss
Sara Eisen, Co-Anchor, Closing Bell, CNBC

COMMENTS
Simon Freakley, Chief Executive Officer, AlixPartners
Ralph Reed Jr., Chairman & CEO, Century Strategies; Founder, Christian Coalition
Alan Murray, Chief Executive Officer, Fortune Media (USA) Corporation
Joanne Lipman, Former Editor, USA Today; Author, That's What She Said
Steven Lipin, Founder, Chairman & CEO, Gladstone Place Partners
Steve Miller, Chairman, Purdue Pharma
Steven Brill, Co-CEO, NewsGuard Technologies
Gordon Crovitz, Co-CEO, NewsGuard Technologies
David J. Shulkin, 9th US Secretary of Veterans Affairs
Richard W. Edelman, CEO, Edelman
Sanford R. Climan, President, Entertainment Media Ventures
David E. Salzman, Founder, Epicenter Ventures
Joel Babbit, Chief Executive Officer, Narrative Content Group
Tom Rogers, Executive Chairman, Engine Media Holdings
Greg Fischer, Mayor, Louisville, Kentucky
Richard A. Gephardt, Member of Congress (1976-2004), State of Missouri
Christopher Shays, Member of Congress (1987-2009), State of Connecticut
Joe Straus, Speaker (2009-2013), Texas House of Representatives
Richard H. Pildes, Professor of Constitutional Law, New York University
Poppy Harlow, Anchor, CNN Newsroom
Mark Penn, Chairman & CEO, Stagwell Inc.
Ravi Agrawal, Editor-in-Chief, Foreign Policy

RESPONDENTS
Faye Wattleton, President (1978-1992), Planned Parenthood
Chip Cutter, Reporter, The Wall Street Journal
Emily Glazer, Reporter, The Wall Street Journal
Lally Graham Weymouth, Senior Associate Editor, The Washington Post
Stephen A. Greyser, Professor Emeritus, Harvard Business School
Quinn Mills, Professor Emeritus, Harvard Business School
Dan Raviv, Former National Correspondent, CBS Radio
Newton’s Law & Financial Frenzies: Must What Goes Up Always Come Down?

OPENING REMARKS
Lloyd C. Blankfein, Senior Chairman, The Goldman Sachs Group
Joseph Lubin, Founder, ConsenSys Systems; Co-Founder, Ethereum
Anthony Scaramucci, Founder & Co-Managing Partner, SkyBridge Capital
Kara Swisher, Host, On with Kara Swisher podcast
Bob Diamond, Founder & CEO, Atlas Merchant Capital
David H. McCormick, Former Chief Executive Officer, Bridgewater Associates
Glenn H. Hutchins, Chairman, North Island
Adam Aron, Chairman & CEO, AMC Entertainment

COMMENTS
Jeffrey M. Solomon, Chair & CEO, Cowen Inc.
Neal Froneman, Chief Executive Officer, Sibanye-Stillwater
Jeremy Siegel, Professor, Wharton School, University of Pennsylvania
Daniel S. Glaser, President & CEO, Marsh & McLennan Companies
Peter R. Orszag, CEO, Financial Advisory, Lazard Freres & Co.
Mark D. Ein, Chairman & CEO, Capitol Investment Corp V
Lynn Tilton, Founder, Tru Arrow Partners
Gary P. Naftalis, Partner & Firm Co-Chair, Kramer Levin Naftalis & Frankel
Glenn R. Fuhrman, Founder, Tru Arrow Partners
Sean J. Egan, Managing Director, Egan-Jones Ratings Co.
Leonard M. Levie, Chairman, American Industrial Acquisition Corp. (AIAC)
Paul J. Taubman, Chairman & CEO, PJT Partners

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Mary C. Tanner, Senior Managing Director, Evolution Life Science Partners
Rick Antle, Professor of Accounting, Yale School of Management
Igor Kirman, Partner, Corporate, Wachtell, Lipton, Rosen & Katz
Norman J. Bartzak, School of International and Public Affairs, Columbia University

Freedom Vs. Xi-Dom’s Impact on MNC Sourcing: Shattering the China?

OPENING REMARKS
Hank Greenberg, Chairman & CEO, CV Starr & Co.
Elaine L. Chao, 18th US Secretary of Transportation; 24th US Secretary of Labor
Doug Parker, Former Chairman & CEO, American Airlines Group
Thomas P. Bossert, Former White House Homeland Security Advisor (2017-2018)
Andrew Ross Sorkin, Editor, Dealbook, The New York Times; Co-Anchor, CNBC

COMMENTS
James S. Chanos, Founder & Managing Partner, Kynikos Associates
J. Kyle Bass, Founder & Principal, Hayman Capital
Tamara L. Lundgren, Chairman, President & CEO, Schnitzer Steel Industries
Christopher Krebs, Former Director, Cybersecurity/Infrastructure, US Department of Homeland Security
RUI Chenggang, Former Director & Anchor, China Central Television
Eddie Tam, Chief Executive Officer, Central Asset Investments

RESPONDENTS
John M.B. O’Connor, Chair & CEO, JH Whitney Investment Management
Stephen S. Roach, Senior Fellow, Yale Law School
Richard Spencer, Former US Secretary of the Navy
Jason Liu, Chairman, General Network
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Rodney McMullen, Chairman & CEO, The Kroger Co.
Alan J. Patricof, Co-Founder & Chairman Emeritus, Greycroft Partners
Steven Bandrowczak, Chief Executive Officer, Xerox Corporation
Martin Schroeter, Chairman & CEO, Kyndryl
Joseph C. Papa, Chairman & CEO, Bausch Health Companies
Jamie Iannone, Chief Executive Officer, eBay
Farooq Kathwari, Chairman, President & CEO, Ethan Allen
Reem Fawzy, Managing Director/CEO, Rimo Tours Group & Pink Taxi, Egypt
Terry J. Lundgren, Retired Chairman & CEO, Macy’s Inc.
James F. McCann, Founder & Chairman, 1-800-FLOWERS.COM
Kay Koplovitz, Founder, USA Networks; Chairman, Springboard Enterprises
John J. Legere, Former President & CEO, T-Mobile USA
Mark Fields, Former President & CEO, Ford Motor Company

COMMENTS
Joel I. Klein, Former US Assistant Attorney General, Chief of Antitrust Division
Nicholas T. Pinchuk, Chairman & CEO, Snap-on Incorporated
Thomas J. Quinlan, President & CEO, RR Donnelley
Neil de Crescenzo, President & CEO, Change Healthcare
Rick Goings, Chairman Emeritus, Tupperware Brands
Joel N. Myers, Founder & CEO, AccuWeather
Thomas H. Glocer, Executive Chairman, BlueVoyant
Aarti Vaishnav, Founder & CEO, Exxat
Geoff Colvin, Editor & Columnist, Fortune
Michael P. Huseby, Chairman & CEO, Barnes & Noble Education
Helena Foulkes, Former CEO, Hudson’s Bay Company
Kip Tindell, Co-Founder, The Container Store
Anthony W. Marx, President & CEO, The New York Public Library

RESPONDENTS
Nigel Travis, Former CEO, Dunkin’ Brands
Arvind Bhambri, Professor, Marshall School, University of Southern California
George R. Hornig, Chairman, The Seed Lab
Nicole H. Russo, President & CEO, Microboard Processing
Stacy J. Kenworthy, Founder & Chairman, Asylum Capital
Andrew McConnell, Chief Executive Officer, Rented.com
Valerie B. Palmieri, Executive Chair, Aspira Women’s Health
Joseph Lhota, SVP, NYU Langone Medical Center; Chairman & CEO, MTA

Legend in Leadership Award: Satya Nadella, Chief Executive Officer, Microsoft

Bill Gates, Founder, Microsoft
Alex Gorsky, Executive Chairman, Johnson & Johnson
Arvind Krishna, Chairman & CEO, IBM Corporation
LIFETIME IN LEADERSHIP AWARD

Lech Walesa, President (1990-1995), Poland; Nobel Prize Laureate

Presented by: Kevin Rudd, 26th Prime Minister of Australia; President, Asia Society Policy Institute, Timothy D. Snyder, Richard C. Levin Professor of History, Yale University, Klaus Kleinfeld, Chairman & CEO, Constellation Acquisition Corp, Former CEO, Siemens AG; Former Chairman & CEO, Alcoa/Arconic, Darius Adamczyk, Chairman and CEO, Honeywell International, and John E. Herbst, US Ambassador to Ukraine (2003-2006)

The presenters termed Mr. Walesa as one of the most important figures of the 20th century. He demonstrated tremendous courage, created a new kind of social movement, and made the impossible possible. As a leader he was a catalyst for changes that occurred in Poland and more broadly.

“He lit the candle that restored freedom in Poland and more broadly in Eastern Europe. He was in fact the key figure . . . in the third wave of democratization that eventually led to the fall of the Soviet Union and the emergence of multiple new democracies in Eastern Europe.”

Individuals throughout Eastern Europe and across the globe view Mr. Walesa as a hero. No one is more deserving of being honored for their lifetime of leadership.

In accepting this award, Mr. Walesa said that he initiated the destruction of the old world order, so it would be possible to create a new order. He sees three global problems that need to be addressed: 1) the global foundation, based on shared values, that will unite all countries; 2) the economic system – where capitalism, despite its imperfections, is superior to communism; and 3) populism, demagogy, and false information in the media. He sees an opportunity at this unique moment to reorganize both Russia and China, for the benefit of the entire world.
Economic Blockades & Political Change: Resurgent Markets Without Fueling Autocrats

A panel of foreign policy experts and President Lech Walesa discussed the war in Ukraine and the policy to cap the price of Russian oil.

Overview

President Walesa asserted that even if Russia loses the war with Ukraine, this loss is not enough. What needs to occur is to push Russia to change its entire political system. Other foreign policy experts see this as a worthwhile goal but are not optimistic about being able to achieve it. However, Mr. Walesa’s career has been based on bringing about seemingly impossible changes.

A very practical action intended to hurt Russia is the imposition of price caps on Russian oil. These price caps, which are supported by dozens of countries, intend to limit Russia’s revenues from oil, while maintaining stability in global oil markets. While there is a great deal of skepticism about this policy, it leaves Russia with no good options and has not caused the spike in oil prices that many people feared.

Key Takeaways

President Walesa called on the West to help Russians change their political system, though doing so won’t be easy.

An expert on Russia said that the invasion of Ukraine is purely “Putin’s war,” which is being criticized within Russia. But what Putin does next is not clear; we cannot rule out something irrational, like use of nuclear weapons. Putin has spent 15 years cultivating an image of himself as an unpredictable figure, capable of anything, which is a classic KGB ploy.

Mr. Walesa commented that historically, stronger, wealthier nations absorbed weaker nations, through power and often violence. Russia and China are following this idea. The other concept, seen in the West, is cooperation through umbrella organizations such as the EU, NATO, and the UN. Through Putin’s aggression, he has mobilized the world against him.

However, the issue, said Mr. Walesa, is bigger than Putin—it’s the entire Russian political system, which needs to be changed. He said that individual Russians need to be encouraged to rise up and change their political system. Mr. Walesa said that there are only about 50 million Russians within Russia; everyone else in Russia is some type of an ethnic or national minority that has been conquered by Russia. He said it is necessary to “awaken those other nations within Russia.”

“He added that even if Ukraine wins the war against Russia, it won’t be enough if the existing political system stays in place. He cited the example of Gorbachev who saw that the Soviet Union was deteriorating, so he surrendered the Soviet Union, while focusing on preserving Russia. While Gorbachev was saluted for Perestroika and Glasnost—and he gained favor in the West—he made much of the world dependent on Russian oil and gas. This preserved and increased the power of Russia. The world must not allow itself to be taken in again. There is a great opportunity right now to bring a new order to Russia.

Other Russia and foreign policy experts shared President Walesa’s goals and aspirations but lack his optimism about the ability to change Russia. Their comments included:

• The pattern of Russian history doesn’t offer optimism about the ability of the Russian people to rise up and change the political system. However, to prosper in the modern world, the old way of conducting both internal politics and foreign policy cannot be continued. But those Russians who believe this are silent right now.

“it is not incredible to think that Russia could start a new trajectory, very different from its past.”

• As former Secretary of State Colin Powell once said, which he termed the Pottery Barn rule, when you break something, you buy it. This idea should be kept in mind if fractures would be provoked in Russia. Such fractures could be quite difficult to fix.
• It is necessary to do more to bring about change in Russia. While the US and the West have initiated an economic special operation against Russia and diplomatic special operations, as well as supporting Ukraine militarily, there has not been follow-up with an information campaign. Analysts of Russia are hearing people within the country say that they expect that sanctions will soon blow over. Unlike during the Cold War, the US is doing very little to communicate the seriousness of Putin’s actions.

“It [inadequate communication with the Russian people] is prolonging the agony and prolonging the war. I think it’s a very strange position to have an economic policy that you don’t back up with an information policy.”

Despite some cynicism, the US, the G7, and 27 other countries have come together to enact price caps on Russian oil.

After months of discussions, just days before the Summit, the US and other countries agreed on a price cap on Russian oil of $60, with flexibility to adjust this price in 45 or 60 days. A leader from the US Treasury Department termed this “a complicated policy put together on the fly that has involved a great deal of diplomacy.” This policy was an adjustment to the sanctions package put in place in Europe in June 2022 that banned the import of seaborne Russian oil and banned services and trade Russian oil.

In a real-time poll of Summit participants, a majority (59%) believe that economic blockades are generally successful in helping bring down tyrants.

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<td>59%</td>
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At the time of those sanctions, a concern was that the sanctions would lead to a spike in the price of oil, which would lead to more revenue for Russia. So, based on goals of reducing revenue for Russia and maintaining stability in global oil markets, the only natural solution was capping the price of Russian oil.

At this price, Russia makes only a very slim margin, since it costs Russia around $45 per barrel just to get the oil out of ground, not including transport of the oil. This is compared to the Saudis, where their cost is only $22 per barrel.

With these price caps, Russia could choose to shut down its production of oil, imposing further damage on its already tanking economy, since tradeable oil represents about 50% of Russia’s revenue. Or, Russia may continue to sell its oil at the price cap, receiving barely any profits. Regardless, this policy has left Russia with no good options.

“This policy is a way to cap Russian oil price at $60 to help avoid a disruption in global energy markets. Russia may continue to sell its oil at the price cap, receiving barely any profits since tradeable oil represents about 50% of Russia’s revenue. Or, Russia may continue to sell its oil at the price cap, receiving barely any profits. Regardless, this policy has left Russia with no good options.

While Summit participants do not believe Putin is succeeding in holding the world hostage over energy, participants are uncertain about whether this policy will work and believe the US Treasury needs to do a better job of communicating this strategy.

This skepticism is fueled in part by supposed energy experts and media analysts, who throughout Russia’s war with Ukraine raised alarms about energy that have proven untrue. For example, some experts said that the cost of oil would rise to $180 per barrel; it is currently about $60.

A CEO with years of experience in the commodity business commented that it is extremely complicated to predict commodity prices. He also observed that decision makers, including the US President, have to solve a complex problem. Decision makers evaluate the positives and negatives of all alternatives to determine the best option. The decision maker understands the negative aspects of the chosen option better than anyone, but sees this as the best choice among competing options. The media only focuses on the negative aspects of the chosen option, not the totality of the decision.

Mr. Walesa commented that there are lots of smart theoreticians who espouse theories. He said that he respects theories, but he has no theoretical answers for anything. What really matters is action and being able to accomplish practical goals. He stated, “Think about practice first and move from practice to theory, not theory to practice.” He also suggested, “Involve more practical people in your discussion. Then you’ll be able to accomplish a lot more.”
Is Seeing Believing? Getting Truth Through Media Mayhem

Overview
The rise of hate speech in society, especially on social media platforms, is contrary to American values. But this problem raises the question of what can be done in a society that values free speech. Some argue for regulation and legal liability, while others prefer a free-market approach where platforms are forced to change when advertisers withdraw spending on platforms that air hate speech.

In this chaotic environment where the media landscape is filled with hate and can feel like a firing squad, the public wants more engagement and leadership by CEOs and businesses on a wide range of issues, including pay, climate change, and fairness. In the absence of effective leadership from other societal pillars, many are looking to business.

Key Takeaways
Hates speech on social media raises hard questions about freedom of speech versus regulation and demands solutions.

Congressman Ro Khanna said Twitter poses a dilemma. The US values freedom of speech but at the same time detests hate speech in the public square.

But Kara Swisher countered that Twitter is not the public square. It is a private square, run by a small, failed private company owned by the richest person in the world (Elon Musk), who often acts erratically; he frequently tweets things that are problematic and untrue.

About 40% of Summit participants believe that people should stop using Twitter and 56% believe that companies should stop advertising on Twitter, yet only 35% have stopped advertising on Twitter.

Several aspects of social media are deeply troubling:
- **Social media has become a platform for hate.** Hate speech abounds on social media, and online hate speech is related to acts of violence and hate.
- **Users of social media can be anonymous.** Anonymity gives people cover to post whatever they want.
- **Social media is unregulated.** In contrast to media companies that have regulations for what they can say and can be held liable, social media firms are currently shielded from liability.

In response to these issues, participants offered the following ideas:
- **Quick arbitration.** A media expert recounted how when broadcasters initially received access to the spectrum, that access came with responsibility. He believes a similar quid pro quo is needed for social media. However, with billions of messages posted on social media platforms, he doesn’t think it is feasible to inspect each posting or message and hold platforms liable for what is posted. Instead, he envisions a quick arbitration process for deciding what to remove from a social media site.
- **Require identification.** A CEO who sees great benefit in using Twitter to communicate with followers and investors suggested that everyone who uses social media platforms must not be allowed to remain anonymous; they must be named and identified. He believes if people were named it would decrease hate speech and misinformation.
- **Regulation.** Several participants argued that regulation is needed, since industry participants have shown no capacity for self-regulation. The arguments of tech executives that social media platforms are “just a dumb pipe” is not accurate, since companies use algorithms, intelligence, and AI to create smart pipes that entice people and determine what they see. These pipes have been a playground for the Russians and the Iranians, are threatening democracy, and have resulted in online bullying, leading kids to commit suicide. There must be guardrails, some argued. A former Congressman said we regulate automobiles, finance, food, drugs, and other forms of media. Regulations are needed and now is the time to act; there needs to be a sense of urgency.

Real-time polling question | Yes | No
--- | --- | ---
Should people stop using Twitter? | 41% | 59%
I have stopped using Twitter | 39% | 61%
Should companies stop advertising on Twitter? | 56% | 44%
My company has stopped advertising on Twitter | 35% | 65%

Jonathan Greenblatt, CEO & National Director, Anti-Defamation League
Tom Rogers, Executive Chairman, Engine Media Holdings

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Another participant commented that even through massive amounts of content are shared via social media platforms, creative technology companies could find ways to identify and take down hate speech, just as YouTube now has ways to immediately flag copyright violations.

“One way or another, you have to get hate speech off of these platforms.”

**Legal accountability.** A leading attorney commented that the real issue here is not freedom of speech or expression, it is accountability—specifically legal accountability. In the absence of formal legal accountability, social media companies and their leaders have no incentive to change. Examples of using the concept of legal accountability include suing gun manufacturers or groups such as the Oath Keepers to hold them accountable. Laws such as Section 230 must be changed so that social media platforms can be held legally responsible; doing so would drive change.

**The free market.** A member of the media called for a free market approach, as opposed to regulation. The idea is that advertisers won’t support a platform containing hate speech, causing the platforms to decide not to allow hate speech, as it would be bad for business. “I think the marketplace will regulate itself and will do it far faster than people imagine.” A CEO said that no companies want to be associated with hate speech and that companies are constantly evaluating whether or not to support various social media platforms.

“Let the marketplace regulate itself.”

**Stop supporting disinformation.** There are hundreds of websites that have been created that appear to be news sites, but they have no original content and are spreading disinformation. Their only source of revenue is from national programmatic advertising. These sites are able to survive because national advertisers don’t even realize that their programmatic media buys result in automatically running ads and supporting these types of sites. In total, $2.6 billion is being spent on supposed news organizations that actually sow disinformation. A solution is offered by NewsGuard, which provides a filter to help advertisers eliminate this problem.

- **Check the accuracy and authenticity of online content.** One idea was creation of an entity that would check and certify the accuracy and authenticity of information appearing on social media. This wouldn’t be regulation but would provide transparency, legitimacy, and accuracy.

- **Create alternatives to Twitter.** Several participants called for creation of alternatives to Twitter, where individuals can connect online in a different environment than one owned by Elon Musk.

One entrepreneur commented that Elon Musk has been a major innovator in terms of electric cars and other ventures. But his behavior related to Twitter shows impulsiveness and immaturity. Perhaps Musk will figure things out over time, but his behavior is just another factor fueling a backlash about big tech and the titans who run big tech companies.

Beyond the debate about social media, what is important is taking steps to drive innovation and entrepreneurial activity. This includes immigration reform and creating a more inclusive economy.

**Amid the distrust of social media platforms, the public wants more social engagement and leadership by business leaders.**

Richard Edelman shared recent data from his company’s trust surveys. This data shows that the public overwhelmingly wants more business engagement on topics such as climate change, economic inequity, and more—often by a ratio of 5 to 1 or 6 to 1. This applies to both Democrats and Republicans.

Also, the public sees a need for CEOs to be a force for fairness and equity, in areas concerning fair wages, creating a culture of fairness, and creating civility in the workplace. And, 86% of respondents across the globe believe that there is a mandate for CEOs to help repair the social fabric. This desire for CEOs to lead on societal issues comes at a time of low trust in governments and politicians, members of the clergy, and other roles in society.

“People want more societal engagement by CEOs and business.”
Newton’s Law & Financial Frenzies: Must What Goes Up Always Come Down?

Overview
In the aftermath of FTX’s bankruptcy and the implosion of the crypto currency market, many participants said that while the underlying blockchain technology has value, crypto currencies are speculative and need to be regulated. FTX appears to have committed fraud, which may be a catalyst to create the type of regulation that is necessary to protect investors.

The other financial topic receiving attention was the policies of the US Federal Reserve. Participants expressed frustration that the Fed was too slow to act as inflation was rising in 2021 and now its monetary policy is too tight and is ignoring data showing that inflation is receding. Unless the Fed pauses its interest rate hikes, it may hurt the economy in 2023.

Key Takeaways
Blockchain and cryptocurrency are very different. Blockchain has clear value; it’s not uncertain if crypto does.

Blockchain is a technology that has protocols, provides trust, empowers consumers and businesses, and enables ecommerce. Those who understand blockchain believe it has tremendous value and that its use will continue to grow.

Regarding FTX, while one participant claimed that leading investors conducted extensive due diligence on the company before investing, others said that FTX exhibited many of the classic signs of financial fraud. The company was based offshore, it had separate sets of books (which were kept on QuickBooks), and it lacked transparency. In an April 2022 interview, the company’s CEO all but admitted that the company was engaging in fraudulent activity.

Another important fact about the crypto ecosystem is that overhead costs are extremely high. One expert who has analyzed the industry said, “The crypto ecosystem is very high cost and exists to extract high fees from unknowledgeable investors.”

Still, despite the fiasco of FTX and the doubts about the speculative nature of cryptocurrencies, a seasoned financial expert, who confessed that cryptocurrency remains confusing, said he has concluded the following:
• There will be a digital version of the US dollar.
• It will be developed by the private sector.
• It will likely use blockchain technology and will be highly regulated.

“Operating within a regulatory framework is critical [for digital currencies].”

Participants believe the Fed acted too late and now monetary policy is too tight.

The other financial-related topic garnering attention was the monetary policy of the US Federal Reserve. One leading Fed watcher was extremely critical of the Fed, saying that it initially missed rising inflation and was too late in taking action. A participant mentioned that inflation in the US in 2021 may have actually been 10% to 12%.

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The other financial-related topic garnering attention was the monetary policy of the US Federal Reserve. One leading Fed watcher was extremely critical of the Fed, saying that it initially missed rising inflation and was too late in taking action. A participant mentioned that inflation in the US in 2021 may have actually been 10% to 12%.
Now, with some data indicating that core inflation is cooling, the Fed is being too heavy-handed in continuing to increase interest rates. These monetary policies, a few participants argued, aren’t looking at the right data. Fed Chairman Powell has recently said, “We are making little progress on inflation,” which Summit participants see as inaccurate. Another participant said that approximately two thirds of the impact of the Fed’s tightening have not yet been felt in the economy. With home prices and rents falling, and other measures showing disinflation, some economic experts believe the Fed should pause further interest rate hikes to see what happens.
Freedom vs. Xi-Dom’s Impact on MNC Sourcing: Shattering the China?

Overview

Even long-time China bulls have become more cautious and skeptical about China. Tensions are high, trust is low, and some believe that a massive conflict between the US and China is already underway. There is fear that this conflict in areas of trade, technology, and finance could eventually lead to an actual hot war between the countries, possibly related to Taiwan.

While some believe these fears are overly dark and are overstated—and that the focus must be on finding peaceful ways to coexist—others believe that the US strategy should be deterrence, not engagement. Deterrence requires strength through alliances. For many businesses, these tensions signal the need to decrease reliance on China for both revenue and the supply chain.

Key Takeaways

Many believe conflict between China and the US has already begun and will only worsen.

Prior to President Xi’s recent meeting with President Biden, a group of Chinese leaders orchestrated a meeting with a small group of US business and political leaders. A person who attended this meeting said the last few years mark the worst period in the US/China relationship in many years. Within China there are serious problems, including a flailing economy and a backlash among the population. Between China and the US there is a big trust gap with many danger points. This meeting was an attempt to build trust and was termed as the best conversation in years between leaders from these powers.

“It’s the worst period in the relationship in years.”

However, others said that such trust-building meetings have been held in the past and haven’t worked. Some believe a strategy of engagement won’t be effective. Among the many dark comments shared about the state of the United States’ relationship with China were:

- **China can’t be trusted.** One participant termed the recent meeting as just part of China’s ongoing information campaign. China continues to steal intellectual property, lack transparency, and engage in overt religious prosecution. Also, as China’s economy struggles, some see Chinese leaders as blaming the US and stoking nationalism.

- **The conflict has already begun.** Multiple participants echoed a similar refrain: “the conflict has begun.” This started as a trade conflict and evolved into a technology conflict and a financial conflict. Some see a Cold War as already underway.

- **China could invade Taiwan.** The concern is that this cold conflict will eventually devolve into a hot conflict, especially if China takes action against Taiwan. While only 32% of Summit participants believe China will invade Taiwan in the next five years, some Summit participants see such an invasion as imminent, even if the timing is uncertain.

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<thead>
<tr>
<th>Real-time polling question</th>
<th>Yes</th>
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<tbody>
<tr>
<td>Business leaders should play a role in improving US-China relations</td>
<td>86%</td>
<td>14%</td>
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<tr>
<td>China will invade Taiwan in the next five years</td>
<td>32%</td>
<td>68%</td>
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<tr>
<td>The US should defend Taiwan militarily if China invades</td>
<td>76%</td>
<td>24%</td>
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<tr>
<td>My company is lessening its reliance on China (38% answered “not applicable”)</td>
<td>47%</td>
<td>15%</td>
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An invasion of Taiwan is something that both the US military and Taiwan are planning for, possibly assigning a higher probability of occurring than Summit participants. One strategy mentioned for consideration by Taiwan is equipping its own factories with bombs and blowing up its infrastructure if China were to invade, possibly hoping this would deter China.

This pessimistic view is increasingly shared even by those who were previously hopeful that building relationships and engagement would be an effective strategy. As one such individual said, “When the facts change, you change your mind.” Someone who has spent a great deal of time in China encouraged a strategy of deterrence, which requires allies. He encouraged taking action to form these deterrence alliances now instead of waiting for an event such as 9/11, Russia’s invasion of Ukraine, or China to invade Taiwan.
While in the minority, others have a different perspective. An Asian business leader sees great energy among Americans for conflict with China, which he termed as “very dangerous talk.” This individual said the view in China is that US attitudes are driven by a view that the US is the dominant power and that China is now the challenger. As a result, the US is acting in its own self-interest with policies of containment. One participant said, “China wants to be number one. So does the US. But the two countries have different values.”

“We have to find a way to co-exist.”

For businesses, these tensions should serve as a signal to decrease reliance on China.

A China expert said that China’s perspective is that “the world is for sale” and that no companies or nations will be able to resist the country’s seductive 1.4-billion-person market. For many companies, China represents an enormous share of revenue and profit, as well as a key part of the supply chain.

A US business leader cautioned that the economic relationship is the core of the US-China relationship. He said that in the absence of an economic relationship, the result could be even more conflict between the two countries. In addition, he said that exiting China would hurt the competitiveness of US businesses, since avoiding top-notch competition causes a company not to innovate.

But the majority of Summit participants see the current situation in China as a warning sign requiring action to de-risk. Companies are already decreasing their investment in China and rethinking their supply chains. Among Summit participants, 47% are lessening their reliance on China and only 15% are not doing so. (The other poll respondents answered “not applicable.”) In the most extreme scenario, “Businesses should be prepared to go dark,” warned one worried business leader.

“Business people and political leaders need to prepare for the worst.”

In a bit of positive news on the global relations front, WNBA Commissioner Cathy Engelbert commended the team at the US State Department who worked tirelessly behind the scenes on the prison swap that resulted in Britney Griner being released. While Griner’s release received the most attention, there have been more than a dozen people involved in prisoner swaps with Russia in 2022. This is an unsung group at the State Department doing amazing work.
Creating and Discovering the Unknown: Exploration, Innovation & Impact

Overview
Even as the media is talking about a looming recession, Summit participants are focused on growth, innovation, and tapping new opportunities. The specifics vary by industry and by company, but the creativity of participants shows that opportunities abound. And, while almost 30% have no idea what the metaverse is, those in the know are excited by the possibilities and 74% of participants see commercial value for their company in five years.

Key Takeaways
Participants are pursuing a wide range of growth opportunities.

- **Blockchain.** A Yale student/entrepreneur is pursuing a blockchain opportunity that is very different from cryptocurrency. Without revealing specifics, he said that blockchain can solve trust issues related to fake information, fake reviews, and fake merchandise sold online.

- **Unit expansion.** Six years ago, Yum! Brands spun off its business in China as a separate business, took it public, and has a licensing relationship. Now, among Yum! Brands’ priorities is unit expansion. The company is adding about 3,000 net new units per year, in the US and internationally, and continues to see unbelievable room for growth.

- **Consumer behavior.** The media wrote sensationalistic stories about beer consumption that missed the mark. During the pandemic, the media said people were drinking more, as sales of beer through retail stores boomed. Then, as the pandemic receded, the media wrote about huge growth in sales of alcohol through restaurants and bars. What really happened was changes in where people purchased beer, with a bit of growth in the category.

More interesting are the longer-term changes in consumer behavior being seen post-pandemic. Three examples are: 1) digital and ecommerce experienced 10 years of growth in just three years; 2) consumers are embracing personalized, immediate experiences, epitomized by the expression “for me, for now;” and 3) as part of their lifestyle, consumers are investing in healthier choices to take better care of themselves. This is translating into, for example, significant growth for the Michelob Ultra brand, as consumers seek healthy options.

“*In each crisis there are new behaviors in how people live and buy.*”

- **Speed.** During the pandemic, many consumers preferred drive through, due to the safety of their car. Dunkin saw speed in the drive through experience as a competitive advantage, which has helped drive sales.

- **Responding to demand.** During the pandemic, 1-800-FLOWERS.COM experienced overwhelming demand, especially for food brands, making it hard for the company to keep up. This has caused the company to focus on its work environment and on what the new normal will be in workplaces, and to increase the focus on the mental health of workers, especially young people. 1-800-FLOWERS.COM also saw an opportunity to diversify into publishing, including acquiring *Worth* magazine, which has existing for 35 years but is increasingly focused on conscious stakeholder capitalism.

- **Targeting older consumers.** Alan Patricof, who is 88, sees enormous opportunity in investing in companies that provide products and services to older individuals. He said that by 2030, there will be more people over age 60 in the US than under age 18. Individuals are living longer, have more money, and are increasingly adept at using technology. He sees enormous opportunities in targeting this group of consumers, which he terms the “ageless generation.”
Amid these opportunities, barriers exist.

Two barriers mentioned by participants were antitrust issues and the cost of new healthcare treatments.

- **Antitrust barriers.** The US Department of Justice is making mergers more difficult. This includes both horizontal and vertical mergers. In businesses where scale is important, such as some healthcare businesses, the DoJ’s posture makes it more difficult to engage in M&A and to achieve scale. One objection cited by the DoJ concerns aggregation of data and the potential to misuse data. This issue is unlikely to go away.

- **Payment for healthcare innovations.** In the healthcare sector, there are tremendous innovations taking place. However, these innovations are often extremely expensive. Currently, much of the financial burden for these innovations is being shouldered by the US, which typically picks up the vast majority of the costs. It is necessary to spread this cost out to the rest of the world. Failure to do so will inhibit further innovation within healthcare.

While many people don’t understand and haven’t used the metaverse, there is general interest and long-term enthusiasm for it.

Polling among Summit participants found that 28% don’t know what the metaverse is and only 44% have used the metaverse. However, despite this lack of knowledge or understanding about the metaverse, 74% see commercial value for their company from the metaverse in five years.

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<th>Yes</th>
<th>No</th>
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<tbody>
<tr>
<td>I have no idea what the metaverse is</td>
<td>28%</td>
<td>72%</td>
</tr>
<tr>
<td>Have you used the metaverse?</td>
<td>54%</td>
<td>46%</td>
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<tr>
<td>Do you see any commercial value in your company using the metaverse this year?</td>
<td>25%</td>
<td>75%</td>
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<tr>
<td>My company is underinvesting in the metaverse</td>
<td>35%</td>
<td>65%</td>
</tr>
<tr>
<td>Do you see any commercial value in your company using the metaverse five years from now?</td>
<td>74%</td>
<td>26%</td>
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A savvy technology investor who has invested in several prominent technology companies first learned about virtual reality in 1984. Since then he has seen countless virtual reality companies and sees billions of dollars being poured into VR. Still, despite the great promise he has not yet seen a compelling use for virtual reality and doesn’t see a breakthrough on the horizon. He’s taking a wait-and-see approach.

A media expert believes that Meta (Facebook’s parent company) will fail in the metaverse. While Facebook was a nimble garage startup, Meta is now taking a big company approach to the metaverse, throwing tons of money around. He believes Meta is unlikely to be successful. However, that doesn’t mean that there are no opportunities in the metaverse. There will be opportunities for immersive entertainment and applications in games, education, and healthcare.

“Old people call it the metaverse, but young people just call it life. It’s how they live.”

Already, gaming platforms such as Twitch (owned by Amazon) and other eSports platforms have enormous adoption, especially among young men. This demographic has deserted traditional media. These types of gaming platforms are now where they hang out and where they can be reached, which makes these vehicles extremely important and valuable.

And, just released days before the Summit was ChatGPT, a new AI platform from OpenAI that may be a breakthrough in being able to generate content, which includes writing articles, stories, and emails in a very human-like way.
LEGEND IN LEADERSHIP AWARD
Satya Nadella, Chief Executive Officer, Microsoft

Presented by Bill Gates, Founder, Microsoft, Alex Gorsky, Executive Chairman, Johnson & Johnson, and Arvind Krishna, Chairman and CEO, IBM Corporation

Through his 30-year career at Microsoft, Satya Nadella worked in and led a variety of businesses including the server business, Bing, and the rapidly growing cloud business. He has led with vision and has produced outstanding business results, increasing Microsoft’s market capitalization by seven times in his seven years as CEO.

Satya was recognized as a leader who demonstrates courage, humility, and empathy. He has great people skills, shows curiosity, has built a strong team, and has renewed Microsoft’s culture.

Beyond Microsoft, Satya is respected by his peers and throughout the business community for his leadership, especially during the pandemic where he drove real-time information sharing between organizations.

In his typical manner, Satya was extremely humble in receiving this award. He sees his role as a leader in connecting what the world needs with Microsoft’s mission and with people’s passions. He views leadership as building institutional strength by demonstrating three key attributes: bringing clarity in confusing times, generating energy, and solving difficult problems amid constraints.

Satya Nadella is truly a legend in leadership who combines vision about the future of technology, empathy and humanity, and a spirit of teamwork.