

# World Economic Forum Handbook

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First Edition of the Business and  
Economy Faculty Model United  
Nations (2019)

The logo of the World Economic Forum, which consists of a blue arc that starts on the left side, curves upwards and then downwards to form a partial circle on the right side.

**WORLD  
ECONOMIC  
FORUM**

## Committee and Theme Introduction

WEF - World Economic Forum

**Topic:** The eradication of the phenomenon known as "Fast Fashion" for the improvement of working conditions and respect for the human rights of workers.

**Profile:** Delegates would be guided in such a way as to come up with the idea of creating work centers, created by WEF with the help of the UN, which would be available to contract private companies to make a certain part of their production there, giving the opportunity to the workers to improve their quality of life and their salary.

**The Forum engages the foremost political, business and other leaders of society to shape global, regional and industry agendas.**

**Objectives:** The Forum strives in all its efforts to demonstrate entrepreneurship in the global public interest while upholding the highest standards of governance. Moral and intellectual integrity is at the heart of everything it does.

As for their **activities**, they are guided by the stakeholder theory, which asserts that an organization is accountable to all parts of society.

## World Economic Forum: A Biographical Sketch

### *A brief History of WEF's foundation*

“The story of four decades of the World Economic Forum, as seen through the eyes of its members, leaders and the outside world.”

The Forum is well known for its Annual Meeting in Davos-Klosters. Through the years, numerous business, government and civil society leaders have made their way to the high Alps to consider the major global issues of the day and to brainstorm on solutions to address these challenges.

While many global institutions are notable for the breadth of nations or the powerful political leaders attending their gatherings, the World Economic Forum Annual Meeting and indeed all the activities and initiatives of the Forum around the world are distinguished by the active participation of government, business and civil society figures. The Forum engages the

most experienced and the most promising, all working together in the collaborative and collegial ‘Spirit of Davos’.

Professor Klaus Schwab founded what was originally called the European Management Forum, as a non-profit foundation based in Geneva, Switzerland. It drew business leaders from Europe, and beyond, to Davos for an Annual Meeting each January.

Initially, Professor Schwab focused the meetings on how European firms could catch up with US management practices. He also developed and promoted the ‘stakeholder’ management approach, which based corporate success on managers taking account of all interests: not merely shareholders, clients and customers, but employees and the communities within which they operate, including government.

Professor Schwab’s vision for what would become the World Economic Forum grew steadily as a result of achieving ‘milestones. 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. Political leaders were invited for the first time to Davos in January 1974.

Two years later, the organization introduced a system of membership for ‘the 1,000 leading companies of the world’. 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. Regional meetings around the globe were also added to the year’s activities, while the publication of the Global Competitiveness Report in 1979 saw the organization expand to become a knowledge hub as well.

In 1987, the European Management Forum became the World Economic Forum and sought to broaden its vision to include providing a platform for dialogue. World Economic Forum Annual Meeting milestones during this time include the Davos Declaration signed in 1988 by Greece and Turkey, which saw them turn back from the brink of war, while in 1989, North and South Korea held their first ministerial-level meetings in Davos. At the same Meeting, East German Prime Minister Hans Modrow and German Chancellor Helmut Kohl met to discuss German reunification. In 1992, South African President de Klerk met Nelson Mandela and Chief Mangosuthu Buthelezi at the Annual Meeting, their first joint appearance outside South Africa and a milestone in the country’s political transition.

In 2015, the Forum was formally recognized as an international organization. It is now on the next phase of its journey as the global platform for public-private cooperation.”

As an international organization it tries to contribute to the global governance by sitting a base for a multilateral legal framework making an influence in the informal sector, where the biggest

change can be made, the lack of formal framework drives the forum to change the industry, regional and global agendas towards a more sustainable way of improving the state of the world

### ***Mission***

This organizations objective is to nurture global cooperation trends, exchange public policies and opinions to consistently improve the living standards of the world citizens always following principles to safeguard the forums mission, reputation and status.

### ***Principles***

The main principles of the forum are independence, impartiality, moral integrity and intellectual integrity. These bring authority and legitimacy to the forum and their way of solving problems.

*“Apply these principles in everything we do; Uphold the Forum’s mission in any initiative we engage in; Protect the Forum’s reputation and that of the Forum’s Members, Partners and constituents (the Forum Members).”*

Integrity Forum Members rely on our integrity and this trust needs to be fostered and safeguarded.

Transparency In everything that you do, be truthful to yourself, to our Forum Members and to your colleagues.

### ***Solution searching and implementing methodology***

In order to come up with solutions that benefit everyone the World Economic Fund has capabilities such as the following ones:

- Through insights: The Forum has built world-class research capabilities, producing cutting edge data on some of the world’s most significant issues, including:
  - Competitiveness
  - Gender Parity
  - Global Information Technology
- On projects: Members can create projects and initiatives in order to achieve real differences regarding the issues discussed in it. Currently, WEF has portfolio of 50 projects aligned around the world’s most pressing global challenges, regional issues in the local context, and industry transformations.

### ***The importance of WEF in the international sphere***

WEF is a unique organization since it takes deeply in consideration the importance of impartiality, it has no other interest but to improve the world with solutions that are objective, measurable and sustainable. WEF considers none of the problems in the world are isolated so it is important to consider these issues systematically and rigorously inviting all parties interested in solving them obviously in long term, progress takes time and global commitment.

It is important to have in mind that WEF does not have the power to force any country or corporation to take a specific action, the committee just helps to generate and propose new ideas and acts but, since this forum is the only one in the world who puts together the public and private sector it has a bigger area of opportunities when it comes to getting to a solution. Furthermore, WEF uses the annual meeting in Davos in order to have a better and deeper closeness between corporate business leaders, local government leaders and nongovernmental organizations.

### **Theme development: Fast Fashion in the current international economic and human rights protection context**

Fast Fashion is a term used by fashion retailers to move the proposals of the big design houses, from the catwalks to their stores to capture a trend, as quickly as possible. (*Collins English Dictionary*. Copyright © HarperCollins Publishers). It is a strategy to recreate the trends presented in Fashion Week, manufacturing a mass production of clothing at a low cost in order to allow consumers to have the opportunity to acquire stylish clothes at an affordable price. The most famous brands that work under this Fast Fashion concept are Zara, H & M, Mango, Forever 21, Asos, Primark, C & A and Topshop. (Chua, 2019)

The main problem with fast fashion is the condition in which the workers are kept. The environment in which they work, is often composed by: low salaries, collapsing facilities, unhealthy conditions, and in some cases, workers are chained to the floor or table until they finish their work (Parry, 2016), such as the one occurred on 2013 in Bangladesh where five tailoring workshops collapsed. Reports of violence and gender violence amongst and towards the workers has been reported too, such as in 2017 when Radhika, the mother of a disabled child, was beaten by her boss after not accomplished the number of clothes asked per day. She went to the human resources department and her boss was asked to apologize and even though she received a fair expected apology, not only did anything change, but the harassment towards her increased. (Jennifer Rosenbaum & Shikha Silliman Bhattacharjee, 2018)

One of the most well-known cases was of the poor or none respect of the human rights in fast fashion is the collapsing of the Rana Plaza building in Dhaka, Bangladesh where many people worked manufacturing the clothes in Nepal, which collapsed due to the poor condition of infrastructure, adding to the topic, all workers were commanded to return the following day after the generators of the building shook it's structure. The reason for the collapse was that the building featured many upper illicit floors, therefore destabilizing the structure. Even though it

is not clear who the owners of the building were, many blame the government, since it has been proved that safety regulation officers took bribes to “look the other way”.<sup>1</sup>

In the matter of how fast fashion affects the economy of a nation, we have to understand the situation from the point of view of the producer of merchandise rather than the point of view of a consumer, because of the nature of the situation we are trying to analyze. More and more companies are tending to produce by the fast fashion method, since it is cheaper to mass produce.

As for the government's responsibilities in matters of the absence of a legislation against slave work, or the lack of proper legislation on working conditions, may allow the fast fashion phenomena to establish and develop in a country. However, this can also be related to a cultural factor, as in the case of India, where women are considered a different part of society, and therefore their culture indicates that they can be treated differently. For example, in this country it is common the domestic abuse since more than the 70% of women in this country live in that situation. (Plant,s.f.) (Reddy, 2013)

There is a common loophole that different companies use to get away from legal exculpation, it is composed by different bits, the first one is money laundering, a simple action such as placing all the economic resources collected in an account in Zurich, which has a different legislation for economic resource handling, can make the company untouchable legally the second one is the questionable contracts made by the companies with third party employers, since sometimes these can have lagoons in which legal exculpation from guaranteeing the workers' rights is provided knowingly or unknowingly by the these third parties.( 2019 • TFL LLC)

### ***Relevance of the topic:***

Our topic has two of the most polemic problems in the world nowadays, the inefficient laws of intellectual property and the constant violations of human rights.

#### *a) Intellectual property*

Thanks to the lack of copy rights enforcement regarding fashion<sup>2</sup>, companies such as Zara and Forever 21 recreate runway looks of other brands getting away without any repercussions. This problem usually affects more in United States of America however Asian countries like China have one of the biggest rates on fake goods sales, 63.2% out of \$461 billion dollars according to an investigation of the Organization for Economic Co-operation and Development made in

<sup>1</sup> <https://vilasify.wordpress.com/blog-posts/fast-fashion-and-rana-plaza/>

<sup>2</sup> Which includes clothes and accessories

2013, and another 21.3% from Hong Kong. Strong intellectual property enforcement, with more rigid and stringent licensing, restricts the entry of imitative players into the market, making it more attractive to investors (2019 • TFL LLC).

b) *Human rights*

Regarding employment, Article 23 of the United Nations Universal Declaration of Human Rights (UDHR) states that every person has the right to “fair and favorable conditions of work,” as well as the right to “fair and favorable remuneration ensuring for himself and his family an existence worthy of human dignity.” The very harmful work environment and low wages involved in the fast fashion industries affects greatly people working in these places since they do not have access to this basic labor rights, in addition inequality inside this kind of industry has one of the first places in the world. 83% of the workers are women, most of them are single mothers who cannot change their work because of the lack of job options. (2019, Good On You). More importantly children between the ages of 9 and 13 are usually victims of the terrible conditions, owners or managers abuse of these kids by paying them approximately \$36DLS for 12 hours of hard working and forcing them to work in deplorable conditions. (Luna, 2016) Because of the, apparently, more importance of the economic benefits of the fast fashion people in charge and even investors do not care about the human damage this situation creates, WEF is concerned about the little importance given to the issue not only by consumers but also by the owners and associates.

**Delegates guide:**

1. How does Fast Fashion affect in the country's economy?
2. How could the eradication of fast fashion affect the economy of a country?
3. Why is it important to take education for the child workers in consideration?
4. How does the lack of interest regarding this issue is affecting the environment?
5. How is the eradication of fast fashion going to affect in the labor sector?
6. How can the private and public sector ascertain that the human rights as well as the labor ones are being respected?
7. A side goal would be to provide education, sponsored by UNICEF, or other NGO's sent through a eligibility process decided by the delegates, to the children of workers if necessary, from nurseries to middle school.
8. The Forum works with public and private sector use that in order to create your solutions.

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