

The World Economic Forum Influential and controversial

SUMMARY

The World Economic Forum is considered to have significant influence. At the same time, it attracts considerable criticism. To its proponents, the organisation – through its meetings – enables business, NGOs and political leaders to meet and debate possible solutions to key issues of global concern. To its critics, the Forum, and specifically its annual meetings, is nothing more than an opaque venue for political and business leaders to take decisions without having to account to their electorate or shareholders. Nevertheless, its longevity and the high profile of those attending its events, make it an organisation that is well known and widely referenced.

This year, the Forum's Annual Meeting – with the theme 'Mastering the Fourth Industrial Revolution: how to adapt to the transformation of production, distribution and consumption systems, caused by mobile internet, smaller, cheaper and more powerful sensors, as well as artificial intelligence and machine learning' – will be co-chaired by six personalities from varying backgrounds, and attended by over 2 500 participants, including several European Commissioners.



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The World Economic Forum (WEF)

What is the World Economic Forum?

On 20-23 January 2016, over 2 500 participants from business, government, international organisations, civil society, academia, media and the arts will gather for the 46th Annual Meeting of the World Economic Forum in Davos-Klosters (Switzerland).

According to its website, the World Economic Forum is an international foundation for public-private cooperation which 'aims to engage the political, business and other leaders of society to shape global, regional and industry agendas'. In contrast to intergovernmental efforts, such as the UN, the IMF or the G7/G8, the Forum began as a private initiative; it was established in Geneva, Switzerland, as a non-profit foundation. It claims to be independent, impartial and not tied to any special interests.

The organisation – initially, 'European Management Forum' – and its first symposium were both launched in 1971, at a turbulent time, both geopolitically (conflicts in Vietnam and the Middle East) and economically (the end of the Bretton Woods international monetary system). Its initial [aims](#) were (i) to allow top managers of corporations to interact with a wider base of stakeholders, and (ii) to provide an opportunity for senior European managers to learn about the latest management techniques and concepts from US business leaders and top business school professors. Soon the organisation started inviting people from outside the business world,¹ in an attempt to become a platform 'for provocative yet vital voices'. Its most publicised event, the annual meeting, grew fivefold, from 450 members of western European firms and 50 western European academics and media representatives in 1971, to more than 2 000 global participants representing business, government, international organizations, academia and civil society, as well as 480 media² from around 30 countries in 2014. Among others, it counts the following as successes:

- a meeting of Trade Ministers in 1982 that led to the launch of the [Uruguay round](#) in 1986 and the creation of the World Trade Organization in 1995;
- the [Davos declaration](#), signed in 1988 by the Greek and Turkish Prime Ministers – an agreement to reduce tensions that had threatened to cause a war between the two NATO member states;
- the joint appearance of Nelson Mandela, anti-apartheid leader and head of the African National Congress (ANC), with President F W de Klerk and Chief Minister of KwaZulu, Mangosuthu Buthelezi, for the first time together outside South Africa.

Composition of the WEF

The board, committees and the staff

The Forum is governed by the [Foundation Board](#), a council of 25 representatives that determine and supervise the activities of the Forum and its bodies – including approving the annual accounts and strategic direction – and manage its statutes. Board members serve three-year terms and are chosen by the other members of the board from among leaders in business, politics, multilateral business organisations, academia and civil society, and reflect a considerable measure of geographical distribution by organisation and nationality.³ In 2015, in accordance with the World Economic Forum's new status as an international institution, the Foundation Board was established as a board of trustees, which met for the first time on 26-27 August 2015.

Two committees facilitate the work of the Board: the managing board, composed of seven people, which acts as the executive body of the Foundation and its representative to outside parties; and the audit committee, which remains in close contact with the auditors and the Forum's Chief Financial Officer.

The executive committee comprises 37 people from senior management and meets monthly to discuss key institutional issues. Finally, the Forum has a permanent [staff](#) numbering 464 permanent employees and 29 part-time employees. As well as these, the Forum has representative offices in the USA, in China and in Japan; the total number of people employed [exceeds 500](#).

Forum Members

The Forum is organised in Communities; those communities translate into varying degrees of participation in the Forum and its services and, accordingly, involve different membership fees (see 'Financial situation' below).

The 100 most engaged member companies supporting the mission of the Forum are the [Strategic Partners](#). They pay the highest membership fees, and participate in both regional and global events, industry-related activities, public-private partnership initiatives, Forum communities and specific insight-developing projects.

The next category of member can enter one of four types of partnership – 'Global Challenge', which allows participation in one or more of the nine global challenge initiatives (see 'Forum Centres' below); [Regional](#), active in Africa, east and south Asia, Eurasia, Europe, Japan, Latin America, and the Middle East and north Africa); [Industry](#)' (470 companies in 2015); or 'Community' – companies who work with other Forum communities, such as the Technology Pioneers, the Global Shapers or the Schwab Foundation for Social Entrepreneurship – according to their interest and engagement level.

Finally, the Forum's [member companies](#) – comprising 1 000 of the world's top corporations, global enterprises usually with more than US\$5 billion in turnover – take part in specific activities and assist the Forum.

Forum Communities

According to [Christina Garsten and Adrienne Sörbom](#), the existence of a network of groups, partnerships and communities in the context of the Forum, significantly extends its reach, allowing it to reach across organisational boundaries. Those communities are the following:

- The Community of [Global Growth Companies](#) engages over 390 companies from more than 65 countries 'at the forefront of dynamic growth, innovation and sustainability, and which support the Forum's mission of improving the state of the world'. They are thought by the Forum to have the ambition and capacity to be tomorrow's industry leaders and a driving force of economic and social change.
- The 49-strong [Technology Pioneers](#) community develops and applies technological innovation to transform business and society. Technology Pioneers are companies in the early stages of development, often venture-capital-backed, that have developed or are applying an innovative technology which might have significant impact on business and society (such as diagnostics and health treatment; computing; or visual, audio and sensor technologies).

- The [Young Global Leaders](#) is an enterprising community – set up as a non-profit foundation – of 950 people from 102 countries, who, in the context of a six-year programme, are fully involved in the Forum's meetings, initiatives and research, and interact with the Forum's wider multi-stakeholder community.
- the [Global Shapers](#) Community is a global network of hubs present in nearly 450 cities in 169 countries, developed and led by over 5 300 young people between 20 and 29 years of age, who are 'exceptional in their potential, their achievement and their drive to make a contribution to their communities'.

Forum Centres

In 2014-2015, the Forum developed three centres 'designed to shape the global, regional and industry agendas': the Centre for the Global Agenda – which focuses on nine 'Global challenge initiatives';⁴ the Centre for Global Industries – which focuses on gathering the most influential industry stakeholders in networks, 'to systematically shape industry priorities and agendas'; and the Centre for Regional Strategies, which 'aligns regional meetings with the nine Global Challenge initiatives and the activities of the Centre for Global Industries'.⁵

Forum networks and programmes

The network of [Global Agenda Councils](#) unites the world's top experts from academia, business, government and civil society in a process to better understand and address global challenges. Launched in 2008, the network brings together over 1 500 leading experts from around the globe in some 79 councils, to tackle the major issues on the global, regional and industry agendas.

To support the World Economic Forum in promoting and facilitating public-private cooperation, the [Global Leadership Fellows](#) programme aims to develop leaders who have the skills and experience to manage multi-stakeholder initiatives.

The Schwab Foundation

The aim of the [Schwab Foundation](#), named after the founder of the WEF, Klaus Schwab, is to identify [social entrepreneurs](#), to provide them with platforms to highlight and advance leading models of sustainable social innovation, and engage them in shaping agendas that improve the state of the world – in close collaboration with the other stakeholders of the World Economic Forum.

Forum annual meetings

The Forum has three main, recurring, meetings: the [annual meeting](#) which takes place in Davos in January, the [meeting of the New Champions](#), a summer meeting organised in Asia, and the [summit on the Global Agenda](#), which is organised in the United Arab Emirates.

The most recent annual meeting convened in Davos-Klosters, on 21-24 January 2015 and brought together more than 2 500 participants from over 140 countries. The meeting marked a milestone for the World Economic Forum as the occasion for the signing of a Headquarters Agreement with the Federal Council of Switzerland, which resulted in the Federal Council officially recognising the World Economic Forum as an International Institution for Public-Private Cooperation.

The latest meeting of the New Champions was held in Dalian (China) on 9-11 September 2015, and engaged more than 1 700 participants from 90 countries under the theme 'Charting a New Course for Growth'.

Lastly, the summit on the Global Agenda 2015 convened in Abu Dhabi on 25-27 October, and brought together over 1 000 members of 88 World Economic Forum Global Agenda Councils from more than 80 countries. Issues on the agenda were, among others: migration; growth and inclusion; and sustainable development goals.

Forum publications

The World Economic Forum publishes a comprehensive series of reports which examine in detail the broad range of global issues it seeks to address with stakeholders as part of its mission of improving the state of the world. The Forum's signature product is the [Global Competitiveness Report](#). Other standalone publications include the [Global Risks Report](#) and the [Global Gender Gap Report](#). Besides those publications, the Forum produces landmark titles covering the environment, education, individual industries and technologies. According to Geoffrey Allen Pigman, member of the Faculty in Political Economy at Bennington College (Vermont, USA) and author of the book 'World Economic Forum: A Multi-Stakeholder Approach to Global Governance', those reports present various aspects of competitiveness 'that are neoliberal and economic', as well as issues that focus more on 'the social and cultural consequences of economic growth'.

The Forum's financial situation

The Forum's original primary source of revenue was the fees charged to attendees of the annual meeting in Davos. This has changed today, the [primary revenue](#) source being membership fees, which range between CHF 50 000 (membership fees) and CHF 600 000 (strategic partnership fees), while participation fees for the annual meetings and the regional meetings, as well as fees for the sale of the Forum's research products (such as the Global Competitiveness Report) constitute a secondary source.

For the years 2011 to 2015, revenue increased steadily from CHF157.6 to CHF205.8 million. Similarly, expenses (almost equally split between staff expenses and costs related to 'office and activity' rose from CHF156.4 to CHF205 million. The difference each time was added to the foundation's capital. In fact, from the Forum's foundation in 1973 until 2014 – with one exception in 1991⁶ – the Forum has generated a financial surplus and kept a positive capital account.

This year's agenda – theme and major issues

The 2016 annual meeting

The theme of the meeting is 'Mastering the [Fourth Industrial Revolution](#)' – how to adapt to the transformation of production, distribution and consumption systems, caused by mobile internet, smaller, cheaper and more powerful sensors, as well as artificial intelligence and machine learning. The other two 'pillars' of the meeting are *addressing global security issues* – revolving around the recent refugee crisis and terrorist acts, and their implications – and *solving problems of the global commons* – which will deal with environmental and social sustainability, financial system reform and internet openness. The meeting will be co-chaired by Mary Barra, CEO of [General Motors](#), Sharan Burrow, General Secretary of the [International Trade Union Confederation](#), Satya Nadella, CEO of [Microsoft](#), Hiroaki Nakanishi, Chair and CEO of [Hitachi](#), Tidjane Thiam, CEO of [Credit Suisse](#) and Amira Yahyaoui, Chair of [Al Bawsala](#).

The participants will discuss [various issues](#) which relate, among other things, to:

- **agriculture and food security** – how to revamp the global food system to sustainably deliver 70% more food than is consumed today, to feed 9 billion people by 2050;

- **economic growth and social inclusion** – how the public and private sectors can improve long-term competitiveness while providing broad-based progress in living standards;
- **employment, skills and human capital** – how to create 470 million new jobs by 2030 if technology is expected to fundamentally disrupt the nature of work itself;
- **environment and natural resource security** – how to scale up public-private collaboration, new business models and technological innovations that drive climate action more rapidly;
- **the future of the global financial system** – how to introduce initiatives in macroprudential regulatory policy and innovations in financial services technology that can deliver sustained economic growth and social development;
- **the future of health** – how public and private stakeholders can collaborate to deliver healthy lives and health security for 9.7 billion people by 2050;
- **the future of the internet** – how to ensure that the internet benefits all humankind through better global collaboration;
- **gender parity** – how to close the gender gap in economic participation, at nearly 50% globally today, in this decade;
- **international trade and investment** – how to implement high-priority reforms that will improve global commerce and expand global value chains through public-private collaboration; and
- **long-term investing, infrastructure and development** – how to close the annual US\$1 trillion infrastructure investment gap by introducing viable financing structures and appropriate risk-assessment frameworks.

Criticism – legitimacy issues raised

Forum activities have brought not only praise but also a good deal of criticism. Indeed, while participants at the Annual Event tend to tone down its importance (George Soros is known to have described it as a ['big cocktail party'](#)) the Forum's influence in shaping global economic policy generally, and in facilitating the spread of neoliberal ideas more specifically, has attracted criticism from civil society organisations.⁷

Geoffrey Allen Pigman is of the view that critics of the World Economic Forum can be broadly divided into two levels: those who criticise it at an **instrumental** level, arguing that the Forum is not doing what it intends to do as well as it might or ought to do, and those who question the Forum at an **existential** level – its mission, its membership, and its methods of operation.

Critics of the first category are sympathetic to the broad aims and objectives of the forum, (indeed, according to Pigman, some of them are currently members of the Forum) and often tend to be involved with the Forum itself. Their criticisms are more focused on the Forum's size and content, as well as issues related to management style and effectiveness.

The second category is composed predominantly of segments of global civil society that criticise globalisation and tend to view the Forum as an instrument of that worldview, through the discourse that it constructs and drives. According to Pigman, their criticisms are voiced along the following lines: that the Forum's agenda and discourse are

inherently neoliberal and that this benefits the Forum's corporate members at the expense of the rest of society; that the Forum's public debates and projects conceal its private functions as a network providing business leaders access to policy-makers, and as a private venue for business deal-making; and lastly, that core elements of the Forum's activities, such as its not-for-profit status, are more ambiguous than they appear and thus raise serious ethical questions that need to be addressed.

According to [Jean-Christophe Graz](#), key features of the World Economic Forum, such as the absence of formal delegation of authority to participants, highlighting the deficit in their legitimacy, favours the development of social forces that contest the existence of those transnational elite groups. In the case of the World Economic Forum, these forces gave impetus to the creation of a 'counter-institution' in the shape of the [World Social Forum](#) (WSF) – a parallel gathering of civil society organisations, designed to promote social, rather than economic, development. According to Pigman, the World Social Forum, which developed as a rival event in the first years of this century, 'brought home to the WEF that they ... needed to take a more proactive approach to broadening participation of civil society organizations and other stakeholders across global civil society'. To adapt to this reality, the WEF increased its invitations to civil society organisations (such as Amnesty International) to participate in the annual meeting, as well as in other Forum meetings and, as of 2003, began co-hosting the [Davos 'Open Forum'](#), which features debates on major social, political and economic topics being discussed by delegates to the Annual Meeting and is open to the public.

The WEF and the EU

The Forum has had, from the beginning, the support of the European Commission: in 1971, two Commissioners, [Raymond Barre](#) (Economic and Financial Affairs) and [Altiero Spinelli](#) (Industrial Affairs and Trade) were appointed to serve as interlocutors for the Forum. This year, the Commission will be represented at the 2016 annual meeting of the World Economic Forum in Davos by several Members of the College,⁸ who will use the Forum, to set out and promote the EU's priorities and strategies, such as enhancing investment, growth and jobs; climate action; Energy Union; the Digital Single Market; Capital Markets Union; research and innovation; and the management of the refugee crisis.

Similarly, the European Parliament has been relatively consistently represented at the annual meeting by its President. In the past decade alone, European Parliament Presidents [Pat Cox](#), [Josep Borrell Fontelles](#), [Hans-Gert Pöttering](#), [Jerzy Buzek](#) and [Martin Schulz](#) have participated in the Forum, which provided them with an opportunity to discuss pressing issues with heads of state or government, and heads of international organisations.⁹ In 2015, topics included sustainable development and the crisis in Ukraine.

Main references

The [blog](#) of the World Economic Forum (which includes the [annual report 2014-2015](#), and the [global competitiveness report 2014-2015](#)).

The [World Social Forum](#) and the [Global Economic Symposium](#) websites.

Christina Garsten, Adrienne Sörbom '[Think tanks as policy brokers in partially organized fields: The case of World Economic Forum](#)', Stockholm Centre for Organizational Research, 2014.

Geoffrey Allen Pigman '[The World Economic Forum: a multi-stakeholder approach to global governance](#)', Routledge, 2007.

Jean-Christophe Graz '[Qui gouverne ? Le Forum de Davos et le pouvoir informel des clubs d'élites transnationales](#)', 'A contrario' 2003/2

Agnès Tachin '[Le Forum économique mondial et les médias : une relation singulière entre coopération et intégration](#)', 'Le Temps des médias' 2015/2

The Guardian '[Davos – a complete guide to the World Economic Forum](#)', 21 January 2015

Financial Times '[Sky-high Davos summit fees leave multinationals feeling deflated](#)', 9 October 2014

European Commission Press Release '[Wednesday 20-Saturday 23 January: College Members participate in World Economic Forum in Davos](#)', January 2015.

Endnotes

- ¹ Such as Dom Hélder Câmara, the Roman Catholic Archbishop of Olinda and Recife (Brazil) or Captain Jacques-Yves Cousteau, the renowned French undersea explorer.
- ² It should be noted here that, as the participants changed from west European to global, so did the media capturing the event: in 2014, almost one quarter of the 480 journalists covering the annual meeting were from the US, while west European media together (predominantly British, Swiss, German and French) amounted only to 42% (see [A. Tachin](#)).
- ³ Current board members include the Chairman of Nestlé, Peter Brabeck-Letmathe, H.M. Queen Rania of Jordan, the Chair of the Financial Stability Board and Governor of the Bank of England, Mark Carney, and the Managing Director of the IMF, Christine Lagarde.
- ⁴ In the areas of agriculture and food security, economic growth and social inclusion, employment skills and human capital, environment and resource security, the future of the global financial system, the future of the Internet, global gender parity, international trade and investment, long-term investing, and infrastructure and development.
- ⁵ An example of the Centre's impact is the '[Grow Asia](#)' initiative, which aims to improve the livelihoods of 20 million smallholder farmers by 2020 and increase their productivity, profitability and environmental sustainability by 20%.
- ⁶ This, according to Geoffrey Allen Pigman was due to investing in an – eventually – unsuccessful communication technology initiative.
- ⁷ In this respect, [Jean-Christophe Graz](#) notes that the French monthly *Le Monde Diplomatique* 'has described the World Economic Forum as 'the meeting place of the masters of the world ..., the capital of globalisation, and the main home of the *'pensée unique'*.'
- ⁸ In January 2016, Frans Timmermans, Federica Mogherini, Andrus Ansip, Maroš Šefčovič, Jyrki Katainen, Günther Oettinger, Johannes Hahn, Cecilia Malmström, Vytenis Andriukaitis, Pierre Moscovici, Jonathan Hill and Carlos Moedas are all due to participate in the World Economic Forum's annual meeting.
- ⁹ Such as the Secretary-General of the United Nations.

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