

# Magical formulae for market futures

Tales from the World Economic Forum meeting in Davos

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**Fig. 1.** World Economic Forum annual meeting 2015.

Davos, a tiny village in the Swiss Alps, is the setting for the World Economic Forum's (WEF) annual meeting. The WEF has emerged as one of the primary global agenda-setting organizations. Committed to 'improving the state of the world', it operates as a platform for the shaping of global agendas, for detecting incipient changes in the world, and for providing arenas for high-profile business leaders, politicians, and academics to deliberate. The WEF occupies a pivotal position in the global business and political landscape, and like few other organizations, it acts at a transnational level, relatively unhampered by national boundaries.

Here we shall look at how the magic of the Davos meetings relates to the ritualized form of interaction and the technologies of enchantment through which it is set up.

## The Davos spell and the Magic Mountain

Davos used to be known through the novel by Thomas Mann, *The Magic Mountain* (1927), as a place where the images of illness and wellness were turned around and transformed through experiences at a sanatorium.

In our times, Davos, the Magic Mountain, has come to appear as a place where events that are transformative in a different sense take place: the WEF meetings that happen here are transforming our images of the relation between markets and politics. Imbued with the potential of transforming imaginaries of the future, these meetings aim to recast notions of agency for those involved.

Mark Turrell, a WEF Young Global Leader, chief executive of Orcasci (a strategy and marketing agency), and a regular Davos attendee writes the following about his experiences:

### It's fair to say that Davos changed my life

This will be my seventh time at the World Economic Forum's (WEF) annual meeting, and at each one magical things have happened.

In 2008, I was one of three UK entrepreneurs nominated as a Technology Pioneer. I still remember receiving the invitation, together with a big binder with WEF's slogan printed on it: 'Improving the state of the world'.

This deeply resonated with me. At that time in my life I was bored running my software company and wanted to spend time doing more meaningful things.

So I decided to reset my personal vision and dedicate myself to 'changing the world for better, all of it at the same time, ideally without anyone knowing it's me'. A lofty vision for sure, but I am an extremely practical person with a background in collective intelligence and was sure I would work out a plan.

Davos is known as the Magic Mountain, and on the second day I shared an early morning shuttle bus ride from Klosters with a tall Zimbabwean, a politician from the MDC opposition party.

We talked about my plan to change the world and he invited me to have a coffee to discuss the upcoming 2008 elections.

I had only had two hours of sleep, I knew nothing of the country, nor anything about democracy, but I was able to come up with a plan that had 1,000 people taking photos of their local election results using camera phones.

Mugabe lost that election by 50.4% as a direct result of this citizen vote count. The power of serendipity in action, and a great pilot project for my change-the-world plan ... The thing about Davos is that whilst the headlines may be overwhelmed by economics and geopolitics, there is a tremendous amount of good that gets done in practice.

The Magic Mountain is definitely the place to be if you have a big vision to change the world.<sup>1</sup> (Mark Turrell, Tech entrepreneur)

Organizationally, the WEF is a non-profit organization, headquartered in Cologny just outside Geneva. It was founded in 1971 as the European Management Forum by Professor Klaus Schwab under the patronage of the European Commission and European industrial associations. The first forum focused on how European firms could catch up with US management methods and was attended by 444 participants from a wide range of West European firms (Pigman 2007: 9).

During the first years of its existence, Schwab (who is still the executive chairman of the WEF) launched what he termed 'the stakeholder model', arguing that even though, for example, unions, NGOs (non-governmental organizations), country governments, and business associations differ from each other, they may be stakeholders with respect to the same particular issues and therefore need to meet at times. Ever since the first politicians were invited to attend in 1974 (as a reaction to the oil crisis), this has been the leading idea for the forum as an organization.

Since then, the forum has grown in terms of the number of participants, employees, and activities. At present,

approximately 600 employees staff the headquarters and regional offices have been set up in New York, Beijing, and Tokyo. In January 2015, the WEF entered a formal agreement with the Swiss state, conferring on WEF the status of an international institution. Whilst this change carries important legal and cultural implications for the organization, it has not (yet) implied major changes in its organizational procedures.

The WEF today stands as one of the most important non-governmental global organizations where heads of inter-governmental organizations and states frequently meet with CEOs (chief executive officers) from the world's largest corporations. It has emerged as an important shaper of global economic and security matters. Ideas formulated within the framework of the WEF travel through the political landscape and become acknowledged, accepted, and authorized within intergovernmental organizations such as the United Nations and the International Monetary Fund. Its reports and indexes are often referred to by government officials and corporate leaders as robust indications of the state of the world, of market competition, risks, and gender (im)balances. It describes itself as politically neutral, in the sense that it is not tied to any national, political, or partisan interests.

The WEF is not a decision-making body with a recognized mandate in the international political arena. Rather, it operates as a platform for networking and influencing among corporate leaders as well as top politicians, NGO representatives, and academics. The annual meeting in Davos represents the prime event on the WEF's global agenda.

The most fundamental role of the WEF is perhaps that of a hub for market making and market exchange. It attracts the largest and most influential corporations and business leaders in the world. The financial base of the organization is made up of support from the 1,000 biggest corporate players in the world, whose leaders are then given special VIP status at the Davos meeting. These corporate leaders come to Davos to share their views on the current status of the world and how their business can help change the world for the better, but also to network and to set into motion and close business deals. In other words, the Davos meeting is also a big marketplace. It seeks to align the political ideals of working towards a just and socially inclusive global order with the distributive promises of market dynamics. This leap of hope is achieved through what is termed the Davos equation (see below), aspirational narratives, and the combinatory exercise of transparency and opacity.

### Davos: The yearly showcase event

The Davos meeting, which has taken place during the last week of January every year since 1971, occupies a special place in the yearly calendar of the WEF organization. It is positioned as the showcase event, for which staff at the organizational headquarters in Cologny prepare all through the year; the planning and agenda-setting, selection of invitees, competition for panels, and decisions on key topics are all continuous year-round activities. In fact, the Davos event provides a temporal rhythm to organizational operations that determines the ebb and flow of work intensity as well as the kinds of assignments at hand. Other meetings and events are also planned for and organized continuously, but none of them come close to the Davos meeting in symbolic value or determine the rhythm of the organization to the extent that the Davos meeting does.

The Davos event has a clearly ritualized character, in Turner's sense (1977: 183), as a recurring sequence of activities involving gestures, words, and objects, performed in a sequestered place, and designed to influence not so much 'preternatural forces' in this case but finan-

cial and political forces on behalf of the actors' interests. From this perspective, the Davos ritual is a storehouse of meaningful symbols by which knowledge and information are revealed and come to be regarded as authoritative, as dealing with the crucial values of the organization (cf. Turner 1968: 2). The symbols expose crucial social and economic values, but they are also transformative of human attitudes and behaviour; that is, they may have consequences for the perceived agency of the actors involved. Thus, when the agenda is organized around themes such as 'ethical capitalism', this frames the orientation and perspectives of the participants in a certain way.

Part of the ritualistic character of the Davos meeting is evident also in the templated agenda of the event, the recurrence of roles and functions, and the use of vocabulary. The official programme features topics that have been negotiated on for a year or more before they appear on the agenda. Narratives that keep reappearing are those of growth, innovation, entrepreneurship, and investment. And in this drama, certain roles are cast – like those of 'champions', 'global leaders', 'global shapers' – and at the centre of it all is the Chair, Klaus Schwab.

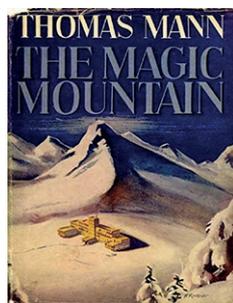
All in all, the performance is geared towards creating a graspable image of the current state of the world and to point to possible imaginaries and scenarios for the future. It is about instilling a sense of seriousness, potentiality, and agency among the participating crowd (as evinced in the citation by the Young Global Leader above). It also bestows on the participants the sense that everyone of significance in the world of business and politics is there. 'If you are not here, you do not exist', as one of our interlocutors (a manager of a large foundation) put it. In this sense, the meeting ritual, the presentations and performances work as 'technologies of enchantment' (Gell 1992), instilling a sense of agency onto participants.

The presentations and performances, the symbols, and the vocabularies mediate social agency. Those who are invited to take part infer the intentions of those who produced them, i.e. WEF staff and key invited actors. Indeed, those who have attended the Davos meeting are often quick to express the sense of elevation and enhanced agency having been chosen to be invited. Young Global Leaders often express the possibility of making a difference, of pushing the priorities of the organization in which they are employed, or of advancing their career, that comes with being part of the network of Young Global Leaders.

We should note here, however, that when Gell discusses technologies of enchantment, he identifies the essence of magic as a kind of conjuring, or a bringing into being of something without effort, as gain without pain. In a similar manner, we may observe how the meeting ritual conjures up a sense of agency in the participants without any political action being taken or decisions being made. The WEF does not have the mandate to pursue organizational action or to take decisions that would influence politics or policy, nor does it need to be accountable for such actions or decisions. What it can do is to conjure up a sense of urgency and high stakes, of exclusiveness and agency.

The ritual event also contributes towards securing the acquiescence of individuals and organizations in a transnational network of politico-economic intentionalities. By invoking global challenges and risks, by discussing possible future scenarios and solutions, presenters invoke a sense of urgency and contribute to the articulation of global 'problems' and 'solutions'. The Davos meeting, whilst formatted and scripted, thus allows for experimentation in different ways of grasping the global predicament and anticipating potential futurities. The event and the narratives involved play an important role in organizing and structuring knowledge about the world and shape perceptions and actions (Lakoff & Johnson 1980).

**Fig. 2.** The Magic Mountain (German: *Der Zauberberg*), a novel by Thomas Mann, first published in November 1924.



**Fig. 3.** World Economic Forum, Davos, Switzerland, 27 January 2005, before the start of the session 'The G-8 and Africa: Rhetoric or action?'.  
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### The Davos equation

Central to making the magic of Davos work, is the Davos equation. The vision of an alignment of economic and social values has been a part of the WEF since its first meeting in 1971. In the 2000s, the WEF launched the Davos equation. Chairman Schwab declared the significance of the equation at a press conference at the Geneva headquarters just before the Davos meeting in 2004:

We live in a world which is uncertain and fragile. At the annual meeting in Davos, global leaders from all walks of life will confront one basic fact: We will not have strong sustained economic growth across the world unless we have security, but we will not have security in unstable parts of the world without the prospect of prosperity. To have both security and prosperity, we must have peace. This is the Davos equation: security plus prosperity equals peace. (Klaus Schwab, Geneva, 13 January 2004)<sup>2</sup>

The equation aims to capture the idea of a balanced and neutral solution to global problems of all kinds: peace, health, education and so forth. The very notion of 'equation' indicates symmetry or balance. It implies that radically diverging tendencies and interests may be reconciled and brought into balance and harmony with each other. A multi-stakeholder approach is fundamental to this idea, which ideally serves to articulate the priorities and interests of the different parties involved (Garsten & Sörbom 2014).

The basic idea of the Davos equation is the notion that economic growth can, and ideally should, work in tandem with a responsibility for the social and natural environment. In fact, according to WEF discourse, in the long run the one is not possible without the other. With the goal of building and sustaining economic development in mind, the WEF wants to promote ways to mitigate global risks, promote health for all, improve social welfare, and to foster environmental sustainability. In this vision, economic growth and social and environmental sustainability are brought into what appears as a win-win alignment.

The idea that economic and social values are intricately related, the one being unattainable without the other, is something worked on in all WEF settings. As expressed in its motto, the WEF is 'committed to improving the state of the world by engaging business, political, academic and other leaders of society to shape global, regional and industry agendas'. The WEF wants to play a role in the alignment of different and sometimes divergent interests and values by the bringing together of groups and people from different spheres of society. In the 2000s, the concept

of 'global citizenship' was added as a way of describing the relationship between the various groups (Schwab 2008). As an extension of the stakeholder concept, it seeks to express the interdependence of all the groups.

Elsewhere (Garsten & Sörbom 2014), we have argued that this combinatory exercise represents a version of 'harmony ideology' (cf. Nader 1990), centred on the belief that the existence of conflict is by definition a bad thing, and that healthy societies are those where conflicts and confrontation are minimized and there is harmony between people. Such a harmony ideology is reflected in much of contemporary political discourse – where conflicts and confrontations are considered outdated and the possibility of win-win solutions postulated – and most certainly so in the WEF.

The Davos equation and the multi-stakeholder model as figures of thought entail that different groups of actors can be combined without exerting force on one another, without the poor-rich distinction and by pushing the idea that growth and trade will benefit all. Essentially, this is a pragmatic approach that relies on communicability rather than on shared assumptions and values (cf. Albrow 1997).

### Transparency and opacity

Another central component in making the magic work is the continuous interplay of secrecy and openness, opacity and transparency. We see the interplay of opacity and transparency as a key organizational signature for organizations like the WEF (cf. Birchall 2011).

The WEF aims to project an image of transparency to the outside world. It has positioned itself as a platform for knowledge seeking and for deliberation, for the inclusion of 'people from all walks of life'. Aspects of their events, including the Davos meeting, are broadcast via the web and social media. The organization produces reports on topical issues, provides knowledge on the state of the world, and arranges meetings. It organizes the Open Forum, a meeting on the periphery of the principal meeting in Davos, to which the public is welcome. In the words of one of our informants: 'The Open Forum is the transparency window of the Forum'.

Other ways of making visible – or transparent – the state of the world in particular policy areas is by means of condensed and rationalized forms of information and knowledge. Like every organization with ambitions for a global presence in policymaking, the WEF relies on metrics and indexes to map the world and to establish credibility and authority. The most recognized metric is the Global Competitiveness Index, used by multilaterals and govern-

1. <http://www.bbc.com/news/business-30881570> (accessed 16 November 2015).

2. Cited in *Travel Impact Newswire*, <https://www.travel-impact-newswire.com/2004/01/world-economic-forum-vs-world-social-forum-two-worlds-two-ways/> (accessed 16 September 2015).

3. When a meeting, or part thereof, is held under the Chatham House Rule, participants are free to use the information received, but neither the identity nor the affiliation of the speaker(s), nor that of any other participant, may be revealed.

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**Fig. 4.** This helicopter airfield is one of the most secured places at the WEF. Davos Dorf, Switzerland, 27 Jan 2011.



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ments around the world. The Global Risks Report, highlighting the most significant long-term risks worldwide, is another important source of information for investors and politicians. The Global Gender Gap Report meanwhile, quantifies the magnitude of gender-based disparities and tracks their progress over time.

The provision of this kind of rationalized and 'robust' knowledge is seen to be indispensable for mobilizing support for policy proposals and projecting the appearance of managerial competence in a world of contingencies (Strathern 2005). This knowledge may then work in an anticipatory fashion, in Gusterson's sense (2008), and assist in the creation of geocultural scenarios for the future (Hannerz 2009). The WEF, like other similar kinds of organization, attempts to provide a sense of the potential trajectories for the world, of possible scenarios involving risks and opportunities, partly based on the metrics it assembles and churns. The kind of transparency that the WEF is executing is thus an outward transparency (cf. Heald 2006), geared towards shedding light on particular issues and developments in the world, rather than on their own internal operations.

Whilst the role of the WEF as a shaper of global market agendas and solutions to political problems is widely recognized, it is also a contested organization. It has been criticized for being mostly a large cocktail party, a glorified dating agency, and for sidestepping established political procedures. It has been seen by critics as a clandestine organization, a secret society, operating in the grey areas of the intersection of politics and business. However, this kind of critique also serves to contribute to the allure of the organization.

The WEF cultivates an air of mystique and magic around its dealings, and thrives on the sense of 'high stakes' and urgency that surrounds the informal meetings of top global leaders behind closed doors. Simmel (1950) wisely observed that secrecy often provides groups with their particular rules and forms, with the expectations and decorum that surround language and behaviour marking off the knowing from the unknowing. One effect of secrecy is thus an intensification of organizational identity, setting apart those who have been invited and who are in the know from those who have not been invited and who do not know what is hidden.

The Davos event, like the WEF organization as a whole, gains traction by setting up what it calls a 'safe space' for its participants and this space is a main attractor for the attendees. By effectively closing the organization off through restricting participation (only invited individuals can attend and the partner corporations enjoy privileged access) and by working according to Chatham House Rules,<sup>3</sup> it creates a 'safe space' for leaders in business and politics, away from public attention. This exclusive dimension confers among the participants a sense of being among the chosen few, of having been selected. It contributes to the hype and magic of the organization and its main event.

## Conclusion

In Thomas Mann's novel, *The Magic Mountain*, Hans Castorp, the leading character, visits his cousin who is being treated in a Davos sanatorium for symptoms of tuberculosis. Castorp – fascinated by life in the sanatorium – defines the image of the unwell anew. As he sees it, illness enriches people. In contrast, healthy people are merely shallow-minded. For Castorp, life in the sanatorium becomes the measure of all things.

Similarly, like the character in the book, visitors to the present-day Magic Mountain, look at things in a new way, in this case through the platform of the meeting. In this instance, market forces are seen to enrich the world, to provide opportunities of empowerment for poor countries and deprived communities, rather than as underlying causes of social problems. Then again, no commitments are made and no decisions taken. The Davos equation thus works as something like a magic spell, or a technology of enchantment.

Lacking a formal mandate to make decisions that would influence the regulation of markets in any way, the WEF must proactively carve out, construct and expand its position in creative ways to influence policy agendas. And to do so, they experiment with modes of knowing and learning within a scripted and ritualized framework. They operate by the 'soft power' (Nye 2004) of persuasion and magical seduction. The combinatory exercise of the Davos equation and the simultaneous staging of transparency (by way of metrics and reports) and opacity (by way of providing safe places for exclusively invited people) works to imbue the Davos event with a magical quality. ●