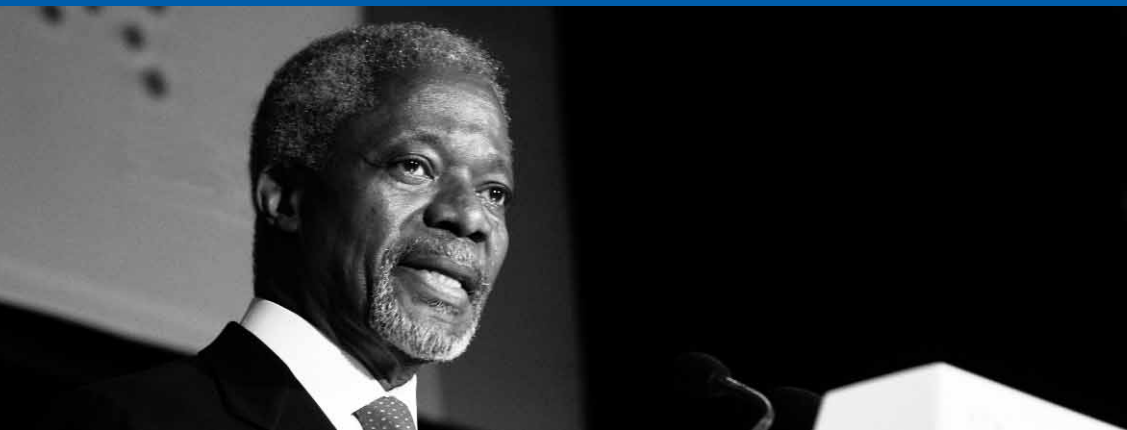


**Presentation of the Freedom Prize  
of the Max Schmidheiny Foundation to**

**Kofi Annan**  
**Secretary-General of the United Nations**

November 18, 2006  
University of St. Gallen



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His Excellency Mr. Kofi Annan, the Secretary-General of the United Nations, honoured the University of St. Gallen with a visit on November 18, 2006, in order to receive the Freedom Prize of the Max Schmidheiny Foundation. In so doing, he paid tribute to the traditional role of the University of St. Gallen as a meeting place between the elite and the academic youth.

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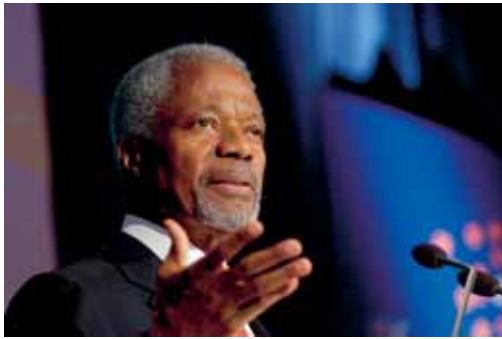
## Laudatio



The Max Schmidheiny Foundation at the University of St. Gallen awards its 2003 Freedom Prize to Kofi Annan, Secretary-General of the United Nations,

- the diplomat whose shining example has caused the work of the United Nations to be associated with steadfastness, trustworthiness and propriety, who with unique flair has pushed through reforms to dismantle bureaucracy and simplify internal structures, bolster the openness of the United Nations towards non-government organisations and, in the final analysis, increase the efficiency of peacekeeping missions, and who has also inspired his countless diplomatic, peacekeeping and welfare staff with renewed confidence in their common cause;
- the world citizen of exceptional quality who – patiently yet tenaciously – calls for responsible action from the power-wielding states and corporations of this earth, reminds them of their commitment not only to their own citizens but also to the health of the global soul and, as a standard-bearer of human rights dedicated to the idea that “humanity is indivisible”, accepts the challenges of the UN as a world organisation in order to place the protection of individual human dignity at centre stage regardless of race, religion or gender;
- the beacon of hope to a battered world who, in the light of contagious diseases, persistent famine, unprecedented ethnic hotspots and the clash of entire civilisations, endeavours to raise the awareness of those who live in relative affluence and peace concerning the plight of the poor and war-ravaged and, through perseverance, courage and compassion combined with a deep-rooted faith in the concept of a moral world order, motivates governments and interest groups with inexhaustible energy to seek pro-active answers to harrowing conflicts and thus make a meaningful contribution to the freedom of each and every human being, a freedom that extends beyond all geopolitical boundaries.

## St. Gallen Acceptance Speech



**Kofi  
Annan**

Thank you for that very warm welcome. Federal Councillor Merz, President of the University, Professor Gomez, thank you very much for those wonderful words. I should also say that listening to you, I understand why this city and university have achieved so much and produced so many corporate leaders and leaders in other fields. That link between academic work and the practical world is absolutely essential. I have also been struck by the fact that this institution has produced so many leaders, as I can see by looking around this room and as I have recognised from my travels around the world. I am also pleased that even the finance ministers think that we are doing something sensible and helpful. At lunch, I heard a lot about your work here in your institutions and having listened to people and read about what you have achieved here, I can say that you in St. Gallen and this university have proved that greatness has nothing to do with size. I hope that you will continue in that spirit.

I would like to thank you very much, Professor Gomez, for your kind words. I am deeply moved to be awarded this Freedom Prize. Given the exceptional individuals and organisations who have accepted it before me – from Muhammad Yunus to the Red Cross – I am also humbled.

It has taken far too long for me to be able to come here and accept the Prize in person. But I was determined to do so before I leave office as Secretary-General, and I very much appreciate your patience.

All the more so as I am speaking to such a distinguished audience today, bringing together leaders from academia and the private sector, as well as the students, of course – our leaders of tomorrow. And I am delighted to do so in a setting which marries the promise of the future with the foundations of tradition – a state-of-the-

art seat of learning, set in the beauty of St. Gallen, as eternal as the Alps and lakes that surround it.

What better setting to seek to pursue Max Schmidheiny's vision – one of encouraging scientific, political and entrepreneurial initiatives that highlight individual freedom and responsibility.

So I will take this opportunity to talk about responsibility and risk, opportunities and challenges, in the world of science today.

Max Schmidheiny was born almost 100 years ago, in the dawn of what would become "the century of physics" – a century of revolutionary advances and upheavals; a century that gave birth to a debate crucial to the very survival of our species: how to ensure that advances in science are used for the advancement of humankind, without becoming a tool for its destruction.

Today, it is said that ours will be the century of biology. And the debate that began around physics in the 20<sup>th</sup> century is more than ever relevant to biology in the 21<sup>st</sup>.

Extraordinary progress in the life sciences – especially in biotechnology – has opened up some of the most promising avenues in history towards improving the human condition. They have equipped scientists with new tools in areas ranging from food security to global health. Some of this progress was achieved right here in Switzerland, of course – from advances in treatment for drug-resistant malaria, to research on drugs against the influenza virus.

Thanks to biotechnology, researchers worldwide are developing new vaccines to combat both long-standing and newly emerging viruses, which currently claim millions of lives a year and take a disproportionate toll on developing countries.

They are using bacterial genetics to overcome resistance to antibiotics, and DNA technologies to produce human insulin to treat diabetes.

They are making advances in the burgeoning field of medical genomics, providing hope of medical solutions to the global burden of cancer and other chronic diseases.

They are helping to protect the environment, by exploring methods of reforestation and ways to reduce pesticide use.

And they are teaming up to develop more effective microbicides against HIV transmission.

The bright side of biotechnology reflects the best of human progress in the service of the deepest human needs.

To ensure that the net outcome remains a positive one, this scientific balance must be nurtured carefully.

Recently, we have seen striking success in reconstructing the entire genome of a virus from scratch. That has been done with the polio virus, and with the otherwise extinct Spanish influenza virus – the agent that killed tens of millions of people back in 1918.

In the right hands, and with the appropriate safety precautions, these are sound scientific endeavours that increase our knowledge of viruses.

But if they fall into the wrong hands, they could be catastrophic.

When used negligently, or misused deliberately, biotechnology could inflict the most profound human suffering – ranging from the accidental release of disease agents into the environment, to intentional disease outbreaks caused by State or non-State actors.

As biological research expands, and technologies become increasingly accessible, this potential for accidental or intentional harm grows exponentially. Soon, tens of thousands of laboratories worldwide will be operating, in a multi-billion dollar industry. Even novices working in small laboratories will be able to carry out gene manipulation. And the more laboratories there are with inadequate biosafety standards, the greater will be the number of mistakes and accidents waiting to happen.

Currently, we lack an international system of safeguards to manage those risks. Scientists may do their best to follow rules for responsible conduct of research. But efforts to harmonise these rules on a global level are outpaced by the galloping advance of science itself, and by changes in the way it is practised.

That is why, in recent months, I have raised the idea of a global forum for debate. Such a forum could discuss how to ensure that biotechnology's advances are used by all for the public good; how to ensure that the efforts of countries to harness biotechnology are not hampered by unnecessary impediments; and how we

can learn to manage the potential risks. The forum would bring together the various stakeholders – industry, science, public health, governments, and the public writ large – to work out a common programme, built from the bottom up.

Already, the idea has been welcomed by many governments and expert communities. I believe the time is ripe to develop it further.

Today, I would like to explore a potential initiative which would focus in greater depth on two main questions:

First, how to expand the benefits of biotechnology and life science research to build better lives for people around the world. That includes improving human health and food security, and thereby encouraging economic growth and reducing global inequities. It will require making technologies available, encouraging transparency and promoting a cooperative environment.

Second, how to develop a global framework to mitigate potential risks. A number of suggestions have been made for dealing with the many dilemmas that confront the life science community in the face of these risks. These suggestions range from voluntary measures, such as promoting a culture of awareness on which codes of conduct could be built, to legal ones, such as creating new regulatory bodies to oversee sensitive research ... How to reach workable consensus on appropriate measures is a subject crying out for a focused global debate.

These issues are already being discussed in various fora. The International Committee of the Red Cross has sought to bring the problem to the attention of governments, industry, and scientific communities. The International Centre for Genetic Engineering and Biotechnology has drafted a code of conduct for scientists working in the biotechnology field. International organisations, such as the World Health Organisation and various national academies of science, have also done work in related areas. To complement these efforts, scientists themselves need to be proactively engaged in this process.

And among governments, a serious international dialogue has begun through the follow-up process to the Biological Weapons Convention. In two days' time, States Parties to the Convention will meet in Geneva for their sixth review conference. When they do, I will urge them to make every effort to harness and develop their synergies and overlapping capacities.

Ladies and gentlemen, we find ourselves at a point akin to the one in the 1950s,

when farsighted citizens, scientists, diplomats, and international civil servants recognised the enormous potential impact of nuclear power. The challenge then was to harness the power of nuclear energy for civilian use, while preventing the spread of nuclear weapons. The result was the creation of the International Atomic Energy Agency and, eventually, the Nuclear Non-Proliferation Treaty.

The answer to biotechnology's dilemma will look very different. But the approach to it must be equally farsighted. It will require innovative solutions specific to the nature of the science; it may have more in common with measures against cybercrime than with the work to control nuclear proliferation. And it will need to ensure that humanity is not deprived of the enormous positive benefits which biotechnology offers.

The United Nations is well-placed to encourage, coordinate and facilitate an initiative to consider those questions. It has the universal membership, the range of partnerships, and the capacity for outreach that are needed. It has the ability to bring the wide range of relevant participants to the table, and to keep them there.

To succeed, we need inspiration and support from all of you – academics, civic leaders, business leaders and students. We need the spirit of discovery and learning that drives great institutions such as this one. We need the spirit of individual leadership and responsibility that motivated Max Schmidheiny, and still motivates thousands of people like him today.

Thank you all for listening to me today. Thanks again to the foundation for the honour it has bestowed on me. And thank you all for your support for the United Nations during the ten years I have served as Secretary-General.

And now I will try to answer your questions.

Thank you very much. Vielen Dank. Merci beaucoup. Mille grazie. Grazia fitg.

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## Questions and Answers



*Peter Gomez*

Ladies and gentlemen, it is a great pleasure that the Secretary-General will now answer your questions. As he told me earlier, these questions might go further than his speech and I would especially encourage our students to ask questions because the Secretary-General is very interested in the opinions of our younger generation.

*Student*

Mr. Secretary-General, looking back on your ten years of service in this position, who was your hardest opponent in the UN?

*Kofi Annan*

I would imagine that you already know the answer to that question. It is not unusual for the Secretary-General to be opposed by the powerful. However, it is important that he should defend the principles of the organisation and his own conviction, regardless of the difficulties that will confront him because of the position he has taken.

*Student*

Mr. Secretary-General, what do you think will be the greatest challenges for the humanity and us, the future generation?

*Kofi Annan*

There are many challenges in the world today. In fact, when I set up a panel of 16 wise men and women from around the world to look at our collective security and ponder the question of challenges, threats and change for the 21<sup>st</sup> century, they came up with a very wise definition of the threats that we face today. Conventionally, we have the tendency to consider threats in terms of war and con-

flict. However, they determined that the threats were poverty, environmental degradation, infectious diseases, internationally organised crime, weapons of mass destruction and terrorism. I think they were absolutely right and spot on in what they came up with. All these threats are present in our world today and, depending on where you live, a person's perception of threat might be very different from someone else's who lives in another part of the world. If you had been in New York when they were commemorating the fifth anniversary of 9/11 and asked someone what their greatest threat was, they might have said terrorism. However, if you go to southern Africa, they will tell you that it is infectious diseases and HIV/AIDS. Someone living on a small island state will probably tell you that it is environmental degradation and global warming. I visited all the countries affected by the tsunami, including the Maldives. The highest point in the Maldives – which you can compare with your own environment – was 1.8 metres above sea level and quite a lot of the islands had been washed away by the tsunami. The main large island and one or two others were protected and after the tsunami they had to try to regroup. For the younger generation, therefore, as you approach your world, you need to bear all these threats in mind.

However, I would say that the environment will be a major challenge for us and will be a constraint on development, be it in China or elsewhere, unless we look at it extremely seriously. We have seen expanding periods of drought followed by floods, and this brings extremely serious repercussions for people who live in the affected areas. I would therefore take environment as one of the key challenges and would also suggest that we do whatever we can to remove the inequities which exist today. These are the inequities within nations and between nations. I do not think that we can sustain a world in which extreme poverty lives side by side with immense wealth, yet this is something that we see as normal.

That is why I am very excited to see that the corporate leaders today are becoming engaged in this work through the implementation of the millennium development goals, reaching out to work with others. It is great to see so many young people travelling around the world taking on assignments. I was in Nairobi a few days ago where a daughter of a friend of mine had travelled to. When I asked her what she was doing, she said that she had joined some friends to distribute food to the homeless in the streets of Addis Ababa. She was just a young woman who works for Boston Consulting Group who had gone out to Africa for the first time. She felt very good about herself through doing this. Not only, then, should we tackle these issues, but we need to begin at the community level. You will all have to be good global citizens, and good global citizenship begins at the community level as regards what you do in your own community and in your own university. That is why it is so

exciting that the young people here are involved and are doing so much for the community and the university.

*Student*

Mr. Secretary-General, what advice would you give us as students now and later as regards our careers in business, research, politics or international affairs, for example?

*Kofi Annan*

I think that all those fields are necessary and we need people in all the fields that you have listed. What I would say is that as students you should try to broaden your horizons. You need to take your studies seriously and they should be interdisciplinary. You must also understand that you are living in a global village today. We live in an interdependent world and you must be conscious that what happens in another country has an impact on you here and that what you do here has an impact on others. You therefore have to think in a global way. I do not think that any professor can teach students today in purely local terms or that any political leader can take decisions in purely local terms. We need to bear that in mind. However, as you choose your careers, you also have to ask yourselves what you are best at and what you enjoy doing and are most comfortable with, and what the areas are where you would be able to make a contribution. If we are all dedicated and we pool our efforts, working for the same objective, individual contributions in their respective fields will improve the conditions in our countries and around the world. I cannot therefore tell you to be a businessman or become a politician or a federal councillor; you have to follow your own instincts. I have always marched according to my inner drummer. You must follow your instincts and inner drummer and your natural intuition.

*Student*

Mr. Secretary-General, a lot of people and many countries think that the UN should change itself. What do you think about that? Should the organisation change?

*Kofi Annan*

I agree. Not only do I agree, but I have also tried to do something about it. The first thing that I did when I took over in 1997 was to introduce a package of reforms, recognising that it would take time to change things. Reform is a process and not an event. The search for excellence is ongoing and I am sure that my successor will continue the effort. It is important for any institution, be it a company, government or university, to ask itself every five years or so what it should be doing and whether it

is on the right track. When you look around, you can see that the world has changed from the UN's perspective and the UN has to adapt to the world or it will be left behind. When I took over I had to ask myself several questions. What does the UN do that others can do? What do we do best and what do others do better than us, where we should leave them to do it? What can we do with others, while at the same time adapting our structures and systems to the realities of today? That is one of the reasons why I have pushed reform so much and pressed hard for the reform of the Security Council. I regret that it was not reformed during my tenure and I hope that my successor will have greater success in that. The structure of the Security Council today reflects the geopolitical realities of 1945, with power being very narrowly based on five permanent members. We need to make the Council more democratic and more representative to bring it in line with today's realities. As long as the Council is not adapted and reformed, no reform of the UN can be considered complete.

*Student*

Mr. Secretary-General, apart from what you have just said, what advice would you give to your successor, Mr. Ban Ki-moon?

*Kofi Annan*

The first thing I would tell him is that he should do it his way. I did it my way and my predecessors did it their way. Above all, he must remain independent. There will be many pressures on him from powerful countries and groups of countries and you must always remember that you are Secretary-General of the whole world, not of a particular country or region. Even though this is an organisation of member states, the ideals and principles that we are there to protect and defend belong to the people. I would also encourage him to continue to work in partnership with the new constituencies of civil society, the non-governmental organisations (NGOs), the private sector, and universities and foundations because not only does that bring in fresh ideas, it also allows us to expand our capacity and work in partnership to deliver as much as we can. He should have a sense of humour and I would advise him to tackle some of the painful challenges that he will face with a certain healthy detachment, otherwise it will consume him and eat him up and he might not therefore be as effective as he would like to be. He is taking on the role at a time when there are many challenges in the world. However, he is a wonderful man and I am sure that he will succeed. Nevertheless, he will need the help of governments and the people of the world. Please, therefore, give him your support.

*Student*

Mr. Secretary-General, I was discussing with my friends how powerful you are in

your position. However, what were the situations where you especially felt powerless and without influence?

*Kofi Annan*

I will start by saying that I never felt powerful. The Secretary-General has a very small budget in the wider scheme of things and has no brigades or battalions at his disposal. The only power I had was perhaps the pulpit and the power of persuasion and reasoning. However, the moment when I felt most powerless and almost felt a physical body blow was when we failed to prevent the war in Iraq. I did whatever I could in discussions with governments and others to try to avert the war in Iraq because I was afraid of the consequences and the fact that it would not provide a solution. I felt that if the inspectors had been given a bit more time, they may have come to a conclusion that would have helped us all. I also believe that if the Security Council decided that Iraq should do this or pay a form, or else face serious consequences, it was up to the Security Council to take another vote which would determine what the serious consequences should be. Governments and individual states have the right to defend themselves when attacked and to strike first if there is imminent danger and an imminent prospect of being attacked. However, when you are dealing with a broader threat to the international community, the decision should be that of the Security Council for it to be legitimate. Of course, the Council did not vote for war. However, war came anyway. Not only did I feel powerless, but it was a very painful time.

*Press Representative*

Mr. Secretary-General, the brilliant ex-Foreign Minister of Liechtenstein, Dr. Ernst Walch, and myself tried to go to see Al Gore's film at the cinema last night. Unfortunately, the cinema was completely full and we ended up in another cinema where we saw Ken Loach's film on Ireland, which recently won the Palme d'Or in Cannes. The subject of the film was the fighting of the Irish Republican Army (IRA) in Dublin and it was so hard and cruel that at the end of the film Dr. Walch and myself looked at each other and wondered whether mankind will ever understand that war is not a solution and only creates losers. Do you think there is any hope?

*Kofi Annan*

First of all, I would like to say that I share your conclusion that in war all are losers. I recall only this last summer, after the Lebanese war when I was in the region trying to consolidate the ceasefire, several people asked me who won the war, whether it was Israel or Hezbollah. Of course, both claimed victory. Hezbollah defined victory in terms by which they could never have lost. They said that if they survived, they had won. I said that there were no winners. Quite frankly, even in situa-

tions where one country or one party comes out on top and feels victorious, when the violence and the killing and shooting has stopped and you look around and see the damage, destruction and pain that has been brought to people – be it Israelis, Palestinians, Iraqis or Americans – you ask yourself “What have we done?” We need to ask ourselves if this could have been done in some other way or is this the only way we could have resolved this conflict? Indeed, have we resolved it? I do not think that I can give you the hopeful answer that you wanted, that man will not fight or that there will be no more wars.

We have fewer wars today than a decade ago and fewer civil wars in the world than there were ten years ago. There are therefore fewer wars and I think we need to continue to work across national boundaries and keep dialogue and engagement open. That is why I often say that you have to engage even your enemies. You negotiate and talk with your enemies; you do not negotiate with your friends. Of course, you may sometimes want to negotiate with your friends, but when you have a conflict, it is the enemy that you need to engage. The idea that we should not talk to some countries or groups is something that I cannot endorse. By talking, it does not mean that you are weak. You can talk to someone and give them a very strong and fair message and explain the risks they are running by taking a certain course. People have been killing each other for millions of years and while I do not think that we can stop it tomorrow, we can slow it down through dialogue, communication and education, and respect for each other’s culture, religion and things that we consider sacred.

#### *Participant*

Mr. Secretary-General, I have two short questions. The first one you have already answered brilliantly was how did you not end up losing your sense of humour after having seen all the hardship in the world? My second question was, having worked with Calestous Juma, who is a good friend of yours, and Florence Wambugu in Nairobi on green biotechnology, it is wonderful to see the focus on Africa at the moment and I am assisting there as much as I can. However, what about the United Nations and the millennium project efforts regarding South and Central America, where there are also some very poor countries?

#### *Kofi Annan*

Thank you very much for your question. As regards keeping my sense of humour, I think my optimism and sense of hope helps. I never give up hope and, of course, I need a sense of optimism to be able to stay in this job. If you do not have that sense of optimism and have a low frustration level, you will not last very long in the job. What has also kept me going is that, apart from the difficulties, many people around

the world support the United Nations and support me. That also gives you strength and a sense of hope. When you are able to assist in any situation – even if you only help one individual – it gives you energy to continue. Of course, when I took on the job I was very conscious that it would be difficult. However, in some situations it has been a great deal more difficult than I had anticipated and there have therefore been ups and downs. With the ups, and the exciting and positive things, you should really enjoy them because when the negative forces come out and you hit your lows, they will also come after you and that is something that you need to be prepared for. You therefore have to put things in balance and keep your sense of humour and your inner strength.

Regarding Latin American, you are right that there are some very poor people there. Latin America also has the largest gap between the rich and the poor and that gap is growing. It is also a continent where people were encouraged to reform and were told that if they reformed and became democratic, and reformed their economies and went through adjustment they would prosper. Quite a few of those countries did that and today I do not think that there is a single military leader in Latin America. They have been all sent back to the barracks or have been kicked out. Democracies and situations where people have a say in who governed them and how they were governed took root. The economic reforms were therefore made, but prosperity has not come. This has put democracy under stress in the region, where you see populist leaders promising all sorts of things that they may never be able to deliver. Nevertheless, they get elected.

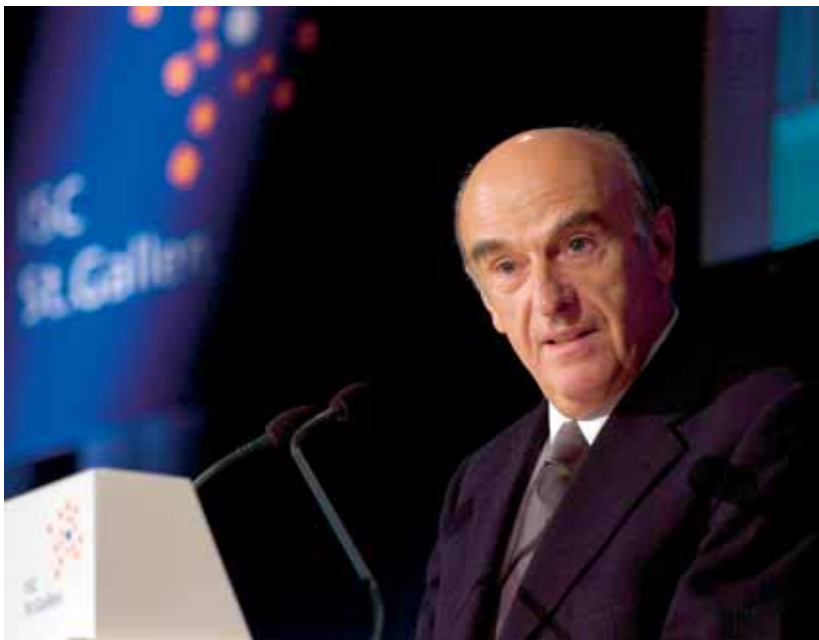
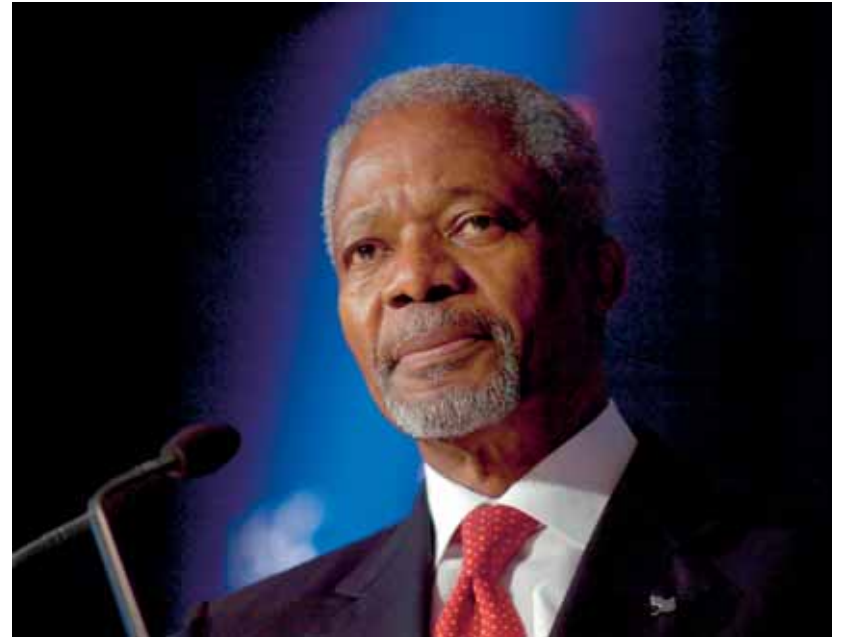
My wife and I have been to some of the Central American countries and the poor countries where we have met with the grassroots community people who are pushing to implement the millennium development goals. The governments in the region have embraced the millennium development goals as a framework for development and some, like Brazil, are doing quite a lot of good work and are trying to share the experience with the smaller countries in the Central American region that you are referring to. Nicaragua, for example, just went through elections recently, but they need a lot of help. However, it is not just Nicaragua, but quite a few of the smaller countries as well. That is why we have challenged the governments to draw up their own millennium development plan strategies for achieving the goals and have encouraged donors to work with them, with us monitoring progress and supporting them. Additionally, the World Bank has also embraced the millennium development goals. For the first time in my memory, therefore, we have a common framework for development. The millennium goals are accepted by governments and the international organisations, including the financial institutions of the finance ministers, the International Monetary Fund (IMF) and the World Bank. This is

also something that the average man in street from Bangladesh to Bolivia can understand. However, we need to press ahead and implement it. I do not think that many countries will meet all the goals by 2015 at the present rate of progress and we will have to find a way of re-energising implementation to be able see this through. If you look at the statistics, they look very good in gross terms, showing that we are reducing poverty globally. However, most of that reduction is in China and India, given their size. When you look at individual countries, some of the countries that you have referred to and others in Africa will not meet their targets unless there is a real effort to push things forward.

*Peter Gomez*

Ladies and gentlemen, the Max Schmidheiny Foundation will now give a small reception for the Secretary-General and invited guests. I would like to thank you all very much for coming to St. Gallen. It was a great pleasure.







## Welcome Address



**Ernst  
Mohr**

Mr. Secretary-General,  
Mrs. Annan,  
Federal Councillor Merz,  
Ms. Keller-Sutter,  
Dr. Schmidheiny,  
Your Excellencies,  
Ladies and Gentlemen,

It is an exceptional honour for the University of St. Gallen being visited by the Secretary-General of the United Nations on the occasion of the award ceremony of the Max Schmidheiny Foundation Freedom Prize. The University of St. Gallen feels proud to provide the facilities for such a distinguished event.

The University of St. Gallen was founded in 1898 as a trading school. From these roots it developed, quite naturally, into a specialised university with its core fields in Management, Economics, Law and, most recently, International Affairs.

In the vision for our university we seek Europe-wide recognition for our contributions to life-long learning and our research in fields of particular societal relevance.

For our 5,000 students we consider a science-based education an essential but not sufficient contribution we as a university can make to the education of the young. Three more things are necessary and possible in our opinion.

First, our graduates must be able to apply their management, economics and legal tool chest in the relevant historical, social, cultural and psychological context,

which in present time is becoming ever more complex. Therefore, we require all our students to do coursework amounting to 25% of their entire curriculum in what we call contextual studies.

Second, our students are exposed to practitioners early on. Our permanent faculty is complemented by more than 300 from outside the university system, from private enterprises, the public sector and NGOs. Our students therefore know not only “why” and “what”. They also know “how”.

Our third aspiration beyond “normal” university education has to do with why the visit of you, Mr. Secretary-General, is such a distinguished event for our university.

In the vision of our university we also seek to be regarded for our environment in which students develop into responsible personalities. That means that our graduates take in society responsibility not only for themselves but for society.

The University of St. Gallen seeks to provide ever more and better facilities for that development:

For example, our International Students’ Committee, which I am glad to say, has instantaneously volunteered to organise today’s event, is now in its 37th year of organising internationally renowned Management Symposia, addressing issues which often enter the general public agenda only years or decades later. For example, the first Club of Rome Report, addressing the issue of sustainability already in the 1970s, was for the first time in Europe presented at that conference here in St. Gallen.

As you can see, Mr. Secretary-General, your urgent request for a global CO<sub>2</sub>-tax earlier this week in Nairobi has part of its roots here in St. Gallen.

As another example, International Affairs, one of our recent additions to our traditional portfolio of degree programmes in management, economics and law, was set up because enterprises are lesser and lesser able to responsibly go after their own business without considering repercussions with international politics and foreign national affairs.

Another recent curricular addition, Law and Economics, for the generous support of which the university is grateful to the Max Schmidheiny Foundation, was

amongst others motivated by the increasing need for an integrated view of the junction of rights and responsibilities, opportunities and risks.

Our teaching of and research in management, which still attracts the greatest number of our students increasingly deals with societal entrepreneurship beyond the enterprise. These activities have recently been concentrated in our new Center for Social Enterprise.

To our students, these opportunities are, however, only second to getting into closer contact with eminent personalities who show them in person what it can mean taking up responsibility for society.

Mr. Secretary-General it is because of this why your visit is such an eminent event for our University.

The response of our students to the announcement of your visit was overwhelming. Unmatched in the history of our University, this lecture hall was overbooked six times.

It shows, I think, that being a place that fosters the young of today to become tomorrows leaders in societal responsibility meets a growing demand. For sure it shows, however, the deep respect our students have for you as a person who serves the common good.

I cordially thank the Max Schmidheiny Foundation and the International Students’ Committee St. Gallen for making this event possible.

## Address of the Swiss Government



**Hans-Rudolf  
Merz**

Mr. Secretary-General,  
Excellencies,  
Ladies and Gentlemen,

Finance ministers have mixed feelings concerning the United Nations organisation. The UN system is often referred to as a family of organisations and, as we know all, families are costly. They are costly for two reasons: they have a home base; and they have their field activities, and both need to be financed. In the case of the United Nations organisation, the overhead expenses and the cost of peace keeping operations come to well over a couple of billion dollars. Nonetheless, in April of this year, you, Mr. Secretary-General, addressed finance ministers at the International Monetary Fund luncheon, which we had together in Washington D.C., and announced that you would be spending even more money in achieving the millennium development goals. Some of us – I was looking around at the people there – began to sigh. I even saw someone sobbing. We all wondered how this could be financed without affronting those people concerned about public money. However, ladies and gentlemen, when listening to the Secretary-General on that special evening and hearing his heartfelt sentiments, it became obvious that he and the United Nations organisation are not spenders of money, but investors, investing in human rights, peace and nation building, and thus in the stability of our global system. This is an assuring and reassuring achievement at times. It is, of course, recognised by the finance ministers as well, I can assure you, that during his ten years of activity, Secretary-General Annan has put all his personal and human efforts into this huge investment. Peace and progress are the ultimate results, and it is with gratitude and high esteem that we follow your enormous efforts in convincing the world of the credentials of the United Nations organisation.

The Max Schmidheiny Foundation provides Switzerland and the international community with one of the rare opportunities to honour excellence and dedication, and the foundation publicly acknowledges that involvement in freedom and human rights are worthwhile investments. To work in these two areas is the spirit of true entrepreneurship. No investment, ladies and gentlemen, in war, despair and oppression has ever been fruitful.

In the name of the Swiss Government, whose members you are familiar with as you have already spent the first half of the week with my colleague Mr. Moritz Leuenberger, I convey my warmest congratulations and thanks to you, Mr. Secretary-General and to the Max Schmidheiny Foundation for their contribution. May your ideas prevail in our states and our societies for a better world.

Thank you very much.

## Award Ceremony Speech



**Peter  
Gomez**

Secretary-General,  
Mrs. Annan,  
Federal Councillor Merz,  
Your Excellencies,  
Dr. Schmidheiny,  
Students of the University of St. Gallen,  
Ladies and Gentlemen,

On behalf of the Max Schmidheiny Foundation, it is a great honour for me to extend a warm welcome to the Secretary-General of the United Nations in St. Gallen.

I announced the award of our foundation's Freedom Prize to H.E. Mr. Kofi Annan at the St. Gallen Symposium in 2003. Unfortunately, Secretary-General, you then were not able to travel to St. Gallen. For our foundation, the fact that you can today honour our alma mater with a visit and accept the Freedom Prize in person, means all the more.

Before I go any further, let me first of all thank the Schmidheiny family: Dr. Thomas Schmidheiny and Dr. Stephan Schmidheiny have been generously supporting our foundation for the past decades and thereby set a perfect example of taking on responsibility for the pursuit of freedom world-wide. And then, I would like to thank the students who have made a ceremony in this setting possible: namely, the ISC, the International Students' Committee. As a professor at this university, I am very proud that we have students who are willing and able to accept the challenge of realising occasions like this one; for an event of this calibre to be organised in such a way is probably unique.

In 1978, on his 70<sup>th</sup> birthday, Max Schmidheiny established the foundation that bears his name in order to support endeavours to safeguard and strengthen economic, political and social freedom throughout the world. Since then, the Max Schmidheiny Foundation has honoured individuals and institutions from different walks of life with its Freedom Prize – they include, amongst many others, Nicolas G. Hayek (it is a special pleasure to know that you are with us today), N.R. Narayana Murthy, Hernando de Soto, and The Economist. There are qualities that link all those who have won the Freedom Prize, which is today being presented for the 25<sup>th</sup> time:

- They have embraced the key issues of their time;
- They have initiated debates on these issues, and entered into a dialogue with the most diverse stakeholders, a dialogue that extends across geographical and cultural boundaries and fields of influence;
- In their daily lives, by taking personal responsibility for ideas and projects, they have demonstrated their resolve when tackling these challenges;
- They have thus made an outstanding and exemplary contribution to the preservation and further development of a free order.

Ladies and gentlemen, the Max Schmidheiny Foundation is convinced that the sustainability of our liberal economic and social order will largely depend on a combined approach by business, politics and society to the major challenges now facing the world. Freedom as a guiding concept means that entrepreneurial, political and social freedom is mutually dependent. Allow me to take a brief look at the entrepreneurial aspect.

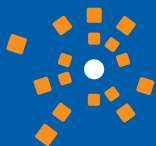
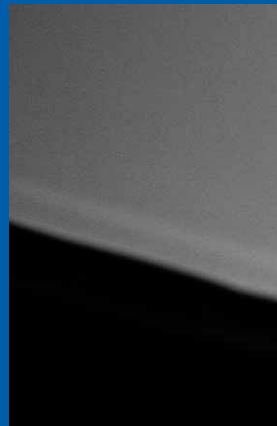
More than ever, those who accept entrepreneurial responsibility must take an active role in examining the economic, political, technological and social environments of their activities. They must seize the opportunities and recognise the relevant issues in good time, before they develop into incalculable risks. It is these thoughts that are behind the Max Schmidheiny Foundation's decision to place a special focus on "Entrepreneurship and Risk" in various projects both now and in the coming years. By analysing the entrepreneurial environment, it seeks to make a contribution, so that the opportunities currently available worldwide can be exploited in peace and freedom.

Ladies and gentlemen, 15 years after the end of the Cold War and the apparently unstoppable march of freedom, it is currently quite obvious that, each and every day, the struggle for freedom must begin afresh. The pleasure is thus all the greater, for me personally and also for the Max Schmidheiny Foundation, to award the Freedom Prize to one of the leading figures of our times, who has contributed so

much to maintaining the energy for this daily undertaking. Our foundation would like to pay tribute to Kofi Annan as an example for those who, untiringly and with determination and perseverance, stand up for their ideals and beliefs in a time that is marked by great uncertainty, and also as an individual who has given a human face to the idea of a world community, a concept which often seems illusory.

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