



# World Economic Forum

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## Why in News?

The [World Economic Forum \(WEF\)](#) is holding its Annual Meeting from 15<sup>th</sup> January to 19<sup>th</sup> January, 2024 in **Davos, Switzerland**.

## What are the Major Points Related to the World Economic Forum (WEF)?

- **About:** WEF is the International Organization for Public-Private Cooperation. The Forum engages the foremost **political, business, cultural and other leaders of society** to shape global, regional and industry agendas.
  - It is headquartered in **Geneva, Switzerland**.
- **Foundation: Klaus Schwab**, a German professor with a background in mechanical engineering and a Master of Public Administration from **Harvard**, founded **WEF in 1971**, originally known as the **European Management Forum**.
  - He introduced the concept of "[stakeholder capitalism](#)."
  - According to Schwab, "It is a form of capitalism in which companies do not only optimize short-term profits for shareholders, but **seek long term value creation**, by taking into account the needs of all their stakeholders, and society at large."

**Note:** The European Management Forum was the first non-governmental institution to initiate a partnership with China's economic development commissions, spurring economic reform policies in China.

- **Evolution:** Events in **1973**, namely the collapse of the [Bretton Woods fixed exchange rate mechanism](#) and the **Arab-Israeli War**, saw the Annual Meeting expand its focus from management to economic and social issues.
  - Two years later, the organization introduced a system of membership for 'the **1,000 leading companies of the world**.'
  - In 1987, the European Management Forum formally **became the World Economic Forum** and sought to broaden its vision to include providing a platform for dialogue
  - In 2015, the Forum was formally recognised as an **international organization**.
- **Funding:** Primarily supported by partnering corporations, typically with annual turnovers exceeding **USD 5 billion**.
- **Annual Meeting in Davos:** Davos brings together around **3,000 participants** (including paying members and select invitees): investors, business leaders, political leaders, economists, celebrities, and others to discuss global issues across 500 sessions
- **Key Diplomatic Moments at WEF:**
  - [Korean Diplomacy](#): North and South Korea held first ministerial-level meetings in Davos.
  - [German Reunification \(1989\)](#): East German Prime Minister and German Chancellor met at WEF to discuss reunification.
  - **South African Milestone (1992)**: South African President de Klerk, Nelson Mandela, and Zulu prince Mangosuthu Buthelezi made their inaugural joint appearance outside South Africa, marking a **significant milestone in the country's political transition**.
  - [G20 Genesis\(1998\)](#): WEF emphasized the need to involve major developing countries.

Therefore, the **concept of G20 emerged**, initially limited to finance ministers.

- G20, born from WEF discussions, evolved into a summit.

- **Major Reports:** WEF regularly publishes globally recognized reports, including the **Global Competitiveness Report and the Global Gender Gap Report, Energy Transition Index, Global Risk Report, Global Travel and Tourism Report.**

### UPSC Civil Services Examination, Previous Year Questions (PYQs)

Q1. Which of the following gives 'Global Gender Gap Index' ranking to the countries of the world? (2017)

- (a) World Economic Forum
- (b) UN Human Rights Council
- (c) UN Women
- (d) World Health Organization

**Ans: (a)**

Q2. Who among the following is the founder of World Economic Forum? (2009)

- (a) Klaus Schwab
- (b) John Kenneth Galbraith
- (c) Hobert Zoellick
- (d) Paul Krugman

**Ans (a)**

Q3. The Global Competitiveness Report is published by the (2019)

- (a) International Monetary Fund
- (b) United Nations Conference on Trade and Development
- (c) World Economic Forum
- (d) World Bank

**Ans: (c)**