

D5 | THE WORLD ECONOMIC FORUM'S GREAT RESET: CORPORATE AMBITIONS AND THE FUTURE OF MULTILATERALISM IN AND BEYOND GLOBAL HEALTH

The Covid-19 crisis, and the political, economic, and social disruptions it has caused, is fundamentally changing the traditional context for decision-making. (WEF 2020)

Introduction

In the face of the COVID-19 pandemic, the World Economic Forum (WEF) has thrown down the gauntlet to governments and civil society with its June 2020 call for a Great Reset. This challenge is building on the WEF Global Redesign Initiative (GRI) launched in 2010 as its response to the then financial and related global crises. Now, in addressing the impacts of the COVID-19 crisis, it is claiming the pandemic as a marker “which has fundamentally changed the basis for global decision making” (WEF 2020).

With this manifesto, the WEF is returning to its focus on the flaws and failures of global multilateral governance – which it elaborated in its GRI – prescribing that corporations, not states, should position themselves at the center of the global government system. The WEF paradigm of governance is “power sharing,” where corporations set the agenda and claim decision-making with states on key areas of global policy while also deciding which governments, state institutions, and civil society organizations are invited to sit at the table. Its preferred mode is that of multistakeholder bodies – where the participant elite (whether corporate, private, or public) are brought together based on their “interests” and not on their “rights or responsibilities” (George 2016). Such multistakeholder entities have proliferated in most areas of industry and governance in the past two decades, advancing – in the words of Klaus Schwab, founder of the WEF – “stakeholder capitalism” (Schwab and Vanham 2021).

This chapter reviews the rise of corporate power in its main manifestations over the last 20 years, operating within a paradigm which combines untouchable protection for corporate interests and a strategy of corporate-state partnerships taking shape within multilateral platforms. It identifies the key struggles of contestation played out by three major actors: transnational corporations (TNCs), states, and civil society social movements. It discusses the options opening at this moment for resistance to the corporate-led WEF scenarios for “Planet INC.” It finally indicates how to engage and shape an alternative roadmap towards a transformative system change that seeks, in real terms, to put health and well-being, people’s sovereignty, and the public interest at the center of global government institutions.

Asymmetries of power: the architecture of corporate privilege and impunity

The COVID-19 pandemic has put in stark relief the current interlocking crises – economic, social, environmental, and political. What initially looked like a health crisis that could be “fixed” has become a prism for taking global stock of where humanity and the planet is headed in this era of advanced corporate-driven neoliberal globalization. Most people have seen the dual role being played by Big Pharma in the pandemic debacle, as both “vaccine savior” and “vaccine profiteer,” a pandemic exemplar of neoliberal globalization at work.

The WEF is accurate, and not alone, in registering a deep sense of multiple crises in the current moment that demand critical attention to what may need “resetting” in a post-pandemic world. But we must question whether its call for a Great Reset is essentially an accelerated “Great Take Over” (Transnational Institute 2021). Is it a further entrenching of the form of corporate capture illustrated by Big Pharma in the profit-making opportunity thrown up by the pandemic? Or is it indicative of an even more ambitious design in advancing corporate capture of the democratic institutions of the multilateral system, whether at the World Health Organization (WHO), other United Nations (UN) global multilateral entities, or at the UN itself?

The corporate push in this pandemic era for control of democratic multilateral institutions is building not only on decades of accumulation of corporate profits but also on the protection provided for its operations with impunity. Corporate exceptionalism is accommodated by the framework of a global architecture of the international trade and financial institutions – World Trade Organization (WTO), International Monetary Fund (IMF), and World Bank (WB) – but also in the privileges guaranteed by the *terms* of free trade and investments agreements. The asymmetries of power between states and corporations in this global financial, trade, and investment regime are ongoing. They become glaringly clear when viewed through a pandemic lens, notably the Trade-Related Aspects of Intellectual Property Rights (TRIPS) regime at the WTO and the investor-state dispute system (ISDS) present in hundreds of bilateral trade and investment agreements (Olivet et al. 2021) (see Chapters B4 and D2). Today’s struggles against power imbalances enacted globally reflect a longer history of opposition to this predatory corporate-led economic model (see Box D5.1).

Box D5.1: A long history of struggle raises TNC impunity on the international agenda

The impacts of the protected corporate trade and investment regime are well documented, in its carbon footprint and devastations of communities in the Global South, in the territories holding the coveted natural resources (fossil fuels and precious minerals) that have driven neoliberal globalization

for the past 50 years (Permanent Peoples Tribunal 2010; 2018). Struggles against this extractivist capitalism are present in every continent and the sustained demands of affected communities, farmers and workers, and other sectors for binding regulation of the operations of TNCs have again pushed the agenda of corporate impunity and access to justice onto the international human rights agenda. Some of the iconic cases cover timelines since the 1960s to the present day – as this selection highlights:

Chevron-Texaco Ecuador (1960s): The Indigenous People of the Ecuadorian Amazon have sustained their struggle against the oil pits left by Texaco (now Chevron-Texaco) when it withdrew its oil operations in the 1960s. Despite the rulings on the case by the Ecuador Courts (including the Supreme Court), Chevron-Texaco has not complied either for compensation or restoration of the environment. On the contrary, the company has contested all the subsequent cases in the international courts, including the International Criminal Court, where the judgements have favored Chevron-Texaco (The Global Campaign 2020a).

Union Carbide-India (1984): A gas leak at a pesticide plant exposed 500,000 people to toxic chemicals, killing several thousand. After 25 years of legal challenges several company officials were found guilty of death by negligence but were released on bail after paying a fine of only \$2,000. Victims and their families still pursue justice for this gas leak crime (Eckerman 2005).

Ogoni People vs Shell in Nigeria (1995): The indigenous Ogoni have suffered devastation of their environment and communities from oil extraction operations since the 1950s, prompting civil unrest in the 1990s, leading to extreme suppression by Nigerian armed forces. Together with eight other community leaders, the poet Ken Saro-Wiwa was executed in relation to their protest activities. The communities continue to demand accountability and justice from Shell and an end to its ongoing oil exploitations in the region and some positive steps are developing in relation to court cases in London and The Hague (Esri n.d.).

BP Deepwater Horizon-Gulf Mexico (2010): The Deepwater Horizon is the largest marine oil spill in history, causing extensive environmental damage and loss of livelihoods, especially to fishing communities and to the tourist industry. The company was found guilty of gross negligence and manslaughter (17 workers died in the explosion). There were several criminal and civil cases, although none of the individuals found responsible received prison sentences. In 2020, ten years after the disaster, the former members of the National Commission on the BP Deepwater Horizon Oil Spill and Offshore Drilling noted that the US Congress had failed to act on most of the recommendations in the final report (Pallardy 2021).

No-TAP movement, Lecce, Italy (2011): The communities around Lecce, southern Italy have been protesting the destruction of their community from Trans Adriatic (gas) Pipeline (TAP), including the ancient olive gardens around Lecce. On March 19, 2021, the Lecce Court of First Instance found 67 human rights defenders from the No-TAP movement guilty on charges (among others) of unauthorized protest and damage to private property. They were issued sentences ranging from three months to three and a half years imprisonment and/or fined up to €4,280. A further 25 human rights defenders also on trial were acquitted (Front Line Defenders 2021).

Marikana Massacre: Lonmin Platinum Mine PLC (2012): Thirty-six miners from the Lonmin PLC Platinum mine (on strike for a living wage) were shot dead in Marikana, South Africa on August 16, 2012. This attack on the miners was made by the South African Police Services, who intervened on the side of Lonmin. The survivors, as well as the families of the miners who died, are still pursuing justice for the great loss of life and serious injuries. A government-led Commission of Inquiry was held – but its conclusions have not yet been fully acted on almost ten years later (Tolsi 2021).

The Rana Plaza Fashion Factory Collapse, Bangladesh (2013): On April 24, 2013, the eight-story building where more than 3,000 workers were housed producing well-known global fashion brands (Nike, GAP, H&M Primark, Benetton, and many others) collapsed. At least 1,134 people, mainly women, died and over 2,000 others were injured. The collapse remains one of the deadliest industrial accidents to date. In response to strong campaigning and outraged public opinion the garment corporations were obliged to sign a binding Accord on conditions of safety in the factories that continued garment production. However, eight years on, the garment supply chain model is still deeply flawed with inbuilt exploitation of workers paid poverty wages (\$156 a month) and who now face the threat of a reversal of the safety Accord to non-binding status. Many are subject to job dismissal without compensation – as many brands refuse to pay for garments already produced or in production. The Clean Clothes Campaign network published a Report in August 2020 covering the first three months of the COVID-19 pandemic in seven countries, finding that the garment industry owed between \$3.2 and \$5.8 billion in unpaid wages and legally owed compensation (Barradas et al. 2020).

Mariana (2015) and Brumadinho Communities vs Vale Brazil (2019): The collapse of these dams holding toxic mine waste operated by the Vale corporation in Brazil has had a major impact on the loss of life and community, destruction, and contamination of the surrounding areas and toxification of major river basins. The Movement against the Dams

regards the dam collapses as evidence of ongoing socio-environmental crimes by the Vale corporation (privatized in 1990 and now co-owned by several private and international shareholders and operating in 303 countries) and the Brazilian government which further eased the requirements for dam licenses in 2018 despite the Mariana collapse in 2015. In response to sustained campaigning by the affected communities, progress is being made in the courts where Vale has been ordered to pay damages up to \$7 billion in the case of the Brumadinho, with senior staff facing murder charges. Meanwhile, in June 2021, the threat of the imminent collapse of a third dam (Xingu dam at Vale's Alegria mine) has been reported (Movement of People Affected by Dams 2019).

Amazon e-commerce giant and workers' right to unionize, Alabama (2021): There were high stakes in the recent attempt by workers at the Amazon "fulfillment" center workplace in Bessemer, Alabama, to establish their trade union. The final vote on joining the Retail, Wholesale and Department Store Union (RWDSU) was heavily defeated, with Amazon urging its employees via email text to vote No, and workers claiming livelihood insecurity and fear of job loss as their reasons for not voting for the union. The right to unionize was at the core of the demands of the Alabama workers – "to have a voice" and be able to negotiate their conditions of work. This current defeat has significance for workers not only in Amazon warehouses throughout the USA (as the US second biggest corporate employer it has a workforce of 800,000 – excluding its drivers) but also globally. The Amazon "model" of no union, relentless production targets, constant surveillance, rapid staff turnover, and robotization is being normalized for major sectors of workers (MacGillis 2021).

These cases combined resistance strategies (in advocacy, public mobilization, and juridical case work) and proposals for alternative development models. Primarily, they succeeded in pushing the issue of corporate power and its systemic impunity to the top of the international policy agenda. These and countless other cases still seek access to justice even as they campaign for an international binding treaty to regulate TNCs.

The role of companies as major economic actors at national and global levels has long been readily recognized, often linked to colonial and neocolonial ambitions such as the case of the East India Company. The mercantilist connections between the governments of colonizing nations and private companies were obvious (mercantilism being the use of state power to further the economic interests of companies facing global competition or operating in foreign lands). In global companies' recent form as TNC, direct links back to government interests are often hidden in the language of "global competition," "global economic growth," and the claimed benefits of open global markets supported

by trade and investment treaties. Such argumentation even enters the traditionally “charitable” domain of official development assistance (foreign aid) (see Box D5.2). What remains constant is the potential for global companies’ mega profit-making and capital accumulation.

Box D5.2: Private companies’ involvement in bilateral foreign aid

Donor countries from the Global North have long involved private companies in their foreign aid programs. Initially, these countries sought to ensure that their aid helped companies at home, including through the practice of “tied aid,” which requires that goods and services be purchased in the donor country. Many countries have abandoned that practice, but aid agencies also often provide incentives, such as subsidies or guarantees against financial losses, for national companies to invest in developing countries in ways that would potentially promote economic growth. Many donors have dedicated government-owned “development finance institutions” to promote the role of the private sector in the Global South, including the United Kingdom’s CDC Group and the United States International Development Finance Corporation.

The 2007–2008 global financial crisis accelerated a new trend: the rise of large corporations as “partners” in development finance. Increasingly, bilateral donors and multilateral development agencies portray private sector companies not only as actors that can contribute to economic growth, but as key participants in poverty reduction. The adoption of the Sustainable Development Goals (SDGs) in 2015 reinforced this trend: donor countries were unwilling or unable to marshal the trillions of dollars of additional resources that would be required annually to meet the ambitious SDG targets, including the complete elimination of extreme poverty all around the world by 2030. As a result, tapping into the private sector’s massive wealth became an essential part of the global development narrative, regardless of how unrealistic those expectations may have been.

A major disappointment of blending public/private finance to date is the amount of private capital that it has mobilized. Far from expectations of \$10 of private funding being “leveraged” for every public dollar spent, the ratio has proved to be closer to 1:1. In fragile and conflict-affected states, the ratio is even lower. The vast majority of “blended finance” funds have been channeled to middle-income countries, which generally provide more stable and investment-friendly environments but are not the places most in need of incentives to promote international investment. Moreover, the investments are often targeted at tapping into middle-class markets, for instance in shopping malls and gated communities. Providing goods and

services to poor and marginalized people, who lack disposable incomes, is unsurprisingly less attractive for those profit-seeking investments. For example, when urban slums need improved access to necessities such as drinking water, sanitation, health services, and primary education, to what extent is it reasonable to expect that a private company should be able to make a profit in providing quality services to people with very low incomes? Around the world, these services are normally provided by the public sector as public goods, not investment opportunities. Many of the goals assigned to these “innovative” financing mechanisms, including not only widespread poverty reduction but also promoting gender equality, seem more like wish lists than realistic outcomes based on past experiences.

Another increasingly common form of partnership with the private sector has been to involve private companies in the more traditional development projects and programs. For-profit consulting firms and corporations have long been involved in the implementation of aid, often bidding on contracts tendered by aid agencies. However, it is becoming more common for them to seek public funding for their private development efforts, usually under the label of “corporate social responsibility,” or for aid agencies to provide incentives for non-profit civil society organizations (CSOs) to seek funding from them.

Canada provides stark examples of such partnerships. In 2011, while cutting its funding to CSOs, it set aside funds specifically for CSO projects that involved collaboration with Canadian mining companies. Various presented as support to corporate social responsibility (even when, paradoxically, public funds were providing most of the funding) and alternative forms of resource mobilization for CSOs (even when corporate contributions were relatively minor), these projects are more accurately interpreted as attempts by the Canadian government to advance Canadian corporate interests in the global mining sector, which is dominated by companies listed on Canadian stock markets. These initiatives sought to encourage local communities to accept Canadian mining companies’ activities in or near their land. As such, foreign aid provided in partnerships with mining companies provides sweeteners to pave the way for the extractive sector and erodes the ability of communities to set their own development priorities, with an uncertain impact on the reduction of poverty and inequality (see Chapter C4). Faced with numerous critical commentaries on these initiatives in the media and opposition from several CSOs in Canada and especially in host countries, the Canadian government discreetly stopped promoting the extractive route to development after the election of the Liberal government of Justin Trudeau in 2015. Nonetheless, the Canadian government under Trudeau increased its support for blended finance and private sector involvement in foreign aid, creating a Canadian development finance institution of its own and

subsequently dedicating CAD\$1.5 billion to “innovative” initiatives that would involve closer collaboration with private companies.

Private companies can play an important role in generating wealth and reducing poverty. However, all too often, the involvement of aid agencies offloads investment risks (i.e., potential losses) onto public taxpayers in the Global North, while transferring most of the profits to the private sector in endeavors that may not have much actual impact on human development. In such cases, these initiatives are illegitimate uses of official development assistance, which, by definition, must focus primarily on economic development and well-being in the Global South. For many donor countries, embracing private corporations’ role in bilateral aid constitutes an abdication of their own commitments, obligations, and even moral responsibility for providing the resources required to promote international development and global justice.

But it was only in 1973, following the Chilean military coup against the democratically elected socialist government of Salvador Allende that installed the world’s first laboratory for neoliberal globalization under the Pinochet dictatorship, that explicit recognition was given to the rising political power of TNCs and its threat to democracy at both national and global levels (Alden 1972). It has taken almost 50 years since for the full ambition of corporations as political actors to be more comprehensively articulated in the WEF Great Reset.

Era of corporate hegemony and corporate social responsibility

The trajectory from the 1970s to 2014, which marked the UN Human Rights Council Binding Treaty Resolution 29/6 on Transnational Corporations, has not been a linear progression, neither for the corporations nor for the governments and movements that opposed them (OHCHR 2014). Rather, it has been a period of intense contestation against corporate hegemony and the rise of the rhetoric of corporate social responsibility (CSR), acted out in multiple sites of struggle from remote rural communities to highly concentrated Export Processing Zones, and in hospitals, schools, and warehouses. This contestation has likewise been manifested in the major civil society mobilizations confronting the WTO, the IMF, and the WB.

Historic breakthrough 2014 – Binding Treaty Resolution at the UNHRC

The UN Guiding Principles (UNGPs) (see Box D5.3) were challenged immediately by civil society, human rights organizations, and affected communities worldwide for falling far short of what was needed to address TNCs’ abrogation of human right obligations and to strengthen citizens’ access to justice. Already

Box D5.3: The trajectory of TNCs and human rights at the UNHRC 1970–2014

From the early 1970s to the mid-2000s, the expanding power of TNCs and the impacts of their devastating extractivism on the environment have been challenged by affected communities in constant demands and campaigns to governments to regulate their operations (see Chapter C4). At the same time, several initiatives taken at the UNHRC to address the violations of TNCs encountered strong pushback from TNCs, combining forces with the International Chamber of Commerce and the International Organization of Employers (IOE) (ICC 2016), both of which have Consultative Status to the UN Economic and Social Council (ECOSOC).

This corporate counter strategy was also supported by many governments of the Global North, including those of Europe and the USA who opted to protect the privileges of their “national flagship” corporations, emulating the mercantilism of earlier colonial and neocolonial eras. The main efforts addressing TNC regulation with respect to human rights at the UN until 2014 include:

- UN Center on TNCs set up in 1975 to monitor their operations closed under the UN Secretary-General (S-G) Boutros Boutros-Ghali in 1992, at the insistence of the USA.
- UN Draft Norms for TNCs (2003) adopted by the Sub Committee on Human Rights but defeated at the UN Human Rights Council (UNHRC) and set aside (2004).
- UN Global Compact & Millennium Development Goals (MDGs), ushering in an era of corporate social responsibility (CSR) under UN S-G Kofi Anan and his Special Representative, John Ruggie (2000–2015). The Sustainable Development Goals (SDGs) replaced the MDGs in 2015 and extend to 2030. Corporations, particularly in their “multistakeholder” frameworks, frequently adopt the language of the SDGs.
- UN Guiding Principles (UNGPs) (2011) endorsed by the UNHRC and calling for voluntary self-regulation of TNCs. They established a Work Group on Business and Human Rights to facilitate National Action Plans (NAPs) for UNGP promotion and implementation (2011 extended to 2030).

These initiatives span close to 40 years and, despite the sustained resistance on the ground by affected communities and their strongly articulated demand for binding regulation on TNC operations, the momentum of corporate impunity and corporate voluntary social responsibility appeared unstoppable. The 2011 UNHRC endorsement of the UNGPs seemed to install a final accommodation to corporate self-regulation as the high bar of corporate accountability.

in 2012, during the Rio Summit, more than 150 affected communities, trade unions, social movements, and human rights networks set up the Global Campaign to Reclaim Peoples Sovereignty, Dismantle Corporate Power, and Stop Impunity (The Global Campaign 2012). The Campaign carried a key demand for a legally binding treaty and developed a broad global consultation process to outline principles and specific content for such a treaty (Global Campaign 2014). Several governments had also come to recognize the need to re-open discussions on the global governance of TNCs and human rights (UNHRC 2013).

The historic breakthrough came in June 2014 with the UNHRC Resolution 26/9, which mandated an Open-Ended Intergovernmental Working Group (OEIGWG) to put in place “an international legally binding instrument on transnational corporations and other business enterprises with respect to human rights” (OHCHR 2014). Although carried by a narrow vote, this Resolution emerged as the combined result of sustained historic resistance of affected communities and their insistence that the UNGPs did not challenge corporate impunity or deliver on people’s access to justice for corporate violations of human rights and environmental standards.

In the current conjuncture on the binding treaty process, corporate contestation with support from governments mainly of the Global North continues to obstruct progress. Despite this, each session of the OEIGWG has brought forward movement, and a draft first text of the treaty was presented in 2018 (UNHRC 2018). This caused treaty discussions to enter negotiation mode, with the leadership of some governments mainly from the Global South. It also saw the unprecedented participation of 96 governments in the 2019 treaty session (UNHRC 2019). Unlike earlier unsuccessful efforts, a significant factor in the current advance in the building of the treaty has been the sustained participation of key actors. Except in 2020, when COVID-19 restrictions required meeting in digital mode, every session has seen the combined mobilizations of the broad social movements and affected communities. These converged each year in the coordinated initiatives of the Week of Peoples Mobilization, bringing together networks of the Global Campaign, the Treaty Alliance, and Feminists for a Binding Treaty. These mobilizations were also supported by the high-profile activities of the Global Interparliamentary Network (GIN) (GIN n.d.[a]) and the recently established Local Authorities network (GIN n.d.[b]).

Since 2018, negotiations on treaty content have been constantly enriched by consultations on the ground in Africa, Asia, and Latin America, with similar inputs from movements in Europe and the USA. Specific proposals address the concrete demands made by affected communities and sectors, from inclusion of comprehensive rights protections to demands for specific social, environmental, economic, and gender issues (The Global Campaign 2017). This substantive content agenda has been a unique achievement of the Global Campaign, which now numbers 230 social movements, trade unions, and civil society organizations from all continents. Content proposals are reviewed and amended in October

Box D5.4: Building a UN Treaty on TNCs and Human Rights

The Global Campaign demands that the Binding Treaty address the privileged power and impunity of TNCs covering all human rights and specifically that it:

- Establishes the primacy of human rights and its hierarchical superiority over trade and investment treaties and the exclusion of ISDS clauses;
- Sets direct legal obligations for TNCs;
- Obliges governments to act together in relation to extraterritorial obligations to address TNCs violations of human rights;
- Puts in place an instrument of enforcement to implement the Treaty;
- Includes the rights of affected persons and communities in terms of access to justice; and
- Provides protection against corporate capture of the process from the influence and interventions of TNCs in the development of the Treaty.

Source: The Global Campaign, 2016.

each year, when they are formally presented (both written and oral) by Global Campaign members at the successive sessions of the OEIGWG, and during key interventions from the floor, as well as in organized side events (see Box D5.4). In this way, the proposals from those directly affected by the human rights violation and operations of TNCs are shaping the key demands for a robust binding treaty. Detailed textual amendments have been presented and actively advocated on during sessions discussing the first and second drafts of the treaty (The Global Campaign 2020b).¹

Corporate sights on global governance – the role of the WEF

Although the binding treaty may yet be established and, with it, some oversight of TNCs' global practices, the corporate ambition to capture global governance remains and has emerged more persistently since the introduction of the Global Compact and the MDGs in 2000. The most consistent platform for this corporate voice has been the WEF, founded by Klaus Schwab in 1971 and which convenes every year in the Swiss mountain resort of Davos. Here, the CEOs of the biggest TNCs mingle with Presidents, Prime Ministers, UN Secretary-Generals, officials of the WTO, IMF, and WB, representatives of the European Commission, and a few select invitees from civil society, all participating within a framework of what Schwab calls "stakeholders in capitalism" (see Box D5.5). This convergence of elites in the WEF has also been named "the Davos Class" by Susan George, focusing on another dimension of this elite oligarchy with their unique brand of "governance [as] the way to govern without a government" (George 2015,

18). Indeed, the WEF, from its inception, had far greater ambitions than being a global jamboree for the rich and powerful. Perhaps we can say it was the first “multistakeholder space” where corporates and states navigated their new roles.

Schwab’s stakeholder theory misleadingly promotes the idea that all stakeholders in this “Davos” space are equal, denying the obvious asymmetries of economic and political power existing even between major TNCs and states. Another key dimension is that corporations with their expertise and knowledge are invited to be at the center stage in addressing global crises in a global governance vacuum where states are perceived to be failing. The corporate actors and their *modus operandi* are not seriously acknowledged to have any responsibilities as major contributors to these crises. And, while the crises are acknowledged, they are not seen or analyzed as a capitalist system crisis but as fixable problems if all those concerned acted as “stakeholders” and let the corporates join them in decision-making spaces.

This stakeholder framework has been at the core to the Davos thinking from the beginning. But in the last two decades (2000–2020) it has not only been aggressively promoted by the WEF, but multiple “multistakeholder” entities have been constructed and positioned in several areas of strategic policy and decision-making structures important to society and the planet (see also chapter D3). By now, multistakeholder bodies are in occupation of key institutions with sights on the multilateral system: in health (WHO), in food/agriculture

Box D5.5: The rise of stakeholder capitalism

A new capitalism is stalking the halls of the 2020 World Economic Forum (WEF): “stakeholder capitalism” (Schwab 2019b). Stakeholder capitalism argues that a corporation’s role is to serve not only its shareholders but “all its stakeholders – employees, customers, suppliers, local communities, and society at large” (*ibid.*). This is not a new argument, with some arguing that this “managerial” approach characterized corporate practices from the early 1930s through to the late 1970s before it was displaced by an emphasis on “maximum shareholder value” (Denning 2020). This “shareholder capitalism” was consistent with the rise of neoliberal economics but also led to the rapid skewing of wealth inequalities noted in Chapter A1, risking a breakdown in social cohesion that has since arisen in many countries, and in differing ways. The return of stakeholder capitalism is partly to challenge the rise of “state capitalism” (notably China, but with wider Asian influences), seen as prone “to corruption from within” (Schwab 2019a). What most activists insist is that stakeholder capitalism is little more than a mask behind which the (still) profit-maximizing strategies and operations of transnational oligopolies and monopolies can hide while proclaiming their enlightened corporate social responsibility.

(the UN Committee of Food Security [CFS] and the Food and Agriculture Organization [FAO]); in education (United Nations Education, Scientific and Cultural Organization [UNESCO]); in environment/climate (the Committee of Parties to the Paris Accord); and in internet and data governance (World Summit on the Information Society [WSIS]). A Multi-Sectoral Work Group on Multistakeholderism (MSI-WG) was convened in 2020 to monitor and address this dominant corporate strategy in global governance.²

WEF: from the Global Redesign Initiative to the Great Reset

In advancing corporate influences in global governance, the WEF with its Davos Manifestos on multistakeholder narratives has reinvented its strategy every decade, from initially promoting a call for state-corporate strategic partnerships, which remains a core strategy, to one of placing corporates at the center as the key actors in decision-making in global governance. In the wake of the financial and related crises of 2008, the WEF launched its Global Redesign Initiative (GRI) in 2010 (Samans 2010), an elaborate roadmap for building multistakeholderism as a major trend in governance. In the past decade, multistakeholderism has been both the mantra and action strategy of the WEF, which is likely to intensify in the coming decade as the ambitions of the current WEF Great Reset are further developed.

The rationale of the Great Reset is premised on an urgent call to all “stakeholders” to grasp this new opportunity “to shape the recovery ... to help all those determining the future of global relations, the direction of national economies, the priorities of societies, the nature of business models and the management of a global commons ... ” (International Institute for Sustainable Development 2021). In the Great Reset, the WEF is already standing on a platform of many multistakeholder bodies and institutions, building on a momentum of their proliferation over the past two decades. With sights set on the institutions of global governance, some assessments see this WEF multistakeholder approach as an aggressive strategy of corporate capture across vital areas of society and economy and as ultimately an assault on democracy itself. This was the conclusion of the preliminary results from the joint research mapping undertaken in 2020–2021 to address the “multistakeholder governance” phenomenon (Manahan and Kumar 2021).

The MSI Work Group mapped the trends and impacts of multistakeholder approaches in five areas: health, education, food, environment, and internet/data governance. Its findings demonstrate that multistakeholderism, frequently acknowledging the language of the MDGs/SDGs and consisting of different typologies, is systemic across all sectors. Moreover, each sector is increasingly governed by unaccountable, opaque structures where the democratically accountable multilateral (intergovernmental) body is marginalized or excluded in strategic decision-making and priority agenda setting (Manahan 2011).

Important examples include the COVID-19 Vaccines Global Access (COVAX) facility, where the WHO participates but does not have a decision-making role (see Chapters D1 and D3) and the Alliance for Affordable Internet, which ostensibly claims to fulfill a UN priority to provide affordable internet in least developed countries but which focuses primarily on neoliberal restructuring of the telecom sector. The Scaling Up on Nutrition (SUN) “Movement” is another case-in-point, with its focus on food and agriculture. According to FIAN International (2020), the SUN’s broad objective is framed in human rights language but, in practice, its recommendations and interventions advance a narrow and technical interpretation of the proximate causes of malnutrition which not only promotes risk but also fails to address structural factors.

Data in the MSI Mapping study indicate that only 10% of the multistakeholder platforms studied focus on human rights and, in these, the rights-based approach to global governance co-exists with the neoliberal framework that decisively advances the corporate sector as the engine of development and economic growth. Many governments and intergovernmental organizations are complicit in this, attempting to “stabilise and further entrench their roles through the introduction and legitimisation of multistakeholderism as new institutions and forms of governability” (Gleckman 2021). As one indication of this, between 2000 and 2010, 42 new multistakeholder mechanisms were established; a further 57 were added in the period 2010–2020 following the launch of the Global Redesign Initiative (GRI) and the post-MDG extension to the Sustainable Development Goals (SDGs).

The WEF mantra of “multistakeholderism,” especially over the last decade, is relentlessly pushed as the corporate answer to intensifying global crises and is part of a narrative of “false corporate solutions.” In this context, the WEF has also been far-seeing and strategic in its planning, moving decisively to accelerate the proliferation of multistakeholder bodies in the wake of the global financial and related crises of 2008, including in health. The multistakeholder bodies GAVI, the Vaccine Alliance (a public–private health partnership) and the Coalition for Epidemic Preparedness Innovations (CEPI) were both positioned in the health “eco” system ahead of the current pandemic. They moved swiftly in 2020 to jointly set up with the WHO COVAX. It is one of the three pillars of the Access to COVID-19 Tools Accelerator (ACT-A) which was established by the WHO, the European Commission, and France as a new multistakeholder body claiming to deliver the peoples of the Global South from the ravages of COVID-19 (see Chapter B1) (Gleckman 2021; “Vaccine Equity the ‘Challenge of Our Time’” 2021).

In addition, and contrary to the popular projection, by far the biggest percentage of funding of these multistakeholder institutions is not corporate but public via the World Bank, and is combined with a much smaller percentage from private sources, including the Bill & Melinda Gates Foundation (BMGF). Public money, which should be earmarked for the multilateral institutions themselves,

is financing these corporate-led entities generating a base of funding which reaps high corporate profits for the participating TNCs. Pfizer, for example, is represented in CEPI by its CEO, Albert Bourla, who is also the Vice President of the “Big Pharma” International Federation of Pharmaceutical Manufactures & Associations (IFPMA). Apart from the apparent conflict of interests, there is great irony and a deep concern that the WHO itself which, although participating in COVAX, is excluded from a decision-making role, and yet is actively advocating the COVAX as the entity which will deliver “vaccine equity” globally (Schwab 2021).

In relatively quick succession since 2010, then, we witnessed the global-agenda setting role of the WEF and its Davos Class in reinstalling corporate “business as usual;” first, in its launch of the Global Redesign Initiative (GRI) following the financial debacle of 2008; and now, with its Great Reset seizing on the pandemic crisis, a renewed effort to advance a corporate normal towards a “Great Take Over” of the institutions of democratic global governance.

We the People vs Planet Inc – challenges beyond health and beyond 2021

In its call for the Great Reset, WEF is explicitly indicating that the COVID-19 pandemic is a game changer in decisively shifting the locus of global policy and decision-making. The WEF is not only claiming a central and crucial role for the corporates; it has acted on that in authoritatively summoning major actors to its in-person Summit, rescheduled for a second time and now due to take place in the first half of 2022. The tone of the Global Reset call to action is particularly prescriptive:

To achieve a better outcome, the world must act jointly and swiftly to revamp all aspects of our societies and economies, from education to social contracts and working conditions. Every country, from the United States to China, must participate, and every industry, from oil and gas to tech, must be transformed. In short, we need a “Great Reset” of capitalism. (emphasis added) (Schwab 2020)

This is the WEF speaking – not the UN and neither the G7 nor the G77. The multilateral bodies of the UN have been starved of needed financial resources by the governments of the USA and other Global North states. Their deficits in funding are leading to a situation where the UN itself, and the UNHRC along with the WHO and other multilateral bodies, are being pressured to enter corporate partnerships that can lead to ceding strategic decision-making space to TNCs (see Chapter D3). These are the same governments that also protect the institutionalization of TNC exceptionalism and impunity in the refusal to regulate corporate operations with respect to human rights or environmental standards. These developments seriously challenge the current multilateral UN intergovernmental system. Is the WEF and its Davos Class building another privatized multilateral system where unaccountable multistakeholderism rule is

installed as the new normal? And is this being done as a *fait accompli* with the legitimization of the UN itself?

As the death toll from COVID-19 continues to rise globally, we are confronted with media images of acres of mass graves in Brazil and India, countries which a few years ago were heralded as emerging “developing economies” alongside South Africa and China. We see continuing gridlock at the WTO as the combined political line-up of most governments (including now even the USA) and a very broad alliance of civil society have so far failed to achieve a temporary waiver of vaccine-related intellectual property rights (IPRs). Big Pharma and corporate complicit governments, including the EU bloc, persist in staunch opposition. Perhaps this gridlock, indicative of the steep asymmetry in the current conjuncture of state and corporate power, illustrates graphically the reality of the challenges ahead in seeking to advance demands for real system change. Despite the demobilization imposed during the pandemic in global lockdowns, the voices of affected communities and sectors by corporate human rights violations (especially in strikes by farmers and protests by workers in health and education) have grown even louder.

Earlier in this chapter we presented the work of the Global Campaign for the Binding Treaty on TNCs and its negotiations going forward at the UNHRC. This campaign carries the promise of significant internationally binding regulation of TNCs, addressing as it does for the first time the application of a comprehensive framework of human rights to the operations on TNCs. Similarly, the interventions of the MSI Work Group and critical analysis on the WEF Great Reset and the corporate capture of global governance is also shaping a new strategy of mobilization and engagement. These initiatives from the ground have grown out of and reflect the ongoing multiple and persistent resistance to corporate power in the spheres of both economy and politics.

The next few years will see a deepening of the corporate offensive but also a stronger convergence of the sustained resistance of affected communities and sectors in the frontline of contestation. These contestations carry within them the practices and perspectives of transformative system change – articulating propositions for a democratic multilateralism that includes but goes beyond the global health system. It is a strategy of declaring unequivocally that corporate rule is not OK: instead of a corporate “Great Take Over,” we need a Democratic Reset that refuses the privatization of democracy and puts people’s sovereignty and the public good at the center of an accountable global inter-government system fit for the twenty-first century.

Notes

¹ To accompany Global Campaign’s “Comments and Amendments on the Second Revised Draft of the Legally Binding Instrument on Transnational Corporations and other

business Enterprises with Regard to Human Rights,” the group has also produced a “Matrix of Amendments” and a “Matrix of Comments.” Both documents can be directly downloaded

from the Campaign's website at <https://www.stopcorporateimpunity.org/binding-treaty-un-process/>.

2 In mid-2020, the Multisectoral Work Group on Multistakeholderism (MSI-WG), a collaboration of several concerned movements and networks active in addressing multistakeholderism as it impacts key

areas of life such as health education, food, environment, and internet, convened to work jointly and commission a mapping across these sectors. See <https://www.tni.org/en/topic/multistakeholderism>. Further information can be found online at <https://www.msi-integrity.org/test-home/history/>.

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