

## Sternstunde Philosophie

Bettina Boller: He is 56 years old. He is always on the road; often in Latin America and he is a successful entrepreneur who is much admired but also strongly criticized. Stephan Schmidheiny, scion of the most powerful business dynasty and one of the richest Swiss has just, believe it or not, donated 1.5 billion Francs for charitable purposes. His plan is to reconcile economy and society. Stephan Schmidheiny has not given any interviews for years. Now he talks to Roger de Weck.

R.dW. Welcome to Sternstunde, Mr. Schmidheiny.

S. S. Thanks for your invitation, Mr. de Weck.

R.dW. What did it feel like when you signed the deed of donation of 1.5 billion?

S.S. It was a highlight in my life, it was the culmination of a process that had taken years, all the preparations for this step and I can tell you that my hand did not tremble, I did it with a great deal of conviction.

R.dW. Have you never had to force yourself, have you never had doubts about this move to donate, what, one fourth, one third of your property?

S.S. I have always doubts, because I believe that there are only few things in this world which can be beyond doubt. But if you ask me, if I had doubts about this step, my clear answer is no. I was convinced that it was the right thing for me to do now.

R.dW. So it belongs to the few things that you had no doubts about?

S.S. Yes, absolutely.

R.dW. And why are you so self-confident about it, what is the reason for this assurance?

S.S. Because what I did was, as I said, the result of many years of experience, of thoughts, of visions which I had, which have guided me in all my work and because it is, in the end, a big experiment, the biggest thing I will and can do in my life. To translate the thoughts which I have developed on a strategic level into real projects.

R.dW. Tell us more about this experiment. What exactly will happen to the companies which you donated. On the one hand there is the Gruppo Nueva, these are your Latin American companies working in many countries, seventeen if I remember right -

S.S. That is right.

R.dW. On the other hand, you have a non-profit foundation Avina in Latin America, and you incorporated both in this foundation Viva.

S.S. Yes, that is right. During the past ten years, I have established this Gruppo Nueva with large-scale investments in Latin America and at the same time I have established the foundation Avina which promotes projects for a sustainable development on the entire continent. Until now, I was the only link between these two organisations and with this step I try to give my idea, my project, my life's work, if you will, a chance to grow beyond me.

R.dW. So, the foundation, the trust, which is subject to American law, will take your place. Viva, why Viva?

S.S. Viva means visions and values, visiones y valores. It is the common denominator which I found between the business activity in the company and the philanthropic activity in the foundation. These two follow different inherent laws but they have a common basis and these are the visions and values.

R.dW. So this means that the values generated by the company should finance the visions which the non-profit foundation wishes to realize.

S.S. Exactly, and, on the other hand, the foundation should not depend on a patrimony which is invested in stocks which are traded at a stock exchange like in New York or Zurich, but which will always be generated in the same countries in which the foundation is active.

R.dW. And the companies do what?

S.S. They are active in forestry and pipeline construction.

R.dW. And with forestry and pipeline construction you have basically transferred a business to Latin America which you had been active in here and in other countries.

S.S. No, traditionally we have not been active in forestry, that was a new field.

R.dW. But construction material.

S.S. Well yes, construction material, in that sense, that is correct. But we started in a complete new dimension in Latin America and in a way which allows me now to release this company into an institutional future, if you will.

R.dW. Does that mean that you wish to be rendered superfluous?

S.S. This is it in a certain sense.

R.dW. When you say in a certain sense, what would you like to have a say in?

S.S. I can still contribute my ideas, but I no longer have a say, I am no longer authorized to make decisions, but my people still welcome me as a stimulator, interlocutor, sometimes even as critic.

R.dW. You do not want to tell me that you have no longer any say, I mean, after all, you are the donator.

S.S. No, the only thing I could do in the future is to exert a certain influence on the cooperation in this foundation council of Viva, other than that, I have no opportunity.

R.dW. Who will manage the foundation in your place and who will, in the end, dispose of the 1.5 billion?

S.S. This would be the foundation council the members of which I have carefully selected.

R.dW. Who are the members of the council?

S.S. The president is Dr. Peter Fuchs, the former general director of the International Committee of the Red Cross, who has later worked for years in the Avina foundation, then we have two businessmen from Latin America, one from Paraguay, in his mid sixties, and a very young entrepreneur who has not even turned 30 who has very successfully established an Internet company and a US American who heads the World Resource Institute in Washington.

R.dW. Now, what exactly will happen with the money, which projects are supported by Viva or Avina?

S.S. Avina has tried to define charity in a new way and to approach it in an entrepreneurial manner. I think you will agree when I say that foundations are by nature rather conservative and slow.

R.dW. So, you actually do not like foundations although you have incorporated one yourself now?

S.S. No, I am not saying that I do not like them, but I would like to renew them and our foundation does not see itself as a traditional philanthropy. We do not want to give alms, we are looking for people that meet our criteria and we wish to establish a partnership with them which results in commitment on both sides, we commit our partners to cooperate with us and in return they receive our support.

R.dW. Could you give an example?

S.S. For instance the establishment of a children's welfare organisation: this means we meet a person, a woman, there are many women active in this field, or a man whose purpose in life is to help street children and who does his job with a great effort and a great deal of conviction. We try to contact this person and try to understand what he is doing and perhaps improve it in an organisational, structural or any other way with our know-how. Then we propose to support him so that he might be able to extend his work, expand it to other fields, but then we will also ask him to cooperate in our network and to support other people who are doing something similar.

R.dW. So, all in all, you provide a knock-on financing for people who want to tackle problems.

S.S. Exactly, a knock-on financing, a growth financing and accompanying support. And it is often very important to accompany these people because they are often isolated. They fight, they fight against injustices and the partnership is very valuable for them.

R.dW. And this isolation do you feel it too, as the one who donated so much money for a foundation?

S.S. Sure, in this sense, I feel very isolated, not many people do what I did.

R.dW. And are you in general isolated as a very rich man because everyone who is looking at you does not look into your face but sees the billions behind the face?

S.S. This is something you experience when you are considered rich and this is also one of the reasons that made me take this step.

R.dW. Right.

S.S. I have known a lot of people who had a problem with their wealth, it became a burden, especially as they grew older. You know, when you are rich, sooner or later, you will reach a point where less becomes more and this point is often reached sooner as people would think and especially at an older age it might become a burden and this observation made me realize that I do not want to end up like this. I will make sure, at an early time, that I am able to reduce this burden and therefore, I now have the chance to accompany my work for some years to come.

R.dW. This might almost sound cynical to some viewers, a person who has problems with being rich. Most people have problems with having no money, are you preoccupied by this contrast?

S.S. Yes, I am. I do not mean to sound cynical at all, far from it. I would like to say again, I have experienced a lot, especially how wealth may result in feelings of anxiety, feelings of carrying a burden and I believe that it is not necessary to end up like this.

R.dW. Does it bother you that some people see you as a multimillionaire and not as a human being?

S.S. When they only see me as a multimillionaire, then a part of me is missing, so from that point of view...

R.dW. Do you think that some are actually fascinated by that?

S.S. Sure, you get all kinds of reactions. There are also people who are able to deal with me without being disturbed by the fact that I am rich. I have learned to know all kinds of people.

R.dW. Mmh, you could have just increased the money, you could have spent the money, now you have donated it to this foundation and what comes next, what will you do with the rest?

S.S. Well, even after this huge donation, I am not a poor man, I have more than enough to live and now I plan to help the Viva foundation in Latin America to find its own way and, most importantly, to remain capable of learning. This is very important to me, because I did not want to predetermine something which, from now on, must be the only correct path, but I have consciously stipulated that this foundation should remain capable of learning and I would very much like to accompany this.

R.dW. You are 56 now, can we really believe that you only wish to be an observer, adviser and perhaps strategist here and there and that you really do not wish to be in on it?

S.S. I have started to "be in on it" and to make decisions at a very early age and, after 30 years, I have experienced a lot and if you are able to put yourself into a perspective, perhaps you wish to find a new rhythm of life, like I do. I will, of course, be very busy with these activities of accompanying, I mean, we are talking about whole continents here, and I attach great importance to keeping in close touch with reality, to learn to know these people in person, as far as that is possible and to take part in the learning process I mentioned.

R.dW. Could you describe a day in the life of Stephan Schmidheiny when you are not in Switzerland, but in Latin America?

S.S. Actually, there is no such thing as a daily routine in my life.

R.dW. That is a privilege.

S.S. That is a privilege, the biggest privilege for me today is that I am free to set my own agenda. Nowadays, there is no one putting appointments on my agenda, but the days which mean the most to me are those during which I am able to be with people, with partners in Latin America, when I can see their projects, experience what they do, which successes they have, which difficulties they face, and when I learn how we can always improve our work as their partner.

R.dW. Which projects did you visit recently, could you describe such a day in detail that you have experienced lately?

S.S. I certainly can. We were in Brazil and had invited quite a number of partners for a network discussion as we call it.

R.dW. What do these partners do?

S.S. They are active in all kinds of fields, one has founded a newspaper for the problems of battered children and publishes it very successfully in Brazil in the entire country, another woman deals with the constitutional state and the problem that the poor have no opportunity to be protected by the law, another person works for the protection of a fishing village in the North-East of Brazil, there is a wide range of different projects.

R.dW. So you bring them together so that they can share their experience.

S.S. Exactly. In the end, we are all working with this vision of a sustainable development, this is a very open vision which encompasses human values, social values, cultural values, ecological values and our subject is to try to make a contribution to this creation and maintenance of values.

R.dW. And there is one Swiss entrepreneur sitting at that table like we are sitting here facing each other who, in the end, is the longer the less interested in his companies and the longer the more interested in what could be done by the media for e.g. the protection of street children?

S.S. Yes, but I always introduce myself to these people as the Swiss, I have no problem with being a Swiss, on the contrary and I have always made the most interesting experience when I appear before the community, there are typically 20, 30, 50 or even 80 of these social entrepreneurs, if you wish to call them that, who consult me, who ask me about my motives, about my preferences and who I like to talk to, because I can always learn from them.

R.dW. Let me take them at their word and ask you about your motives, what is your deepest motive?

S.S. My deepest motive is to try to be useful in this world, in this life, which might sound strange.

R.dW. Have you not been useful until now?

S.S. I have been very useful but today I would like to be that on another level.

R.dW. You found that doing what you are doing now is more useful than buying companies and selling them with a profit, etc.

S.S. I have loved being an entrepreneur, an industrial entrepreneur, for almost three decades. I have experienced almost all kinds of phenomenon, in all orders the business can offer, but now I have found an additional dimension, and it is in that sense that the quality of my life has improved even more in the past year since I have signed the deed.

R.dW. Does that mean that the business world was too unilateral for you, too simple-minded?

S.S. I would not call it too simple-minded, but there are, of course, so many things in human life which go beyond the principle of offer and demand. Things you cannot put a price on and that come off worst in society and I was interested in that and to be able to deal with these values now, has greatly enriched my life.

R.dW. But we are living in a time of economism, perhaps even in an ideology of the economism which says that everything must submit to the law of the economy.

S.S. Right, and I think that this is clearly and in short words one of the big illnesses of our time that we think that everything can be regulated by the market, can be expressed in terms of costs and prices. However, there are so many values you cannot put an economic price on and even nature, I mean, that was the essence of my subject in Rio, as long as nature does not have a price and cannot be expressed in the market, the market will not work in favour of nature but probably against nature.

R.dW. I am a little surprised right now, because I am facing the co-author of the so-called white book for neoliberal reforms in Switzerland. It is a relatively long way from the white book saying that the market should regulate everything to your position today.

S.S. I do not exactly recall all the statements in the white book, I know that it did raise controversy back then. But I am not saying that I am against the market, I am not saying that the market should be abolished, all I am saying is that we should also cultivate and maintain other values besides the market and we should influence the market in way that it respects and helps to promote other values.

R.dW. In other words, too much importance is attached to the market today?

S.S. Absolutely too much importance, I totally believe this to be true, you know, after the breakdown of the Soviet Union, it became clear that the planned economy cannot be a convincing alternative and

then the pendulum swung to the other extreme, the market was there for everything and the market will solve everything and this is clearly an excess because the market is an instrument like a knife. You can prepare a good meal with a knife or you could kill someone with it. The market is blind for values which cannot be expressed in economic terms.

R.dW. So, after marxism follows marketism and you have detached yourself from it.

S.S. No, I have not detached myself from it, I have established this group of companies and it must generate the economic added value in its market but in a responsible manner and taking into account social and ecological values. Simultaneously, it must promote these values in a non-commercial manner in cooperation with the foundation, this is my idea, this is the new thing in my idea.

R.dW. You have just mentioned the world summit in 1992 in Rio, where you played a key role by creating a worldwide council of companies for sustainable developments in politics and you took part in Rio, how was that back then?

S.S. Rio was, in every respect, a sense of a new era, it was the time, it was the occasion as I have once called it, when the governments and the companies of this world lost their ecopolitical innocence, after Rio you could no longer say that it is not an issue. Before that, there were large countries like China for instance that simply denied that they had any kind of problem. And we were trying then to show the companies that a positive challenge exists regarding the subject of environment. That it can be in the interest of the company if you choose the right approach. Therefore, we created the term of ecoefficiency which is something that businessmen are able to understand.

R.dW. That term, ecoefficiency, is your own neologism, what does it mean to you?

S.S. By ecoefficiency I understand that we dematerialise our production and consumption processes which means that we need increasingly less raw materials to produce useful products that we recycle them if possible and that we reduce waste and harmful substances, and that this becomes a permanent process, an optimisation.

R.dW. A lot of promises were made during this world summit in Rio de Janeiro what has become of them, more than twelve years later?

S.S. In our sector, we still have the world council for sustainable development, about 160 of the leading companies belong to this council which deals with many concrete subjects, therefore, I think that the results of my commitment are beginning to show. And there is no question about the fact that a lot of companies, many companies are much more ecoefficient than they were at that time. However, when you ask me what has happened in the world since then, you will not be very happy about the answer.

R.dW. You are frustrated.

S.S. As a person who is living in this world I am frustrated, indeed, if you take a look at the situation today regarding forests, water, then it is actually worse today than the worst case we could have imagined in Rio.

R.dW. In other words, your worst case scenarios, are worse.

S.S. I would agree with that in many sectors. That does, of course, not apply to everything, there are always good exceptions, but all in all, just take the example of the climate, nothing has really happened, nothing has happened regarding real prevention and we are running out of time because the sources of oil become scarce, we are seeing a big price increase at the moment and the market will make sure that we learn - by damage.

R.dW. Who is to blame?

S.S. We, humans.

R.dW. This is too easy an answer.

S.S. No, I think this is the answer, apparently, humankind has difficulties with prevention. The old saying once bitten twice shy, is true. It is apparently difficult to act preventive, to think in the long term both in politics and the economy. I think, we are doing the exact opposite, the longer something exists, the more we see it in the short term, we are going from one scandal to the next, from one incident to the next and these fundamental issues of living and surviving fade into the background.

R.dW. And does one country, do the United States, for instance, have a special responsibility because they do not want to sign the Kyoto Protocols for the protection of the climate or is it too simple to blame the Americans for everything?

S.S. Not for everything, but for a lot, they do have a special responsibility, simply because they consume the largest amount of energy and raw materials. But also because they have the capital and the technology to tackle the problems and to run away from the Kyoto Protocol like this was a depressing slap in the face for me.

R.dW. Are you cynical at times?

S.S. I have a tendency to be cynical but I try to turn that into humour because cynicism does not help me at all.

R.dW. Cynical also when looking at Switzerland, because of the savings that are made in the sector of the protection of the environment. The biggest deductions are planned for the Buwa, the Federal Office for Environment and Forests and the person responsible for this is one of your close colleagues for many years, the Minister of Finance, Hans-Rudolf Merz. Did he not learn anything from working side by side with you?

S.S. For many years, I have been working with Mr. Merz and we had a trusting relationship. Now, he has an extraordinarily difficult job to be Minister of Finance in a time of big deficits, this is, God knows, no easy task. I do not think that he does not have any understanding for the protection of the environment. When you tell me that the biggest savings will be made in this field, that does not make me cynical about Switzerland, but it does make me sad. It makes me sad that we are actually still in the same place, even twelve years after Rio.

R.dW. While I would like to detach the problem from the person of Hans-Rudolf Merz, these are actually the mechanisms, everybody talks about the protection of the environment, all know that it is necessary but in the practice it is only given 3<sup>rd</sup>, 4<sup>th</sup>, 5<sup>th</sup>, 6<sup>th</sup> or 7<sup>th</sup> priority.

S.S. Yes, but this is exactly the reason why I made this big donation which, as far as I know, is the biggest that Latin America has received ever to do something concrete for my part.

R.dW. So that it will rise from 6<sup>th</sup> to 5<sup>th</sup> priority?

S.S. No, so that it has 1<sup>st</sup> priority for me, to concretely realize a project and not just talk about and create new words, etc. I think that was very important. Rio was important for creating an awareness and the readiness, the spiritual willingness to go into the subject in a positive manner, but now I want to realise it in concrete terms, to give a project the concrete chance to prove itself.

R.dW. You are disappointed by politics but are you not also disappointed by the companies that think in increasingly shorter terms?

S.S. Sure, absolutely. We are seeing excesses that I just cannot understand.

R.dW. How should we protect the environment if, in the end, the quarterly results are the most important thing for a company?

S.S. Sure that is impossible. That is the way it is.

R.dW. And how did we end up like this?

S.S. That is the thing, I think it is the process that started with the victory of the market economy of the west over the east. The market economy was turned into the cure-all and, of course, together with the worldwide communication, the possibility, with the information that is available today, everything is short-lived, we receive information faster than ever, people are stressed out, it seems to me that there are increasingly fewer people that can actually enjoy the luxury of having time to think about something.

R.dW. All that can be summarized under the term shareholder value. You are a major shareholder and disapprove of the shareholder value.

S.S. Right from the beginning, I have criticized the exaggerated importance that was attached to this concept. I expressed this view years ago and in the meantime I believe that it has become less popular since it has resulted in these excesses. Shareholder value is absolutely reasonable as one of many criteria, but if it is turned into the only thing, then that will result in these excesses.

R.dW. How do you make sure that your money is invested in ecoefficient companies?

S.S. We have established this Gruppo Nueva in a way that we have really tried to find the triple bottom line, you know.

R.dW. Which means?

S.S. Which means the economic profit, the traditional but also the ecological and social performance. Today, we have published a report according to the guideline of a NGO, which informs about all three levels and which enables third parties to check and critically evaluate our actions. I think that is an expression of our honest attempt to really live this model.

R.dW. And outside of this Latin American group, for the rest of your money, do you also select the companies according to their sustainability?

S.S. I do, within the meaning of the besting, which means the best company in an industry, you know, if we plan to invest in an industry, then we try to invest in the company which comes closest to living this concept.

R.dW. Would you make trials with genetically engineered seeds in your Latin American forestry?

S.S. Thank God, we did not have to deal with this issue yet. Honestly, I have to tell you that this is a question to which I have not found a final answer yet. I have not yet formed an opinion on the subject of genetic engineering and whether this subject is the same for trees as it is for food plants, this is still a big pendency for me.

R.dW. One expression of this maldevelopment in the western economy you mentioned was the salary explosion of managers' salaries. If you were still a member of a Swiss Administration Board would you be able to defend yourself against this injustice or is that exactly the reasons why you are no longer member of a Swiss administration board?

S.S. This is not the only reason, but I am happy that I no longer have to decide about such things because I have difficulties with these orders that we are talking about today if you compare them to the things I see in the developing countries, I really do not know whether the market actually dictates that, whether these managers' salaries are really market-oriented.

R.dW. You were a member of the Administration Board of ABB. You worked on the merger of Brown Boveri and the Swedish Asea where these grievances became especially obvious, is this the reason why you have distanced yourself from Switzerland?

S.S. No, that is not why I have distanced myself from Switzerland, but I have recognized the maldevelopment in ABB and that was not the least reason why I have retired but, honestly, I have been a member of these administration boards for so many years that, after fifteen, eighteen years in an administration board, I was of the opinion that it was time, it is time to give my seat to someone else and to give others a chance and I would like to add, that I have also been working with Nestle for fifteen years and I have never seen such managers' salaries.

R.dW. Between you and me, could you explain a little how things are going in such major Swiss groups.

S.S. I think, things have changed a lot lately because the understanding, the governance as it is called, the will of the administration board has drastically changed since the major scandals. Back then, we had rituals, you simply nodded when things were presented to the administration board by committees and managers that had prepared and pre-decided these things. That is something which has changed and, according to my nature, I have probably never been a compromiser and I have never been afraid to raise my voice and to ask questions and to make critical comments.

**R.dW. You criticised but you have also been criticised a lot in your life. E.g. because, as a young man, you took over the companies of your father, Max Schmidheiny, and a part of these firms produced construction materials with asbestos.**

**S.S. Yes, well basically I believe only those who do nothing make no mistakes and are not criticised, that is normal. I think I was so successful because I learned from my mistakes and I have put the lessons into action. About the subject of asbestos, I have taken over the responsibility from my father and I have taken the problem seriously right from the beginning, I took actions as quickly and consequently as it was possible to change the companies and to eliminate asbestos. I was criticised by my own ranks, especially by my**

own industry because they thought my approach was too fast and not well-planned, people said I threatened the industry and the jobs etc. On the other hand, I was praised as a pioneer because I have accomplished the withdrawal from asbestos, of my own accord before it was officially requested. You know, when people say today, thirty years later, that I should have acted sooner and faster, then this seems to me like a new invention of history. Even thirty years later and when looking at it all in retrospective, I am glad that I followed my conscience despite all the insecurities that existed and this conscience lets me sleep at night today.

R.dW. Some consider you a pioneer, as you have mentioned, others as one who was too slow. Did you ever doubt that you might have done something wrong?

S.S. I am always in doubt, Mr. de Weck, but I believe that back then I did everything that was possible and reasonable to solve this problem as quickly and consequently as possible.

R.dW. Asbestos results in long-term damage, it has an insidiously slow onset, this disaster will accompany you for a life-time.

S.S. Yes in the sense that it is part of my curriculum vitae, if you will, but today I am no longer responsible for concrete decisions regarding the treatment of such residual pollution because I have retired from the administration board of my own Holding. Today, I have an administration board which deals with such questions in my place and will make the respective decisions.

R.dW. Back then, in 1985, an excellent book was published about this asbestos case. The author was Werner Catrina and it was called the Eternit Report. Let me quote the last sentence of this book: "Stephan Schmidheiny dared to withdraw from this symbolic fibre, as he calls it, he dared the radical innovation to finally evaluate his step." What you meant was that the thing you did back then may only be really evaluated in ten or twenty years.

S.S. Perhaps not even then, perhaps people will never be able to say if everything was right and especially when things are evaluated from today's point of view, because today everybody knows more and we set completely different standards. I have, and I can only repeat that, done everything that was possible and reasonable for me, according to what I knew, what I was able to put through and I still have a good conscience today.

R.dW. Life with criticism. Another point of criticism was that you have saved companies as a kind of white knight, Landis and Gyr for instance or Cosa Libermann, the trading house and then, the white knight split these companies up.

S.S. Well, again, I have made many mistakes in my life.

R.dW. Was that a mistake?

S.S. No, no, no. Not that. I have learned a lot from mistakes and from criticism, sometimes people understand you, sometimes you have the feeling that you are wrongly criticised and I have, of course, done a lot of very unconventional things. You see, back then, when Mr. Hayek started saving an important part of the ailing Swiss watch industry...

R.dW. Did you participate in this?

S.S. I was the only one who was ready, the only Swiss, who was ready to catch up with Hayek and to commit myself together with him. I worked intensively and my commitment reached beyond the investment, I was almost daily in contact with Hayek, and I was warned against such a risky involvement by serious representatives of the Swiss economy.

R.dW. Do you see yourself a little as an outsider.

S.S. Certainly.

R.dW. On the other hand there are people who know you and who know your brother, Thomas Schmidheiny, and some say that Thomas Schmidheiny is very hard on the outside but has quite a soft managerial style and that, in your case, it is exactly the opposite, you are very obliging towards the outside but quite hard on the inside. Are you a hard person?

S.S. Well, I would really not like to let myself in on such a comparison and I do not believe that I am a hard person, but from my experience I know that in the years in which you accept responsibility and always face situations in which you need to make very consequent decisions that this is considered as being hard. I have never shrank back from it, I have always tried to maintain form, decency and to cushion the consequences as far as possible but I do believe that those who called me a softy have only understood half of what I am.

R.dW. The Latin American Gruppo Nueva follows a hard business policy too, some accuse you of price dumping and that you entered the market with water pipes that were much cheaper than the ones offered by your competition and that others did not have a chance.

S.S. This is an accusation which I cannot take seriously, because you need to be specific in this respect, because by offering a pipe system at favourable prices we offer an economic solution for one of the most important problems that people are facing there which is to get fresh, clean drinking water. Price competition exists, of course, and this means to offer a low price from time to time, I guess, but I will not accept such a systemic accusation.

R.dW. You have exposed yourself and when an environmental offence, an environmental scandal appeared in one of your companies, that had caused a sensation, like for example the one in Chile ten years ago. Do you have the feeling that your companies in Latin American and all over the world are cleaner or could there be a scandal again here or there?

S.S. I think that, in comparison to other groups of companies, comparable companies, we have come far, we are very progressive, the companies are very clean in that sense, but there are, of course, other important things, social responsibility and so on. But if you ask me whether something will or could happen again, well, we live in the middle of reality. We employ normal people who are not perfect, as nobody is, we are not perfect, something will happen again, of course, the important thing is that we can prove that we had tried everything that was possible and reasonable and that we learn our lessons from our mistakes.

R.dW. And when something happens, might it be possible then, that Stephan Schmidheiny, who has retired, will come back to get completely involved again in the business?

S.S. No.

R.dW. Are you actually still allowed to do this?

S.S. No, I am no longer allowed to do this.

R.dW. So you have actually crossed the point of no return.

S.S. Yes, I have.

R.dW. Is there a loophole, some clause that provides you with a loophole?

S.S. No, I am no longer able to get involved. And I knew exactly what I did, because I would neither like to have the responsibility nor the temptation to do it again.

R.dW. Mmh, really?

S.S. Honestly, and I have to tell you, I have found a new quality of life by doing this, within this past year, since my signature, that I did not know before. The feeling as if part of the burden has been taken off my back, the feeling to be free, to determine my own agenda, to have the time, to not lead the hectic life I led before, these are great steps towards a quality of life.

R.dW. And this is exactly what you convey right now. But on the other hand, you are strongly concerned with a continent, Latin America, that simply does not make progress. For years it has been considered as the continent of the future. What is wrong with this continent why does it stagnate or is Latin America not able to get out of its vicious circle?

S.S. If I had a simple answer to your question, I would start to do missionary work again.

R.dW. As a child you wanted to become a missionary.

S.S. That is right, today I say that I no longer wish to do missionary work but if I had such an answer, then I would do everything to convince people of a simple solution. But I do not believe that it exists. On the one hand there is the Spanish heritage, you know, a mercantilistic state, a centrally delegated state with corruption which is endemic in these countries and causes serious damage. The reason is

that these democracies and market economies are still very young, take us for example, Switzerland, and the democracy and all the problems that we still have with it after centuries. These are processes that take a very long time. But I believe that we have seen a huge progress besides all the disasters in Latin America in the past ten years. Today, we have not one military dictatorship on the continent. That is a huge progress. In that respect, we do have reason to hope and to build on this hope should be my contribution. I like to say in Spanish that Avina, my foundation, is building islas de esperanza, which means islands of hope, and it does that with the hope that these islands expand and, some day, grow together to become a continent.

R.dW. Islas de esperanza, is perhaps Costa Rica your isla de esperanza, because you like living in the capital San Jose, right.

S.S. Yes, Costa Rica has become my adoptive country, the group of companies has its seat there and the foundation and I travel the continent a lot from there but as a country it is the one that is very close to me.

R.dW. What do you love about Costa Rica?

S.S. Costa Rica is called the Switzerland of South America, and as such, I virtually return to a similar world, it is a small world, an intact world in many respects which also has its problems which are quite similar to the ones we have in Switzerland, political processes are difficult, people are jealous and not very open to new things, etc. But it is a nice country, a country with very affectionate people and it has, it is a country which takes better care of its nature than others and insofar it is a country which enables a good quality of life.

R.dW. Why do you like living there better than here?

S.S. Nowadays, I am much longer in Latin America, because my work is there, that is the situation, so that I believe that I can be really useful there.

R.dW. And you cannot be that in Switzerland?

S.S. You know many things we do here are regulated by the state that is completely normal for us, disjointed in the social state if you will, and this includes basic services like water supply, school, health care including old age provisions, these are things that the people in Latin America can only dream about, I think that here I would have only a small fraction of the freedom I have there, freedom in the sense of challenges concerning human needs.

R.dW. Does this mean that there you can achieve more with less efforts than over here?

S.S. Exactly. And again, this corresponds to my entrepreneurial nature, to achieve more with less effort.

R.dW. And did you distance yourself a little from Switzerland which criticised you strongly, which at first put you on the pedestal and then tore you down, was that one of the reasons for this sensibility that you said to yourself, I will leave that behind, now I will do that in Latin America?

S.S. Well I certainly accept that some of the criticism was not really beneficial to my state of mind. That is right. But such a decision in life is made on another level than according to the daily state of mind. No, I followed my vision, my calling, probably, and I see that as a calling and I consider it a privilege to be able to realize such an experiment in these dimensions in real life.

R.dW. You come from one of the most Swiss economic dynasties you can image, and your future will probably be in Latin America, do you wish to live there forever some day?

S.S. You should never say never I really enjoy living there, today I am cosmopolitan, but even in Latin America I travel as a Swiss and I introduce myself as a Swiss, and in this sense I also feel like an ambassador of good will and I will stay connected with my home country. Especially because of the values which I have received here, in form of education, training, in my family, values which I underline are the basics of my work.

R.dW. Is it a burden to come from an economic dynasty, were you not free in your childhood, and is that the reason that you want so much more freedom in adult age?

S.S. It was certainly a burden to grow up in a rich family and then to take over this inheritance, so today I do enjoy this freedom.

R.dW. So, were you deprived of your youth?

S.S. In a certain sense, I was. I do not remember youth as a joyful, wonderful, carefree time.

R.dW. Why is that?

S.S. Because even then I was preoccupied with the responsibility, the sense of responsibility because I was preoccupied with questions about poverty and wealth, about the meaning of life and because our parents drummed the understanding of our family in our heads, they were a living example that being rich means mainly to assume responsibility, to be responsible for the community etc. In that sense, my youth was not carefree.

R.dW. But to grow up in a family of entrepreneurs means to know the fine line between vigour on the one hand and recklessness and ruthlessness on the other hand.

S.S. Exactly. To continue a tradition and to recognise the difference between what is the valuable part of this tradition and the point where tradition forces you to make changes to remain faithful to it.

R.dW. What did you dislike about the Schmidheiny family tradition?

S.S. I felt fine as a son of this dynasty. It is not that I disliked something. Great emphasis was placed on personal modesty, you were not supposed to feel better than others, we were taught to appear to the public in a simple manner, that you do not put yourself on display, etc. Actually, I felt fine with that and today I am still faithful to this part of the tradition.

R.dW. At that time, in 1968, you were member of the conservative student association, you were a conservative, today you can no longer call yourself a conservative. Did you slowly develop something like a distance from your own background or are you still rooted in the Schmidheiny dynasty?

S.S. No, I have never had a dynastic inclination. I have never imagined it to be part of my calling now to ensure that this dynasty grows into the 5<sup>th</sup> generation. I mean, my roots, and I have said that before, I feel like a cosmopolitan, I feel at home where I am able to work with interesting people and I think that the path through life should be a revolution where you inevitably distance yourself from things that were natural for yourself in your youth and in your family, this suits my temperament as a person who is constantly looking for things, as an experimenter, as a person who asks questions and who doubts things and this made me look for new ways.

R.dW. Let us talk about a completely different empire, not the Schmidheiny but the American empire. How does this America present itself today, from a Latin American point of view?

S.S. Well you know, North America and South America have always had a kind of love-hate relationship, North America has always been the big rich neighbour. There are always mixed emotions, on the one hand a lot of money and influence is coming from there, on the other hand people consider it supremacy. But what happened in the past two years is actually mostly negative, the positive aspects decreased and the negative ones increased. For two years now, it seems to me that South America does simply not exist on the map which is used in the White House except for the war in the Andes which is often forgotten in the recent past, i.e. the drug war in which the Americans devastate entire regions and deprive people of their livelihood, etc.

R.dW. So you consider the results of this American drug policy in Latin America as being very negative?

S.S. Certainly from a Latin American point of view. It is assumed that for every person who falls victim to drugs as a consumer, at least ten or twenty persons fall victim to the drug politics and this repressive drug war and this ratio is naturally even more extreme in Latin America.

R.dW. What happens exactly?

S.S. The Americans send planes and helicopters that spray poison on these coca plants but the poison also lands on other plantations and the other thing is that this money which the American customers spend to buy these drugs, this money flows back to Latin America in masses and there and everywhere else in the world, this money is used to finance corruption which had been unthinkable in the past.

R.dW. Donald Rumsfeld, the American Secretary of Defence is fighting another war. You got to know him, back then in the Administration Board of ABB. What is he like?

S.S. Yes, for many hours I was sitting opposite him just like you and me today. I have got to know him as a person for whom the world is black and white with hardly any grey shades. He does not care about terms like understanding, tolerance, solidarity, he is someone who does not need to listen because he knows what is right and wrong. Therefore, I was not surprised by his approach in Iraq.

R.dW. And is this how you see the American politics or do you feel that he does not embody it entirely?

S.S. Well, it seems to me that he embodies the worst part of this politics.

R.dW. Mmh, and what does that mean for your personal relationship with the United States, the seat of your Avina foundation was formerly in Miami, Florida.

S.S. Yes, but for purely logistic reasons, back then, Miami was one of the very few places that enabled connections to the Latin American countries. We left this place and I am glad, today I am almost glad that I do not have to visit the USA so often, because what you need to go through upon entry to the USA is a kind of humiliation which the empire forces on the rest of the world.

R.dW. People in Latin America register these humiliations, have you become a little more like a Latin American?

S.S. Yes, well, I am living so intensively in these countries and with these people that their own worries, needs, wishes, their ideals are closer to my heart and I identify with them and I often look at the world from a Latin American point of view.

R.dW. Perhaps you really are a man of contrasts, a Swiss Latin American, a neoliberal who underlines ecology, a globaliser who is also a critic of the globalisation, a shareholder-value-person who would also like to be social. Do you like the contradictions in yourself?

S.S. Yes, I believe I enjoy dialectic processes and I enjoy to experience these contradictions.

R.dW. And what will be the next contradictions in your life?

S.S. Well the one between becoming older and feeling young, for instance.

R.dW. Is that nice?

S.S. It is a challenge, I feel younger than my fifty six years might suggest and sometimes I am asking myself what this will mean for me personally. Whether I will feel older when things are no longer going so well, that might become a contradiction.

R.dW. Perhaps in five or ten years we will sit together again, you know opposite each other at this table or at any other table and perhaps Stephan Schmidheiny has done something big again, like what we talked about at the beginning of this show, i.e. 1.5 billion?

S.S. This might very well be possible, I still have a lot of things to come, I still have a life expectancy, still some years, the freedom that I gained now may not only be a freedom from something that I have broken away from but also a freedom to do something else, I have no concrete plans. It would probably surprise a lot of people including myself if I did not have any new ideas and dared to start new experiments.

R.dW. Stephan Schmidheiny, I would like to thank you in advance for the surprise and for this conversation.

S.S. Thank you, Mr. de Weck.