

Davos 2025: Searching for nuggets in the new golden age

By John Stackhouse

Davos has seen a few golden ages during its time. In the 1880s, the Swiss Alps town became one of Europe's early tourist destinations when a new class of travellers took to the "grand tour." Davos added to its lustre in the 1920s as a spa resort for a newly confident class of Europeans. And in the 1990s, it gained a special renown as home to the World Economic Forum, which was rapidly growing in prominence at the time as the intellectual centre of globalization.

But none of those moments may have quite matched the American exuberance that took to the sleepy ski town this week. Rather than showing signs of retreat, the U.S. came in force—700 strong—including Silicon Valley titans, Wall Street billionaires, Nobel laureates, industrialists and, as if to put the gold in golden age, Olympic ski legends Lindsay Vonn and Picabo Street. To cap it off, President Donald Trump—a longtime Davos fan—video-conferenced in from Washington to both berate other government and business leaders for not pulling their weight, and to talk up American exceptionalism. Golden or not, a new age felt like it had begun—not just for the 50 heads of government and 3,000 others in attendance, but for much of the world.



Here are some of the themes that emerged at this year's Forum:

1. America's confidence has rarely been higher

The mood among American CEOs, and investors, was what one Davos veteran called “giddy.” Donald Trump’s triumphal declaration of a “golden age” seems to have given businesses a shot of confidence that has changed many 2025 outlooks. The U.S. economy is showing such strength that the International Monetary Fund raised its global growth forecast for 2025, from 2.2% to 2.7%, as corporations invest, especially in artificial intelligence (AI), and look to acquisitions. The U.S. is now the world’s premier destination for investment, by a long shot. In the 12 months before Trump returned to power, it attracted US\$227 billion in greenfield investment projects—up by US\$100 billion and more than China, India and Britain combined. Consumers are showing renewed confidence, too, while Trump’s promise to cut corporate taxes and slash regulations has quickly unleashed the animal spirits of a free market. Even the tariff threats that are rattling trade partners are seen as a win at home, pushing businesses to build inventories and domestic capacity. More than policies, Trump seems to want to restore enthusiasm in corporate America and the broader economy, and stretch the country’s ambitions. “The impossible is what we do best,” he said by video conference. While American exceptionalism may carry companies and markets for a while, risks could cloud the sunny outlook. Joe Biden’s Inflation Reduction Act (IRA)—and its massive subsidies that are now on the chopping block—was a big reason for a lot of that investment. Inflation is another worry, as the massively indebted U.S. government continues to spend and compete with all that private investment. Immigration cuts are threatening the labour supply and could drive up wages, too. All that has put pressure on long-term interest rates, as investors wonder if inflation is truly conquered. Larry Fink, BlackRock’s CEO, said he could see a scenario in which 10-year bond yields hit 5.5%—not his forecast, he stresses, but just a distinct possibility that could dampen some of the giddiness.

Question for 2025 (Q25): Will an America First administration be able to work with other countries to keep global imbalances from tipping?

2. Europe's confidence has seldom been lower

European leaders usually flock to Davos to tell the rest of the world about their special place in global affairs, diplomacy, business and economic policy. Not this time. European Commission president Ursula von der Leyen led a procession of voices from the continent, expressing concern about its prospects. American business and government leaders, including Trump, used the Davos stage to make it clear that Europe had become almost uninvestible because of the extraordinary layers of red tape that constrict companies and entrepreneurs. (One executive said new sustainability reporting rules required his company to answer 800 questions in its submission.) Von der Leyen acknowledged that a generation of young entrepreneurs was at risk of leaving for America and elsewhere, and conceded that Trump’s “Golden Age” messaging was a “wake-up call” for Europe. German opposition leader Friedrich Merz, who is expected to win next month’s election and become Chancellor, shared his conservative agenda of cutting taxes, slashing energy bills for manufacturers (prices have soared since Germany went off nuclear and then Russia cut gas supplies), reducing unemployment benefits and cutting family immigration levels to focus on skilled workers. He also wants to confront the Brussels bureaucracy. But it took an American, BlackRock’s Fink, to see some opportunity in the shifting winds, especially if Europe can agree to a single capital market. “There’s too much pessimism in Europe,” he told an audience on the final day. “It’s probably time to be investing back into Europe.”

Q25: Will a further expected shift to the right create momentum for deep changes to the European Union?

3. Supply shocks add to geopolitical risks

Just as the world is trying to find a new normal in the aftermath of the pandemic, the abnormal has become common. Some central bankers at Davos expressed concern about the growing threat of “supply shocks”—the disruptions in the global economy that gum up the free flow of markets. Their interest rate policies can control inflation only so much. Take the Panama Canal, for instance, one of Trump’s early targets. Any disruption to its normal operations could send inflation jumping again. Same for the Suez Canal, where Iran casts a dark shadow. The two conflicts of greatest concern to Trump—Ukraine and Gaza—could easily turn worse, and spread through their neighbourhoods at a time when many countries are pulling back from multilateral institutions like the United Nations. And then there’s perhaps the biggest risk on the supply side: climate-related disasters. Trump expressed confidence his administration can restore peace and some certainty where others had failed. He’s already opened an active channel with China’s President Xi Jinping, and suggested they work together to end the Ukraine war (Trump would handle the Ukrainians; Xi would work on Vladimir Putin). He took credit for the Israeli-Hamas ceasefire, too, and said he’d like to work on nuclear disarmament with China and Russia once Ukraine is settled. Many Davos regulars wondered if Trump, having twice won the U.S. presidency, is now angling for the Nobel Peace Prize, too.

Q25: Can shrewd negotiating skills and the strong arm of U.S. influence keep the world from greater war?

4. Energy dominance is a thing, but who will pay for it?

Say what you like about Trump, but he doesn’t mince words. And on energy, his message to the Davos crowd was clear: “Drill, baby, drill.” The Europeans seated around me in the conference hall looked shocked, until he said he would guarantee natural gas supplies for Europe. The desire for more of all kinds of energy—Trump cited oil, natural gas, nuclear, even coal—will be a relief to people in many countries struggling with high energy costs. But the political goal of “energy dominance” will have to overcome some market fundamentals. The sector has been starved of capital for much of the past decade, and may not want to invest billions of dollars on new production when prices are uncertain and perhaps falling. There’s the supply-chain challenge, too. New rigs and pipelines need a lot of heavy materials and skilled labour that are in short supply. The same goes for critical minerals which Trump wants the U.S., and allies such as Canada, to develop in order to wean themselves from Chinese supplies. Nuclear energy, which is gaining popularity, will have its own set of challenges in terms of time-frames and costs. As for the fastest-growing source of energy in the U.S., and elsewhere, the near-term fate of solar and wind is suddenly less certain. They’ve benefitted greatly from IRA, and now have to make it more on their own merits.

Q25: Will energy expansion be paid for mostly by governments, businesses or consumers?

5. The world is starting to re-arm, and re-aim

In the WEF’s annual risk survey of its members, armed conflict topped the list for the year ahead; two years ago, it didn’t even crack the Top 10. Ukraine has Europeans on edge, especially if the U.S. pulls back, while the Taiwan Strait is a worry to Asia. And the Middle East remains nervous as a weakened Iran—after losing influence in Syria, Lebanon and Gaza—considers its options. Despite Trump’s promise of peace-making, he and other leaders speaking at Davos made clear that governments in the coming years will be spending a lot more on defence. And that will mean competition for both new technologies and the old materials—steel, for instance—that every military machine is built on. The need for an advanced manufacturing sector is a key reason both Germany and the U.S. are looking to rebuild their industrial bases, to ensure they can manufacture their own weapons. They may have a harder time building up their troops, given aging demographics across the West and young generations’ reluctance to sign up for military service. Ukrainian President Volodymyr Zelenskyy came to Davos, in military fatigues, to maintain support for his efforts—and also issue a warning to Europe and its allies. Russia has a military force of 1.4 million, including

600,000 on and around Ukrainian soil. After that, Ukraine is the largest force in Europe, with 800,000 troops. France is next at 200,000. Moreover, Ukraine relies on the U.S. for more than a third of its weapons, and continues to build arms factories to gain more independence. Mark Rutte, NATO's new secretary-general, warned of growing "hybrid" threats through the weaponization of civilian devices like drones (and pagers). Zelenskyy suggested Europe build an "iron dome" like Israel to protect itself from Russian missiles. It may need other defensive shields, including cyber ones, as warfare rapidly evolves, leaving no nation truly safe.

Q25: As AI increasingly powers dual-use weapons, will they be more useful to democracies or dictatorships?

6. Meet Gen AI's agents of change

AI has become as common a theme at Davos as the economic outlook, and the two are increasingly intertwined. Unlike previous years when AI was debated largely by technologists and ethicists, it's now firmly the domain of business operators too, thanks to the explosion of AI agents at work. Small wonder it's called the agentic era. In the U.S. alone, more than 5,000 companies have been created in the last decade to help businesses deploy AI agents in call centres, on sales teams and in back offices. A WEF study released at Davos found companies that lead in AI adoption outperform their peers by 15% in revenue, with the biggest growth coming in financial services, telecom and media. A range of public and private enterprises shared their experience more broadly with AI, from accelerating drug discovery to providing municipal services in dozens of languages and advancing cancer detection. Copilots and agents have gained additional traction in education—in schools as well as workplaces, as AI increasingly personalizes and predicts a learning journey. Marc Benioff, CEO of Salesforce, a leader in the agent space, says the challenge now for organizations investing in AI is to develop more than tech talent. The coming preponderance of AI agents in every aspect of organizations is going to require new approaches to corporate culture and team-building, because the teams of tomorrow will include active learning AI agents. Benioff told a roomful of business leaders: "We're going to be the last CEOs who will be managing only humans as our workforce."

Q25: Is society ready to work with mixed teams of people and AI agents?

7. DEI seems to be MIA. Will climate manage to stay?

Diversity, equity and inclusion used to be central themes at Davos. No more, other than as an attack line for some politicians. Trump rattled the crowd—you could see people bristle in their chairs—when he called diversity initiatives "nonsense" and stressed, a few times, America would be a "meritocracy." His rhetoric was tame compared to a speech earlier that day from Argentina's Javier Milei, who railed against social justice efforts, saying rights are enshrined in law and so people don't need privileges like hiring preferences. Away from the spotlight, some wondered whether the same giant pendulum swing might happen to climate, while Europeans looked to limit the impact of decisions like the U.S. pulling out of the Paris climate accord. Many climate-focused organizations seem to be already quietly shifting their focus, including a swing back to conserving nature. Another shift may be to move scarce dollars toward helping people and communities adapt to a world with more floods and fires. In the WEF risk report, five of the top 10 long-term risks were still climate-related. They may just need to be addressed differently. And more quietly.

Q25: How will a new class of conservative governments address the rise of climate-related disasters and damages?

8. The populists now have to deliver ... to the people

Many political thinkers and historians at Davos had one eye on the new voices on the world stage, and another on the people who voted them in. Why? The populists now have to deliver, which won't be easy in an age of tightening budgets and rising expectations. Gillian Tett, an anthropologist and journalist who is now provost of Cambridge University, cautioned the audience to be mindful of "social silence"—and the undercurrents that can pull any government under. The biggest risk, in her view, is an economic downturn, or worse a financial crisis, at a time when Trump is talking of a golden age and spending public money on things like AI and cryptocurrency that don't mean much at the kitchen table. Despite his popularity now, Americans could grow more hostile if Trump's wealthiest advisers were seen to profit from his policies while the general economy suffered. Such a prospect would play into a broader and growing anti-elite sentiment, which appears to be particularly strong among younger people. The annual Edelman Trust Barometer, released at Davos, showed this year an astonishing rise in the acceptance of violence among younger adults, as a means of expressing discontent. Lawrence Summers, the noted American economist, former Treasury Secretary and long-time Davos-goer, said governments would be wise to focus on service-delivery rather than grand promises and restructurings—getting roads paved, cheques delivered, and communities served in their times of need. In many ways, he noted, it's overdue and could be good for democracy if it restores confidence in government and institutions.

Q25: Will any Western government be more popular than at the time of its last election?

9. Back to the moon, and beyond

For all the discussions at Davos about markets and policies—it's the World Economic Forum, after all—the WEF manages to draw an eclectic mix of doers and creators. This year there was a special focus on space, and, yes, the space economy. One evening, under a bright moon, I made my way across the Davos valley, to a small dinner with the heads of several space agencies, and some of the entrepreneurs who are building entirely new sectors to get more people, and equipment, to our outer orbit—and to that shining moon. The diversity of exploration was impressive. Japan is rapidly advancing space robots and precision landing devices (they can land within 10 metres of their destination on the moon). The Japanese are also working with the Indian space agency on the next generation of moon rovers, which the Japanese think they can soon equip with pressurized cabins that will allow astronauts to drive on the surface without full personal equipment. The Saudis are focussed on launching satellites and collecting space debris. A team from the Massachusetts Institute of Technology explained a project to send a ship this month to the South Pole of the Moon, where temperatures range from +1 to -200, to study a crater that's been visited only once. The European Space Agency has its own big project, to chase an asteroid that is hurtling towards us and will come within 38,000 kilometres of Earth (on Friday, April 13, 2029). A U.S. space investor, Kam Ghaffarian, was at our dinner to explain the hundreds of millions he's investing in new launch systems, with a 700-person team in Los Angeles. He thinks launch technology will be one of the big growth opportunities, as the U.S. goes from a record 145 orbital launches last year (five times what it was in 2017) to sending that many every few weeks. There will be far more launches every month around the world. Entrepreneurs like Ghaffarian raised US\$8.6-billion for space ventures last year—in a sector that a McKinsey & Co. study projects will be worth US\$1.8 trillion in another decade. For the space-dreamers, it's not about the money; it's about the chance to help humanity rise above ourselves, and see our world as it is from space, with no borders and no conflict. And even among competitors, it's about collaboration. As Mohammed Al-Tamimi, the CEO of Saudi's space agency said, "no country will go to the moon and stay on the moon alone."

Q25: Will the Trump administration formally launch a new Mars project?

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