

Asbestos Magnate to Environmental Guru: The Morphing of Stephan Schmidheiny

What has Stephan Schmidheiny, former sole proprietor of Eternit, done with his billions from the sale of Eternit's asbestos properties in the late 1980s? Between 1984 and 1999, Schmidheiny's net worth doubled from US\$2 billion to US\$4.4 billion.

Part of what Schmidheiny has done is to reinvest in Latin American forest properties. Schmidheiny began buying Chilean forest land in 1982, and now owns over 120,000 hectares in Southern Chile, near Concepcion, land that the Mapuche

Indians claim has been theirs since time immemorial. The Mapuche charge that some of the land Schmidheiny bought was stolen from them during the Pinochet dictatorship, using that regime's standard techniques of intimidation, torture, and murder. Schmidheiny's Chilean holdings, owned by his company Terra Nova, owned in turn by Nueva Holding, his Swiss-based conglomerate, make him Chile's third largest owner of forest properties. Nueva also controls a dozen companies in Latin America that

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employ 10,000 workers in the production of pipes, building materials, and the planting and harvesting of trees. Schmidheiny never criticized Chile's Pinochet regime in public. He was quoted in a speech as saying, "A Third World state which opts for a liberal free-market economy must be a strong state."²

Schmidheiny uses his "philanthropic" interests in Latin America to create the impression that he has invented a new environmental paradigm based on "eco-efficiency" spurred by the representations of "civil society." Progress occurs, he believes, when "civil society . . . (that is to say) . . . millions of women and men outside of government" through "access" to "management know-how" and "fundraising capacity" are "empowered" to transform their countries,³ a roundabout way of advocating "no government regulation of business." Certainly, Schmidheiny's eco-efficiency and civil society slogans do not seem to have included an imperative to inform employees in Eternit's 35-country asbestos empire that their jobs were hazardous or that Eternit had a moral and legal duty to compensate those whose lives were compromised through asbestos exposure.

Schmidheiny, while selling off his Swiss properties and transforming himself into a banker and speculator, integrated himself into American society as an entrepreneur and environmental philosopher.⁴ In 1992 he published *Changing Course: A Global Business Perspective on Development and the Environment*,⁵ which argues for rational capitalist development—based on his "eco-efficiency" concept—as the long-term solution to both environmental devastation and declining profits. He put his money and influence behind the concept by founding and funding the Business Council for Sustainable Development (BCSD), which set the tone for industrial and business participation in the International Conference on Envi-

ronment and Development in Rio de Janeiro in 1992.⁶ He also serves on the Board of Directors of the Museum of Modern Art in New York City, and has been an active participant in the Yale Center for Environmental Law and Policy of the Yale Law School. Schmidheiny is moving his money out of Europe and into the United States and Latin America. He told *Forbes* in 1997 that, "America is younger and more dynamic. Europe, despite the European Union, is growing old and defensive."⁷

Stephan Schmidheiny, in effect, decided "to take his money and run" from Eternit's looming asbestos disaster. In the 1990s he launched himself on the world stage as an environmental thinker and benefactor, and had that role sanctified by institutions of higher learning⁸ such as Yale University. In proclaiming Stephan Schmidheiny a Doctor of Humane Letters in 1996, Yale praised him in the following terms: "Not content to be a steward of a family business, you have used your corporate role to promote stewardship of the global environment. You have made company decisions based upon the health of the planet, introducing new technologies and ways of doing business that are environmentally friendly. By bringing your message to leading industrialists around the world, you have helped to create an attainable vision of a global economy based on sustainable, ecologically sound development. . . ." So far, that concept of "stewardship" has not included a frank public assumption of moral and financial responsibility for the illnesses and deaths caused by the production and sale of Eternit's asbestos products around the world.

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1. See <www.forbes.com> that in 1999 judged Stephan Schmidheiny to be among the 100 wealthiest people in the world. The figure of US\$2 billion in 1985 is from Werner Catrina, Eternit: Stephan Schmidheiny's Schweres Erbe (Eternit: Stephan Schmidheiny's Difficult Inheritance), Orell-Fussli, 1985.
2. Dominik Farrner, Chiles Vergangenheit holt Schmidheiny ein [Chile's past catches up with Schmidheiny], Zuerich, Switzerland: Weltwoche, February 18, 1999; also Ulrich Achermann, Schmidheiny & Co: Indios Setzen Wälder in Brand [Schmidheiny & Co., Indians set fire to forests], Weltwoche, February 25, 1999, from <www.weltwoche.ch>. A more sympathetic view of Schmidheiny is available from Werner Catrina, Stephan Schmidheiny's Ferne Wälder [Stephan Schmidheiny's Distant Forests], Zuerich, Switzerland: Tages-Anzeiger, Jan. 23, 1997, <www.tagesanzeiger.ch/archiv>. Werner Catrina is the author of the non-confrontational yet fascinating book Eternit: Stephan Schmidheiny's Schweres Erbe [Eternit: Stephan Schmidheiny's Difficult Inheritance], Orell-Fussli, 1985. (For a sketch of health conditions and practices inside the Ossuco plant in 1983, see writings by Daniel M. Berman in Portuguese, English, and French versions: Asbestos (amianto) no Brasil: Ameaça à Saúde dos Trabalhadores e da População, in Trabalho e Saúde, Departamento Inter-sindical de Estados e Pesquisas de Saúde (DIESAT), July/August 1983, cover article; Asbestos and health in the Third World: the case of Brazil, International Journal of Health Services, 2nd quarter, 1986; Amiante et Santé dans le Tiers Monde, le cas du Brésil, chapter 5 from L'États Des Sociétés Industrielles: Approche Comparative Franco-Brasilienne, Dr. Annie Thebaud-Mony (ed), Paris, France: Editions l'Harmattan, 1990.)
3. Stephan Schmidheiny, Mixing the boat on foreign aid. World Resources Institute, WRI Perspectives, February 2000, <www.wri.org>.
4. See Adrian Knoepfl's articles: Beschäftigte al Manoevriermaße, Von Schmidheiny ueber Electrowatt zu Siemens, SMUV-Zeitung No. 9, February 26, 1997; Die Karten wurden neu verteilt, SKA, SBG, Electrowatt, Schmidheiny, Winterthur, Rued. Daz, December 22, 1995; and Ein neues Buch Ueber de Schmidheiny's, Stephan, Thomas, Jacob: Wer ist wer? Daz, December 30, 1994.
5. From MIT Press, Cambridge, Massachusetts.
6. For an understanding of the role of Schmidheiny and the BCSD see Pratap Chatterjee and Mathias Finger's brilliant but little-known book *The Earth Brokers: Power, Politics, and Development*, London and New York: Routledge, 1994.
7. See Thorstein Veblen, *The Theory of the Leisure Class*, New York: MacMillan, 1899, chapter 14. The higher learning as an expression of the pecuniary culture, for a ponderously amusing discussion of the university's uses to business.

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