



“The Hamburg Summit: China meets Europe”

Words of Welcome at the Official Opening of the Conference

by

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Check against delivery!

It is my pleasure to add a few reminiscences and considerations to this third so-called Hamburg Summit. By the way: Three times make the beginning of a tradition. I sincerely hope that the Chinese and the European guests in this hall will contribute to the future of this tradition.

Today my very personal remarks will at first be addressed to our European and particularly to our German guests.

I.

During the 1960's when I first read about the so-called cultural revolution in China, I only had a rather vague idea of China's four or five thousand years of history. But being the son of this seafaring merchant city I then started to read about China. And it appeared to me that the continuity of the Chinese civilization could certainly not be destroyed. I also understood the vitality of the Chinese nation.

We did not have diplomatic relations at that time, therefore as a federal defense minister almost 40 years ago I could not visit China. Instead I looked at China from Bangkok, from Seoul/Korea, from Singapore, from Sidney and Canberra and from Wellington/New Zealand. When I returned to Germany I had understood that China was on its way to become a world power again and as well a trading and shipping partner for us as well. I therefore urged my boss, Chancellor Willy Brandt, to establish diplomatic relations with Mao Zedong's China – which he did, seven years earlier than the United States of America.

Later on, in 1975 I accepted an invitation by Chou En-lai. I had a long talk with Mao, also with Deng Xiaoping. It was my first visit to China – with many more to follow during the next three decades. At that first visit, 33 years ago, I experienced a huge mass of very poor people, poorly fed and poorly clad – plus fascinating personalities at the top. Not much more than that. But that experience did highly instigate my interest in the Chinese people and in the future of the People's Republic.

II.

During the 1970's and the 1980's I realized that most of us Europeans did not have any knowledge of China and its history. And most Americans do still know even less. Some of us have heard the name of Confucius, but one does not know that he has lived about half a millennium prior to Jesus of Nazareth. Most of us know as little about Confucius or of Lao-Tse, as we know about Gauthama Buddha or about Mohammed. Also about the 2000 years ensuing Confucius we do lack information and education.

We have heard about the famous Chinese Wall, we may have heard about Dschinghis Khan and Kublai Khan. But we don't know that the Mongols have been emperors of China and that the present-day autonomous region of Tibet already at Kublai's time was subject to the sovereignty of the Chinese emperor. Neither are we aware of the fact that China has been superior vis-à-vis Europe in the sciences and all the civilizational technologies during all of the European medieval ages – roughly speaking: Until the year 1500. In the beginning of the 1400's the Chinese warships, going as far as Africa, have been twenty times more powerful and twenty times larger than the ships of Columbus or Vasco da Gama, who came only one century later.

This absence of western knowledge about China's historical achievements is one of several reasons for the western lack of respect for China. But also the more recent history of China, say the last couple of centuries, is more or less unknown to our political leaders and business managers. It does need a professor of Sinology at Harvard or Oxford or Hamburg to tell us about the several centuries of slow domestic decay of the Chinese state. The French and the British political leaders may know about the two shameful Opium Wars that their forebears have won against China, and about the ensuing colonization of the important port cities, camouflaged by the term "concessions" – from Macao and Hongkong to Shanghai. Whereas we Germans have only heard about Tsingtao.

But we rarely have any knowledge of the war between China and Japan at the end of that same 19th century by which China lost the province of Taiwan (at that time referred to as Formosa) to Japan. We as well have little knowledge of the Japanese occupation of Korea, then of Manchuria and since the 1930's of most of China, Shanghai, Nanjing and so on. We have heard little of the Japanese conquest and occupation; and also little about the dreadful World War II in East Asia because our memory and conscience is filled up with Hitler's equally awful World War II in Europe and still filled up with the terrible holocaust of the European Jews. It is again a lack of historical knowledge that makes it so difficult for Europeans and for Americans to understand the continuing psychological tensions between

China and Japan – and to understand the Chinese desire to achieve reunification with Taiwan.

Mentioning Taiwan ought to remind us as well of the decades of civil war inside China. We have heard of the communists' "long march", we know that Mao has in 1949 reconstituted the Chinese state. But we hardly do understand that the separation of Taiwan was not a consequence of World War II but a consequence of the domestic civil war in China – plus America's assistance to Chiang Kai-shek and his Guo Mindang. (Within brackets I will add that I am convinced that Taiwan will again become a part of China in due course of time – alike Hongkong. Brackets closed.)

III.

I do hope our Chinese guests will forgive me my rather inexcusably short version of Chinese history. My only legitimation lies in my wish to instigate our European guests to devote some of their time and a bit of their efforts towards spreading some basic knowledge of Chinese history. Because it is only against the backdrop of the preceding history that our European newspaper readers, television watchers and internet-bloggers will be able to measure and evaluate the enormous progress which China has achieved during the last thirty years. And to provide them with at least a glimpse of a platform from which to look ahead into China's future and into the future of China's role in the world.

IV.

Being neither a business or shipping or port manager nor a banker, I am just a has-been-politician. But nevertheless do I consider the economic and social aspects of China's future to be of predominant importance. Important not only for the Chinese nation itself but as well for the rest of mankind. Because the enormous economic success of Deng Xiaoping's pragmatic reforms has rendered China into a decisive factor of the functions of the coherent world economy.

For example take the very satisfying growth of the port of Hamburg. It would hardly have happened if not for the enormously growing trade between Europe and East Asia. I trust that this growth will continue, apart from some inevitable ups and downs along the road. And nobody in the West will be capable to hinder China's growth.

But equally important is the hopefully coherent evolution of the globalized financial markets and their supervision and regulation. China is without any doubt on its way to become a major financial power worldwide. Its currency reserves are already close to 2000 billion US-

Dollars. And within the next decades Renminbi is going to be one of the three globally decisive currencies. We ought to prepare ourselves for a triangle of currencies: Dollar, Euro and Yuan. Therefore we do dearly need to establish at least a triangle of cooperative supervision and directing the behaviour of the international financial cobweb.

It is more than thirty years ago that Giscard d'Estaing and myself proposed annual economic summit meetings in order to keep the world's economy on an even path. At that time the participation of the major industrialized economies did suffice. Today the still ongoing summits of seven or eight heads of government have become meaningless. Instead the world does need the participation of China – and as well of India, of Russia, of one of the major oil-exporting countries, at the same time representing the islamic part of mankind. We as well need at least also Brazil and one major African country.

Since the explosion of the world's population, since the demise of the Soviet Union, since China, India, Vietnam etc. have become integral components of the global economy, since the globalisation of almost all technologies and since the globalisation of financing, since all these irrevocable revolutions have become realities the well-being of seven billion human beings requires much closer cooperation between the leaders than hitherto.

As an economist I see clearly that none of the member states of the European Union is still capable to control its own national business cycle or to provide a national economic policy mix for that purpose. Take Germany as an example: Today more than 45 per cent of our gross national product is exported to other nations, almost the same percentage of our GNP is imported from abroad. Therefore we do depend heavily on the course of the markets outside of our national borders. So do France, so do Italy, the Netherlands etc. But – the same is even true for China!

China heavily depends on the import of oil, of iron ore and many other raw materials. And as well does China heavily depend on their huge exports of manufactured goods. China is close to be named the world's no. 1 export champion. In other words: China's economy is much more strongly globalized than for instance the economy of the United States. Or to put it into different words: China's enormous economic progress could never have happened if not under the condition of opening up their economic borders to other nations. China would never have become so successful without globalisation.

V.

Let me sum up by asking the question: What consequence do we have to derive from all the facts before our eyes? Of course entrepreneurial competition will go on. Individual and also national ambitions will go on. Economic crises and as well political crises will happen from time to time. Such was life over millennia, such will life be in the oncoming years. We have to take it in stride and in serenity.

But whether we are businessmen, managers or politicians, whether we are pensioners or employees or proprietors, all of us have a vital general interest: Namely to urge our governments to maintain peace. And urge them to maintain well and orderly functioning global markets – and therefore urge our governments to cooperate between themselves.

The civilization of China and the European and Western civilizations do differ to quite a degree. But the history of the last millennium has also shown: At times the Chinese were ahead of the Europeans, at other times the Europeans have been ahead. The intelligence quotient obviously has the same quality on both ends of our globe. There is no legitimation for either of us to look down on the other side. Instead we ought to learn and broaden the respect for each other.

I for one, being a political economist and never having had sympathies for communism, I have a great respect for the accomplishments of Deng Xiaoping, also of Zhao Ziyang and Zhu Rongji and I will not forget to mention Lee Kuan Yew of Singapore in that same rank. (By the way: Sometimes do I wish we had presently just a few farsighted economist-politicians in the European Union.)

Ladies and Gentlemen, thanks for your attention. I wish this Hamburg Summit that you can contribute to mutual respect and cooperation. And be assured: China will go its own way.