

DANCING IN DAVOS: COMBINING PRIVATE SECTOR, GOVERNMENT, AND RISING NONSTATE ACTORS

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ABSTRACT

Nonstate actors, nongovernmental organizations, and diaspora communities are forming connections across national borders. These actors insert themselves into a wide range of decision-making processes, but it is unclear how states and international institutions enable or constrain transnational participation. This paper analyzes the existing partnership among nonstate actors, sovereign states, and the private sector. It discusses the World Economic Forum (WEF) and its annual meetings in Davos, Switzerland, and examines its ability to serve as a platform to combine the three different international actors and deal with global issues. By combining the three forces—sovereign states, private sector and the transnational civil society—and paying more attention to the role of NSAs, a new institution can be developed to confront global challenges.

THE RISE OF TRANSNATIONAL CIVIL SOCIETY

The end of the Cold War led to a renewed focus on nongovernmental organizations (NGOs), advocacy coalitions, and social movements, promoting and diffusing ideas and norms,¹ especially using a constructivist framework for examination. The new focus highlights the role of transnational actors as norm entrepreneurs. However, previous study in this area is still weak in its analysis of how states and international institutions enable or constrain transnational participation.²

According to Florini, there are three fundamental types of actors in global affairs: sovereign states, the private sector, and transnational civil society.³ The term multilateralism is traditionally associated with interstate relations; today, however, due to the involvement of other kinds of actors such as the private sector and civil society, it has been transformed into “polylateralism.”⁴ The legitimacy of international institutions has traditionally been the capacity to address global problems and generate benefits for states and societies. In recent years, international institutions have increasingly been challenged on their ability to solve those global problems.

1 Daphne Josselin and Wallace Williams, eds., *Non-State Actors in World Politics*, (New York: Palgrave, 2001).

2 Thomas Risse, “Transnational Actors and World Politics,” in *Handbook of International Virtual Events*, ed. Walter Carlsnaes, Thomas Risse, and Beth Simmons, (London: Sage, 2002): 255-274.

3 Ann Florini, *The Third Force: The Rise of Transnational Civil Society*, (Washington: Carnegie Endowment for International Peace, 2000).

4 Geoffrey Wiseman, “Polylateralism’ and New Modes of Global Dialogue,” *Public Diplomacy Magazine*. Summer Issue (2010): 24-39.

Nonstate actors (NSAs), such as nongovernmental organizations (NGOs), informal associations, and diaspora communities, are forming connections across national borders. These new actors insert themselves into a wide range of decision-making processes on issues from international security to human rights to the environment. Florini argues in her book *The Third Force: The Rise of Transnational Civil Society* that transnational civil society is the emerging third force in global governance.⁵ This third force tends to aim toward broader goals based on its conception of what constitutes the global public good. As the problems of the world are becoming increasingly global and interdependent, the state system is no longer the best suited for problem solving.⁶ Other than economic growth, globalization has also brought more complex transnational agendas that require multiple sources of information and intervention.

Political scientist Gabriel Almond suggested that there are three kinds of “publics:” the general public, the attentive public, and the policy elites. Each type of public is part of a triangle with the policy elites on top. Due to globalization and the development of information technology, the general public at the bottom of the triangle is becoming more involved in global issues.

This paper analyzes the existing partnership among nonstate actors, sovereign states, and the private sector. It discusses the World Economic Forum (WEF) and its annual meetings in Davos, Switzerland, and examines its ability to serve as a platform to combine the three different international actors and deal with global issues.

PARTNERSHIP BETWEEN NSAs AND OTHER TWO FORCES

NSAs, especially transnational NSAs, participating in international policy-making processes are frequently identified both as a factor driving the growth in transnational activity and as a vital source of transnational influence in world politics.⁷ Additionally, states and international organizations have increasingly engaged transnational actors as providers of ideas, services, and information in global governance. Through advocacy work, information dissemination, service provision, monitoring of commitments, and other activities, transnational NSAs contribute to norm development, agenda setting, policy implementation, and rule enforcement.

NSAs Partner with States

Ahmed and Potter discuss four kinds of relationships that NGOs have with states: NGOs in states, NGOs collaborating with states, NGOs as opponents of states, and NGOs as substitutes for states.⁸ To involve NSAs in a new international institution, the collaborating and substituting types of interaction are important as they increase the legitimacy that NSAs in solving global problems.

Many NSAs find it expedient and proper to cooperate with the government. Many states prefer cooperation as well because they think NSAs are capable of implementing official policies.⁹ These states and their agencies take advantage of the human resources in NSAs to help implement their policies. NSAs also provide social and other services on behalf of states, as they often enjoy more flexibility, efficiency, and proximity to the public. Ahmed and Potter also provide factors that foster a healthy and collaborative relationship between states and NGOs. They argue that states should not be suspicious of NGO intentions.¹⁰ In addition, states need to improve government accountability and encourage NGOs to formulate policies.

There are also NGOs that substitute for governments, especially in political emergencies.¹¹ In the European Union (EU), transnational parties compete for power in the directly elected European Parliament. Today, their influence often equals that of the member states on most policy issues. Business, labor, and consumer groups enjoy a formal platform in EU policy-making through the Economic and Social Committee, with a consultative role in the EU decision-making process.

5 Florini, *The Third Force*.

6 Jean-François Rischard, “Global Issues Networks: Desperate Times Deserve Innovative Measures,” *Washington Quarterly*, no. 26, (2002): 17–33.

7 Christer Jossin and Jonas Tallberg, eds., *Transnational Actors in Global Governance: Patterns, Explanations, and Implications*, (Basingstoke: Palgrave Macmillan, 2010).

8 Shamima Ahmed and David M. Potter, *NGOs in International Politics*, (Boulder: Kumarian Press, 2006).

9 Josselin, *Non-State Actors in World Politics*.

10 Ahmed and Potter, *NGOs in International Politics*.

11 *Ibid.*

NSAs Partner with the Private Sector

In spite of the prominent roles that all three sectors—public, private, and civil society—have in information dissemination, past programs and studies have been heavily skewed toward only understanding the dynamics of public sector services. In recent years, there has been some deviation from the past trend with a proliferation of NGO literature, but the private sector organizations remain underrepresented.

Partnerships between companies and their key stakeholders are not new. The scope, scale, reach, and diversity of partnerships between businesses and other sectors are advancing, as well as the range of issues that these partnerships are addressing. Many companies are engaging in new types of alliances with nontraditional stakeholders.¹² These alliances often reach far beyond a company's own immediate operations and locality. Many of them have implications not only for the achievement of the company's own goals, but also for the achievement of broader development objectives. For example, the idea of corporate social responsibility (CSR) is developing as companies are increasing their involvement in philanthropy. Deloitte China initiated a project in Yunnan province to improve living standard by providing basic education, skill building, and sustainable models for farming.¹³

NSAs Partner with International Institutions

Formal collaboration between international institutions and NSAs has become increasingly common since the 1980s.¹⁴ Two prominent forms of collaboration are contracts for NSAs to perform services on behalf of international institutions and access of private actors to international courts and tribunals.

International institutions also value the power of transnational NSAs. At the most fundamental level, transnational NSAs' involvement is explained by referring to the opportunity structures that international institutions provide. Transnational NSAs can adjust problems with different cultural backgrounds because of crossed borders. In addition, transnational NSAs engage directly with international institutions to bypass a nation-state that might be repressive or unresponsive to their demands.¹⁵

A BRIEF EXAMINATION OF THE EXISTING INTERNATIONAL INSTITUTIONS

A prominent trend in global governance in recent years is an increasing tendency for states and international institutions to involve transnational NSAs as policy experts, service providers, and compliance watchdogs. The existing institutions are unable to satisfy the need for the three forces to manage global issues. Therefore, some academics and practitioners have proposed changes to future institutions addressing global issues. They aspire to develop a new type of institution that can combine the three forces and deal with global challenges inclusively.

For instance, Jean-Francois Rischard proposes a new kind of policymaking body, global issues networks (GINs), that can transcend the limits imposed by territorial and hierarchical institutions that were never constructed to address inherently global challenges.¹⁶ According to Rischard, treaties and conventions work well in regional matters but are not effective in global issues. Intergovernmental conferences (e.g., Cairo on population, Copenhagen on social issues, and Durban on racism) are effective in raising awareness for global issues, but are too ritualistic. The G-8 and similar groupings are too exclusive, since all of the members are nation-states. Global multilaterals such as the U.N., World Bank, IMF, and the World Trade Organization (WTO) cannot take on such initiatives on their own because these institutions are multilateral and are overseen by individual nation-states. Additionally, there is no real dialogue between the general public and the government officials participating in these international institutions. Rischard, in response to the shortcomings of all of these international institutions, suggests that GINs include three kinds of partners: national governments, international civil society organizations, and multinational corporations. The feasibility of the proposed institution is limited by the difficulty to engage so many stakeholders.

12 Jonsson and Tallberg, *Transnational Actors in Global Governance*.

13 Siyu Li, Zheng Yu and Shasha Liu, "A Comparative Study of CSR-Deloitte China".

14 Risse, "Transnational Actors and World Politics," 255-274.

15 Margaret E. Keck and Kathryn Sikkink, *Activists Beyond Borders: Advocacy Networks in International Politics*, (Ithaca: Cornell University Press, 1998): 112-167.

16 Rischard, "Global Issues Networks," 17-33.

One of the first international organizations to involve nation-states, civil society, and the private sector is the International Labor Organization (ILO). The ILO was created in the wake of World War I and the communist revolution in Russia, with the narrow goal of improving working conditions around the world.¹⁷ The underlying objectives were to avoid political instability by addressing issues of social justice and to address concerns that global competition could undermine countries' efforts to improve working conditions at home. In the century following WWI and the first wave of globalization, a new wave of globalization triggered similar concerns and the ILO found itself at the center of debates over how to address economic insecurity and inequality. The ILO is the only League of Nations institution that survived World War II and is the only international organization that is not purely intergovernmental in its governance structure. Union and employer group representatives are part of each country's delegation and have the same right to vote as government representatives at policy-making meetings. The ILO is a tripartite organization with 179 member states and 716 voting delegates; each member has two government representatives and one representative each for the employers and workers¹⁸. In theory, the worker and employer delegates are not bound by their government's position and vote independently.¹⁹

The ILO is also an example of a transnational actor acquiring formal representation as a decision-making body of an international institution. Labor departments in governments are often weak bureaucracies with inadequate resources and limited support from political leaders. Therefore, the technical assistance from the ILO is helpful.

TRANSFORMING THE WORLD ECONOMIC FORUM (WEF)

Originating as a meeting of European business people, and conceived for reasserting the role of Europeans in the international business community, the WEF has grown into an influential venue for different types of actors in the global system to discuss the major economic, political, and social challenges confronting the world. Its core vision is to bring together different types of major stakeholders in global society to discuss global issues and develop ways of solving problems.²⁰ As a global institution, the WEF presents a potential platform for NSAs to participate in global governance.

According to *Partnering for Success: Business Perspectives on Multi-stakeholder Partnerships*, an annual report issued by the WEF Global Corporate Citizenship Initiative (GCCCI), over 90 percent of the respondents felt that partnerships among business, government, and civil society would play either a major role or some role in addressing key development challenges.²¹ Although the GCCCI is a self-selected group of companies that are committed to being good corporate citizens, their views reflect a growing consensus in business and development circles of the importance of new types of nontraditional alliances and funding mechanisms. The challenges the world faces are too complex and interdependent, and the resources and legitimacy for tackling them are too dispersed among different sectors for any one group to have all the solutions.

The annual WEF meeting in Davos has been criticized for being too exclusive, with its limited invitations and expensive tickets. However, the meeting has played an important role in world economics.²² Davos provides a platform for people to come to listen and learn new and innovative ideas that are important to leaders in the international business world. Richard Quest from CNN once said, "If Davos didn't exist, we'd probably have to invent it."²³ Since globalization forces countries to be more technologically interconnected, there is a need for a systematic institution where different actors can express their thoughts on global problems. Davos provides

17 Kimberly Ann Elliott, "International Labor Organization," in *The Princeton Encyclopedia of the World Economy*. (Princeton: Princeton University Press, 2009).

18 "International Labor Organization," ILO, last modified September 26, 2013, <http://www.ilo.org>.

19 Charnovitz, Steven, "The International Labor Organization in Its Second Century," in *Max Planck Yearbook of United Nations Law*, ed. Jochen Fruwein and Rudige Wolfram, (New York: Kluwer, 2000), 147-84.

20 Geoffrey Pigman, *World Economic Forum: A Multi-Stakeholder Approach to Global Governance*, (Florence: Routledge, 2007).

21 World Economic Forum Global Corporate Citizenship Initiative. *Partnering for Success: Business Perspectives on Multi-stakeholder Partnerships*, (Cambridge: Harvard University Press, 2005).

22 Michael Jacobides, "Making Sense of the Sense-Making in Davos," Huffington Post, 8 Feb 2013, http://www.huffingtonpost.com/michael-g-jacobides/making-sense-of-the-sense_1_b_2645769.html, (accessed 26 September 2013).

23 David Jones, "Why Davos Matters in the Age of Social Media," CNN, 23 Jan., 2013 <http://edition.cnn.com/2013/01/23/business/david-jones-op-ed-davos> (accessed September 26, 2013).

an opportunity for people with innovative ideas on global problems to gather under one roof to engage in an honest, frank exchange of ideas.

In response to a criticism of being too exclusive, Davos has started to open up to the public, mainly through social media and the Open Forum. The Open Forum started in 2003, attracting government officials, civil society leaders, innovative entrepreneurs, and CEOs of multinational companies. According to the WEF, the Open Forum aims to encourage dialogue and spread awareness on critical issues concerning the global economy by providing a platform where ideas, thoughts, and questions can be expressed and tackled in an open environment.²⁴ The Open Forum, as an attempt by the WEF to engage the private sector, nation-states, and NSAs, though not perfect, is one of the best institutions to combine the three forces in dealing with global issues. The advisory council of the Open Forum includes academics, transnational nonstate actors, private sector leaders, and politicians, which ensures that the attendees are from varied backgrounds.

The WEF has declared the 2013 meeting to be the most digital in history. With the help of some of its partners, the WEF opened up a variety of channels to follow the event and share infographics to its almost 130,000 fans on Facebook and more than 1.7 million followers on Google+.²⁵ Additionally, the WEF started a Forum Blog, where guest authors, such as WordPress founder Matt Mullenweg, could drive traffic to the blog and start conversations. There was also an official app available for smartphones. Key sessions and press conferences were live-streamed on multiple channels and then put on YouTube. The key element of the WEF's social media activities, however, was Twitter. This year, more than 970 participants were tweeting from Davos, including 116 public figures, making it easy to track news and highlights.²⁶ The official hashtag of the conference— #WEF—was a trending topic on Twitter throughout the week. According to WEF communications specialist Georg Schmitt, Davos 2013 has been the most transparent and inclusive annual meeting in the history of the forum.²⁷

CONCLUSION

Previous research shows that no international institutions exist that can combine the strength of the three actors— nation states, private sector, and transnational civil society. The ILO serves as a historical model of the feasibility of the three forces working together. While the WEF is a new contributory actor to global governance, it developed from a relatively exclusive organization to a new institution providing a platform for policy makers, private sector leaders, and the civil society to meet together. With the use of social media, the general public can also engage in the meetings, which is a good way for communication to thrive among different actors.

The WEF is one existing institution that is trying to involve stakeholders within these three actors. Throughout its development, the WEF has become more open to the public, especially with the help of social media and the WEF Open Forum. Nevertheless, the WEF is still not the ideal institution for solving global problems. More effort needs to be put into transforming the annual meeting into a platform for the three forces to work together on global issues.

The change of the WEF demonstrates the possibility to take advantage of technology developments and use social media to engage the key publics in the discussion. In addition, NSAs need to be involved in the dialogue between governments because they can offer technology and intelligence assistance. For example, many instructors at universities are experts in certain fields and can provide valuable insights for designing policies. Moreover, NSAs can help governments implement policies. Sometimes, the national government cannot reach to the local communities as easily as NSAs can. Lastly, it is necessary to set separate meetings for different agendas with related parties. By combining the three forces—sovereign states, private sector, and the transnational civil society — and paying more attention on the role of NSAs, a new institution can be developed to confront global challenges.

24 WEF Open Forum, <http://www.openforumdavos.ch/en/about-us.html>, World Economic Forum, last modified Sept 26, 2013.

25 Igor Schwartzmann and Adrian Rosenthal, "How a Social Media News Stream Turns the Sealed-Off World Economic Forum into a Virtual Event." *The Next Web* 12, no. 2, (2013): 30-32. <http://thenextweb.com/socialmedia/2013/02/09/world-economic-forum-davos-social-media/>.

26 Andrew Sorkin, "A Hefty Price for Entry to Davos," *The New York Times*, 24 Jan. 2013, <http://dealbook.nytimes.com/2011/01/24/a-hefty-price-for-entry-to-davos/>, (accessed 26 Sept 2013).

27 Jones, "Why Davos Matters in the Age of Social Media."

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