

Dependent on Peace

**TRIBÜNE Conversation with Heinrich von Pierer,
Chairman of the Supervisory board of Siemens AG**

TRIBÜNE: Despite frequent criticism in the media, you received an unusual compliment this year: the UN Security Council invited you to speak about the role of business in preventing conflict, as well as in peacekeeping and post-conflict peace building. You expressed the view that companies like Siemens can contribute to stabilising crisis regions.

PIERER: The media are critical – it is their job to be critical. But I have never seen them as being especially critical of me. Of course, I considered it a great honour to speak before the UN Security Council. And in fact I do believe that global enterprises like Siemens can contribute a great deal either to nip crises in the bud or at least help to cope with them.

TRIBÜNE: Germany's "Manager Magazin" has honoured your international entrepreneurial achievements by admitting you to its virtual Hall of Fame. In its tribute, among other things, your service and success in creating new jobs in low growth regions like the Middle East were pointed out.

PIERER: "Manager Magazin's" Hall of Fame has become an institution recognised in Germany and beyond. That is why its award ceremony excites such great notice. I was especially pleased that someone as important as Peter Sutherland gave the speech honouring me. So far as I know, it was the first time a non-German delivered the awards speech. It is true that we have made efforts to create jobs in the region, in the Middle East, in Israel; but not only in Israel, in Egypt, too, and – as long as the security situation allowed it – in the Palestinian territories as well. I hope very much that we will soon be able to be active there again.

TRIBÜNE: In your remarks to the Security Council, you spoke not only of the role of business in preventing conflicts, but also about rebuilding Afghanistan and Iraq. You gave highest priority to measures to restore infrastructure, such as providing drinking water and electricity, as well as telecommunications. So: no democracy without the goods of daily life – do you agree with the saying of Bertolt Brecht: "Food comes first, then morality"?

PIERER: I don't know if you can apply the saying of Bertolt Brecht to the situation of entire peoples – it was, at least, meant otherwise. But I do believe it is true that the fundamental needs of people must be fulfilled. They have to see that certain political developments bring them a personal advantage. Not just abstractly "one fine day", but now, for



themselves and above all for their children. That includes having their daily needs taken care of. The prerequisite for a well-ordered life is in fact often a well-ordered infrastructure. A reasonably acceptable infrastructure includes water and power supplies, and as a basic need, telecommunications, or, more precisely, the telephone. In some countries another component is a sound transportation infrastructure that goes beyond roads – a railway system, for instance – not to mention medical care. Siemens contributes to all this.

TRIBÜNE: You are currently trying to build up a working telecommunications system in Iraq. Is that even possible, given the chaos that now reigns there?

PIERER: The thing is, we have to take great care of the safety of our people while doing this, and that, of course, also includes our sub-contractors. We are operating in northern Iraq; at present, the security situation there is also not as it should be. One of our basic principles is that we always make sure we do not expose our people to any unnecessary danger.

TRIBÜNE: Between 1992 und 2002 the word “reform” had only a theoretical relevance, not a practical one in Germany. In 2004, with Agenda 2010, the Hartz reforms and health system reforms an attempt was made – although much too late – to salvage our overstretched social security system. Some political parties, especially the PDS and right-wing splinter groups, trade unions and citizens’ action groups are protesting against this with die-hard arguments from the past. But members of established parties are have also sounded similar notes, for instance, from the ranks of the CDU, which had actually voted for a tightening of the Hartz measures.

PIERER: I think the Federal Chancellor has in principle taken the right steps with Agenda 2010 and with what are understood as the Hartz reforms. I must say, though, that I was never quite happy that these reform efforts were subsumed under the title “Agenda 2010”, because that left the impression that we had until 2010 to put these measures into practice. That is not how it was meant, and it would not be right in any case. We have to put them into practice more quickly, in order to get results as soon as possible. I am sure they will succeed. But people are impatient. You can see from the Politbarometer surveys how they feel about politics, and it is really dreadful that right-wing and left-wing radicals have profited from this.

TRIBÜNE: Do you consider it legitimate that people have used the term “Monday demonstrations” for the demonstrations against Hartz IV?

PIERER: I remember the Monday demonstrations as a remarkable East German grassroots movement that confronted a dictatorship. I do find it questionable to use the same term for demonstrations that take an entirely different direction. Of course, I don’t want to deny anyone in our country the basic right to take to the streets to express dissatisfaction. The right to demonstrate, the right of freedom of speech, is ultimately an important basic freedom.

TRIBÜNE: In most EU countries, just as in Israel, reforms like Hartz IV or Agenda 2010 were instituted a few years ago with hardly a word of protest. For the Israelis, in particular, who have lived in a state of war for 57 years, it means much more belt-tightening in daily life.

PIERER: Yes, the Israelis’ capacity to endure suffering is truly remarkable. That is why I wish all the more that this country will be able to settle down and live in peace with itself and its neighbours. I think the country and its citizens have really earned that right.

TRIBÜNE: Siemens has been operating successfully in Israel for a long time – since 1924, in other words, since the time of the British Mandate in the Middle East. Despite the threat of terrorism, Siemens has not reduced its activity in Israel, and many people ask what your motivation is.

PIERER: We are in Israel both from long tradition and, of course, for commercial reasons. But it has always been our policy to act on the principle that we are here to stay, and not to let ourselves be discouraged by the difficulties that certainly do exist. The same thing pertains to our engagement in the entire Middle East region, where in some places circumstances are similar to those in Israel.

TRIBÜNE: In October 1998 you came to Israel to attend the ceremonies celebrating the formation of a joint venture between Siemens Data Communication (SDC) in Karmiel and the company Hi-Tek in Ramallah. It was the first high-tech cooperative venture between a Palestinian and an Israeli company. How far does the actual cooperation between Israelis and Palestinians go in this project?

PIERER: It went very far, and I regret all the more that we were not able to breathe as much life into this venture in Ramallah as we wanted to. This joint venture did actually get started. The founding and the celebrations with Shimon Peres were very moving moments for me. I can still see the lovely hotel in Ramallah before my eyes, and I don't even want to try to imagine what it looks like there now. Yes, we regret very much that nothing more has been possible there. Once again: we would like very much to revive precisely this cooperative project because I believe that the special appeal of this joint venture lay above all in the links it forged between Israelis, Palestinians and Germans. By the way, it showed us once again how capable Israeli engineers are. But we have also seen that there are extremely capable engineers among the Palestinians as well, engineers who had – back then – been trained successfully in Israel.

TRIBÜNE: Was it not possible to reach an understanding even on this professional level?

PIERER: On the contrary, it was no problem at all; we worked excellently together. But given the present security situation, cooperation is simply no longer possible. That is why this joint venture has been more or less put on ice, a fact that I regret very much. I have made several inquiries and several efforts to keep it going. But you must also see where our responsibilities lie: I can hardly imagine that people would now be willing to go to Ramallah and work there. I hope there will be a return to some sort of normality there soon.

TRIBÜNE: Is it not inexplicable that all the opportunities have been wasted like this? At the prompting of Shimon Peres an industrial park was built along the Gaza Strip – a sort of Silicon Valley, if you wish – where, until the intifada, ten thousand Palestinians worked and earned good money.

PIERER: Certainly. They also earned good money with us. But once again: I want to emphasise how capable our Palestinian employees were. I really thought they had a great future before them. And I thought that we as a company would grow quickly and be able to employ several hundred people in this joint venture. But that is simply not possible at the moment. I hope it will be the case again soon.

TRIBÜNE: Do you see a chance that a change will come soon?

PIERER: I follow politics with great interest. Of course I cannot predict when peace efforts will be successful. They will be successful at some time; I am firmly convinced of that. But as to when – that is something I know no better than the many newspaper editorial writers who keep a constant eye on the process. I view the developments as extremely regrettable, and I had hoped they would be otherwise. It was no accident that I went to Ramallah myself to open the joint venture – after all, I don't attend every Siemens's company founding. It was indeed a very special moment.

TRIBÜNE: From your venture capital fund – some 500 million euros – about 20 percent goes to Israel, which has a high educational standard. Much more investment in human ca-

pabilities exists there than in Germany. A full three percent of GDP is spent on research and development, as well as on education. One result of that is the large number of start-up firms, which have now moved Israel into the world's top rankings in many areas.

PIERER: In certain fields the Israelis have achieved great success with their start-up companies. Educational levels in the country are high. Most certainly, the influx of specialists from the former Soviet Union has given the country another special push. We are especially active in Israel in the field of telecommunications, but also in medical technology. I continually support this, and encourage our people to make sure they make the most of every opportunity. On the other hand, I must state clearly that it would be wrong to see our activities in Israel as a special humanitarian operation. They are driven much more by business considerations, because we find excellent, highly-motivated engineers there, who continually achieve outstanding results.

TRIBÜNE: In your decision-making, do the frequently affirmed "special relations" still play a role, or has cooperation become a matter of routine because of your positive experiences?

PIERER: The first time I travelled to Israel – and that is now several years ago – I still regarded it as something very special. Today much has indeed become routine, especially as far as the business contacts I described before are concerned. That is all so familiar that routine and normality basically hold sway. In particular, when it comes to Israeli engineers, what counts first is simply that they are good. That is why we work with them, and not from any other sorts of considerations. If, time and again, Siemens special activities develop into involvement in these start-up companies, it is because there are especially inventive and enthusiastic people there. Such people can perhaps also be found in Silicon Valley. But I have always felt that, because of the commitment the people in Israel have, talking and working with them is something especially forward-looking.

TRIBÜNE: A look into the future: where will German-Israeli relations be in ten years, and what role will business play in this?

PIERER: I believe that much will depend on the success of the peace process. If the peace process succeeds, these capable Israelis will be able to hold their own, and play an important role in our global network of innovation – as we call it. If things develop very differently, which I hope will not happen, then I cannot say what direction they will take. But I am optimistic. I believe that it will be a particular help to the many poor people in Palestine if peace finally comes. Most notably, young Palestinians can be given a real future, not with weapons in their hands, but with training and ultimately economic success and rising prosperity. We have already seen in many other countries that this is possible.

TRIBÜNE: Some people believe the change could come with another Palestinian leadership . . .

PIERER: Naturally I don't want to interfere with questions of Palestinian leadership. But I find that the question goes beyond leadership. It depends on a fundamental understanding that we are dependent on peace and cooperation in the world, and that is in the interest of all people.

The conversation was conducted by Otto R. Romberg.