

UCAB Honorary Doctorate in Education
Andrés Bello Catholic University
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1. *President Luis Ugalde's Welcoming Address*

It is a great pleasure for the Catholic University and for me personally to welcome you to this ceremony to award a doctorate in education to Stephan Schmidheiny. A great pleasure, because Stephan is a person whose teaching and whose example are of particular importance and significance to our university, which has been extremely frugal in awarding honorary doctorates—in 48 years, it has awarded only 10. Such a decision requires the qualified votes of two-thirds of the university board. In this case, the vote was unanimous.

Five of Stephan's teachings. I will attempt to convey in just a few minutes what Stephan has taught me and what I find to be very significant to us, as educators.

- 1. *Preaching rarely does much good.*** Don't tell people to act against their own interests; you will have neither followers nor soldiers in that crusade. Instead, help them to see that by helping others, they are acting in their own best interest; for example, paying taxes for a good education, or generating jobs that reduce poverty. *It is worthwhile working toward what we perceive to be in our own best interests.*
- 2.** Don't give away money; invest it, seeking a good rate of return, measured in human dignity and social change.
- 3.** Provide opportunities to leaders who promote opportunities for their communities, organizing health, education, loans for small businesses, etc.
- 4.** Look for innovation and efficiency in education to achieve a higher rate of return in social production of human dignity. Things don't happen if they are not made to happen. The market and the government are nothing; it is the people who make them what they are, making their ideals and their goals become reality. Empower people, so that their dignity and their creative capacity will make them do things well.
- 5.** Don't say education is important, that there will be no national development without education, because many make that claim, few believe it, and even fewer practice it. Be one of the few not to preach, but to act. Education is what is most important, because its rate of return is the dignity and creativity of the pupil, of the millions of pupils, of the doers of the world.

Actions speak louder than words: UCAB-Guyana. Stephan did not tell me that educating was important; he did not give me words of wisdom on how to teach; he did not give me money. He told me he wanted to partner with us, and he did so. Before March 18, 1998, we didn't know each other. On that day, he gave a talk to Venezuelan executives; afterwards we met, and we had lunch together at the Hilton Hotel. Within half an hour after we met, when he heard that the UCAB had dreams that were becoming projects in Guyana, he said to me: *"I would like to partner with you, I mean, work with you there."* Within a

month, by April 19, the agreement had been made, along with a generous contribution for construction of the school campus for a university geared toward the sustainable development of Guyana. Within two years, the campus was up and running with 1,000 students enrolled in seven different degree programs. Three years later, go and visit and see the reality.

Magis Center. A year and a half later, I received a phone call from Stephan. He asked about my health and if I was of a mind to become partners and undertake to support all the work that Fe and Alegría were doing, and various other social efforts the Jesuits in Latin America were undertaking with the people on this continent. That is how the Magis Center came to be, to do more in education and organizing for social growth, and to do it better. Magis (the “greater good”) was one of Saint Ignatius’ favorite words, for whom service to God meant not only doing things, but doing them well and multiplying them.

Entrepreneurs who Teach and Enterprising Teachers. *Don’t just talk, don’t just give out advice; act and you will contribute to the sustainable dignity of the people:* this is what I have learned from Stephan. *“Love is to be found much more in deeds than in words,”* said Ignatius Loyola succinctly and precisely. And he adds: *“Whosoever states he wants the ends, without wanting to provide the means, is deceiving himself.”*

This is why we are giving a doctorate in education to Stephan, a businessman who through his acts believes that education is a priority and who teaches teachers that if we provide our students with the appropriate criteria mentioned, we will transform education and we will contribute to changing people and our societies of indigents into efficient producers of a dignified life. He wagered on Latin America, on the talent and the hopes of its people, and also on the social work that educators from the Society of Jesus have done with more than a million Latin Americans in various countries.

Thank you, Stephan, for agreeing to be a doctor in education from this university, that is, a teacher of effective means for human dignity and for the creation of opportunities for democratic peace and sustainable development. We need businesspeople who think and act this way, but we also need teachers who do the same. As of this day, the Andrés Bello Catholic University pronounces you a doctor for entrepreneurs who teach, for enterprising teachers, and for the students who wish to become them.

2. Introduction by Brizio Biondi-Morra of the AVINA Foundation

In August 1979—22 years ago—a Jesuit priest from the Matteo Ricci community in Hong Kong invited me to dine at the residence of the Jesuit high school on the island. The high school was known, of course, as the best in the area. Most of the priests at the high school were Chinese; others were French and Irish with more than 20 years of experience in Asia, all of them veterans of many adventures. The day after the dinner, I had to catch a train to Canton and Shanghai, and I wanted to take advantage of the opportunity to dine with them to seek their advice on where to go during my stay to China, so I could get to know the country and understand it better.

The first question the priests from the school asked me was how long I would be traveling around China. I told them one month. They all started laughing. Then one of the Jesuits said the word “book,” and that caused another burst of laughter. Another said: *“No! No! An article!”* And the laughter continued.

Intrigued, I asked what was happening. After more laughter, the Jesuit who had invited me to dinner explained: *“It’s just that many experts on China come to visit us here before starting out on their trips to the*

interior. Most of them stay in China for about two weeks. In that time, they have the chance to spend one day seeing a rice field, another visiting Beijing and the Great Wall, and a few more days to take part in group activities in the cities. All in all, the experience is illuminating. By the end of their two weeks, these tourists have a clear picture of what China is all about, and they decide to write a book to share their conclusions with the mass public in the Western world. The few who plan on visiting China for more than two weeks generally tend to stay for a month.” The Jesuit priest went on to explain: *“And it is toward the end of this month that they begin to have doubts about what China is all about. And it is no longer illuminating. It is then that they generally decide not to write a book and instead to just publish an article.”*

“Then, there are those who stay in China for a long time. As the years go by, they become more and more confused by the country’s complexity. By then, they know only what they do not know. They no longer dare to explain what China is all about, much less write anything about it. In your case, since you’ll be traveling for a month, we were debating whether you would write a book or just an article,” the Jesuit said, ending his explanation.

I never forgot that lesson. Today, I have the honor and the challenge of introducing you to Stephan Schmidheiny, of trying to explain to you who he is. And the lesson I learned from the Jesuits in Hong Kong comes back to haunt me.

My problem is that I’ve known Stephan for longer than a month. In other words: my problem is that by now, Stephan has got me confused. I’ve already gone through the stage of thinking I knew who he was. But after years, I continue to discover new sides to him.

The first Stephan has to do with a man who doesn’t like to presume. A man of action and deeds, but of few words, and even fewer to say about himself. Stephan prefers to go unnoticed. In this sense, by talking to you today, unveiling him through my introduction, whose content he does not know, I may be getting myself into trouble with him. I hope he will forgive me.

The second Stephan, looking at the side of his achievements as an industrialist, is the Stephan who is a world class businessman. There are very few in the world who truly fall into that category. Stephan inherited an industrial empire in crisis in the sector of construction equipment and he completely revamped it, transforming it into a concern that, in financial, social and environmental terms, was much more solid. In and of itself, this achievement took him more than a decade of hard work and was enough to fulfill the ambitions of a lifetime. But this was not enough for Stephan. He was then able to successfully diversify his businesses in new areas, and he managed to expand his wealth by much more than the fortune he had originally been left. Along this road, Stephan has been not only an investor, but also a leader in many companies. Let me briefly mention just four of them:

First, UBS, one of the 10 largest banks in the world, with operations in more than 50 countries and with 70,000 employees.

Second, Asea Brown Boveri or ABB. ABB is the result of the merger between the Swedish ASEA Company and the Swiss Brown Boveri Company, a merger in which Stephan’s vision and organizing role played an active part. Today, ABB employs 164,000 men and women, and it has operations in more than 100 countries in the fields of engineering and energy distribution, construction technologies, automation, and financial services. To give just one example, the largest dam in the world, the Itaipú dam between Brazil and Paraguay, generates electricity with turbines from ABB. Some two or three years ago, ABB was selected by various business magazines as the best managed and most successful manufacturing enterprise in Europe.

Third, Swatch, a company famous not only for its multicolored watches, but also for being a symbol of how innovation, risk-taking and hard work made it possible to regain leadership in an industry that was felt by many to be at an end.

Fourth, and lastly, Nestlé, whose 224,000 employees and 479 plants not only make it perhaps the largest food company in the world, but also, from my perspective, make it represent the best example of how starting a company in a small country, without raw materials and with a limited market, is no longer an excuse or an obstacle for creating great opportunities, when there is creativity and a willingness to work.

Over the past several years, and now that his companies have expanded around the world, Stephan continues to hold a position as a global investor, but he has selected Latin America as the only continent on which to focus his work as an entrepreneur. This is how GrupoNueva got its start, a manufacturing concern that unites more than 40 leading Latin American businesses in water management and transport systems, construction equipment, sustainable farming and forestry products, the latest expression of the more than 60 years of investment and commitment he and his forebears have dedicated to the region.

But there is yet a third Stephan, world leader in social and environmental innovation. In 1990, Stephan was named chief advisor for business and industry to the secretary general of the United Nations Conference on the Environment and Development, also known as the “Earth Summit”, of Rio de Janeiro. To undertake this commitment, Stephan decided to found the Business Council for Sustainable Development (BCSD), to which today 150 of the leading businesses in the world belong. Last year, Stephan was appointed honorary chairman of what is now the World Business Council for Sustainable Development in recognition of his inspiration and pioneering efforts in the field of corporate social responsibility. Today, in the eyes of many, the WBCSD represents the most dynamic and effective private sector association to promote socially and environmentally responsible answers among its members in response to the challenges of development.

Stephen’s incursion into the field of sustainable development, along with the philanthropic tradition of his family, motivated him to create the AVINA Foundation, an organization that partners with leaders to support them in their initiatives to promote sustainable development in Latin America. AVINA could be described as “new generation philanthropy,” in that it applies concepts from the business world, it attempts to achieve a high social return on its donations—which for this reason, it calls investments—and it works actively to build bridges between leaders from the private sector and the social sector. After only a few years of activity, AVINA is now possibly the largest private foundation in Latin America; it supports hundreds of leaders throughout the continent in their innovative projects for sustainable development.

Stephan also created FUNDES, a not-for-profit organization that promotes the development and modernization of small and medium-sized business in Latin America, namely the types of business that generate 70% of the employment in our countries. Today, after nearly two decades of activity, FUNDES has an active presence in 10 countries within the region, and it supports more than 15,000 small and medium-sized businesses through training, advisory services, access to loans and improvements in the structure of their environment.

This combination of business and philanthropy breeds unusual cross-fertilization. For example, in GrupoNueva, Stephan seeks to generate profits, without which nothing can be built, but he also works to make sure that GrupoNueva’s profits are the result of adding value to the companies in which it is involved.

At the same time, he seeks a high level of social contribution from the AVINA Foundation and FUNDES, while simultaneously demanding business-like efficiency.

The fourth Stephan is the idea man, the visionary, innovator and educator. His book ***Changing Course***, written in 1992, has been translated into 15 languages and has become a *best-seller* used in schools of business administration and economics around the world. Stephan and colleagues invented the term “eco-efficiency,” commonly used today in economic debate, a concept that identifies ways to produce more with less and to do so more cleanly, confounding the myth that being environmentally efficient is a luxury and that being a good citizen costs money. Stephan has also published writings about the ties between financial markets and sustainable development, and he has given classes at universities around the world, receiving academic recognition for his work.

The fifth Stephan is someone who likes to play Bach and Chopin on the piano. Stephan has a passion for art that goes beyond being a simple *hobby*. His art collection, known as the Daros collection, holds paintings and sculptures by modern artists such as Giacometti, Johns, Mondrian, Pollock, Rothko, Twombly and Warhol; it is open to the public in the city of Zurich and exhibited in international galleries. In addition, as part of his interest in the arts and promoting culture, Stephan has begun Daros Latin America, a growing collection of contemporary artists that attempts to support and promote Latin American painters at international venues.

A man of deeds who does not like to presume.

A world class businessman.

A leader in social and environmental innovation.

A new generation philanthropist.

An idea man, a visionary and educator, teaching by his example.

A lover of culture and art.

A contemplator of nature.

Stephan is all of this, and more.

What, then, is the profile of Stephan as a whole? The lesson of the Jesuits in Hong Kong leads me to ask the question, but not to answer it.

Nonetheless, what I can say is that in the heart of everything he does, and in the heart of everything that motivates him, lies his profound respect for the dignity of every man and of every woman.

I now give you, Stephan Schmidheiny.

3. Acceptance Speech by Stephan Schmidheiny

Thank you. And thank you, Brizio, for such a kind and charitable introduction. It is very refreshing indeed for a philanthropist to be an object of charity. I am certain that I am only one person, but now that you mention it, I do feel as if I have been doing the work of four. Unfortunately, I am not in a position to demand the raise in pay I deserve.

And I am both grateful to and deeply honored by the Universidad Catolica Andres Bello for bestowing upon me an honorary doctorate; I know how rare these are in the university's long and illustrious history.

I am being awarded an honorary doctorate in education! Here again, I feel that I have been dealt with most charitably. I am not in any way an expert in education. I even feel guilty about my only real doctorate, the doctorate in law I received as a young man. I transferred for my second year from Zurich University Law School to Rome Law School. I took almost the entire year off, diving for coral with my uncle in the

Mediterranean Sea. Fortunately, during my absence, the more radical students burned down the administration building, destroying all records. So to get the academic credit for the year that I did not deserve, all I had to do was prove that I had enrolled at the beginning of the year. This I could do. Now that I think about it, I may have worked harder for this degree than for my law degree.

I feel strongly that education is one of the most important elements in personal and national development. But I am not an expert on the subject. The smartest thing I did in education was to contribute financial resources to Luis Ugalde and his Jesuit colleagues in both in Fe y Alegria and in the various universities. In my very long history of investing, I cannot remember a wiser investment, one that has brought me more satisfaction, or in fact one which promises such huge returns. Of course the returns I expect are not monetary, but are coming in the form of crucial changes within society, changes which I shall describe in a minute.

Another way in which I have profited by this investment is in terms of my own education. I have had the pleasure of meeting many Jesuits, have learned something of their ways, and have begun to understand how much can be accomplished through a mixture of the power of faith and the power of intellect. Throughout their history, the Jesuit order has made a virtue of combining the limited human mind and energy with the omniscience and omnipotence of the Almighty. This bold mixture celebrates and expresses trust in the individual; it celebrates human initiative and human freedom, while at the same time acknowledging the individual's weaknesses and linking those to a Higher Power.

I too am trying new combinations. I have tried to create a foundation which is a combination of philanthropy – which in this world at this time requires great amounts of faith on my part – and sound business practices. We seek to mix a faith in human progress with managerial, organizational and accounting rigor and efficiency. You note I say we are trying; I see progress but do not claim success. In my companies, I try to combine trust in the creativity and energy of each individual worker with a wider vision of the company's role as a corporate citizen in the society in which it operates. It is in my own interest that my companies play a role in creating a better Latin America, for business cannot succeed in societies that fail. Thus any business leader who is not promoting sustainable human progress does not understand his or her own interests.

But enough about me. Let us speak of Venezuela. As I pondered what I wanted to say today, I thought how hard it will be to make myself understood in a country cursed by oil wealth. In such countries, the loudest debate is about the division and transfer of wealth. The average Venezuelan thinks she would be a wealthy citizen of a wealthy country if only the government or big business were not stealing the proceeds of the oil wells. The average Nigerian believes much the same. Politicians in such countries run for office on promises of gifts, subsidies, fairer distribution, a fairer division of the spoils.

Thus politicians and the people rarely debate a surer way towards wealth: the *creation* of wealth. Of course, wealth is like other forms of matter, it cannot be created from nothing. It is made essentially from the energy and creativity of human beings. Certain conditions must be in effect for this energy and creativity to prove economically productive. These include democracy and the accepted rule of law; effective intellectual and physical property rights; reliability of contracts; lack of corruption; ordered competition among businesses; fair and transparent accounting standards; accountability and predictability of government interventions; investment in enabling technologies; and reform of taxation so that it funds collective investments rather than penalizes income. These are the among the sorts of changes I seek in Latin American societies. I shall pause to let you each think about how much progress Venezuela has made in these various areas – then I shall offer at least one answer.

Recent studies have proved that governments that make it hard for business to do business and that try to take the place of business in meeting people's needs keep their people poor. There is a striking correlation between the national scores on the Index of Economic Freedom and on the Human Development Index: roughly, the more economic freedom, the higher the levels of human development. Another report ranks nations by their competitiveness, taking into account many conditions I listed above. The Global Competitiveness Report for 2001-2002 has just been published, and Venezuela is ranked 62nd out of the 75 countries listed on what is called the "Growth Competitive Index Ranking". In the year 2000, it ranked 53rd. It is below such nations as Peru, Panama, Jamaica, the Dominican

Republic and India. Much remains to be done in creating a Venezuela in which its citizens can create wealth and which can compete in the world.

For a nation to be competitive in the global market, its people must be competitive at home. For this, a nation needs universal education to a high standard. The Jesuits understand this condition and work through *Fey y Alegria* to meet it. Without education, people can participate effectively in neither democracy nor business. Too often one sex may be discriminated against, or a religion, or a tribe, or ethnic group. But in today's global market, no country can compete successfully unless it uses all the intelligence and all the energy of all of its people. The tragic events of 11 September have focused attention on the poor economic development records of the Islamic nations. I am convinced that this is largely because women are under-educated and discouraged from working in those countries.

The waste of human resources, through lack of education or discriminatory laws, is one of the many unsustainable practices in the world today. *Sustainable development* is often regarded as a complex and exotic concept. It is not; it is simple. It means you do not live beyond your means; you live on interest, not capital; you do not burn down your house to keep warm; you do not kill the goose that lays the golden egg; nor do you saw off the limb you are sitting on. It means you invest wisely for long-term returns, whether the investment is your personal salary or national oil revenues.

The environmental side of sustainable development forces us to think of future generations – not far distant generations, but our own children and grandchildren. Are we squandering the freshwater, the topsoil, the forests, the fish and the beneficial climate we know they will need? It is in making these inter-generational calculations that the concept of sustainable development does become complex. For example, we know little about the intricacies of climate change besides that it seems to be happening, we seem to be causing it, and the results are very destructive indeed. But the motivation behind making those calculations remains simple; we check to see if we are living within our means.

The social side of sustainable development is as immediate as today's headlines. It has to do with meeting the needs of the present. The fact that one fifth of the planet's population must live on the equivalent of \$1 per day is not only obscene and a fact that diminishes us all, it is unsustainable. It leads to deep frustration, desperation, and – often - violence. One cannot draw any simple lessons out of the events of 11 September. But I do not doubt that Afghanistan's perpetual, grinding poverty has helped push many of its young people into fundamentalism and fanaticism, and a vague but fierce hatred of those of other regions and religions who have more material wealth.

So for our sake and for civilization's sake let us educate our children out of poverty and into an ability to create and seize opportunities, to create wealth, and to live in dignity. Those are the returns I seek in my investments in education.

And when these children reach college age, let us educate them about sustainable development. Perhaps we shall find a better, more compelling word or phrase for it by the time the present *Fey y Alegria* students get to university; I hope so. But one of the reasons I have invested in Jesuit universities is to encourage them to teach this concept. It really gets down to the basic question of "Should I be doing this?" The question leads immediately to other questions: "What will happen if I keep doing this?" "What would happen if everyone did this?" The answers are not always crystal clear, but sometimes they are. For instance, the roughly 5% of the world's people who live in the USA, use roughly 25% of the world's fossil fuels. If all nations burned carbon at this rate, our planet would soon be as comfortable for humans as the furnace climate of Venus. What would happen if very, very many sophisticated trawlers kept on fishing a dwindling fish stock? That answer is easy, since it has already happened in so many fisheries: the stock collapses and there are no more fish.

For many people, these issues may imply answers based on religious experience or religious teachings: the main one being "Do unto others as you would have them do unto you". In this case the 'others' include others in other countries far away, whose climates must not be made more dangerous, and even include other generations, who must not be robbed of the resources of life by earlier, selfish, short-sighted generations.

In fact the environmental side of sustainable development has some very religious overtones. The first gift humans were given by God was a garden and its infinite resources. The apple was eaten, and

Adam and Eve were expelled, cursed to sustain themselves by the sweat of their brows, sowing and plowing and living on scarce resources. The theological implications of the concept of sustainable development have yet to be explored fully. But I often feel that humanity lives today in a limbo state, burdened with a folk memory of infinite resources and lacking the wisdom to live with limited resources. Where is the apple of wisdom now that we need it?

These are hard times. The events of September 11 have shaken our notions of personal and national security. War was once a violent contest between two nation states; it is now something else, but we are not sure what. We are also witnessing an economic slide toward something that we hope is only a recession. Much of Latin America is in deep economic trouble – and I have been tempted over the past few months to describe the region as a sea of misery dotted by islands of hope.

But that temptation comes only on bad days. Overall, I am more hopeful. I think our present ability to know more about how others live will lead to improvements: more education, more opportunities for all, more ways out of poverty.

I started by praising the Jesuits' faith in the individual as he or she is made. I want to close by quoting something I wrote almost ten years ago in the book *Changing Course* published before the Rio Earth summit:

“We call for a long-term view, for far-reaching changes, and for action. But we do not base our hopes for success on radical changes in human nature or in the creation of a utopia. We take humans the way we find them, the way we all are made, with all our strengths and weaknesses.”

Let us combine to celebrate humankind as it is, but let us work to educate young people and then to provide them with access to all the opportunities available in this bounteous world.

Thank you.