

# **The World Economic Forum**

A Partner in  
Shaping History

## **The First 40 Years**

1971 - 2010



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“Until one is committed, there is hesitancy, the chance to draw back, always ineffective, concerning all acts of initiative (and creation). There is one elementary truth the ignorance of which kills countless ideas and splendid plans: that the moment one definitely commits oneself, then providence moves too. All sorts of things occur to help one that would never otherwise have occurred. A whole stream of events issues from the decision, raising in one’s favour all manner of unforeseen incidents and meetings and material assistance which no man could have dreamed would have come his way. Whatever you can do or dream you can, begin it. Boldness has genius, power and magic in it. Begin it now.”

Goethe



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Klaus Schwab, Founder and Executive Chairman, World Economic Forum

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## Foreword

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The World Economic Forum Annual Meeting 2010 marks the 40th year of the organization, which was founded in 1971 as the European Management Forum. In January that year, the first European Management Symposium was held in Davos, Switzerland. In 1987, the European Management Forum was renamed the World Economic Forum and the European Management Symposium became the Annual Meeting, reflecting the expansion of the Forum's scope and focus.

Through the years, numerous business, government and civil society leaders have made their way to the Swiss Alpine resort, the perfect venue for a gathering to consider the major global issues of the day and to brainstorm on solutions to address these challenges. The Annual Meeting has also been a critical platform for furthering peace and reconciliation in many parts of the world, promoting understanding between East and West, introducing emerging economies such as China and India to the international community, and bringing to the forefront the latest trends and developments in every field – from information technology to global security, from architecture to philanthropy.

Davos has been a place where incipient changes in the world are first discerned and where ideas for changes that have shaken the world have been conceived or refined. What has never changed since its beginning is the Forum's dedication to collaboration among stakeholders, the steadfast adherence to high-level participation of leaders sharing the Forum's commitment to improving the state of the world, and the Forum's trust in the power of dialogue and exchange based on mutual respect and civility to bridge divides and shape actionable solutions to global 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, both the most experienced and the most promising, all working together in the collaborative and collegial Spirit of Davos.

This book provides a year-by-year summary of the highlights of the four decades of the World Economic Forum. For the most part, it tells the Forum's story through the eyes of its members, the participants in its activities, and its leadership, as well as through media reports.

What is clear from this compilation of impressions, insights and memories is that the Forum has evolved from a modest yet groundbreaking attempt to bring European corporate managers and their stakeholders together to discuss business strategies into an organization that today is widely regarded as the world's foremost multistakeholder platform for addressing the most pressing issues on the global agenda.

Since 1971, the World Economic Forum has undertaken a host of activities, organizing over 1,000 meetings, launching numerous initiatives, publishing various reports annually and convening thousands of task forces and working groups. The Forum gave special focus to all the most important issues on the global agenda over the years. This book, however, does not render an account of everything that the Forum did or all the issues with which it has been concerned. Rather this history lays out the motivation, strategies and spirit that have driven the Forum's development as it has worked to promote and support entrepreneurship in the global public interest.

It is fitting that in this anniversary year, as people around the world continue to feel the impact of the global economic crisis, the Forum will be deeply engaged in the Global Redesign Initiative (GRI). This is a wide-reaching review of the institutions and practices of global governance and the management of the global economy aimed at determining how the world should restructure the international system to better tackle the multiple challenges of globalization.

This project is the latest and perhaps most ambitious and innovative manifestation yet of the Forum's commitment to entrepreneurship in the global public interest. The Forum is firmly focused on the future. This history of the past 40 years should serve as an inspiration to our members, collaborators and staff to continue their work in the years ahead – ever committed to improving the state of the world.



Klaus Schwab

## Acknowledgements

I wish to thank all the people who have been engaged in ensuring the sustained success of the World Economic Forum since it was founded. My first thanks go to our members and partners and to all the other constituents from the non-business community who committed time and resources and joined us in achieving our mission. The Forum is not just made up of its staff. It is an extended community of thousands of political figures, CEOs, Young Global Leaders, academics, NGO leaders, trade unionists, religious leaders and social entrepreneurs. They all deserve my deepest gratitude for being companions in shaping the global, regional and industry agendas in a most responsible way.

I have been fortunate to have hundreds of colleagues and collaborators at the World Economic Forum who shared my vision and carried together with me the risks of sometimes very innovative strategies. They have never tired to go the extra mile if needed in an intensive demanding work environment to deliver value to our members and constituents as well as to society at large.

I should give special thanks to my colleagues on the Managing Board: André Schneider, Richard Samans and Robert Greenhill, as well as our colleagues at the World Economic Forum USA, Jean-Pierre Rosso and Kevin Steinberg. The guidance of the members of the Foundation Board over the last 40 years has been a decisive element in building a great institution that is proud of its governance. I am particularly grateful to Josef Ackermann, Kofi Annan, Tony Blair, Peter Brabeck-Letmathe, Victor L. L. Chu, Michael S. Dell, Niall FitzGerald, Orit Gadiesh, Carlos Ghosn, Rajat Gupta, Susan Hockfield, Christine Lagarde, Maurice Lévy, Indra Nooyi, Ivan Pictet, H.M. Queen Rania Al Abdullah of the Hashemite Kingdom of Jordan, Joseph Schoendorf, Peter D. Sutherland, Heizo Takenaka and Ernesto Zedillo Ponce de Leon, for always sharing my forward-looking vision for the Forum, which is laid out at the very end of this book.

The World Economic Forum has expanded very fast, especially during the last 10 years. I extend my thanks to all our staff – current and past – but my heartfelt gratitude goes to all those who have been with the Forum for more than a decade (listed by seniority): Denise Burnet, Maryse Zwick, Béatrice Laenzlinger, Martine Michaud, Uschi Trouilhet, Monika Boerlin, Petra Ruiz, Floriane Freymond, Els Boekhoudt, Nadia Guillot, Elly Hammar, Nancy Tranchet, Kamal Kimaoui, Fabienne Chanavat, Raymonde Christmann, Regula Waltenspuel, Susanne Helmsley, Nadine Bonard, Christel Sutherland, Fabienne Stassen, Paul Smyke, Fon Mathuros, Stéphanie Janet, Jennifer Blanke, André Schneider, Jean-Loup Dénééréaz, Annemarie Peter, Jeremy Jurgens, Nancy Chazal, Carine Benetti, Emma Loades, John Moavenzadeh and Lee Howell.

All these loyal colleagues helped to preserve a sense of tradition within an extremely dynamic organization. They worked very hard to lay down a solid foundation for the Forum and to nurture and cultivate within it our strong culture of service.

This book was made possible through the conscientious and dedicated work of my long-time executive assistant, Maryse Zwick. She spent two years after her official retirement sifting through thousands of documents, photographs and other materials to construct a historical roadmap of the Forum's growth and development over the past four decades.

Finally, I would like to extend my thanks to Alejandro Reyes for his invaluable help in editing the manuscript and to Kamal Kimaoui for designing and producing this book.

Klaus Schwab

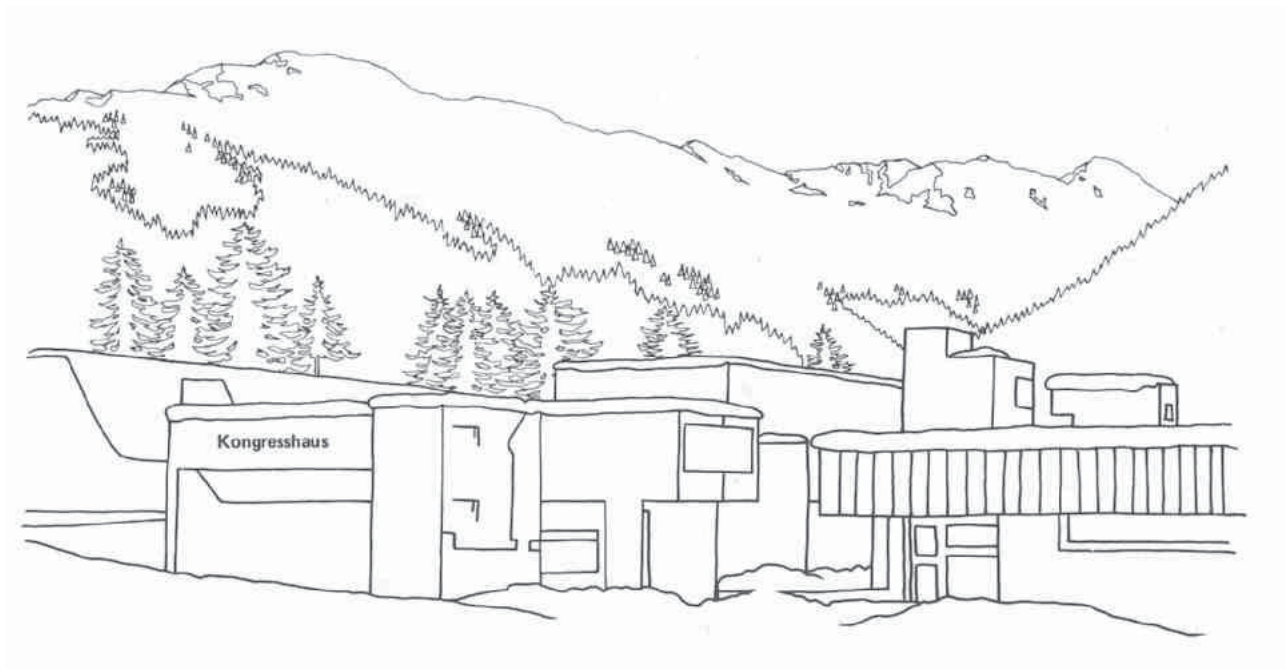


# 1971

## The First Year

### The European Management Forum

Visitors to the headquarters of the World Economic Forum in Cologne, a mainly residential part of Geneva, may not realize that, from the beginning, the organization was rooted in Graubünden (the Grisons), the mountainous canton on the other side of Switzerland, where the city of Davos is located. The European Management Forum was initially established as a foundation nominally based in Chur, the cantonal capital, under the supervision of the Swiss Confederation on 8 February 1971 by an official document dated just 10 days earlier.<sup>1</sup> Its initial endowment: 25,000 Swiss francs.



<sup>1</sup> The Foundation's official base was transferred to Cologne in 1992

EIDGENÖSSISCHES DEPARTEMENT DES INNERN  
 DÉPARTEMENT FÉDÉRAL DE L'INTÉRIEUR  
 DIPARTIMENTO FEDERALE DELL'INTERNO

3003 Bern, 3 March 1971

D e c r e e  
 by  
 the Federal Department of the Interior  
 concerning  
 the supervision of the

**Foundation “EUROPEAN MANAGEMENT FORUM”**

According to the official Document dated 29 January 1971 and the entry into the Trade Register of the Canton Graubünden of 8 February 1971 (published in the Swiss Trade Bulletin N° 42 of 20 February 1971, p. 410), a Foundation by the name of “EUROPEAN MANAGEMENT FORUM”, headquartered in Chur, exists in the sense of Articles 80-89 in the Code of Civil Law. The purpose of the Foundation is to promote events that serve a closer cooperation of the international, and in particular the European industry, in the elaboration of role models and concepts for responsible and successful management. Within the scope of its objectives, the Foundation can foster particular projects related to research, training and further education in the field of management, especially on an international level.

The Foundation takes up its activity with an initial endowment of SFr. 25'000.

Article 84 of the Code of Civil Law stipulates that a Foundation is under the supervision of the community (Confederation, Canton, municipality) to which it belongs corresponding to its purpose. Obviously, the purpose shows that the Foundation in question displays a distinct international characteristic; hence, the supervision of the Swiss Confederation is appropriate.

In application of Article 84 of the Code of Civil Law it is

decreed:

1. The Foundation “EUROPEAN MANAGEMENT FORUM” is under the supervision of the Swiss Confederation.
2. The Foundation Board is required to report its activities and financial statements to the Swiss Federal Department of the Interior within three months after the end of each financial year.
3. Notifications to:
  - a) Foundation Board of the Foundation “EUROPEAN MANAGEMENT FORUM”, c/o Dr. iur. D. Capaul, lawyer and notary, Bahnhofstrasse 7, 7000 Chur (registered mail);
  - b) Trade Register of the Canton Graubünden, Reichsgasse 25, 7000 Chur;
  - c) Federal Department for the Trade Register, Effingerstrasse 3, 3003 Bern.

An administrative court complaint against this decree can be lodged with the Federal Supreme Court within 30 days after notification of the Foundation Board (Article 98, lit. b and Article 106 of the federal law regarding organization of federal law enforcement.)

Federal Department of the Interior

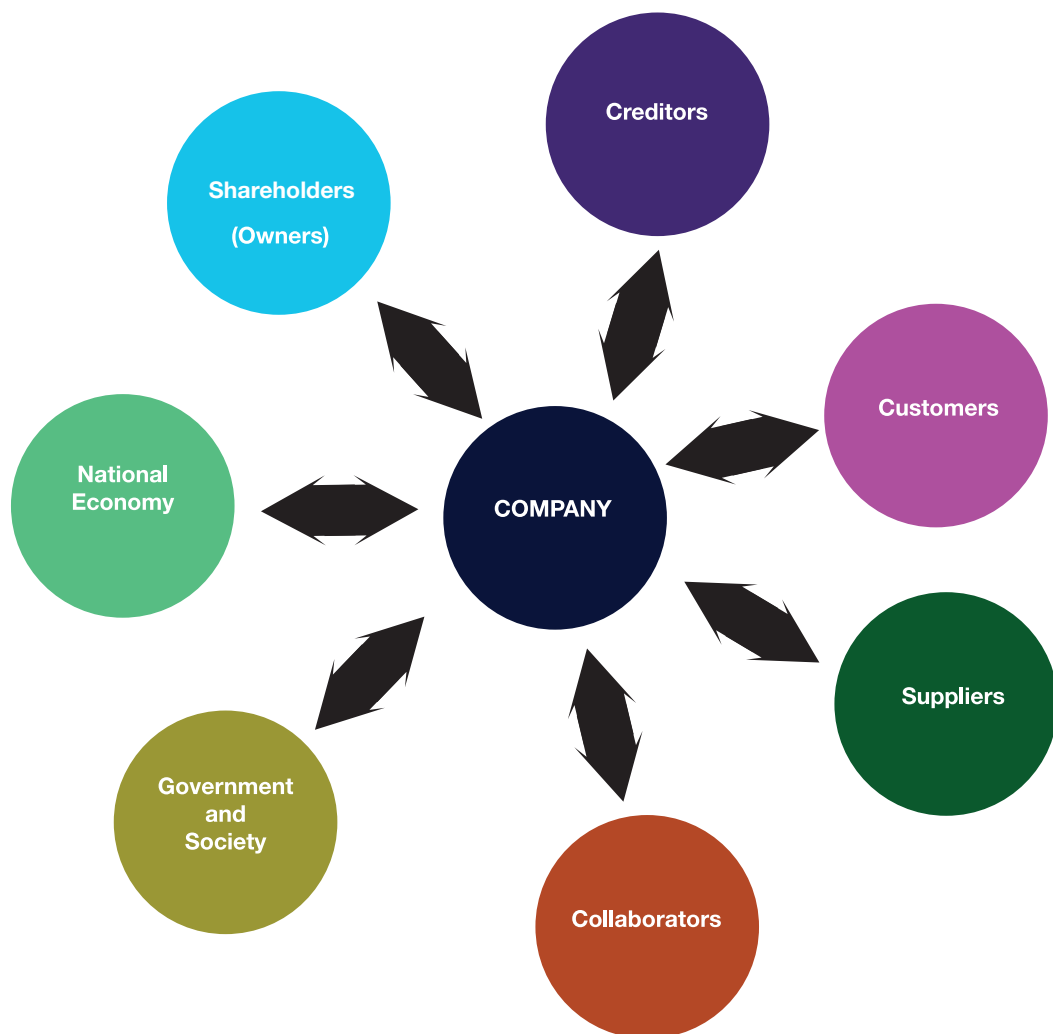
(signed Tschudi)<sup>2</sup>

<sup>2</sup>Hans-Peter Tschudi, Federal Councillor, Head of the Department of the Interior, 1959-1973



From the start, what was to become known and cherished as the Davos Spirit – the concept of multistakeholder participation, collaboration and congenial exchange – was the foundation of the Forum. In this same year, Klaus Schwab outlined the idea in his book *Moderne Unternehmensführung im Maschinenbau* (*Modern Enterprise Management in Mechanical Engineering*), which was published in Frankfurt. He argued that the management of a modern enterprise must serve all stakeholders (*die Interessenten*), acting as their trustee charged with achieving the long-term sustained growth and prosperity of the company.

Who are these stakeholders? They include the enterprise's owners and shareholders, customers, suppliers, collaborators of any kind, as well as the government and society, including the communities in which the company operates or which may in any way be affected by it. Indeed, a broad range of actors in the national economy may in some way or another be counted among the stakeholders of any commercial organization.



As shown in Klaus Schwab's book *Moderne Unternehmensführung im Maschinenbau*, the company is at the centre, surrounded by its stakeholders.

The inaugural European Management Symposium, which was held in Davos from 24 January to 7 February, was intended to allow top managers of corporations to interact with all their stakeholders. It was also conceived as an opportunity for senior European managers to learn about the latest management techniques and concepts from the most engaging thought leaders in business, including prominent professors from the top US business schools.

Some 450 participants from 31 countries joined 50 faculty members and media representatives for the fortnight-long meeting that focused on two themes: in the first week, “The Challenge of the Future”, and in the second, “Corporate Strategy and Structure”. During the sessions, participants discussed the many factors changing the business world at the time – and what strategies companies should employ to survive these challenges.

Today, such an event might not seem groundbreaking. But consider the tenor of the times: This was a period of major technological, political, social and economic upheaval. Man had recently landed on the moon; the conflict in Vietnam was intensifying the Cold War and raising questions about the role of the United States in the world; social protest movements in developed countries had stirred debate and sometimes violent protests over civil rights, poverty and justice; developing nations were struggling to build stable societies and economies; the US monetary system would soon go off the gold standard; Americans would go through one of the most wrenching political ordeals in their history, leading to the resignation of a president and a crisis of confidence in their leadership; conflict in the Middle East would heighten concerns about global security; and oil price shocks would rock the global economy and spark an international energy crisis.

It was against this backdrop of daunting change that the first Davos meeting took place. Klaus Schwab recognized the value of bringing together business leaders and stakeholders to consider strategies for addressing the critical challenges enterprises face. The venue had to be accessible and comfortable enough so as not to deter attendance yet sufficiently removed to foster among participants a feeling of seclusion and camaraderie.

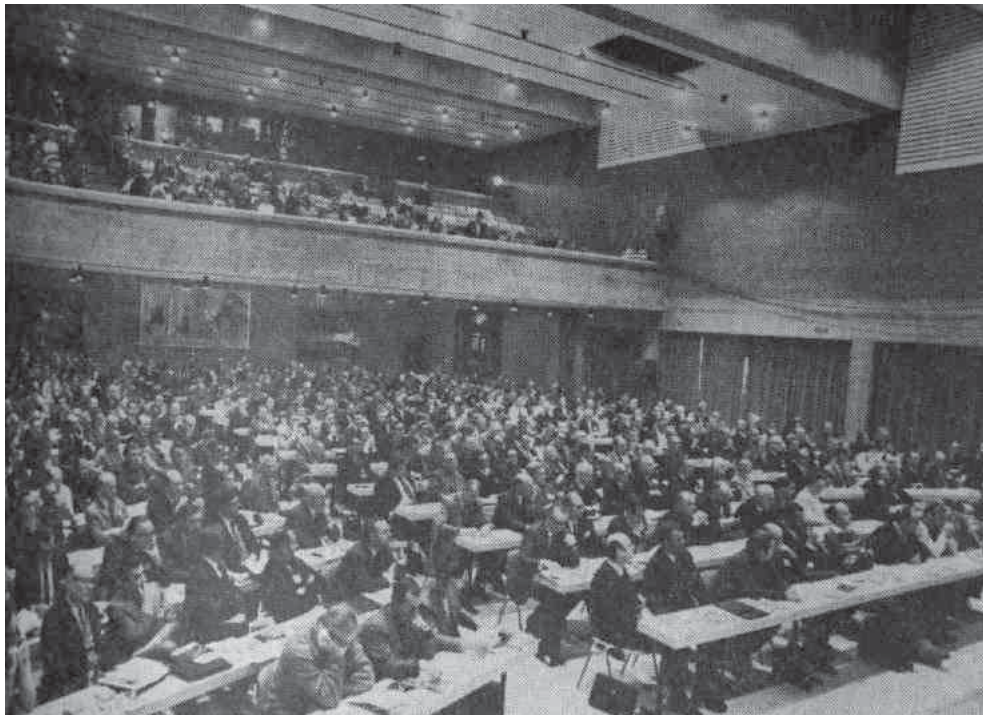
The resort of Davos, a picturesque town nestled along a valley surrounded by peaks, was the setting of Thomas Mann’s *The Magic Mountain (Der Zauberberg)*. It was – and remains – a place of seclusion, contemplation, recreation and relaxation, the crisp, clean mountain air vital to restoring health and clear thinking. And in 1971, it had recently opened a congress centre. Davos had all the elements for hosting a productive working retreat for top CEOs. “There is no reason at all why these conferences should not be held in places like Davos”, the *Financial Times* commented at the time. “Precisely because Davos is a holiday centre, where people expect to relax, the businessmen attending the Davos conference have shed their business suits, have put on their sports coats, and are meeting in a highly informal atmosphere.”

Invited to chair the first European Management Symposium was George Pierce Baker, who had been dean of Harvard University’s Business School from 1962 to 1969. Schwab spent the 1966-1967 academic year at Harvard’s John F. Kennedy School of Government, where he earned a Master of Public Administration (MPA) degree. During his stay, he had forged a close friendship with the legendary Dean Baker and had met other prominent Harvard academics including Henry Kissinger and John Kenneth Galbraith, who would eventually become frequent Davos participants.

Galbraith, one of the leading economists of his day, was among the speakers at the first Davos meeting. Also leading discussions were other Harvard academics, as well as political scientist Otto von Habsburg, physicist and public policy commentator Herman Kahn, Columbia University Humanities Professor Barbara Ward and Jacques G. Maisonrouge, President of International Business Machines (IBM) Corp. Ward spoke on the divides between East and West and between North and South, while Maisonrouge addressed the impact of computers on individual privacy – both cutting edge topics of the time that remain highly relevant today.

The first Davos meeting set a precedent that the Forum has maintained ever since: the use of the latest information and communications technology. Borrowing from the US space agency’s mission-control operations, Schwab had a closed-circuit television system set up to cover sessions and facilitate interaction among participants. The Forum also created a database of information on the programme and on participants to organize working groups and panels. Computer-generated models were employed to analyse the implications of strategies under consideration and predict the impact that any specific allocation of resources would have on their businesses and the environment. Monitors displayed the managers’ “decisions”, while colour slides illustrating the consequences of these choices were projected on large screens.

The inaugural European Management Symposium had been a major success, yielding a profit of 25,000 Swiss francs, which went to endow the European Management Forum. Participants enthusiastically called for the event to be held again the following year.



The first European Management Symposium in Davos drew a full house

### **Klaus Schwab: Professor, Manager, Visionary**

Born in Ravensburg, Germany, in 1938, Schwab grew up during the tumultuous post-World War II reconstruction period in Europe. He was heavily involved in efforts to promote reconciliation between German and French youth. His father was the managing director of a Swiss machinery company who led several industry and business associations.

In 1957, after completing the *Humanistische Gymnasium*, Schwab moved to Zurich to study mechanical engineering at the Swiss Federal Institute of Technology and – simultaneously – economics and social sciences at the Universities of Zurich and Fribourg in Switzerland. He earned a master's degree in engineering in 1962, a master's degree in economic and social sciences the following year, and two doctorates, the first in technological sciences in 1966 and the second in economics in 1967. All his degrees were attained with the highest honours.

Schwab gained valuable experience in business, working on the shop floor of companies in several countries during university holidays and later as the personal assistant to the Managing Director of the German Machine Building Association (VDMA) in Frankfurt from 1963 to 1966. He spent the 1966-1967 academic year at Harvard University, earning a Master in Public Administration (MPA) degree at the John F. Kennedy School of Government.

On his return to Switzerland from the United States, Schwab joined the managing board of Escher Wyss, a Swiss industrial group, where he was responsible for the integration of the 10,000-employee company with the Sulzer Group. In 1969, he became a part-time professor at the Centre d'Études Industrielles (CEI), an international management institute associated with the University of Geneva that later merged into IMD in Lausanne, Switzerland. At the request of VDMA, Schwab wrote a book on modern management in the German machinery industry. Published in 1971, it described the stakeholder theory that was to become the driving core concept behind all of Schwab's future work.

With the Escher Wyss-Sulzer merger practically complete, Schwab left Escher Wyss in 1970 and began to focus on his idea to create a platform that would allow European business and political leaders to exchange concerns, ideas and knowledge. He was particularly keen to bring together European CEOs and US business experts to discuss the latest management approaches and techniques. The forum would also promote interaction between corporate management and stakeholders. He set up a three-person office in Geneva to carry out those plans.

In January 1971, on his own financial account and risk, and after efforts to raise funding, he organized the first European Management Symposium in the Swiss alpine ski resort of Davos. Using the surplus from the event, Schwab created the European Management Forum, a non-profit foundation that was to become the institution through which he would execute his plans for a multistakeholder platform to promote dialogue on business and political issues. That same year, Schwab married Hilde Stoll, his first Forum collaborator. She has remained his partner, trusted adviser and “social conscience”. In 1998, the couple co-founded the Schwab Foundation for Social Entrepreneurship, which Hilde has led since its inception.

In 1972, Klaus Schwab was named a Professor at the University of Geneva, where he lectured on business policy until 2003. While he maintained his academic role throughout that three-decade period, taking on two-thirds of a professor's full teaching load, Schwab focused much of his energy on building and expanding what in 1987 was renamed the World Economic Forum.



Klaus and Hilde Schwab at their wedding in 1971 in the Sertig Valley, near Davos. Hilde was Schwab's first collaborator in the European Management Forum. While she ceased working for the Forum after they were married, Hilde continued to act as an informal adviser and later co-founded with Klaus the Schwab Foundation for Social Entrepreneurship, serving as its chairperson.



Klaus Schwab welcomes participants to the inaugural European Management Symposium in 1971. Otto von Habsburg (left) delivered the keynote speech at the opening session

## 1972

### The Triumph of an Idea

While participants in the inaugural European Management Symposium had been enthusiastic about repeating the event, 1972 proved to be a difficult year for the fledgling European Management Forum. The novelty of the intimate and intensive high-level meeting in the Swiss Alps had quickly vanished. Yet events clearly warranted such a gathering of top business leaders to reflect on global issues and challenges. On 15 August 1971, aiming to stabilize his country's economy and tackle inflation, US President Richard Nixon shocked the world when he ended the direct convertibility of the American dollar to gold, roiling the financial markets and raising uncertainty about the international monetary system and fixed exchange rates.

Despite this, the second Davos attracted less than 300 participants, more than 150 fewer than the first. Still, as it had done the year before, the Forum continued to be selective, inviting only the CEOs of major companies. Invitations were personal and not transferable. Maintaining exclusivity would remain a steadfast practice of the Forum and a hallmark of all its meetings.



Under the patronage of  
Mr. Altiero Spinelli  
Member of the Commission of  
The European Communities

Chairman  
Dr. Hermann J. Abs  
Chairman  
Deutsche Bank

At the second Davos, the Forum focused on Europe, reflecting widespread enthusiasm for the enlargement of the European Communities (EC) from six to nine countries with the addition of Denmark, Ireland and the United Kingdom.<sup>1</sup> Coincidentally, the new members of the EC signed a Treaty of Accession on 22 January 1972, the first day of the second Symposium. Notably, a Forum document defined the Foundation's goal as follows: "The European Management Forum was established to provide international and particularly European business with a select forum for the study, discussion and determination of concepts and objectives for responsible and successful management."<sup>2</sup>

Reinforcing the European orientation of the 11-day Symposium was the patronage and strong participation of the Commission of the European Communities (the European Commission), particularly the presence in Davos of its Vice-President, Raymond Barre, who became a true friend and strong supporter of the Forum and served as a member of the Foundation Board from 1992 until 2001. The Meeting Chairman, Hermann J. Abs, Chairman of Deutsche Bank and the most prominent European business leader at that time, had to cancel his participation at short notice. As a last resort, Klaus Schwab filled the vacancy. This was the first and only Davos for which Schwab himself would serve as the meeting chair.

The second Davos marked the first time that the Forum welcomed a head of government – Pierre Werner, President of Luxembourg, who presented the so-called Werner Plan that laid the foundation for the European Monetary Union and the single currency. Other distinguished speakers included Wernher von Braun, Deputy Associate Administrator at the US National Aeronautics and Space Administration (NASA) in Washington DC and one of the most celebrated rocket scientists in the world. He would later become director of NASA's Marshall Space Flight Center and the chief architect of the Saturn V booster rocket that helped with the first moon landing. One forceful personality from civil society to attract attention at this meeting was the trade unionist and labour intellectual Charles Levinson, the General Secretary of the International Federation of Chemical and General Workers' Federation (now the International Federation of Chemical, Energy, Mine and General Workers' Unions).

Despite the drop in the number of participants, the discussions at the second Symposium and the satisfaction of the business leaders at the event strongly reconfirmed the value of such a meeting. As the Zurich newspaper *Neue Zürcher Zeitung* put it, the second Davos meeting had been the "triumph of an idea."<sup>3</sup>

<sup>1</sup> Norway also signed the treaty but its citizens rejected EC membership in a referendum on 25 September 1972

<sup>2</sup> From an invitation to the Second European Management Symposium, 1972

<sup>3</sup> "Zweites Europäisches Managementsymposium: Sieg einer Idee", *Neue Zürcher Zeitung*, 12 Februar 1972



## 1973

### The Davos Manifesto

At the third European Management Symposium, the Forum broadened its European focus under the theme “Shaping Your Future in Europe”. This Davos meeting was held under the honorary sponsorship of His Royal Highness Prince Bernhard of the Netherlands. The Commission of the European Communities renewed its patronage.

Two developments distinguished this Davos meeting. First, Aurelio Peccei, the Italian industrialist, delivered a speech summarizing *The Limits to Growth*, a book that had been commissioned by the Club of Rome, the global think tank that he founded and served as its first president. The study had caused a sensation after its publication in 1972 for calling into question the sustainability of global economic growth. Reiterating some of the same concerns about demographics that the 18th-century scholar Thomas Malthus had expressed, the authors examined several scenarios for the global economy and outlined the choices that society had to make to reconcile economic development and environmental constraints. The landmark publication was eventually translated into some 30 languages and sold more than 12 million copies.

Second, participants spontaneously took the initiative to draft a “Code of Ethics” based on Klaus Schwab’s stakeholder concept. The text was unanimously approved in the final session of the Symposium. This was a singular achievement for the Forum, which from the beginning has adhered to the principle that it should neither act as an advocacy group nor express any opinions on behalf of members or participants. What has become known as “The Davos Manifesto” was a rare exception to this policy.

## Code of Ethics – The Davos Manifesto

- A.** The purpose of professional management is to serve clients, shareholders, workers and employees, as well as societies, and to harmonize the different interests of the stakeholders.
- B.**
1. The management has to serve its clients. It has to satisfy its clients' needs and give them the best value. Competition among companies is the usual and accepted way of ensuring that clients receive the best value choice. The management's aim is to translate new ideas and technological progress into commercial products and services.
  2. The management has to serve its investors by providing a return on its investments, higher than the return on government bonds. This higher return is necessary to integrate a risk premium into capital costs. The management is the shareholders' trustee.
  3. The management has to serve its employees because in a free society leadership must integrate the interests of those who are led. In particular, the management has to ensure the continuity of employees, the improvement of real income and the humanization of the work place.
  4. The management has to serve society. It must assume the role of a trustee of the material universe for future generations. It has to use the immaterial and material resources at its disposal in an optimal way. It has to continuously expand the frontiers of knowledge in management and technology. It has to guarantee that its enterprise pays appropriate taxes to the community in order to allow the community to fulfil its objectives. The management also has to make its own knowledge and experience available to the community.
- C.** The management can achieve the above objectives through the economic enterprise for which it is responsible. For this reason, it is important to ensure the long-term existence of the enterprise. The long-term existence cannot be ensured without sufficient profitability. Thus, profitability is the necessary means to enable the management to serve its clients, shareholders, employees and society.

This "Code of Ethics" was published in "Die Moral der Manager" by Rosemarie Fiedler-Winter, ed. Seewald, 1977.

In 1973, the Foundation began to expand its activities beyond organizing the annual Davos meeting. To add value to its services, the Forum launched three initiatives aimed at capturing and disseminating knowledge through publications, developing regional and country-focused activities, and creating communities to expand and deepen the discussion of pressing global issues. These were:

- launch of “Synopsis”, a documentation service that provided European business leaders with information on public policy and government strategy
- holding of two roundtables – the first on Europe at the European Commission in Brussels in May and the second on Germany in Bonn in November – to promote interaction between the business community and European governments, including the European Commission
- creation of the European Club for Cooperative Management, the first high-level community of the Forum

With these initiatives and the Davos Manifesto, the European Management Forum was moving deliberately to construct a wider and more substantial platform for business, government, civil society and other stakeholders to work together to address important global issues.



Already, the Club of Davos

## 1974

### In the Midst of Recession



In 1974 and 1975, the oil crisis plunged the world into a serious economic recession. While the European Management Forum was not immune to the impact of the downturn, it weathered the storm. “Although the looming signs of stagnation and recession in the European and international economy led to budget cuts in a number of companies, perceptible mainly in the plunge of professional training, the European Management Forum did not suffer from this tendency – to the contrary, it seems that the policy of the foundation to offer services fostering above all a better understanding of the European and international political, economic and social development meets with a higher response in these periods of crisis,” Klaus Schwab wrote in the *Annual Report* of the Foundation. “The economic situation has

had an influence on the Forum inasmuch as special efforts were undertaken to reduce overall costs and to boost quality and utility of its different activities.”<sup>1</sup>

At the 1974 European Management Symposium, Dom Hélder Câmara, the Roman Catholic Archbishop of Olinda and Recife, Brazil, made a notable appearance, bolstering the Forum’s role as a platform for provocative yet vital voices. Câmara had been invited to Davos despite the fact that he was considered *persona non grata* by many governments and business leaders. He had dubbed himself “the spokesperson of those two-thirds of humanity who suffer from the unfair distribution of nature’s resources.”

In his address, Dom Hélder predicted that developing countries could some day challenge and clash with the leading economic powers. “Let’s hope by the Almighty God that this confrontation will not force them into using arms.” He criticized multinationals for keeping so much of mankind in appalling conditions. He called for a higher social responsibility, fairer wealth distribution and a reassessment of “the false values of a ‘waste society’” to achieve prosperity for all people.

After having provided a platform for the Club of Rome report *The Limits to Growth*, which attracted a great deal of publicity for the 1973 meeting, the Forum intensified its emphasis on environmental issues, inviting Captain Jacques-Yves Cousteau, the renowned French naval officer

<sup>1</sup> Tätigkeitsbericht der Stiftung European Management Forum für die Periode vom 1.1.1974 bis 30.6.1975

and undersea explorer, to Davos. He blamed the inaction of governments in promoting environmental protection on “political immaturity” and urged leading industrial nations to take action. “It is of decisive importance that these governments promulgate laws and coordinate efforts with the objective to preserve the oceans and guarantee their rational usufruct [the legal right to employ or gain benefit or profit from somebody else’s property so long as that property is not damaged],” Cousteau argued. “Or else they should create a supranational authority – precedents already exist – to whom they would transfer the respective rights of sovereignty.”



Meanwhile, the Forum expanded its series of roundtables to seven events, including meetings on Europe at the European Commission base in Brussels and on Britain, France, Germany, Italy, Spain and Sweden in each country’s capital. Clearly, the recession had not diminished the Forum’s determination to expand its activities and services.



Since its inception, networking among participants has been an important feature of the Forum’s activities

# 1975

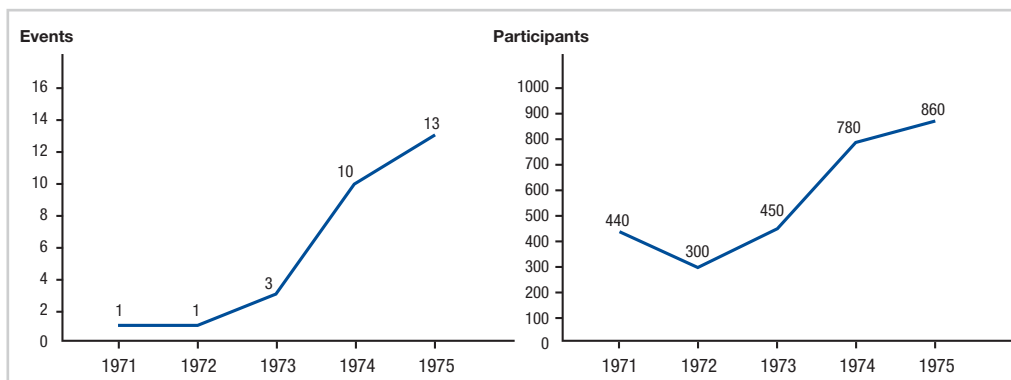
## Davos Goes Global

This was a breakthrough year for the European Management Forum. Attendance at the European Management Symposium increased to 860 participants, with the CEOs and chairmen of the largest European companies such as Royal Dutch Shell, Unilever and Philips attending. The Forum welcomed to Davos the first official delegation from a non-European country, Mexico, which was led by José Campillo Sainz, the Minister of Commerce and Industry. In addition, the Forum entered into its first official cooperative arrangement with a specialized agency in the UN system, UNIDO (the United Nations Industrial Development Organization), which is headquartered in Vienna and has as its primary objective the promotion and acceleration of industrial development in developing countries and economies in transition, as well as the support of international industrial cooperation. Meanwhile, the number of roundtables increased to nine.



The Forum also published its first institutional brochure, in which it described its role as follows: “The European Management Forum is an independent, self-financing, not-for-profit Foundation, aligned with the strategic needs of the top decision-makers of European business.”<sup>1</sup> The document outlined seven ways in which the Forum serves business leaders through its programmes:

- It observes the European and international economic environment.
- It discovers new trends and follows closely their development.
- It widens the horizon by pointing at the connections.
- It facilitates contacts at the highest level.
- It brings together leaders from business and government.
- It helps to find new business relations.
- It integrates its participants actively into creative programmes.



In its first five years, the European Management Forum expanded quickly

<sup>1</sup> Institutional brochure, *European Management Forum*, 1975

After just five years, the Forum had gained acceptance at the highest levels of business and government. While not advocating policy or strategy, the Forum had become a respected organization that served as a valuable platform for business, government, civil society and other stakeholders to confer and collaborate. Klaus Schwab's stakeholder theory was beginning to evolve into a broader concept of corporate global citizenship. In an editorial published in the Zurich newspaper *Neue Zürcher Zeitung*, Schwab reflected on the role of the CEO as politician:

“To cope with structural changes, genuine top executives must act as politicians, that is to say as foreign affairs and not as domestic affairs politicians. It is their task to ‘manage’ the company’s relations with its political, economic, technical and social environment. As a consequence, the company must increasingly adopt the conventional principles of a foreign policy proper. This includes cultivating the cooperation with the relevant institutions, looking constantly and consciously for new opportunities of coalitions to strengthen its own position, and striving to influence as much as possible in a positive sense the course of things through anticipatory or curative measures. To that end it is necessary to look at the environment not in an isolated way or, in other words, to consider only the economic realities. To defend the foundations of the economic order towards the outside, the responsible executives must first be willing to make active political and social commitments.”<sup>2</sup>



While Schwab had gained significant experience in his five years at the helm of the Forum, he was still only 37 years old. Olivier Giscard d'Estaing, Founding Dean and Director-General of the INSEAD business school and the brother of French President Valéry Giscard d'Estaing, was Co-Chair of the Davos meetings in the years 1973-77. One day, Schwab asked his secretary to connect him with “Mr Giscard d'Estaing”. After a short while, he received a call and a female voice announced: “*Je vous passe Monsieur le Président de la République.*” (“I am putting you through to the President of the Republic.”) Suddenly, Schwab heard President Giscard's characteristic deep voice and quickly realized that he had the French leader on the line. Nonplussed, he hung up. Many years later, at a dinner with Valéry Giscard d'Estaing, who by then had left office, Schwab told him the story. “You are probably the only person who ever hung up a phone on a French president,” Giscard responded.

<sup>2</sup> Klaus Schwab, “Der Unternehmenspolitiker”, *Neue Zürcher Zeitung*, 29 October 1975

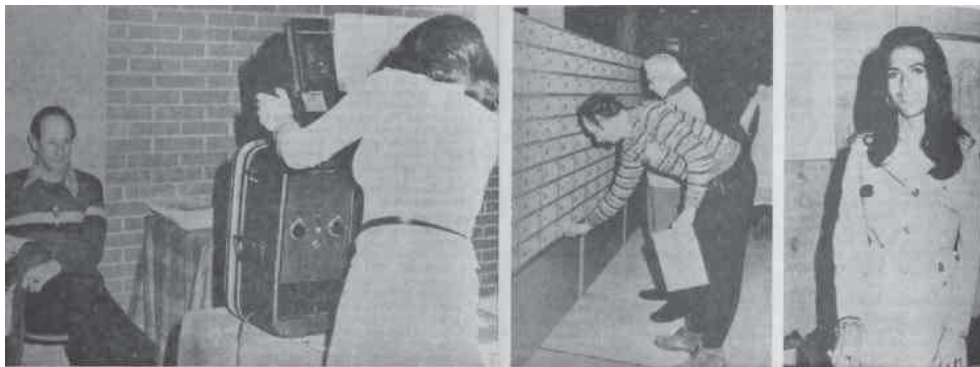


## 1976

### Bridging the Arab World and the West



The highlight of the sixth European Management Symposium in Davos was a highly contentious debate on the future role of free enterprise in Europe that developed between Edward Heath, who had stepped down as prime minister of the United Kingdom in 1974 and as leader of the British Conservative Party the following year, and François Mitterrand, Secretary-General of the French Socialist Party, who would become his country's president in 1981.



Over 50 staff worked behind the scenes to run the European Management Symposium's Project Exchange Centre, produce badges, fill up pigeonholes and assist participants

The cooperative exchange programme with UNIDO was launched, with 26 developing countries, mostly represented by minister-led delegations. It offered a platform for emerging economies to present investment projects to Davos participants. Among the nations taking advantage of this initiative were Bolivia, Iran, the Ivory Coast, Nigeria, the Philippines and Thailand.

Having observed the growing popularity of small interactive sessions among participants who found them highly useful, the Forum increased the number of workshops, seminars, contact lunches and dinners to 200. The Foundation also reinforced the participation of civil society by inviting prominent speakers such as Ralph Nader, the American consumer rights activist and environmentalist, who spoke on what industry can do for consumers.



In October, the Forum took yet another significant step forward in its internationalization when it organized the first Arab-European Business Cooperation Symposium in Montreux, Switzerland, together with leading Arab and European institutions. Over 1,500 senior executives, including over 400 from the Arab world, took part in three days of plenary sessions, seminars and private discussions. Never before had so many, at such a high-level, met to discuss all aspects of practical business cooperation between Western Europe and the Arab world. The response of participants was overwhelmingly positive.

Opening the meeting, Klaus Schwab said:

“The overwhelming interest in this Symposium shows the need for multinational, direct and practical contacts between the top decision-makers in the industrial, economic and financial life of the Arab and European countries. Instead of the 1,000 participants we had planned for, more than 1,500 have come and are now assembled here; hundreds had to be turned away owing to lack of space. The great success of this Symposium, which we can foresee before it has even started, is evidently based on a genuine Euro-Arab partnership.”<sup>1</sup>

With the meeting in Montreux, the Forum played a critical role in deepening that partnership and repairing the strained relations between Arab and Western countries that had broken down after the oil crisis of 1973.

<sup>1</sup> Klaus Schwab, First Arab-European Business Cooperation Symposium, European Management Forum, March 1977

# 1977

## The Davos Club

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The Forum's growing international dimension was even more perceptible at the seventh European Management Symposium. Participants came from over 50 countries. Notably, prominent American and Japanese business and political figures made the journey. The Davos meeting was gaining the reputation of being something of a "club". To reinforce this sense of intimacy and exclusivity, the Forum introduced special status for companies who participated regularly in its activities. By 1 July, this group included 71 members. The Organisation for Economic Co-operation and Development (OECD) joined as an official sponsor.

"Roughly half of the participants, whom I can welcome today, are old friends – so to speak – or represent companies that have already been present in the past," Klaus Schwab said at the opening of the Symposium. "Thus, the term 'Davos Club' becomes ever more a legitimate claim. Those of you who are here for the first time will soon discover the hallmark of the club. It is characterized by the sportsmanlike work climate that develops particularly well thanks to the beautiful scenery that distracts our attention from the daily work."<sup>1</sup>

A memorable moment at this meeting was the dramatic appearance of Vladimir Bukovsky, a former Soviet political dissident, author and activist who had spent 12 years in prison, labour camps and forced treatment in psychiatric hospitals before being exchanged in December 1976 for the Chilean Communist leader Luis Corvalán. Bukovsky arrived in Switzerland in handcuffs, travelling immediately to Davos where he made his first public speech on the topic of "The Worldwide Threat to Civil Rights and the Responsibility of Industrial Leaders". His moving appeal to Western business leaders to refrain from supporting financially the Soviet regime received worldwide media coverage.

After Dom Hélder Câmara's participation in 1974, Klaus Schwab regularly invited religious leaders to Davos. In 1977, Franz Cardinal König, the Roman Catholic Archbishop of Vienna, joined the meeting and voiced his concerns about humankind's egotistical drive for material wealth and comforts, calling for a renewal of society to put the two pillars of faith and love at its core.



The Forum achieved several other breakthroughs this year. The first roundtable outside Europe took place in Washington DC in March. It focused on the implications of the US leadership transition from Gerald Ford to Jimmy Carter. Encouraged by the success of the Arab-European meeting the year before, the Forum organized the first Latin America-European Business Co-operation Symposium in Montreux in October under the auspices of the Inter-American Development Bank, the World Bank and the Economic Commission for Latin America (ECLA).

<sup>1</sup> Klaus Schwab, Opening Address, European Management Symposium, 27 January 1977

To broaden its relationship with the media, the Forum shifted its perspective from regarding the press as mainly working journalists covering its events to considering them to be important stakeholders in global society. In cooperation with EUROPA (at that time the monthly supplement of Italy's *La Stampa* newspaper, *Le Monde* of France, *The Times* of London and Germany's *Die Welt*) and the International Chamber of Commerce in Paris, the Forum introduced a special series of meetings and publications. The first event was held in Geneva in November under the theme "Should business leaders serve in politics?".



The Forum published its first survey, which focused on the concerns of business leaders about protectionism. In addition, it maintained its leadership in the use of technology to provide better interaction among participants and improve its services and activities.

**EE**

## COOPERATION NETWORK

Together with the assistance of TECHNOTEC, the European Management Forum offers a new approach for fostering cooperation.

A computer-based system allows organizations to find/offer:


- Markets   ● Processes   ● Complete Projects   ● Financing
- Products   ● Know-how   ● New Production Environment

In addition, the system provides a detailed description of required foreign contributions to investment projects as regards:

- Equity   ● Supplier Credit   ● Technology   ● Market Access
- Loans   ● Management   ● Turn-Key Capability

## TECHNOTEC

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TECHNOTEC is a worldwide computerised technology exchange system, comparable to the "want-ad" service of newspapers, with three major sections:

- ★ Technology, investment project resources, assistance needed by private or public sector.
- ★ Technology, investment project resources, assistance offered by private or public sector.
- ★ Expertise or know-how available.

## 1978

### Tragedy and Security

In September 1977, the Red Army Faction, an extreme left-wing terrorist group, kidnapped Hanns-Martin Schleyer, the President of both the Federation of German Industries (BDI) and the Confederation of German Employers' Associations (BDA) and one of the most powerful men in Germany. His dead body was discovered more than a month later in the trunk of a car. This atrocity cast a tragic shadow over Davos. When he was abducted, Schleyer had already agreed to chair the 1978 European Management Symposium.

The meeting, which began with a minute of silence in memory of the German industrialist, marked the first time that the Forum had to take special measures to ensure the security of participants. "The Congress Centre in Davos resembled a fortress," reported the German business magazine *Capital*. "Participants – all of them highly paid managers – had to deposit their fingerprints, pass the computerized control each time they entered into the building and wind themselves through the guard mounted by policemen armed with machine guns. Yet they accepted the inconveniences without complaint. They believed that with these measures the eighth European Management Symposium was effectively protected against terrorist attacks."<sup>1</sup>



Three Europeans

Johannes Marten den Uyl, Prime Minister of the Netherlands (1973-77); Ralf Dahrendorf, Director of the London School of Economics; and Franz Josef Strauss, Chairman of the Christian Social Union (CSU) of Bavaria, Germany

<sup>1</sup> "Die Elitetreffs des Managementprofessors Schwab", *Capital*, April 1978

Global economic conditions remained at the forefront of participants' minds, with more discussions focusing on the social responsibilities of enterprises and the challenge of equitable distribution of wealth in light of the recent downturn. "There are many reasons why we talk of an 'adverse environment', combined with catchwords such as 'structural crisis', 'stagflation', 'energy crisis', 'lack of mutual trust'," Klaus Schwab remarked in his opening address.

Schwab continued: "Naturally, all these factors throw a spanner in the works of the entrepreneurial mechanism. However, the main reason lies not in the economic facts but in the psychological atmosphere in which we have to work. During the 'fair-weather economy', we grew accustomed to improving continuously our living standard and to expecting more and more social services from the state. A disease that I would call 'pensioner mentality' struck large circles of the population. Thus, for many years, the focus of discussion was wealth distribution. The annual growth rates of the gross national product being juicy, the distribution dispute did not demand real sacrifice from anybody. The question was solely whether increment turned out to be more or less important. Still today, our attitude, our political and social systems and mechanisms are dominated by the wealth distribution aspect."<sup>2</sup> Yet, Schwab argued, the concerns about fairness and equity had become much more serious and pressing.



In 1978, in addition to the Davos Symposium, the Forum convened nine roundtables – one in Washington DC for European investors, one in Brussels in collaboration with the European Communities, and the others in London, Amsterdam, Athens, Bonn, Rome and Paris. In the French capital, two separate meetings were held – one on France and the other with the Organisation for Economic Co-operation and Development (OECD). The second Arab-European Business Cooperation Symposium took place in Montreux in May, again with over 1,500 participants.

<sup>2</sup> Klaus Schwab, Opening Address, Davos Symposium, 26 January 1978

## 1979

### Opening the Door to China

This year marked the first time that a delegation from the People's Republic of China participated in the Davos Symposium. In the fall of 1978, Klaus Schwab followed with great interest the emergence of Deng Xiaoping as China's paramount leader and the evolution of his "Open Door" policy. Deng had initiated a domestic programme, known as the "Four Modernizations", to reform Chinese industry, agriculture, national defence, and science and technology. He was gradually moving China to let go of many orthodox Communist doctrines and implement a pragmatic socialist market system "with Chinese characteristics."

Schwab invited Deng to the 1979 Davos Symposium. While he did not come, Beijing sent a delegation of eminent Chinese economists, led by Professor Qian Junrui, Director of the Institute for Global Economic Research at the Chinese Academy of Social Sciences. The presence of the Chinese aroused lively interest among participants at the meeting, which was chaired by Edward Heath, the former British prime minister, and opened by the French Prime Minister Raymond Barre. This was the beginning of a long relationship between the Forum and China, which has included official Chinese participation at Davos every year since.



In April, Schwab paid his first visit to China at the invitation of the Chairman of the Chinese Academy of Social Sciences. This was followed by a Forum delegation of 20 European CEOs, who had a rich programme that allowed significant interaction with Chinese authorities. China's Ministry of Economic Relations with Foreign Countries signed a Memorandum of Understanding with the European Management Forum that allowed for the establishment of regular exchange and the holding of an annual meeting in Beijing in cooperation with the newly created China Enterprise Management Association (CEMA). The agreement also committed the Forum to hosting in Geneva Chinese ministerial delegations to meet representatives of relevant companies and enterprises. In the early 1980s, the Forum organized a number of such visits.



Another key achievement this year was the publication of the Forum's first *Report on the Competitiveness of European Industry*, which later became the annual *Global Competitiveness Report*. The study was based on Schwab's innovative concept to define competitiveness not only in the traditional manner of labour or capital productivity but also by employing a wider set of criteria and measures. This was explained in the introduction to the *Report*:

"Traditionally competitiveness is defined mainly in terms of the cost of production and productivity. However, we know today that many other elements come into play: the internal dynamism of a country, its socio-political consensus, the quality of its human resources, its commercial spirit, the manner in which it prepares for the future, etc. But competitiveness can also be influenced by factors as diverse as wage costs and the cost of social programmes, or the efficiency of telephone systems, or even the ability to speak foreign languages! For this reason, the present *Report* takes into account both

quantifiable elements and subjective ones. The methodology employed provides for a combination of strict economic and statistical material with opinions obtained from corporate chief executives and from economic and social specialists throughout Europe. This was supplemented by the experience and knowledge acquired by the Forum's staff during the past 10 years.”<sup>1</sup>

As outlined in the *Report*, the 10 factors determining competitiveness were:

- dynamism of the economy
- industrial efficacy and cost of production
- dynamics of the market
- financial dynamism
- human resource
- the role of the state
- infrastructural dimension
- outward orientation
- forward orientation
- socio-political consensus and stability



Also this year, the Forum successfully organized the second Latin America-European Business Cooperation Symposium in Montreux in November.



<sup>1</sup> “Background Document Davos Symposium 1980”, *Report on the Competitiveness of European Industry 1979*, European Management Forum

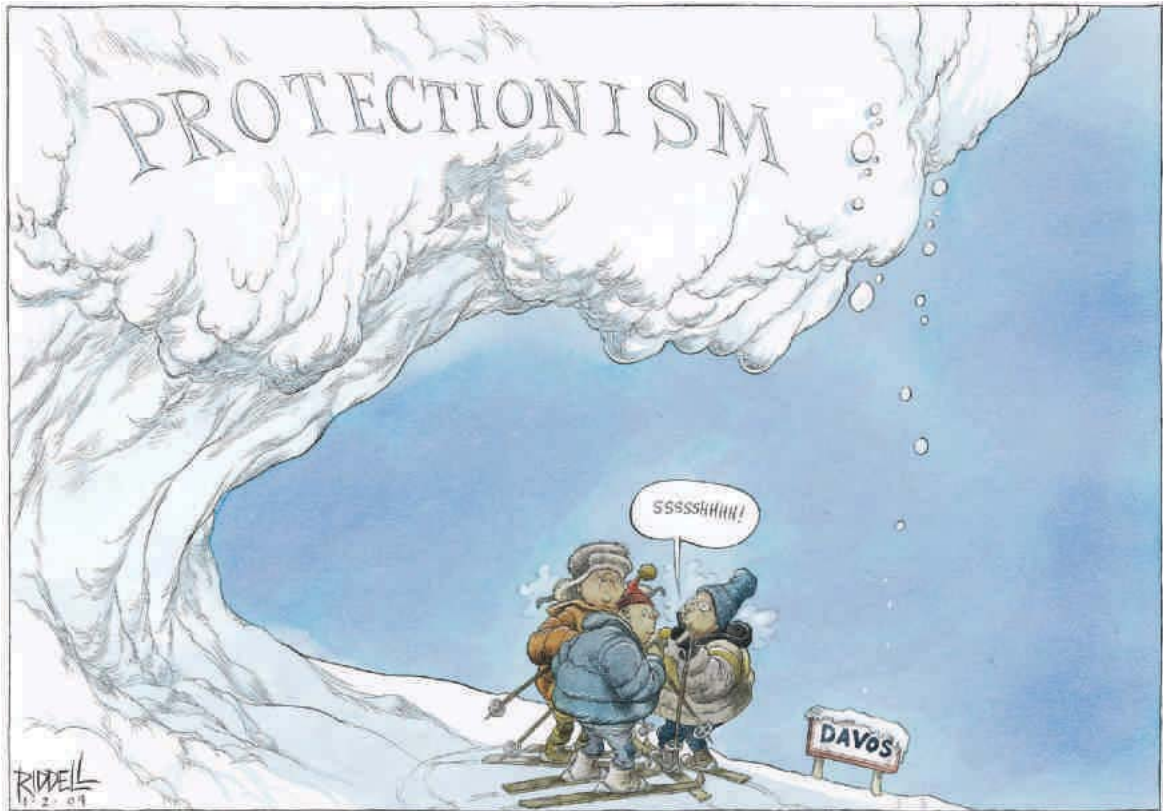


In 1979, the Forum included a concert in the Davos programme for the first time – the beginning of what has become a tradition. The charity event was organized to support the United Nations Educational, Scientific and Cultural Organization (UNESCO) International Year of the Child. Performing was the Zurich Chamber Orchestra, with Symposium Chairman Edward Heath as guest conductor.



Rehearsing for a good cause





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## 1980

### Change, Celebration and Competitiveness

By this year, the 10th anniversary of the European Management Forum, the list of members increased to over 300, among them the most successful European enterprises and an increasing number of international companies. At the 1980 European Management Symposium, former US Secretary of State Henry Kissinger delivered the opening address. Before he spoke, the Forum awarded him a prize created to mark its first decade. The German-born former Harvard professor and 1973 Nobel Peace Prize laureate, who had left government service in January 1977, was honoured for his contributions to international cooperation.

In his prescient speech, Kissinger focused on “the constantly changing world” and the age of global interdependence. He warned of “a dilution of confidence in classic economic models, a challenge to the capitalist system,” but also noted “a demoralization of the socialist systems which nowhere have produced the satisfaction of the human personality.” He concluded: “All of these changes are global and would make ours a period of turmoil – even apart from any specific challenge that we face.”



Klaus Schwab with two important mentors, Henry Kissinger (left), his former professor at Harvard, and Edward Heath (right), Symposium Chair

### **The Constantly Changing World**

Excerpts from the opening address by Henry Kissinger, former US Secretary of State, to European Management Symposium 1980

Now let me discuss the international situation as I see it. I will mention briefly a number of structural, dynamic changes independent of specific actions and then I will address the specific events that have led to the current situation, independent of the actions of any state.

We are living in a world which has seen a major redistribution of power. Several times, first at the end of World War II when Europe lost its traditional pre-eminence, then in the decades afterwards, there developed new standards of power including Europe, so that the world became transformed first into a bipolar system and then into a somewhat multipolar system. But it is a curious system because, for the first time in history, economic, political and military power are not identical. For the first time in history, it is possible for a country to be militarily strong and economically stagnated, like the Soviet Union. It is also possible for a country to be economically very strong and yet be militarily insignificant. Some countries play a major political role for a variety of reasons, without being either militarily or economically strong. So the incommensurability of the various elements of power gives a complexity to contemporary international relations that is unique.

The second is that, for the first time in history, foreign policy is truly global. Until the end of World War II, the various continents pursued their policies in isolation from each other. One could not really compare China and Europe in the 17th Century because, to all practical purposes, they did not interact.

That condition has changed, and it is compounded by the loss of economic autarky of the various regions. Then, for the first time in history, there are many problems that affect all of humanity: environmental concerns, proliferation of the dangers of nuclear weapons. There is, again for the first time, a discovery of agricultural incompetence in many parts of the world that cannot feed themselves any longer, either because they do not have the technology or because the population has pressed at the margins of their resources – of which the reverse side is the near monopoly position of small numbers of countries of scarce raw materials.

And there is a dilution of confidence in classic economic models, a challenge to the capitalist system, but also a demoralization of the socialist systems which nowhere have produced the satisfaction of the human personality. All of these changes are global and would make ours a period of turmoil – even apart from any specific challenge that we face.<sup>1</sup>

<sup>1</sup> Henry Kissinger, Opening Address to the European Management Symposium, Davos, 31 January 1980

Another significant development was the decision to replace the Arab-European and Latin America-European symposia in Montreux, both held biennially, with more country-oriented activities such as missions and “Geneva Meetings” or one-day in-depth events at the Forum bringing together important public figures with about 70 members.

In 1980, the Forum convened Geneva Meetings with five guests including Kang Shi'en, Vice-Premier of the State Council and Chairman of the State Economic Commission, People's Republic of China; Faisal Al-Bashir, Deputy Minister of Planning of Saudi Arabia; Li Feiping and Lin Hua, Vice-Ministers of the Metallurgical Industry, People's Republic of China; René Ortiz, Secretary-General of the Organization of the Petroleum Exporting Countries (OPEC); and León Roldós Aguilera, President of the Monetary Board of Ecuador.

In addition to the traditional Europe-focused country roundtables, the Forum organized three missions, including one to several Gulf countries with programmes in Riyadh, Abu Dhabi, Dubai and Kuwait, as well a visit of Arab ministers and business leaders to Germany and Austria, and a European business delegation to China.



The second edition of the *European Competitiveness Report* now included Japan, the United States and Canada into its evaluations. It also provided, for reference purposes, major statistics on two newly industrialized countries (NICs), Brazil and Mexico. The *Report* attracted worldwide notice. Even today, the release of the annual *Global Competitiveness Report* draws the most media – and government – attention of any Forum activity except for the Davos meeting. In 2008, for example, some 300 articles relating to the *Report* were published in the launch week alone.

The intensive media coverage underscores the credibility and authority that the *Global Competitiveness Report* has gained over the past 30 years. It has served as a useful benchmark for governments around the world to monitor their performance based on economic as well as social criteria. The *Report* has become an indispensable tool that many countries employ to identify reform priorities.



Klaus Schwab recalls a meeting he had in the 1980s with Singaporean Prime Minister Lee Kuan Yew, whose country had achieved the top position in the ranking that year. After Schwab congratulated Lee, the prime minister responded by noting that Singapore had received only a mediocre score in education. As a result, he told Schwab, his government had decided to reform the country's educational system to ensure that it performed better in future.





# 1981

## In Search of Pioneering Enterprises

Three major innovations introduced this year extended the European Management Forum's scope of activities. First, informal, small and closed summits were integrated into the Davos Symposium to allow participants from specific areas, regions or industries to interact and brainstorm in a completely informal atmosphere. Second, the Forum held its first meeting in China. And third, the Forum took the first step in a long-term effort to recruit new members from among the world's fast-growing and innovative small and medium size enterprises.



The first “Mini-Summit” on the Davos programme brought together central bankers who discussed currency issues. The summary of the session (*see box*) shows how financial and monetary issues that are being debated today were already on the global agenda 30 years ago. (During this meeting, Saudi Arabia announced a special loan of several million US dollars to the International Monetary Fund.)

### Currency Mini-Summit in Davos

Sound currencies were the basis for a healthy economy. Monetary matters were therefore another focal point of the Symposium. On “bankers’ day”, the Chairman of the Governing Board of the Swiss National Bank, Fritz Leutwiler, said that with fluctuating currency exchange rates the money market could not always guarantee economically acceptable rates. The tendency to inflate the rates of exchange was a general phenomenon that had to be borne in mind in the future. Considerable competitive distortions of the predominant countries had become more nearly aligned; but the rates of inflation would remain high.

Since a commonly devised economic policy based on solidarity could not be realised in the near future, there might well be tensions and crises in the system of fixed exchange rates; speculative movements of capital and transferrals of inflation could happen, with consequent government intervention in the traffic across frontiers in trade, services and capital. In Leutwiler's view, the system of fixed exchange rates at present acted as a brake rather than a driving force towards integration. The speaker also complained that some countries, in order to fight inflation, kept their own currencies at artificially high level not justified in real economic terms.

German Federal Bank President Karl Otto Pöhl stated that the existence of the European Monetary System (EMS) was not guaranteed, since there was no convergence in the economic development of the individual national economies. Tensions that had arisen earlier in the System could reappear at any time. This meant that for the moment hope should be abandoned that the EMS could become a central banking system for Western Europe. In future, in fact, there would be greater tensions than in the past. The possibilities of changes in leading currencies were gaining probability.

In the long term, however, the German mark and the franc would probably continue to show upward tendencies. The economic bases of these currencies were better than those of other currencies at present maintaining a good position or even showing an upward trend.

Managing Director and Chairman of the Board of the International Monetary Fund (IMF), Jacques de Larosière de Champfeu, indicated that the industrial countries would probably lose their predominance in the IMF. Because these countries had not had sufficient sense to reduce their oil consumption and with it their oil bill, they now had to hold out their hands for OPEC funds. Some of the OPEC countries would demand, as *quid pro quo*, greater influence on decisions in the IMF. That was stated and demanded also by Saudi Finance and National Economy Minister Sheikh Mohammed Ali Abalkhail.

In the course of the discussion it was specially emphasized that the yen played an increasingly important role today in controlling the movements of currency rates, and this was a welcome development. Moreover, the sinking price of gold was the first sign that inflation dangers were diminishing. The only way to attain a stable exchange relationship to the leading currency was via economic stability and collaboration between the countries concerned. An industrial expert on currency described the discussion, carried on at a high level, as a kind of “monetary summit”, since the president of the Netherlands Central Bank and president of the Bank for International Settlements, who was present as a participant, also talked with the speakers.<sup>1</sup>

After having sent delegations to China in 1979 and 1980 and received several Chinese delegations to Switzerland and Europe, the Forum held its first event in the People’s Republic. The China-Europe Business Leaders Symposium took place in the Great Hall of the People in Beijing on 23-29 June 1981, sponsored by the Chinese State Economic Commission and co-organized with the China Enterprise Management Association.

At this inaugural Symposium, senior Chinese officials outlined China’s plans for its economic development over the next decade. Given the Chinese economy’s spectacular growth over the past three decades and the impressive flow of foreign direct investment into the country over this period, their remarks provide interesting insight into China’s ambitions at a time when few outsiders would have predicted the success that this reawakening giant would achieve.

<sup>1</sup> *Highlights of the Symposium and Summary of the Programme*, Davos Symposium, European Management Forum, 1981

To involve fast-growing, innovative and dynamic small and medium-sized enterprises in its activities, the Forum selected and published the list of *100 Pioneering Enterprises in Europe*. This ground-breaking effort to put the spotlight on such companies and recruit them as members would become a long-term policy of the Forum, eventually resulting in the creation in 2007 of the Community of Global Growth Companies, which by July 2009 included more than 200 members from over 50 countries.

In the preface to the 1981 report on the Pioneering Enterprises, Klaus Schwab wrote:

“We tend to base our view of present problems – political, social or economic – on conceptions rooted in the past. Since the framework has changed, those conceptions have become misconceptions...The premise of this report is that economic and social progress is the sum of the endeavours of pioneering enterprises that have dared to translate creative ideas into project, market, process innovation, and also into social innovation.”<sup>2</sup>

With above words Klaus Schwab had already the vision of what would be called social entrepreneurship: combining entrepreneurial activity with social engagement. At that time social innovation was regarded to be completely in the hands of governments.



In 1981, the Forum also organized country meetings in Germany, the UK, Portugal, France, Italy, Spain and the Netherlands. It held Geneva Meetings with ministers or high-level representatives from Costa Rica, Egypt, Jordan, Kuwait, Morocco, Peru, the Philippines, Saudi Arabia and Venezuela. It also conducted the first European Business Mission to Australia at the invitation of the Confederation of Australian Industry, as well as a special Briefing in Washington DC on the policies of the new Reagan Administration in the US. The latter took place in the US Senate. Leading the discussions were top American officials including Treasury Secretary Donald Regan, Defence Secretary Caspar Weinberger, Senate Majority Leader Howard Baker, Senators John Glenn, Gary Hart and Bill Bradley, and Murray Weidenbaum, Chairman of the President’s Economic Council.



The Forum at the Great Hall of the People, 1988

<sup>2</sup> *100 Pioneering Enterprises in Europe 1981*, European Management Forum, 1981



Senator John H. Glenn Jr, the first American to orbit the earth, at a special Briefing for Forum members in Washington DC



Brainstorming in the US Senate

# 1982

## The First IGWEL

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The most important innovation introduced at this year's European Management Symposium was the holding of the first Informal Gathering of World Economic Leaders, which Davos regulars now usually refer to by the acronym IGWEL. This closed-door, off-the-record meeting allowed for informal dialogue, permitting participants to get to know each other, exchange ideas and work on ongoing issues and problems without having to produce a communiqué, treaty, press statement or any other document at its conclusion.

Today, the IGWEL remains enormously attractive to participants as the only global framework for an interdisciplinary exchange of ideas and opinions of government leaders. In recent years, G20 countries have typically been represented by their head of government, as well as by ministers in charge of foreign affairs, finance, economy, trade, environment, technology, health or other portfolios.

The IGWEL acts as an informal consensus-building system and as a catalyst for launching new ideas and initiatives. During the first few years it was convened, four issues dominated its agenda: the international monetary system, trade relations, East-West ties and North-South relations. The IGWEL discussions today focus on many of the new global challenges such as food security, water conservation and management, and poverty eradication. Politicians from developing nations have been particularly appreciative of the IGWEL since they have always been integrated into the process as full and equal partners. This contrasted markedly with their participation in many multilateral organizations.



The IGWEL Community at the Davos Symposium



**US President Ronald Reagan: “We will work with our allies in a spirit of equality and consultation.”**

A highlight of the 1982 European Management Symposium was US President Ronald Reagan’s special message to Davos participants via satellite from Washington DC:

Greetings to all of you attending the European Management Forum! On behalf of the American people, please accept our very best wishes for the New Year. I would have liked to meet with you personally, but I am glad Ambassador Brock will be in Davos representing our administration.

As we begin 1982, we know these are times of testing in our relations. Together we face new perils of repression in the East and problems of weak growth in our own countries. Unless we are careful, these stresses could divide rather than unite us. They could combine with a sense of the complexity of modern life to produce scepticism and fear – a turning away from the sources of our strength.

Let us resolve that this must not and will not happen. The values and principles we share – faith in God, devotion to the rule of law, human rights, and economic liberty – are the foundation of Western civilization. They give life to the spirit of freedom and nourish the dreams of millions of oppressed around the world.

Our values and principles have never failed us – when we have lived up to them. Think back over the past 35 years. They have been remarkable years of peace, prosperity, and progress – years in which America and Europe have grown together to new heights of community and commerce.

We need to remember that despite the problems we face, we are strong, secure, and stable democracies. We need to remind ourselves that when we stood together in the past, we performed great feats. We can do it again; we can meet any challenge if we remain true to each other and to the beliefs we share.

In America, we are trying to do this. We have relearned one lesson we should have never forgotten:

that only by rewarding personal initiative and insisting government live within its means can we save the spirit of enterprise and risk-taking so essential to economic progress, human fulfilment, and the preservation of freedom itself.

There is no other way. Higher government spending and taxation do not work. Protectionist tariffs do not work. Always they are sold as short-term solutions. But inevitably, a quick fix leads to long-term addiction, and in this case, the disease of higher interest rates, inflation, and economic stagnation nearly destroyed our economy.

The United States has turned an historic corner. We have put together the greatest collection of incentives in 50 years to help Americans rebuild our economy and restore their financial security. These reforms are just beginning. They won't work overnight. But they will work, and savings, investment, and productivity growth will revive.

No one appreciates the role of personal initiative and incentives better than you, the entrepreneurial leaders of Europe. We are impressed by the talent and treasure of your industry and commerce. We look to you to initiate the revival we seek, to overcome the fears that some betray, and to reignite the spirit of independence and individual freedom we need.

Some say it is dangerous to push for dramatic reforms in a period of instability. But I believe it is dangerous not to. There will always be a crisis. There may not always be an opportunity.

As we strive for economic recovery, we are strengthening our defences so America can work with your countries as a trustee of freedom and peace. We will work with our allies in a spirit of equality and consultation. There will never be complete agreement on all issues, nor should there be. We are sovereign nations. But let us remain unified and resolved on the essential: that above all, the Atlantic Alliance was built for the defence of Europe, and that it's because we've worked together for more than 30 years to keep the Alliance strong that Europe has remained at peace, free to grow and prosper.

Today we face a new challenge in Poland. Soviet-sponsored repression brings fresh evidence of the failure and inflexibility of their totalitarian system. Sixty-five years after their revolution, they still need the West to feed their people; they need our credits and technology to run their industries; and they remain so frightened of freedom they need walls, minefields, barbed wire and guns to keep their people in.

It is a measure of our strength that we would never declare martial law to prevent our citizens from voting for the kind of government they want. It would be a sign of our weakness if we tied our future too closely to the system that must.

Let me leave you with the words of a man who grew up in Germany and later moved to the United States – a man who never stopped leading us to new frontiers in space and time. His name was Albert Einstein, and he said, "Everything that is really great and inspiring is created by the individual who can labour in freedom."

This is the wonderful heritage we share – entrusted to us to stand by, to protect, and one day, to pass on.

Thank you, and God bless you all."<sup>1</sup>

<sup>1</sup> President Ronald Reagan's Remarks to the European Management Symposium, Davos, 28 January 1982





# 1983

## The Spirit of Davos

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By 1983, the European Management Symposium had become, as Klaus Schwab put it in his opening address, “the foremost annual gathering of decision-makers of the world economy.” Schwab remarked that at Davos were economic experts of great breadth and experience, including “500 business leaders, 100 politicians responsible for economic affairs and 100 business journalists from 52 countries.” Concluded Schwab: “This means a major commitment for all of us.”

He went on to assess the global economic situation and the mood of the international community – and called on participants to shape innovative and concerted responses:

“The crisis symptoms which we discussed here in the last years have reached such a scale during 1982 that we can only feel relief that there has not been a disaster. In 1936, Winston Churchill said: ‘We are decided only to be undecided, resolved to be irresolute, adamant for drift, solid for fluidity, all-powerful to be impotent.’ Some time someone must have the courage to break out of the depth of laxity and defeatism. Why not us? Impulses that change the world could emanate from here. Each single exploit on earth has always originated from an idea. A small snowball on the slopes out here can unleash an avalanche. The same can be true in the human, economic and social spheres.”<sup>1</sup>

It was at this time that participants began to recognize the unique atmosphere and attributes of the Symposium and articulate what made the meeting so special. A Forum summary document referred to the annual gathering as “one of those increasingly rare international events where formality can be dispensed with, where personal contacts can be made, where new ideas can be tried out in complete freedom, where people are aware of the responsibilities involved in belonging to an international community, where we have time to look at the really important issues rather than everyday pressures. This is what we call the Spirit of Davos.”<sup>2</sup>

<sup>1</sup> Klaus Schwab, Opening Speech to the Davos Symposium 1983, European Management Forum, 27 January 1983

<sup>2</sup> *Highlights of the Symposium and Summary of the Programme*, Davos Symposium 1983, European Management Forum

### Davos Debate: The Green and the Red

Over the years, the Davos meeting has been a platform for vigorous debate, where different perspectives are welcomed and encouraged. This summary of a 1983 session with German environmental activist and pioneering green politician Petra Kelly and British trade unionist Arthur Scargill highlights precisely the value of such discussions:

Petra Kelly, Leader of the German Greens, and Arthur Scargill, President of the National Union of Mineworkers in Britain, had been invited to submit the views of the other side, as is only right at a forum. For Petra Kelly, people are becoming helpless objects of the economic complexes they have created, instead of being active subjects, using them to satisfy their needs.

She painted a grim picture of the current situation, with the problems of raw materials and energy shortages as well as pollution of the environment. The growth society and the belief in progress have come to an end, and this demands a fundamental change to a decentralized, ecologically based economic system, which aims for qualitative rather than quantitative growth. Politics and economics must be “humanized” again and not stay in the hands of the bureaucrats. Technology must limit itself. Not everything that is technically possible must therefore be done.

The limitless commercialization of basic commodities must be stopped. Multinational firms must no longer be allowed to decide about structural changes. The impoverishment of the Third World must be taken seriously. Kelly did not expect salvation from the State: this programme is to be carried out by “democratic and non-violent grass-roots movements.” We have the potential to solve our problems. Weapons production must be converted to non-military production. The Western profit-based economy and the Eastern planned economy are both to be rejected. Finally, we must demand work for all, including women.

Arthur Scargill made a strong attack on capitalism in general and the Thatcher Government in particular. He advocated a socialist society as the way out of our troubles. Under Mrs. Thatcher the British economy, and the capitalist economy in general, is heading for collapse. This can lead towards a neo-fascist situation, where the police are left to deal with the problem of instability. Scargill, too, sees multinational companies as primarily responsible for misusing the technological means at our disposal. The free market economy, which invests more in destruction than in construction, has failed. There is only one solution: the socialist system, in Britain and throughout the world, a system that is no longer based on profit but on the needs of the people, a world of peace.

President Reagan's address via satellite in 1982 signaled the beginning of regular US government participation in the Symposium. In 1983, US Secretary of Commerce Malcolm Baldrige assured Davos participants that the United States would remain engaged in the world. "The likelihood of the US slipping into isolationism and protectionism is 1,000 to one against, so strong are our memories of what happened in the early thirties," he said.



A Davos session on "Consensus-Building for Western Security": US General Bernard W. Rogers and Raymond Barre, Chairman of the Symposium

Meanwhile, General Bernard W. Rogers, Supreme Allied Commander Europe, outlined Washington's views on global security and arms control. "We understand peace as peace with freedom," he declared. "We have only one option: successful disarmament negotiations with fair and verifiable control measures. We must remove obstacles to the negotiations. We need political unity and military strength. . . . The only thing that impresses the Russians is a strong and resolute attitude." His message was greeted with thunderous applause.



A special event at this Symposium was the World Summit Session on Global Economic Issues, which was chaired by former French Prime Minister Raymond Barre. Klaus Schwab moderated the discussion, which included high-level public figures from developing countries such as Ivory Coast, Brazil, People's Republic of China, Nigeria and Malaysia, together with their colleagues from the US, Japan and Europe, highlighting again the special attention the Forum was giving to North-South cooperation.

Another highlight of this year's meeting was the Prime Ministers' session, which Helmut Schmidt, the former chancellor of the Federal Republic of Germany, moderated. The panellists – Robert D. Muldoon of New Zealand (also his country's minister of finance), Poul Schlüter of Denmark, Kalevi Sorsa of Finland, Cesar E. Virata of the Philippines; and Kaare Willoch of Norway – analysed the key problems of leadership in the West and in economic policy-making in general.



Prime Ministers session: "New Dimensions of Leadership for Today's Complex World"

In view of the financial crisis in 2008-2009, it is noteworthy to mention the 1983 plenary session entitled "How can we avoid the 'debt-crash' and whose responsibility is it?" Banking experts on the panel agreed that a country's debts were not in themselves cause for concern so long as they were backed up by a corresponding creditworthiness.



Because of the popularity of the informal discussions at Davos, the Forum took the initiative to invite the trade ministers of the top 12 trading nations and the head of the General Agreement on Tariffs and Trade (GATT) to join an Informal Gathering on World Trade in Lausanne. On that occasion, the group launched the idea of a new trade round. Later, at the invitation of the Uruguay government, the group met again in Montevideo, where the Uruguay Round of global trade negotiations was officially launched. These talks would eventually lead to the creation in 1995 of the successor to the GATT, the World Trade Organization (WTO).

### Many governments supported the Forum from its early years

*“I received, with appreciation, your kind message sent on behalf of 500 chief executives of major European and international business leaders who were kind enough to choose me as their "Economic Personality for 1979" in recognition of our efforts in the field of international economic co-operation.*

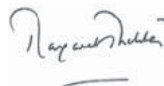
*It gives me great pleasure to express to you and to Mr Edward Heath as well as members of the Symposium organized on Feb. 6, 1979, my most sincere thanks and gratitude for your noble sentiments, and for your interest in pursuing and supporting our efforts with a view to achieving economic development and progress in our country.*

*I wish to reiterate that the Egyptian experts are willing to co-operate with you in all fields, motivated by earnest desire to realize prosperity and welfare for all peoples.*



Mohamed Anwar El Sadat  
President of the Arab  
Republic of Egypt, 1979

“I was most honoured to be asked to make this speech, since I am aware of the international reputation of the European Management Forum and of the influence which it exerts.”



Margaret Thatcher  
Prime Minister of the  
United Kingdom, 1982

“I would like to pay sincere tribute to your invaluable activity to promote dialogue at a high level among business leaders, economic specialists and government leaders from the advanced regions of Europe, the United States and Japan as well as from developing countries. I would also like to offer you my great admiration for the outstanding achievements in the area of research regarding main industrial and financial problems.,,



Yasuhiro Nakasone  
Prime Minister of Japan, 1983



# 1984

## Invitation to India

This year marked the beginning of what would quickly become a very strong relationship between the European Management Forum and India. Klaus Schwab took the initiative to invite Rajiv Gandhi, then General Secretary of the ruling Congress Party, to meet business leaders at the Forum's headquarters in Geneva in August. Less than a year later, the Forum convened the first India Economic Summit in New Delhi in cooperation with the Confederation of Indian Industry (CII). Gandhi, who had succeeded his mother Indira as prime minister of India on her assassination just three months after his trip to Switzerland, delivered the opening address. The Summit has since become a significant annual event on the Indian business calendar and has contributed substantially to the economic and industrial development of India and the promotion of understanding and collaboration between the international and Indian business communities.

“If one day history of India's globalization and liberalization will be written, you (Klaus Schwab) will figure in the most prominent way in this history book.”  
Prime Minister Manmohan Singh of India, November 2009



Listening to other people's opinions

### Forging a Partnership

In this excerpt from his contribution to the *Liber Amicorum* to celebrate the 70th birthday of Klaus Schwab in 2008, Tarun Das, Chief Mentor of the Confederation of Indian Industry (CII), recalls how the Forum arrived in India:

Much in India was changing in the early 1980s. The Congress Party had returned to political power with its leader, Indira Gandhi, as Prime Minister. The new government was taking final steps to relax the industrial licensing regime, and a new Industrial Policy Resolution had been announced, making expansion for private enterprise somewhat easier. The Forum felt that this was the time to make a beginning in India. But India's complex systems were proving a hurdle.

Nevertheless, when Rajiv Gandhi visited Geneva in August 1984, the Forum made a special effort to meet him. They found the General Secretary of the Congress Party – and the son of the prime minister – to be open and engaged. He was interested in learning about the problems faced by overseas companies in doing business with India, and appreciated their concerns. When the idea of holding an India Meeting was mooted, he was fully in favour of it and in fact committed to requesting the prime minister to inaugurate it.

But history had other intentions. Barely three months after this meeting, Prime Minister Indira Gandhi was assassinated. Rajiv Gandhi was chosen by the Congress Party to be its leader, and in the general elections that quickly followed, won the popular vote by a huge margin to become the new prime minister. His immediate task was to restore order to a shocked and fractured nation.

Rajiv Gandhi proved to be a progressive and innovative leader. Among all his preoccupations with nation building, he found time to renew his contacts with the Forum. When the first India Meeting was held on 15-16 April 1985 in New Delhi, just a few months after the new government took charge, Rajiv Gandhi delivered the inaugural address.<sup>1</sup>

<sup>1</sup> Tarun Das, *Liber Amicorum for Klaus Schwab*, 30 March 2008



By 1984, the Informal Gathering of World Economic Leaders (IGWEL) had already become a useful place for leaders to launch and test new ideas. Many initiatives that were later officially undertaken by international organizations or governments were in fact “born” in Davos. For example, Mexican President Carlos Salinas de Gortari, who spearheaded and negotiated the North American Free Trade Agreement (NAFTA) with the United States and Canada, once said that the idea of the trade bloc had emerged at an IGWEL. The first steps to organize the UN Conference on Environment and Development, known as “The Earth Summit”, that was held in Rio de Janeiro in 1992, were also taken at an IGWEL.

To integrate business leaders in Davos into these high-level discussions, a World Economic Brainstorming (WEB) session preceded this year’s IGWEL. A Forum summary described the session:

“One afternoon was given over to the WEB, an innovation at this year’s Symposium, and one that, by common consent, was a great success. A large number of small tables were arranged throughout the Congress House, at each of which about a dozen participants could exchange ideas, concerns and suggestions informally with politicians, ministers and heads of international organizations. A rotation system, with three prominent people spending 40 minutes at each table, ensured a useful variety of conversation partners. This new kind of event at Davos was presented with the motto ‘Don’t miss the opportunity of speaking your mind!’

Many entrepreneurs were delighted to have the opportunity to talk economics with a prime minister, a finance minister or an industry minister. An interesting aspect of the WEB was that public figures themselves put questions to the business leaders, thus obtaining a first-hand, direct feedback on their policies and gathering suggestions of needed actions.”<sup>2</sup>

<sup>2</sup> *Highlights of the Symposium and Summary of the Programme*, Davos Symposium 1984, European Management Foundation

### Participants in the 1984 Informal Gathering of World Economic Leaders (IGWEL)

#### **Raymond Barre**

Chairman of the Symposium; former Prime Minister of France

#### **Lloyd M. Bentsen**

US Senator from Texas (Democrat)

#### **Francis Blanchard**

Director-General of the ILO, Geneva

#### **John Button**

Leader of the Government in the Australian Senate and Minister for Industry and Commerce of Australia

#### **Alden W. Clausen**

President of the World Bank, Washington DC

#### **Gamani Corea**

Secretary-General of UNCTAD, Geneva

#### **Kenneth W. Dam**

US Deputy Secretary of State

#### **Pieter Dankert**

President of the European Parliament, Luxembourg

#### **Arthur Dunkel**

Director-General of the GATT, Geneva

#### **Hans Ewerlöf**

Ambassador of Sweden to the International Organizations in Geneva; Chairman of the Contracting Parties of the GATT, Geneva

#### **Leslie Fielding**

Director-General for External Relations of the Commission of the European Communities, Brussels

#### **Kurt Furgler**

Vice-President of the Swiss Federal Government and Head of the Department of Public Economy of Switzerland

#### **Ernane Galveas**

Minister of Finance of Brazil

#### **Robin Trevor Gray**

Premier of Tasmania, Australia

#### **G. Ijewere**

Special Representative of the Nigerian Government, Ambassador of Nigeria to the International Organizations in Geneva

#### **Ishak bin Pateh Akhir**

Chairman of the Malaysian Industrial Development Authority

#### **Kumbirai Kangai**

Minister of Industry and Technology of Zimbabwe

#### **Pieter Korteweg**

Treasurer-General of the Netherlands

#### **Otto Graf Lambsdorff**

Minister of Economy of the Federal Republic of Germany

#### **Emile van Lennep**

Secretary-General of the OECD, Paris

#### **Fritz Leutwiler**

Chairman of the Board of Directors and President of the Bank for International Settlements, Basel; Chairman of the Governing Board of the Swiss National Bank

**Robert Lighthizer**

US Deputy Trade Representative

**Allan MacEachen**

Deputy Prime Minister and Secretary of State for External Affairs of Canada

**R. T. McNamar**

US Deputy Secretary of the Treasury

**Mahathir bin Mohamed**

Prime Minister and Minister of Defence of Malaysia

**Madan Gopal Mathur**

Deputy Director-General of the GATT, Geneva

**Moriyuki Motono**

Deputy Minister for Foreign Affairs of Japan

**Sylvia Ostry**

Deputy Minister (International Trade); Coordinator, International Economic Relations, Department of External Affairs of Canada

**Turgut Özal**

Prime Minister of Turkey

**Jean-Claude Paye**

Director of Economic and Financial Affairs, Ministry of Foreign Relations, France

**Raymond Probst**

Secretary of State, Federal Department of External Affairs, Switzerland

**Gerald Regan**

Minister of State (International Trade) of Canada

**Jean Ripert**

Director-General for Development and International Economic Co-operation, United Nations, New York

**H. O. Ruding**

Minister of Finance of the Netherlands

**Jesús Silva Herzog**

Minister of Finance and Public Credit of Mexico

**Janko Smole**

Member of the Federal Executive Council of Yugoslavia

**Mario Soares**

Prime Minister of Portugal

**Anthony Solomon**

President of the Federal Reserve Bank of New York, USA

**Norman Tebbit**

Secretary of State for Trade and Industry of Great Britain

**Hans Tietmeyer**

Secretary of State, Ministry of Finance, Federal Republic of Germany

**Pierre Elliott Trudeau**

Prime Minister of Canada

**Geronimo Velasco**

Minister of Energy of the Philippines

**Ali Wardhana**

Minister Coordinator for the Economy, Finance, Industry and Development Supervision of Indonesia

**Yuan Baohua**

Vice-Chairman of the State Economic Commission and Chairman of CEMA, People's Republic of China

### *The Financial Times on the “Deals and Ideas” at Davos*

In the early 1980s, the international media became more aware of Davos as *the* place for “deals and ideas”, as described in this 1984 *Financial Times* report:

#### Big Deals and Small Talk in Davos’s High-Class Bazaar

“Just imagine,” breathed an American executive, “if everyone in China bought just one motor bike each – that means a sale of one billion motor bikes. Wow.”

He was whispering, only half in jest, at the back of a meeting addressed by a high Beijing official about China’s economic prospects. More than 100 managers were present from all over the world. Many were already involved in China business. Quite a lot felt frustrated by Chinese bureaucratic delay. But hardly one was not dazzled by the vision of a potential breakthrough into that market of 1bn consumers.

The meeting was one of dozens, held over the past week, at a symposium of top businessmen, industrialists and political leaders in Davos, 5,000 feet up in the Swiss Alps.

In Thomas Mann’s book *The Magic Mountain*, set in Davos, the characters represent the sick Europe of before the First World War. Nowadays the annual Davos get-together, this time attracting more than 500 participants from about 50 countries, is a pretty fair microcosm of a dynamic and disordered world economy.

There are Arab financiers looking for investment projects, debtor country representatives looking for funds, Swedes seeking partners in the West Indies, Malaysians hoping to do timber deals with Koreans, Germans probing for chocolate export deals to Japan – and so on and so on.

The symposium runs a private contact service aimed at bringing the most unlikely partners together. Does it work?

Half a dozen random samples suggest that it often does. One entrepreneur from a developing state says he had found on his second evening in Davos just the business contact he had long been seeking. The prospective benefits far outweighed the CHF 8,800 (£ 2,787) symposium fee (less for those already subscribing to the European Management Forum, the private Geneva-based organisation which runs the gathering).

The initial contacts can be followed up well away from the congress itself during a hotel supper or on the ski slopes. Informality is the keynote. Ties tend to be the exception, sweaters and boots the rule. Incongruously, most participants also clutch formal grey attaché cases, issued on arrival to take at least part of the torrent of documentation.

The symposium is thus like a high-class bazaar – but it is one of ideas as well as merchandise. Every day there are small group sessions, some pretty gruelling like ‘How to increase synergy in your research and development strategy’, others more generally tempting like ‘How to negotiate successfully’ or ‘How to get someone else to finance your investment’.

Those looking for easy short cuts, let alone magic formulae, are disappointed. “There are no free deals,” one senior U.S. executive told his audience sternly. But there are a lot of useful hints about. And there is the camaraderie of those who find to their relief that their competitors are tearing their hair over the same intractable problems.

There has been criticism from some business participants in the past that the symposium has been too political and too little managerial. But this year’s proceedings, with the cautiously optimistic theme ‘Warming up for economic recovery’, underlined that political and business decision-makers are as dependent on one another as Siamese twins.

For the first time ‘brainstorming sessions’ were introduced, in which world political and economic leaders moved from one round-table group of businessmen to another, discussing debt, protectionism, investment and so on with no holds barred for 40 minutes at a time.

In quick succession senior executives got the chance to challenge (and be challenged by), say, the President of the World Bank, the U.S. Deputy Treasury Secretary and the Prime Minister of Malaysia.

To be honest, few new ways of putting the problems right showed up – but most of those who participated said afterwards they had a better idea of why things were going wrong.<sup>3</sup>

<sup>3</sup> Jonathan Carr, "Big Deals and Small Talk in Davos's High-Class Bazaar", *The Financial Times*, 2 February 1984



Warming up for economic recovery



The Davos atmosphere

# 1985

## On the Industry Agenda

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At this year's European Management Symposium, the CEOs of leading companies in the telecommunications and information industries held separate sessions with relevant ministers and regulators. This was the Forum's first industry-specific event and would eventually lead to the development of the Governors Meetings and the Industry Partnerships.

The first official Japanese delegation, which was headed by Isamu Yamashita, Chairman of Mitsui Engineering & Shipbuilding Co. and the Vice-Chairman of Keidanren, made the journey to Davos. Other members of the group included Taiyu Kobayashi, Chairman of Fujitsu; Minoru Inouye, Deputy President of the Bank of Tokyo; and Takashi Ishihara, President of Nissan Motor Company.

Given the prominence today of environmental protection on the global agenda, it is interesting to note that this was already a priority for business leaders at Davos. Two key figures from the automobile industry addressed the challenge. In one session, Takashi Ishihara, President of Nissan Motor Company. (Japan), told participants that Japanese automakers had to spend enormous sums on research and development because of new environmental regulations. Despite this, in the end, the Japanese automobile industry would become more competitive in international markets, Ishihara reckoned.

He drew four conclusions: First, enterprises must approach environmental problems positively and take preventive measures in the medium and long term. Second, companies must use their R&D resources to find solutions and new opportunities. Third, a business must ensure that its environmental procedures and policies are transparent and must implement them across the company wherever it operates. Finally, business should abandon the idea that environmental policies necessarily conflict with economic health.

For his part, Carl H. Hahn, Chairman of Volkswagenwerk, the German automaker, also called for more attention to be paid to the protection of the environment. "In the long term, this is our only chance," he warned. "But we must tackle the problems methodically: find out the true causes of pollution, work out the cost of dealing with them, continue with research, evaluate the implications of consumption in general, explore the international dimension of solutions, and so on." He concluded: "The economical use of resources and the demands of economics are not mutually exclusive."<sup>1</sup>

While the world has made progress on environmental protection and addressing climate change over the past 25 years, some of the progressive voices at Davos on this issue were sadly not heeded early enough. The Forum provides the platform for the assembled business, government and civil society leaders to raise crucial issues and make people aware of what should be done. In the end, however, it is the responsibility of the participants themselves to implement the ideas and strategic insights that they take home from Davos and other Forum events.

<sup>1</sup> *Highlights of the Symposium and Summary of the Programme*, Davos Symposium 1985, European Management Foundation



From: The Rt. Hon. Edward Heath, M.B.E., M.P.

HOUSE OF COMMONS

12 February 1985

*Dear Klaus.*

I was delighted to be back in Davos for the weekend and to have the opportunity of seeing you and your staff again. It was very agreeable to be back in such well-known surroundings and to meet so many old friends again.

I was glad that the concert gave such pleasure to those present. It was also gratifying to learn that it made a considerable sum of money for UNICEF.

The letters and telephone calls I have received from those who saw and listened to it on television have all been very complimentary.

I was very stimulated by being asked to address the symposium once again. There seemed to be ample scope remaining for controversy! I have since seen a number of those who stayed throughout the Symposium and I understand that everything finished well.

Thank you again for the splendid presentation you made to me. I have now had the opportunity of going through it and it really is a most delightful book.

I imagine now you will be having a well-earned break before you prepare for your next group of seminars, including the one in China in the Autumn. I am sorry that I shall not be able to join you for it, but as I am going out to the Far East in April for three weeks, it looks at present difficult to return there in October. If the situation changes I will let you know.

*As you wish  
Yours sincerely  
Edward Heath*



# 1986

## Davos Diplomacy

This Davos Symposium was memorable because of the historic public meeting between Prime Minister Turgut Özal of Turkey and Greek Prime Minister Andreas Papandreu. The two leaders even sat on the same panel in an economic session. It was a landmark moment in the history of both nations and a testament to the power of the Spirit of Davos to bridge divides.

Klaus Schwab had invested a lot of time and effort into creating the right atmosphere for the meeting of the prime ministers, spending the month of January shuttling between Ankara and Athens to ensure that both parties agreed to come to Switzerland and were comfortable with the arrangements. On 23 January 1986, prior to their encounter, Schwab wrote to both men:

Mr Prime Ministers,

You have vested interests in each other's welfare and security. I am sure that today there is a unique opportunity to start processes in order to resolve the issues between your countries peacefully, justly and equitably, through negotiations.

Having studied myself the issues which concern and worry you so much, I am nevertheless convinced that the problems between you are not of an irreconcilable nature.

History shows that confrontation has never been to the advantage of neighbouring countries. The path should therefore be clear: Mr Prime Ministers, you should try to restore a healthy and a mutually beneficial relationship by seriously tackling the issues which mar your relations and by trying to accommodate each other's lives and interests.

Mr Prime Ministers, this may be a historic day for both your countries. Please agree jointly to start a process of negotiations.

With warmest respects,

Klaus Schwab

### *The Financial Times on the Greek-Turkey Summit*

The historic meeting between the Greek and Turkish prime ministers captured the attention of the world, as this *Financial Times* report illustrates. The summit confirmed Davos as a special place where people of differing perspectives come together and diplomatic breakthroughs could be achieved:

#### Davos Détente

It was not as spectacular as the Reagan-Gorbachev meeting but it made history all the same – and once more, the scene was Switzerland. With camera bulbs flashing, Andreas Papandreou, the Greek Prime Minister, and Turgut Özal, his Turkish counterpart, advanced and shook hands for the first time. Later, both leaders sat on the same panel for an economic discussion, and a beaming Papandreou even praised Özal for putting “a very good question.”

That will not solve the Cyprus problems, of course, but there was a distinct political thaw in the air during the weekend encounter in blizzard-swept Davos, 5,000 feet up in the Swiss Alps.

That the meeting took place at all is thanks to Klaus Schwab, professor of business policy at Geneva University, and a man with an uncanny knack of bringing together unlikely partners.

Some 15 years ago, while lying by the Davos swimming pool watching a Congress Hall being built next door, Schwab, now 47, had the idea of founding an international business conference. These days, the Davos Symposium of Schwab’s Geneva-based EMF Foundation is an annual event, attended by more than 600 political leaders and top executives from more than 50 countries.

Schwab coaxed the Chinese to start going there years ago. This time, he has arranged a satellite-transmitted question and answer session with Moscow, as well as the Greek-Turkish mini-summit.

Perhaps next year, he could attract Gorbachev himself. The Soviet leader evidently thirsts for knowledge of modern business. Where better to get it than Davos?<sup>1</sup>

<sup>1</sup> “Davos Détente”, *Financial Times*, 3 February 1986



A first personal contact between Prime Minister Andreas Papandreou of Greece (left) and Prime Minister Turgut Özal of Turkey (right) at the Davos Symposium 1986

Davos diplomacy was also at work when Soviet Premier Nikolai Ryzhkov addressed a business audience in the West for the first time through a satellite link from Moscow. It was also the first time that Russia participated in the Davos Symposium. Ryzhkov appealed for a broadening of the USSR's international economic relations to help the country speed up its economic development and reforms, and modernize its production systems.

Three other leaders made significant interventions during their stay in Davos. Jacques Delors, President of the Commission of the European Communities, defined “the outlines of a world economy which will be in a better position to deal with its problems.” His analysis rested on two key ideas: First, the world cannot hope to solve its current problems without continued healthy growth in world trade. Second, global trade cannot expand strongly if the world does not at the same time deal with current deficits and financial imbalances.

Preston Martin, Vice-Chairman of the Board of Governors of the US Federal Reserve Bank, argued that the profound changes that the world had experienced recently made cooperation and coordination indispensable. Hence, United States monetary and fiscal policies were formulated more and more with an eye on their international impact. “We need a change of attitudes,” Martin concluded. “Each country must take adequate steps to control and regulate markets; we must also face the consequences of the deregulation of banking on competition between institutions, between interest rates and between financial centres.”

H.R.H. The Prince Philip, Duke of Edinburgh, President of the World Wildlife Fund International (WWF), made a strong plea for the conservation of nature and endangered species. “Our survival depends on the preservation of every variety of plants and animals,” he warned. The prince also underscored that industry had to be concerned about the ways that raw materials were exploited and transformed, the dangers of their exhaustion, the production and use of fertilizers, and the impact of transportation infrastructure. He conceded that many enterprises were moving towards some form of self-regulation. “But we must go further and put into operation joint action between business enterprises and nature conservancy organizations.”

Notable too at this Davos Symposium was the Chinese delegation, which was led by Zhu Rongji, Vice-Chairman of the State Economic Commission. He would become China’s premier from 1998 to 2003.



Meanwhile, the Forum expanded its industry-focused summits to six, covering informatics, automotive, international contracting, multimedia, health, and food and agro-industry. In addition to the numerous Geneva Meetings over the year to promote investment in developing economies, the Forum also organized 18 regional and country-related roundtables and other events – a punishing schedule of meetings around the globe – with a staff of around 55.

<b>Turkey</b>	Istanbul	20-21 March
<b>India</b>	New Delhi	24-25 March
<b>Belgium</b>	Brussels	15 April
<b>Great Britain</b>	London	24-25 April
<b>USA</b>	Washington DC	14-15 May
<b>Portugal</b>	Lisbon	22-23 May
<b>Brazil</b>	Rio de Janeiro	26-27 May
<b>Finland</b>	Helsinki	26-27 May
<b>Norway</b>	Oslo	28-29 May
<b>France</b>	Paris	9-10 June
<b>Netherlands</b>	The Hague	23 September
<b>Austria</b>	Vienna	7-8 October
<b>China</b>	Beijing	20-23 October
<b>Indonesia</b>	Jakarta	27-28 October
<b>Malaysia</b>	Kuala Lumpur	30-31 October
<b>Germany</b>	Bonn	10-11 November
<b>Spain</b>	Madrid	20-21 November
<b>Italy</b>	Rome	3-4 December



H.R.H. The Prince Philip, Duke of Edinburgh, President of WWF International, makes a strong plea for the conservation of nature and endangered species

Zhu Rongji, Vice-Chairman of China's State Economic Commission and a future premier, leading the Chinese delegation



The Forum ahead of its time: Jacques Delors, President of the European Commission; Kurt Furgler, Swiss Federal Councillor; and Klaus Schwab at the Message Centre in the Congress House, Davos









# 1987

## Now, the World Economic Forum



Reflecting its global membership and the fact that economic policy was at the forefront of its activities – yet bearing in mind that economics are closely linked with politics, society, business and ecology – the European Management Forum changed its name to the World Economic Forum.

The fitness of the global economy and financial system and of corporations during a period of market turbulence and instability were the focus of what was now called the Davos Annual Meeting. In the opening plenary session, Klaus Schwab set the tone for the event by outlining what he regarded as the keys to dynamism: **F**lexibility, **I**nitiative and **T**oughness. “We must finally behave as what we are – a global community,” he declared.



At Davos, Hans-Dietrich Genscher, Vice-Chancellor and Foreign Minister of the Federal Republic of Germany, made a strong appeal for the West to change its approach and reach out to the Soviet Union, which at that time was seeking to implement major economic and political reforms – *perestroika* (restructuring) and *glasnost* (openness) – under the leadership of Mikhail Gorbachev. “The West has no reason to fear cooperation,” Genscher told participants. “Our motto must be: Let us take Gorbachev seriously. Let us take him at his word! If there is an opportunity today to reach a turning point after 40 years of confrontation in West-East relations, it would be a mistake of historical dimensions if the West would miss this opportunity just because it cannot overcome the general mindset which, with regard to the Soviet Union, always assumes a worst case scenario.”

Many historians now regard Genscher’s speech as a critical marker of the end of the Cold War. “There was no better place for this speech than Davos,” he wrote more than 20 years later.



Hans-Dietrich Genscher calls on the West to reach out to the Soviet Union to support reforms

## Ending the Cold War

In his contribution to the *Liber Amicorum* to honour Klaus Schwab on his 70th birthday in 2008, Hans-Dietrich Genscher, Vice-Chancellor of Germany at that time, wrote about Schwab, the Forum, and his historic speech at the 1987 World Economic Forum Annual Meeting in Davos:

The man is a phenomenon; his name is Klaus Schwab.

A man full of ideas. A man who has moved and continues to move things without holding a public or other office; move in the sense of achieve.

He succeeds in bringing people together who would not meet otherwise. He creates a platform where developments are discussed and, thus, popularized – without being populist. Davos – famous in many contexts – has become a signpost to the future comparable with gigantic telescopes that dare to cast a glance at infinity.

In the year 1986, I became convinced that Gorbachev was striving after something great, that he meant what he said. In Germany, the raging pre-election campaign provided a hostile environment for a serious debate over intentions and prospects of the new politics in Moscow. Notwithstanding the circumstances, I continued - also during the electoral campaign for the Bundestag in 1986 – to caution against dismissing Gorbachev with the usual preconceived opinions. Not only Washington, but also my own country, frowned at my warnings; even within the federal government opinions differed significantly. Ultimately, in a speech on fundamental principles, I decided to highlight Gorbachev's new politics, their earnestness and the opportunities they represented, as well as the necessary and responsible answer that was needed from the West.

Whoever wants to know what Klaus Schwab and the World Economic Forum Annual Meeting meant for me can deduce it from my decision to deliver this speech in Davos. Luckily, Schwab's Annual Meeting took place immediately after the Bundestag election.

On 1 February 1987, I formulated the alternatives for the West and drew the conclusions:

“Humankind is facing the decision to be either doomed to destruction in a confrontation or to survive collectively. Survival requires cooperation in securing the natural means of existence, in developing all aspects of life and in creating co-operative security structures. Who wants to take Gorbachev at his word must be ready to cooperate. Who refuses to cooperate sins against his own interests. The West has no reason to fear cooperation. Our motto must be: Let us take Gorbachev seriously. Let us take him at his word!

If there is an opportunity today to reach a turning-point after 40 years of confrontation in West-East relations, it would be a mistake of historical dimensions if the West would miss this opportunity just because it cannot overcome the general mindset which, with regard to the Soviet Union, always assumes a worst case scenario.

Let us not sit with our arms folded and wait to see what Gorbachev will decide! Let us rather try to influence, advance and shape the developments.

It would be dangerous to fall prey to the illusion that the Soviet Union is acting out of a situation of weakness, which should be exploited and even intensified, instead of encouraging the new developments. Resoluteness is imperative. A policy striving for power and superiority, linked to an arms race, must definitely belong to the thought patterns of the past – also in the West. Such an attitude can only lead humankind into disaster.”

The speech had an enormous effect in East and West. In the West, the term “Genscherism” spread as synonym for naivety. But in reality, this speech triggered a serious debate about Gorbachev’s politics with the outcome that the West stood increasingly behind my arguments. As for Gorbachev and his comrades in Moscow, this speech was an encouragement to maintain their course with determination.

Looking back, there was no better place for this speech than Davos. The Annual Meeting always radiated and still radiates new fascination. All this is the work of one man who had the ingenuity not only to develop but also to carry out such an idea. With personal authority and deep inner composure he captures the real problems of the time. This protects Davos from becoming a spectacle of the rich and the mighty. In its serious, sometimes passionate debates, turnover and wealth do not matter, nor do positions or titles; what counts are exclusively ideas, arguments and future prospects.

Klaus Schwab has given many new impulses to the international debates – his life work is Davos. It might sound contradictory: the man who germinates future-oriented ideas, who tracks down new trends, has erected a memorial in his honour already during his lifetime. What more can one hope for?<sup>1</sup>

<sup>1</sup> Hans-Dietrich Genscher, *Liber Amicorum for Klaus Schwab*, 30 March 2008



Davos is about sharing thoughts and views

Genscher's appearance coincided with the presence of the first official delegation to Davos from the Soviet Union, which was led by Ivan Ivanov, First Deputy President of the State Foreign Economic Commission, who explained the implications of the new *glasnost* policy. He was accompanied by several ministers including N. A. Panishev, Minister of the Machine-Tool Industry, and V. M. Velichko, Minister of Machinery and Equipment in the Energy Field.

Robert Hawke, Prime Minister of Australia, used the Davos platform to launch a major agricultural initiative, proposing a freeze on the level of agricultural subsidies and negotiations for an agreement to reduce the gap between domestic and world prices of farm products. "We live in an era of uncertainty with troubling worldwide developments in debt accumulation, current account imbalances, interest rates and unemployment," Hawke explained. "Beneath these problems lie deeper complexities. Many of the premises of the post-war decades are eroding – or have vanished entirely – without being replaced by new principles on which to base the resolution of our difficulties."<sup>2</sup>

By this Annual Meeting, the Informal Gathering of World Economic Leaders (IGWEL) had grown to include more than 50 heads of government, ministers and chiefs of international organizations. Paul A. Samuelson, Institute Professor Emeritus at the Massachusetts Institute of Technology (MIT), USA, and Nobel Prize laureate in Economics, prepared the economic agenda for the session. "The essentials are present in the world for a long, sustained expansion," he wrote. "But letting nature take its course never perpetuated prosperity. ... Coordination of economic policies is not a code word for exchange rate pegging and concerted interventions. None of our societies are autonomous islands unto ourselves. Still, under flexible exchange rates we can each pursue our separate destinies free from having to inflate just because our neighbours inflate, or deflate because they deflate, or stagnate just because they do."<sup>3</sup>

<sup>2</sup> Robert Hawke, "A major trade proposal", *Highlights and Summary of the Programme*, Annual Meeting 1987, World Economic Forum, February 1987

<sup>3</sup> "A few 'pages of wisdom' were prepared by Professor Paul Samuelson", *Highlights and Summary of the Programme*, Annual Meeting 1987, World Economic Forum, February 1987

From the beginning and through its use of closed-circuit television, the Forum always employed the latest communications technology at Davos to enhance the ability of participants to interact. In 1987, videophones were made available at the Congress Centre, enabling participants not only to speak to each other but also to see each other at the same time.<sup>4</sup> Today, the Forum employs a wide range of devices through which it communicates with participants, and participants can communicate with each other. These include kiosks that allow participants to look up the latest information about the Annual Meeting and to send messages to other participants, hand-held personal digital assistants, flat-screen monitors displaying photographs of session highlights, and Internet stations where participants can go online to check e-mail.



In 1987, the World Economic Forum further expanded its Industry Summits to include events covering food, automotive, energy, engineering and construction, health and information technologies. These Summits were attracting high-level participation. Among those at the World Energy Summit were the President of the Organization of Petroleum Exporting Countries (OPEC) Alhaji Rilwanu Lukman; US Energy Secretary John Herrington; Charles J. DiBona, President of the American Petroleum Institute; the energy ministers of Australia, Canada, Indonesia, Nigeria, Norway and the USSR; and the heads of several global companies.



The Forum also launched the magazine *World Link* to be distributed among the 33,333 top decision-makers in the world who had been identified through extensive research. In its first two years, *World Link* was published monthly. Later, it became a bimonthly. In 2003, the Forum replaced the magazine with the annual *Global Agenda* publication, which was discontinued three years later.

<sup>4</sup> “Electronic Fitness”, *Highlights and Summary of the Programme*, Annual Meeting 1987, World Economic Forum, February 1987





Ivan Ivanov, First Deputy President of the State Foreign Economic Commission, led the first official delegation from the Soviet Union to Davos in 1987



Robert Hawke, Prime Minister of Australia, launches a major agriculture initiative at the 1987 Annual Meeting




*Raymond Barre  
Hermann Becker  
Francis Blanchard  
Bill Bradley  
Willy Brandt  
Gro Harlem Brundtland  
Giuseppe Coco*

*Lakshmi Kant Jha  
John Kerin  
Richard D. Lamm  
Ruud F.M. Lubbers*

# World Link

*Kenneth H. Cooper  
Roger Fauroux  
Jacques Fournier  
Herbert Giersch  
Abd-Elaziz M. Hegazy  
Gertrud Höhler  
Ray L. Hunt  
Takashi Ishihara  
Rokuro Ishikawa*

*Jean Meilhaud  
Yehudi Menuhin  
Michèle Mouton  
Saburo Okita  
Antonio Mosconi  
Edward Schuh  
Mario H. Simonsen  
Jean Solé  
Edward Sorel  
Jonathan Taylor  
Lester C. Thurow  
Manuel Villa-Issa  
Clayton Yeutter*

*The communication system  
among the world's 33,333 decision-makers.*

**N° 1 February 1987**





Dear WORLD LINK Participant,

WORLD LINK is a personalized, innovative system of contacts and co-operation among leaders of the world business and political community.

Three characteristics make WORLD LINK particularly distinctive:

- Its circulation. Based on well-defined criteria of importance, world-wide readership is restricted to the key 33,333 decision-makers who exercise the highest responsibilities in global political, economic and business affairs.

- Its creation of dialogue on global issues. WORLD LINK is an instrument of its users. On the basis of impartiality, independent of any regional, commercial or political interest, it provides the appropriate world-wide framework for concerned parties to communicate ideas and to make proposals for action. WORLD LINK is devoted to pragmatic co-operation and progress.

- Its role as an official communication vehicle. WORLD LINK is a vehicle through which corporate and institutional news is conveyed to the world. Advertising of a traditional kind is not accepted. Furthermore, WORLD LINK employs a simple but comprehensive announcement classification system. Both announcing institutions and readers can therefore easily locate information of specific relevance to them. Finally, co-operation with announcers is established on a long-term basis, thereby making WORLD LINK a practical, permanent tool of service to the world community.

Welcome to the WORLD LINK SYSTEM!

Klaus Schwab  
Chairman

A handwritten signature in dark ink, which appears to read 'Klaus Schwab', is written in a cursive style over the typed name.





# 1988

## The Davos Declaration

The political highlight of the 1988 Annual Meeting was the renewed rapprochement between Prime Minister Turgut Özal of Turkey and Andreas Papandreou, Prime Minister of Greece. After their first encounter in Davos in 1986, the tension between the two countries escalated and nearly led to war. Two years later, Klaus Schwab succeeded through many preparatory visits in Athens and Ankara in bringing both sides back to Switzerland, where they negotiated and signed the Davos Declaration aimed at normalizing relations. War would have been unavoidable had he not met Papandreou in Davos two years before, Özal told Schwab later. Because of that encounter, he was certain that he could trust his counterpart.

In a joint press communiqué, the two prime ministers explained the agreement they had reached at Davos:

“The prime ministers gave their views of Turkish-Greek relations, starting from a historic perspective and their deterioration in time. They further elaborated on the recent crisis in the Aegean that brought the two countries to the brink of war and expressed at the same time their optimism introduced as a consequence of the exchange of messages between them. They agreed that from now on such a crisis should never be repeated and both sides must concentrate their efforts on the establishment of lasting peaceful relations.”<sup>1</sup>



Achieving a historic accord at the Davos Town Hall: Kurt Furgler, Chairman of the Annual Meeting; Jean-Pascal Delamuraz, Swiss Federal Councillor; Prime Minister Andreas Papandreou of Greece; Prime Minister Turgut Özal of Turkey; Luzius Schmid, Mayor of Davos; and Klaus Schwab

<sup>1</sup> Joint Press Communiqué issued by the Governments of Greece and Turkey, Davos, 31 January 1988

Historians regard the Davos Declaration as the beginning of a new era in Greek-Turkish relations. After some tentative moves to improve ties in the first few years after the document was signed, the two countries took more decisive steps to enhance their relationship even though some key issues remained unresolved. Today, a situation such as in 1987 with Greece and Turkey at the brink of war is inconceivable.

### The Forum and Soft-Power Diplomacy

In this excerpt from his book on the World Economic Forum, which was published in 2007, political economist Geoffrey Allen Pigman of Bennington College in Vermont, USA, looks at how the Forum and the Davos Annual Meeting have become platforms for international diplomacy:

In this new and unfamiliar (at least to some) landscape of contemporary diplomacy, the World Economic Forum once again occupies a unique space. Despite being an institution whose membership is not of governments, like other multilateral institutions, the Forum serves as a venue for diplomacy. By the 1980s, the Forum had become a venue for a broad range of diplomatic communications, from the more formal discussions between leaders of Greece and Turkey, East and West Germany, Israel and Palestine to more informal but equally important discussions between North and South Korean officials, to meetings between heads of government and CEOs of global firms, to meetings between CEOs and heads of civil society organizations.

Yet from the start, the Forum was never only a neutral venue in which diplomatic interaction could happen. From the moment they decided to respond to the 1973 oil crisis and Yom Kippur War in a particular positive manner, Klaus Schwab and the other senior managers of the Forum had certain broad interests that they sought to use the Forum to further. These interests were constructed in part through consultation with the Forum's subscribing members, but they were also based upon a particular set of values concerning global society and the global economy, which Schwab brought to bear from the start by the act of founding the Forum: values such as combining entrepreneurship with serving the global public good, and cooperation in resolving disputes.

The Forum began to invite political leaders and later civil society leaders to Forum meetings specifically to encourage the types of diplomatic interactions that would result in the creation of a better global economic, political, social and thus indeed business climate. Subsequently the Forum began responding to particular political conflicts by inviting pairs of leaders or officials to Davos when they saw an opportunity for that venue to contribute to the process of conflict resolution. Davos provides an environment that is highly supportive, without creating the pressure of an official, results-oriented bilateral summit. When Forum-sponsored diplomacy achieves results, Forum members benefit either directly or indirectly, and the Forum itself benefits, both through enhancement of its reputation and by having furthered its own institutional diplomatic objectives. Hence the Forum is quintessentially an international organization that is both a venue for diplomacy and a diplomatic actor in its own right.<sup>2</sup>

<sup>2</sup> Geoffrey Allen Pigman, *The World Economic Forum: A Multi-Stakeholder Approach to Global Governance*, Routledge, pp. 53-54

The internationalization of the Annual Meeting continued – 62 heads of government, ministers and leaders of international organizations travelled to Davos, with strong participation from developing countries, many of which used the platform to appeal for foreign investment. Prime Minister Mário Machungo of Mozambique, for example, explained his country's new open-door policy, describing the devastating human and economic costs imposed on his nation by destabilization from external sources.

For the second year in a row, a high-level Russian delegation, which was led by Ivan Ivanov, Deputy Chairman of the State Commission for Foreign Economic Relations, was present at the Annual Meeting. Ivanov told participants that the Russian rouble would be convertible by the second half of the 1990s. (In fact, it would not be until 1 July 2006 that this would happen.) And after having addressed participants by satellite in 1987, Japan's Prime Minister Yasuhiro Nakasone came to Davos. In his address he urged industrialized countries to adopt the standardization of taxation regimes as a long-term goal.

The global magnitude as well as the human and economic toll of HIV/AIDS occupied an important place and a great deal of time in the discussions at Davos, even if this issue had only recently emerged. So did the environment. Carl Sagan, the celebrated American Professor of Astronomy and Space Sciences, highlighted the risks to the environment and life systems from some of the very technological developments that have been the basis for our prosperity and progress.

At the Davos meeting, the policy has been to conduct numerous activities in small groups, placing particular emphasis on allowing participants to exchange experiences and ideas. The Forum has pursued and intensified this practice since its creation. In 1988, the true value of the Annual Meeting was to be found in the small group sessions and events, some 200 of which were scheduled.



Beyond Davos, the Forum organized 16 country-related events, five of which were held outside Europe, in the USA, India, Indonesia, China and Brazil.

On the technology front, once again the Forum was breaking new ground. Fascinated by the opportunities offered by new digital technologies, Klaus Schwab pursued his vision of creating an interconnected “digital community” in cooperation with a technology leader who shared his dream, Digital Equipment Corporation International (Europe), or DECIE.

This project, which is considered by many experts to have been the first attempt to create a high-level global “social community”, unfortunately and despite intensive efforts did not progress beyond the test phase that interconnected the Forum members of the Engineering and Construction Industry. This was due to high communication costs at a time when the Internet was not yet widely available and to DECIE encountering economic difficulties that forced them to withdraw. Many of its assets were spun off and what remained of the company was ultimately sold to Compaq Computer Corp.

12/01/88

**MEMORANDUM OF UNDERSTANDING**

between

**DIGITAL EQUIPMENT CORPORATION INTERNATIONAL  
(EUROPE),**

a Swiss company, located in Geneva, 1213 Petit-Lancy 1  
12 Avenue des Morgines  
(hereafter "DECIE")

and

**THE WORLD ECONOMIC FORUM,**

a Swiss foundation, located in Geneva, Cologny 1223  
53 Chemin des Hauts-Crêts  
(hereafter "The Forum")

Since The Forum and DECIE have developed a strong and confident business partnership during the past years in supporting some key programs for the maintenance of regular contacts and the sharing of expertise among a core group of very influential individuals in the world; and

Since The Forum and DECIE have identified a common project for the networking of such influential individuals and wish now to set up through this Memorandum of Understanding the basis for the conduct of this project which they have identified as the "Worldlink Electronic Community" project;

**IT IS NOW AGREED AS FOLLOWS:****ARTICLE 1 - The Project**

- 1.1 It is the intention of the parties to first evaluate and then, depending on the results of that evaluation, to implement a project consisting in the creation and the maintenance of a special network, the purpose of which will be to integrate the World Economic Community composed by The Forum's constituents, usually referred to as the "33333" (the approximately 35000 most important business decision makers worldwide) (hereinafter "the Project");
- 1.2 For the performance of the Project it is the parties' intention that DECIE, either directly or through other Digital Equipment Corporation's subsidiaries, would create, supply, maintain and service the networking structure that it would recommend for such Project and that, similarly, The Forum would create, supply, maintain and enhance the communication services that would ensure the success of the Project;

*Handwritten initials and signature:*  
JL  
TSJ  
[Signature]

# 1989

## Global Membership

A hallmark of the 1980s was the substantial expansion of the membership of the World Economic Forum. By 1989, over half the members came from outside Europe. The change of the Forum's name two years earlier had been timely and necessary.

# S Y N O P S I S

The World Economic Forum is a personalized system of communication and contacts among leaders from business, politics and academia. Its purpose is to contribute to worldwide economic cooperation, social progress and the effective functioning of global interdependence.

**National Meetings**  
during 88/89, in the capitals of:

Austria	Italy
Belgium	Japan*
Brazil	Netherlands
Canada*	Portugal
China	Spain
France	Thailand
Germany	Turkey
Indonesia	USA

\*new in 1989

**Geneva Meetings**  
during 88/89, concerning:

Algeria	Indonesia
Hungary	Latin America
India	USSR


**Annual Meeting**  
Davos, Switzerland  
26 January – 1 February 1989

**Industry Forums**

World Aerospace Forum\*  
World Automotive Forum  
World Energy Forum  
World Engineering and Construction Forum  
World Food and Agro Forum  
World Health-Industry Forum  
World Information Technologies Forum  
World Media and Communication Forum  
World Textile Trade and Industry Forum\*\*

\* new in 1989    \*\*new in 1990

**SUMMARY OF THE ANNUAL REPORT**  
1 July 1988 to 30 June 1989



For almost two decades, the World Economic Forum has been a catalyst for entrepreneurship both in its activities and by its own example. We believe strongly in our motto "Entrepreneurship in the global public interest" and in our mission and have taken many initiatives to facilitate high-level, global personalized interaction. During the past year the foundation has considerably extended the scope of its services to members.

The Annual Meeting in Davos was again at capacity, with almost 1000 participants. Its impact on world affairs was noticeable. Let me give two examples: it brought to the forefront of concern the debt issue and environmental questions, particularly global warming.


Country-related activities bring together business leaders with those who influence business, including for nearly all our meetings the prime minister of the host country as a major discussion partner. This year, over 1800 participants, coming mostly from our member companies, took part in our meetings.

Industry-related activities are based on two ideas: we have established Industry Forums to bring together the best minds and most important decision-makers worldwide in a specific field. All Industry Forums met during 88-89; the engineering and construction industry forum assembled for the first time in Japan. In 88-89 the World Electronic Community (WELCOM) also became operational – a sophisticated network that links continuously and worldwide the key decision-makers, politicians, clients, suppliers and experts in a given industry.

WORLD LINK was started in early 88 and has established its credibility as the written communication instrument for action-oriented dialogue at the global level.


The highlight of our research activities was the co-publishing of the 1989 World Competitiveness Report.

**Membership**



Year	Membership
1981	274
1982	356
1983	436
1984	481
1985	537
1986	580
1987	598
1988	633
1989	676

One measure of our success in the past year is the continued increase in associated member companies. Again, we were able to re-invest income in the development of activities and services for members, all of whom we thank for their continued support and involvement.

  
**Klaus Schwab, President**  
World Economic Forum

A foundation established in Switzerland in 1971

53 chemin des Hauts-Crêts
CH-1223 Cologny/Geneve
Telephone (41 22) 736 02 43
Telefax (41 22) 786 27 44
Telex 413 280

The Davos Annual Meeting was the most compelling evidence of the global breadth and depth of the Forum's activities. Consider the diversity of topics and the richness of the discussions that engaged participants this year. Among the highlights:

- Venezuela's President-elect Carlos Andrés Pérez tested the waters with a major new initiative on debt management, proposing the creation of an international body expressly to help reduce the foreign debt of developing countries to commercial banks.
- Mario Vargas Llosa, the Peruvian author and a candidate in his country's 1990 presidential elections, blamed capital flight on regulations and corruption, calling for more privatization to spread property ownership more widely.
- Michel Camdessus, Managing Director of the International Monetary Fund, laid down seven imperatives for reducing global imbalances, including a forceful programme of deficit reduction in the US and sustained growth of domestic demand in Europe and Japan.
- Focus was put on environmental concerns and, above all, the "greenhouse effect" and its implications. Norwegian Prime Minister Gro Harlem Brundtland called for an "ecological-environmental" summit and offered to host a meeting of government leaders on energy resources.
- The 1984 Nobel Physics Prize winner and Director-General of CERN, Carlo Rubbia, predicted that we may be forced to give up fossil fuels before their natural end due to high overall costs and that we were bound to be nuclear, with safety being the determining factor in the adoption of atomic energy.
- Dean Lester Thurow of the Massachusetts Institute of Technology's Sloan School of Management made the provocative prediction that "GATT is dead," arguing that the world was moving towards three trading blocs: North America, Europe and the Asia Pacific.



Klaus Schwab with Carlos Andrés Pérez



Mario Vargas Llosa



Michel Camdessus



Gro Harlem Brundtland



Carlo Rubbia



Lester Thurow



- President Robert Mugabe of Zimbabwe proposed that creditor countries should accept debt servicing pegged to a developing country's export earnings.
- Harry Oppenheimer, former Chairman of Anglo American Corporation, argued that the system of apartheid was fundamentally wrong and anticipated that the current instability in South Africa would lead to change. (One year later, the African National Congress and anti-apartheid leader Nelson Mandela was released from prison.)
- South Korea's Deputy Prime Minister Cho Soon, Indonesia's Coordinating Minister Radius Prawiro, and Korn Dabbaransi, Minister in the Thai Prime Minister's Office, three representatives of the Asian economic "tigers", debated the implications of the region's new economic power.
- The EC Commission President Jacques Delors stressed that the Commission's vision of Europe 1992 was that of a "Partnership Europe" rather than of a "Fortress Europe" as many countries feared.
- Finland's Prime Minister Harri Holkeri emphasized that his country would never join a European political union, whereas Franz Vranitzky, Federal Chancellor of Austria, declared that his nation would continue to study the proposal.
- Karoly Grosz, General Secretary of the Hungarian Socialist Workers' Party, called for international efforts to more actively coordinate economic policies with socialist countries.
- West German Vice-Chancellor Hans-Dietrich Genscher considered the progress in East-West links and concluded that a new mood of internationalism was producing "a global domestic policy." He also called for a reaffirmation of the "transatlantic partnerships."



"Help us make Southern Africa a giant." – President Robert G. Mugabe of Zimbabwe



"The system of apartheid is fundamentally wrong." – Harry Oppenheimer, former Chairman of Anglo American Corporation



"It is not exports that are the problem but the export surplus." – Deputy Prime Minister Cho Soon of the Republic of Korea



An impressive panel to discuss Europe 1992: Eishiro Saito, Chairman, Keidanren, Japan; Austrian Federal Chancellor Franz Vranitzky; Jacques Delors, President of the Commission of the European Communities; former French Prime Minister Raymond Barre, session chairman; Belgian Prime Minister Wilfried Martens; Portuguese Prime Minister Anibal Cavaco Silva; and Lord Young of Graffham, United Kingdom Secretary of State for Trade and Industry

- The North Atlantic Treaty Organization Secretary-General Manfred Wörner described Soviet arms reduction offers as a “proposal-of-the-week fireworks display” and declared that NATO was still the true conceptual leader in East-West negotiations. He argued that the present Soviet reform process was not irreversible.
- Former US presidential adviser Martin Feldstein, a leading American economist and Head of the National Bureau of Economic Research, made headlines with his prediction that the dollar would fall to 100 yen and 1.4 West German marks in two to three years.
- US Federal Reserve System Governor H. Robert Heller suggested that European Community countries establish unitary exchange rates for the entire market.



“I passionately disagree with those who say that Mr Gorbachev has the initiative” – Manfred Wörner



“I’m optimistic about services and intellectual property but agriculture is becoming so expensive” – Martin Feldstein

Once again, the unique capacity of Davos to bring different perspectives and opposing sides together was on display. For the first time ever, North and South Korea met for discussions at the ministerial level. Foreseeing the fall of the Berlin Wall, Klaus Schwab invited the heads of 20 countries and regions in Eastern and Western Europe, including West German Federal Chancellor Helmut Kohl, to discuss the implications of German reunification and partnerships in the “neighbourhood”.

### **IGWEL: The Impact of Science and Technology on Global Economic Growth**

In a press conference, former French Prime Minister Raymond Barre summarized the discussions held at the Informal Gathering of World Economic Leaders, or IGWEL. He focused in particular on the global economy's long-term growth prospects and the development of the knowledge economy:

Last point: the new growth. This is the result of the discussion we had this morning with the scientists and with the businessmen. I can summarize the discussion in the present way. We are entering a new phase of long-term output growth after two decades of stagnating economic growth. But this process of growth will be characterized by a new concept of growth.

First, there will be a process of growth led by science and technology. The consequence of that is that in every country human investment appears as the most important factor for growth. Human investment means not only investment in education, but also investment in research and science. We have to develop in every country the knowledge that is at the disposal of the community because knowledge is becoming the most important asset of nations. The scientists and the businessmen reminded us of the fact that the education cycle is now a life cycle. There is not in a human life a part of life devoted to acquiring knowledge and a part of life devoted to using this knowledge. Knowledge is evolving so quickly that it's absolutely necessary to have continual formation. The education system has to take account of the fact that it has to create a new behaviour of people.

But what appears necessary is an international coordination of scientific efforts and an interesting idea was proposed: when nations have to discuss international networks they have to adopt rules of standardization, rules of regulation, not to protect industries but for the protection of the users of those networks of information. This is a growth led by science and technology but this new growth will be an ecological growth. In the past ecology was linked to the notion of zero growth, today ecology is linked to the notion of growth; but in the past we accepted growth at any cost, now we consider that the process of growth has to take account of some ecological constraints, like the greenhouse effect, like the efficient use of energy, and this concept of an ecological growth appears fundamental for maintaining growth in the long term.<sup>1</sup>

<sup>1</sup> Press Conference by Raymond Barre, Davos, 30 January 1989 (transcript from audio-cassette)

In addition to 13 country-related events, the Forum held its first meeting on Japan in Tokyo in April, which was co-sponsored by all the leading Japanese industry organizations.

One of the most difficult decisions that the Forum had to make in 1989 was whether to hold the annual Business Leaders Symposium in China in light of the events on Tiananmen Square in Beijing on 4 June. After careful consideration and in line with the Forum's traditional position as a bridge-builder and a platform for open discussion, the meeting went ahead as scheduled.

Some 10 Geneva Meetings were held with special emphasis on ministerial delegations from the USSR and Eastern European countries, given the new atmosphere of reform and opening up prevailing in the region at the end of the 1980s and beginning of the 1990s. The delegation from India at one meeting was notable because it was headed by Manmohan Singh, then Secretary-General of the South Commission, who would become one of the chief architects of India's economic reforms in the 1990s, twice becoming finance minister before taking office in 2004 as his country's 14th prime minister. He was re-elected for a second term in 2009.



Meanwhile, the Electronic Message Service became a regular feature of Davos, despite the conventional wisdom in those days that CEOs would not use this useful tool. In 1989, participants accessed the system 11,000 times and 3,500 messages were sent during the Annual Meeting. Twenty years later, the Forum registered 43,471 logins at the kiosks, 673,091 page hits, 75,776 accesses to the message system and 5,882 messages.

The Forum invested substantial efforts into its planned electronic network, WELCOM, the services of which were described as follows:

## GIVING COMPANIES PRIORITY ACCESS TO OPINION LEADERS, PROJECTS, RESOURCES AND EACH OTHER

WELCOM's broad range of services include:

- A private, high-security electronic mail service which is simple to operate and also can be used to send telefaxes or telexes or to transfer databases, such as spreadsheets

*Top managers of member firms may contact the senior management of any other member firm to explore common business interests and discuss industry developments and opportunities.*

- On-line conferences with global decision-makers of the highest level to discuss their programmes, ideas and policies, and answer questions asked directly by members

*Dialogues with political and business leaders are moderated by recognized authorities from both industry and academia. Each session, addressing an issue of global significance for corporate strategy-makers, lasts from one to three weeks, giving members ample opportunity to follow the course of the discussion and pose their own questions.*

- Interactive, moderator-led discussions on specific themes relating to the interests of the Country Forums and Industry Forums

*Industry- and country-specific discussions, like the global dialogues mentioned above, are led by dynamic personalities with relevant expertise. Allowing members to analyse economic, political and business-sector developments, these sessions complement and reinforce the face-to-face meetings.*

- A continuously updated exchange of partnership opportunities submitted by the World Economic Forum's private and public constituency

*WELCOM opens up great potential for joint ventures and other alliances, by enabling members to submit proposed business projects to other members via the network's project exchange, and to examine a continuously updated list of projects from other firms.*

- A gateway into the world's major universities and research institutions

*Members have access through the network to academic and technological expertise in many areas related to their own fields.*

- The possibility for members to form their own private discussion groups of virtually any size or composition, with access restricted exclusively to themselves.

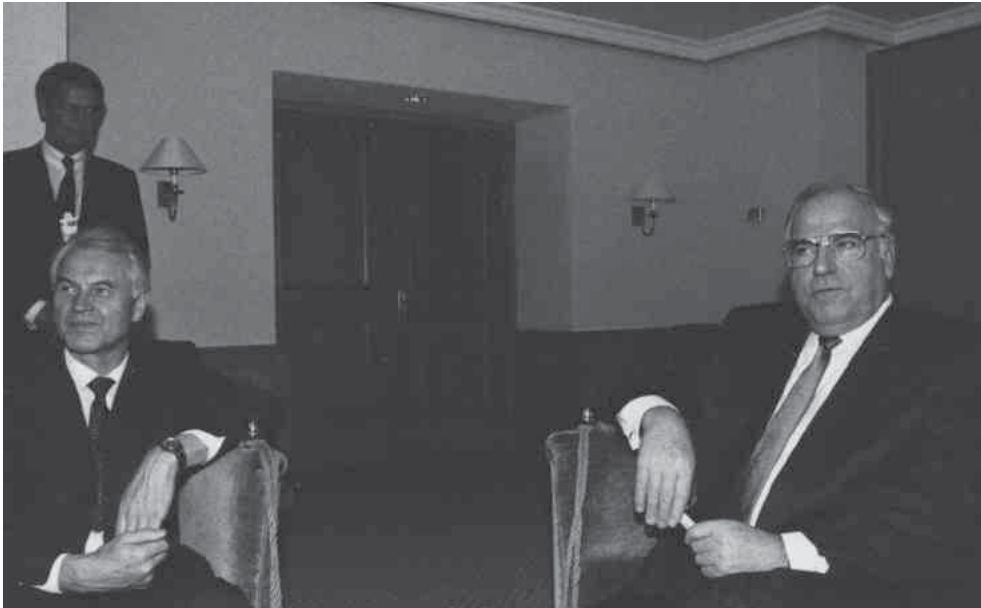
- News and highlights from the World Economic Forum on its meetings and other activities.

- Personal and company profiles of all WELCOM participants.



## 1990

### German Reunification and the New Europe



Still separated but soon united: East German Prime Minister Hans Modrow and West German Chancellor Helmut Kohl

In October 1989, the Berlin Wall – the divide between East and West and stark symbol of the Cold War – was pulled down. The 1990 Annual Meeting became an important platform for facilitating the process of German reunification. The first encounters between West Germany's Federal Chancellor Helmut Kohl and the newly elected East German Prime Minister Hans Modrow in Davos were decisive in determining the course of the reunification process of Germany. Kohl recognized the urgency to act. The German Democratic Republic was in the process of imploding and needed immediate economic support to maintain financial stability. For his part, the deeply affected Modrow realized that he could no longer insist on German post-reunification neutrality.

On his return to Bonn, Chancellor Kohl moved quickly. Days later, on 7 February, his cabinet confirmed officially the proposal for the monetary union of the two Germanies. Eight months later the process was complete and, on 3 October 1990, Germany was reunified.

Spurred by the atmosphere of awakening and excitement that prevailed in Davos, an informal group of East and West German parliamentarians and business leaders joined forces under the leadership of Otmar Franz, Chairman of the Inter-Parliamentary Working Group on European Currency in the European Parliament. They called for immediate implementation of a monetary stabilization programme for the German Democratic Republic. This initiative became the basis for the economic reunification of West and East Germany.

At the Annual Meeting, a session on the “New Europe” took place, bringing together for the first time the heads of Western and Eastern European countries. Among the participants were President Wojciech Jaruzelski of Poland, Prime Minister Marián Calfa of Czechoslovakia, Prime Minister Andrei Lukanov of Bulgaria (who had been in office for only 24 hours), Prime Minister Ante Markovic of Yugoslavia, Prime Minister Modrow of the German Democratic Republic, and Péter Medgyessy, Deputy Chairman of the Hungarian Council of Ministers. They all agreed that Comecon, the East European trading bloc, should be radically changed so as to open up trade and other economic links with the West. They also emphasized the need for safety nets to palliate the initial effects of urgent and drastic economic reforms. Among the Western European representatives were Franz Vranitzky, Federal Chancellor of Austria, and Gianni de Michelis, Foreign Minister of Italy.

Annual Meeting participants felt that they were part of living history and were witnessing a new beginning in East-West relations. The French magazine *L'Expansion*, in its 22 February 1990 edition, reflected this feeling with the headline: “*Les participants du forum de Davos ont assisté à la renaissance de l'Europe.*” (“The participants in the Davos forum were present at Europe’s renaissance.”)



Five East European leaders from the newly democratizing states shared the Davos podium in open discussion with the global business community



## The New Germany

In June, four months before the formal reunification of the Germany, the Forum organized its first East-West Germany meeting, which took place in a hotel in East Berlin. Participants from the West had to cross Checkpoint Charlie to reach the venue on the other side of the Berlin Wall. One week later, that infamous checkpoint was dismantled.

At the meeting, Prime Minister Poul Schlüter of Denmark spoke of “The New Germany”:

It has already been said in numerous speeches and written in just as many articles: What happened in Europe in 1989 was incredible and unbelievable. The unyielding suddenly proved elastic. The impossible suddenly became possible. Nowhere else in the world was this demonstrated more clearly than in the city where we are tonight, in Berlin. None of us will ever forget the scenes from Brandenburger Tor [Brandenburg Gate] on the 9th of November. What we saw on our TV screens helped us realize that the world had changed! ...

I would like to say a few words about the moral-ideological aspect of the disappearance of Communism as an important actor from the global stage – a problem which, in my opinion, the Western side may easily overlook. We must not forget that the process of readjustment now taking place in the former Communist countries is not only of an economic and political character, but it presupposes also a radical shift of attitudes. To compare developments with the Cultural Revolution is not altogether wrong. In particular, we must not forget that communism, apart from being incapable of generating economic results, and apart from its lack of respect for freedom and democracy, also contained moral tenets of a certain attraction.

I therefore believe that we shall endeavour to emphasize the Western societies' moral dimension more clearly. I refer not only to democracy and human rights, but also to the principles and the ethics which form part of the foundation of the liberal economic system and the administration thereof. Socialism with a human face was the name which Alexander Dubcek gave his attempt to introduce reforms in the Prague Spring of 1968. I believe that the present situation calls for the representation of capitalism with a human face.

The author Thomas Mann has been quoted as saying that his vision was not a German Europe, but a European Germany. I concur in the latter. But I would also like to see a Europe which is German, if at the same time it is Italian, Irish, Czech and Danish. For this is what makes Europe unique. Its pluralism. A Europe which with its point of departure in a core of democratic countries in the West has developed a close and trusting cooperation. A Europe which now is experiencing the discontinuation of its unfortunate division into East and West. A Europe in which new resources and creativity will be released for the benefit of the European peoples and the outside world, with which Europe has always been inseparately bound up. In this Europe, it is no longer hazardous for a small country to neighbour a large and strong one. On the contrary, it is an advantage.<sup>1</sup>

<sup>1</sup> Prime Minister Poul Schlüter, Address at the Meeting of the World Economic Forum, Berlin, 14 June 1990



Prime Minister Lee Kuan Yew of Singapore



Hans Küng, Theologian



Vitaly Korotich, Editor of *Ogoniok*



German Federal Chancellor Helmut Kohl and Klaus Schwab



Sir Yehudi Menuhin and violinist Vladimir Spivakov performing at the Charity Concert

At Davos, there was also a historic meeting between Singaporean Prime Minister Lee Kuan Yew, who would step down as his country's leader in November, and Vo Van Kiet, First Vice-Chairman of the Council of Ministers of the Socialist Republic of Vietnam who would become prime minister from 1991 to 1997. Kiet is remembered today as the architect of his nation's transformation from a socialist command system to one of the world's fastest-growing market economies. Two years after this encounter, Vietnam signed the Association of Southeast Asian Nations (ASEAN) Treaty of Amity and Cooperation, a move that led the country to become a member of ASEAN in 1995. ASEAN had originally been established in 1967 in part to act as a bulwark against the spread of communism in South-East Asia.

A particularly moving and dramatic moment at the Annual Meeting was the arrival of Vitaly Korotich, the outspoken editor of *Ogonyok* magazine, who came directly from the first pro-democracy demonstration in Moscow. He flew to Davos by special plane and made an emotional appeal for human rights in the Soviet Union, with a strong official delegation from the USSR present.

Moral issues and ethics have been a recurrent theme at the Annual Meetings. This year was particularly notable for the launch by the theologian Professor Hans Küng of Project World Ethos, which developed into a strong movement to promote “a universal ethic for world religions.” He spoke to participants on the theme “Why do we need global ethical standards to survive?” In his book *Project World Ethos*, published in 1990, Küng wrote:

“I am grateful to the Founder and President of the World Economic Forum, Professor Klaus Schwab, for having challenged me as a theologian to speak to this internationally representative audience. For if we fail to persuade the leaders from politics, business and finance of the ethical concerns then, I am convinced, all ethical claims from religions and churches – no matter how well intended these may be – will remain futile.”<sup>2</sup>



In 1990, the number of regional and country-focused meetings reached a record 20, eight of which were held outside Europe. To accelerate the emergence of the New Europe, the Forum organized the East-West Germany meeting in East Berlin (*see box*) and two events in Prague and Budapest.

Klaus Schwab also invited the heads of all political constituencies of South Africa to the Forum's headquarters in Geneva. They met together for the first time to discuss the post-apartheid future.

Frédéric Sicre, a former managing director of the Forum, described the meeting as follows:

“The Forum's offices in Geneva were the location for the first inclusive meeting between South Africa's political parties and leading representatives of its business community. Discussions centred on which path to take, one emphasizing the creation of wealth and the other the redistribution of wealth. A picture of Conservative Party member Koos van der Merwe sitting next to Thabo Mbeki with a broad smile on his face was to create havoc in Parliament shortly thereafter. Global business executives participating in this

<sup>2</sup> Hans Küng, *Projekt Weltethos*, R Piper GmbH & Co KG, München 1990

meeting still recall Chief [Mangosuthu] Buthelezi drawing his genealogical tree on a napkin at their request and explaining the greatness of the Zulu. The Forum was building bridges between former enemies and developing an international support network for South Africa at the highest level.”<sup>3</sup>

This first meeting led to a strong partnership with South Africa and to a whole range of activities and concrete actions relating to that country and the rest of the African continent.

## World Economic Forum Milestones in Africa

### October 1990

The first private meeting on Southern Africa is held at the Forum’s headquarters in Geneva, bringing together representatives of the government and of all political groups in South Africa with members of the governments of neighbouring countries.

### October 1991

Second Geneva Meeting on Southern Africa

### February 1992

At the Annual Meeting, first joint appearance outside South Africa of President F. W. de Klerk, Nelson Mandela and Chief Mangosuthu Buthelezi, bringing new impetus to the political transition to build together a new South Africa.

### May 1993

First Forum meeting on Africa taking place on the African continent, in Cape Town, gathering for the first time the ministers of the Southern African Development Community (SADC) in South Africa.

### June 1994

First Southern Africa Economic Summit in Cape Town, coinciding with the emergence of the first democratically elected Government of National Unity in South Africa. Heads of government participating included Nelson Mandela of South Africa, Joaquim Chissano of Mozambique, Robert Mugabe of Zimbabwe, and Ali Hassan Mwinyi of Tanzania.

### May 1995

Southern Africa Economic Summit took place in Johannesburg in the wake of the peace agreement in Angola.

### May 1996

Southern Africa Economic Summit returned to Cape Town. A South African task force was created as an advisory body to the World Economic Forum. Its main objective was to assist the South African private-public sector in marketing itself and to provide assistance, where possible, to SADC.

### January 1997

At the Annual Meeting, both President Nelson Mandela and Executive Deputy President Thabo Mbeki participated.

### May 1997

The Southern Africa Economic Summit took place in Harare, Zimbabwe. An action plan was developed calling for six priority areas where Southern African leaders should develop a common vision and concrete policies: create an incentive regime for infrastructure development, establish a balanced and competitive industrial policy, promote a free trade area in Southern Africa, push for regional economic convergence and integration, create joint policy initiatives to fight against crime and corruption and to improve education and health systems, and establish clear political support for regional integration.

<sup>3</sup> *South Africa at 10: Perspectives by Political, Business and Civil leaders*, World Economic Forum, Human & Rousseau, Cape Town, 2004

**May 1998**

Southern Africa Economic Summit in Windhoek, Namibia, held in cooperation with SADC.

**January 1999**

In his last appearance as President of South Africa, Nelson Mandela delivered a special message to Davos Annual Meeting participants.

**June 1999**

Southern Africa Economic Summit held in Durban for the first time. The entire newly elected South African cabinet, led by President Thabo Mbeki, was introduced to the international business community. Nigeria's new Vice-President Atiku Abubakar was the special guest. President Mbeki engaged his government to present a timetable and plan for regional integration by June 2000. The "Transition to Peace" initiative was pursued at the Summit and participants agreed to develop a conceptual framework for peace building.

**June 2000**

Southern Africa Economic Summit in Durban aimed to give economic impetus into the African Renaissance concept and pursue regional integration priorities. Among the participants were Presidents Thabo Mbeki of South Africa and Joaquim Chissano of Mozambique, Vice-President George Saitoti of Kenya, and delegations from Uganda, Ghana and Nigeria.

**June 2001**

Southern Africa Economic Summit held in Durban. Simba Makoni, Zimbabwe's Minister of Finance and Economic Development, and opposition leader Morgan Tsvangirai, President of the Movement for Democratic Change, shared the stage. The SADC leaders invited the Forum to present a report on the key messages and conclusions coming out of Durban at their Summit in Malawi.

**January 2002**

Launch of the New Partnership for Africa's Development (NEPAD) at the Annual Meeting. President Thabo Mbeki announced that Microsoft would supply free software to all 32,000 government schools in South Africa in the context of the Forum's Global Digital Divide Initiative.

**June 2002**

Forum's 12th Africa meeting was also its first pan-Africa meeting. The Africa Economic Summit was held in Durban. More than 200 African and multinational companies signed a declaration committing their businesses to supporting the NEPAD.

**June 2003**

Africa Economic Summit held in Durban. NEPAD launched its first projects, including the E-Schools Initiative. The Summit saw also the launch of a drug development collaboration between the Medicines for Malaria Venture and GlaxoSmithKline.

**June 2004**

Fourteenth Africa Economic Summit was held in Maputo, Mozambique. Plans to create a NEPAD Business Foundation were announced and Mozambique's President Joaquim Chissano inaugurated The Africa Water Project Exchange.

**2005**

To celebrate a decade of democracy in South Africa, the Forum published a collection of essays on the country by Forum members, donating the proceeds to the Nelson Mandela Children's Fund.

**June 2005**

Fifteenth Africa Economic Summit marked a return to Cape Town. Discussions focused on how businesses could play a role in "re-branding" Africa, building support for the key recommendations listed in a report published by the Commission for Africa (CfA).

**May-June 2006**

Sixteenth World Economic Forum on Africa held in Cape Town, including Presidents Armando Guebuza of Mozambique, Jakaya Kikwete of Tanzania and Thabo Mbeki of South Africa. A sense of optimism prevailed. The outcomes of the Summit included:

- launch of the Investment Climate Facility for Africa, with secured seed funding of US\$ 100 million
- launch of a national council in Kenya, under the auspices of the Forum's Business Alliance Against Chronic Hunger
- commitment to creating a public-private partnership to strengthen healthcare systems in Africa by addressing epidemic and pandemic diseases
- launch of the white paper "From Funding to Action: Strengthening Healthcare Systems in Sub-Saharan Africa"

**June 2007**

The seventeenth World Economic Forum on Africa in Cape Town saw the launch of the *Africa Competitiveness Report 2007*, the Alliance for a Green Revolution in Africa, chaired by former UN Secretary General Kofi Annan, and the Africa Enterprise Challenge Fund, inaugurated by Baroness Amos.

One year after its launch, the Investment Climate Facility for Africa reported how, with US\$ 200 million in funding and a fully operational secretariat in Dar es Salaam, it was about to start removing obstacles to domestic and foreign investments across Africa. The Development Bank of Southern Africa agreed to join the Forum's Energy Poverty Alliance and committed to hosting the Management Unit at its offices in Midrand, South Africa. The NEPAD Business Foundation, with support of the Forum's Water Initiative, proposed two projects for South Africa: the Hartbeespoort Dam Project and the Burgersfort Project.

**2008**

Release of the *Africa@Risk Report*, highlighting food security, geopolitical instability, economic shocks and climate change.

**June 2008**

Eighteenth World Economic Forum on Africa in Cape Town. Inauguration of the Africa Circle, a private gathering of members who have participated in ten or more Africa meetings. Other leaders at the meeting included Thabo Mbeki of South Africa, Raila Odinga of Kenya, John Agyekum Kufuor of Ghana, Bingu Wa Mutharika of Malawi, and Pierre Nkurunziza of Burundi.

**June 2009**

Nineteenth World Economic Forum on Africa was held in Cape Town during a time of great global and regional transition. The release of the *Africa Competitiveness Report* as well as the *Annual Report* of the Africa Progress Panel, set the basis for robust debate. The meeting presented an opportunity to introduce the new South Africa government to the international community a few weeks into its new administration, with President Zuma and his new cabinet actively participating throughout the course of the three days. With one year to the start of the 2010 FIFA World Cup, South Africa remained in the spotlight as the economic and social impact of this major international event was explored. The meeting brought together over 800 leaders including President Paul Kagame of Rwanda, Prime Minister Raila Odinga of Kenya, Chairman of the Industrial Commercial Bank of China Jian Jianqing and Ngozi Okonjo-Iweala, Managing Director of the World Bank.

**May 2010**

The twentieth World Economic Forum on Africa will take place outside Southern Africa for the first time. It will be held in Dar es Salaam, Tanzania.

# 1991

## Despite War and a Coup

In August 1990, Iraq invaded and annexed Kuwait. This prompted the US to deploy troops to Saudi Arabia and the United Nations to demand that Iraq withdraw. On 16 January 1991, two weeks before the Annual Meeting, a US-led coalition launched Operation Desert Storm to force Iraqi troops out of Kuwait. The World Economic Forum decided to go ahead with the Meeting despite the heavy costs for reinforced security. About 18% of participants decided not to go to Davos. Most of those who cancelled were from outside Europe since many US corporations had imposed a ban on business travel.

From the White House, US President George H. W. Bush delivered a special message to the participants in Davos:

“I am pleased to send greetings to all those participating in the 1991 World Economic Forum.

Bringing together distinguished representatives from government, business and the media, this international gathering is both timely and appropriate. Today, many nations are making tough choices and considerable sacrifices as they seek the benefits of democratic government and free market reforms.

Yet, in the Persian Gulf, the global community faces a ruthless dictator who would terrorize innocent people and brazenly deny the sovereignty of nations in order to achieve regional hegemony and to exert undue influence over the world economy. Simply put, immense challenges and opportunities now loom before us. However, the rewards of meeting them together are immeasurable.

Through constructive dialogue and sustained cooperation, we can build a more peaceful and prosperous future for all our citizens. At the economic level, for example, a successful conclusion to the Uruguay Round of Trade Negotiations is key to expanding economic opportunities among all countries and especially in the emerging democracies in Eastern Europe and Latin America. Expanded trade can be a catalyst not only for economic growth but also for peace among nations.

I applaud the spirit of cooperation that characterizes this Forum. You have my best wishes for a productive and rewarding series of discussions. God bless you.”<sup>1</sup>

<sup>1</sup> Letter from George H. W. Bush, The White House, Washington DC, 1 February 1991



A Davos panel on the integration of the Soviet Union and its former republics into the world community



Anatoly Sobchak, Mayor of St Petersburg, which was known as Leningrad during the Soviet era

As in previous years, Davos served again as a valuable platform for “newcomers” to the global scene, such as Poland, Hungary, South Africa and Vietnam. The Prime Minister of the Soviet Union, Valentin Pavlov, introduced the delegation from the USSR in a special message:

“Soviet reforms aim to achieve full participation of the Soviet Union in the world economy. This strategy is based on direct economic interest. At the same time, we believe that the rest of the world can benefit by having access to such an extensive market as the one potentially offered by the USSR.

We fully realize that fundamental economic reforms need be made and we intend to create new market economy institutions and structures. New laws have already been adopted in this context. Above all, this involves organizing a network of trade, stock and currency exchanges, developing an infrastructure of foreign economic ties, legal and practical channels for the privatization process, transferring ownership from the state to other entities, de-monopolizing economic activity and promoting competition, mobilizing domestic savings and foreign investment.

Understandably, such a programme presupposes stabilization of the economic and social situation in the country, normalization of the consumer market, improvement of the currency finance system and provision of social protection for various groups of the population.

Doing away with the old mechanisms and structures is a complicated and painful process. This is why we highly value the efforts undertaken by the world community in support of our economic transformation and we rely on further cooperation in this direction. ...

Last year we took a giant step forward in putting an end to the division of Europe. This is a historical achievement, the cost of which was suffered by generations of people. It is to be hoped that world public opinion, as represented at the Annual Meeting, will be governed by the intention to free cooperation of any possible barriers. We have agreed to proceed ahead and this line of action should be supported, despite arising difficulties.”<sup>2</sup>

<sup>2</sup> Unofficial translation of the letter from Prime Minister Valentin Pavlov to the World Economic Forum Annual Meeting, 30 January 1991



In August, Prime Minister Pavlov would be among the Soviet leaders who would seek to remove President Mikhail Gorbachev from power. The coup attempt failed, though it heralded the eventual collapse of the USSR.

Before the putsch, the Forum had scheduled its first regional meeting in Moscow in partnership with the League of Scientific and Industrial Associations of the USSR, which was led by Arkady Volsky. He pulled out at the last moment and urged the Forum to postpone the meeting. But the Forum was determined to proceed with or without a partner. In September, just 10 days after the coup, the first group of high-level business leaders from the West arrived in Moscow.

The 150 participants at the event were fully aware that they were in the Soviet capital at a momentous time. The meeting opened only hours after the Soviet Congress of Peoples' Deputies had created new organs of government. Assembled in one of the halls of the Kremlin, the deputies had voted to hand over power to the republics. Then, one after another, the key economic and political figures of the struggling nation crossed the street to address participants at the Forum gathering in the elegant Hotel Metropol.

Anatoly Sobchak, the Mayor of St Petersburg (which had just dropped its Soviet-era name, Leningrad) who had faced down the anti-Gorbachev opposition in his city following the coup, opened the meeting. He predicted that the overthrow attempt would be the final death knell of the Communist Party. For the first time, he noted, the people had been prepared to defend the Constitution and the rule of law.

At the end of the meeting, the participating businessmen outlined 12 points that were incorporated in a letter to President Gorbachev and Russian President Boris Yeltsin, who had emerged as another heroic figure when he stood on a tank in opposition to the coup. On behalf of the participants, Klaus Schwab signed the six-page document, which contained the essentials of a comprehensive transformation plan for a nation that appeared to be crumbling. It began:

“Your Excellencies, President Mikhail Gorbachev and President Boris Yeltsin,

The Meeting in Moscow held by the World Economic Forum from 5 to 7 September 1991 brought 150 Western businessmen to your country at a moment of intense political activity and jubilation. The victory of the democratic forces over the attempted putsch of August gave cause for rejoicing, as did the successful restructuring of the government by the Congress of Peoples' Deputies which finished its work on the very day that our meeting opened. We had the great honour of meeting a large number of your prominent political and economic leaders who came to discuss issues with participants and engage in direct dialogue with them.

The deep interest and involvement of the Western businessmen in your country was evident by their very presence in Moscow. After three days of intensive sessions, these leaders from the international business community were prompted to offer you their views and proposals both for accelerating economic reform, in Russia and the other republics, and for attracting foreign capital into your economies. Please understand that these views are advanced with only the best of intentions for the future of your country. There is no desire to interfere in the course of internal affairs. We feel, however, that it

is important to convey to you the commitment of the participants at our meeting and the ideas which came from the vantage point of an outside community with the sincere objective of contributing to the very delicate task before you of moving to a market economy.”<sup>3</sup>



By 1991, the Forum had expanded its industry-specific events to cover 10 industries: aerospace, automotive, energy, engineering and construction, financial services, food and agriculture, healthcare, information technologies, media and communications, and textiles.



Recognizing the significance of arts and culture in fostering global understanding and goodwill, Schwab launched the World Arts Forum as a parallel platform to the World Economic Forum. The aim: to enhance the role of the arts in effective cross-cultural cooperation and to encourage a spirit of understanding in a world of cultural diversity. The World Arts Forum held a Summit in Venice at the end of August. Over 200 leaders from the international arts community – artists, patrons and arts administrators – gathered in the city of the Doges. Host and chairman of the meeting was Italian Foreign Minister Gianni de Michelis.

Sir Yehudi Menuhin, whom Klaus Schwab had met in his hometown Cologne when the virtuoso violinist performed at an award ceremony for Schwab and with whom he had developed a close friendship, provided valuable advice in organizing the meeting. In a special message, Menuhin, who would be awarded a life peerage by Britain’s Queen Elizabeth two years later, introduced the World Arts Forum:

“Societies have become ever more complex, their populations ever more differentiated in their work, their background and their manner of living. Therefore, ever wider common denominators must be found for religion, for the arts, for law, government and administration without ever surrendering to the anonymity, the bureaucratic reduction of individuals to inert categories; for that is the negation of life – of living order and represents the acceptance of the false facsimile of order parading under the banner of predictable happenings – to which living happenings eventually refuse to conform.

The highest common denominator is our general respect for the dignity of all life and all cultures. The lowest common denominator is fear and aggression. These are the result of frustration, instinct for revenge against the innocent and weak, the claiming of rights without responsibility, the defiant assertion of untrammelled liberty and are the evidence of sick minds and bodies.

We are here to build bridges out of the very stones hitherto used to build walls. We are here to nurture the garden and its plants and not to defend dead and life-constricting walls. Not the least essential purpose of Professor Klaus Schwab’s wholesome vision is the establishing of trust between humankind and those human beings, their spokesmen who speak on their behalf.

May you succeed in this vast task.”<sup>4</sup>

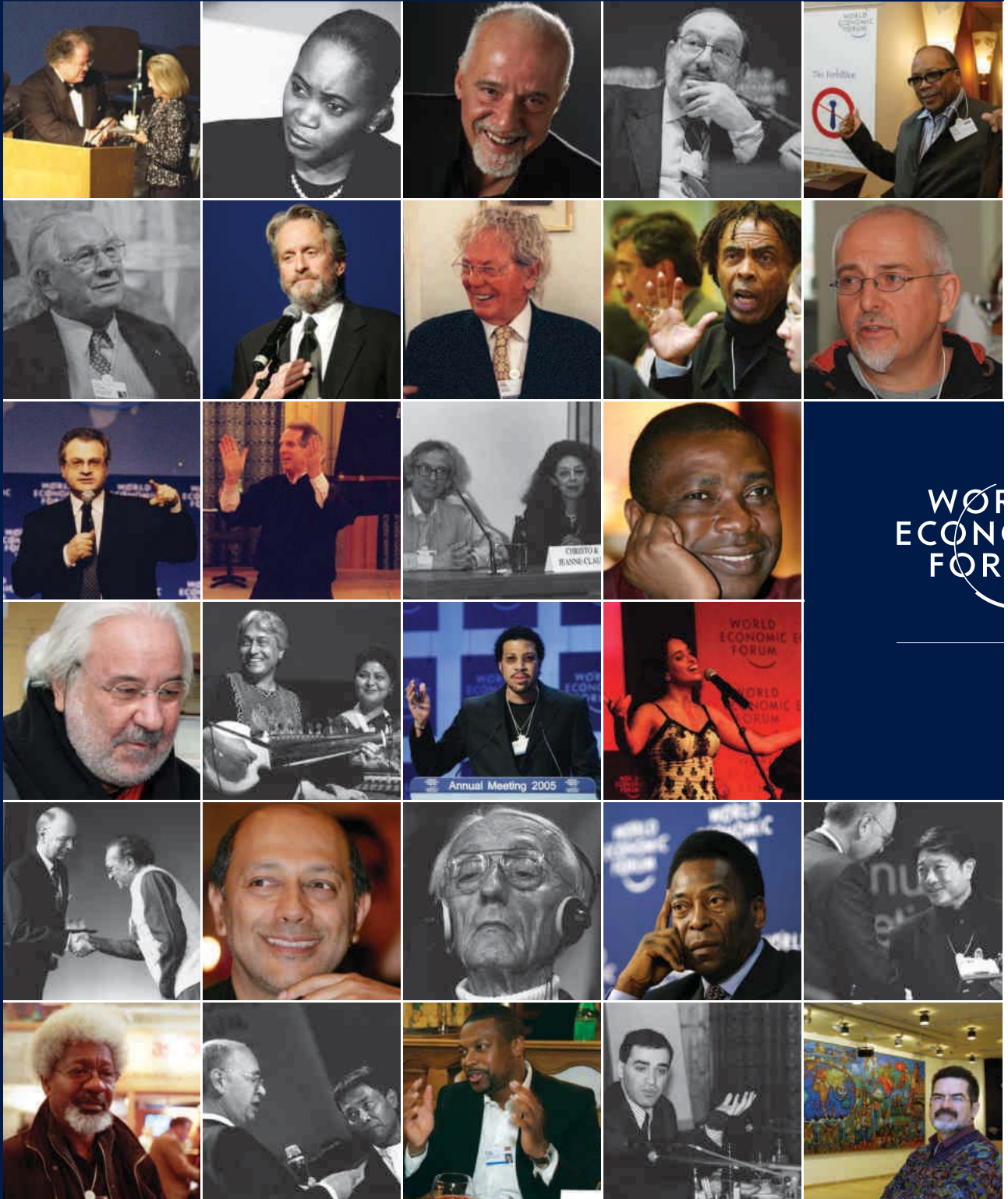
<sup>3</sup> Letter from Klaus Schwab on behalf of the participants in the World Economic Forum Moscow Meeting, 16 September 1991

<sup>4</sup> “Special message from Sir Yehudi Menuhin”, World Arts Summit, Venice, 29-31 August 1991

The Forum later integrated the World Arts Forum into the Annual Meeting in Davos and other events. It made special efforts to ensure the strong engagement of the arts community in all its activities. In 1995, the Forum created the Crystal Award to honour personalities who, in addition to having made a real difference in the world of arts, had also made an outstanding contribution to cross-cultural understanding.



The Scuola Grande di San Giovanni Evangelista in Venice, a craftsmen's school dating back to the 15th Century, was the venue of the World Arts Summit



WORLD  
ECONOMIC  
FORUM

The World Economic Forum .....



..... Community of Extraordinary People from All Walks of Life

### Selected Crystal Award Recipients

<b>Vladimir Ashkenazy</b>	Pianist and Conductor
<b>Amitabh Bachchan</b>	Actor and Philanthropist
<b>Christo and Jeanne-Claude</b>	Artist-Engineers
<b>Paulo Coelho</b>	Author
<b>Umberto Eco</b>	Writer, Historian and Philosopher
<b>Peter Gabriel</b>	Singer, Songwriter and Musician
<b>Richard Gere</b>	Actor and President, Gere Foundation
<b>Valery Gergiev</b>	Artistic & General Director, Mariinsky Theatre
<b>Gilberto Gil</b>	Musician and former Minister of Culture
<b>Nadine Gordimer</b>	Author, Nobel Prize in Literature 1991
<b>Quincy Jones</b>	Producer, Composer and Musician
<b>James Levine</b>	Conductor and Artistic Director
<b>Jet Li</b>	Actor and Founder, One Foundation
<b>Yo-Yo Ma</b>	Cellist
<b>Amin Maalouf</b>	Writer and Historian
<b>Richard Meier</b>	Architect
<b>Wole Soyinka</b>	Poet & Playwright, Nobel Prize in Literature 1986
<b>Elie Wiesel</b>	Author, Nobel Prize for Peace 1986



Quincy Jones, musician and composer, USA; Princess Wijdan Ali, Founder and President, The Royal Society of Fine Arts, Amman, Jordan; Klaus Schwab; Jack Lang, Minister of Culture of France; Italian Foreign Minister Gianni de Michelis; Lorin Maazel, conductor and music director, Pittsburgh Symphony Orchestra, USA; and Johnny Clegg, musician, South Africa



Amjad Ali Khan, sarod player and composer, India

## 1992

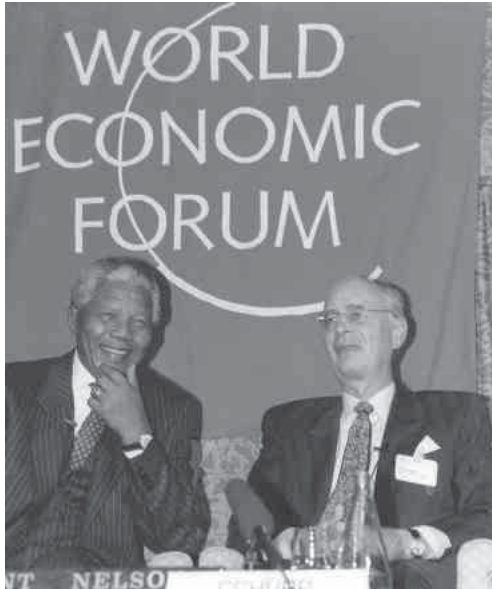
### Mandela in Davos



Based on its early contacts with African National Congress (ANC) representatives, the World Economic Forum had established a strong base of trust with the new South African leadership. At the Annual Meeting in Davos, Nelson Mandela, the South African anti-apartheid leader and head of the ANC who had been released from prison two years earlier, made a joint appearance – the first outside his country – with South African President F. W. de Klerk and Chief Minister of KwaZulu, Mangosuthu Buthelezi.

Bringing new impetus to the political transition to build a new South Africa, Mandela laid down his vision of a multi-party democracy, with a Constitution providing for one person, one vote:

“The impending political transformation of South Africa is part of the truly phenomenal process of renewal which our planet is experiencing. The features of this process are clear enough. They delineate a future in which the peoples in all countries will govern themselves under open and plural democratic systems. In our own country, this means the end of white-minority dictatorship and the building of a new nation of many colours, languages and cultures, bound together by a common South African patriotism, a shared spirit of nationhood and bonds of mutual dependence. As in other parts of the world, we too will establish a society based on respect for human rights to



would become South Africa's first democratically elected president the following year, with de Klerk as one of his deputy presidents (serving along with Thabo Mbeki). Mandela returned to Davos in 1997 and 1999. He acknowledged that his first visit in 1992 had had a major impact on his perception of the world and particularly of free markets, influencing substantially his policies as president.

ensure the freedom and dignity of every individual, as an inalienable condition of human existence and development."<sup>1</sup>

To make this joint appearance happen, Klaus Schwab had travelled to South Africa several times to define together with each leader the basic conditions for their participation in a Davos session, which was broadcast live all over the world. When Mandela exceeded substantially the time that had been allocated and agreed upon, Schwab intervened. Mandela never forgot this interruption. Still, the two developed a very friendly relationship, meeting regularly, most recently in the summer of 2009.

Mandela and de Klerk would together win the Nobel Peace Prize in 1993 and Mandela

Another significant development at the Annual Meeting was the participation of Chinese Premier Li Peng. In his address to participants, he said that "by 2030 to 2050 China aimed to achieve the status of a medium-level developed country." The premier's appearance contributed to the re-establishment of normal relations between China and the West following the events in Tiananmen Square in Beijing in June 1989.



The tensions between Europe and China were still tangible. The Chinese government insisted that Premier Li's trip to Davos be combined with an official visit to at least one European nation. To meet this request, Schwab phoned a number of European foreign ministers. Italy agreed to host Li and his delegation.

For the first time, all the heads of the Commonwealth of Independent States (CIS) came to Davos. They shared the stage in a session entitled "The New Partners". Panelists included Presidents Islam Karimov of Uzbekistan, Leonid Kravchuk of Ukraine, Ayaz Mutalibov of Azerbaijan, Nursultan Nazarbayev of Kazakhstan, Mircea Snegur of Moldova, Levon Ter-Petrosian of Armenia, and Stanislav Shushkevich, Chairman of the Supreme Soviet of Belarus.

<sup>1</sup> Nelson Mandela, Statement to the World Economic Forum Annual Meeting, Davos, 2 February 1992





Henry Kissinger chairing a panel session on “The New Partners”

Following the Summit of the heads of Eastern European countries at the Annual Meeting 1990, this session that brought together these emerging economies further to the east showed how the definition of Europe had changed dramatically.

At Davos, President Carlos Andrés Pérez of Venezuela had led a large delegation. On landing back home in Caracas, the President suddenly faced a military coup, which failed. The news triggered dismay among participants. Moisés Naím, then Executive Director of the World Bank and member of the Venezuelan delegation, was still in Davos and would later recall the situation in his contribution to the *Liber Amicorum* to mark Klaus Schwab’s 70th birthday in 2008:



Karl Otto Pöhl, President of the Federal Bank of Germany, with President Carlos Andrés Pérez of Venezuela

“As the world would later learn, that night Hugo Chávez – who until then had been an obscure lieutenant colonel – led a small group of paratroopers in a bloody attempt to murder the president and overthrow the government. Colonel Chávez failed in his attempt to take power that day. But not for long. In today’s Venezuela, 4 February is an official national holiday celebrated with military parades and speeches that extol the courage of the soldiers that participated in the coup – many of whom are now running the country. More than a decade and a half later, the shock waves of what happened that night, as the Venezuelan president returned from Davos, are still felt throughout Venezuela and the rest of the world.”<sup>2</sup>

In an exceptional gesture following the failed coup, the World Economic Forum issued a press release condemning the attempt and fully supporting President Pérez. In his recollection, Naím

<sup>2</sup> Moisés Naím, *Liber Amicorum for Klaus Schwab*, 30 March 2008

quotes Schwab as saying: “I don’t know what led to this and what the coupsters’ grievances are, but political disagreements should never be resolved through violence and when that happens, we all must condemn it – forcefully, immediately, and without reservations or hesitations.”

Resuming the historical encounter of their predecessors four years ago, the new prime ministers of Turkey and Greece, Süleyman Demirel and Constantin Mitsotakis, respectively, met for a comprehensive exchange of views in the Spirit of Davos. In addition, a Summit of Baltic countries and another gathering of Balkan nations were integrated into the Annual Meeting programme.



President Vaclav Havel of Czechoslovakia in conversation with H.R.H. Prince Charles prior to a plenary session, with Klaus Schwab behind

Also at Davos, H.R.H. The Prince Charles, Prince of Wales, made an appeal for public-private partnerships:

“None of what I have said so far is very original, and I am not trying to suggest that I have a Utopian answer to the many problems humanity is destined to face. All I want to emphasize is that, as it says in the Bible, ‘Man does not live by bread alone.’ We are not just cost-effective machines that can be made ever more efficient. There is another dimension that has to be recognized. That is why the message I want to leave you with today is that business is uniquely well placed to take a lead and to get things done, but in partnership with local communities, governments, non-governmental organizations and other representatives of the voluntary sector.”<sup>3</sup>

The concept of public-private partnerships has gained wider support among business and civil society stakeholders in recent years, with the Forum becoming the world’s foremost catalyst to promote PPPs.

<sup>3</sup> H.R.H. The Prince of Wales, Address to the World Economic Forum Annual Meeting, Davos, 4 February 1992

Meanwhile, President Václav Havel of Czechoslovakia made an eloquent and impassioned plea for the restoration of values and an elementary sense of justice, responsibility, wisdom, courage, compassion and faith – a view still highly relevant today when the institutions and systems of global governance need to be redesigned:

“Looking at politics ‘from the inside’, as it were, has if anything confirmed my belief that the world of today – with the dramatic changes it is going through and in its determination not to destroy itself – presents a great challenge to politicians. It is not that we should simply seek new and better ways of managing society, the economy and the world as such. The point is that we should fundamentally change how we behave. And who but politicians should lead the way? Their changed attitude towards the world, themselves and their responsibility can, in turn, give rise to truly effective systemic and institutional changes.”<sup>4</sup>

Other leaders addressed the lack of values and the importance of creating a fairer society. The Archbishop of Milan, Carlo Maria Cardinal Martini, reflected on the nature and role of faith amid the economic and social problems of the world, while Algerian Prime Minister Sid-Ahmed Ghazali suggested that the new international order could lead to disorder unless more attention was paid to poverty in the poorer countries.

### Global Leaders for Tomorrow

In 1992, the Forum launched a new community, the Global Leaders for Tomorrow (GLTs), composed of 200 young leaders from business, politics, academia, the arts and the media, all of them under 43 years of age and well established through their achievements and positions of influence. Among those nominated in the first year were many individuals (indicated below with their titles at that time) who would later assume key responsibilities or distinguish themselves further in their fields:

Martine Aubry, Minister of Labour, Employment and Vocational Training of France  
 José Maria Aznar, President, Partido Popular, Spain  
 José Manuel Durao Barroso, Minister of Foreign Affairs of Portugal  
 Anthony C. L. Blair MP, Shadow Cabinet Minister, United Kingdom  
 Gordon Brown, Shadow Chancellor of the Exchequer, United Kingdom  
 Yuriko Koike, Senator, Japan New Party, Japan  
 Anne Lauvergeon, Deputy Secretary-General, Elysée Palace, France  
 Yo-Yo Ma, Musician  
 Angela Merkel, Federal Minister for Women and Youth of Germany  
 Nicholas Sarkozy, Assistant Secretary, RPR, France  
 Lawrence Summers, Vice-President and Chief Economist, World Bank, Washington DC

The group which would hold its own Summits, partially in conjunction with the Annual Meeting in Davos, would be reconstituted in 2003 as The Forum of Young Global Leaders.

<sup>4</sup> Václav Havel, Address to the World Economic Forum Annual Meeting, Davos, 4 February 1992

The Forum reinforced its global reach with 17 regional or country meetings. It organized its first Summit of the Black Sea Economic Zone and Central Asian Republics in Istanbul. The Forum decided to group its Asian national events, with the exception of China and India, into a regional summit organized along the same principles as the Annual Meeting. The first Europe/East Asia Economic Forum took place in Hong Kong in October in partnership with the Hong Kong Trade Development Council. The success of such a regional approach led the Forum to hold similar regional meetings for Southern Africa in 1993, the Middle East and North Africa in 1994, and Mercosur in 1995.

To familiarize its members with the economic potential of the “new regions”, the Forum decided in the spring to charter a plane and send members on a series of round-trip visits to important cities in a number of countries. The first destination was St Petersburg, where many local businessmen participated in a one-day meeting with Mayor Anatoly Sobchak. Removed from the pressures of Moscow’s charged politics, the northern city had been making an effort to attract foreign investors. It offered less bureaucracy and more tax breaks and eventually succeeded in luring companies such as Unilever, Cadbury, Gillette and others into manufacturing joint ventures.

At a brainstorming lunch, three young men who would rise to prominence within the next decade were present: Alexei Kudrin, Deputy Chairman of St Petersburg’s Committee for Economic Development and now Minister of Finance of the Russian Federation; Alexei Miller, Head of Department of the city’s External Affairs Committee and now Chairman of Gazprom, Russia’s largest company; and Vladimir Putin, Deputy Mayor of St Petersburg and Chairman of the External Affairs Committee, who would succeed Boris Yeltsin in 2000 as president of the Russian Federation and then become prime minister in 2008.

After St Petersburg, the Forum group flew on to the Baltic capitals of Tallinn in Estonia, Riga in Latvia and Vilnius in Lithuania. At each stop, the participants had the chance to meet the new and upcoming political leaders of the country.

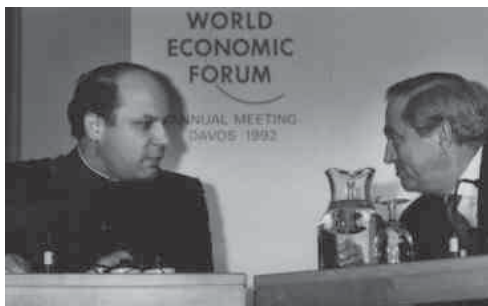
After having held close to 150 Geneva Meetings, the Forum decided to incorporate this activity into future regional summits. The last Geneva Meeting took place in May with Palaniappan Chidambaram, Minister of Commerce of India, who played a major role in his country’s economic reform process as finance minister and is today minister of the interior.



The first high-level Chinese encounter with the Catholic Church: Premier Li Peng of the People's Republic of China meets Carlo Maria Cardinal Martini, Archbishop of Milan



Reviving the Spirit of Davos: Greek Prime Minister Constantinos Mitsotakis and Turkish Prime Minister Süleyman Demirel



Nawaz Sharif, Prime Minister of Pakistan, with Karl Otto Pöhl, Co-Chair of the Annual Meeting



Bernard Kouchner (right), French State Secretary in charge of humanitarian action, and Raymond Barre



Anders Aslund, Director of the Stockholm Institute of Soviet and East European Economics, with US Undersecretary of State Robert Zoellick, and Grigory Yavlinsky, Chairman of the Center for Economic and Political Research, Moscow



President Cesar Gaviria Trujillo of Colombia with Henry Kissinger, Co-Chair of the Annual Meeting, and Klaus Schwab



Ion Iliescu, President of Romania, meeting Hamed Karoui, Prime Minister of Tunisia



Overcoming the antagonisms of the past, South Africa's President F. W. de Klerk shakes hands with Nelson Mandela, President of the African National Congress



# 1993

## Entrepreneurship in the Global Public Interest

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Under the timely theme “Rallying All the Forces for Global Recovery”, the Annual Meeting brought together 800 company chief executives, 150 political leaders including 25 heads of state or government (among them, Russian Prime Minister Victor Chernomyrdin who was making his first trip to Western Europe since taking office) and 200 of the world’s leading experts and academic thinkers.



In the 1993 *Annual Report*, the Forum set out objectives and operating principles that remain valid today:

- Facilitate integration and interaction
- Invite the highest level politicians in an individual capacity, without delegations
- Ensure that the political-business encounter is a real interaction with concrete and positive consequences for political-economic policy formulation at a global level
- Be very selective on participation by applying rigorous criteria but welcome the Global Leaders for Tomorrow as a specially featured group
- Continue with the “Summit of Summits” concept by identifying as many common interests among participants as possible and arranging special small peer-group meetings for them as well as interaction between distinct peer groups
- Reinforce the idea that the Annual Meeting, given its very strong political orientation as a result of the world situation, is the place where participants can recharge their intellectual batteries, take the “global pulse” in all fields, and create the basis for real leadership
- Integrate spouses as full partners
- Keep alive the Spirit of Davos – the informal, direct, no-nonsense yet friendly atmosphere which in recent years has contributed so much to creating partnerships and friendships<sup>1</sup>



In addition to the East Asia and Southern Africa regional summits, a “round-trip” visit by members to Central Asia with stops in Almaty, Tashkent, Ashkhabad and Baku, and 10 country meetings, the Forum convened a global Industry Summit in Cambridge, Massachusetts, USA, in partnership with the Massachusetts Institute of Technology and in cooperation with Harvard University. This new event offered an additional opportunity for the Governors of each of the Industry Forums to meet outside the Annual Meeting and to exchange opinions on global strategic issues of common concern. It encouraged cooperation in strategic but non-competitive fields among the top decision-makers in industry, international organizations and governments and the most eminent experts in each specific field so that together they could serve the international community most effectively.

<sup>1</sup> *Report from the President*, World Economic Forum, 1993



Forum members on a “round-trip” mission to Central Asia

The Forum also held its annual USA Meeting in Washington DC, which was conducted for 20 consecutive years, providing participants with privileged insight into what could be expected from the current White House administration and Congress. The meeting was traditionally based on the strong presence of senators and members of the House of Representatives. Thanks to this mechanism and the regularity of the gathering, the Forum established and maintained a cordial and productive relationship with the American political leadership. The annual US meeting was later discontinued when the Forum decided that there were many opportunities to interact with the US government during its other events and activities.

Another initiative taken this year was the creation of the Forum Fellows, a group of 300 top experts in the political, economic, social, cultural and technological fields who served as permanent advisers and contributors to the foundation’s activities. They were the predecessors of today’s Global Agenda Councils.

Klaus Schwab was always seeking to bolster the intellectual capacity of the Forum which underpinned all its activities. To this end, he proposed the Leadership Hexagon (*see box*), a “leadership concept” for political and business leaders who outlined the driving forces and power behind its work. The hexagon underscored the motto of the Forum and its members: “Entrepreneurship in the global public interest.”



## Our Leadership Concept

### WE HAVE TO CONFRONT A NEW WORLD CHARACTERIZED BY

- multipolarity with a multiplicity of actors
- a global agenda with new dimensions of complexity; and
- time compression with ever-accelerating pressures on leadership.

This new world requires a specific mix of characteristics which we have defined in the form of a leadership “hexagon”.

The six characteristics are divided into three inner driving forces and three outward-oriented implementation powers:

#### 1. MORAL FORCE

Identification with a system of values; moral strength; ethical actions and behaviour; credibility; congruence between words and actions.

#### 2. FUTURE FORCE

Ability to develop strategies, concepts and a coherent vision; to prepare for the future appropriately and in time.

#### 3. PHYSICAL FORCE

Capability to possess, cultivate and radiate physical force and vitality; to act with dynamism.

#### 4. MESSAGE POWER

Ability to reach collaborators, customers, voters effectively and intuitively with a distinctive “message”, thus obtaining above-average attention and acceptance.

#### 5. IMPACT POWER

Ability to achieve results quickly; to carry out one’s visions, strategies and concepts; to use time and speed to one’s advantage.

#### 6. NETWORKING POWER

Ability to develop and maintain networks, i.e. to create truly flexible partnerships to pursue mutual objectives.

### FORCES AND POWERS ARE INTERRELATED, FOR EXAMPLE

- credible **message power** is only possible if it is supported by **moral force**
- **impact power** is only effective if it is guided by **future force**
- **networking power** will require today a strong **physical force** and vitality

The Forum has developed this leadership “hexagon” to illustrate its contribution to the process of political, economic and business leadership.

1. The principal objective of all the Forum’s activities is to strengthen the future force of its constituents and, ultimately, their impact power in the world community.
2. The Forum is the world’s top networking institution and a unique mechanism for the development of networking power.
3. The Forum aids the setting of priorities and thus allows the development of message power.
4. The members of the Forum constitute a moral force by sharing the Forum’s motto: *“Entrepreneurship in the global public interest.”*

*65, Chester Square,  
London, S.W.1*

*Dear Klaus Schwab*

*Thank you so much for your warm congratulations. I am suitably  
humbled by the great honour and pray that I may prove worthy of it.*

*I do hope we  
will meet soon  
and I pray your  
wonderful Forums  
continue to be so  
very successful and  
effective, devotedly  
Yehudi Djeremian*

# 1994

## One Thousand Members

The World Economic Forum welcomed its 1,000th member. At the same time, the Forum decided as a strict policy not to exceed this record high in the future so as to maintain exclusivity. In coming years, the focus would be on substantially improving not only the quality of membership benefits and services but also regional and industrial diversity.



At the Annual Meeting, which was co-chaired by Singapore's Senior Minister Lee Kuan Yew, the focus of attention was inevitably on the Middle East and the Israeli-Palestinian conflict. Earlier in the 1990s, the Forum had already welcomed discreetly – in parallel with the so-called Oslo Process – Israeli and Palestinian representatives. This year, Israel's Foreign Minister Shimon Peres and Yasser Arafat, Chairman of the Palestine Liberation Organization (PLO), were in Davos for talks. They forged a draft agreement on Gaza and Jericho, which moved the peace process forward significantly.

But what has stuck in the memories of Annual Meeting participants that year was when Peres and Arafat spontaneously joined hands and walked up the Congress Hall stage together to thunderous applause. This was one of those unforgettable moments that illustrate the Spirit of Davos so well.





Among the many other heads of state and government present was German Chancellor Helmut Kohl, who called on Europe to support the new democracies of Central, Eastern and South-Eastern Europe as well as the former Soviet Union. Russian Prime Minister Victor Chernomyrdin, who had returned to Davos for the second time in a row, told participants that his country had a Constitution that reflected democracy, as well as a president and government that would not be deterred from implementing reforms. But he also acknowledged that rampant crime now threatened the great majority of new private enterprises, imperilling foreign investment. Meanwhile, Prime Minister P. V. Narasimha Rao of India also promised to pursue reform in his country, favouring a step-by-step approach.

How much Davos had developed into a “Summit of Summits” may be discerned from the groups that held private peer-to-peer meetings. In addition to the Governors Meetings from 12 different industries and the traditional Informal Gathering of World Economic Leaders (IGWEL), there were Informal Gatherings among Business Organization Leaders, Regional Leaders, Media Leaders and Cultural Personalities. There were also separate programmes for the Global Leaders for Tomorrow, the National Economic Research Organizations, the Global City Mayors and the Editorialists.



The negotiations conducted in Davos by Foreign Minister Peres and Chairman Arafat encouraged the Forum to organize the first Middle East and North Africa (MENA) Economic Summit in Casablanca. The event, which took place at the end of October, was organized in partnership with the Council on Foreign Relations in New York, under the patronage of His Majesty King Hassan II of Morocco and with the support and endorsement of President Bill Clinton of the United States and President Boris Yeltsin of Russia. For the first time in history, Arab and Israeli leaders came together in a comprehensive programme of discussion and exchange. The MENA Summit drafted groundbreaking partnerships between the public and private sectors and signalled a new era of diplomacy through the creation of mechanisms designed to advance economic development and cooperation.



Finance Minister Manmohan Singh of India in animated discussion



Mexican President Carlos Salinas de Gortari with Klaus Schwab



Russia's Prime Minister Victor Chernomyrdin greets an old friend



Jean-Pascal Delamuraz, Swiss Federal Councillor, confers with Helmut Maucher, Chairman and CEO of Nestlé, and German Chancellor Helmut Kohl

Two thousand top leaders from government and business from virtually all the MENA countries attended the Summit, which concentrated on the economic dimension of the so-called Madrid Process for peace in the Middle East. Participants from outside the Arab world included US Secretary of State Warren Christopher; President Ion Iliescu of Romania; the prime ministers of Austria, Israel, Malta, Portugal, Spain and Turkey; the foreign ministers of Brazil, Canada, Finland, France, Germany, Israel, the Netherlands, Pakistan, Russia, Switzerland and Venezuela; ministers from Belgium, China, Denmark, Greece, India, Ireland, Italy, Japan, South Korea, Sweden and Thailand; the heads of the European Commission, the GATT and the IMF; and the vice-president of the World Bank.

Casablanca was widely regarded as heralding a fresh start for the region. Declared Warren Christopher at the opening session: “If I may borrow the famous Humphrey Bogart line, this conference could be the beginning of a beautiful friendship.” It was a Summit of genuine hope and commitment, as demonstrated by the high-level participation from around the globe. Participants expressed the heightened expectations in the Casablanca Declaration released at the end of the meeting: “The Summit leaders feel united behind the vision that brought them to Casablanca, that of a comprehensive peace and a new partnership of business and government dedicated to furthering peace between Arabs and Israelis.”<sup>1</sup>

<sup>1</sup> Casablanca Declaration, *The Casablanca Report*, Middle East and North Africa Economic Summit, 30 October – 1 November 1994



Hoping for peace: Yasser Arafat, Chairman of the PLO, with Yitzhak Rabin, Israel's Prime Minister and Minister of Defence, and Shimon Peres, Israeli Minister of Foreign Affairs



In the halls of the Casablanca Palace at the Forum's first Middle East and North Africa (MENA) Economic Summit

Earlier in the year, in a conversation with Singaporean Prime Minister Goh Chok Tong during a banquet at the third East Asia Economic Summit, Klaus Schwab raised the idea of complementing the strong transatlantic alliance through NATO and the deepening links across the Pacific through the Asia-Pacific Economic Cooperation Forum, or APEC, with a third regular mechanism bringing together Asia and Europe. The idea germinated and led eventually to the creation of the Asia-Europe Meeting (ASEM) of heads of government, which was launched by Prime Minister Goh and his French counterpart Edouard Balladur. Goh would announce the new arrangement in Davos in 1996.

The growing importance of Asia in the global economy and in the international community, especially with the emergence of China and India, was not lost on the Forum and its members. In an article entitled “Power and Policy: The New Economic World Order” and published in *Harvard Business Review*, Klaus Schwab, together with Claude Smadja, then Senior Adviser to the Forum, wrote: “What we actually have been going through for the last three years is not merely a crisis but a worldwide economic revolution. ... Perhaps the most spectacular component of the current revolution is the shift in the world economy’s centre of gravity to Asia. The extraordinary process of fast and steady growth in East Asia since the end of the 1960s has led to an overall redistribution of the world’s economic power, the impact and implications of which are just beginning to be felt.”<sup>2</sup>



The Forum, meanwhile, held its second Industry Summit in Palo Alto, California, hosted by Stanford University and organized in cooperation with Caltech and the University of California, Berkeley.



A panel discussion at the Industry Summit in Palo Alto, 1994 (with Condoleezza Rice)

<sup>2</sup> Klaus Schwab and Claude Smadja, “Power and Policy: The New Economic World Order”, *Harvard Business Review* November-December 1994

ראש הממשלה  
Prime Minister

November 27, 1994

Dear Mr. Schwab,

I would like to thank you again for your invitation to me to address the World Economic Forum. Only through economic development and prosperity can nations truly "beat the swords into pruning shields". By convening the Casablanca Conference we took one small, but significant step toward that direction.

I would also like to thank you for your warm words of congratulations as one of this year's laureates for the Nobel Peace Prize. Peace is not the enterprise of just one person - it is the achievement of many. Our efforts to realize our dream of living in peace is our legacy to our children, both Palestinian and Israeli.

The work, however, is not yet finished. The Nobel Peace Prize is for future generations, more than it is a reward for the achievements we have made towards peace thus far. I am hopeful that with continued cooperation and dialogue, our two peoples can overcome the obstacles placed by those who oppose co-existence, and that we will fulfill the ideals embodied in the Nobel Prize.

With best wishes.

Sincerely yours,

  
Yitzhak Rabin

Mr. Klaus Schwab  
President  
World Economic Forum  
53 Chemin des Hauts-Crets  
CH-1223 Cologny/Geneva  
Switzerland

Jerusalem, Israel





# 1995

## Overcoming Indifference

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This year marked the 25th anniversary of the World Economic Forum. The occasion prompted Klaus Schwab to reflect on the key achievements of the organization he had built. In the Forum's *Annual Report*, he wrote:

“Twenty-five years ago, as a young professor born just before World War II, I felt very strongly that Europe's business leaders should take a much more active role in shaping the region's political, economic and social future. What drove me was the conviction that cooperation and partnership across national borders are the best guarantee of development and peace in the world. I convinced the European industry associations, and particularly the Commission of the European Communities, to give the necessary moral support for the creation of a Forum of Europe's chief executives, and organized the first Davos symposium in January 1971. The response was overwhelming. What was planned as a single event turned out to be the answer to a fundamental need: to create a permanent bridge between political and business decision-making. To serve this need I established the Foundation, now called the World Economic Forum, which organized, in January 1995, its 25th Annual Meeting. It has become the world's foremost institution integrating leaders from business, government, academia and the media into a partnership for economic and social progress.

Since 1971, I have continued to devote myself to the fascinating journey of an entrepreneur in the global public interest. The need still clearly exists for intensive, personal interaction at the highest level globally, particularly today in a world with a vast number of players, all under tremendous time pressure.

With you our members, we have achieved a great deal over the past 25 years and I am grateful to all my colleagues who helped make this possible. If I were to choose two highlights from our history, they would be the transformation of the Foundation from a European to a truly global forum, and the intellectual and political role the World Economic Forum has been able to play in many world developments, as we described in detail in the last *Annual Report*.

We have fascinating opportunities today. We have the credibility, the organizational and financial strength, and above all the confidence of our members – over 1,000 leading enterprises – to develop these opportunities into new value-added services for our members and constituents and for the world at large. On the occasion of this anniversary we will focus on a visionary outlook for the next 25 years.”<sup>1</sup>

<sup>1</sup> Klaus Schwab, “Message to our members”, *Annual Report 1994-1995*, World Economic Forum

Rather than being an occasion to celebrate, the Forum's silver anniversary brought to the fore a host of questions and concerns about the implications of an increasingly globalized and interdependent world, especially the social and ethical dimensions of this transformation. At Davos through the years, members and other participants have in different ways been focusing on values and the challenge of safeguarding diversity so that globalization does not provoke sudden disruptions that result in conflict. Is it possible to define a set of shared values that would serve as a basis for this integrating world?

At the Annual Meetings this and other years, participants have repeatedly challenged the traditional parameters of leadership, many feeling that what it means to be a leader has to be redefined, given the dispersal of the decision-making power and processes in business, government and civil society to include more and more actors. There is also the need for even greater personal responsibility, courage and creativity to tackle problems, a sense of personal risk-taking in business as well as in government. Economic, business and social uncertainty is not a passing phenomenon but has become a permanent characteristic of our world. Our societies and nations risk being subverted by international crime, corruption and terror campaigns, not to mention threats from environmental degradation, disease and the social consequences of poverty, especially in the least developed parts of the world. Global cooperation is required to fight this. Interdependence means that we cannot be indifferent to what happens elsewhere. We must combat both indifference and extremism – and commit to open societies.



With this imperative in mind, Schwab put together the book *Overcoming Indifference: Ten Key Challenges in Today's Changing World*, which was published this year. He believed that the world was at a critical turning point in history. Although the outlines of any new order remained obscure, it seemed clear that historians would someday judge the 1990s and the turn of the century as the dawn of a new era. There was a need to reassess the fundamental assumptions of global society as a whole. Yet this pressing need met with indifference at all levels of society, Schwab feared.

The book's title was borrowed from Professor Elie Wiesel's contribution to the collection of essays on crucial issues of long-term global concern. The worst enemy and the biggest challenge facing the world was – and is – indifference, Wiesel wrote. He added:

“The opposite of love is not hate but indifference. But this applies to other concepts as well. The opposite of education is not ignorance but indifference. The opposite of beauty is not ugliness but indifference. The opposite of life is not death but indifference to both life and death. Is this the new assumption we all seek now to accept? No, it is an old one. In fact, it is as old as human hope which has helped us triumph over fear.”<sup>2</sup>

Besides the Nobel Peace Prize laureate, many other leaders and thinkers, statesmen, scholars and chief executive officers of major industrial corporations contributed to the broad range of views expressed in the publication. The 10 key challenges identified in the book were:

- coping with the disintegration of value systems
- maintaining global security
- facing the new inequalities
- ensuring sustainability in an overpopulated world

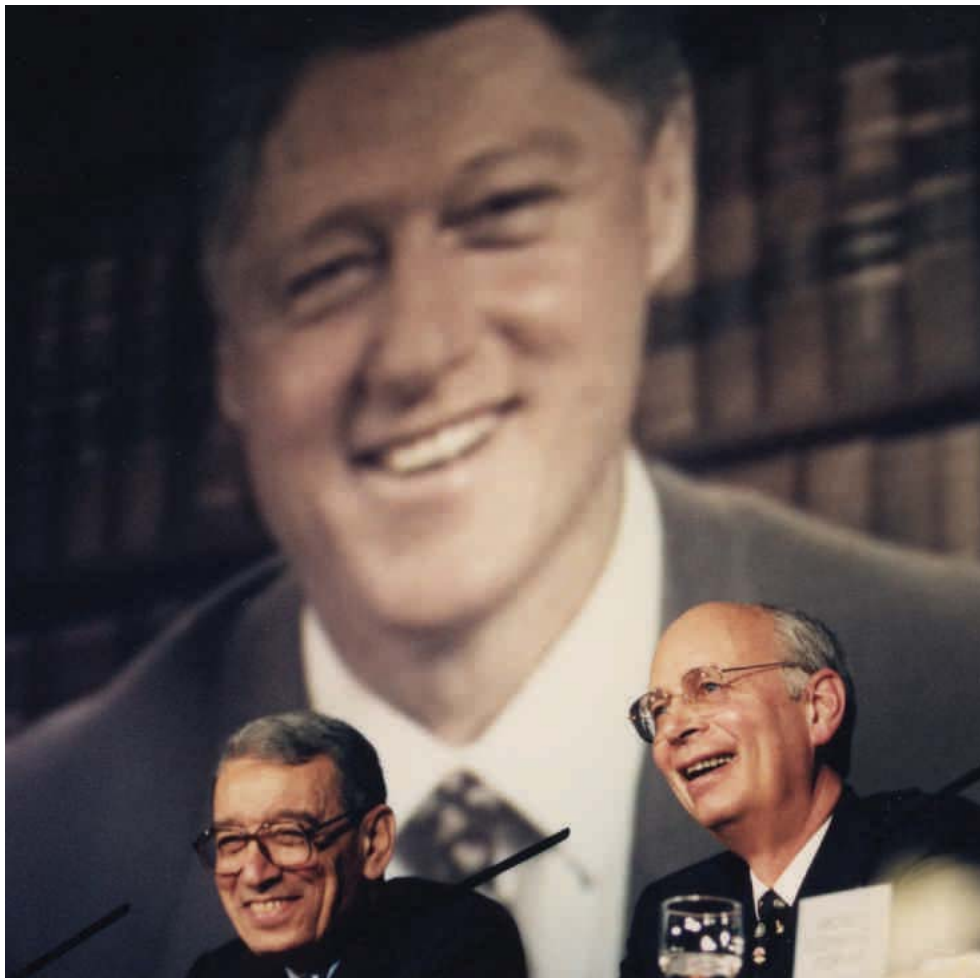
<sup>2</sup> Klaus Schwab, *Overcoming Indifference: Ten Key Challenges in Today's Changing World*, New York University Press, 1995

- living in the new information society
- keeping pace with a globalizing economy
- integrating Asia
- creating sufficient employment
- ensuring national policy-making in a global world
- re-engineering the corporation

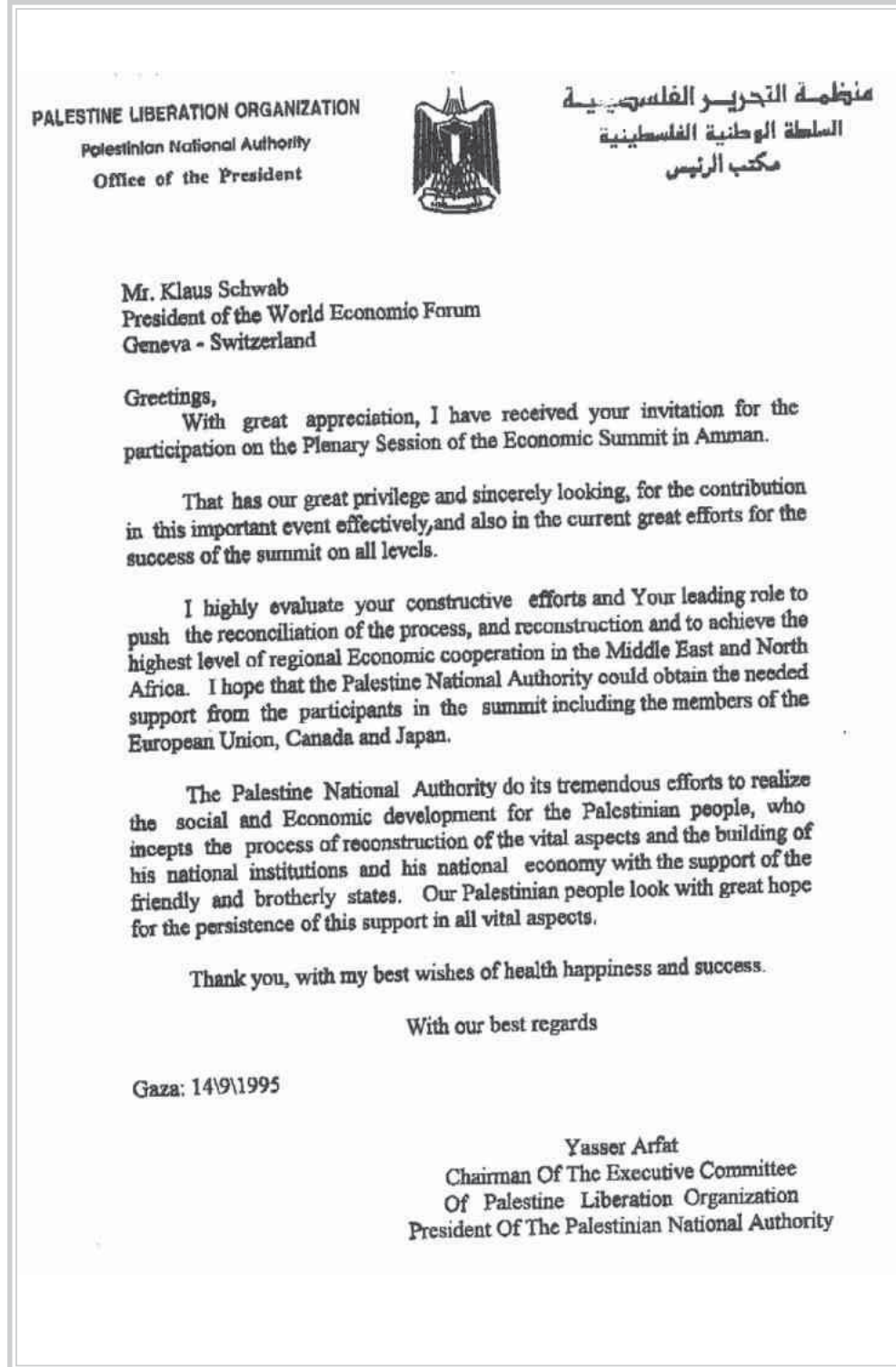
They remain as relevant today as they were 15 years ago.



Following on from the Summit in Casablanca, the second Middle East and North Africa Economic Summit was held in Amman, Jordan, under the patronage of His Majesty King Hussein bin Talal. Co-sponsored by the United States and the Russian Federation, with the support of the European Union, Canada and Japan, the Summit brought together nearly 2,000 government and business leaders from the Middle East and North Africa, Europe, the Americas and Asia.



UN Secretary-General Boutros Boutros-Ghali with Klaus Schwab at the Annual Meeting 1995



*St. Cardinal Roger Etchegaray*

1 mars 1995

Monsieur le Président,

C'est au retour d'un périple en Afrique que je trouve votre bonne lettre. Vous me précédez, car je désirais moi-même vous écrire pour vous remercier de l'accueil que vous m'avez réservé durant mon bref passage à Davos. Ce fut pour moi une merveilleuse découverte de votre Oeuvre si originale qui fêtait ses 25 ans. Vraiment le *World Economic Forum* dépasse ce que je pouvais imaginer comme une sorte d'oasis où se croisent et se rencontrent les caravanes venues de tous les horizons et les mieux équipées de projets économiques et politiques. Grâce à vous, l'homme d'Eglise ne s'est pas senti dépaycé parmi ces grands décideurs de la société dont plusieurs paraissaient même heureux de me voir.

A l'occasion, j'aimerais bien vous accueillir à nouveau au Vatican pour prolonger cet échange d'impressions. De tout façon, je vous prie de transmettre mon vif merci aux personnes qui m'ont si aimablement facilité mon séjour.

Avec l'expression de mes respectueux et religieux sentiments,



Roger Card. Etchegaray

-----  
Monsieur **Klaus SCHWAB**  
Président  
WORLD ECONOMIC FORUM  
53 chemin des Hauts-Crêts  
CH-1223 COLOGNY/GENEVE (SUISSE)

Cultural leaders such as the Nigerian poet and novelist Ben Okri are always among the participants at the Annual Meeting in Davos, contributing their special insights and approaches to global issues.

Dear Klaus Schwab,

My experience of the World Economic Forum this year was so rich and wonderful that it has taken me this long to begin to digest it, and respond. And this is true with many other people I have spoken to about the Forum. In fact, we now refer to it as the Davos secret, or the Davos Dream. The Forum gets better and better, more encompassing, more useful, and more enriching. Future ages will refer to it as one of the secret wellsprings of the twentieth century that helped with the renewal of the human spirit. I can only confess to a tremendous admiration for your collective expanding vision and your extra-ordinary organisation. And just as important are the personalities you attract, who make powerful contributions.

The original vision – that of helping to transform the world into something better, something worthy of our humanity – unfolds more and more beautifully, like a flower. The vigilance required to nurture this growth must be difficult. Please accept my congratulations for sustaining this vigilance, and for the invaluable ideas and possibilities disseminated from your organisation. The task ahead remains mountainous; but great tasks create great shoulders; and the World Economic Forum has emerged as the purest organisation yet to help with this important stage of global harmony and illumination. We are at the cusp of either a human degeneration, or a human regeneration. I will even go further and say that the next ten years may be of singular importance in the higher evolution of humanity. It is a beautiful struggle; keep at the helm.

Thank you for your warmth and kindness, and for the wonderful honour of the Crystal award.

Yours affectionately



Ben Okri.



As early as 1995, the Forum sought to engage dynamic enterprises with ambitions to become global players



German President Roman Herzog calls for tolerance



John Hume, Member of the European Parliament; Carl Bildt, Sweden, and Sadako Ogata, UN High Commissioner for Refugees



Senior Minister Lee Kuan Yew of Singapore



Ben Okri, Nigerian poet and novelist





## 1996

### A Mounting Backlash against Globalization

In an editorial published in the *International Herald Tribune* that attracted worldwide attention (*see box*), Klaus Schwab, Founder and President of the World Economic Forum, and Claude Smadja, the Forum's Managing Director, wrote that "economic globalization has entered a critical phase." They warned of "a mounting backlash against its effects, especially in the industrial democracies," that "is threatening a very disruptive impact on economic activity and social stability in many countries." Concluded Schwab and Smadja: "So as globalization goes on deploying its impact, innovative policies that help contain the mounting backlash against it are urgently needed. ... Public opinion in the industrial democracies will no longer be satisfied with articles of faith about the virtues and future benefits of the global economy. It is pressing for action."



This prophetic essay predated the Asian financial crisis that played out in 1997-1998 and the "Battle in Seattle" anti-globalization protests that disrupted the World Trade Organization Ministerial Conference at the end of 1999. It generated extensive debate at the Annual Meeting 1996 and after over the impact of globalization and the need to ensure that this unfathomable force has a human face. It presaged too the robust discussions today – in the aftermath of the global economic crisis that erupted in 2008 – about the nature of capitalism and the consequences of free markets.



Indeed, two days after the Schwab-Smadja editorial appeared, the *International Herald Tribune* columnist William Pfaff wrote about the debate swirling at the Annual Meeting. In his essay, he exposed the tensions between shareholder and stakeholder capitalism. "The conventional wisdom claims that this social return will automatically be provided by today's capitalism's current emphasis on fiscal return to corporations, since in the long term the wealth created by globalization, downsizing and corporate rationalization will do good for all men," Pfaff observed. "This is a nice theory that defies the common sense of any realist's observation of how the system actually is working today, and how it has worked in the past. It is a theory – or, more properly, an ideology – that rationalizes much evil and suffering in contemporary society."

He concluded:

"The current wisdom about capitalism, the globalized marketplace and appropriate corporate behaviour is today under increasingly severe criticism. As a 'vision' of society it seems too narrow, defective in its social and political assumptions, lacking a sense of history. What can take its place is unclear and will come both from theoretical economics and the practical and political demands of society. But a change unmistakably is on the way."

Change certainly was on the way – and continues to happen, though serious efforts to redesign the global economy and the institutions and systems of global governance, a process that the Forum is helping to move forward, only accelerated since the 2008-2009 crisis. The prospects for meaningful reform and restructuring are still unclear.

### *Start Taking the Backlash Against Globalization Seriously*

**By Klaus Schwab and Claude Smadja**

Economic globalization has entered a critical phase. A mounting backlash against its effects, especially in the industrial democracies, is threatening a very disruptive impact on economic activity and social stability in many countries.

The mood in these democracies is one of helplessness and anxiety, which helps explain the rise of a new brand of populist politicians. This can easily turn into revolt, as December's unrest in France showed.

Four basic elements have to be kept in mind.

- The lightning speed at which capital moves across borders, the acceleration of technological changes, the rapid evolution of management and marketing requirements increase the pressure for structural and conceptual readjustments to a breaking point. This is multiplying the human and social costs of the globalization process to a level that tests the social fabric of the democracies in an unprecedented way.

What is striking is our inability, so far, to come up with coherent, effective and sustainable approaches not only to help people cope with these structural adjustments but also to convince them that change will lead to renewed prosperity.

- The globalization process is in essence a tremendous redistribution of economic power at the world level, which will increasingly translate into a redistribution of political power. By the end of this decade we will have fully entered the era of strategic economic parity among the United States, East Asia and Europe. Any change of this magnitude in the global balance of power is bound to have a profound destabilizing effect.

In the present phase, East Asia is a net beneficiary. Results for Europe look much less certain. The United States has recovered ground lost in the 1980s but at the cost of an actual decline in real wages.

- The globalization process challenges some familiar assumptions. Until now, for instance, it was conventional wisdom that technological change and increases in productivity would translate into more jobs, higher wages. But in the last few years technological changes have eliminated more jobs than they have created.

In the famous process of “creative destruction”, only the “destruction” part seems to be operating for the time being. And the services sector is now hit with a vengeance. We have yet to see new job-multiplier activities emerge, as traditional ones are delocalized or streamlined.

It becomes apparent that the head-on mega-competition that is part and parcel of globalization leads to winner-take-all situations; those who come out on top win big, and the losers lose even bigger. The gap between those able to ride the wave of globalization, especially because they are knowledge- and communication-oriented, and those left behind is getting wider at the national, corporate, and individual levels.

- Popular scepticism about the win-win effect of the global economy is compounded by two phenomena.

First, it is becoming harder in the industrial democracies to ask the public to go through the pains and uncertainties of structural adjustment for the sake of benefits yet to come. Public opinion is on the defensive, increasingly anxious about the future. The social impact of these pressures is being felt at the very moment when economic activity has slowed markedly in most industrial democracies.

The second phenomenon is that globalization tends to de-link the fate of the corporation from the fate of its employees. In the past, higher profits meant more job security and better wages. The way transnational corporations have to operate to compete in the global economy means that it is now routine to have corporations announce new profit increases along with a new wave of layoffs.

Some estimates put at 3 million the number of layoffs since the end of the 1980s in the United States, and more are expected. It is no consolation for a laid-off employee to hear analysts explain how the re-engineering of which he is a victim will help his former employer prosper.

For those who keep their jobs, the new sense of insecurity means the demise of corporate loyalty bonds. It is not yet clear that corporations have fully realized the consequences that this will have on their future performance.

All this confronts political and economic leaders with the challenge of demonstrating how the new global capitalism can function to the benefit of the majority and not only for corporate managers and investors.

But if the key issue today is to make apparent the social returns of global capitalism, we have to be equipped to reap these returns. This is where the critical question of setting national priorities comes to the fore.

The effort of focusing on training and education, on the constant overhauling of telecommunication and transportation infrastructures, on entrepreneur-incentive fiscal policies, on recalibrating social policies has to be a central part of a national competitiveness policy going beyond the traditional concept of economic policy.

Meanwhile, the globalized economy must not become synonymous with “free market on the rampage”, a brakeless train wreaking havoc. The social responsibilities of corporations (and governments) remain as important as ever. What is on the agenda is the need to redefine and recalibrate them.

Moral considerations aside, there can be no sustainable growth without the public at large seeing itself as the major stakeholder in the successful functioning of the economy.

The globalization process is not a passing aberration. The revolution in information technologies, the emergence of new strategic centres of power such as East Asia, the addition of 2.5 billion people to the world market with the opening up and liberalization of previously closed societies and economies – all that makes it irreversible. So as globalization goes on deploying its impact, innovative policies that help contain the mounting backlash against it are urgently needed.

True, some reactions reflect an entitlement culture, an impulse to protect acquired advantages or unthinking protest against change. But it would be dangerous to dismiss them as mere rearguard grumbling.

They can make the globalization process even more painful and more socially costly. And they can affect the new opportunities that the globalized economy offers.

Emerging economies are not only new competitors but are also already proving to be new markets and new sources of investment, as shown by recent major Asian investments in Europe. The revolution in the labour market in industrialized democracies, with the recourse to outsourcing, is spurring a new spirit of individual entrepreneurship. But no individual, corporation or country will be able to seize these new opportunities in a social vacuum.

Public opinion in the industrial democracies will no longer be satisfied with articles of faith about the virtues and future benefits of the global economy. It is pressing for action.<sup>1</sup>

<sup>1</sup> Klaus Schwab, Founder and President, and Claude Smadja, Managing Director, World Economic Forum, “Start Taking the Backlash Against Globalization Seriously”, *International Herald Tribune*, 1 February 1996

On the political front, the Annual Meeting 1996 turned out to be a watershed in Russian history with the so-called Davos Pact. Macha Levinson, at that time a director of the World Economic Forum, remembers the events:

“[Boris] Yeltsin had become the first democratically elected president of the Russian Federation in 1992, riding a wave of popularity after his heroic stand against the attempted putsch of the old guard Communist conspirators. But four years later, the outlook for the president’s re-election was dismal. Weakened by ill health and by reportedly heavy drinking, the polls showed his support hovering at around 5%. A month before the Davos meeting, the Communist Party had won a resounding victory in the elections for the State Duma [or legislature]. Almost totally eclipsed after Russia’s independence the Party had made an extraordinary comeback and now commanded a solid majority in the Duma. The polls showed party leader, Gennady Zyuganov, at 14-20% of the upcoming presidential vote considerably ahead of his rivals.

Nearly all of the top Russian leaders were present at the Annual Meeting 1996, with Gennady Zyuganov being by far in the limelight. In the words of [*New York Times* columnist] Tom Friedman: ‘This year the star – the man everyone wanted to interview – was a Communist: Gennady Zyuganov, head of Russia’s resurgent Communist Party.’<sup>2</sup> And Fred Kempe [of *The Wall Street Journal*] commented: ‘Russia’s Communist leader moves through the crowds with a bulldozer’s power and a prizefighter’s balance.’<sup>3</sup>

In Davos, Zyuganov promised to eradicate corruption and to substantially improve conditions for foreign investment – by all means a most welcome statement from a Communist leader.

The members of the Russian delegation, and particularly the business leaders, became deeply concerned about the popularity of Zyuganov and the likelihood of a victory of the Communist party. Many were infuriated that Zyuganov was saying one thing in Russia and another thing in Davos, appearing in the guise of a modern moderate rather than a hard-line Communist. They decided to take action and to throw their financial weight behind Yeltsin’s campaign. The unwritten collective pledge became known as the ‘Davos Pact’.

After their return to Moscow, the so-called oligarchs requested a meeting with President Yeltsin to discuss campaign strategies and to ask that Anatoly Chubais, who had spearheaded the Davos Pact, manage his campaign. In his memoirs, Yeltsin later confirmed this meeting and quoted the oligarchs as saying, ‘What is going on in your campaign headquarters and in your entourage means almost certain failure. The situation is forcing some businessmen to make deals with the Communists or to pack their bags. We don’t have anyone to make a deal with. The Communists will hang us from the lamp-posts. If we don’t turn this situation around drastically, in a month it will be too late.’<sup>4</sup> Yeltsin added: “But what amazed me the most was that they all agreed that I needed Anatoly Chubais in the campaign.

<sup>2</sup> Thomas L. Friedman, “Beware, Traders, We All Have our Zyuganovs”, *International Herald Tribune*, 8 February 1996

<sup>3</sup> Frederick Kempe, “Communist Zyuganov Bedazzles the West With Fancy Footwork”, *The Wall Street Journal*, 5 February 1996

<sup>4</sup> Boris Yeltsin, *Midnight Diaries*, PublicAffairs, 2001

The Davos Pact turned out to be the decisive element in the re-election of Boris Yeltsin. Yeltsin officially announced his candidacy on 15 February. Backed by a strong team and the finances of the oligarchs, he set out to regain the voters and avert the danger of a return to Communism. The Davos Pact had brought Russia's controversial business leaders to the forefront of political activity.”

In July 1996, Boris Yeltsin was re-elected by a wide margin. To an extent, Russia's political future may have been decided in the corridors of the Annual Meeting 1996 in Davos.

Following tradition, the Forum launched again a number of reconciliation and peace-building initiatives in Davos this year, including the Peace in the Balkans Initiative under the leadership of Richard Holbrooke, US Assistant Secretary of State for European and Canadian Affairs, and chief architect of the Dayton Peace Accords in 1995. As *New York Times* journalist Craig R. Whitney reported, the focus was on urgently attracting investments to bolster the reconstruction effort and secure the peace:

“The peace accord in Bosnia-Herzegovina could unravel if the United States and other governments do not provide much more money to put its non-military provisions into place, the key US official involved in negotiating the pact warned Tuesday. ... Some of the difficulties facing the peacemakers were apparent at the meetings here of the private World Economic Forum, which was attended by most of the new Bosnian government, led by Prime Minister Hasan Muratovic. High officials from Croatia and from Yugoslavia, the federation of Serbia and Montenegro, also came. All of them were hoping to attract investment from foreign countries to help rebuild their economies after the war.”<sup>6</sup>

The peace process in Northern Ireland was also a concern. A special Davos session included on the panel leaders who had never before been brought together, including John Hume, Member of the British Parliament and Member of the European Parliament; Sir Patrick Mayhew, Secretary of State for Northern Ireland, United Kingdom; Mitchel McLaughlin, National Chairperson of Sinn Féin; Dick Spring, Deputy Prime Minister of Ireland; and David Trimble, Leader of the Ulster Unionist Party and Member of the British Parliament.

Klaus Schwab convened a private reconciliation session for the Irish leaders. He will never forget how difficult it was to start the meeting. He had assumed that the participants would be willing to sit at one table but they refused. To resolve the impasse, Schwab had two more tables brought in, arranging all three in a triangle while still trying to maintain some intimacy. After the tables were moved around several times, the delegates finally agreed to sit down.

Once again at Davos, Shimon Peres, now the Prime Minister of Israel, and Yasser Arafat, President (Rais) of the Palestinian Authority, shared the stage in a session, in which both appealed for the greater involvement of the business community in building the basis for a lasting peace in the Middle East.

Another Davos highlight was a panel discussion with Michael Bloomberg, President and Founder of Bloomberg; Bill Gates, Chairman and CEO of Microsoft Corporation; and Lou Dobbs,

<sup>6</sup> Craig R. Whitney, “Holbrooke Warns Pact Could Fail Without Money to Rebuild Bosnia”, *International Herald Tribune*, 7 February 1996

Executive Vice-President of CNN Business News, who discussed the new opportunities offered by the digital revolution.

During the Annual Meeting, the Forum created a task force to look at the role of religion in reconciliation processes and convened a special meeting between business leaders and government and law enforcement officials to call for tighter international sanctions on bribery. The latter led to the Forum's Partnering Against Corruption Initiative (PACI), which was launched in 2004.



By 1996, the Forum had transformed its manifold country meetings into the following integrated regional summits: Southern Africa, the Middle East and North Africa, East Asia, China, India, Mercosur and, for the first time, Central and Eastern Europe. The Central and Eastern European Economic Summit, which was held in Salzburg for seven consecutive years, played a substantial role in overcoming political, economic and psychological barriers between the two former blocs. The first Salzburg Summit attracted seven presidents and six prime ministers from countries that had once been part of the Soviet bloc.

Each regional summit evolved into a genuine regional Davos, with multistakeholder participation integrating political, business, civil society and other thought leaders in a common effort to look at the future of their region. The summits were conducted in the spirit of complete transparency and attracted wide media attention.

In addition to the regional events, the Forum organized again another trip by chartered plane to the Greater Mekong region that brought participants to Hanoi, Phnom Penh and Yangon.



The World Economic Forum moved on to the information superhighway with the launch of its Internet website at [www.weforum.org](http://www.weforum.org).

The Forum's policy of integrating global, regional and industry-related issues into its strategic concept led to another Industry Summit in May, hosted by the University of Chicago in conjunction with Northwestern University and the Chicago Council on Foreign Relations. The highlight of the meeting, which was attended by 500 leaders from industry, government and research institutions, was a unique session on the future of the economy conducted by a "Nobel Dream Team" of five distinguished economists.



At the bookshop: Signature session with author and Nobel laureate Elie Wiesel



Gennady Zyuganov, Head of the Russian Communist Party, and presidential candidate



Tung Chee-hwa, the first Chief Executive of the Hong Kong Special Administrative Region of the People's Republic of China, is greeted by Klaus Schwab



Religious leaders are an important community of the Forum



WELCOM: Some ideas need some time to flourish



The technology pioneers. Michael Bloomberg, Founder of Bloomberg; William H. Gates III, Chairman and CEO of Microsoft Corporation



**THE SECRETARY OF STATE  
WASHINGTON**

December 4, 1996

Dear Professor Schwab:

Please accept my sincere thanks for the work of the World Economic Forum in ensuring the success of the recent Cairo Economic Conference. During a period of considerable uncertainty earlier in the year about whether the Conference would take place, your personal commitment to the MENA Summit process and your staff's perseverance guaranteed that the Cairo meeting would turn out to be an extremely well-attended and important event. This year's gathering was critical for enhancing the economic health of the region, and it also proved that economic normalization in the region can and must proceed despite momentary difficulties with the political aspects of the peace process.

The success of all three MENA Summits has been due in no small measure to the exemplary working relationships that have developed between the Forum and the Department of State. Messrs. Gregory Blatt and Frederic Sicre deserve special credit not only for their professionalism but also for their sustained efforts at coordinating closely with officials in the Department's Middle East Bureau.

Planning for the next MENA economic meeting in Doha will provide new challenges. However, I am confident that with the continued enthusiasm and drive of the World Economic Forum, the next MENA conference will prove to be as important for our overall political and economic goals in the region as its predecessors.

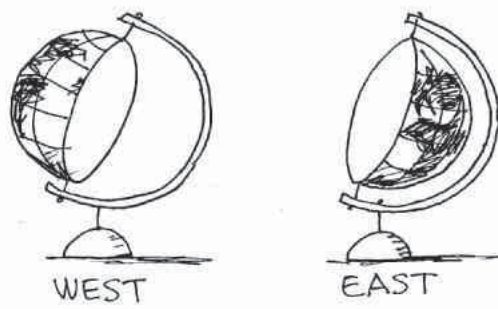
With best regards,

Sincerely,

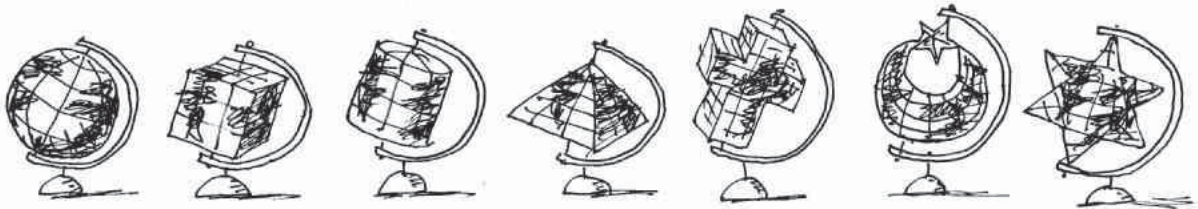


Warren Christopher

Professor Klaus Schwab,  
President, World Economic Forum,  
53 Chemin des Hauts-Crets,  
CH-1223 Cologny/Geneva, Switzerland.



East and West met at Davos



In Davos one realizes that there is more than one world.



Chappatte



# 1997

## Committed to Improving the State of the World

To underscore its overarching purpose and focus, the World Economic Forum added its mission statement – “committed to improving the state of the world” – to its logo.

The Foundation launched the “Partnership Concept” for its various activities. This would enable the Forum to forge deeper relationships with certain member companies that could provide specialized knowledge and critical expertise. By 30 June, the Institutional Partners included Amoco Corporation; Andersen Consulting; Arthur Andersen; Ascom Holding; A.T. Kearney; Audi; Booz, Allen & Hamilton; Deloitte Touche Tohmatsu; DHL Worldwide Express; Hewlett-Packard; Itochu; Price Waterhouse; Sun Microsystems; Swiss Telecom; and Volkswagen.

The debate over the impact of globalization continued, with the publication of another editorial by Klaus Schwab and Claude Smadja in the *International Herald Tribune* (see box). “Corporations need to give new meaning to the old notion of corporate responsibility,” they wrote. “Business leaders will have to strike a new balance between the imperative of anticipating fast changes and the need for a long-term view, even if it sometimes means resisting the pressure for instant shareholder gratification. Managing the shareholder-stakeholder equation is more than ever a critical priority.”

The Annual Meeting programme under the theme “Building the Network Society” included more than 270 sessions. The Forum made special efforts to enhance the “take-home value” for participants. For example, “update sessions” were organized at the start of the Meeting to give participants a quick way to get up to speed on various global issues and regional developments. On many of the panels were leading scientists and experts, such as Nobel Prize laureates.

Discussions at Davos focused on how globalization and the IT revolution are completely reshaping the way corporations, societies and individuals function. In various sessions, top leaders from the IT sector explored the impact of the Internet particularly on the service sector including financial services. Electronic commerce was a topic of special interest. On the political and economic side, key sessions centred on the future of Europe, the progress towards the creation of the European single currency, the Middle East reconciliation process, the economic restructuring of Russia, and the crucial role that emerging markets will play in the global economy of the 21st century.



On 1 July, the United Kingdom handed back to China sovereignty over the British colony and international financial centre of Hong Kong, which had previously hosted Forum meetings. Klaus Schwab attended the ceremony as a guest of honour. Just two months after the handover, the Forum held its East Asia Summit in the new special administrative region (SAR) of the People’s Republic of China, tangibly signaling the strong support of its members for the city and the success of the unique “one country, two systems” framework under which Hong Kong reverted to Chinese rule.

### *Join Forces to Solve the Shareholder-Stakeholder Equation*

**By Klaus Schwab and Claude Smadja**

A critical change brought by the emergence of the network society is the lightning mobility of capital flows around the world. This creates permanent pressure for high returns on capital so as to keep flows moving inward rather than outward – to attract investment by providing the most conducive environment for it.

This is leading to a situation in which capital markets are more and more perceived as dictating the course of events, forcing or tying the hands of policymakers, and fostering a mood that a top European business leader calls ‘share-value fetishism’. Financial capitalism is today overtaking manufacturing capitalism.

If this trend is not kept under check by strong, farsighted corporate leadership, which balances the short term interests of shareholders with the long-term interests of the company, it is bound to exacerbate resentment, social tensions and labour strife.

Correct or not, a perception is already quite widespread that the benefits of the changes so far have gone to shareholders and financiers, while workers were left to bear the costs.

Tackling this issue is made even more difficult by a weakening, even a disintegration, of political power at the same time that the emergence of the network society concentrates economic power. This issue has not received as much attention as it should. If the present trend were to continue unchecked, its implications would prove serious for social and political stability.

Most governments are encountering serious difficulties in adjusting to an era of instantaneous and multisourced information and communication. They are being deprived of what was until recently a classic instrument of power – privileged information. And they have to act and react at a pace for which their structures and modes of decision-making are in many cases not prepared.

Governments’ margin of manoeuvre is today seriously limited by the crisis of credibility and moral authority that most industrialized countries are going through, and by the pressure to cut government spending and reduce budget deficits.

Meanwhile, last year’s wave of mega-mergers and acquisitions is expected to continue and even expand this year. The dominant role that transnational corporations play today in international trade flows, and competition to attract foreign investment attention, create a perception that there is today a definite shift of power in favour of the capital markets and financial capitalism. The magnitude of the conceptual and political challenge we are facing is such that no single group can provide appropriate answers, or answers acceptable to other social groups. What we need urgently is a convergence of efforts by political, business and labour leaders.

Governments will have to redesign the way they function and assign priorities, lest they be sidelined on key economic issues where their role nonetheless remains essential to help balance conflicting interests and make sure that the most vulnerable groups in society get protection and assistance.

Trade unions will have to redefine their role and priorities if they want to protect the interests of working people while not creating obstacles to job creation.

And corporations need to give new meaning to the old notion of corporate responsibility. Business leaders will have to strike a new balance between the imperative of anticipating fast changes and the need for a long-term view, even if it sometimes means resisting the pressure for instant shareholder gratification. Managing the shareholder-stakeholder equation is more than ever a critical priority.<sup>1</sup>



Kofi Annan, Secretary-General, United Nations (1997-2006); Member of the Foundation Board of the World Economic Forum; poet and playwright Wole Soyinka; violinist and conductor Yehudi Menuhin; and Shashi Tharoor, Director, Communications and Special Projects, United Nations, New York

<sup>1</sup> Klaus Schwab, Founder and President, and Claude Smadja, Managing Director, World Economic Forum, "Join Forces to Solve the Shareholder-Stakeholder Equation", *International Herald Tribune*, 31 January 1997

One of the remarkable achievements of the World Economic Forum has been its success in building the “World Economic Forum” and “Davos” into brand names familiar to millions of people around the world. “Davos”, in particular, has come to stand for more than the Swiss city that hosts the unique global gathering of business, government and civil society leaders that takes place at the beginning of every year. The word has come to encompass the spirit of collaboration and collegiality that is the hallmark of the Annual Meeting.

Harvard University political scientist Samuel P. Huntington, who died in 2008, is credited with coining the term “Davos Man” to refer to what he regarded as a global elite, a minority, who “have little need for national loyalty, view national boundaries as obstacles that thankfully are vanishing, and see national governments as residues from the past whose only useful function is to facilitate the elite’s global operations.”

In a leader published in 1997, the editors of *The Economist* offered their assessment of “Davos Man”:

### *In Praise of Davos Man*

#### **How businessmen may accidentally be making the world safer**

It is not every day that 1,000 of the people who run the world gather under a single roof. But every year 1,000 of the people who think they run the world congregate in Davos, a Swiss ski resort, for the annual meeting of a foundation known as the World Economic Forum. Although this event is often marred by an atmosphere of self-importance, the Davos crowd has a better excuse than usual for basking in the limelight this weekend. Samuel Huntington, an American academic, has put Davos at the centre of an argument about civilisation and its future. He has attacked Davos Man. And, self-important or not, Davos Man must be defended.

Mr. Huntington, remember, is the author of a strikingly uncomfortable idea, first propounded in 1992 and recently elaborated in a book (*The Clash of Civilisations and the Remaking of World Order*, Simon & Schuster). He thinks the countries of the West assume too blithely that with the end of the cold war the whole world is modernising along western lines – law-based, plural, secular, attentive to individual rights. In fact, says he, many countries may not modernise in a western way at all. Prosperity may lead some to emulate the West, but give others the power and confidence to reassert their own values – some of which are not just different from the West’s but hostile to it.

Davos is an example. Mr. Huntington notes that almost all of the businessmen, bankers, officials and intellectuals who flock there hold university degrees, work with words or numbers, speak some English and share beliefs in individualism, market economics and democracy. They control many of the world’s governments, and the bulk of its economic and military capabilities. But they are singularly unrepresentative. Outside the West, he reckons, less than 1% of the world’s population shares this culture. Could



there be a better demonstration of the folly of expecting the whole world to converge on a single culture like the one on parade in Davos?

This may look like a fair cop. The Davos crowd are undeniably an unrepresentative elite. But in their defence it must be said – and Mr. Huntington doesn't – that they are a different kind of elite. In particular, Davos Man is not Chatham House Man. And, arcane though it sounds, this difference makes the future of the world look a good deal brighter.

Chatham House is the elegant London home of the Royal Institute of International Affairs, where for nearly 80 years diplomats have mulled the strange ways of "abroad". By training and disposition, Chatham House Man was a linguist and romantic. By profession he was a diplomat. In bed at night he worried about the world's division into two armed camps, not his next billion. He probably worked at a western embassy in an exotic Arab country. He may have sent home (duly encrypted) reports about "sentiment in the bazaar".

### **Markets and mandarins**

This, naturally, is a parody. The serious point is that less than a decade ago Chatham House Man and his kind really thought they made the world go safely round. Now the end of the Cold War and the spreading global economy have squashed such pretensions. The two armed camps have become umpteen interlinked economies; the bazaar, teeming with sleek young things from Wall Street, has lost its mystery. Diplomacy has not disappeared, nor the need for it: rather a lot of history has happened since 1989 (remember the Soviet Union?), when Francis Fukuyama announced history's end. But in most places, and for the present, business is pushing the old Chatham House world to the margin.

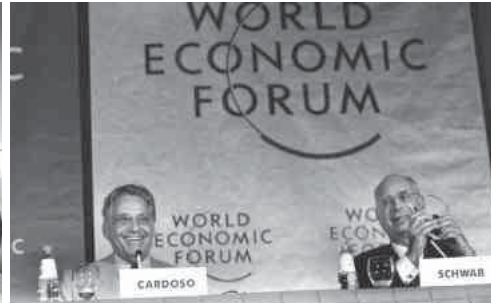
It is this change that Davos symbolises, and which Mr. Huntington overlooks. Although 40 or so heads of state will troop to Davos this weekend, the event is paid for by companies, and run in their interests. They do not go to butter up the politicians; it is the other way around. Davos Man, finding it boring to shake the hand of an obscure prime minister, prefers to meet Microsoft's Bill Gates.

All this should cheer up Mr. Huntington, not cast him down. Some people find Davos Man hard to take: there is something uncultured about all the money-grubbing and managerialism. But it is part of the beauty of Davos Man that, by and large, he does not give a fig for culture as the Huntingtons of the world define it. He will attend a piano recital, but does not mind whether an idea, a technique or a market is (in Mr. Huntington's complex scheme) Sinic, Hindu, Islamic or Orthodox. If an idea works or a market arises, he will grab it. Like it or loathe it, that is an approach more likely to bring peoples together than to force them apart.<sup>2</sup>

<sup>2</sup> "In praise of Davos Man", *The Economist*, 7 February 1997



Relaxed, yet thoughtful: Thabo Mbeki, Executive Deputy President of South Africa, with Klaus Schwab



President Fernando Henrique Cardoso of Brazil at the opening of the Mercosur Economic Summit in São Paulo



Nabil Sha'ath, Minister of Planning and International Cooperation of the Palestinian Authority, and Yasser Arafat, President of the Palestinian Authority, meet with Prime Minister Benjamin Netanyahu of Israel



The proud new members of the Global Growth Companies community



Enjoying lunch on the Schatzalp in the mountains overlooking Davos



A panel discussion on the global economy with Fred Bergsten, Director of the Institute for International Economics, USA; Peter Sutherland, Chairman and Managing Director of Goldman Sachs International; and Lawrence Summers, Deputy Secretary of the Treasury of the United States

## 1998

### New Home



On 1 November, the World Economic Forum inaugurated its new headquarters and settled into what really may be called its home. The building gave the organization a visible identity, raising its stature among its partners, members, constituents and collaborators.

In 1970-1971, the Forum's first office was a garage-like pavilion of about 30 square metres. After moving briefly to a small office in the centre of Geneva, in late 1973, with just four people, it transferred to a villa in the suburb of Cologny. By 1998, the Forum had grown to include 73 full-time and 26 part-time colleagues. Each available corner of the house, even bathrooms, the garage and patios had been gradually taken over and transformed into workspace.

Since the beginning of the 1990s, Klaus Schwab had entered into negotiations to purchase a large property in Cologny but intermittent discussions with the owner went nowhere because the asking price was too high. After a few years of persistence, the Forum managed to buy the property at a reasonable price and with the help of the government of Geneva.

Hilde Schwab was responsible on the Forum side for managing the construction of the building on the site. “The three-level terraced structure was meant to be much more a clubhouse than an office building, reflecting the spirit of the organization, its openness and transparency, with landscaped offices and large glass windows, integrated in its magnificent surroundings overlooking Lake Geneva and the Jura Mountains,” she recalls. “The building combines subtle elegance with ethereal spaciousness, functionality and technical sophistication. It features state-of-the-art communications technology and an innovative ecological concept using natural resources such as earth and water to buffer thermal energy. It offers unprecedented partitioning flexibility to optimally accommodate any type of meeting.”



At the Annual Meeting earlier in the year, the active participation of heads of state and government bolstered the Spirit of Davos and ensured the meaningful interaction between political and business figures – a hallmark of all the activities of the Forum. Germany’s Chancellor Helmut Kohl delivered a strong message on Europe’s future, while Latin American and African leaders played a prominent role in the discussions.

During the Informal Gathering of World Economic Leaders (IGWEL), institutional mechanisms to discuss reforms of the global financial system were the main concern. Participants emphasized the need to integrate major developing countries into the process of resolving global aspects of the financial crisis then affecting emerging markets.

One of the ideas discussed during IGWEL was to set up a body that brought together 20 countries – half of them developed economies and the other half developing ones. Just such a meeting of what became known as the G20, was held for the first time later in 1998 in Bonn. Participation was restricted to finance ministers and its scope limited to global finance. In subsequent years, Klaus Schwab, among others, proposed in several speeches to elevate the G20 meeting to become a true global summit. This finally happened in 2008 when the US hosted a G20 summit in Washington DC, to address the impact of the global economic crisis. In September the following year, world leaders meeting in the American city of Pittsburgh decided that the G20 would replace the G8 as the main forum for coordinating global economic policy.

Attracting the most interest among participants in the Annual Meeting 1998 in Davos was a person without any official government or corporate title. Hillary Rodham Clinton, the First Lady of the United States, made a forceful call to the business community to meet its social responsibilities. In her speech, she eloquently and succinctly expressed the multistakeholder philosophy of the Forum.

“There are many large problems that confront us as a world,” Clinton remarked to a packed Congress Hall. “It is impossible to think of any corporation, no matter how large, or any government, no matter how powerful, addressing these alone. Whether we like it or not, we are more interdependent today than we have ever been. I believe that interdependence is a good development. And it should be respected by governments and businesses alike. Because through it we can meet mutual challenges of environmental degradation or security threats, and we can also work together to help build up strong, functioning markets, governments and civil societies.”



### Hillary Rodham Clinton on Nurturing Civil Society

Excerpts from US First Lady Hillary Rodham Clinton's address at the Annual Meeting:

After having looked at the programme, and seen some of the sessions, I think it is probably more appropriate to refer to this gathering as the World Economic, Political and Social Forum, because certainly in the discussions that I have been privileged to hear about and to hear directly, it has struck me that there is a very strong awareness of how interdependent the economic, political and social spheres of life happen to be.

It is something that I think we need to pay even closer attention to. Certainly when one thinks about the economy, whether it is the economy of a business, of a nation state, or of our entire globe, one talks a great deal about the importance of and the significance of the free market. And I believe that as we end this century, any doubt about the effectiveness of organizing our economy along the lines of a free market, have finally been put to rest. That is one of the major accomplishments, perhaps, of this past century. That we now understand that the greatest capacity to create employment, income, wealth and investment is derived from a free market.

At the same time, I hope we have also recognized as we end this century, that we need effective, functioning, competent governments. Governments that are neither oppressive, nor too strong and authoritarian, nor on the other hand, so weak that they can neither deliver goods and services for the public good to their citizenry or play the kind of partnership role that they should in connection with a vital free market.

But if that's all we were to speak about – the economy on the one hand and government on the other – we would be leaving out one of the most important aspects of what we should turn our attention to as we move into this new century, that is civil society, because between the marketplace and the government that is what makes life worth living. It is the stuff of life. It is the family, it is the religious belief and spirituality that guide us. It is the voluntary association of which we are a member. It is the art and culture that make our spirits soar.

I think as we look at the end of this century and the beginning of the next, it behoves all of us, no matter what our perspective or experience, to think hard about how we create conditions in which the economy, governments and the civil society all flourish. Think of it, if you will, as a three-legged stool. We are not stable if we are only on one leg, no matter how strong the economy might be, no matter how strong a government might be. We are also not stable if we rest merely on two legs of the stool. Rather we need to see the interdependence and connection among the economy, the government and the civil society. And more than that, I think we need to recognize the ways in which each of those spheres of influence is affected by the other. I know there has been a great deal of useful conversation here about what needs to be done to help manage crises such as the Asian crisis, how to better provide technical assistance for banking supervision and the regulation of markets in many countries around the world, even suggestions as to what could be done to create more of a global regulator atmosphere along the lines perhaps of a new Bretton Woods.

These are all very important conversations. And I hope that the economic and political leaders gathered here will certainly follow up on them through the various entities that exist, and perhaps some that are yet to be born, so that we can address these very important problems that are posed by the state of the economy today. We have also heard how important it is for governments to work with the economies of their countries and regions and globally, and how significant it is to find the right balance between regulation that permits real competition to flourish and that which stifles entrepreneurship. So there is much for governments also to ponder coming out of this conference. How can they do a better job to unleash the energies of their people to provide environments in which businesses can flourish? How do they become more transparent? How do they stand against corruption? How do they create the instruments that are needed for governments today to provide the kind of support for the economy at the same time that they provide the sort of capacity for their people to be able to thrive in this new economic environment? I will leave it to others, many of whom have addressed you, to speak about how we can do more to make sure that our markets do what they should do, and to make sure that our governments do likewise.

But what I want to address is this third leg of the stool. In my travels I have focused on this third leg of the stool, the civil society, and I have seen many changes within the last several years, as governments and economic interests understand that there must be created within society, the work ethic for capitalism to thrive and continue, a sense of citizenship for governments to be stable and succeed one another peacefully.

And so how do we nurture this civil society? Why is it in the interest of business leaders, such as many of you, to worry about whether in the countries in which you do business there is an effort being made to create these civil society functions and institutions? Why should you care whether women are given the opportunity to go to school, or have health care, or vote? Why should you worry whether or not children are being taught basic lessons about democracy or not? Well, I would argue again that it is in your long term interests to do so: to have conditions in the countries in which you do business supportive over the medium and long term of what we mean by a free market, and to have governments that understand their appropriate roles...

There are many large problems that confront us as a world. It is impossible to think of any corporation, no matter how large, or any government, no matter how powerful, addressing these alone. Whether we like it or not, we are more interdependent today than we have ever been. I believe that interdependence is a good development. And it should be respected by governments and businesses alike. Because through it we can meet mutual challenges of environmental degradation or security threats, and we can also work together to help build up strong, functioning markets, governments and civil societies.

I would just end these remarks by reminding us tonight that there isn't any perfect human institution. There is no perfect market except in the abstract theories of economists. There is no perfect government except in the dreams of political leaders. And there is no perfect society. We have to work with human beings as we find them. And we have learned a lot about what works. And the lesson of the global economy will certainly be that those who ignore the lessons that we have learned about effective functioning markets and political and governmental leadership will pay a steep price. That may be a necessary part of the learning curve.

But as we go into the 21st century, if we can keep in mind the balance of power among these three spheres that affect all of our lives, and if we can look for ways to work cooperatively together, then I think the doomsayers and the pessimists will be proven wrong. I wouldn't want to be more optimistic than conditions warrant, but I think based on the conversations that I've heard coming out of this conference, from people in a position to affect economic and governmental action, there is every reason to believe that there is a new awareness growing among the decision makers around the world about the steps that must be taken in order to ensure stability and sustained growth.

I'll only ask that in that calculus, we remember the billions of men, women and children who are effectively without a voice, often without a vote, and that we understand that our long-term success, either economically or governmentally, will ultimately depend upon whether we empower them as well, to take their rightful places in forums around the world where they plan their own futures. Thank you very much.<sup>1</sup>

<sup>1</sup> Hillary Rodham Clinton, Address to the Annual Meeting of the World Economic Forum, Davos, 2 February 1998

After engaging in a lengthy dialogue with Clinton, Schwab concluded the session: “I would take on one other question which came from the audience, and it says, ‘Don’t you think it is time at the beginning of the next century for the US to elect and support a strong, brilliant woman for the job of the president?’” Replied Clinton, who a decade later would unsuccessfully campaign for the presidency herself: “Yes, and I look forward to voting for her!”



Klaus Schwab; Flavio Cotti, President of the Swiss Confederation; Richard von Weizsäcker, former President of Germany; and Helmut Kohl, Federal Chancellor of Germany

The sessions on new trends in business and management issues, as well as on the impact of IT developments on commercial prospects and practices, once again enhanced the relevance of the discussions in Davos for business and helped participants to integrate the latest thinking in these domains into their strategies. The same held true in the arts and culture, science, medicine and technology, which were all an integral part of the agenda.



The Forum strengthened its industry-related activities by conducting Governors Meetings in 16 different sectors: automotive, chemicals, energy, engineering & construction, entertainment, finance, food & beverage, healthcare, infrastructure, services, media & communication, mining & metals, pulp & paper, retail & consumer goods, transport services, and travel & tourism.



The Forum took steps to restart its WELCOM videoconferencing system, convening five virtual meetings on specific issues during the year:

- The Implications of the Asian Crisis in our Global Governance System
- Update on Current Volatility in the Global Financial Markets
- Currency, Market and Economic Issues in Russia
- Twenty-Four Hours after the German Elections: The Impact on the EU and the Euro
- Innovative Leaders in Globalization

At the time, conducting meetings this way was highly innovative. Eventually, the technical challenges of multi-point videoconferencing through an Integrated Services Digital Network (ISDN) became insurmountable and the World Economic Forum abandoned the project, only to relaunch it successfully about a decade later with Web-based technologies. WELCOM is a good example of a strategic vision that the Forum launched perhaps too early but which it revisited and retried again and again until finally implementing it successfully.



Meanwhile, the Forum continued to develop its regional activities, with the Asian financial crisis and the volatility in emerging markets the chief issues of interest. The East Asia Economic Summit in Singapore focused on defining Asia's way back to sustainable growth and global competitiveness. The Action Plan for Global Growth and Reform of the World Financial System, a blueprint drawn up by some participants for a coordinated global response to the so-called Asian financial crisis, had a significant impact among policy-makers and attracted international media attention.

The Russia Meeting in Moscow allowed participants to make a first-hand assessment of the impact of the economic and political crisis that had shaken the country following the drastic currency devaluation and debt moratorium in August. In his opening statement, Prime Minister Yevgeny Primakov directly addressed some of the key concerns of investors. On behalf of the participants, the three co-chairs specified seven key priorities for immediate action.

A special surprise carefully engineered by the Forum at the Southern Africa Economic Summit in Windhoek, Namibia, was the startling and unforgettable appearance of pop star Michael Jackson, who called for investments that bring economic development and improve the lives of children.



American pop star Michael Jackson raised the issue of children's rights in his speech at the opening session of the Southern Africa Economic Summit in Windhoek, Namibia



Prime Minister Yevgeny Primakov of Russia with Klaus Schwab



Recep Tayyip Erdogan, Mayor of Istanbul, in discussion with participants in the Turkey Meeting

# 1999

## The UN Global Compact

The United Nations Secretary-General Kofi Annan and Klaus Schwab were in discussions about how the participants in the Annual Meeting 1999 could be integrated into an effort to highlight again the social responsibility of business leaders. At the meeting, Kofi Annan issued a call for a “Global Compact of shared values and principles” on human rights, labour standards, environmental practices and anti-corruption.<sup>1</sup> This was the genesis of the UN Global Compact, “a leadership initiative endorsed by chief executives” that serves as “a policy platform and a practical framework for companies that are committed to sustainability and responsible business practices. It is a voluntary initiative that relies on public accountability, transparency and disclosure, to complement regulation and to provide a space for innovation.” Ten universally accepted principles in the areas of human rights, labour standards, the environment and anti-corruption are the bedrock of the Global Compact. Since its official launch in 2000, it has attracted more than 7,000 business and non-business participants in over 135 countries.

Also at the Annual Meeting, South African President Nelson Mandela returned to Davos to bid farewell before leaving office. Frédéric Sicre, then a managing director of the World Economic Forum, remembers the emotional appearance of Madiba, as Mandela is fondly known among his people:

“Sitting in the speakers’ room next to the plenary hall, which was overfull, Nelson Mandela was a few minutes away from walking up onto the stage to say goodbye and thank you to the Davos community as President of South Africa. Global broadcasters were adjusting their cameras; participants were cramped in their seats waiting to salute a living legend; standing room was no longer available.

A few of us were in the speakers’ room waiting for the green light to ask Madiba onto the stage. A few minutes were left to go and Nelson Mandela asked me if he could use my mobile phone. Of course, I said yes and gave him my phone which he, in turn, gave to his then Chef de Cabinet Jakes Gerwel. I made a movement towards the door to give them privacy, to which Madiba said: ‘No, please stay here, you don’t have to leave the room.’ I sat down again. With so many years in the scorching sun of Robben Island’s courtyard, Nelson Mandela’s eyesight had been severely affected and he asked Gerwel to dial on my phone his home number.

What followed was unbelievable: this man was literally minutes away from walking onto a stage to address the most powerful business gathering in the world as well as the global community through the wires and media – yet he found the time to call his home, in front of my eyes, and spoke to five of his grandchildren to make sure they had done their homework that day! He spoke to each for about 30 seconds, his smile beaming, obviously transported far away from the speakers’ room we were sitting in to the youth

<sup>1</sup> United Nations Global Compact, October 2009

of his grandkids he loved so much. He was with them many thousands of miles away, and notwithstanding the immensely important speech he was about to deliver, he found the time to ask a question to each of his grandchildren about the subject of their homework.

One grandchild, from what I could gather, had not done his or her homework. Nelson Mandela's smile disappeared, he became very concerned, very serious – quite stern to tell the truth. He expressed his disappointment to the child with a patriarchal voice, calm yet strong, establishing the ultimate importance of education and learning and knowledge. The young interlocutor on the other side was given a summons to be ready in two days to meet with his grandfather once back home, with his homework for the week to come and his timetable to achieve it.

The door to the stage opened, a voice said 'time', Madiba returned my phone to me, and I pressed the hang-up button. The giant of a man got up and walked out the door to thunderous applause – I didn't know if I had been in the presence of a legend, an angel or both!"

Besides Mandela, other political leaders who used the Davos platform to deliver special messages were the United Kingdom Chancellor of the Exchequer Gordon Brown, President Hosni Mubarak of Egypt, Israeli statesman Shimon Peres, Singaporean Senior Minister Lee Kuan Yew, Russian Prime Minister Yevgeny Primakov, President Roman Herzog of Germany, and Vice-President Al Gore of the United States.

The community of Global Leaders for Tomorrow, which had been playing an increasingly active role in Forum activities, met in Davos. They decided to launch a number of initiatives and task forces on issues relating to key challenges for the 21st century, which they had identified. This was a continuation of a process launched with the Wake Up Europe initiative brought forward by a group of young European leaders to assess and define the success factors for a prosperous and stable Europe. Wake Up Europe had stirred a vigorous debate in Europe about the future of the continent.

Among the initiatives organized in Davos were the launching of a project to establish criteria for measuring environmental performance indicators and the business of cooperation programme. The latter aimed to promote the role of business in fostering political stability and public-private sector collaboration that in turn could benefit the companies' bottom line. The Technology to Alleviate Poverty project sought to highlight how technology could help developing countries address their social problems.

A group of young leaders from South Africa, the Balkans, the Middle East and Northern Ireland – regions that had achieved political breakthroughs in the transition to peace from conflict – launched the Transition to Peace Initiative, developing a conceptual framework for peace building that integrated the lessons each region had learned from their reconciliation efforts. A participant in this group, Zlatko Lagumdžija, who would become prime minister of Bosnia and Herzegovina in 2001, later acknowledged on several occasions how important this initiative had been in helping his country to achieve peace.



Sadaka Ogata, President, Japan International Cooperation Agency (JICA); US Senator John Kerry; and Howard Davies, Director, London School of Economics and Political Science



Lord Menuhin and Brazilian author Paulo Coelho share opinions



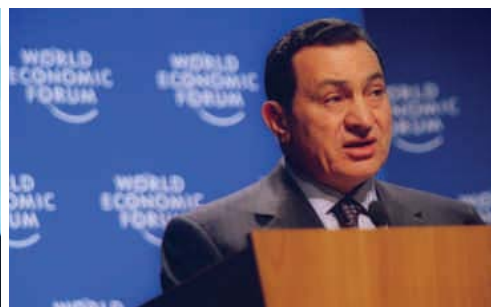
German Federal Chancellor Gerhard Schröder and Klaus Schwab



US Vice-President Al Gore with Klaus Schwab



Madiba bids farewell to the Davos community



President Muhammad Hosni Mubarak of Egypt

In Davos, the violinist and conductor, Yehudi Menuhin, had taken a special interest in the Transition to Peace Initiative. On 12 March 1999, barely a month after participating in the Annual Meeting, he passed away. Lord Menuhin had been a mentor to Klaus Schwab and active supporter of the integration of a strong cultural dimension into the World Economic Forum, with which he had a cherished friendship (*see box*). After his death, a Davos participant spontaneously sent to the Forum his “star-struck thoughts on a pop artist named Menuhin.” Ending the eulogy, he wrote: “It was clear to anyone listening that Lord Menuhin was also possessed by infinity, that his thoughts and his music knew no boundaries, that he had made his life an art.”



### **Yehudi Menuhin and the World Economic Forum**

- 1989** Sir Yehudi Menuhin delivers a stirring message in the opening session, sharing his vision of moving from an exploitative world to a world in which we value and protect beauty and culture. He concludes with a short masterful solo performance.
- 1991** Sir Yehudi conducts the traditional Charity Concert, featuring violinist Vladimir Spivakov and the Moscow Virtuosi.
- 1994** Lord Menuhin, on a concert tour, sends a special message for the Charity Concert, which is performed by the Camerata Lysy of the International Menuhin Music Academy, Gstaad.
- 1995** Lord Menuhin speaks on “Commitment in the public interest”. In another session, he calls for the creation of a “parliament of cultures” in parallel with parliaments of states. Lord Menuhin is the first recipient of the Forum’s Crystal Award.
- 1997** Lord Menuhin has an active role in two sessions and, together with HM Queen Silvia of Sweden, participates in the closing session urging new respect for children’s rights: “The weaker must possess the rights and the stronger the responsibilities,” he argues.
- 1998** Lord Menuhin addresses the issue of “Relationships and attitudes”, and shares a panel on “A moral challenge” with Indian economist Amartya Sen and other prominent speakers.
- 1999** At the last Annual Meeting, Lord Menuhin conducts the Charity Concert, featuring violinist Vadim Repin and the Sinfonia Varsovia. He also participates in a session entitled “Pop art in a business world”.

## Responsible Globality

As the debate over the impact of globalization continued, Klaus Schwab discussed the concept of “responsible globality”, the theme of the Annual Meeting 1999, with journalist Pranay Gupte. The interview was published in *Newsweek*.

### **How do you define “Responsible Globality”, the theme of this year’s meeting?**

First, the mega-mergers of the past months, the global ramifications of the events in East Asia, Russia and Brazil, the fact that national boundaries have often become irrelevant, are just some of the signs that we live in a new reality where globalization is no longer a process but a condition. Second, why responsible globality? In a world that is becoming borderless, we have to create new global boundaries; we have to create procedural, legal and institutional mechanisms to avoid the malignant outbursts of a revolution which is irreversible. This, like the Industrial Revolution at the end of the last century, holds the key for better fulfilment by lifting millions of people out of poverty and providing them with adequate healthcare and education.

### **Now that the World Economic Forum is turning 30, what new directions do you see for your organization?**

The World Economic Forum started out as the global interface between business and governments. But today we witness the tremendous acceleration of change driven mainly by the information revolution. In addition, civil society, represented by its own institutions like the NGOs, has become – as Hillary Rodham Clinton explained so well last year in Davos – the third leg of our global community. Thus, the Forum will turn into a true partnership of business, political, intellectual and other leaders of civil society.

### **Some grassroots activists say that the Forum doesn’t pay sufficient attention to topics such as the environment and sustainable development. Your response?**

We have been, during the 1970s and 1980s, at the forefront of creating an environmental conscience of business – and of course we still are. There is no well-known environmentalist who has not been eager to come to Davos, very often to shake up the participants. Our 1973 meeting in Davos was, for example, the platform to present to the world the famous report *Limits to Growth* of the Club of Rome. I personally served also as a key adviser to the Rio Earth Summit in 1992 and mobilized the business community for this summit and other events.

### **Beyond serving as a vehicle for high-level networking, how do you see the Forum’s impact on global affairs?**

Of course it goes beyond networking. Bringing together all those leaders at the beginning of the year creates an informal process to take the pulse of everybody’s perceptions, to launch and to test new ideas and finally to stimulate a consensus on priorities.

### **Do you see financial volatility as the norm rather than the exception in the early years of the new millennium?**

Yes, the world has become fast-paced and complex – in short, vulnerable. We are also moving from a world which is tangible to a world which becomes increasingly intangible: just think of e-commerce. For all those reasons, and taking into account that regulatory attempts are usually



reactive and not proactive, the time ahead will be full of surprises, particularly in the financial field.

**Can and should globalization be rolled back?**

To answer that question, I must pose another one: what does globalization really mean? In essence it creates the opportunity to share capital, technology and knowledge on a global scale. It is the only way to ensure that we can take care of a world which, at the end of this century, has four times more inhabitants than at the beginning of the century. Rolling back globalization reminds me of the workers in Manchester in the last century who tried to stop industrialization by smashing the machines. Just think of it.

**How can the rich countries launch a meaningful assault on global poverty?**

By sharing knowledge and supporting education. The new dividing line between richness and poverty is not between the haves and have-nots but between the 'knows' and 'don't knows'. The best way to help the poor is to enable them to take advantage of a global knowledge economy.<sup>2</sup>



The traditional farewell lunch on the Schatzalp

<sup>2</sup> Interview by Pranay Gupte, "The Realities of Globalism", *Newsweek*, 1 February 1999



Nobel Prize-winning South African playwright and novelist Nadine Gordimer with British film producer Lord Puttnam



Opening the Annual Meeting with Swiss alphas



President Nelson Mandela of South Africa with Hilde Schwab



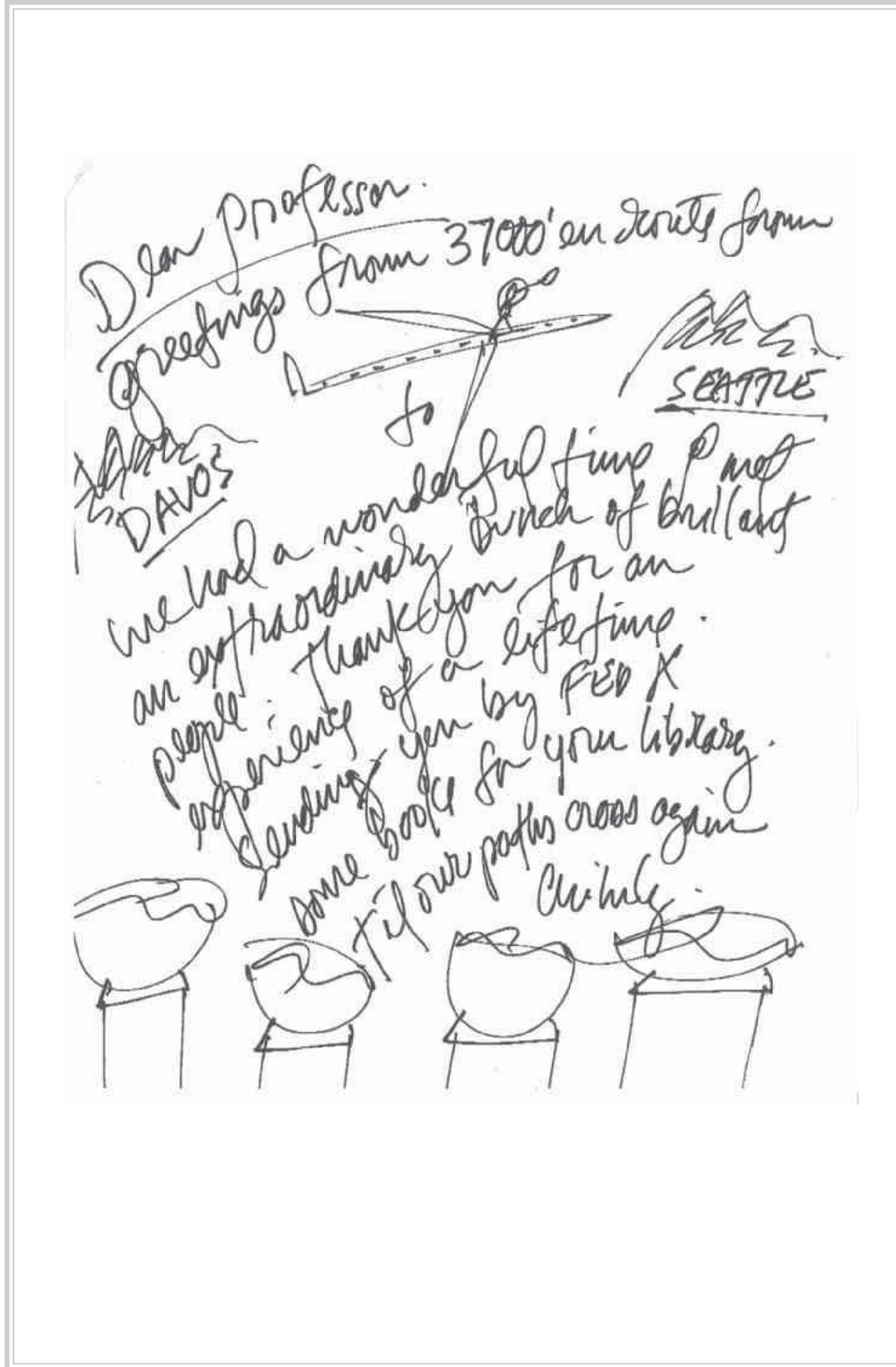
Russia's Prime Minister Victor Chernomyrdin; Vaclav Klaus, Chairman of the Chamber of Deputies of the Czech Republic; President Thomas Klestil of Austria



"India is on the move": Klaus Schwab; Indian Prime Minister Atal Bihari Vajpayee; and Rahul Bajaj, Chairman of Bajaj Auto; at the India Economic Summit



American glass artist Dale Chihuly



A spontaneous reaction by artist Dale Chihuly on his way home from Davos



## 2000

### The 30th Anniversary



The 30th Annual Meeting at the turn of the millennium was special for many reasons. Chief among them was the unprecedented high-calibre participation of political and business leaders. For the first time, a sitting American president, Bill Clinton, came to Davos, where he was joined by British Prime Minister Tony Blair. It was Clinton himself who from the lectern on the Congress Hall stage observed that so many world leaders were in the room, calling it “an indication of the importance of the World Economic Forum.” In the delegation from the US were five cabinet officials, a large number of congressmen, and leaders from business and civil society. “There’s no one home in Washington to take care of things,” Clinton joked.

He went on:

“The World Economic Forum has been at it for 30 years now. The thing that I have appreciated most about your deliberations is your consistent focus on the future. For example, you spotted the networking of society before the Internet was out of its infancy. Both Vice-President Gore and my wife, Hillary, have spoken here; and I am glad, even though I am late, to finally get in on the act.

We have got a chance to build a 21st century world that walks away from the modern horrors of bio and chemical terrorism and from ancient racial, religious and tribal hatred. Growth

is at the centre of that chance. It gives people hope every day. But the economics must be blended with the other legitimate human concerns. We can do it – not by going back to the past, but by going together into the future.”<sup>1</sup>

For his part, Blair spoke about a new kind of politics:

“We have the chance in this century to achieve an open world, an open economy, and an open global society with unprecedented opportunities for people and business. But we will succeed only if that open society and economy is underpinned by a strong ethos of mutual responsibility – by social inclusion within nations, and by a common commitment internationally to help those affected by genocide, debt, environment.

I call it a Third Way. It provides a new alternative in politics – on the centre and centre-left, but on new terms. Supporting wealth creation. Tackling vested interests. Using market mechanisms. But always staying true to clear values – social justice, democracy, cooperation.”<sup>2</sup>

Pope John Paul II, who just weeks later would make a historic pilgrimage to Jerusalem followed by a visit to Egypt, sent a special message to Davos. With the nature of globalization and its pros and cons still at the forefront of discussions, the pontiff’s words provided an essential perspective and made note of the Forum’s motto – entrepreneurship in the global public interest:

“With a deep sense of shared interest, I greet the many economic and financial leaders gathered in Davos for the 30th Annual Meeting of the World Economic Forum, and I assure you all of my prayers for the success of your deliberations. The Forum brings together important decision-makers at what is a decisive time, as your theme ‘New Beginnings: Making a Difference’ recognizes. At the dawn of the third millennium, ‘globalization’ is a word which serves to focus much of the newness now emerging, and leaders especially face the question of what kind of globalization is appropriate. For the process only has the life we give it, or more precisely the life we choose to give to free markets and the communications revolution, since it is the convergence of these which drives the globalizing process. Globalization without ethical and moral values will produce deeper polarization in the world, as the strong and weak grow ever further apart. Without an ethic of solidarity millions of human beings will be increasingly excluded from the knowledge and skills which they need if they are to benefit from development and progress. In some societies there are already signs that the process will lead to that marriage of material wealth and spiritual poverty which wreaks havoc in human lives. But globalization which recognizes that human beings are ‘the source, the focus and the purpose of all economic and social life’ (*Gaudium et Spes*, 63) will serve what your motto calls ‘the global public interest’, the integral development of individuals and the common good of the human family. Trusting that the World Economic Forum will effectively promote the globalization of solidarity and will therefore be a bright beacon of hope as we move into the future, I invoke upon everyone assembled at Davos the divine gifts of wisdom and strength as you seek those genuinely new beginnings which will truly make a positive difference.”<sup>3</sup>

<sup>1</sup> Bill Clinton, Remarks to the Annual Meeting of the World Economic Forum, Davos, 29 January 2000

<sup>2</sup> Tony Blair, Speech to the Annual Meeting of the World Economic Forum, Davos, 28 January 2000

<sup>3</sup> Message from the Supreme Pontiff Pope John Paul II, World Economic Forum, 2000

At this Annual Meeting, the level of civil society participation also reached a new height. The Forum had very evidently moved from a convener of business and government leaders to a platform integrating all key stakeholders of global society. Practically all the major global NGOs were represented in Davos by their top figures. As a result, an ongoing informal dialogue emerged to foster better understanding and cooperation among global companies and some of the most influential civil society groups.

This year, the Forum also reinforced its role as a partner of governments in supporting global policy action. The Digital Divide Initiative was created by the CEOs (Forum Governors) of approximately 100 leading companies in the ICT (information and communications technology) field. Klaus Schwab and CEOs participating in the initiative submitted proposals to Prime Minister Yoshiro Mori of Japan for integrating the issue of the digital divide between developed and developing economies into the agenda of the G8 Kyushu-Okinawa Summit. Among the ideas were the formation of a volunteer Global Digital Opportunity Corps similar to the Peace Corps, the setting up of local technology community centres, and the creation of “e-chambers of commerce” to support technology-related businesses.<sup>4</sup>

Environmental concerns again loomed large at Davos. For the first time, the Annual Meeting was carbon neutral. Consistent with the principle of practising what you preach, the Forum commissioned Green Globe 21, the worldwide benchmarking and certification programme for the travel and tourism industry, to plant trees in Mexico to compensate for the emitted greenhouse gases relating to the Annual Meeting. Another major project launched at Davos was the publishing of an environmental sustainability index that measured ecological responsibility in over 100 countries.

The Governors of the travel and tourism industry issued the Davos Declaration on Travel and Tourism: Global Prosperity through Sustainable Travel and Tourism Development, which committed the industry to the basic principles of social, economic and ecological sustainability. In April, Marilyn Carlson Nelson, National Chair, and William S. Norman, President and CEO of the Travel Industry Association of America (TIA), wrote to Schwab informing him that the Board of Directors of the TIA endorsed the objectives of the Davos Declaration on Travel and Tourism.<sup>5</sup>

The Annual Meeting 2000 was also the occasion when the Global Alliance for Vaccines and Immunization (GAVI) was born. GAVI today serves as a vital coordinator of the global network of governments international financial institutions and development organizations, philanthropic organizations, and private sector actors in the effort to maintain the world’s commitment to vaccines and immunization, which are essential to global public health and development, especially for children. Among the early supporters of GAVI was Microsoft founder Bill Gates, who has been a regular Davos participant since 1996, missing only one year. In 2000, among the many grants made by the Bill & Melinda Gates Foundation was a donation to GAVI of US\$ 750 million that was to be given over five years (*see box*).

<sup>4</sup> John Markoff, “Group Meets to Address Digital Divide”, *New York Times*, 19 July 2000

<sup>5</sup> Letter from the Travel Industry Association of America, 10 April 2000

## Bill Gates, the Global Philanthropist

Since announcing in 2000 that he would donate US\$ 750 million over the next five years to the Global Alliance for Vaccines and Immunization (GAVI), Microsoft founder Bill Gates has been one of the most active global philanthropists, mainly through the organization he and his wife founded in 1994, the Bill & Melinda Gates Foundation. Gates has frequently used the Davos Annual Meeting as a catalyst for his philanthropic activities. Examples of Gates's impressive record of giving over the years:

**2001** The Gates Foundation issued a US\$ 100 million challenge grant to the International AIDS Vaccine Initiative.

**2002** The Gates Foundation announced a US\$ 50 million contribution for AIDS prevention in Africa. President Thabo Mbeki announced that Microsoft would supply free software to all 32,000 government schools in South Africa in the context of the Forum's Global Digital Divide Initiative.

**2003** The Gates Foundation announced a US\$ 200 million grant to establish the Grand Challenges in Global Health initiative, a major new effort and partnership with the US National Institutes of Health (NIH). The initiative identifies critical scientific challenges in global health and increases research on diseases that cause millions of deaths in the developing world. Today only 10% of medical research is devoted to the diseases that cause 90% of the health burden in the world, according to the Global Forum on Health Research.

**2004** The Gates Foundation announced a US\$ 82.9 million grant to the Aeras Global TB Vaccine Foundation to support development of new vaccines to prevent a disease that kills nearly two million people every year. A joint initiative between Microsoft and the UN will provide US\$ 1 billion to establish computer centres in poor communities.

**2005** World Health Organization (WHO) and UNICEF announced that they have received grants totalling US\$ 10 million from the Gates Foundation to develop and introduce a powerful new polio vaccine.

**2006** Launch of the Global Plan to Stop Tuberculosis by Nigerian President Olusegun Obasanjo, UK Chancellor of the Exchequer Gordon Brown and Microsoft Chairman Bill Gates, with US\$ 1.2 billion committed by core partners.

**2007** New data released by the WHO showed that the GAVI Alliance, a groundbreaking global initiative to increase access to children's vaccines, had brought immunization rates to record highs in poor countries. The Gates Foundation had committed a total of US\$ 1.5 billion to support GAVI.

**2008** The Gates Foundation announced a US\$ 306 million package of agricultural development grants designed to boost the yields and incomes of millions of small farmers in Africa.

**2009** The Gates Foundation announced a US\$ 34 million grant to the Global Network for Neglected Tropical Diseases to help control and greatly reduce the burden of the most prevalent neglected diseases.



Recognizing the importance of small companies that create impact through technological innovation on the business model of whole industries, the Forum created the community of Technology Pioneers and launched a programme for the first members named to the group. Since then, in a rigorous selection process in cooperation with its strategic partners, the Forum has nominated 20 to 40 Technology Pioneers every year.

After 30 years, Davos had become a reference point. The name alone evoked the collegial, civil and collaborative spirit of the Annual Meeting and all the Forum's other activities. As a result, many institutions and organizations tried to benchmark themselves against the Forum and against Davos. Some have even sought to emulate the Forum, present themselves as alternatives, or even to hijack the brand power of Davos.

Fundamental misunderstanding of the Forum and its ethos has on occasion led to attacks on the organization by those who allege that it is some kind of supranational global government that seeks to impose the will of the elites or a single world view. Following the disruptive protests at the World Trade Organization Ministerial Conference in Seattle at the end of November 1999, the World Economic Forum also became the target of increased demonstrations requiring a reinforcement of security measures at Davos two months later.

As an organization devoted to dialogue, the Forum has always been in favour of protecting the laws that guarantee free assembly and free speech. Despite the widely covered street demonstrations at Annual Meetings over the years, the only damage, not counting some easily erased graffiti, has been a smashed window at one of the local fast-food shops.

In 2000, however, the demonstrations against the Forum reached a critical point at the Asia Pacific Economic Summit in Melbourne, Australia. This was the only Forum event when participation in a meeting was directly affected. Some 200 participants had been stranded at their hotels unable to reach the meeting venue, despite the use of helicopters to ferry five or six at a time to the rooftop.



The Social Entrepreneurs Community at the Forum's headquarters in Cologne, Switzerland

### The Schwab Foundation for Social Entrepreneurship

In 1998, Klaus and Hilde Schwab created a foundation to promote social entrepreneurship. A separate institution from the World Economic Forum, though both work closely together, the Schwab Foundation for Social Entrepreneurship officially started its activities in August 2000. At that time, the concept of “social entrepreneurship” was little known in Europe and most of the rest of the world. It was just beginning to emerge in the United States.

In an essay prepared for this book, the Schwabs recalled why they established the Schwab Foundation:

“The World Economic Forum was created to bring together world leaders in business and public policy to find solutions to macroeconomic and geopolitical problems. We thus fulfilled a dream to create an impartial platform where men and women of national and global influence could take time out at Davos and contribute their knowledge and insights to improving the state of the world.

But over these years, the world changed dramatically. Despite concerted efforts by governments and multilateral organizations to promote economic growth and reduce poverty, we have more income inequality and more insecurity than when we started. Clearly, the world needs more than ever before a multistakeholder platform such as the World Economic Forum, but this is not enough!

By establishing the Schwab Foundation for Social Entrepreneurship we fulfilled another dream: to create a global community of outstanding social entrepreneurs and to tap into the knowledge generated by their practical approaches to solving social and economic problems, as well as help mobilize stronger support for their efforts. In celebrating and disseminating their success stories, we seek to build together a world that promotes social progress and better standards of living in an innovative and effective manner.”

A focal point of the Foundation’s activities has been the search and selection of the world’s leading social entrepreneurs. In the first year of the Foundation’s operations, 40 social entrepreneurs were selected to be part of the network. In subsequent years, the Foundation has selected between 20 to 25 social entrepreneurs a year to join the community. In early 2005, the Foundation introduced national competitions to identify the Social Entrepreneur of the Year in participating countries.

The Foundation has pursued two goals with its selection strategy. First, it has aimed to broaden global awareness of social entrepreneurship by identifying social entrepreneurs who are not known at the international level. Media partnership ensures much better coverage of the social entrepreneurs at the national level. Second, the competitions are geared at introducing the concept of social entrepreneurship in countries where it has not been recognized or only recognized by certain segments of society, but lack the backing of political and corporate leaders.

By 2008, the Schwab Foundation was conducting Social Entrepreneur of the Year competitions in close to 30 countries. It has gone from screening about 150 candidates a year when it started the award to assessing close to 1,000 annually. In 2009, the Foundation introduced regional competitions to identify the top two to five social entrepreneurs. The awards are presented at World Economic Forum regional meetings.

Since its beginning, the Schwab Foundation recognized the need for social entrepreneurs from across the globe to come together and share their experiences. The first group of 40 social entrepreneurs met in Geneva in November 2001. This was the first global meeting of social entrepreneurs and provided the seed for a strong personal and professional support network among leading social entrepreneurs. The Foundation continued to organize an annual global Social Entrepreneurs’ Summit until 2008.

Selected social entrepreneurs have been increasingly integrated into World Economic Forum events and initiatives. The first group of social entrepreneurs was invited to the Annual Meeting in 2002. Since then, between 30 and 50 social entrepreneurs have participated in the Annual Meeting every year, taking on active roles in the programme and providing a pragmatic and grounded voice to the “Davos” conversations.

Social entrepreneurs participate in every Forum regional meeting, where the new Social Entrepreneurs of the Year in countries in the specific region receive their awards in a plenary session. This gives the winners instant recognition and media attention in their home countries and across their region. The social entrepreneurs participate in Forum initiatives, the conversations shaping the future agendas of industries, and the Global Agenda Councils.

Looking back over the past 10 years, the co-founders of the Schwab Foundation have reflected on its achievements:

“Since 2000 when we began our operations, the landscape for social entrepreneurship has substantially changed. A multitude of institutions and activities have mushroomed across the globe and a number of well-endowed foundations have been set up to support social entrepreneurship. International gatherings draw thousands, and multiple awards and prizes have been created, financial support schemes have been developed and many universities teach courses in social entrepreneurship. Social entrepreneurs have become more self-confident based on increased recognition of their work.

We are proud that the Foundation has been part of this historic shift. Like all innovative entities, the Foundation has existed to change mindsets and practices. Over the last 10 years, we have witnessed within the World Economic Forum and its members a dramatic change in the level of interest and openness to these grassroots innovators.”

The Schwab Foundation owes its success also to committed former and present Foundation Board members, among them Quincy Jones, Sadako Ogata, Paolo Coelho, Zanele Mbeki, David Gergen, Stephen Brenninkmeijer.



Hilde Schwab, President of the Schwab Foundation, with Gisèle Yitamben, ASAFE, Cameroon, Social Entrepreneur of the Year 2002 in Africa



“We believe that bonding together is the way to drive forward”

### Some selected Social Entrepreneurs of the Year who recently joined the network of 160 outstanding social entrepreneurs of the Schwab Foundation for Social Entrepreneurship



**Andre Cavalcanti de Albuquerque – Terra Nova – Brazil**

12.4 million Brazilians are living in 3.2 million informal dwellings without access to public services such as water, electricity and waste collection. In São Paulo alone, more than half of the favelas are illegally located on public land. Terra Nova acts as an intermediary between the legal land owners and the land occupiers to find a win-win solution for both sides. Terra Nova was founded to resolve, in an amicable fashion, various conflicts that had dragged on in the courts for years. The land regularization process brings a final resolution to the conflict between landowners and occupants. The property rights are transferred to the occupants after payment of an indemnity. The original property owner typically accepts the deal, even if depreciated, to avoid long court cases that drag on through the judicial system and hardly ever guarantee the return of the property.



**Naif Al Mutawa – Teshkeel Media Group – Kuwait**

Teshkeel Media Group is focused on creating new children's adventures through its superheroes "The 99". Drawing upon global history, culture and traditions, its aim is to provide positive and inspirational role models for children that are inspired by Islam albeit on a global level. THE 99 are superheroes from 99 countries that work together to improve the world with story lines that promote diversity, multiculturalism, personal responsibility and accountability. "The 99" comics have been licensed in eight languages, a first theme park recently opened in Kuwait and a global animation project will come out by the end of 2009.



**Mitchell Besser and Gene Falk – mothers2mothers – South Africa**

Mothers2mothers provides education, mentoring and support to HIV-positive pregnant women and new mothers. It focuses on preventing transmission of HIV from mother to child and teaching women to improve their health, the likelihood of their survival and the health of their babies. Its Mentor Mothers programme hires and trains new mothers living with HIV to inspire, mentor and counsel pregnant women diagnosed with HIV. In only seven years, it has become a multinational organization operating in 500 locations in seven countries, serving more than 150,000 women every month.



**Timothy Ma – Senior Citizen Home Safety Association – People's Republic of China**

As family values and demographics are shifting, a rapidly rising number of older citizens are living on their own. Senior Citizen Home Safety Association runs a 24-hour call service in Hong Kong. Subscribers can press a trigger that connects them to different services, such as ambulances in the case of an emergency or counselling if they are lonely. This service has been used more than 3.5 million times since the launch of the organization. Senior Citizen Home Safety Association reaches 13% of the elderly population in Hong Kong and is currently expanding into other cities in China.



William H. Gates III, Chairman and Chief Software Architect, Microsoft, USA



Prime Minister Tony Blair of the United Kingdom with Klaus Schwab



H.M. King Abdullah II of the Hashemite Kingdom of Jordan



Georgian President Eduard Shevardnadze with Nursultan Nazarbayev, President of Kazakhstan



Muhammad Yunus, Founder of Grameen Bank and member of the Board of the Schwab Foundation, with a social entrepreneur



German President Johannes Rau with Klaus Schwab; and Martti Ahtisaari, President of Finland

## 2001

### A Missed Opportunity

After the efforts by President Bill Clinton in Camp David in 2000 to advance the Israeli-Palestinian peace process, a new attempt to bring the parties back to the table was made at the Taba conference in January 2001. The news coming out of the Egyptian resort was very promising and the impression prevailed that this conference had finally resulted in a breakthrough. It was widely thought that, after the conclusion of the technical discussions in Taba, an agreement might be carried through to Davos and then endorsed by Palestinian Authority Chairman Yasser Arafat and Shimon Peres, who at that time was Israel's Minister of Regional Cooperation.



Just before the Sunday plenary session

A session in Davos with the two leaders took place on Sunday afternoon, 28 January, one day after the end of the peace talks in Taba. This was just nine days ahead of general elections in Israel. It was clear that the outcome of this plenary would have a substantial bearing on whether Prime Minister Ehud Barak would be re-elected. Understandably, expectations – particularly among the media – were high and the session was broadcast live.

Amre Moussa, at that time Minister of Foreign Affairs of Egypt, also sat on the panel, while UN Secretary-General Kofi Annan joined the audience to witness this special moment, which could have been truly historic. Klaus Schwab, who had painstakingly prepared the procedures for the session, was the chair. It had been agreed with both parties that the session would take place in a very constructive, reconciliatory spirit – the Spirit of Davos – and that Arafat would speak first, followed by Peres and then Moussa.

Just as the session started, Arafat told Schwab that he had left his speech in his hotel room and would therefore prefer to speak second. Schwab asked Peres to open the session, which he did in a very positive and cooperative way. It was Arafat's turn. Schwab wondered why nobody in the meantime had brought up any document to Arafat. The Palestinian leader pulled papers out of his pocket and delivered one of his most aggressive verbal attacks on Israel, leaving the Davos audience stunned and, at the same time, destroying any hope for a true and lasting peace.

On 6 February, Barak lost the election and Ariel Sharon, a more hard-line figure, came to power.

What happened in that Davos session was the biggest disappointment that Schwab has experienced at any Annual Meeting. Many say Arafat's most glaring mistake was contributing to the breakdown of talks at Camp David II in the summer of 2000. Indeed, Arafat could have accepted or presented an alternative to Barak's offer. However, Arafat's most serious mistakes came later. After the Camp David talks, with an outline of a deal at Taba, Arafat and Peres were supposed to endorse it in Davos. The Taba proposals would have become a template for future negotiations. Instead, Arafat turned on Peres at Davos – in front of 2,000 astounded participants – and denounced Israel for killing Palestinians. That fall, Arafat failed to end the second Palestinian uprising.



### The Forum's Expanding Portfolio

By 2001, the Annual Meeting, as well as the summits in each major region in the world, became increasingly interwoven with ongoing Forum task forces and initiatives, which included the following:

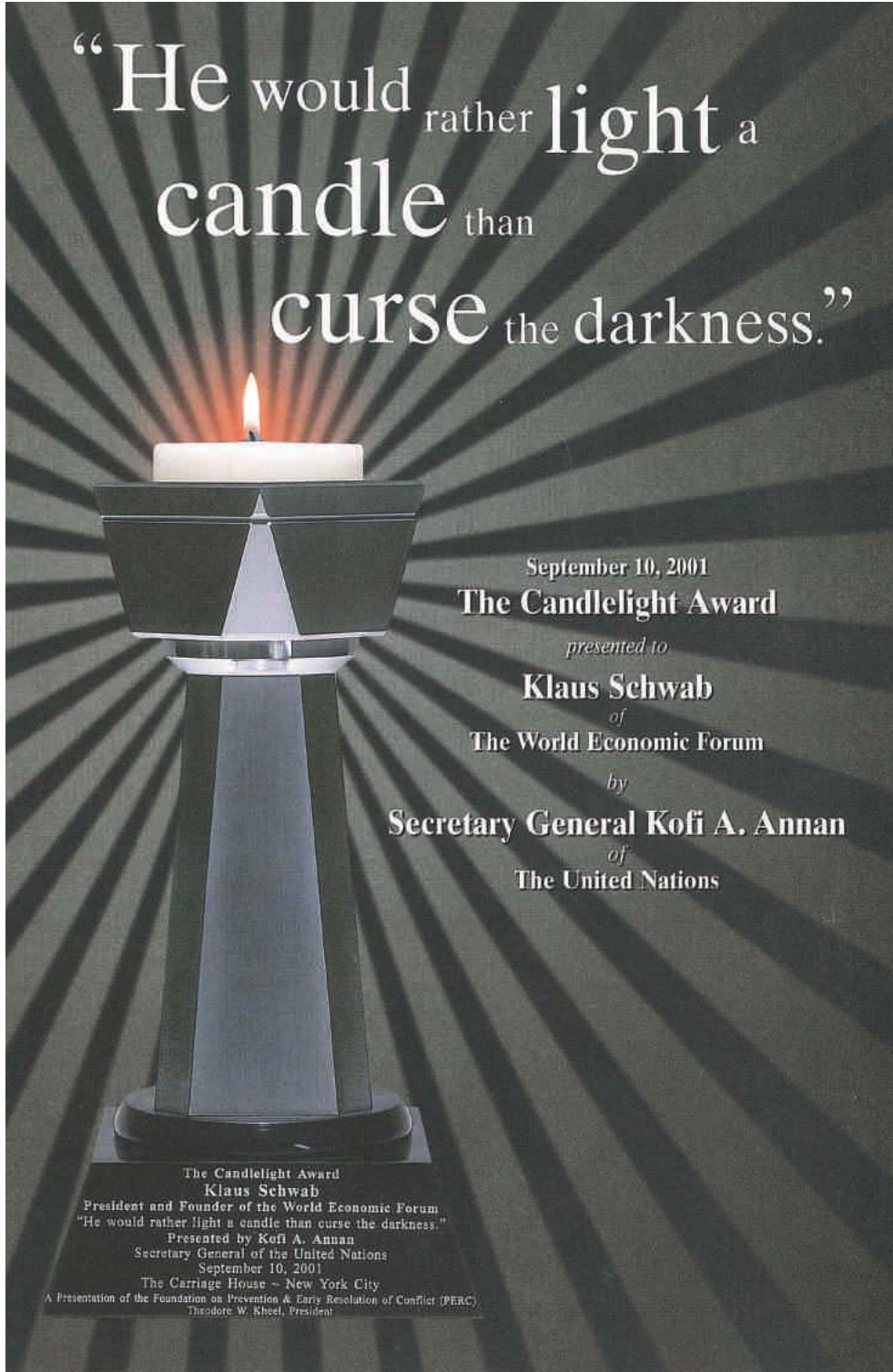
- Corporate Initiative on Diseases of Poverty
- Global Corporate Citizenship Initiative
- Business and NGO Informal Dialogue
- The Future of the Multilateral Trade System
- Global Competitiveness Report
- Digital Readiness Report
- Transition Report
- Environmental Sustainability Index
- Global Climate Change and the Automobile
- Changing Corporate Governance in Russia
- Balkan Task Force
- Middle East Strategy Group
- Digital Divide Task Force
- Corporate Performance Initiative
- Global Governance Report

In the wake of the devastating earthquake in Gujarat, India, that occurred during the week of the Annual Meeting, the Governors representing the engineering & construction and the logistics & transportation sectors determined that business and industry should do more to help victims of natural disasters. They called upon the World Economic Forum to create a Disaster Resource Network (DRN) that would proactively participate in a multi-sector effort to prevent and mitigate the human suffering associated with disasters.

Since its launch, the DRN has played an important role in international relief efforts. As an example, its contribution was clearly evident following the tsunami that struck South and South-East Asia in December 2004. The DRN's post-tsunami relief and recovery activity proved an inspiring example of the public-private collaborative model in action. Based at the Bandaranaike International Airport in Colombo, Sri Lanka, the DRN's Airport Emergency Team handled over 7,400 tons of relief supplies in 24 days. In total, it contributed an estimated US\$ 1.7 million in volunteer labour and services to emergency relief efforts in the afflicted region.

On 11 September 2001, the world was shocked by the devastating terrorist attacks on the twin towers of the World Trade Center using two hijacked planes, as well as the crashing of a jet into the Pentagon in Washington DC and into the ground in Pennsylvania. Two months later, the Forum decided to relocate the Annual Meeting from Davos to New York to show solidarity with the city and with Americans. This decision not only tested the adaptability and flexibility of the Forum staff to a maximum, but also required many participants to overcome their reluctance to travel. Schwab endorsed the move, having been himself in New York on 9/11. He recalls:

“In the evening of 10 September, members of the World Economic Forum and many other friends from New York had assembled at the new Carriage House Center on Global Issues where UN Secretary-General Kofi Annan presented me with the Candlelight Award.



The contrast of the atmosphere of that evening with what happened less than 12 hours later could not have been more striking. This experience left a deep impression on me and my wife Hilde. We were blocked for five days in our hotel in New York, before being able to return to Geneva from Montreal by private plane. We will never forget the atmosphere that reigned after the attacks: on the one hand a strong mixture of ghostly surrealism, and on the other hand there were so many sparks showing New York's vitality.”

The final decision to relocate the Annual Meeting was taken in November when Schwab arrived back in New York with the first Concorde plane to take off after 9/11. New York Mayor Rudy Giuliani welcomed him at the airport and showed him Ground Zero by helicopter. Smoke still rose from the piles of rubble and debris, all covered in ash. Giuliani then received Klaus Schwab as his last official visitor in the Mayor's mansion before handing over the office to the newly elected Mayor Michael Bloomberg who in turn received Schwab as his first official visitor. During a luncheon at the New York Stock Exchange, Schwab announced the decision to relocate the Annual Meeting to thunderous applause from the city's leaders.



Rudy Giuliani, outgoing Mayor of New York; Michael Bloomberg, his successor; Governor George Pataki of New York; and Klaus Schwab



Reception in honour of Klaus Schwab at the US State Department, hosted by Secretary of State Colin Powell in the presence of H.M. King Abdullah II of the Hashemite Kingdom of Jordan, who was on a visit in Washington DC



After the Kosovo Conflict:  
Klaus Schwab in conversation with Zoran Djindjic, Prime Minister of Serbia, and Baron Robertson of Port Ellen, Secretary-General of NATO



Russian President Vladimir Putin and Klaus Schwab at the meeting in Moscow



TO: PROF. KLAUS SCHWAB (41227862744,  
FROM: PAULO COELHO

Madrid, 6/2/2001

Dear Klaus,

You are a man of honour, a  
warrior of the light, and a person  
who is capable of fighting for dreams.  
Please count on my total support,  
and if I can be of any help, please do  
not hesitate to contact me anytime,  
anywhere.

Best regards to Hilde,

*Paulo Coelho*



2002

Davos in New York



The World Economic Forum held its Annual Meeting in New York to show solidarity with the United States and the inhabitants of the city after the 9/11 terror attacks. “Davos in New York” took place in the Waldorf-Astoria Hotel in midtown Manhattan, with more than 2,700 participants from 102 countries under very tight security.

After the momentous Meeting, Maurice Strong, former Undersecretary-General of the United Nations, Chairman of the Rio Summit and a former member of the Foundation Board of the World Economic Forum, wrote to Klaus Schwab:

“It is often said that the world could never be the same after 11 September 2001. In many respects this is certainly true and indeed we are still in the process of understanding and accommodating to its full implications.

For the World Economic Forum, the changes have clearly been profound. September 11 abruptly brought to a head the process already underway of calling into question the prospect of holding this year’s Annual Meeting in Davos due to difficulties and costs foreseen by the Swiss in ensuring its security. September 11 compounded these concerns and made it clear that such large gatherings of world leaders would continue for the indefinite future to be the targets of protestors with a high potential for accompanying terrorism. This situation will continue to impose high costs on the hosts and organizers of such gatherings which will act as a deterrent both to those who host them and those who participate in them. This clearly has important implications for the Forum.

The decision to move the Annual Meeting to New York as a dramatic affirmation of the confidence of the international community in New York as a world centre proved to be a brilliant one, both in its timing and its implementation. You and your team did a remarkable job in reorienting the programme and the practical arrangements for the meeting in an almost impossibly short time and were successful in obtaining the full cooperation of the authorities in New York. The result was clearly the most uniquely successful meeting of all time for the Forum accompanied by an unprecedented level of high quality publicity, most of it positive, and particularly in the North American media. At the same time the actions you took to include in the programme issues which responded to the concerns of many protestors and invited as participants an impressive group of civil society leaders demonstrated the degree to which the Forum is really committed to “improving the state of the world” and not merely to advancing the special interests of business.”<sup>1</sup>

At the meeting, former New York Mayor Rudolph W. Giuliani, who had been in charge of the city on 9/11, told participants of the deep significance of the Forum’s decision to bring the Spirit of Davos to the Hudson River:

“By holding their 2002 Annual Meeting in New York, the World Economic Forum served as a resounding endorsement of New York City’s sustained vitality. We can’t think of a more appropriate, courageous and optimistic milieu for the Davos Meeting to be held than in the most diverse city in the world, which also happens to be the financial capital of and a global economic partner to the world. This is a tremendous

<sup>1</sup> Memorandum from Maurice F. Strong, “Some thoughts concerning the future of the World Economic Forum”, 20 February 2002



vote of confidence in our city. It sends a message that New York is back in business, and that New York is the place to be for world leaders and decision-makers.”<sup>2</sup>

This year, the Forum established the International Business Council (IBC), an interactive community of concerned and committed business leaders. Made up of 100 highly respected and influential chief executives from all industries, the IBC identifies and addresses globally relevant business issues. It acts as an advisory body providing intellectual stewardship to the World Economic Forum and makes active contributions to the Annual Meeting agenda.

UN Secretary-General Kofi Annan launched the Global Health Initiative (GHI) of the World Economic Forum. The purpose: to engage businesses across industries, together with governments, international and non-governmental organizations, in systematically fighting infectious diseases, in particular, HIV/AIDS, tuberculosis and malaria, and strengthening health systems in both developing and emerging countries. The GHI works closely with a number of Forum members, as well as in partnership with the World Health Organization, UNAIDS and the World Bank, to develop toolkits and guidelines to assist companies in setting up workplace programmes; to conduct high-level advocacy events around these issues at its Forum events to ensure they stay high on the world’s agenda; and to create public-private partnerships, leveraging each partners’ skills and resources for the optimum impact on the ground. The GHI is active across Africa and Asia.

The World Economic Forum, with the independent Danish think tank *Monday Morning*, launched the Bridging Europe initiative, designed to promote democratic sustainability in Europe through a qualified dialogue with the new generation of Europeans. A thousand young people aged between 18 and 25 from 33 European countries participated in an online dialogue with European leaders, followed by a two-week gathering in a “European village” in Copenhagen. The result of their combined efforts was a draft proposal for a new European Constitution, which was presented to the Danish EU Presidency and to the President of the Convention on the Future of Europe, Valéry Giscard d’Estaing. The European Constitution was rejected by voters in France and Holland in 2005 and was subsequently replaced by the Lisbon Treaty, which by October 2009 had been ratified by 25 of the 27 European Union Member States.

<sup>2</sup> *Annual Report 2001-2002*, World Economic Forum

## Are Business Leaders Still Trustworthy?

In an editorial published in the World Economic Forum's newsletter in September 2002, Klaus Schwab questioned the confidence society has in its business leaders, raising issues still highly relevant today:

The question is: can business leaders still be trusted today? Is the economy – after all one of the essential components of our lives – still trustworthy? Many citizens would answer in the negative. Even if the mentioned cases are exceptions and spectacular, even if business leaders who abuse confidence and their position are in the minority: the misdemeanours affect the image of how leaders, particularly those of the globalized economy, are perceived. This image is underscored by growing mistrust. For confidence cannot be bought, it must be earned – and over longer periods. It is therefore quite obvious: if business wants to regain trust, those responsible must behave accordingly.

Whether we are collaborators, shareholders, consumers, residents, educators or heads of family, we all expect business leaders to behave as corporate citizens.

It is not words but concrete actions that are urgently needed on three levels:

### 1. The Business Level

Companies and their decision-makers do not operate in an open space. They cannot command as they please. Business leaders must meet economic, ecological and social demands. They are liable not only to one but to various stakeholders. If enterprises want to succeed at long term they need the trust of all the relevant interest groups. This can only be achieved if they are willing to align their actions with ethic principles. Those who believe that they can do without it must sooner or later reckon with the negative consequences.

### 2. The National Level

Clearly, self-regulation alone is not sufficient. For this reason, each country needs authoritative regulations that guarantee various standards. These regulations comprise, among others, distinct standards of effective auditing, transparent rules that exclude any conflicts of interest, systems of compensation and bonuses aimed at long-term value creation for shareholders and other stakeholders, authoritative environmental regulations, etc.

### 3. The Global Level

As business long ago transcended national borders, operating globally, the efficacy of national legislation remains obviously limited. The chain is always as strong as its weakest link. In other words, to guarantee the effectiveness of the regulations, these must be internationally coordinated and legalized.

Who can undertake this task? On our continent, the European Union is pushing the homologation of the regulations ahead with success. Likewise, the United States is moving the process forward – too often, however, solely from its own perspective and safeguarding its interests. But this process has not yet reached wider regions of the globe. Hence, everybody is challenged – business, governments and the international organizations.

From the outset, the stakeholder principle has been the conceptual framework of the World Economic Forum. The problems of our world can only be tackled successfully with the cooperation of all the stakeholders. The prerequisite for such fruitful cooperation is, however, a minimum of mutual trust.<sup>3</sup>

<sup>3</sup> Klaus Schwab, "Sind Wirtschaftsführer noch vertrauenswürdig?", Editorial, World Economic Forum Newsletter, September 2002



Opening of the Annual Meeting in New York



The Religious Leaders visit Ground Zero





Archbishop Desmond Tutu and H.M. Queen Rania Al Abdullah of the Hashemite Kingdom of Jordan



Former New York Mayor Rudy Giuliani



Jean Lemierre, President of the European Bank for Reconstruction and Development (EBRD), with Zoran Djindjic, President of Serbia, and Klaus Schwab



Celebrating the Social Entrepreneurs of the Year in Africa



WILLIAM JEFFERSON CLINTON

April 17, 2002

Dr. Klaus Schwab  
World Economic Forum  
91-93 route de la Capite  
CH-1223 Cologny/Geneva  
Switzerland

Dear Klaus:

My thanks for another energizing and engaging Annual Meeting. Bringing Davos to New York was a true sign of solidarity and certainly a challenge.

I enjoyed participating in the Forum, and I was struck again that it remains a good idea to bring together the world's business, government, civil society, academia and media leaders for a frank exchange of thoughts and ideas.

I have always focused on encouraging dialogue that leads to action, and today, I continue my work through the Clinton Presidential Foundation. Much like the Forum, our mission is to strengthen the capacity of people throughout the world to meet the challenges of global interdependence. I am enclosing a short report on our efforts over the past two years.

I continue to support your valuable efforts, and I look forward to returning to beautiful Davos.

Sincerely,

*Bill Clinton*



## 2003

### Global Tensions, Open Forum

Global security once again took centre stage at the Annual Meeting. The prospect of war with Iraq (which erupted two months later) and its economic and geopolitical implications overshadowed every discussion. There was anxiety that an assault on Baghdad or a deepening of the Israeli-Palestinian conflict could fuel even deadlier global terrorism. There was concern about continuing wars within states in many regions. There was despondency – with North Korea the immediate focal point – about the resurging proliferation and potential use of weapons of mass destruction. There were doubts about the international community’s capacity to prevent and resolve conflict. And, deeply discomfiting for American participants, there was much sharp questioning of the way the United States had been choosing to exercise its colossal and unrivalled power. Not surprisingly, the strong US delegation led by Secretary of State Colin Powell attracted intense interest and faced numerous critical questions.

On 20 March 2003, when the war in Iraq broke, Klaus Schwab sent a memorandum to Forum staff:

“The war has broken out and our first thoughts are with all the innocent people who will suffer. Today we are living a dramatic situation that naturally provokes a great deal of personal emotions, which will be magnified by the media in the coming weeks. I fully understand that it is tempting to take a one-sided, sometimes extreme position for or against the war. However, as part of an institution which by nature has a culture to respect communities with different opinions and attitudes, and which has continuously worked for a better understanding between people, we respect *a priori* all those who act according to their values. The ones who feel that a sophisticated humanity should not resort to war should make every effort to resolve issues through negotiations, even if the other side lacks goodwill. But also those who feel that we cannot take any risks when dealing with armaments of mass destruction and terrorism whose effects, as shown in the past in Iraq and on 9/11, can be so devastating. Needless to say that as an institution we support all people who believe that we have a common duty in the 21st century to make sure that everybody in the world can enjoy fundamental human rights, and the Iraqi people have been dismissed from those rights.

The war vindicates even more the Forum’s needfulness. Never before has global cooperation been more important than today. People who are committed and engaged in living up to the mission of the Forum, which has always concentrated on the positive, must be mobilized. Improving the state of the world has never been so necessary.”

After the war broke, the Forum took the unprecedented decision to organize a full-scale extraordinary Annual Meeting to bring the Spirit of Davos to the Middle East at a time of profound global tension. The Extraordinary Annual Meeting in Jordan was held in June at the Dead Sea under the patronage of His Majesty King Abdullah II of Jordan. This significant event was combined with a meeting of the so-called Quartet that included United Nations Secretary-General Kofi Annan, Russian Foreign Minister Igor Ivanov, Greek Foreign Minister George Papandreou, US Secretary of State Colin Powell, High Representative for European Common Foreign and Security Policy Javier Solana, and European Commissioner for External Affairs Chris Patten. The leaders discussed the situation in the Middle East in light of the recent release of the Roadmap for Peace in the region.



The presence at the Annual Meeting in Davos of Brazilian President Luiz Inácio Lula da Silva, who had flown in directly from the World Social Forum in Porto Alegre, together with the presidents of Argentina, Colombia, Mexico and Peru, brought to the forefront questions about economic policy and reforms not just in Latin America but in all developing countries. In a Forum post-Davos report, Moisés Naím, the Editor of *Foreign Policy*, summed up the debate:

“Is the ‘Washington Consensus’ merely in need of some repairs and extensions, as many Davos participants seem to believe, or is it more fundamentally flawed, as Porto Alegre participants argue? A World Economic Forum Annual Meeting panel on the social dimensions of globalization ended with a call for ‘inclusive globalization’ that would combine ‘the passion of Porto Alegre with the rationality of Davos.’

However, squaring this circle may not prove so simple. Certainly, the renewed emphasis on poverty reduction and social programmes in poor nations is laudable and long overdue. But social policies need funding and funding depends crucially on economic growth. Growth helps alleviate poverty, and foreign direct investment flows are essential to sparking economic growth, particularly in regions with chronically low savings rates, such as Latin America. In the context of global economic fragility, the rhetoric of Porto Alegre may not be the most conducive to encourage foreign investment.

The outcome of this debate is critical to the future of emerging economies. The creation of prosperity in poor countries and the diminution of inequality everywhere continued to be perplexing challenges for everyone participating in the Meeting. Only the simple-minded, the ideologues, or the self-promoting gurus claim to have the answer to what is to be done to eradicate poverty.”<sup>1</sup>

A significant innovation in 2003 was the first Open Forum Davos, a series of public sessions accessible to everyone and co-organized by the World Economic Forum and civic society groups, including churches, fair trade organizations and the Swiss Red Cross. The staging of the Open Forum reflected the desire to build a “living bridge” connecting the main Annual Meeting with critical NGOs and the local community, making the World Economic Forum’s mission more accessible and transparent.

<sup>1</sup>Moisés Naím, “The Global Economy: Surprises, Perplexities and Risks”, *Annual Meeting 2003, Building Trust, Global Agenda Monitor*, World Economic Forum, 2003



At the meeting at the Dead Sea, the Forum launched the Jordan Education Initiative (JEI), a global-local, public-private partnership, to leapfrog education reform in the country. Undertaken in cooperation with the government of Jordan and Forum partners in the IT industry, the initiative aimed to improve the learning process in Jordan through public-private partnerships and, in the process, help the Jordanian government achieve its vision for education as a catalyst for social and economic development. Another focus was to build a model of efficient public-private partnership for the acceleration of education reforms in developing countries through unleashing the innovation of teachers and students.

The JEI was also intended to demonstrate the effective use of information and communications technology in the learning process. The emphasis within this model was both on the formal education system as well as lifelong learning channels within society. The aim was to maximize the reusability in other countries of both the partnership approach and the learning objects, after appropriate adaptation. The initiative was also meant to build the capacity of the local information technology industry for the development of innovative learning solutions in partnership with world-class firms, thus creating economic value that may lead to mutually beneficial business opportunities. Finally, it was created to leverage the power of government commitment and corporate citizenship for fuelling reform that can be exported and replicated in other countries.

In 2006, after three years of solid implementation, management of the JEI was handed over to the government of Jordan under the patronage of H.M. Queen Rania Al Abdullah of the Hashemite Kingdom of Jordan. By then, the JEI had attracted no less than 17 global corporations, 17 Jordanian entities, and 11 governmental and non-governmental organizations working together to achieve the JEI's objectives in partnership with the government of Jordan. Direct contributions to the initiative from global and local partners had reached over US\$ 25 million. The JEI has since been successfully replicated in Rajasthan State in India, Egypt, the Palestinian Territories and Rwanda.



H.M. Queen Rania Al Abdullah of the Hashemite Kingdom of Jordan gathering information on the progress made by the Jordan Education Initiative

## Social Media at the Forum

The World Economic Forum has continuously striven to improve and expand its engagement of the public in its activities and debates. A key part of that effort has been the use of the Internet and social media tools.

### Milestones:

#### 1996

John Perry Barlow, founder of the Electronic Frontier Foundation, attended the Annual Meeting in Davos and published the Declaration of the Independence of Cyberspace.

#### 1999

Lance Knobel, head of the Annual Meeting programme team, established Davos Newbies, the first blog of the World Economic Forum, a month before the meeting started.

#### 2000

Dave Winer, founder and CEO, UserLand Software Inc, became the first blogger to be invited to attend the Annual Meeting.

#### 2001

The World Economic Forum began webcasting its meetings to a global audience, allowing the general public to engage with the Forum directly by watching debates among leaders on the most pressing issues.

#### 2004

The Forum launched its official weblog, making it among the world's first organizations to have a blog. It remains a channel to engage the world in its activities and allows the general public to enter a global dialogue on the issues facing our planet. Blog posts directly from sessions enable the public to learn what leaders are thinking and saying in real time, and respond with their comments and questions.

#### 2005

This year saw the Forum launch podcasts, allowing audiences far and wide to subscribe to its audio and video feeds of meeting sessions, and download them easily.

#### 2007

The Forum started the Davos Conversation, a “bloggregator” combining text, photo and video blogs from participants and allowing for a global discussion of the key topics between the general public and selected participants. The Davos

Conversation continued at regional summits in the Middle East and Africa.

#### 2008

The Davos Conversation evolved into the Davos Question, a public video discussion around one central question: “What one thing do you think that countries, companies or individuals must do to make the world a better place in 2008?” In the run-up to the Annual Meeting, there were over 300 videos posted in response to the Davos Question. At the Congress Centre in Davos, 115 participants replied to these videos at a specially designed Davos Conversation corner. This first-ever video corner allowed participants to reply directly to the videos received from the general public. The best videos received were shown in the opening plenary session. Two weeks after the Annual Meeting, the videos had been watched over 8 million times on YouTube.

At the Annual Meeting, the Forum started to “tweet” key quotations from public sessions on the microblogging site, Twitter. One and a half years later, the Forum had over one million followers on Twitter and was sending daily updates about the Forum's activities to engage the general public in a broad discussion about key issues affecting the world. The Forum also set up a group and a fan page on Facebook, where it has over 7,000 fans.

#### 2009

The Davos Question turned into the Davos Debates. Twenty-five-year-old Pablo Camacho of Bogotá, Colombia, became the first YouTube “citizen reporter” to cover the Annual Meeting. He was chosen from among over 200 contestants for his innovative video about corporate ethics. The Forum also invited Rebecca McQuigg to be a citizen reporter in Davos for the MySpace community. At the Annual Meeting, the Forum organized Facebook “pulses”, quick polls to get instant feedback from the public. One such poll open for 45 minutes during a plenary session on US competitiveness received over 120,000 responses.



Klaus Schwab, UN Secretary-General Kofi Annan and H.M. King Abdullah II Ibn Hussein of the Hashemite Kingdom of Jordan at the closing plenary session



Dinner in Aid of Iraqi Children at the Extraordinary Annual Meeting in Jordan



US Secretary of State Colin Powell in the streets of Davos



Open Forum with Social Entrepreneurs



Micheline Calmy-Rey, Federal Councillor of Foreign Affairs of the Swiss Confederation, at the Open Forum



THE SECRETARY-GENERAL

15 July 2003

Dear Mr. Schwab,

Upon my return to New York, I should like to express to you my thanks for having organized the recent Extraordinary Annual Meeting, Global Reconciliation Summit, as well as for having invited me to be a keynote speaker at the Summit's closing plenary. The Summit offered an open and important platform for discussions aimed at substituting the recent period of confrontation in the Middle East region for a spirit of cooperation through a stimulating exchange of views amongst academic, business, religious, social and political leaders. The Summit demonstrated that the effort to build a better world must begin with a joint endeavour to redefine the values that we share. As was discussed during the Summit, peace is paramount to business in the region and business is paramount to peace. I hope the summit will help all people to redouble their efforts towards peace, reconciliation and progress in the Middle East. It is my sincere desire that recent developments in the peace process will lead to tangible and permanent effects on the ground. The accomplishments of the Summit should not be underestimated in these recent achievements.

Yours sincerely,

A handwritten signature in black ink, which appears to read 'K. Annan', is centered below the closing.

Kofi A. Annan

Mr. Klaus Schwab  
President of the Foundation Board  
World Economic Forum  
Geneva



US Senator Joseph Biden



President Luiz Inácio Lula da Silva of Brazil



President Alvaro Uribe Vélez of Colombia



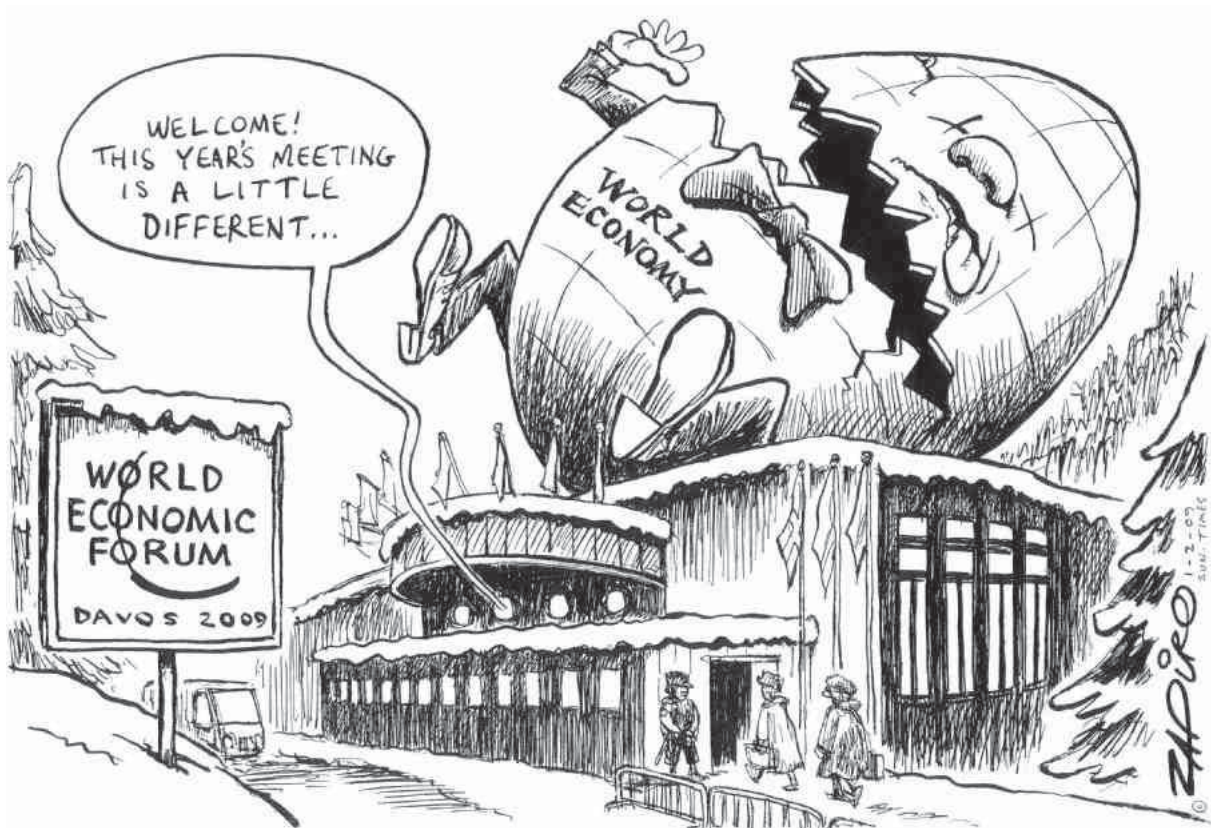
George Soros, Chairman of Soros Fund Management, USA, with President Eduardo Duhalde of Argentina



President Alejandro Toledo Manrique of Peru



President Vicente Fox Quesada of Mexico



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© Peter Gut/Bilanz

WEF!





## 2004

### Forging Partnerships with Industry and Young Leaders

After US Secretary of State Colin Powell's appearance at the Annual Meeting in 2003, American Vice-President Dick Cheney came to Davos the following year, together with four other members of the Bush Administration and 15 senators and congressmen.

Cheney declared that recent developments, including the capture of Saddam Hussein, the adoption of a democratic constitution for Afghanistan, and Libya's decision to stop its weapons of mass destruction programme were all reasons for optimism. Yet, he added, the world continued to face a sophisticated global network of terrorists ready to engage in suicide missions and calling themselves martyrs. Governments, Cheney said, had three fundamental responsibilities: first, to defeat violence by advancing freedom; second, to keep alliances strong and to cooperate on every front when meeting common dangers; and third, to be ready to use military force when diplomacy fails.

On the sidelines of the Annual Meeting, 20 trade ministers pledged to reinvigorate the Doha Development Agenda of global trade negotiations. Organized by the World Trade Organization and the Swiss government, this special gathering has since become an annual event at Davos. Unfortunately, by the end of 2009, the Doha Round had yet to be concluded.



The Forum's major institutional initiative this year was the creation of the Industry Partnership Programme to strengthen further the bonds with members, enhance the value of services, and foster closer engagement with industry. The Industry Partners are intended to build on the achievements of the Industry Governors, many of whom joined the new programme. Like the Industry Governors who preceded them, the Industry Partners comprise a select community of the world's foremost industry leaders drawn from a representative cross-section of sectors and regions. Their balanced diversity ensures that they bring a comprehensive, global and integrated perspective to the Forum's work.

The Forum established the Industry Partnership Programme in response to three principal drivers:

- Although the economy is global, there are – with few exceptions – no global industry associations. The Industry Partnership Programme provides a dynamic forum to shape global industry agendas.
- Timescales are becoming shorter as corporate strategy setting becomes increasingly complex. The Industry Partnership Programme is designed to enable top corporate decision-makers to take timely action in the face of constant change.

- The dynamics of each sector cannot be addressed in isolation. By bringing all sectors together under a single banner, the Programme makes it possible for organizations to follow joint analysis with collaborative action.

Companies are chosen to participate in the Industry Partnership Programme on the basis of their support for the Forum’s mission. As part of the Programme, CEOs and senior executives from partner companies take part in a structured and strategically focused mix of activities. These activities bring together industry-specific communities where members can share best practices, carve out new insights and develop proactive solutions to common challenges through a process of debate and knowledge sharing.

The Programme started out with three pilot sectors: IT and telecommunications, energy and financial services. It was fully operational one year after launch and grew quickly, covering 18 different sectors by 2009.

#### **1. Basic Industries**

- Chemicals
- Engineering & Construction
- Mining & Metals

#### **2. Consumer Industries**

- Agriculture, Food & Beverage
- Retail & Consumer Goods

#### **3. Energy Industries**

- Energy

#### **4. Mobility Industries**

- Automotive
- Aviation, Travel & Tourism
- Logistics & Transportation

#### **5. Financial Institutions**

- Banking and Capital Markets
- Insurance and Asset Management
- Investors
- Real Estate

#### **6. Health Industries**

- Healthcare

#### **7. IT/Telecom**

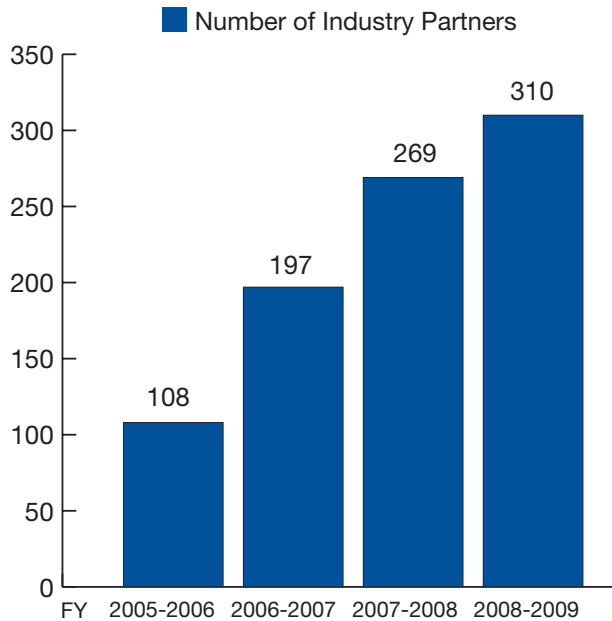
- Information Technology
- Telecommunications

#### **8. Media, Entertainment and Information Industries**

- Media, Entertainment & Information

#### **9. Professional Services Industries**

- Professional Services



Since its beginning in 2005, the Industry Partnership Programme has shown tremendous growth



While the World Economic Forum has pursued its mission and vision with firm determination since its founding, it has also been flexible and adaptable when necessary. In 2004, it became evident that the concept of the Global Leaders for Tomorrow required revamping and a closer alignment with the Forum's mission. The Forum of Young Global Leaders (YGLs) was therefore established to provide a more structured framework to integrate its members into the Forum and its activities beyond Davos, while at the same time maintaining the autonomy of the group. In January 2004, Klaus Schwab announced the creation of the YGLs with the US\$ 1 million he had received as part of the Dan David Prize, which he was awarded for building the Forum into an organization that works for peace and social responsibility.

Comprising dynamic and inspiring leaders up to the age of 40, The Forum of YGLs was launched to respond to the growing consensus that the interlocking challenges confronting the world demand integrated solutions based on a holistic, forward-looking vision. Selected from over 8,000 candidates by a nomination committee of the world's most eminent media leaders, the first 238 YGLs represented 69 countries and were drawn from all sectors. More than 30% were women.

Under the theme "The World in 2020", the YGLs held their inaugural summit at Zermatt, Switzerland, in June 2005. The 200 participants outlined a plan of action for the group to take individual and collective action to shape a more positive future. In January 2006, the nomination committee, which is headed by H.M. Queen Rania Al Abdullah of the Hashemite Kingdom of Jordan, named the second cohort of 220 young leaders, split equally between the business and non-business sectors. The announcement was given extensive coverage in over 100 newspapers around the world.

In 2007, The Forum of YGLs reached an inflection point in its development as individual leaders began to shape the community's identity more proactively. A true community spirit of shared values emerged at the third YGL Summit in Dalian, China, as participants outlined the principles behind their leadership and continued to map out joint action in six key areas of concern for the future, including development and poverty, education, environment, global governance and security, health and values. This led to the launch of YGL task forces and community initiatives such as Table for Two, a programme that simultaneously addresses hunger in the developing world, and lifestyle-related diseases in the developed world through healthy meal schemes in over 100 companies worldwide. Another project is the Earth Love Campaign, which encourages the world's most influential businesses to reduce their carbon emissions and leverage their brands to encourage customers to be more environmentally responsible.

The Forum of YGLs has since evolved into a self-defined and self-organized community. This was made possible in part by the decision to distinguish between people honoured as YGLs and those members who wished to commit fully to the development and life of the community. While the primary community-building work is done at the YGL Summits – in Tianjin, China, in 2008, and at the Dead Sea, Jordan, and in Dalian, China, in 2009, members have increased their self-organized activities at the regional level. These have included informal get-togethers in various cities and larger meetings anchored around specific leaders or YGL-led initiatives.

YGLs have also increased their knowledge and insight into global policy issues through a number of programmes and events. Thanks to the generous donation of several philanthropists, the World Economic Forum and Harvard University's John F. Kennedy School of Government launched an exclusive YGL executive education course on global public policy. YGLs have also held roundtables with the US government in 2007 and 2009 and the European Union in 2008. Members have also met with the heads of state or government in Afghanistan, Brazil, Colombia, Israel, Jordan, Palestinian Authority, South Africa, South Korea and Zimbabwe.

With their strong community spirit, YGLs have been involved in a variety of initiatives ranging from promoting entrepreneurship in Africa to keeping children in school through deworming programmes. YGLs have demonstrated a "can-do" approach to tackling the world's challenges with sustainable, entrepreneurial solutions. At all their events, the YGLs are keen to have a positive impact on their host community. They have organized Impact Journeys that take YGLs out of the congress centres and into communities to visit social entrepreneurs or civil society organizations. These visits allow YGLs to share their expertise and experiences and also to learn about innovative models that they can take back to their own organizations or apply to global challenges.

All of the work of the YGLs is underpinned by a strong set of common ethical values. Members have drafted a YGL global oath for business, an ethical framework to guide leaders in times when they have to make tough choices. By 2009, the YGL community had grown to more than 650 active members who passionately contribute their time and energy to the community's worthy endeavours and support the programmes of the World Economic Forum as speakers, Global Agenda Council members, industry experts and engaged contributors.



The Young Global Leaders at the inaugural Summit in Zermatt, Switzerland, 2005

Among the regional summits in 2004, the European Economic Summit in Warsaw was of special significance since it was timed to coincide with the enlargement of the European Union from 15 to 25 members on 1 May. More than 20 heads of state and government were among the 630 leaders from business, academia, the media and civil society who attended the Summit in Poland, the largest of the accession countries. It was the first meeting to convene key players of the new Europe at the highest level and broached such important issues as the developing labour market, immigration and the investment climate. In collaboration with the broadcaster BBC World, an hour-long debate exploring the issues surrounding enlargement and immigration involving key participants was televised, reaching more than 250 million viewers worldwide.



Musician and composer Quincy Jones observes the no-tie rule



A celebration of the enlarged Europe – one day before it became reality – at the European Economic Summit 2004 in Warsaw



Participants in the Africa Economic Summit in Maputo, Mozambique, listen to Ndidi Nwuneli, Founder and Managing Partner of LEAP Africa



US Vice-President Dick Cheney with Klaus Schwab



President Mohammad Khatami of the Islamic Republic of Iran, and Klaus Schwab

## 2005

### Building the Centre for Global Industries

For the first time, the World Economic Forum structured the agenda of the Annual Meeting to provide targeted support to the United Kingdom, which had taken over the chair of the G8 group of industrialized nations and would assume the presidency of the EU in the second half of the year. The Forum continued this approach in subsequent years, giving to the chair of the G8 or G20 a prominent platform such as the opening session and working closely with the respective government to coordinate the programme so that multistakeholder input could work into the official agendas.

Another innovation was the “town hall meeting” at the start of the Annual Meeting. It gave the opportunity for all 2,000 participants to prioritize the concerns, which they wished to focus on and develop action agendas around, while in Davos and after. At this first meeting, participants opted for fighting poverty and promoting equitable globalization, climate change, education, the Middle East initiatives and global governance.

Following the tradition of having new leaders introduce themselves to the international community on the Davos platform, the newly elected president of Ukraine, Viktor Yushchenko, made his first appearance outside his country. Following his appeal to the international business community to support the efforts of his government in its first difficult year in power, the Forum convened in June an Extraordinary Ukraine Roundtable in Kiev, opened in the presence of the presidents of six countries. The roundtable was characterized by the extremely strong engagement from the Ukrainian government, with the president, the prime minister and virtually all key ministers involved throughout the meeting. Among the participants was former Russian Prime Minister Viktor Chernomyrdin, who had become his country’s ambassador to Ukraine.

To draw even more attention to the major global issues, the Forum experimented with inviting international celebrities known for their advocacy of specific global concerns such as poverty, Africa, AIDS and debt forgiveness (*see box*). The integration of these stars backfired since the media in particular focused on their presence without making any reference to the societal aspect for which they had been invited. For this reason, the Forum revised the practice of welcoming stars, limiting the celebrities at Davos to those with a genuine connection to a cause that was obvious and justified.

### *Time Magazine Reports on Celebrities at Davos*

Follow the Stars

Forget bankers and politicians – this year, celebrities ruled Davos

It was a role Sharon Stone hadn't played quite so dramatically before, or in front of such an influential audience. At a plenary session on fighting poverty last week at the World Economic Forum in Davos, Switzerland, Stone listened as Microsoft founder and chairman Bill Gates described how simple bed nets treated with insecticide can protect poverty-stricken Africans from malaria-bearing mosquitoes. Leading off the question-and-answer session, the star of *Basic Instinct* and *Casino* turned the nets into an immediate cause. She pledged US\$ 10,000, then turned to the elite group of politicians, businessmen, celebrities and journalists in the hall and asked that they contribute, too.

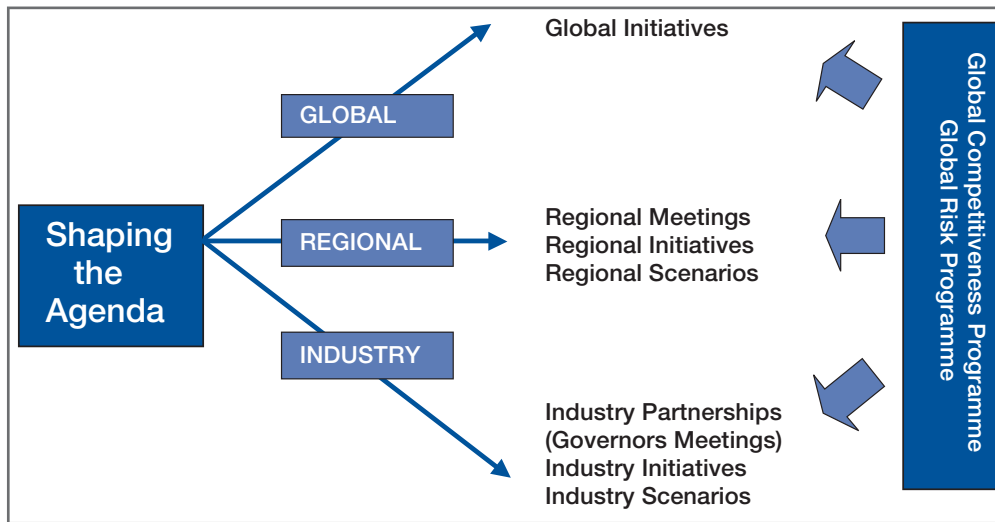
There was a murmur of interest, consternation and a little embarrassment over her grandstanding. "Would anyone else like to stand up and help? Just stand up! Stand up and people will take your name," Stone urged, her hand raised above her head like an evangelical preacher. A man behind Stone stood up and offered US\$ 50,000, and slowly, tentatively, others stood, too. Within about 10 minutes, 35 people rose around the packed auditorium to make donations, as an aide bustled around the hall collecting business cards. The session chairman, US Senator Bill Frist, announced later that US\$ 1 million had been collected for the fight against malaria. It was an impressive example of how quickly a Hollywood star can bring much-needed funds - and attention - to an important cause. "These were people with a lotta cash," Stone said that evening. "I thought, I really have to get it now, and that's why I made an ass of myself."

At this year's World Economic Forum, the power of celebrity kicked some passion into the wonky work of saving the world, showing how fame and sex appeal can work as well for humanitarian causes as it does for selling movies. Now in its 35th year, the World Economic Forum has long since outgrown its origins as a strictly business event; the smattering of cultural figures in recent years more than tripled in number this year to include not only Nobel prizewinners like Elie Wiesel and Nadine Gordimer, but also film stars including Gérard Depardieu, Carole Bouquet, Richard Gere, Chris Tucker and popular musicians such as Bono, Lionel Richie and Peter Gabriel. *Lara Croft: Tomb Raider* star Angelina Jolie, Goodwill Ambassador for the United Nations High Commissioner for Refugees (UNHCR), sees the role of celebrities as throwing a spotlight on problems that might otherwise be ignored. At a cocktail reception in Davos, Jolie, 29, mesmerized a crowd including executives from multinationals with her account of a visit to refugees in Cambodia. "They'd faced the Khmer Rouge, genocide, starvation, years in refugee camps," Jolie said. "And then there were the land mines." Yet she described how this ravaged group, many of whom had lost arms and legs, managed to build five houses in two weeks. "These are the most capable people I've ever met in my life," she said. Many had lumps in their throats when she was through.<sup>1</sup>

<sup>1</sup> James Graff, "Follow the Stars", *Time Magazine*, 7 February 2005



In 2005, the Forum developed further its Strategic Concept (*see box*). The Forum’s strategy has always been based on creating strategic insights and knowledge through the interaction of its members and constituents. Accordingly, it has developed in-house competences only in those areas that provide benchmarks for best practices or a framework for “out-of-the-box” thinking. The Forum built up such competences in the areas of global competitiveness and global risk.



The Forum established a specific competence in scenario planning. The scenarios are developed by conducting open-ended interviews and discussions to gather a broad range of perspectives, and convening a series of multistakeholder workshops that bring together leaders in business, society, government and academia. The scenarios are built on a thorough analysis of factors – social, political, economic, environmental and technological – that could shape the future environment of a given business, region or policy area.

Since 2005, the Forum has published reports on scenarios to 2025 for India, Russia, China, the United Arab Emirates, the Kingdom of Saudi Arabia, the Gulf Cooperation Council (GCC) country, and the Kingdom of Bahrain. It has also released sectoral scenario studies including:

- *Digital Ecosystem: Convergence between IT, Telecoms, Media and Entertainment*
- *Technology and Innovation in Financial Services: Scenarios to 2020*
- *The Future of Pensions and Healthcare in a Rapidly Ageing World: Scenarios to 2030*
- *Financing Demographic Shifts: Pension and Healthcare Scenarios to 2030 (China and Italy)*
- *Engineering & Construction: Scenarios to 2020*
- *The Future of the Global Financial System: A Near-Term Outlook and Long-Term Scenarios*
- *Transforming Pensions and Healthcare in a Rapidly Ageing World: Opportunities and Collaborative Strategies*

The Forum also launched its milestone study *Woman's Empowerment: Measuring the Global Gender Gap*. The report quantifies the gap between men and women in five critical areas:

- economic participation – equal remuneration for equal work
- economic opportunity – access to the labour market that is not restricted to low-paid, unskilled jobs
- political empowerment – representation of women in decision-making structures
- educational attainment – access to education
- health and well-being – access to reproductive healthcare

The report covers all 30 OECD countries and 28 other emerging markets. It uses a large number of hard-data indicators drawn from international organizations and qualitative information from the Forum's own Executive Opinion Survey. It is designed to help countries identify their strengths and weaknesses in advancing women's interests, an area of crucial importance to national economic development.



The Centre for Global Industries in New York

In the summer, the Forum leadership began to explore expanding the organization's international constituency and reach beyond its Geneva home. It had set an ambitious goal to integrate further the business community into the organization through a new structured form of engagement called Industry Partnership and to have 300 companies commit to this programme within three years. To achieve this target, the Forum would need not only to work more closely with its core business community but also to create a platform to attract staff and other contributors with greater industry knowledge and global expertise.

With these ambitions in mind, the Forum formally expanded into North America with the creation of its first overseas affiliate. The World Economic Forum USA was crafted to act as the global headquarters for the Centre for Global Industries, the unit responsible for the design and implementation of the new Industry Partnership Programme. On 8 December 2005, the World Economic Forum USA was incorporated as a non-profit corporation and was soon granted exemption from US income tax as a business league under section 501(c)(6) of the Internal Revenue Code. It was launched as an independent legal entity, with its own board of directors and officers and a formal link to the World Economic Forum through a negotiated affiliation agreement governing their arm's length relationship. It also shared the Forum's mission and vision to engage leaders in improving the state of the world and planned to use its New York location as a hub for intellectual collaboration.



Klaus Schwab marked the official opening of the World Economic Forum USA by ringing the NASDAQ closing bell

In its first two years in operation, the World Economic Forum USA grew dramatically. By the end of the first fiscal year in June 2007, its revenues were US\$ 7 million and it had 29 staff. A year later, revenue reached US \$19 million, while its staff count rose to 44. In 2008-09, its third year, the World Economic Forum USA achieved several notable milestones. Its flagship Industry Partnership Programme, managed in New York and Geneva, reached 310 partnerships, while it booked US\$ 32 million in revenues – both figures exceeding the aggressive growth targets that had been set three years earlier.



Another highlight of 2005 was the creation of the Global Leadership Fellows (GLF) programme to build up a strong knowledge base and culture inside the Forum by attracting the best young global talents.

Over the years the Forum had undergone a gradual change from an organization with a strong event management capability to an institution emphasizing community building, community management and knowledge management. To foster this process, the Forum in the 1990s had outsourced its major functions related to event management to Global Events Management (GEM) – first as a joint creation between Publicis Group and the World Economic Forum. Later on, Publicis Group became the sole owner of GEM, or PublicisLive as it was now called, to avoid any notion that the Forum was engaging in a commercial venture.

This transformation in the Forum's culture accelerated with the creation of the GLF programme, which allowed the organization to attract in a structured way exceptionally talented individuals with world-class university backgrounds and proven experience. The Forum recognized that the world lacked a top programme for developing the leadership capacity for global management positions in government, business and civil society. It also understood that integrating a learning function into the Forum's activities would strengthen its programme-development capabilities. To position itself as a global employer of choice, the Forum had to maintain a strong value proposition to attract and retain top talent from around the world.

The Forum launched a global campaign to recruit some of the world's finest talent to join the organization and the inaugural three-year Global Leadership Fellows programme. Within three months, it received more than 1,800 applications and interviewed and assessed 120 short-listed candidates, including one from Bhutan who travelled over a week from his hometown to Geneva. An Australian economist working with the Sierra Leone government used a state helicopter, the only available means of transportation, to get to the nearest airport. In the end, the Forum selected a group of 47 Fellows from 35 nations – all with degrees from the world's finest universities – with an average age of 31.

The new Fellows became full-time employees and joined various task forces to shape the curriculum and structure of the leadership programme. The assumption behind this experiential approach was that leadership derives from taking initiative and can only be developed through action. Under the supervision of the Dean and self-governed by an elected Council, the Fellows drafted a charter, experimented with different structures, and set up a regular series of interactive peer-exchange learning activities. The Forum complemented the practical approach to leadership with academic modules delivered by professors from the Columbia University, INSEAD, London

Business School and The Wharton School of the University of Pennsylvania. About 30 new Fellows are now chosen every year.

A 2009 *Financial Times* article highlighted the special qualities of the Fellows and the uniqueness of the GLF programme:

“‘Faculty love participating,’ says Soumitra Dutta, INSEAD’s Professor of Information Systems and Dean of External Relations. ‘The response has been uniformly extremely positive. There is not one that hasn’t voluntarily chosen to go back to teach [at the Forum] if given the chance.’ In some sense, says Professor Dutta, faculty are challenged by the fellows: ‘Their quality is very varied but also very high – I would roughly compare it to the top 20% of an MBA class.’ And because they interact with global leaders on a daily basis in their regular work at the Forum, fellows are also ‘much more in touch with the latest issues than, say, a regular MBA class.’”



Global Leadership Fellows discover India



Committing to the implementation of a zero tolerance policy on corruption



President Viktor A. Yushchenko of Ukraine



Young Global Leaders on the Breithorn (4,000 meters) in the Swiss Alps, with the Matterhorn in the background



President Jacques Chirac of France (via satellite) and Klaus Schwab



Former US President Bill Clinton, Microsoft Chairman Bill Gates, South African President Thabo Mbeki, British Prime Minister Tony Blair, musician and philanthropist Bono and Nigerian President Olusegun Obasanjo



Actress Angelina Jolie, Goodwill Ambassador, UN Refugee Agency



Young Global Leaders at work at the Summit in Zermatt



US First Lady Laura Bush with Klaus and Hilde Schwab at the World Economic Forum on the Middle East in Jordan



H.M. Queen Rania Al Abdullah of the Hashemite Kingdom of Jordan, with Klaus and Hilde Schwab at the Young Global Leaders Summit in Zermatt



Davos means walking

## How Young Global Leaders bring solutions to the world's challenges

In 2007, a group of Young Global Leaders in Davos were discussing how to address education gaps and support the Millennium Development Goal of universal primary education. While many solutions were explored in the workshop, the YGLs chose an “out-of-the-box” and unfashionable solution: *de-worming*. The economists in the group shared the evidence that de-worming was the single most, cost-effective way to increase schooling and improve child health. For very little money, a treatment, school-based distribution of anthelmintic drugs, made de-worming a “best bang for the buck” public health intervention, improving educational achievement, raising health status, improving physical growth and cognitive development among school-age children.

As one of the YGLs behind the project said, “It was a challenge that played to the YGL strengths. The issue was global – spanning virtually every developing country – and so was the YGL network. But the problem of worms was under-recognized—and the YGLs realized they had the ability to raise the profile of the issue. De-worming the world also required partnerships between funders and implementers, governments and non-governmental organizations and technical experts. Building partnerships between people of different backgrounds and expertise is what the YGL community is all about.”

Young Global Leaders quickly set up a charitable organization to manage the project and partnered with implementation organizations such as Feed the Children, the World Food Programme and the American Institutes for Research (AIR). The organization worked to raise awareness about the issue through publication of rigorous in-field economics studies, proving the effectiveness of school-based de-worming interventions, in mainstream media (Boston Globe, Time). They coopted award-winning Director Eugenio Polgovsky to produce a 12-minute film on de-worming interventions and used the platform of the World Economic Forum Annual Meeting in Davos to share their findings with world leaders.

**In 2009, the “De-worm the World” programme treated 20 million school-age children in 26 countries**, through the YGL community’s networks and partnerships which were far in excess of their original commitment at the Clinton Global Initiative in 2008 of 10 million children. An example of this is YGL Vikram Akula, who founded India’s SKS Microfinance and is using his distribution network to reach 1 million schoolchildren in Andhra Pradesh in 2009, scaling up to 8 million in the coming years.

Over the next three years, the YGL “De-worm the World” programme will focus on at-risk school-age populations in sub-Saharan Africa, Asia and Latin America, and increase its reach to treat up to 75 million children, thanks to increased funding. YGLs continue to explore ways in which the remaining 300 million affected children can be reached, but are heartened by the progress made in just two short years.

Kristin J. Forbes, Professor of Economics, Sloan School of Management, Massachusetts Institute of Technology, USA, a YGL and founding member of the task force, said of the progress made since launching this initiative: “Our experience with “De-worm the World” shows the amazing power, energy and synergies of the YGL network. YGLs from all sectors – including microfinance, media, fund-raising, academia, NGOs and the private sector – have all made contributions of some kind to show that the community as a whole is much more powerful than the sum of its parts.”



## 2006

### The New Drivers of Growth

The World Economic Forum's long-term policy of involving fast-growing and innovative companies in its activities finally led to the launch of a new strategic venture: the Community of Global Growth Companies (GGC), enterprises that have already made a mark in their national and regional markets, and are poised to become global industry leaders. This brought into the Forum the fresh thinking and dynamism of these New Champions, which could benefit from the insights and mentoring of the Forum's more established members.

In June, the Forum opened its China representative office in Beijing to serve as the home for the Centre for Global Growth Companies and to spearhead the development of the GGC programme. Prior to the inauguration of the new facility, Chinese Premier Wen Jiabao received Klaus Schwab and members of the World Economic Forum's International Business Council at Zhongnanhai, the seat of China's central government. The setting up of the Forum's second overseas office and the launch of the GGC initiative led to the holding of the first Annual Meeting of the New Champions in Dalian in 2007. Participants quickly began referring to this event as the "Summer Davos".

This was yet another busy year for the World Economic Forum and all its constituents and collaborators. Many existing Forum initiatives were expanding their scope, while several programmes were launched.



The Disaster Resource Network (DRN) sponsored the deployment of two Medical Action Network emergency teams following the Pakistan earthquake in October. It delivered more than US\$ 3 million in high-priority relief and constructed 400 interim shelters in Jammu and Kashmir. Following the sweep of Hurricane Katrina across the Gulf of Mexico coast in the southern US, the DRN brought emergency wireless technology to evacuees. In just two weeks, the team established the networks needed to connect 11 towns and 10 relief organizations.

By this year, the Jordan Education Initiative had benefited more than 50,000 pupils in 100 schools in the country. The partnership between the Forum's IT member companies and the government in Amman channelled more than US\$ 25 million in direct contributions to recipients. Under the Global Education Initiative, a new programme was launched in Egypt to reach 650,000 students and 70,000 teachers.

President Olusegun Obasanjo of Nigeria, United Kingdom Chancellor of the Exchequer Gordon Brown and Microsoft Chairman and Chief Software Architect Bill Gates launched the Global Plan to Stop Tuberculosis (2006-2015) at the Annual Meeting. The aim: to treat 50 million people and prevent 14 million tuberculosis deaths worldwide over the next 10 years.

The Forum's Water Initiative was working in Uganda to install 1,000 "play" pumps near public buildings and schools. It also launched projects in India, Mozambique and South Africa, where it planned to reach 70,000 people through public-private partnerships with existing municipal water networks.

Member companies launched the Business Alliance Against Chronic Hunger. With governments and civil society partners, the group aimed to deliver scaleable, market-based solutions to the persistent problem of hunger in Kenya.

The Partnering Against Corruption Initiative (PACI) now had over 100 signatory companies, representing total annual revenue of over US\$ 550 billion and staff of more than 1.5 million people. At the Annual Meeting, the heads of the main multilateral development banks agreed to work with PACI to include anti-bribery requirements as part of their bidding processes.



The Forum itself has adhered to a strict policy of transparency and disclosure with regard to the management of its finances and its business practices. (In the financial year ending 30 June 2006, the Forum for the first time achieved a total income exceeding 100 million Swiss francs.) In principle, membership fees cover operational costs. Events are funded through cost contributions from participants and event partners, while projects are supported by income from partnership contracts. The Forum may accept grants, donations, legacies and other contributions or subsidies that are consistent with its purpose of "integrating leaders from business, politics and society at large into a community for global action committed to improving the state of the world and the well-being and prosperity of human society."<sup>1</sup>

Since its founding, the Forum has been scrupulously non-partisan, making no payments to political personalities, parties or other organizations and avoids involvement in national politics. Despite every effort to safeguard this neutrality and impartiality, the Forum's integrity has been tested over the years. One such situation occurred at the Annual Meeting 2006 when the magazine *Global Agenda* (originally known as *World Link*) carried an article that was considered insulting to participants for what were discriminatory and anti-Semitic comments in it. The editorial content of the publication had been outsourced to a company in London that was not under the control of the Forum. As soon as the Forum became aware of the publication of this article, its leadership took immediate action, despite the substantial financial consequences. Klaus Schwab ordered all copies of the magazine withdrawn from circulation and the issue reprinted with the offensive article replaced by an editorial by him:

"We believe that dialogue must truly be a two-way street, which is why we open our doors to all positions regardless of political, religious or ethnic persuasion. We do so with one very important caveat – constructive dialogue and engagement are mandatory. Using the Forum as a bully pulpit to advance a cause in a vacuum is unacceptable and intolerable. And those who deny the humanity or the right to existence of others have no place in our global dialogue."<sup>2</sup>

The magazine was closed down immediately.

<sup>1</sup> *Annual Report 2006-2007*, World Economic Forum

<sup>2</sup> Klaus Schwab, *Global Agenda*, Annual Meeting 2006



### Promoting Inter-Faith Dialogue

From its start, the World Economic Forum has sought to integrate the voices of faith leaders into its events and other activities. Following the 9/11 attacks in the US, the Forum worked to engage the leaders of various religious groups in an inter-faith dialogue, particularly between Islam and the West. In New York in 2002, it launched the concept for what two years later formally became the Council of 100 Leaders for West-Islam Dialogue, a unique community of business, political, religious, media and opinion leaders joined by the common mission to promote understanding across different segments of society in the Western and Muslim worlds. The C-100 was co-chaired by Lord Carey of Clifton, Former Archbishop of Canterbury, United Kingdom, and H.R.H. Prince Turki Al Faisal Al Saud, Chairman, King Faisal Center for Research and Islamic Studies, Saudi Arabia.

In 2008, the Forum began to engage faith leaders on a broader set of topics of global relevance including education, health, climate change, values and business ethics. In addition to the C-100, now the Community of Global Religious Leaders, the Forum also convened the Global Agenda Council of Faith that brings together thought leaders and experts, including members of the business community, to explore the challenges inherent in the role of religion in society.



Inauguration of the Beijing office: Zeng Peiyan, Vice-Premier of the People's Republic of China, with Klaus Schwab



Chinese Premier Wen Jiabao greets Klaus Schwab



Boxing legend Muhammad Ali, receives the C-100 Award from Lord Carey and H.R.H. Prince Turki Al Faisal Al Saud, the C-100 Co-Chairs



Christopher Murray, Director, Global Health Initiative, Harvard University; Jens Stoltenberg, Prime Minister of Norway; William H. Gates III, Chairman and Chief Software Architect, Microsoft Corporation; Gordon Brown, Chancellor of the Exchequer of the United Kingdom; Olusegun Obasanjo, President of Nigeria; Fareed Zakaria, Editor, Newsweek International; Giulio Tremonti, Vice-President of the Council of Ministers and Minister of Economy and Finance of Italy



German Chancellor Angela Merkel receives CEOs in Berlin at one of the Forum's numerous private meetings



Her Majesty Queen Elizabeth II honoured Klaus Schwab with the title of Honorary Knight Commander in the Most Distinguished Order of St. Michael and St. George (KCMG). British Foreign Secretary Jack Straw presented the award

## 2007

### Summer Davos



The Inaugural Annual Meeting of the New Champions – the first “Summer Davos” in Asia – took place in Dalian, China, in September. This event brought together the Global Growth Companies, the Forum’s new community of fast-growing businesses, along with the Technology Pioneers and the Young Global Leaders. More than 1,700 business, government and civil society leaders, representing 90 nations, participated. At the meeting, 125 Global Growth Companies, 40% of which were Asian businesses, were welcomed as founding members of the community. These New Champions were able to share ideas with each other and with representatives of established businesses – a valuable mixing of the old and new economies.

In his keynote address to open the meeting, Chinese Premier Wen Jiabao said that the event showed “the world’s increasing interest in China’s economic development and the growing cooperation between China and the Forum.” He added: “The key to the success of the Forum is that political and business leaders, experts and scholars from various countries participate in

the Forum with sincere wishes for equality and mutual respect. With a strong sense of responsibility and mission, they are committed to discussing major and potential issues of the world economy, paying greater attention to underdeveloped regions and people in poverty, and playing an active role in promoting development, progress and harmony of the world. This is the spirit of the World Economic Forum.”

The Annual Meeting of the New Champions, Wen remarked, reflected “both the international community’s focus on the fast-growing companies and regions and its strong desire to establish a new international economic order.” He also told participants that China recognized the need “to cooperate with the international community on the basis of equality and mutual benefit to promote balanced, universal and win-win progress in economic globalization.”<sup>1</sup>

The Annual Meeting in Dalian gave the Forum the opportunity to expand its activities in public health. The Global Health Initiative delivered Health@Dalian, a series of high-impact public and private sessions on both chronic and infectious diseases. The Young Global Leaders, meanwhile, used the gathering to launch Table for Two, a two-pronged initiative to tackle obesity in developed nations and hunger in the developing world by encouraging healthy eating in company cafeterias and restaurants. For each meal consumed, US\$ 0.20 is donated to fund healthy school meals in a developing country. The Forum and the World Health Organization also collaborated on a two-day meeting in Dalian to highlight effective workplace wellness programmes.



Chinese Premier Wen Jiabao with Klaus Schwab



BBC Debate in Dalian

<sup>1</sup> Wen Jiabao, “A Growing China Embraces a Bright Future”, Opening Address to the World Economic Forum Inaugural Annual Meeting of the New Champions, 6 September 2007



First Deputy Prime Minister Dmitry Medvedev of Russia



Russian President Vladimir Putin and Klaus Schwab

Earlier in the year, at the Annual Meeting in Davos, the Russian Federation's First Deputy Prime Minister Dmitry Medvedev received special attention. Many observers of Russian politics now identify that event as an early indication of Medvedev's rise to become his nation's top leader. He would take over as president from Vladimir Putin in May 2008. Medvedev also participated in the Forum's Russia CEO Roundtable in June, the first in partnership with the St Petersburg International Economic Forum (SPIEF), which held its major annual event at the same time. The high-level Forum delegation met President Putin in a private off-the-record discussion. They also conferred with Russian cabinet members including Medvedev and Sergei Ivanov, also a First Deputy Prime Minister, as well as Minister of Economic Development and Trade Herman Gref and Finance Minister Aleksey Kudrin.



At Forum meetings as the year progressed, Klaus Schwab grew increasingly concerned about the likelihood of a major global recession after listening to the voices of experts such as New York University Economics Professor Nouriel Roubini and global investor George Soros. An opinion piece in the *Financial Times* in March by frequent Davos participant and Forum friend William Rhodes, the Senior Vice-Chairman of Citigroup and CEO and President of Citibank, prompted Schwab to conclude that, if an insider such as the veteran banker was worried, he had to act. The Forum moved to restructure its investment portfolio, the Foundation's reserves, to shift mainly into Swiss government bonds. This was a fortuitous decision. It saved the Forum from experiencing the fate of so many foundations that lost substantial parts of their endowment when the financial markets slumped in the autumn of 2008.

To be sure, as 2007 progressed, worries mounted about the global financial system, particularly the US economy and real estate market. The Forum's *Global Risk Report* had warned as early as spring 2007 that a blow-up in asset prices was one of the major risks confronting the world in 2007 and 2008. The issues and challenges identified in the report shaped the core of the agenda for the Annual Meeting. A Davos summary outlined the concerns, which would come to the fore more than 18 months later:

“Another vexing issue is the rising tide of capital flooding through the world’s financial markets, though it is not clear if anything can or needs to be done to address this development. Cheap capital has been a boon to developing nations, lowering their financing costs and enabling them to dig their way out of debt. But to compensate for low interest rates, investors are taking advantage of cheap funding costs to make more leveraged investments. An increasing amount of public pension funds and private savings are flowing into hedge funds and private equity funds, which in turn use unconventional investments to generate higher returns.

While most funds do not disclose their portfolios, many have been investing increasingly in sophisticated and little understood instruments such as credit derivatives. With multilayered, leveraged investments including funds of funds, institutional funds and hedge funds, bankers and regulators worry that the impact of any financial shock could be amplified. Countries need to do their homework to reduce the risks of these instruments and investing habits.”

### Core Global Risks 2006-2009

From 2006 to 2009, the World Economic Forum’s annual *Global Risk Report* identified key global risks. The potential for an economic crisis was identified more than two years before the meltdown in the markets that occurred in the autumn of 2008.

January 2006	January 2007	January 2008	January 2009
<ul style="list-style-type: none"> <li>• Oil prices/energy supply</li> <li>• <b>Asset prices/Indebtedness</b></li> <li>• US Current Account deficit and US dollar</li> <li>• Coming fiscal crises</li> <li>• China</li> <li>• Critical infrastructures</li> </ul>	<ul style="list-style-type: none"> <li>• Oil price shock/energy supply interruptions</li> <li>• US current account deficit/fall in US\$</li> <li>• Chinese economic hard landing</li> <li>• Fiscal crises caused by demographic shift</li> <li>• <b>Blow up in asset prices/excessive indebtedness</b></li> </ul>	<ul style="list-style-type: none"> <li>• Rising and volatile food prices</li> <li>• Oil or gas price spike</li> <li>• An abrupt, major fall in the value of the US\$</li> <li>• Chinese growth slows to 6%</li> <li>• Declining fiscal positions</li> <li>• House/other <b>asset prices collapse</b> in the US, UK and Europe, reducing consumer spending</li> </ul>	<ul style="list-style-type: none"> <li>• Sharply deteriorating fiscal positions</li> <li>• Chinese growth slowing to 6%</li> <li>• Further falls in asset classes globally</li> <li>• Increase resource related risk (water, land and energy)</li> <li>• Global governance gaps</li> <li>• Chronic disease</li> </ul>



As it does every year, the Forum was highly active in shaping regional agendas. Over the years, its regional meetings have become the foremost platforms for leaders of specific regions or those wishing to connect with the leaders of a particular area. They have also become important occasions for launching major initiatives. At the 2007 World Economic Forum on the Middle East at the Dead Sea in Jordan, for example, H.H. Sheikh Mohammed Bin Rashid Al Maktoum, Vice-President and Prime Minister of the United Arab Emirates, and Ruler of Dubai, established the Mohammed Bin Rashid Al Maktoum Foundation with an endowment of US\$ 10 billion. The goal of this institution is to contribute to a brighter future in the Middle East by promoting youth education and a knowledge-based society.

At the World Economic Forum in Turkey in Istanbul, political issues were at the forefront. Under the theme “Connecting Regions – Creating New Opportunities”, the discussions focused on Turkey’s negotiations to join the EU, as well as the country’s competitive advantages and emerging business opportunities. Participants also explored Turkey’s strategic role in bridging civilizations and its geopolitical importance in mitigating the geopolitical and economic risks facing Europe.



Kofi Annan launches the Alliance for a Green Revolution in Africa



President Michelle Bachelet of Chile; José C. Grubisich, CEO of Braskem, Brazil, and Jean-Pierre Rosso, Chairman, World Economic Forum USA

At the World Economic Forum on Africa in Cape Town, three initiatives were launched, including the *Africa Competitiveness Report 2007*, which recommended that the continent focus on building capacity and narrowing the skills gap to underpin continued growth; the Alliance for a Green Revolution in Africa (AGRA), chaired by former UN Secretary-General Kofi Annan, aimed at tackling the challenges holding back hundreds of millions of small-scale farmers; and the Africa Enterprise Challenge Fund, which was inaugurated by Baroness Amos, Leader of the House of Lords in the United Kingdom, to unlock Africa’s potential by providing matching funds for supporting business innovations.

A key outcome of the World Economic Forum on Latin America, which was held in the capital of Chile, was “The Santiago Consensus”, a list of clear priorities and objectives aimed at helping to shape a clear and positive regional agenda to boost economic growth and more equitable income distribution. The initiative focused on education, environmental responsibility, investment in innovation, the creation of efficient tax systems and infrastructure development.

In early December, at the India Economic Summit, the Forum published the report *Engineering and Construction: Scenarios to 2020*, as well as the *India@Risk 2007* study, which outlined six of the major global risks to the country, including the loss of freshwater, economic shocks and oil peaks, the economic impact of demographics, protectionism, climate change and infectious disease.



The Forum’s many communities were also very active. Notably, The Forum of Young Global Leaders convened a US Policy Roundtable. Over 100 YGLs met senior officials of the US administration including Secretary of State Condoleezza Rice, Secretary of the Treasury Henry Paulson, Commerce Secretary Carlos Gutierrez, Undersecretary of State for Political Affairs R. Nicholas Burns, and others. They also conferred with leading members of Congress.

The YGLs also established a biannual 10-day executive education course at Harvard University’s Kennedy School of Government, “Global Leadership and Public Policy for the 21st Century”. This programme allows YGLs to have access to the latest knowledge and thinking on global issues as they prepare themselves to take on even greater responsibilities. Sponsors from among the Forum’s network cover the fees.

On 15 November, immediately after new German Chancellor Angela Merkel had formed her government, she met a Forum delegation in the Chancellery in Berlin to discuss Germany’s domestic reform programme, its EU presidency, and the priorities it would pursue as G8 chair. The meeting ended with informal exchanges over dinner. This was yet another example of the relationship that the Forum has built with government leaders and political figures across the world, particularly in key G20 economies.

After participating in the Annual Meeting 2006, parliamentarians from Japan’s ruling Liberal Democratic Party (LDP) formed a Davos Caucus to support the activities of the Forum as it organized the first East Asia Summit to be held in Tokyo, which took place in June. Another objective of the group was to enhance dialogue with leaders around the world on shaping the global agenda and to raise Japan’s global profile by encouraging its political leaders to participate in Forum activities. Parliamentarians from the opposition Democratic Party of Japan (DPJ) also set up their own Davos Caucus under the chairmanship of Yukio Hatoyama, who became prime minister in September 2009 after the DPJ won parliamentary elections. Eventually, both parties created a single caucus, with co-chairs from both sides. They work together to select representatives to participate in Forum events both in Japan and elsewhere. This bipartisan model may be replicated in other countries with an interest in supporting the Forum’s mission. In 2009, a Davos Caucus was established in the US House of Representatives in Washington DC.

Also this year, the Forum launched its Global Agenda Councils concept to form a formidable brain trust by tapping the expertise of the world's best experts on a wide range of global issues. This plan complemented the Global University Leaders Forum (GULF), which integrated the presidents of the world's 25 top academic institutions into the Forum's networks and activities.

## Global University Leaders Forum (GULF) Members

### **Patrick Aebischer**

President, Ecole Polytechnique Fédérale de Lausanne (EPFL), Switzerland

### **M. S. Ananth**

Director, Indian Institute of Technology (IIT) Madras, India

### **Lee C. Bollinger**

President, Columbia University, USA

### **J. Frank Brown**

Dean, INSEAD, France

### **Ronald Daniels**

President, Johns Hopkins University, USA

### **Howard Davies**

Director, London School of Economics and Political Science, United Kingdom

### **John J. DeGioia**

President, Georgetown University, USA

### **Ralph Eichler**

President, ETH Zurich, Switzerland

### **David T. Ellwood**

Dean, John F. Kennedy School of Government, Harvard University, USA

### **Drew Gilpin Faust**

President, Harvard University, USA

### **Amy Gutmann**

President, University of Pennsylvania, USA

### **Gu Binglin**

President, Tsinghua University, People's Republic of China

### **Junichi Hamada**

President, University of Tokyo, Japan

### **John Hennessy**

President, Stanford University, USA

### **Susan Hockfield**

President, Massachusetts Institute of Technology, USA

### **John A. Hood**

Vice-Chancellor, University of Oxford, United Kingdom

### **Richard C. Levin**

President, Yale University, USA

### **Andrew Likierman**

Dean, London Business School, United Kingdom

### **Rafael Rangel**

President, Tecnológico de Monterrey, Mexico

### **Alison Richard**

Vice-Chancellor, University of Cambridge, United Kingdom

### **Atsushi Seike**

President, Keio University, Japan

### **Ruth J. Simmons**

President, Brown University, USA

### **Tan Chorh-Chuan**

President, National University of Singapore, Singapore

### **Zhou Qifeng**

President, Peking University, People's Republic

When Klaus Schwab visited the prime minister of one of the G8 countries, they talked at length about the Forum and its long history. In the middle of the conversation, Schwab's host suddenly stopped and said: "If I consider it rightly, there are only three people who have been active on the international scene for as a long time as you: Fidel Castro, Muammar Ghaddafi and you!" Schwab left the meeting wondering whether he should take the remark as a compliment or not.

In its 14 May issue, *Time* magazine listed Klaus Schwab among the 100 most influential people in the world. Kofi Annan, the UN Secretary-General from 1997 to 2006, wrote an essay on Schwab and his accomplishments:

"In a sense, Klaus Schwab and I are in the same business: we're both people who organize global meetings. I held mine at the UN. Since 1971, Klaus, founder of the World Economic Forum, has been holding his in Davos, Switzerland.

A German-born economist, Klaus, 69, turned his meetings at an initially obscure and still hard-to-reach ski resort into an annual event that nurtures understanding and spurs collective action on global issues. With great single-mindedness, he built Davos into a meeting place of business leaders, politicians, religious figures, policy-makers and, more recently, activists, celebrities and younger leaders.

Davos entered the global lexicon as a place you went to try out new ideas, confirm trends or launch initiatives. That's why, in 1999, I felt it was the right place to begin my campaign for a voluntary global compact between the UN and world business leaders on respect for human rights, the environment and labour standards.

Davos filled a need that was widely felt in a newly globalized world, but it also aroused suspicion among activists and demonstrators. Klaus deftly overcame much of that by inviting the protesters inside the tent. With the help of his wife Hilde, Klaus has kept Davos at the front of things. And, Klaus, as one meeting organizer to another, I must acknowledge that your meetings were often livelier than mine. But then you could also give better parties!"<sup>2</sup>

<sup>2</sup> Kofi Annan, "Klaus Schwab: Creating a place that's like the UN – only more fun", in "Time 100: Scientists & Thinkers", *Time*, 14 May 2007

## 2008

### Global Brains Trust



The inaugural Summit on the Global Agenda in Dubai: H.H. Sheikh Mohammed Bin Rashid Al Maktoum, Vice-President and Prime Minister of the United Arab Emirates, and Ruler of Dubai; with Klaus Schwab

Recognizing the complexity and interconnectedness of global challenges and the need for collaborative, innovative and integrated approaches to address them, the World Economic Forum created the Network of the Global Agenda Councils (GACs). The initial 68 GACs convened in November for the first Summit on the Global Agenda in Dubai. The Forum's vision was to engage the very best minds from various stakeholder and geographic perspectives to allow the best knowledge to emerge and enable the exploration of the cross-cutting links across global issues. In an environment marked by short-term views and thinking in silos, the Network is intended to foster long-range interdisciplinary approaches to shaping viable solutions.

Each Council consists of 15 to 30 of the most innovative thinkers on a specific issue on the global agenda. They confer every quarter, with three of the meetings conducted virtually through the Forum's WELCOM (World Economic Leaders Community) system. The fourth meeting is at the Global Agenda Summit. The GACs are intended to bolster the Forum's commitment to deliver value to its partners, members and other communities. They are meant to be a brain trust that feeds directly into the Forum's activities and processes, with the ultimate goal of realizing the organization's mission to improve the state of the world by positively shaping the global, regional and industry agendas.



Addressing global challenges in an integrated way

As it happened, the convening of the Summit in Dubai over three days in early November proved serendipitous, in light of the unfolding global economic crisis. The discussions served as a useful way to distil input for the G20 Summit in Washington DC just days later and for the new US administration that would take office at the end of January 2009. Dubai also offered the opportunity for the members of the GACs to shape the agenda for the Annual Meeting 2009.

The 700 participants in Dubai delivered a critical message: the world needed to examine the basic operating systems that drive its economies, markets and societies and aim for a “fundamental reboot” to establish a fresh platform based on renewed trust, confidence and commitment to sustainability, social responsibility and ethical principles. This call to action led to the launch at the World Economic Forum Annual Meeting 2009 of the Global Redesign Initiative (GRI), the Forum’s wide-ranging effort to review the global economic and financial system and to look at current institutions and practices of global governance in light of the crisis to determine what should be done to achieve this reboot.



The global economic crisis had clearly demonstrated the need for a complete redesign of the system for managing global interdependence. In an essay in *Newsweek*, Klaus Schwab wrote:

“We need to realize that today’s world is far more Asian and more African than the one that gave birth to these institutions. It is also a young world, with a median age of 28 years and new paradigms of virtual communication that reach across space and time. It is more complex, much more integrated, and bottom up rather than top down. And, above all, this new world is so interdependent that solutions for global problems require true global trusteeship. This means that the old ways of multilateral negotiation, which are based on defending national interests, are simply no longer adequate for addressing the problems of this rapidly changing world.”<sup>1</sup>

<sup>1</sup> Klaus Schwab, “No More Top-Down Leadership”, *Newsweek*, 17 November 2008

In late 2007, Schwab received a call from Microsoft Founder Bill Gates who asked if he might be allowed 20-25 minutes to speak in a plenary session at the coming Annual Meeting, even though speakers are normally given only 5-7 minutes each to address participants. Schwab hesitated. Anticipating his reservations, Gates told him that it would be the most important speech he will have delivered. Schwab acceded to his request. At the Annual Meeting, Gates outlined for participants his concept of “creative capitalism”, which attracted worldwide media coverage. Schwab was delighted to have conceded the extra time as the journal *Foreign Affairs* had published in its January/February 2008 issue an in-depth article by Schwab on the concept of “global corporate citizenship.”<sup>2</sup> As it turned out, Gates’s creative capitalism and Schwab’s global corporate citizenship were closely aligned, as Bill Gates said in his speech:

“[Both] go beyond the concepts of corporate philanthropy, including social investing; corporate social responsibility; and corporate social entrepreneurship in that it entails focusing on ‘the global space’, which is increasingly shaped by forces beyond the control of nation states. Global corporations have not only a license to operate in this arena but also a civic duty to contribute to sustaining the world’s well-being in cooperation with governments and civil society. Global corporate citizenship means engagement at the macro level on issues of importance to the world: it contributes to enhancing the sustainability of the global marketplace.”

At the Annual Meeting, Japanese Prime Minister Yasuo Fukuda used the Davos platform to launch the Cool Earth Partnership, a US\$ 10 billion-fund to help developing nations combat global warming. Later in the year, Fukuda would chair the G8 Summit in Hokkaido, where climate change would be among the top agenda items. Through its Gleneagles Dialogue Industry Partners Project and together with the World Business Council on Sustainable Development, the Forum helped business leaders shape the climate discussions at the G8 Summit. Before the event, Klaus Schwab went to Tokyo and personally presented to Fukuda detailed recommendations including a pragmatic set of measures that collectively would represent a major departure from the Kyoto Protocol if adopted at the UN Climate Change Conference in Copenhagen in December 2009. The framework entails significantly closer collaboration between governments and businesses than has been the case so far.



Klaus Schwab presents the recommendations for the climate discussions at the G8 Summit to Japanese Prime Minister Yasuo Fukuda



William H. Gates III, outlines his concept of “creative capitalism”

<sup>2</sup> Klaus Schwab, “Global Corporate Citizenship: Working With Governments and Civil Society”, *Foreign Affairs*, January/February 2008

## Crisis Aftermath: A Chance for Positive Change

At the end of 2008 and into 2009, the world experienced its worst economic crisis since the Great Depression of the late 1920s. In an opinion piece that appeared in *The Times* newspaper of London in early November 2008, Klaus Schwab focused on the opportunities that the downturn offered:

We are all surprised that the current financial crisis has come this far. But let's be honest: the warning voices, even from insiders such as George Soros, have been around for a long time.

When the World Economic Forum published its *Global Risk Report* last year, it warned of exactly those risks which have now brought about a collapse of the system.

In my opening speech at the Annual Meeting of the World Economic Forum in Davos in January, I spoke about a schizophrenic world and how we would be held accountable for our sins. The reason why the writing on the wall was not seen has to do not only with denying inconvenient truths, but was also because nobody really felt responsible, or capable of action.

Our international system, created in the middle of the 20th century and based on multilateral institutions, either lacked the authority or the competency to deal with the challenges of a global financial system that went overboard.

Furthermore, individual governments have not shown the initiative to address a fundamentally restrictive global financial system – either out of national interest or because of ideological reasons. In addition, the G7, the grouping of the leading industrialized countries, and the International Monetary Fund have not shown the necessary long-term vision.

The absence of regulatory functions has been abused by many actors, consciously or unconsciously, to the great detriment of national economies and, unfortunately, common people as well. Only now do we see “global finance summits” aimed at establishing rules that have been long overdue.

It remains to be seen whether we will be able to create a “world community” which will find the right balance between necessary regulation and maintaining entrepreneurial dynamism. It is now more important than ever not to stifle the real economy – especially in the early stages of a recessionary phase – in order to save jobs.

While regulation is important for the future of the global economy, rules alone are not sufficient. The economy is not an independent or self-contained realm; the crisis has shown that the economy has to serve society. We have to be careful that the measures taken to curtail the crisis will not damage the power of innovation in the real economy.

I founded the World Economic Forum in 1971 based on the stakeholder theory. According to the theory – which has served as the philosophy of the World Economic Forum for the past 40 years – the management of an enterprise has to serve all stakeholders.



This goes beyond serving only the shareholders; it means that the management has to lead the enterprise as the trustee of all stakeholders and not just the appointee of the shareholders, in order to secure the long-term prosperity of the company.

This comprehensive, professional role of management has been undermined in recent years by bonuses and other systems that link the management to the short-term interest of the shareholders. Maximum profit seeking has increasingly taken precedence over long-term strengthening of competitiveness and sustainability.

I have described this perversion of the professional ethos of management in the following way: When I had surgery a few years ago, I knew very well that my future quality of life would be dependent to a large extent on the qualifications of the surgeon. This is why I sought an expert who was the best in his profession.

I naturally assumed that I was in the hands of a doctor who would apply his most professional skills without claiming that he would like to have a share of my future income – since, of course, this would be dependent on his know-how – in addition to his remuneration.

Going forward, what we need is a management philosophy that is based on a professional ethos and not on maximum profit seeking. Of course, highly qualified business leaders are highly paid in an internationally competitive environment. However, those leaders should always do their best in every situation – which many undoubtedly do – without the need for additional incentives such as bonuses.

Perhaps we need an equivalent of the Hippocratic Oath for management, as it exists for doctors, which incorporates this comprehensive responsibility. If we are not capable of installing a long-term comprehensive responsibility for business leaders in all areas of the economy, then the new rules and regulations will not help, because there will always be loopholes.

In times of crisis it is necessary to slow down the tornado caused by mistakes of the past and to prevent further damage. But it is even more important that we should not act blindly in a superficial way. We need to identify the fundamental problems and change our behaviour accordingly. This is why the current crisis, hopefully, has a transformational character.

For the short-term future, it is essential to build a real global partnership to overcome the negative impact of our financial instruments and to make progress on the other global challenges facing us, such as climate change, fighting poverty, healthcare and other important issues.

There is a danger today that these and other fundamental questions will be pushed to the sidelines – with the same disastrous consequences we saw as a result of ignoring the early warning signs of this financial crisis.

I hope that the conscious adoption of a business ethos based on the comprehensive and long-term stakeholder principle, instead of the one-sided, short-term shareholder principle, becomes one positive outcome of this crisis.<sup>3</sup>

<sup>3</sup> Klaus Schwab, “Financial crisis is a chance for positive change”, *The Times*, 4 November 2008

In September, just weeks after Beijing had successfully hosted a spectacular Olympic Games, the second Annual Meeting of the New Champions took place in Tianjin under the theme “The Next Wave of Growth”. As he did at the inaugural event, Premier Wen Jiabao delivered the opening address, assuring participants that, three decades after it first opened up its economy, China was still focused on pursuing modernization by implementing further economic restructuring and promoting political reform. Just as the meeting was getting underway, a Chinese astronaut made the first-ever space walk by a Chinese, highlighting China’s technological progress and economic achievements.



The second “Summer Davos” in Tianjin, People’s Republic of China

## Celebrating Klaus Schwab and the World Economic Forum

In March 2008, Klaus Schwab celebrated his 70th birthday. To mark the occasion, several of his friends contributed recollections and congratulations to a *Liber Amicorum*, Latin for “Book of Friends”. Excerpts:

**Thomas Friedman**, Columnist, *New York Times*, USA

“Today, some of my best friends and most important intellectual collaborators are people I first met at the Annual Meeting in Davos... Indeed, when I think back on my 13 Annual Meetings, they look to me like rings of a historical tree. I first came there when Russian democracy was being born, after the end of the Cold War. Back then securing an interview with any of the Russian reformers – particularly Boris Yeltsin – was the hot ticket in town. This was followed by the Israeli-Palestinian Oslo years, in which Yasser Arafat and Shimon Peres played cameo roles. Then there were the dot.comers, during the Internet boom and bubble. Then it was the Indians and Chinese, as the world started to flatten out and these rising economic powers took their place on the global stage. Lately it has been the environmentalists, the climate change activists and social entrepreneurs focused on the most disadvantaged.”

**Sadako Ogata**, President, Japan International Cooperation Agency, Japan; United Nations High Commissioner for Refugees (1991-2001)

“The Kosovo crisis in 1998-1999 had a very large impact on European governments and on the public. NATO resorted to air strikes and triggered an outflow of refugees. One day, I received an unexpected visit of Klaus in my Geneva office. He took the personal initiative to fundraise for the humanitarian needs of the victims. He felt that the large business communities in Europe and in the United States had become more aware of the humanitarian consequences of the Balkan wars, and the additional needs for rehabilitation and reconstruction. I was touched by his genuine sympathetic commitments. Over the years, I believe I played some part in arousing sympathy for the kind of work carried out by humanitarian colleagues among the economic and political Davos leaders. Klaus’ action convinced me that the distance between world leaders, political and business, and the ordinary victims of war had certainly been narrowed.”

**Shimon Peres**, President of the State of Israel; Nobel Peace Prize Laureate (1994)

“Today the world has completely changed. But governments have remained the same, with laws, with armies, with regimes and with antiquated systems. The economy today is more global than national; terror is global rather than national; communication technology ignores sovereignty. Ecology does not recognize territorial division...”

In the absence of a global government there is a need for an informal dialogue between the powers that are driving the new era. In fact, even the term ‘government’ seems somewhat archaic. How can one govern the brains of scientists, of engineers, of inventors, of freewill reorganization? Even a dictator cannot govern the globe alone. Communications have almost erased even national dictatorship.

It is true that the existing governments have formal powers: the law, the judiciary, the army, the police, a budget. But these powers do not combine to provide the strength needed to deal with the new problems we are facing. Terrorists do not respect the law; they do not wrestle with an organized army and police. And although governments have budgets, wealth flows beyond their control...

This new power does not have a past. It does not have a precedent. It does not have any prejudices. It does not need to distinguish between male and female, nor between black and white, nor between believers and secularists. Whoever does not have a past is entirely engrossed in the future. He prefers vision to memory, openness to discipline...

The strength of goodwill, in contrast to governmental powers, did not have a place to meet or a means for meetings that would not contradict its uniqueness; it was also unwilling to confront the existing institutions.

Klaus Schwab proposed such an opportunity with the Annual Meeting of the World Economic Forum. What he offered was not exactly a conference of powers, of governments or of institutions, but a conference of unbuttoned suits in which to learn, compare, and compete without coercion, without decisions made and without instructions being given. In this setting, the source and the inclination for decision-making is taken over by understanding, influence, and choice. The atmosphere is informal, yet the participants have influence over the entire world. The Annual Meeting in Davos has become a magnet where every year the most pressing global issues are emphasized without being monopolized. And alongside the statistics, Davos always gives space for an accompanying song, story or picture.”

**Lawrence H. Summers**, Director, National Economic Council, USA; US Secretary of the Treasury (1999-2001); President, Harvard University (2001-06)

“There is nothing else quite like the Annual Meeting in Davos. It is a powerful demonstration of what economists call ‘multiple equilibria’ and ‘focal points’. Think about it, not 3 percent of the participants would choose in isolation to have a winter holiday in Davos, beautiful though it is. They are all there to see, to listen to, and above all to talk to each other. This is what is meant by the term ‘multiple equilibria’ – the meeting could just as easily occur somewhere else or nowhere else. Each person is following the others. Economists teach that where multiple equilibria are possible, focal points determine what happens. And you, Klaus, are that focal point. It is your vision, your execution, and your imagination that bring everyone to Davos each winter...

This is a remarkable achievement in entrepreneurship. There are many entrepreneurs in the corporate space, and in the social and governmental realms, there are also many who try. Yet I can think of few, if any, who match you in the scale they have been able to reach the audience they command and the impact that they have. And I can think of none that are as global in their impact. Truly, even though most people on earth have never heard of Davos or the World Economic Forum, I think it can be said that what happens in Davos affects directly or indirectly every citizen of this planet.”

## World Economic Forum Initiatives

These partnership initiatives have had a positive effect on countless organizations and individual lives. For example, the Global Health Initiative (GHI) partnership of the Forum, the World Health Organization, UNAIDS, the Gates Foundation and other non-governmental, governmental and philanthropic organizations has worked with 170 companies representing over 10 million workers in Africa and East and South Asia.

GHI's India Business Alliance to Stop TB alone has reached over 4 million people through company awareness and treatment programmes, including approximately 1.5 million employees of over 30 companies. In Africa, the GHI has worked with 15 countries (representing 47% of the global HIV burden), bringing together the national business coalitions on HIV/AIDS with the national AIDS councils, labour unions and donors. In Angola, the GHI introduced companies from a range of industries, including oil and food and beverage, which are now jointly programming anti-stigma campaigns. And, in South Africa, the GHI catalysed the four leading banks to come together for an industry-wide seroprevalence survey covering 28,000 people, forming the foundation for industry-based action and advocacy.

In another example, the Forum's Global Education Initiative (GEI), a partnership of leading Forum industry partner companies from information technology and other sectors. The objectives of the GEI are to improve the development and delivery of education to citizens through public-private partnerships that unleash the innovation of teachers and students through the use of information technology, and to broaden the uptake of modern curricula in several disciplines, such as math, science, English and Arabic. Through the initiative, the international business community leverages the commitment of national governments to build a replicable model of education reform.

Specifically, the initiative has directly impacted over 1.8 million students and teachers, and mobilized over US\$ 100 million in resource support in Jordan, Rajasthan (India), Egypt, Palestine and Rwanda. It engages over 40 private sector organizations, 14 governments, 7 international organizations and 20 NGOs, with a Steering Board of nine industry and strategic partners. For example, in the Indian state of Rajasthan, the initiative has impacted 43,500 schools, 60,000 teachers and 1.2 million students. The GEI has partnered with UNESCO and the Education for All Fast Track Initiative to scale these partnership models at the global level.

These are just a few of the examples by which Forum multistakeholder initiatives have catalysed on-the-ground action or shaped policy frameworks. Other areas include corruption, humanitarian relief, development finance, public-private partnerships in water, global warming, reform of the international financial architecture, energy poverty, West-Islamic relations, food security and information technology for development. In each case, the Forum's informal, neutral platform has provided a conducive environment for collaboration by partner companies and other Forum constituents in time-limited projects or task forces that aim to improve the state of the world in practical and concrete ways.

## Snapshots of 2008



"The World Economic Forum on Latin America 2008 will help us all build a much better Latin America."

**Felipe Calderón**  
World Economic Forum  
on Latin America 2008



"The light of liberty is beginning to shine in the Middle East... Nations have the opportunity to move forward with bold reforms."

**George Bush**  
World Economic Forum  
on the Middle East 2008



"The World Economic Forum New Champions are new forces in the changing world economic environment."

**Wen Jiabao**  
Annual Meeting of the  
New Champions



"Let us invest in our young people, work with them, listen to them, tap their energy and respect their hopes."

**H.M. King Abdullah II**  
World Economic Forum on the  
Middle East 2008



"There must be a breakthrough that can convince Congress, US farmers and other economic actors there is enough in a Round package for them."

**Susan Schwab**  
World Economic Forum  
Annual Meeting 2008



"We must harness the resources and skilled manpower and involve our people more in development."

**Raïla Odinga**  
World Economic Forum  
on Africa 2008



"It is critical to combat terrorism to enhance security and encourage investment."

**Alvaro Uribe Velez**  
World Economic Forum on  
Latin America 2008



"Governments should join with the private sector, NGOs and faith groups in a common approach to issues such as water and health."

**Gordon Brown**  
World Economic Forum Annual  
Meeting 2008



## What They Said

“Our meeting has a positive impact on the business environment in Russia and its investment component.”

**Dmitry Medvedev**  
World Economic Forum Russia  
CEO Roundtable 2008



“Collaboration is the keyword to progress on the issues of climate change, Africa’s development and the global economy.”

**Yasuo Fukuda**  
World Economic Forum Annual Meeting 2008



“The current international economic crisis introduces many problems where social and economic dimensions are intertwined.”

**Muhammad Hosni Mubarak**  
World Economic Forum on the Middle East 2008



“There is much better clarity in the political leadership on the African continent about where we need to go.”

**Thabo Mbeki**  
World Economic Forum on Africa 2008

“The challenge is now to the developed world, bring down your emissions and we will stay below that.”

**Palaniappan Chidambaram**  
World Economic Forum Annual Meeting 2008



“Not one challenge in the world today will get better if we approach it without confidence in the appeal and effectiveness of our ideals.”

**Condoleezza Rice**  
World Economic Forum Annual Meeting 2008



“If you could just direct 1% of sovereign assets into investment opportunities in Africa, you could put US\$ 30 billion into African development.”

**Robert Zoellick**  
World Economic Forum Annual Meeting 2008



“I speak to those most vulnerable to climate change, who suffer the most grinding poverty. Let 2008 be the year of the bottom billion.”

**Ban Ki-moon**  
World Economic Forum Annual Meeting 2008





## 2009

### The Year of Global Crisis

Despite the global economic crisis – or perhaps because of it – the number and the quality of participants at the Annual Meeting was unprecedented. Typically, the World Economic Forum had looked beyond the unfolding turmoil in the global economy when it chose the theme: “Shaping the Post-Crisis World”.

In his opening address, Klaus Schwab stressed that the international community not only had to manage a crisis of unprecedented scope but also shape the post-crisis world. “What we are experiencing is the birth of a new era, a wake-up call to overhaul our institutions, our systems and, above all, our thinking, and to adjust our attitudes and values to the needs of a world which rightly expects a much higher degree of responsibility and accountability,” he explained. “If we recognize this crisis as being really transformational, we can lay the fundamentals for a more stable, more sustainable and even more prosperous world.”

Schwab continued:

“This Annual Meeting is part of a global process and – with your help – a hopefully significant step in getting the crisis under control and relaunching the economy. The Annual Meeting 2009 should also act as the catalyst for deep and serious reforms that could turn the crisis ultimately into an opportunity to enact those changes, which were overdue since quite some time. Even if we are still in the midst of the crisis with accelerated negative consequences, we have to establish signposts for the future to instil direction and hope.

People in every corner of the world today ask the question how was it possible that decisions could be taken, led by greed and incompetence, which had terrible consequences not only for the global economy but for real people who have lost their pensions, their homes or their jobs. Those people are bewildered, confused, scared and angry. They do not understand what went wrong, but they are clear that their leaders have let them down. They now look to those leaders – corporate, political and societal – to repair the damage to their families and communities. Gathered here are many of the world’s most influential leaders. We cannot duck our responsibility to work together to rebuild shattered economies and institutions. We must hold ourselves accountable or others will do it for us.”<sup>1</sup>

Forty heads of state or government, the leaders of all the major international organizations, and over 100 ministers made the journey to Davos. This strong political participation underlined the need for public-private cooperation even in times when governments have to take urgent and drastic measures to avoid the breakdown of the global financial system. Such collaboration is even more critical when countries working in coordination implement the necessary steps to

<sup>1</sup> Klaus Schwab, Opening Speech, Annual Meeting 2009, World Economic Forum.

revitalize the global economy and prevent systemic breakdowns in the future. The Annual Meeting discussions reinforced the need for a comprehensive and concerted effort by the international community to reform and redesign global systems. Schwab announced just such a programme, the Global Redesign Initiative (GRI), in a session with representatives of the three sponsoring governments – Qatar, Singapore and Switzerland.

In the halls of the Congress Centre, and in all the events during the Annual Meeting, there was a strong and touching sense of community among participants. The most poignant moment took place in the closing session when Desmond Tutu, the Nobel Peace Prize laureate and Archbishop Emeritus of Cape Town, South Africa, issued a heartfelt plea for compassion amid the tension and grief: “You are meant to live in a delicate network of interdependence, of complementarity. God says: ‘My children, please know that you are my children, that you really belong in one family. Please care for one another.’”<sup>2</sup>



The reputation of Davos as a place where even the most controversial issues are discussed, sometimes with great passion, was reaffirmed in a panel on Gaza when Prime Minister Recep Tayyip Erdogan of Turkey left the stage before the end of the session after a heated dispute with Israeli President Shimon Peres. The incident, which received widespread news coverage, sparked debate around the world.



During the year, four developments stood out. First, the Forum celebrated 30 years of cooperation with China. The organization has been present in China in manifold ways every year for the past three decades, providing thousands of Chinese with the opportunity to absorb the latest thinking on leadership and global issues. Forum activities have also offered numerous foreign leaders the chance to gain first-hand knowledge of Chinese economic policies and reforms. Many of today’s foreign investments and joint ventures in China were conceived at one of the Forum’s events.

<sup>2</sup> *Report on the World Economic Forum Annual Meeting 2009*, World Economic Forum

Practically every senior Chinese leader has participated in a Forum gathering, whether in China or in Switzerland. Today, through its office in Beijing, the Forum works closely with the Chinese National Development and Research Commission (NDRC), as well as with the Ministry of Foreign Affairs, and is proud to count among its members a significant number of Chinese enterprises, including some that are among the Global Growth Companies celebrated at the Annual Meeting of the New Champions. In September, the third “Summer Davos” took place in Dalian under the theme “Relaunching Growth”, with more than 1,300 participants. Once again, Chinese Premier Wen Jiabao delivered the opening address.

Second, the Forum marked the 25th anniversary of its partnership with India. Of this lasting and fruitful collaboration, Rahul Bajaj, Chairman of Bajaj Auto, and a loyal friend and member of the Forum, wrote:

“The World Economic Forum and the Confederation of Indian Industry (CII) have had a very long and productive relationship. At 25, it is a relationship that is both youthful and mature. I have had the privilege and pleasure to see this relationship blossom from its inception.

The Annual Meetings at Davos and the India Economic Summits have been India’s window to the world. Much of what is now the establishment view in India was, and is often, uttered with vigour at the World Economic Forum Annual Meetings in Davos and especially at the India Economic Summits, organized annually by the Forum and the CII in New Delhi. A lot of the thought leadership for the Indian government and also for Indian industry has come from the fertilization of ideas at the India Economic Summit.

I believe that the patient and untiring work that has been done at the India Economic Summit over the last quarter century is now paying dividends. India is no longer a country with a future potential, but one of *the* countries. There is now an unstoppable momentum taking the country forward.

The focus of the Indian Economic Summit has always been the future. So, its content and format have constantly evolved to deal with a changing economy and society. Both, Davos and the India Economic Summit, have been and will remain permanent fixtures in my calendar.

Incidentally, I may add that my association with the Annual Meeting in Davos started in 1979 and has continued uninterrupted ever since. Klaus Schwab presented me with a World Economic Forum award in 2008.”

Third, the Forum organized its second Summit on the Global Agenda in Dubai in November, bringing together 750 of world’s most innovative and knowledgeable experts on a host of issues (*see box*). This important meeting served as a key intellectual driver for the Global Redesign Initiative.

Fourth, the Forum finally succeeded in using its WELCOM virtual network and videoconferencing system on a large scale to communicate continuously with its various communities and promote interaction and networking among them. WELCOM creates a virtual ecosystem that is unmatched in terms of its power of knowledge generation and facility for collaboration.

### Network of Global Agenda Councils

With 76 Global Agenda Councils integrating over 1,200 of the most knowledgeable and relevant experts and thought leaders from around the world, the Forum has created a most powerful intellectual backbone for all its activities. This is a list of the Global Agenda Councils, arranged in thematic clusters, as of the second Summit on the Global Agenda, which was held in Dubai from 20-22 November 2009.

#### **Creating a Values Framework** –

considers the shared values needed for constructive coexistence in an interdependent world characterized by cultural diversity:

1. Values
2. Healthy Next Generation
3. Education Systems
4. Role of Business
5. Faith
6. Future of Journalism
7. Welfare of Children
8. Gender Gap

#### **Mitigating Global Risks & Addressing Systemic Failures** –

includes all eventualities and risks that may have adverse consequences on a global level:

9. Pandemics
10. Catastrophic Risks
11. Emerging Technologies
12. Illicit Trade
13. Energy Security
14. Food Security
15. Water Security
16. Chronic Diseases & Conditions
17. Nutrition

#### **Strengthening Economic and Social Welfare** –

encompasses all aspects of economic growth and development:

18. International Monetary System
19. Systemic Financial Risk
20. Poverty & Development Finance
21. Trade
22. Global Investment Flows
23. Migration
24. Future of Long-term Investing
25. Employment & Social Protection
26. Corruption
27. Philanthropy & Social Investing

#### **Enhancing Security** –

speaks to the need for global, national and human security:

28. Negotiation & Conflict Resolution
29. Fragile States
30. Human Rights & Protection
31. Terrorism & Weapons of Mass Destruction
32. Future of the Internet
33. Humanitarian Assistance
34. International Security Cooperation

**Ensuring Sustainability** – addresses human behaviour in the global ecosystem:

35. Ecosystems & Biodiversity Loss
36. Ocean Governance
37. Climate Change
38. Future of Transportation
39. Sustainable Energy
40. Ageing Society
41. Population Growth
42. Global Healthcare Systems & Cooperation
43. Sustainable Consumption

**Building Effective Institutions** – reflects on the necessary institutional context for effective global governance:

44. Global Institutional Governance
45. International Legal System
46. Intellectual Property System
47. Future of Government
48. Benchmarking Progress in Society
49. Decision-making & Incentive Systems
50. Design

**Business/Industry-related Councils:**

51. Future of Sustainable Construction
52. Innovation
53. Future of Mining & Metals
54. Future of Entertainment
55. Marketing & Branding
56. Role of Sports in Society
57. Skills Gap
58. Talent & Diversity
59. Future of Real Estate
60. Urban Management
61. Future of Mobile Communications

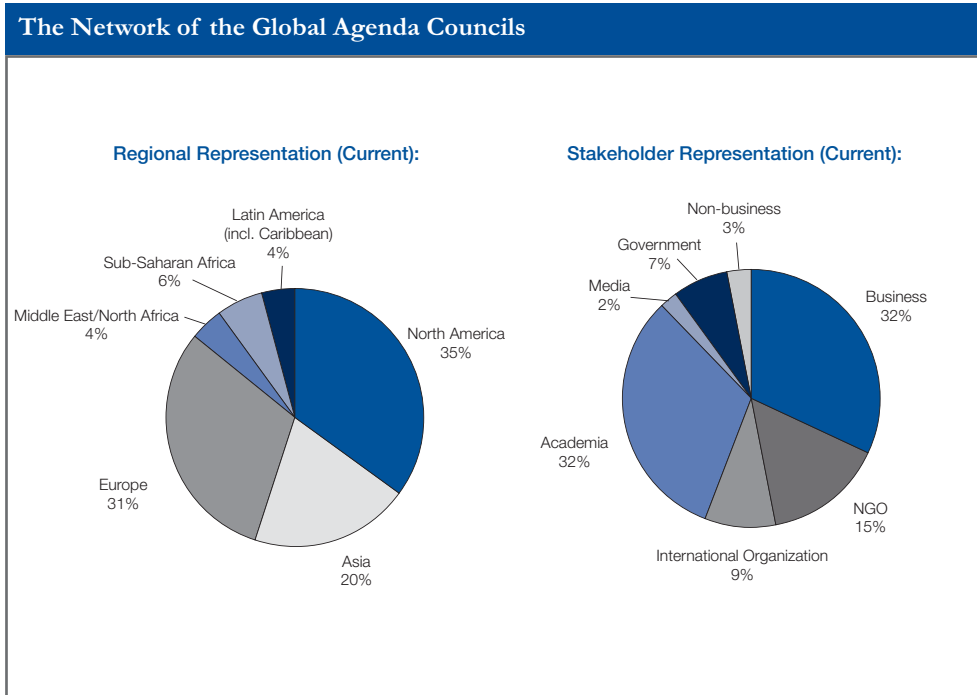
**Regional Councils:**

62. Future of Africa
63. Future of Australia
64. Future of China
65. Future of India
66. Future of Japan
67. Future of Korea
68. Future of Latin America
69. Future of Pakistan
70. Future of Russia
71. Future of the European Union
72. Future of the Middle East

**Advisory Councils:**

73. Strategic Foresight
74. Economic Growth & Development
75. Social Entrepreneurship
76. Emerging Multinationals

A key distinctive feature of the Global Agenda Councils is their multistakeholder and regional diversity.



Klaus Schwab looks in on a Global Agenda Council discussion

This was a record year for the Forum in many other aspects – in partner and membership development, as well as the number of activities and initiatives. The organization welcomed its 100th strategic partner. Because the Forum has firmly committed to not go beyond this number, there is now a waiting list of companies that wish to become a strategic partner.

## The Strategic Partners of the World Economic Forum

*as of January 2009*

ABB	IHS Inc.
Abraaj Capital	Infosys Technologies
Accel Partners	Intel Corporation
Accenture	Investor
Adobe Systems	JPMorgan Chase & Co
Agility	KPMG
Alcoa	Kohlberg Kravis Roberts & Co.
Alcatel-Lucent	Kudelski Group
AMD	Lenovo
ArcelorMittal	Manpower
AT&T	Mahindra Satyam
AUDI AG	Marsh & McLennan Companies (MMC)
Bahrain Economic Development Board	McKinsey & Company
Bahrain Mumtalakat Holding Company	Merck & Co.
Bain & Company	METRO Group
Bank of America Merrill Lynch	Microsoft Corporation
Barclays PLC	NASDAQ OMX Group
Basic Element	National Bank of Kuwait
Bill & Melinda Gates Foundation	Nestlé
Bombardier	News Corporation
Booz & Company	Nike
The Boston Consulting Group	Nomura Holdings
BP	NYSE Euronext
BT	Omnicom Group
CA, Inc.	PepsiCo
Chevron	PricewaterhouseCoopers
Cisco	Reliance Industries
Clayton, Dubilier & Rice	Renault-Nissan
Clifford Chance	Roland Berger Strategy Consultants
The Coca-Cola Company	Saudi Basic Industries Corporation (SABIC)
Credit Suisse	Sberbank
Deloitte	Siemens
Deutsche Bank	SK Group
Deutsche Post DHL	System Capital Management
Dogus Group	The Standard Bank Group Limited
Dubai Holding	Standard Chartered Bank
Dubai World	Swiss International Air Lines
DuPont	Swiss Re
EDF (Electricité de France)	Thomson Reuters
Ernst & Young	Troika Dialog Group
Etihad Airways	UBS
Fluor Corporation	Unilever
Forbes	VimpelCom
GE	Vision 3
Goldman Sachs	Volkswagen AG
Google	VTB Bank
HCL Technologies	WPP
Heidrick & Struggles	Xenel Group
Hubert Burda Media	Zurich Financial Services
HP	
HSBC	

The Forum communities were involved in over 30 initiatives over the year. Meanwhile, the staff count rose to over 400 collaborators around the world. The Forum inaugurated an office in Tokyo, Japan, located at prestigious Roppongi Hills.



Once again demonstrating its long-held practice of adopting the latest technology and communication methods, the Forum launched a special effort to integrate the general public into its activities through the use of social media and networking techniques. It invited to Davos two representatives from the MySpace and YouTube communities to cover the Annual Meeting as “citizen reporters”. The Davos Debates on YouTube have become a permanent fixture also at regional meetings of the Forum, capturing the thoughts of participants and YouTubers on key topics on the agenda at each meeting.

At the Annual Meeting, the Forum also tapped into the collective wisdom of the millions of users on Facebook. For the first time ever, the social networking platform ran real-time polls, or “pulses”, of its users. These polls were conducted live during a dozen sessions. One of these pulses ran for 45 minutes and attracted 120,000 responses.

The 22 press conferences held on the sidelines of the Annual Meeting were streamed live on Livestream.com and Qik.com giving a global audience the opportunity to ask the panellists questions.

With over one million followers on Twitter, 10,000 subscribers on its YouTube channels and several thousand fans on Facebook, the Forum has attracted an ever-growing audience on the global social networks. Every month, over 100,000 people view the Forum’s pictures on Flickr, 400,000 watch its videos on YouTube, and over 25,000 read its reports on Scribd.com. The Forum has reached out to new audiences in China through Youku.com, China’s premier video portal, and also started to microblog in Chinese on Sina’s Twitter feed at <http://t.sina.com.cn/davos>.

With the active engagement of social networks, the Forum is uniquely positioned to transform its subscribers, supporters, friends, fans and followers on each network into a new generation of partners in its activities.





Federal Chancellor of Germany Angela Merkel and Klaus Schwab



Prime Minister of Japan Yukio Hatoyama with Klaus Schwab in Tokyo



Gloria Macapagal Arroyo, President of the Philippines; Matthew A. Winkler, Editor-in-Chief, Bloomberg News, and Abhisit Vejjajiva, Prime Minister of Thailand



Josef Ackermann, Chairman of the Management Board and the Group Executive Committee, Deutsche Bank; José Manuel Barroso, President, European Commission; Fredrik Reinfeldt, Prime Minister of Sweden; Jean-Claude Trichet, President, European Central Bank; and Giulio Tremonti, Minister of Economy and Finance of Italy



CNN session: A Roadmap out of the Economic Crisis: Fareed Zakaria, Editor, Newsweek International, USA; Jeroen van der Veer, Chief Executive, Royal Dutch Shell, Netherlands; Rachid M. Rachid, Minister of Trade and Industry of Egypt; Christine Lagarde, Minister of Economy, Industry and Employment of France; Uday S. Kotak, Vice-Chairman and Managing Director, Kotak Mahindra Bank, India



Social Entrepreneur of the Year Naif Al Mutawa of Teshkeel Media Group, Kuwait, with Hilde Schwab



Young Global Leaders: H.R.H. Crown Prince Haakon of Norway, Pekka Himanen, Philosopher, Helsinki Institute of Information Technology (HIIT); and John Bryant, Founder, Chairman and Chief Executive Officer, Operation Hope



James Dimon, Chairman and CEO, JPMorgan Chase & Co. at the International Business Council



Niall Fitz-Gerald, Deputy Chairman, Thomson Reuters; Prime Minister Raila Amolo Odinga of Kenya; President Abdoulaye Wade of Senegal; and UN Secretary-General Kofi Annan



The Village at the Annual Meeting of the New Champions 2009

# 2010

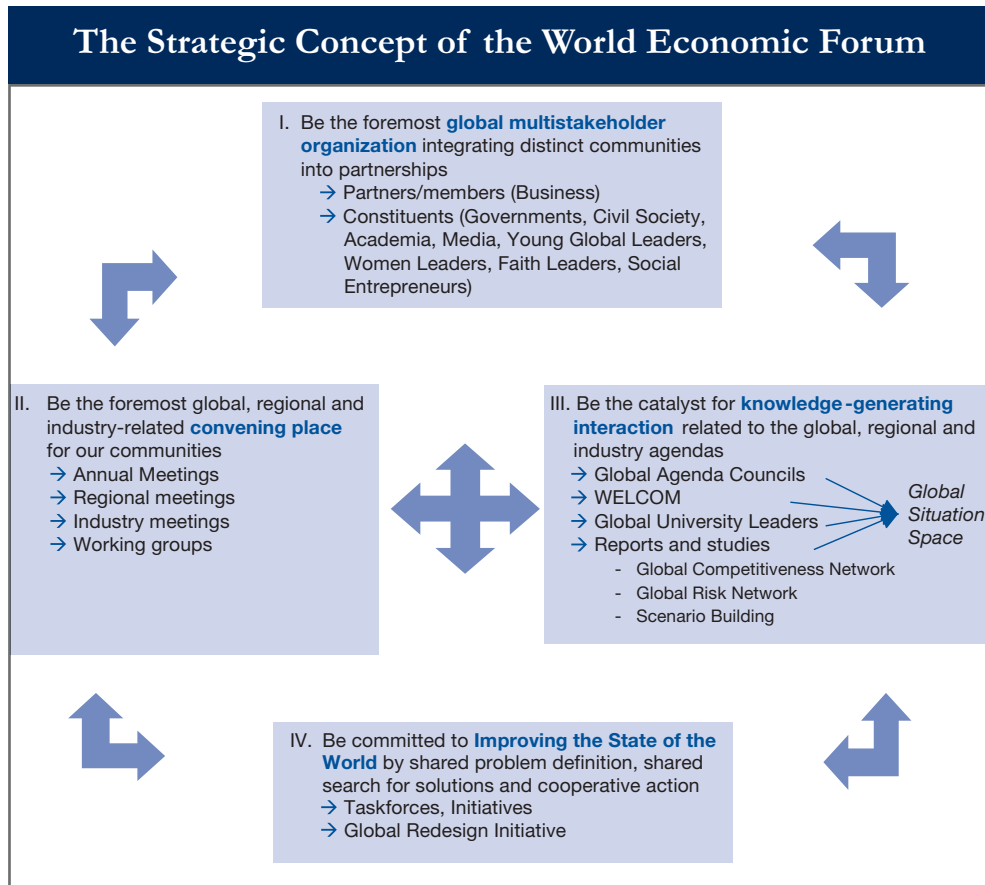
## The Future

In 2010, the World Economic Forum celebrates its 40th anniversary. This year will provide an important opportunity for the Forum and all its members and collaborators to start to implement the vision and strategies that the organization has defined for the future.

The Roadmap for the coming years is based on the organic and logical development of the Forum over the past four decades. First, it is crucial to remember that the Forum built its reputation on being the foremost convener of global leaders from business and its many stakeholders. It then created a base of sustainability and loyalty by integrating those leaders first into business communities and later into non-business communities (such as the Young Global Leaders), becoming the foremost global multistakeholder organization.

During the last 10 years, the Forum instilled a greater sense of purpose in its communities by launching initiatives and creating task forces to address issues on the global, regional and industry agendas – all in the spirit of global citizenship. Finally, during the past few years, the Forum has built a solid base of internal and external expertise and tools to provide its communities with opportunities and channels for continuous knowledge-generating interaction.

At the base of the Roadmap is a chart that outlines the integrated strategic concept of the World Economic Forum.



In 2010-2011, the Forum will package all its intelligence and knowledge-generating activities into a Global Situation Space (*see chart*). This new pillar of the Forum's activities and value propositions will be based on the integration of the Strategic Insight teams (Global Risk Network, Global Competitiveness Network and Scenario Building), Global Agenda Councils and the Global Redesign Initiative, with the best available virtual communication and knowledge management capabilities (WELCOM).

### The Global Redesign Initiative

In 2010, the Forum will mobilize all its resources behind the Global Redesign Initiative (GRI).

It is all too evident that institutions or processes that were primarily developed under the circumstances in place after the World War II cannot adequately handle many 21st century challenges. As former United Nations Secretary-General Kofi Annan has said: “We live in a world where human problems do not come permanently attached to national passports.” In this new, fast-changing world, we need moments where we pause, where we step outside our traditional paths, where we try to connect the dots. This is the essence of the Spirit of Davos.

The World Economic Forum can make a unique contribution to society at this crucial time. Under the patronage of the governments of Qatar, Singapore and Switzerland, the Forum has been leading an unprecedented global multistakeholder and multimedia dialogue since 2009 for the purpose of developing a modern vision of global cooperation.

Our objective is to stimulate an unparalleled intercivilizational and interdisciplinary thought process among business, government, academic, civil society, scientific and media leaders aimed at developing a blueprint to guide the adaptation of global economic institutions and arrangements to contemporary conditions. The aim of the GRI is to provide a fresh, bottom-up rethinking of the nature and structures of international cooperation that the world will need to respond to the challenges it confronts in this century. Engaging many of the best minds around the world and across professional disciplines, the initiative will distil from this global dialogue findings and recommendations a blueprint of findings and recommendations to guide a major renovation of the structures underlying the ecosystem of international cooperation.

At their summits in Washington, London and Pittsburgh, the G20 governments initiated a series of negotiations to develop a coordinated approach to reviving the world economy and reforming the international financial architecture. This represents a major innovation in global cooperation that shows promise. Yet the G20 is not likely to address many global challenges where risks are accumulating and to which the world is presently ill equipped to respond.

A more fundamental debate is needed on how global interdependence can be managed in a way that advances shared social, environmental and economic objectives and values. The international system has been demonstrably underperforming in many of its core objectives such as sustainable economic growth, poverty eradication, human security, promotion of shared values, conflict avoidance and many other areas. It is clear that existing global institutions require extensive rewiring. A fundamental shift in values and political culture is vital if we are to foster the global cooperation necessary to confront contemporary challenges in an effective, inclusive and sustainable way.

### The New Context for Global Cooperation

The difficulties that existing instruments of global governance, principally the multilateral institutions, have had in mustering an effective response to the crisis stem in part from major changes that have occurred since they were created. Today's world is characterized by a power shift from North to South, from West to East. It is a young world, with a majority of the population below the age of 27. The major shifts in relative economic weight among countries that have occurred in recent decades have naturally led emerging players to seek a more consequential role in decision-making than is reflected in the governance of institutions organized for the most part following World War II. Countries with a vested interest in the current structures have often been reluctant to agree to changes that would dilute their influence.

Decades of economic development, integration of product and service markets, cross-border travel and new technologies enabling virtual interaction have created a world that is much more complex and bottom-up than top-down. The world has become not only more economically and environmentally interdependent, but also more interwoven in a socio-political sense. People around the globe increasingly perceive their interdependence and seek ways to express it outside of formal national political structures. They have become more aware that global problems require global trusteeship and that efforts to solve problems solely through traditional negotiating processes, characterized by the defence of national interests, are inadequate in the face of critical global challenges.

Nation states and intergovernmental structures will continue to play a central role in global decision-making. However, those institutions must be adapted to today's needs and conditions if they want to preserve their use and indeed their legitimacy. They must begin by more clearly conceiving themselves as just part of the wider global cooperation system that the world needs. In fact, they should work explicitly to cultivate such a system by anchoring the preparation and implementation of their decisions more deeply in the processes of interaction with interdisciplinary and multistakeholder networks of relevant experts and actors. This will help them transcend the silo and reactive thinking that are an acknowledged weakness of the formal multilateral system. It will also help improve the information upon which decisions are based.

A unique reliance on formal institutional structures has fostered fragmented action in response to challenges that clearly require a more coordinated approach. Its own group of national ministers governs each of the above policy domains and their corresponding institutions. The world needs a much more systemic approach to decision-making. The international system lacks built-in incentives to focus disparate but relevant resources and capacities on common, complex challenges despite the recent creation of the G20 as an instrument for the management of global affairs.

In summary, traditional conceptions of global cooperation require rethinking. Deepened global cooperation along current lines is necessary but not sufficient. A more multidimensional and inclusive approach to setting norms and generating collective action is needed if we are to succeed in addressing the market and public system collapses that have accompanied globalization. Our intergovernmental institutions and processes must be embedded into wider processes and networks that permit scaled and continuous interaction among all stakeholders and sources of expertise in global society in the search for solutions.

### The Driving Principles of the Global Redesign Initiative

This initiative will differ from the traditional approach of elaborating policy proposals on a global level by applying in an innovative and unprecedented way the following distinct working principles:

1. The initiative is driven by issues, not by politics. For each challenge, the point of departure for discussion will be the following: *What is the best solution in the global public interest?* This zero-based approach underscores why the intellectual backbone of this initiative is the World Economic Forum's Network of the Global Agenda Councils, which comprise over 1,200 leading experts in over 70 fields.
2. It is based on a holistic approach. All global challenges are integrated into a framework taking into account the manifold interdependencies and enabling the elaboration of systemic responses.
3. It is based on the need to develop strategic and proactive responses to our global challenges. The principle is to mitigate potential risks in a rapidly changing world and to transcend the present reactive, crisis-driven approach to global problems.



Over the last 40 years, the World Economic Forum has developed from a meeting place for all business stakeholders into a multistakeholder platform for global affairs. Neither governments nor leaders from business and civil society can manage all the global challenges today. Solutions can only be found if there is a partnership of all state and non-state actors. The World Economic Forum reflects the necessity for such a new global partnership, one that is even more important in the aftermath of the global economic crisis. Not to use this crisis for rethinking, redesigning and rebuilding our world would not only be a missed opportunity but also an unforgivable shirking of responsibility to the next generations.

## How the World Economic Forum Is Improving the Lives of Millions of People

Over the last years, the World Economic Forum has become a leading catalyst of multistakeholder partnerships. It now operates a revolving portfolio of between 20 and 30 initiatives aimed at catalysing greater action, and improving policy and governance on key global and regional challenges.

There is increasing need for a place in the international system where official, private sector, academic and civil society thinkers and decision-makers can work together on common concerns in a way that transcends intellectual and professional boundaries and is free from traditional constraints of intergovernmental protocol and corporate competitive pressures. The Forum's independence, informality and convening power enable it to provide the flexible, neutral space necessary for partnership – and a sense of global citizenship – to flourish.

Few, if any, institutions are as well placed to help bridge the information and cultural gaps that impede greater public-private collaboration on global and regional challenges. Public institutions are often hampered by the almost purely intergovernmental architecture of their work. In addition, they and most NGOs are focused on single sets of issues and, thus, may not be well equipped to deal with problems requiring an interdisciplinary or otherwise multifaceted approach. And public institutions, NGOs and the big philanthropic foundations all face challenges in engaging a broad spectrum of the private sector. As for other business membership organizations, they are often a less conducive platform for multistakeholder partnerships than the Forum, either because they essentially *represent* business and are perceived as such by other stakeholders, have a more operational focus or less global reach.

The Forum's public-private initiatives combine expertise from different regions and institutions in teams that span geography and profession. These projects deliberately integrate the traditional thought leadership focus of research institutes with the practical perspectives and priorities of executives from business, government and civil society institutions. They do so by combining cutting edge research and analysis with structured and highly interactive public-private discussion involving the people who make decisions on the agendas of their institutions.

The Forum's growing portfolio of public-private initiatives, which encompasses both broad multi-industry projects as well as those linked to individual industries, has positioned it as one of the most active hubs of such activity in the world and a leading international centre of excellence for understanding the broader implications for global governance and problem-solving. Among the topics these projects address are education, climate change, infectious and chronic disease, corruption, international financial architecture, humanitarian relief, hunger and agricultural development, water access and quality, and international trade. They bring to life the Forum's underlying philosophy of corporate global citizenship, which goes beyond corporate social responsibility by engaging companies in efforts to improve the state of the world not through charity but through the active application of their core business competencies.

The Forum's partnership initiatives have had a positive effect on countless organizations and individual lives. For example, the Global Health Initiative (GHI) partnership of the Forum, the World Health Organization, UNAIDS, the Bill and Melinda Gates Foundation, and other non-



governmental, governmental and philanthropic organizations have worked with 170 companies representing over 10 million workers in Africa, and East and South Asia.

GHI's India Business Alliance to Stop TB alone has reached over 4 million people through company awareness and treatment programmes, including approximately 1.5 million employees of over 30 companies. In Africa, the GHI has worked with 15 countries (representing 47% of the global HIV burden), bringing together the national business coalitions on HIV/AIDS with the national AIDS councils, labour unions and donors. In Angola, the GHI introduced companies from a range of industries, including oil and food and beverage, which are now jointly programming anti-stigma campaigns. And, in South Africa, the GHI catalysed the four leading banks to come together for an industry-wide seroprevalence survey covering 28,000 people, forming the foundation for industry-based action and advocacy.

Another example, the Forum's Global Education Initiative (GEI), is a partnership of leading Forum industry partner companies from information technology and other sectors. The objectives of the GEI are to improve the development and delivery of education to citizens through public-private partnerships that unleash the innovation of teachers and students through the use of information technology, and to broaden the uptake of modern curricula in several disciplines, such as math, science, English and Arabic. Through the initiative, the international business community leverages the commitment of national governments to build a replicable model of education reform.

Specifically, the initiative has directly impacted over 1.8 million students and teachers, and mobilized over US\$ 100 million in resource support in Jordan, Rajasthan (India), Egypt, Palestine and Rwanda. It engages over 40 private sector organizations, 14 governments, 7 international organizations and 20 NGOs, with a Steering Board of nine industry and strategic partners. For example, in the Indian state of Rajasthan, the initiative has impacted 43,500 schools, 60,000 teachers and 1.2 million students. The GEI has partnered with UNESCO and the Education for All Fast Track Initiative to scale these partnership models at the global level.

These are just a few of the examples by which Forum multistakeholder initiatives have catalysed on-the-ground action or shaped policy frameworks. Other areas include corruption, humanitarian relief, development finance, public-private partnerships in water, global warming, reform of the international financial architecture, energy poverty, West-Islamic relations, food security and information technology for development. In each case, the Forum's informal, neutral platform has provided a favourable environment for collaboration by partner companies and other Forum constituents in time-limited projects or task forces that aim to improve the state of the world in practical and concrete ways.



## The Mission Ahead

### Members of the Foundation Board of the World Economic Forum reflect on the Forum's role in the coming years:

“After this crisis, it will be of utmost importance for future prosperity to avoid and prevent deglobalization or refragmentation of the global marketplace. The Forum, as a multinational and multistakeholder institution with a 40-year track record of excellence in shaping the global agenda, is uniquely equipped to play a significant part in achieving this goal.”

**Josef Ackermann,**  
Chairman of the Management Board and the Group Executive Committee, Deutsche Bank, Germany

“The Forum continues to focus and engage a powerful constituency on climate change, transnational crime, conflict, and the chronic and unacceptable poverty endured by billions of human beings in a world of plenty, and has the potential to ensure that private sector talent and entrepreneurship contributes to practical and inclusive solutions.”

**Kofi Annan,**  
Secretary-General, United Nations (1997-2006)

“The Forum has led the world in showing how, in an interdependent world brought ever closer through globalization, government, business, academia and civil society must all work together to tackle common issues. It is constantly ahead of the curve in anticipating the challenges our world will face and bringing together the world's best minds to find solutions. I am proud to be a part of it.”

**Tony Blair,**  
UN Middle East Quartet Representative; Prime Minister of the United Kingdom (1997-2007)

“The Forum has been conceived by Professor Klaus Schwab as a place to generate ideas which could be catalysed into relevant action to improve the state of the world. Therefore, the best way for the Forum into the future is to further reinforce its imminent strength.”

**Peter Brabeck-Letmathe,**  
Chairman of the Board, Nestlé, Switzerland

“The Forum's first 40 years have coincided with the period of the most rapid and fundamental change in our society. Through its global, independent and multistakeholder approach, the Forum has brought forward the most pressing issues of today (and tomorrow) for further articulation by policy and opinion leaders. It is uniquely positioned to contribute towards the development of the policy agenda necessary to meet the ever-increasing global challenges in the next 40 years.”

**Victor L. L. Chu,**  
Chairman and CEO, First Eastern Investment Group, Hong Kong SAR

“The Forum has built an impactful, diverse membership and an unrivalled platform for action over the past 40 years. It is now at a significant point in its history. Business as usual has been forever altered, and global priorities and relationships have dramatically shifted. I'm encouraged by the work we've done together so far, and I'm incredibly excited about the opportunities we'll have to advance significant initiatives over the next 40 years.”

**Michael S. Dell,**  
Chairman and CEO, Dell, USA

“The Forum has a key role in facilitating the dialogue between all stakeholders about how trust is rebuilt, and institutions, both public and private, redesigned. If the Forum did not exist today, we would need to invent it. In its 40th year, the Forum’s mission has never been more relevant.”

**Niall FitzGerald,**  
Deputy Chairman, Thomson Reuters, United Kingdom

“What I most admire about the Forum are actually those things that do not, and should not, change year to year: its internal, guiding principles. The Forum’s far-reaching mission, “committed to improving the state of the world”, will not evolve as conditions change and challenges arise. But the solutions will, in an ongoing dialectic of response, renewal and regeneration.”

**Orit Gadiesh,**  
Chairman, Bain & Company, USA

“The financial and economic crisis has shown the interdependence of the world’s political, economic and social systems. As we seek to learn from past events, the work of the Forum takes on new urgency and significance.”

**Carlos Ghosn,**  
Chairman and CEO, Renault, France;  
President and CEO, Nissan, Japan

“Collaboration among government, business and civil society through public-private partnerships is the surest way to address our most urgent issues. The Forum has been an ideal platform for promoting this type of creative dialogue, and as it adapts to a fast-changing world, it has an opportunity to engage more deeply with the world’s emerging centres of influence. The Forum can go beyond its traditional role as the convenor of the world’s leading thinkers by becoming a knowledgebased source of ideas and analysis.”

**Rajat Gupta,**  
Senior Partner Emeritus, McKinsey & Company, USA

“As the Forum seeks to refine its successful model as a force for convening talent and focusing global attention, it can propagate across other sectors one of the underlying strengths of the academic world: that in academia, the same ideas are pursued simultaneously around the world, often, with one language and one literature. Just as this sense of a global intellectual commons allows academics to put curiosity and the pursuit of truth before more parochial interests, the Forum should advance this perspective as a force for progress on shared challenges around the globe.”

**Susan Hockfield,**  
President, Massachusetts Institute of Technology, USA

“Forty years later, the Forum is, more than ever, an agora where a more inclusive and accountable world is taking shape. It has helped heads of state, NGOs and business leaders learn from each other, and has offered innovative and generous solutions to constant challenges.”

**Christine Lagarde,**  
Minister of Economy, Industry and Employment of France

“It’s quite simple: If the Forum did not exist, it would have to be invented. It creates, instigates and stimulates debates and constructive discussions among world leaders who usually either ignore or confront each other. The Forum plays the essential role of a catalyst. In the future, it will also play the role of agent provocateur to shake the various stakeholders out of their conformist or conventional attitudes.”

**Maurice Lévy,**  
Chairman and CEO, Publicis Group, France

“In a world made small by connections and communications, in a world made dangerous by misunderstanding, the only way to pursue the good life is through conversation. The Forum has been central to the conversation of the globe. It still is, and it is more needed now than ever.”

**Indra Nooyi,**  
Chairman and CEO, PepsiCo, USA

“With the constant acceleration and change induced by globalization, the Forum remains unique as a multistakeholder institution offering leaders a venue to identify and discuss major challenges with a longterm perspective. I believe this will remain the Forum’s main strength with the ‘Global Redesign Initiative’ clearly pointing in this direction.”

**Ivan Pictet,**  
Senior Managing Partner, Pictet & Cie Private Bankers, Switzerland

“With the Forum, we have seen 40 years of fruitful dialogue and laudable achievements. In the next 40 years, it will need to start planting the seeds of this horizontal cross-fertilization downwards towards the grassroots, using the lattice of leadership to listen to local communities and drawing on the power of social networks to further enrich Forum sessions. Its future is to become a platform for truly global consultation.”

**H.M. Queen Rania Al Abdullah** of the Hashemite Kingdom of Jordan

“Looking towards the future, the Forum has been developing a virtual interaction platform, WELCOM. This virtual interaction will extend online the trust and knowledge paradigm of the Forum communities.”

**Joseph P. Schoendorf,**  
Partner, Accel Partners, USA

“The Forum is far more than a forum. It provides objective expertise, and it is in this area that its continued development is crucial in helping to shape the global, regional and industry agendas.”

**Peter D. Sutherland,**  
Chairman, Goldman Sachs International, United Kingdom

“The role of the Forum in setting the global agenda is more important than ever before as the conventional global governance system is no longer valid. We should all be proud and excited to be a part of this global public good, while continuing to innovate new ways of global dialogue in this complex world.”

**Heizo Takenaka,**  
Director, Global Security Research Institute, Keio University, Japan

“Throughout its fruitful existence, the Forum has served the crucial cause of fostering mutually beneficial interdependence among enterprises, communities and countries. I am confident that the Forum will continue to excel in this endeavour even as the issues faced by its stakeholders become increasingly challenging.”

**Ernesto Zedillo Ponce de Leon,**  
Director, Yale Center for the Study of Globalization, Yale University, USA; Former President of Mexico



## **We all look forward to continuing to serve the mission of the World Economic Forum**

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