

The World Ahead
Forces Shaping the 21st Century

by
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Ladies and Gentlemen,

To address the alumni of the Bucerius Summer Schools is a true pleasure for me, because a decade ago I did propose the Summer School and because my close friend Theo Sommer has brought the idea into reality. On the other hand: To try and define forces and factors which are going to shape the new century is really a demanding task, even after recreation during my summer vacation.

Prognoses and predictions are of course always a risky undertaking, particularly so if they pertain to the future. At the end of World War I, nobody would have predicted that just twenty years later an unknown corporal called Hitler would start another devastating world war and also start the annihilation of the European Jews. And 30 years ago nobody would have predicted that a man called Deng Xiaoping would emerge as an unbelievably successful leader pushing China towards economic modernity and prosperity. The future is unpredictable. Predicted disasters may never happen; unpredicted disasters do happen; but as well do unforeseen successes.

So the future will remain elusive, even if we can define some of the factors that will influence oncoming developments. Some of these factors are quite certain, others appear as being at

least probable or likely. I will today stick to these two categories and leave the uncertainties aside.

Globalisation of Science and Technologies

Let me begin with the phenomenon of globalisation. The term "globalisation" itself is new, but not the phenomenon. There has been extended world-wide trading since the time of Marco Polo and Vasco da Gama. What is new is the enormous increase of its volume and speed. The volume of imports and exports has multiplied. This quantum leap, in which nearly all 200 states of the world take part, was made possible by an abrupt increase of quality in transport facilities and communication. Electronic communication enables everybody to have access to research results that have been generated in far away countries.

We are witnesses of a breathtaking acceleration of technical progress. And we must face the fact that this acceleration process will go on. This means that a progression of the rapid globalisation of all scientific and technological innovations is to be expected. In science and technology we have become members of a single large world-community.

It is useless to protest against the globalisation of technology, because it will inevitably go on. The same applies to the globalisation of trading merchandise and services. Let us look at my own country, Germany: Economically we are tightly linked with most of the other 200 states of the world. Our export is far beyond 40 per cent of our gross national product, while imports amount to almost the same amount - 40 per cent of our GNP. Should a German government ever try to shut down this high degree of globalisation in our economics, a dramatic loss of employment and a decrease of our living standard would be the inevitable consequences.

Since the oil price explosions in the 1970's we can no longer disconnect our business cycle from the upward and downward motions of world economies. We are still able to influence our own social and economic structures, but we are no longer in a position to control a national business cycle.

Another example is today's China. If Chinese export articles would – due to a political catastrophe – no longer be purchased by customers in America, in Europe, in Japan or in the ASEAN-states, this would inevitably lead to an economic catastrophe in China.

Or, as a third example, let us look at the United States. Should the confidence of the world in the vitality of the American national economy collapse, and should therefore the enormous

net-influx of foreign capital and savings into the United States come to an end – 6 or 7 per cent of the U.S. GNP –, a serious economic recession in the United States would follow, if not a general economic crisis.

What can we learn from these examples? There is no realistic opportunity whatsoever to re-nationalise our economies. We will not be able to prevent the globalisation of the world economy.

The combined GNP of Brazil, Russia, India and China – the four so-called BRIC-countries – will soon be higher than that of the former G-7-countries combined. It will not be possible anymore for today's G-8-states to successfully steer the world economy by means of their own macro-economic adjustment. In my view, a collective effort to maintain the balance within world economy needs a regular and continuous coordination among the erstwhile seven, meanwhile (with Russia included) eight longtime industrial nations. But we must include China, India and Brazil – plus at least one of the greater oil exporting countries, for instance Saudi-Arabia, plus at least one of Africa's greater but not yet industrialised developing countries such as the European Union, South-Africa or Nigeria. Personally, I would also include Indonesia and Mexico. And certainly must we avoid the exclusion of all countries with an Islamic imprint.

A G-15-Summit would be small enough to allow candid discussions, it would be sufficiently prestigious to include all major powers of our new and multipolar world, and flexible enough for serious negotiations over every important subject – about the Doha Development Round, or the global finance markets, climate change or intelligent strategies for fighting terrorism. Until 2007, strong economic growth prevailed throughout the world. It was a good opportunity for many states to accomplish reforms and improvements that had been neglected for decades. Certainly, this boom could not last forever. It may well be that we will have to face a global recession in the near future.

I would also draw your attention to the looming possibility of a currency and exchange-rate crisis. The enormous surpluses of the Chinese and Japanese trade balances, as well as the enormous American trade deficit, do not bode well regarding the relationship among the great currencies. A situation like this is a standing invitation for thousands of financial managers to speculate in the major financial centres of the world.

Even if the present monetary and currency unbalance remains controllable, the global finance markets with all their new and obscure financial instruments – like hedge funds, like myriads of financial derivatives, like private equity firms specialized in hostile takeovers – all

these exponents of predatory capitalism have caused a worldwide chaos by their tendency to act like a flock of sheep or geese. Just like the global sea and air traffic is subject to strict security and traffic rules, global capital movements need regulation in order to avoid catastrophes. That is a challenge of preventive rationality – to say nothing of decency and ethics. A forthcoming G-15 round should entrust the IMF with a new task: the development of a transnational system for the supervision and controlling of finance markets and everyone who participates in them. But now, I have left the field of the possible behind and have approached the field of the desirable.

Global Challenges

There are several other challenges which I want to list. In the first place let me mention the demographic challenge. During the 20th century, the world population has grown at an explosive rate and will continue to grow at least during the first half of the 21st century. Today we have beyond 6.5 billion earthlings. Within the next 40 years, there will be 9 billion human beings on this planet – more than five times as many as at the beginning of the 20th century.

As the available space per capita will further decrease, particularly in Asia, Africa and in Latin America, the tendency for migration, for local and regional wars, for rebellions and civil strife already prevailing in some of those countries, will probably continue. Far bigger crowds will no longer live in villages, but huddle together in mega-cities. The problem to employ and feed these urban masses will certainly persist, as will the danger of epidemics and pandemics.

In this context I have to mention the present Doha Round of trade negotiations. I regard it a grave mistake and morally a shame that the old industrialised countries, particularly the U.S. and the European Union, still deny the developing countries the chance to export their agricultural products. If the people are not permitted to export their products they will export themselves.

Alarming prognoses on climate change have only recently begun to catch the attention of the public. It is true that the climate on planet Earth has varied since millions of years. We know of several ice ages and several warm ages. In the soil of my garden in Hamburg, we have found mussel-shells which prove that once upon a time – during a warm age – our garden was part of the Atlantic Ocean. So let us not wax hysterical. The end of the world is not just around the corner. In the same vein, we should not imagine we were capable to prevent climatic changes. What we ought to do is to prepare for them. But it is also a fact that mankind is

indeed contributing to global warming by the massive emission of greenhouse gases. Certainly we are able to decrease our several contributions. So far the international agreements to curb the emission of greenhouse gases do not cover China and India, and the US have cancelled their participation. These three giants are critical to the solution of the problem. The Kyoto-protocol is therefore quite insufficient.

I consider this problem to be a major task for the heads of state or government who ought to tackle it in their future G-15 meetings. In this context, the relation with the increasing combustion of fossil fuels is obvious. A restrictive world-wide energy policy becomes a necessity.

Another global challenge of a quite different quality appears to be relatively new as well. The catchword "Clash of Civilizations" was coined just fifteen years ago. A general clash between Islam and the Western civilization has become a possible and realistic scenario. But this clash can still be avoided.

In some quarters of the Islamic parts of the world we meet an explosive mixture of disgust; revolt against poverty; envy about the luxury of Western nations; religious terror; plus the quest for political power. The terrorist crime against the twin towers of the World Trade Center in New York seven years ago was a symptom of religiously inspired hatred. The superfluous war against Iraq has since multiplied the number of Islamistic terrorists.

I would advise the West to avoid very carefully any looking down on Islam. The world religion of Islam is entitled to the same respect and tolerance as the Christian religion, as Buddhism, Hinduism, Shintoism or the Jewish religion. Political leaders must not abuse their religion for political purposes. Religious leaders must never let their religion be abused for political purposes; they must never use politicians to spread their religion.

For a European, it is of course much easier to make such a statement than it is for so and so many Muslims. The concept of the secular state was developed in the West. Since the Age of Enlightenment, the secular state in Europe has been established step by step. But even today many European states are characterized by their official and also actual confession of the Christian religion. Many of the over 50 states with an Islamic oriented population majority have not yet completed the separation between political and religious authority. The West will have to accept the non-secular Islamic states as a fact of life.

But neither political nor religious leaders have any legitimation to impose their political ideology or their religious belief onto people outside their own jurisdiction. The same goes, of course, for the media. Religious tolerance will be more important in the 21st century than it was in the 20th century.

Let me add a few words about the subject of so-called “humanitarian” interventions. Since the end of the Cold War we do observe a growing number of peace-keeping interventions in sovereign states. Some of these missions have been mandated by the Security Council, but a few were launched without the Security Council's consent, thereby violating the Charter of the United Nations. The military intervention in the failing state Yugoslavia, the occupation of Kosovo and Bosnia and the bombs on Belgrade have been outstanding examples. In many cases it seems difficult or even impossible to bring the intervention to an end and withdraw the troops from foreign soil. And in quite a few cases it is obvious, at least in hindsight that the intervention mainly served the political interests of the intervening powers. In the 21st century we should once again respect the old Westphalian principle of non-interference in sovereign states.

Among the alarming challenges of our century there is one problem sticking out which we inherited from the last century: namely the build-up of armaments, seamlessly continued not only by the world powers but by many smaller states as well.

If we consider the arsenals of military weapons around the globe, from sub-machine guns and land-mines to nuclear missiles, the combined destructive military power in 2007 is a thousand times greater than it ever was during World War II. There are more hand-held small weapons in existence than ever and more nuclear weapon states than ever – and their number may still increase. The blame for this sad fact clearly falls back on the shoulders of the world powers.

At the end of World War II there was just one nuclear weapons state: the U.S. During the 1960's, four more acquired nuclear arsenals: the Soviet Union, China, France and Great Britain. In the meantime India, Pakistan, Israel and possibly North Korea have followed suit. The first five nuclear powers at the end of the 1960's launched the Nuclear Non-Proliferation-Treaty, NPT. This treaty is an “asymmetrical” treaty, because it grants privileges to the five, but based on the condition that they phase out their own arsenals. The NPT tells them to cease “the nuclear arms race at an early date”.

All five, but especially the United States and Russia, have violated this obligation in many ways. They have “modernised” their weapon systems by deploying many new nukes and delivery systems. In 2002 the U.S. withdrew from the 1972 Anti-Ballistic Missile Treaty with the Soviet Union and started to establish a new Anti-Ballistic Missile System in America and in Europe. A new technology-based arms race is highly likely focusing on anti-missile defense, 20 years ago called “Star Wars”. It will create a new global challenge.

The United States maintains that the anti-missile shield in Poland and the Czech Republic is directed against Iran. But from the perspective of the Kremlin, this shield, plus the earlier extension of NATO right up to Russia's borders, is seen as a program to gain superiority. I think the United States should constrain and restrict themselves. In cooperation with the other four initiators of the NPT they should meet their obligations under the Non-Proliferation Treaty. A new arms race will certainly not stabilise peace. One major step ought to be an international treaty between all the 8 nuclear weapons states under which they forswear the first use a nuclear weapons.

At any rate, the non-nuclear countries should put pressure on the nuclear world powers to finally carry out their duties listed in the Non-Proliferation Treaty.

Different Situations on Different Continents

Let me leave the chapter on global challenges at this point and deal with the situation on the different continents.

For decades I have supported the opinion that sometime China would return to the status it held for three millennia as a pre-eminent world power. Today, it has achieved that status again. And India is not far behind. China has accumulated almost two trillion Euros in hard currency reserves, after its economy had grown for several decades at a rate of 8 - 10 percent per annum. India has one of the world's most sophisticated high-tech sectors, and Indian industrialists are now buying out enterprises and companies around the globe. China and India are both nuclear powers, and they count more than one billion people each. Within the next two decades China and India will range as number two and four among the world's largest economies.

Despite the unsolved problems of Cashmere, Taiwan and the Korea's, I do not see any larger international conflicts looming on the horizon of East and South Asia. Both India and China act very cautiously and responsibly in the international arena. Both are not as a military threat to their much smaller neighbors, and China plays a constructive role in the effort to restrain North Korea's arms build-up.

Obviously, the two Asian giants are facing their serious internal problems, India in particular with regard to its enormous population growth. Mistakes and failures cannot be excluded. But in their foreign relations both do appear to me as peaceful and reliable.

A comparable statement can unfortunately not be made about the part of Asia that we call the Middle East. If we include in the Middle East Central Asia, Iran and Egypt, the region

comprises the majority of the world's over one billion Muslim believers – and Israel, too. The oil-rich Middle East is definitely the world region with the greatest number of political conflicts.

With the exception of Israel, every state in the region has a more or less authoritarian government. Some of the religious and political leaders are highly aggressive.

Israel owes its moral legitimation to Hitler's murderous holocaust. Almost every Arab leader has by now accepted the existence of Israel as a fact and is willing to offer full recognition. The only long-term solution of the enduring Israeli-Palestinian conflict with so much bloodshed could be a two-state peace settlement based on the borders of 1967. It has taken the Arabs a long time to come to this insight. The Israelis have so far only relied on their superior military capacity and on the support of the United States. They do not as yet appear to pursue a viable and feasible long-term grand strategy.

Without enduring peace between Israel and its Arab neighbours, the Middle East will remain a trouble center, endangering the peace also for nations and states outside. Peace can only be accomplished if the parties sit down and talk, listen to each other and answer mutual questions sincerely – and it requires a readiness for compromise. But I must admit that I am not overly optimistic.

Iraq demonstrates the grave consequences of a frivolous military intervention: It is easy to enter a country, but it is difficult to withdraw from a defeated country without leaving a chaos behind. The next President of the United States will have to deal with a difficult inheritance.

Also in Afghanistan we shall see that it will be difficult to terminate the UN-mandated intervention with decency.

In the case of Iran and its purported quest for nuclear weapons, it seems highly appropriate to advise against any violent intervention. Up to this day, there is no assured evidence yet. And as long as the nuclear sponsors states of the Non-Proliferation Treaty do not comply with their own requirements, they do not have a moral justification to threaten intervention in Iran. But the Iranian President and his threatening speeches are provocative as well. The US and Iran ought to stop shouting and instead sit down and start talking and listening to each other.

Altogether, the Middle East seems to be rich in complex dangers. For several decades now, an expanding trans-national Islamic terrorism contributes to these dangers. India, Russia as well as the United States and the Europeans, all of them do need a lot of sound judgement to avoid a general "Clash of Civilisations" with Islam.

Let me now turn to Africa. On the "black" continent, too, most of the present national borders have been determined by Europe's former colonial powers – regardless of the people and their tribal integration, of language, religion and geographical bonds. This makes them extremely difficult to govern and administer, more difficult than on every other continent. During the East-West conflict, they were pawns of the superpowers.

Today, Africa is still the home of terrible conflicts: African wars and civil wars resulted in more than 5 million casualties. The situation in Darfur and at the Horn of Africa is equally tragic. I think the greatest challenge here is for the Organization of African Unity (OAU) - they must play the major role.

Africa as a whole is a badly neglected continent. Our image of Africa is rather desolate and grim. But – there are first signs of improvement.

If we compare Africa to Latin America, there are several striking analogies. Both continents consist of developing countries. We find mass poverty and political tensions. But neither continent endangers universal peace. Still, Latin America is clearly better off than Africa. It may very well be possible that the MERCOSUR project, patterned on the European Common Market, will succeed.

Europe (with the inclusion of Russia) is the only continent with a decreasing population density. The birth rates may convey the impression of waning vitality, but it is still unclear if the present trend will persist. At this stage, the aging of our societies must not necessarily give us more than a headache yet. And we can enjoy the contrary: For the first time in centuries Europe enjoys a stable peace among its nations and states. After thousand years of murderous wars, Europe is at peace with itself.

The European Union is not a world power. It may well take another 50 years until it will be able to forge a common foreign and security policy. Meanwhile, the world has to deal with 27 EU Foreign Ministers and a constantly alternating President of the European Council. Europe will strive to speak with one voice and act unanimously; the 27 member states won't act in concert for some time to come. But the EU does not pose a threat for others. A resolution of the present constitutional crisis will take time. But I am not pessimistic about the future of Europe. What we have achieved so far is an unbelievable success.

No matter when and how the present crisis is going to be resolved – the common market and the common currency, the Euro, will certainly endure. None of the national leaders can unhinge his country from the common market and from the Euro without inflicting enormous damage to his country.

The EU will remain a complicated but unique body. There has never been anything comparable so far – neither on other continents, nor in the entire course of history of mankind. Nobody in the world needs to be afraid of the European Union.

The World Powers

Allow me just a few brief remarks about the world powers. First, the United States of America. At the moment, the race for the next presidency and the next composition of Congress is on. The outside world has begun to contemplate the future role of the U.S. under a future government. I think it is too early for speculations. But I still believe in the vitality of the American people. They will not lose their genuine democratic instincts. Once again, America will recover and find the way back to itself and its handed down traditions and virtues. I am convinced of a comeback. But at the same time it seems clear to me: America will no longer be the one and only world power.

Economic and financial power can turn a great country into a world power – China is currently the most outstanding example. It will soon replace Germany as the world's export champion. Its increasing demand for oil, gas and resources of all kind has a momentous influence on the world market prices. On top of all this China has accumulated an unprecedented amount of huge currency reserves that could be used for geo-strategic purposes. Even if China's military capacities are relatively limited in scope, one has to accept its status as a world power. The United States, Russia, Japan, and the rest of the world ought to take this as a fact of life and handle their relations with this upcoming world power with circumspection.

The same will apply to India as well. Both Asiatic giants should be considered world powers – due to their sheer size, to the efficiency of their large economies, and due to the political influence they can exert not only in Asia but all over the world.

Even after the downfall of the Soviet empire, Russia is and will be a world power - not only because of its military strength, but also because of the vastness of its huge territory, which is full of hitherto unearthed mineral resources. At present and for the foreseeable future, Russia profits from enormously growing global demand for natural gas and petrol and for nuclear energy capacities.

After the Soviet attack against Afghanistan, neither Gorbachev nor Yeltsin, nor Putin have invaded foreign territories. The recent invasion of Georgia, after Saakashvili's foolishly impetuous attack, was the only exception. Nevertheless, some Americans keep up their previous

mistrust, suspicion and enmity. Which, quite understandably, generates corresponding feelings in Russia.

Russia got used to a thousand years of autocratic rule. It will never be a Westminster or Washington democracy. For years to come, the Russian people will have to grapple with the enormous losses resulting from the break-up of the Soviet Union, with the urgent necessity to modernise their society and their economy. Personally, I would always be in favor of a Russian world power role based on gas supplies and economic strength, rather than a Russian world power role based on strategic nuclear weapons.

Summing up

To conclude: The world of the year 2008 appears to me to be in a much better condition than the world a quarter of a century ago. Of course we are facing a number of dangers and challenges, but the means and possibilities to meet them and deal with them have multiplied. Many nations and many leaders have learned their lesson from the former division of mankind into hostile blocks. And they are much more willing to engage in a learning process of cooperation than ever before.

In any case, it needs courage and commitment on the part of our governments to sort things out and to change what they are capable of changing. It needs serenity to accept those things which cannot be changed. And it will need a lot of wisdom to distinguish the one from the other.