

## Asian and European Experiences: Lessons for the 21st Century\*

Roman Herzog

Mr President, Mr Chairman, Ladies and Gentlemen,

Thank you very much for inviting me to address representatives of the Korean and German business community. I am delighted to have this opportunity at such a critical moment for Korea and Germany, for Asia and Europe and indeed for the world as a whole.

Of course I speak to you today as the President of Germany. The unique affinity between our two countries we owe not only to our shared experience as divided nations but also to an astounding number of other features we have in common.

At the same time, however, Germany is part of Europe and Korea part of Asia, both regions currently caught up in a vortex of change. Both are challenged as never before to work together as partners. I am bound therefore to speak from a European perspective as well - and for a European, as I hope to show, Korea affords a particularly good perspective from which to observe what is happening in Asia.

But it is not just in Asia and Europe that a sea-change is taking place. The globalization phenomenon has the whole world in its grip, sowing seeds of change in nations and cultures, economies and societies. Since Germany and Korea, Europe and Asia are all equally affected, allow me, too, to make here a few comments of my own.

Let me start with the process of transformation we are currently seeing in Europe and Asia.

In Europe after much heated debate the launch of the Euro has been decided. With the markets now convinced of its success, "Euroland" is proving a kind of safe haven in the light of the turbulence affecting currencies in Asia, Latin America and Russia. Perhaps this experience will be seen in the longer term as a useful trial run for East Asia.

However, for European industry the really tough structural adjustments still lie in the future. Monetary union and enlargement to the East will radically transform the European Union. In the single market both will accelerate the pace of economic change and make also for fiercer competition. Disparities in regional development will be revealed and the spotlight turned on inefficient institutions and uncompeti-

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tive companies. Eastern enlargement will also force us to reform the institutions of the Union. In the emerging market countries of Eastern Europe, too, enormous changes will be required in the political and economic domain as well as in the way people think and act, if their accession to the Union is to be a success.

At the same time Asia is in the throes of an economic crisis that, sparked off by a seemingly isolated problem in Thailand, then spread to the whole of East and South-East Asia, is now on the point of engulfing Latin America and Russia and may be threatening the entire world economy. The Asian crisis has set a process of restructuring in train on a scale that seems for the moment even more formidable than that taking place in Europe and which for some may indeed obscure the long-term perspective.

Considering that not so long ago the amazing boom in East and South-East Asia was described as the Asian miracle, it is strange indeed that the gurus of our time have identified a "typically Asian" crisis. The talk now is all of an Asian failure rather than an Asian miracle. I for my part believe both these views are clichés and therefore wrong.

For all the current turmoil, we should not lose sight of one fundamental fact: in the years ahead there will be no decline in East and South-East Asia's key role in international affairs and the world economy. After all, Asian growth was not some kind of monetary and financial bubble but the product of the real economy. This was due above all to a highly educated population, a readiness to embrace technological progress and extraordinary entrepreneurial dynamism. These qualities have not gone by the board.

Another point I would make is that all the media hype we hear at times about some kind of opposition between Western and Asian economic cultures results in more damage than useful insights or actual solutions to problems. There is no such thing as "European" mathematics, "American" theories of civilization or "Asian" economics for that matter. Any scientific theory worth its salt is universal, like the laws of mathematics and logic. The fact is that the economic and monetary crisis in Asia is not a crisis of culture but a debt crisis, and debt crises are manageable, provided a responsible international economic policy is adopted as was the case with the Mexican debt crisis, for example. Such crises become dangerous in the extreme only when lack of timely action results in a drift to depression, as happened in the world economic crisis that occurred seventy years ago.

Of course the crisis in Asia is also related to the fact that some of its markets were - at least partially - cut off from world markets; that we should not forget. But first and foremost the crisis is a crisis of confidence in the international capital markets. American and European funds, once so enthused by the Asian tigers' dizzying growth, suddenly rushed into headlong flight. Both reactions were in fact exaggerated. Alan Greenspan, the Chairman of the Federal Reserve Board, rightly criticized "irrational exuberance" in the markets. The same goes, however, for the opposite. Depression, too, is irrational and this I mean as a warning to leaders not only in Asia but also in America and Europe.



What is needed now is to calm these erratic swings, to restore and stabilize some equilibrium. Here the Asian countries themselves can make a decisive contribution, by improving their banking supervision and regulation of capital markets and especially by strengthening democratic structures. It is evidently no coincidence that Korea, a functioning democracy, is doing far better than certain others in overcoming the crisis.

I am particularly happy to be able to say this here in Korea. The example of Korean democracy clearly gives the lie to the cliché view much in vogue until not so long ago: In Asia, it was asserted, the clocks ticked differently and confucianism would inevitably produce radically different social and political systems than elsewhere. Of course it goes without saying that different cultural and historical experiences leave their own stamp on society. Yet no one today could have any grounds for claiming that democracy is unfit for Asia or indeed that democracy is unfit as such.

President Kim Dae Jung himself in an article arousing world-wide interest has pointed out that democratic thought is grounded in Asian philosophy, too. He recalled that in the heartland of confucianism, China, the philosopher Mencius postulated the sovereign's dependence on the will of the people just at the same time as this concept was developing in classical Greece. Similar democratic antecedents he identified in buddhism and nineteenth-century Korean Tonghak philosophy.

The breakthrough of democratic ideas we witnessed in Southern Europe in the seventies and have seen since the mid-eighties in Asia and Latin America and finally since 1989 in Eastern Europe is by far the most significant international development of recent years. While there is no automatic link, it has tended to run parallel with the world-wide trend towards the market economy, the second dimension of an open society. I for one am convinced that we are still a long way from the end of this triumphant march of democracy and the market economy.

What is behind this triumph of the open society? Political scientists could fill volumes explaining the reasons but I will confine myself to just five. The first is that people of all cultures naturally want a stake in the political life of society and a share in its prosperity. The most direct access to the former is democracy, to the latter the market economy.

But the open society is not just a response to the natural striving for freedom and self-fulfilment that is found in all cultures. It also - and here I come to my second reason - has a functional advantage over other models of society: I am thinking here of the principle of competition, and more particularly the competition of ideas. This is what makes both democracy and the market economy an institutionalized process of discovery, so to speak. Democracy is a quest for the best solutions to political problems, while the market economy is about finding the best products at the lowest possible prices.

The principle of competition definitely does not mean there can be no solidarity or voluntary cooperation in society. I know that close collaboration between government and the banking and business sector as practised in Asia is often criticized by Western observers as corporatism. But here, too, I think we should avoid generalizations. In Germany as well, in Europe and even in America various forms of coop-

eration and partnership exist between important public and private economic players. Such cooperation has certainly borne fruit in Germany, for example, where both sides of industry have been willing to compromise in collective bargaining and avoid industrial conflict. In America cooperation between government and the private sector has helped promote long-term development strategies in the microelectronics sector. However, close cooperation between government and business also carries the risk that dysfunctional developments tend to be obscured or covered up. Nor does it function well unless there is also a social dimension, with employees as well having a strong voice and representation.

Let me state as the fourth advantage of an open society the principle of the free flow of information. This ensures that people are aware and can make use of the early warning systems and problem-solving mechanisms available at all different levels of political and economic life.

My fifth reason, the principle of academic freedom, I believe is for the open society a particularly valuable asset. Academic and scientific research holds not just the key to the pace of innovation in the economy and hence the well-being and social security of our citizens. Also in tackling the immense challenges of our time such as responding to changes in the global climate or feeding the world's population, it is vital that we have access to the best research results from all over the world.

In that watershed year of 1989 the former Eastern bloc yielded peacefully to these five overwhelming advantages of an open society. Especially in times of upheaval such as now, no one can have any interest in jettisoning them, neither in Asia nor Europe nor Russia.

That the crisis is viewed by experts in Germany as a restructuring process and that there will certainly be neither a mass departure from Asia nor a loss of confidence in Korean democracy is, by the way, obvious from the size of the German business delegation present here today.

So it is with great optimism that I turn now to my second subject: the state of German-Korean relations. Among the present company are representatives of German firms that even in this hour of crisis have decided to invest heavily in Korea. Such entrepreneurial decisions say more about our continued high esteem for your country than any amount of words. And they show, too, that Korea has friends in Germany who are friends in need and therefore friends indeed.

That is no wonder, considering all our two nations have in common still today:

- There is the long-standing fascination for each other's cultures.
- There are the surprising affinities in outlook and behaviour. We Germans, for instance, are reminded by the typically Korean virtues of hard work and dependability of some of the better Prussian traditions.
- There is the fact that as countries lacking in natural resources we have both had to become exporting nations.
- There are the particularly intensive and lively contacts in arts and sciences.
- There are the 30,000 Koreans living and working in our country and much appreciated and respected by the German public.



- And there is finally our shared experience as divided nations.

As President of a reunited Germany I would like to say this to all Koreans: Reunification as well will one day be one more shared experience of our two nations.

In the long run maintaining unnatural divisions through the heart of a nation is impossible, that has been proved by the German experience. It may not be possible to foresee how and when reunification will take place. But that it will happen can hardly be doubted.

Let me, however, also say this: When that historic opportunity arose, Germany found itself completely unprepared. Korea fortunately will have more time to prepare for that day as for eight years now it has been able to observe and learn from the German experience.

In this forum I would like to point to just some of these lessons that one day might also be of value to Korea:

- The pace of change must be tempered so people are not overwhelmed. People living for decades under the thumb of an authoritarian state need time to come to terms with the new realities. I have immense admiration for the way our citizens in Eastern Germany have adapted. However, many have been left almost in a state of shock by the scale of the changes taking place in every area of life. That is why it was and still is vital to explain this new order of society and what the values are on which it is built.
- The process of transforming an internationally uncompetitive command economy into a modern market economy inevitably means unproductive jobs will be lost and many skills no longer needed. Rebuilding the economy and giving people new skills will therefore require time and patience - as well as solidarity and help across the erstwhile border.
- Reunification is indeed a new beginning, yet it is important to avoid blanket condemnations or suggestions that everything in people's past lives was worthless. No dictatorship is just that and nothing else - and in a dictatorship millions of decent citizens still have to live their lives and try to make the best of their difficult situation. That is important for people to remember, on whichever side of the old border they lived. It is clearly crucial then that people in both parts of the reunited country should learn about each other's past experiences. Even then the scars of the decades-long division will continue to be seen and felt for years to come.

Yet however onerous the burden of transformation may seem, whatever doubts, experiences and advice may be evoked, when the defining moment comes, when reunification is within your grasp, there is only one thing to do: Seize that chance, do not hesitate!

Thanks to their particular experience Germany and Korea have in some respects become models for other countries in their regions. But now, as the next millennium dawns, new challenges, new visions for the 21st century, the globalization era, lie ahead. Asia and Europe should meet these challenges together. The greater the turmoil, I might even say disorder in the world, the more urgent it is that all those in

positions of responsibility should subscribe to clear maxims, that can provide reliable bearings for the next millennium and prevent worst-case scenarios. To six such maxims I would invite your particular attention:

Firstly, let us pledge to renounce nationalism, the arms race and power politics. A repetition in Asia of Europe's historic mistakes would be catastrophic not just for the region but for the whole world.

My second maxim: having just ended the ideological confrontation of the Cold War, let us not now espouse new scenarios of cultural and religious confrontation, as if humanity could not do without the law of the jungle even for a while. Obviously these days, whether in Europe, America or other parts of the world, outbreaks of fundamentalist violence claiming some kind of cultural or religious justification are a daily occurrence. Yet on closer study it is clear the people behind such violence are all ultimately bent on destroying their own society and culture.

From a historical perspective, by the way, it seems to me that the classical sources of the world's great cultures and religions are generally more "enlightened", if I may put it that way, than later dogmas and myths. After all, they usually began as movements of renewal. Our contemporary view of Christianity, Islam, Buddhism or Confucianism should therefore not be determined by the ideological distortions later propagated by ultra-orthodoxy. In reality, the rich variety of cultural traditions in the world can be a source of strength. I know no better proof of this than the harmonious *modus vivendi* in present-day Korea between Confucianism, Buddhism and Christianity.

With my third maxim I want to urge that in today's global economy we eschew "beggar-thy-neighbour" policies, competitive devaluations, social dumping and protectionism. Such policies would send the global economy into a downward spiral that can only end in the kind of world depression that occurred 70 years ago. And allowing a depression to happen, as I said before, would be irrational in the extreme.

The three maxims I have expounded so far have been about what not to do. Now I will add three that in the coming century offer positive strategies for constructive cooperation between Europe and Asia.

Fourthly, then, we should pursue an active communication strategy as a means of building confidence. With the CSCE - a process of communication across ideological and geographical frontiers - Europe achieved a historic breakthrough that ultimately overcame the division of Europe and of Germany. That is a strategy which can be repeated anywhere in the world.

As my fifth maxim I propose a global and intercultural learning and research strategy aimed at identifying and implementing solutions to concrete problems. We need a global learning and research community if we are to respond to the global nature of the immense challenges of the present day. Think of the stabilization of the world economy, the need to restore an ecological balance, the fight against international organized crime. Or another common concern, the area of peace-keeping, conflict prevention and settlement of disputes. Political leadership is essential, especially to explain to people back home why they and their countries are affected by global issues seemingly so far removed from their lives. In its embrace



of democracy and vigorous efforts to overcome the economic crisis Korea has shown just such leadership qualities.

As my sixth and final maxim I would call for better use of the existing mechanisms of international and interregional cooperation. In the Asia-Pacific region APEC is already a very good start towards the goal of enhanced cooperation. Another encouraging development worth pursuing further is the Europe/Asia cooperation at the ASEM summits. That is the right way forward. However, cooperation does not have to be confined to the level of intergovernmental organizations. It is important that this level can build on the broadest possible network of contacts in all spheres of society. Only through contacts between citizens can a universal civil society emerge, and it is exactly that the twenty-first century will need.

These six maxims sum up, I feel, the most important lessons for the new century we can draw from Asian and European experiences. Our changing contemporary world is headed in the direction of global systems - and not just in the economic domain. Cultures, societies and individuals are in ever closer contact, while of course maintaining their distinct cultural identity. Particularly when the going is tough we also need intensive intercultural and people-to-people contact and dialogue.

Of one thing at any rate I am today firmly convinced: in the twenty-first century Europe and Asia are ideal partners for such cooperation.

Thank you.