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Davos: A Kangaroo Venture or a Vehicle for Change?

By Lisa Monaghan in Belfast for CAAGLOP (19/02/2008)

The annual meeting of the World Economic Forum is designed as a venue to facilitate dialogue and debate between the powerful economic organizations, political organizations, academics and politicians about the world's major economic and social problems. January 28th saw its 38th meeting at its Swiss host town of Davos.

The 38th Davos Summit focused on a vast array of international issues, including the twin challenges of globalisation and conflict, the need for a sustained emphasis on climate change and the potential threat of "Water Wars". The latter was in response to the fact that more than 1 billion people do not have access to drinking water and 2.6 billion lack adequate sanitation, the UN Secretary General Ban Ki-moon intended to use the summit to do for water what he considered the previous summit did for the climate change issue. This was reflected in the fact that 9 water related issues were chaired on the programme for this Davos session. The Middle East and the threat of terrorism remained high on the agenda.

One theme though dominated the Summit, the recession threat. The prospect of international recession has overshadowed international politics since the turn of the new year, and the Davos summit proved no different. The downturn in the US economic market fuelled by recklessly indulging an equity crisis through sub-prime lending has resulted in a dark speculative cloud hanging over the international market. Nouriel Roubini, New York University, argued the inevitability of the recession, 'The point is not about a soft or hard landing, but how hard the hard landing is going to be,'. Anticipating the perfect storm has meant that world economies are bracing itself for the unknown. Although China and India are enjoying more promising economic outlooks than the US and UK, there is uncertainty over the future faced by developing nations. Already rocked by the changes to the Economic Partnership Agreements between the EU and Afro-Caribbean States, this new challenge has meant that for many developing countries recession is potentially one hurdle too many in their uphill struggle to find a glimmer of a sustainable foothold in the global economic system.

There is little certainty surrounding how this will all pan out but one thing is for certain, developing nations are faced with huge slides in stock markets, slowing growth, the sub-prime crisis and increasing oil, food and other commodity prices. The pressures in global food markets have grown so intense that, for the first time in its history, the World Food Programme is finding it hard to procure supplies of essential commodities. The WEF addressed these issues, one of the agenda topics was "planning for global recession".

The British Prime Minister, Gordon Brown, called for urgent action to increase the transparency of financial dealings as well as a re-think of the pricing of risk which had been "misunderstood" and undervalued in order to tackle the recession threat. He said: "There is a real danger that we fall for the familiar responses that we have seen in past decades, the first is ... heavy handed regulation, the second thing is to resort to protectionism and I see it in America and parts of Europe and the third is to be paralysed into action."

It is undoubtedly frustrating for developing nations to watch these types of Summit meetings. To date the Millennium Development Goals are far from being achieved and the aim of lifting third world debt sounds more like a joke than a legitimate prospect. Calls to action, such as that by Prime Minister Brown, are often disregarded at a later stage, even by the speaker themselves.

Klaus Schwab argued that this summit was different, "the Davos Man and Woman are aware of all the challenges and, in a pragmatic way, they do what they can to mitigate the risks and address the challenges. They also see the opportunities in the world. But if we don't address the challenges, even the greatest opportunities will not be enough to guarantee the future of humankind".

The 38th WEF meeting has rolled out another impressive role call of promises and initiatives:

- British Prime Minister Gordon Brown, Microsoft Chairman Bill Gates, Irish musician Bono, H.M. Queen Rania Al Abdullah of the Hashemite Kingdom of Jordan, United Nations Secretary-General Ban Ki-Moon, World Economic Forum Founder and Executive Chairman Klaus Schwab, Nigerian President Umaru Musa Yar'Adua, and Cisco Systems Chairman and Chief Executive Officer John T. Chambers issued a joint statement vowing to make 2008 a turning point in the fight against poverty
- Japanese Prime Minister Yasuo Fukuda unveiled a five-year, US\$ 10 billion fund to support efforts in developing countries to combat global warming.
- The Bill & Melinda Gates Foundation announced a US\$ 306 million package of agricultural development grants
- The World Economic Forum launched a landmark report on the interfaith dialogue between Muslim and Western societies.
- The Forum conducted an experiment with the online video website YouTube, asking people from around the world to answer "The Davos Question" ~ What one thing do you think that countries, companies or individuals must do to make the world a better place in 2008? More than 2 million people took part, and business, government and civil society leaders.
- The World Economic Forum, Forum Member companies and the United Nations launched initiatives to facilitate further and deeper private sector support of humanitarian relief operations. Among the programmes: Agility, TNT and UPS, three leading logistics and transport companies, are joining forces to help the humanitarian sector with emergency response to large-scale natural disasters.
- Rwanda was designated as the launch country for a pilot programme for the Forum's Global Education Initiative (GEI). In partnership with the Education For All Fast-Track Initiative (FTI) under the banner of the Global Education Alliance (GEA), the Forum will provide the platform to combine the strengths of the private sector and foundations to achieve education for all in low-income countries.

- Regional governors and the private sector launched the World Economic Forum's SlimCity Initiative, an exchange programme between cities and the private sector to support action on resource efficiency in urban areas, focusing on energy, water, waste, mobility, planning, health and climate change.
- Fourteen global CEOs and company chairmen, representing a range of industries and regions, issued a call to their peers to join collaborative efforts to strengthen public governance frameworks and institutions as a core element of their approach to corporate citizenship.

One consensus emerged from Davos. It is evident that the traditional economic powers are not longer solely dominant. Multiple centres of economic growth have drastically reduced the potential of the "US sneezing and everyone else catching a cold". This process of economic distribution has drawn in an increasingly wide pool of international players into global governance issues. But what's significant about the mood at Davos this year is there is a growing realization of the need for a collaborative rather than a directive approach towards meeting the globalisation needs of the 21st century. Former British Prime Minister Tony Blair commented that, "If we are interconnected and the world is interconnected, the only way for the world to work is to have a set of common values. We have no option but to work together."

Only a cynic would dismiss these all off hand as rhetorical back-slapping but only an eternal optimist would expect these all to be met in their entirety. In truth it is not enough. This alone will not engender lasting sustainable developing or take it as evidence of ethical capitalism. There is always a danger that these meetings will be what Kris Gopalakrishnan describes as "old wine in a new bottle". The Davos Summit is not an annual cure-all but neither is it a kangaroo court. It is an important annual highlight, directed at those that can generate change, of the residual problems as well as anticipated problems facing global society.

The strengths of the WEF can be found in its main criticisms. It started as a solely economically focused venture but there have been criticism of its approach of incorporating social issues into their remit. It did so in response to the challenges of the World Social Forum, designed to be the counter-weight to the trans-national capitalism dominated WEF. The WEF has designed a social policy portfolio which includes corporate citizenship, global governance, water, global governance, global health, green houses cases. This is a particularly significant for move with regards the WEF relationship with developing nations, for whom there is no stepping outside the liberal economic system. When responding to the global challenges leaders cannot divorce society from economics, and many of our societal issues are economically grounded.

A second criticism of the WEF is the increasing tendency for the WEF to invite along non-economically minded NGO's. All in all the range of participants is undoubtedly impressive, international corporations, the UN, politicians and civil society leaders, to name a few. Unlike the World Bank or International Monetary Fund meetings or the G8 summit, it is largely open to international scrutiny. In excess of 600 journalists attend. NGO organizations such as Amnesty International, Transparency International, Oxfam have all previously attended, not only to ensure transparency but to actively participate in the discussions. Many of the meetings are broadcast on the internet. This large scale public discourse is what makes the WEF

differ from the exclusive nature of the G8 which ensures decisions are made in the interest of powerful countries, and even more powerful organizations; or the talking shop of many of the UN organizations, as the participants are in a position to generate change.

Rather than being spoken on behalf of in inter-governmental meetings, the WEF provides a venue in which corporations such as Microsoft, PepsiCo, JPMorgan Chase & Co, India's ICICI Bank and China Mobile Communications Corporation are invited to actively participate in global governance and as a consequence the WEF facilitates the generation of global responsibilities. An interesting study presented at the World Economic Forum in Davos, found that business' beat government and the media in terms of trust to fulfil their pledges. Only non-governmental organisations scored a higher level of trust.

Another criticism of the WEF has been the "media circus" which has surrounded the high-profile attendees. The counter-argument though is that attendees such as musician Bono, Microsoft Founder Bill Gates etc bring attention to socio-economic issues which are often ignored by the western audience and big business, to whom much of the call of global responsibility is directed towards.

Another year has passed and as we begin to gear up for Davos number 39 we can question what Davos has achieved, and what it will deliver upon. Can the WEF appease the concerns of the international recession? The short answer is no. Bearing in mind the summit involves the very businesses and countries which, in pure capital terms, stand to those the most then we can assume it is in their best interest to find a resolution to the crisis.

This does not mean that the Davos summit is a paper tiger. Although unquestionably dominated by a capitalist agenda Davos is an important indicator of elite social perceptions. In terms of its sheer size and diversity of attendance, it has provided a critical platform for organisations to engage with each other in an unmatched scale. It is a vital forum to generate and sustain focus on international issues. It may be a talking shop but it is a talking shop with enormous financial clout.

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