

**UCAB Honorary Doctorate in Education**  
**Andrés Bello Catholic University**  
**November, 7, 2001**

**UCAB, Caracas, Venezuela**

**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 Católica Andrés 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 Alegría 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 62<sup>nd</sup> out of the 75 countries listed on what is called the "Growth Competitive Index Ranking". In the year 2000, it ranked 53<sup>rd</sup>. 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 Fe 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.