



## 《Urban Chat Room》 - Experiences from Europe (short version)

**Date:** 31 March 2013

**Place:** Lake Malaren International Convention Center

**Host:** YANG Yanqing

**Guests:**

**Pedro Ballesteros**, International relations officer, DG Energy, the European Commission

**Pierre Calame**, President, the China-Europa Forum Foundation, President of the Charles Léopold Mayer Foundation for Human Progress (FPH)

**Maurizio Mauriani**, President of the Consortium Risteco, CEO of Sotral Spa, Vice-president of the Italian association for enterprises environmental competitiveness

**Marc Glaudemans**, Professor of Urban Strategies, Architecture and Planning, European Urban Design Lab in Tilburg, the Netherlands

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*On March 31, 2013, Mrs. Yang Yanqing, host of the Urban Chat Room invited four European guests to discuss the issues about the China-EU urbanization cooperation, the problem faced by China on urbanization and how to share experiences from Europe. The topics touched also about the on-going crisis, about competitiveness, food safety, innovation, and philosophy.*

**YANG Yanqing:** In the context of urban transformation, how can China learn from the experience of European cities? To talk about this issue, we invited four guests from Europe to share their points of view with us. (...) I think that China is facing 5 challenges: the first one, the economic transition in the background of the urbanisation; the second one, the challenge of the new immigrants moving to go to cities, how can we help these new immigrants coming from rural areas live better lives? The third one is that China now has a very high carbon consumption style of economic growth, how can China switch from a high-carbon growth style to a low-carbon one? The fourth challenge is the ageing population; and the last one is the fact that the cyber society do not have a big role. Firstly I invite Mr Ballesteros to give a short response to those five challenges.

**Pedro Ballesteros:** The real economic transition you face is the transition of a country that is being now designed according to the needs of other countries. Your country has been designed as a country to produce a lot of things in a competitive way and to sell them in the world market. You and your government can get a lot of money out of this but it has a price, a price that is not economic, you are paying a price for this in the environment, in social problems and so on. Basically you are not designing your own country with your own people in mind, you are not designing what you want for you, you are designing something that intends to be competitive. By definition, being competitive is a transitional period in which you are either winning or losing. And by definition, being competitive means being cheap, cheaper than somebody else. Maybe the new economic model you decided can be a model in which you think "I am Chinese, I love my country, I want to design my country with love, with our future in mind, I want to see how I can create an economy that serves China". From this principle of value you can create a lot of economic opportunities. The difficult part may be to shift from a high-carbon economy



to a low-carbon economy. You are in a high-carbon economy because in this country there is a lot of coal, and it is, very cheap, very unhealthy, many people are suffering of this, but it is competitive. Once you put your country, your people first in your mind, in your heart, once you say "I don't want to be mining coal to make unhealthy things, I want to see what I can do in China with my own resources and in return have a much cleaner country" then you go for a low-carbon model. As soon as you start thinking less about being competitive then you can use many more renewable resources but not as it has been the case until now, not just by looking at renewable resources as one more industrial sector in which you produce a lot to sell to the whole world, except China. Once again, you should think about your country not about being competitive, think of your people rather of money and you can find solution.

This is even more important when you have, like we have in Europe, an ageing population. You are still very young and very strong, but you will see it in 30-40 years' time that when you become slightly more aged you are also less competitive. You will look more for quality than for quantity and then you will have much more interest in having a model of society less based upon competitiveness, more based upon values, upon love.

**YANG Yanqing:** You are from Spain, so it is very interesting to hear how you address the experiences or maybe the lessons from southern Europe to revive the competitiveness? How can we lose competitiveness and how can we revive the competitiveness. Sorry, is it a little bit harsh for you?

**Pedro Ballesteros:** Now Spain is becoming again competitive. I do not like my country being competitive, because it means a lot of factories are closing down in China and being installed again in Spain, because salaries are very low in Spain again, and because some social rights have been lost. I do not want my country to be competitive, because people are not happy, because people are going to suffer again, because a lot of dirty things are going to come again.

**YANG Yanqing:** What about in the long-term?

**Pedro Ballesteros:** In the long-term the only thing that you can be sure of is that your own life is in your own inner capacity, in your own inner satisfaction, in the quality of the network that you have created by yourself and in the stability and credibility of the systems that are taking control of this. Not about competitiveness or economy. Your needs are just the food you have, the other things are invented things, and you can be very happy. Many societies can be very rich without entering in so much competitiveness for so many things. If they look much more into themselves, and many are doing this, they are creating jobs, they are having a lot of occupation, by thinking more about themselves and not looking at the others.

**YANG Yanqing:** Yes, I think it is a very good solution. You talked a little bit on how the young people look at this very tough situation, the fact that the employment rate for young people in Spain is only 50%, which means one half of the young people cannot find a job. How can they look at themselves in this way?



**Pedro Ballesteros:** They are having a terrible time, because we are in a system that is very much based upon competitiveness. This system does not work, but this can happen in China, this can happen anywhere. And I am telling this honestly with my open heart: this is something that has to stop, this system of competitiveness among enterprises is only generating disgrace all over the world, for more than 70 years now. Very few people benefit from this, if nothing changes in two years' time, some of the politicians in my country will say "you see!! I was right, now people are working and we are a very competitive country ". Then the thing that is making us different from any animal is nothing, when we are competitive, we are animals, we are fighting against each other. When we are not competitive, when we are cooperative, we are human beings, we are in another dimension, we are in harmony, we are looking for peace, we are looking for our values, we are developing ourselves. I am not saying that we have this in Europe, because we do not have this in Europe; I am saying that I would like to have this in China and in Europe.

**Maurizio Mariani:** I totally share what Pedro Ballesteros say, but I should add that we really need to shift this economic paradigm based on competitiveness and based on extreme financialization of the economy. We need to maybe rethink our model of business, our model of doing business, and think again of human labour and of human happiness. Of course it is true, we do not have that in Europe, it is a goal we need to achieve, and to achieve this kind of goal we need to share and we need to cooperate with other countries such as China for example. From another point of view, since my field is agribusiness and food-processing supplies chains, I should say that maybe you can learn something from the experience in Europe and also from the experience of the old occidental countries including USA. We waste a lot of food, in Europe we produce 900 kg per capita of food, but we will never be able to eat 900kg of food per capita. We waste quite half of the production because our model of consumption is crazy. We have the same problem in the not yet developed countries, where a main part of the food production is lost for a lack of technology. It is often said that maybe as European or Italian we have to export less products and much more ideas, much more know-how and exchange with our neighbouring countries or with country such as China. It is a way to produce local economy and to give value to the human ideas and to give back the right position to the human.

Another paradox in our food system for example is that not only we waste a lot of food but we also have a big problem that is one of the main challenges for medical reasons in both Europe and in the USA: it is obesity. Today we can account in Europe around 25% of children at a risk of obesity and 15% already obese. This costs the sanitary system around 7% of the total expenditure, we should find a new balance between real economy, human labour, environment and social inclusion. This is, I think, a good recipe to build our future.

YANG Yanqing: But how can we make it?

**Maurizio Mariani:** I have been taking part in dialogues, conferences since 2007, here in China or with Chinese coming in Europe and I need to say that, on the food system, you should not learn from us. Preserve your tradition, because you have for example a different model of protein consumption. In Europe we are eating a lot of meat and our food system is based on animal proteins, in China it is much more based on vegetable proteins. This is far better for our health and for the environment. This should be a part of the low carbon economy.



YANG Yanqing: Interesting, by the way, are you vegetarian?

**Maurizio Mariani:** No, I sometimes eat meat but I am totally outside the statistics considering that one European citizen is consuming 45kg of meat a year, and a US citizen 60kg, and me I think I arrive around 20kg, 25kg. What we need in Europe but not here, is a people cultural change, we need to shift our alimentation model, our way of eating because we need tons of water, of energy to produce meat. There are also scientific evidences of this, the world Health Organisation is declaring it is bad for our health, we do not need to eat so much meat.

**YANG Yanqing:** I think it is very important for people living in developed country to eat more vegetable and less meat. But in China we are still a developing country at this moment and hundreds of millions of people cannot have enough things to eat including meat, including dairy products. The biggest concern in China now is "how can we eat safely?", we do have poisonous milk, we do have the problematic meat, very dangerous vegetables and we have thousands of dead pigs flowing on the Huangpu river. It is a terrible environment for Chinese people to face so what kind of experiences can you give us to provide a basic food system which is safe for people?

**Maurizio Mariani:** You mentioned that you have problem of food security and food safety, they are two different things. But for food safety, of course you need to warn people; you have to teach to farmers, to create union of farmers. Maybe China's problem today is that you have so many too small farms and companies. You need to aggregate them in cooperative, in consortium and this should be the role also of the state to give training and, throughout international cooperation, this should be one of the roles for example of Europe. Europe should help to create new facilities and new technologies to increase food safety. It is of course one of the main issue.

**Marc Glaudemans:** One of the key terms of the conference was sustainability and of course the definition of sustainability is that you do everything in your power not to impose or transfer the cost of the price to future generations. The long-term is very important, and in the long term it is sure that China is becoming an aged society, so you have to think now and to plan now for the China with relatively old population. This reflects on all the different aspects. It is important to think about Europe's current cities from the perspective of an aged society and then you will probably see that this very large sprawl, urban sprawl, is going to create a lot of problems in the future. Because in aged society you actually prefer to have compact cities that are walkable, where the amenities are in a close vicinity to where people live. I think you are creating lots of problems for the future now, because of the sprawl of the Chinese cities. Again there is not like one model that fits all, Tokyo is a very large city but it is also a very liveable city, it is not like a congested city. In general European cities are very small, usually you can walk from place to place, you can organise your public transport because it is compact. These are key elements that are important to think about if you are planning. Since China is now in a position to be planned in a quite effective way, because of the strong government, because of the still very strong economic drivers, and there is not a lack of money to invest so this is actually the key time for China to make the right decision. It would be wise to do the exercise from the perspective of not just the competitive economy but from the perspective of providing cities that will be liveable 20 years from now or 30 years from now. It has to



be a balanced urban system and balanced cities, and that is I think the key challenge.

YANG Yanqing: Yes, I agree with the three of you that the city should be a better to stay but will it necessary be an expensive one? How could we afford the high cost and who will pay his money?

**Pedro Ballesteros:** We are educated in thinking as if economy was the most important thing in life. Then you look at your own life how important is economy and you realise it is not so important. When we speak about cities, we are speaking about basic infrastructures where human beings will live together for the next 100 years. Second, if you have a city where people can go see each other walking, can go shopping walking, can have everything at hand, everything is agreeable then by definition this is infinitely cheaper than anything you need: a car or a bus or whatever. If you have a city fed in energy with renewable energy resources, in the long term, in the life cycle of 100 years which is the life cycle of a city, this is much cheaper than any coal, oil, natural gas or whatever you use. Now China is in a cycle in which there is money for investing, do these investments now, in order to save the money in the next 100 years. By definition, by nature, by evidence, the cheapest alternative is the cleanest and having more compact, more human and more liveable cities. Then people will take care of the city, they will feel the city is theirs. And this will also make it cheaper.

YANG Yanqing: So, it is a long-term competitiveness?

**Pedro Ballesteros:** No, this is not competitiveness, this is liveability, it is just putting things out of the market. Once your energy is for free, you are out of the market, you do not care about competitiveness, once you can go shopping just walking, you do not care about the price of the gasoline.

YANG Yanqing: It is kind of a communist future?

**Pedro Ballesteros:** Put the name you want, names are not important, importance is our feelings.

**Marc Glaudemans:** I maybe have a slightly different view on competitiveness, I think it is also a driver of personal growth; it is also the driver that of course created European cities. Venice would never be Venice without the sort of entrepreneurial spirit to discover the world, to sell their products to buy other products. And of course in the Netherland we have a tradition of being traders that is how we got into Japan and other countries. This is going to be part of history.

I think it is very important that the benefits of this system are being invested for the sake of the people these long-term investments will pay themselves over a long period. Of course there are already a lot of investments in infrastructures going on in China, which is good because these roads and railways connecting the cities will stay. In the US they had this investment in the 20<sup>th</sup> century, they did not really maintain it very well, and now they face a big problem, because now they do not have the funds to renew the infrastructures and actually people are suffering. (...) So both in term of city planning and in terms of governance there is a lot to gain in your own tradition.

YANG Yanqing: Did you imply or did you hint that maybe China should transit from only several very big megacities to maybe some or 20 or 30 more cities?



**Marc gaudemans:** I think that 20 cities of 1 million are better than one of 20 millions. But as I said it is not one size fits all but in general people in mid-size cities have a very high quality of life, they spend less time in traffic and they still have access to good amenities. Certainly from the Dutch perspective it seems to work quite well, we do not have large cities, we have a very balanced urban system and this creates quite a high quality of life.

YANG Yanqing: Thank you very much. And last but not least, the gentleman from France

**Pierre Calame:** I would like to try to broaden this discussion. First of all I have been working with Chinese partners over the last 20 years, so I could see dramatic changes every year, it was very fascinating. But let's concentrate on the last five years, when I was telling my Chinese friends "you know you are going in the wall", they would answer me "listen, we are ageing, we need to be rich before getting old, otherwise who will pay for the old people ?". Lately I heard a complete change, and people rather saying "with what we are doing, we'll be dead before getting old, because we will hit the wall". So as I said "it is not just a matter of the Chinese mis-development, it is the matter a global and sustainable model of development". And we have to address that together.

My second remark, indeed we know about the humiliation of the opium war on the 19<sup>th</sup> century, about China nearly becoming a colony of the west. After these events, the discussion among intellectuals in China has always been "we have missed the steps of technological innovation, and then we have to imitate the West". Of course if you look at GDP per capita, you can describe yourself as a developing country, but on the other hand you are not, Shanghai has nothing to do with a developing country. I remember giving a lecture to Chinese students, I was telling them that our western societies are tired, from the 16<sup>th</sup> century, in a way, they have lead the world for the good and for the worst, with the wind in the face like front runners. Now China will have the wind in the face, now you cannot imitate anymore, because then you will die. You are becoming together with us, the front runners, and we have to run together to find new ways. It is changing everything including the fact that when you want to imitate the Western style you build just an imitation which has nothing to do with your culture. I was mentioning in our meeting, the very wonderful words of Jean Monnet, one of the founders of the European Union, which was built just after World War 2. After WW2 and the Nazy, could you imagine the resentment of the French toward the German? Then Jean Monnet gathered people from Germany, from France, from The Netherlands, Italy... all the six founding countries and they would sit around a table at that point he said: "now, you sit on the same side of the table, and you face our common challenges", this is the way we built Europe.

Now, this is the way we have to build the world. I was in Rio+20 conference last year, a total failure, why? Because our governments are entrenched in the idea of sovereignty, in the old idea of "we have to confront our national interests", but national interests do not exist by essence, No, they are just existing because there are states, and these states do not know anything than to confront their interests. But they are part of the problem, they are not part of the solution, you have to understand that. We have to sit on the same side of the table, understand that our present model is totally unsustainable, socially people are not happy. When you look at all the reviews and you try to see whether there is a correlation



between wealth and happiness you discover that from the 60s there is no more correlation between material wealth and happiness. And we still keep measuring our prosperity with the same measure of GDP which absolutely no more measures happiness. That is why this is not a problem of Spain becoming competitive again with China. The problem is for Spain and China and France to invent a new model. That was my second remark. You are one of the front runners; you have to sit on the same side of the table facing the transition.

My third remark is what do we learn from cooperation? I have been involved in international cooperation in every continent and many topics over the last 20 years. I learnt that there is no universal model; there is no such thing as the silly idea of the World Bank about good practices and good governance. That does not exist. What is the use of international cooperation? International cooperation is absolutely essential for any nation or any people to learn and innovate. What we learn from each other are the major questions we have to solve, eventually I learnt from my 30 years of international cooperation that it is not the solutions which are the same, it is the questions. Addressing the right questions, listing the priorities among less than 10 questions, this is a strategy. And it is an incredible help that we can receive from Africa, or Latin America, these are not lessons from the richest to the poorest. It is from your experience. For example if we sit on the same side of the table now, what are the challenges ahead of us? It is the transition toward sustainable society. And what can we learn from each other? if you look at Stockholm, it is a good eco-city in the Swedish culture. You have to capture from them, not the solutions but the way they did, the process they used. What is very strong in our China-Europa forum is that we have learnt first of all to listen to each other to discover the common challenges behind the differences. And second we learnt that discussing with other helps us to think on our own situation just like you need a mirror.

Now let me give some concrete examples on how you renew from unsustainability to sustainability. Maurizio gave a very good example about the food supply chain. There will be sustainable societies only at two conditions: sustainable supply chains and sustainable cities. These are the key actors for the future. We have to learn to build a sustainable supply chain. Here comes another example of the dramatic changes going-on in China, 10 years from now if you would talk about global supply chains and sustainability, Chinese people would say "hey! You are trying to build a non-fiscal obstacle to international trade; you are trying to create social clauses, ecological clauses, because now that you are less productive, more aged, you want to change the rules of the game." Now I do not hear the same thing, Chinese say "if we were fighting together with Europeans, to define and develop a sustainable supply chain it will help China immensely. Because then we would develop new technologies, we would be confronted to the respect to the people". Indeed you would be productive, you would be effective and you will stop destroying yourself.

Globally speaking we have to change our economic model. For example, if we do not reach a fair share of the natural resources and of the fossil energy we will go to war, whether it will be about central Asia, whether it will be about the control of the natural resources of Latin America, whether it will be in Africa. At a certain point, China which is 3<sup>rd</sup> for fossil energy and for natural resources will come to fight. The only solution is a fair sharing of the resources. Our market cannot deliver fair sharing, fair sharing means quotas. One has to understand that market is extremely efficient but only for one category of



good and services. Market applied to fossil energy or to water means that poor people would starve and benefit will go to rich people. We have to invent a new government regime. Market is inefficient for natural resources, inefficient for intelligence, inefficient for ecosystem because if you try to sell an ecosystem you destroy it. You have to understand market is very efficient on a specific category of goods which is personal services or industry where you can create a larger range of goods with creativity and work. But for the other goods and services it is different. So the first recommendation is: just change the training of the young economists!

**YANG Yanqing:** I think it is illuminating to look back and remember what the fathers of Europe had done when they set up an industrial framework of the sharing and then the euro was created. But today when we look at what is happening in the Eurozone, we see there are problems in Greece in Italy, in Spain, today it's Cyprus. Everything seems to be on the wrong track if we look at the blueprint the fathers had printed long time ago.

**Pierre Calame:** We are not on the wrong track. The founding fathers of Europe had only one goal: PEACE. Not prosperity, not euro, not competitiveness, PEACE overcoming nationalisms, overcoming the idea that when you had problems you could export it to the other, find scapegoats and when you were facing a crisis then a good war would recreate prosperity. The problem is now at the level of the world, peace is at stake because of the kind of development model we have created, namely market fundamentalism and a very outdated vision of diplomacy. It means that when we face world issues we are not on the same side of the table. The founding fathers have succeeded, we have a lasting peace in Europe; we never had such a peace. For our generation, it is a miracle and everybody all around the world understands that. Now Europe is having enormous difficulties because of its success. Our institutions have been built for 6 countries which were from western and southern Europe, and which would know each other very well. Then Europe became a reference of democracy. On the southern part of Europe there has been the very dramatic civil war in Greece after WW2; there has been the dramatic civil war in Spain; there was a dictatorship in Portugal, when they could overcome that, they thought there was only one solution, enter the European Union.

At the first China-Europa forum which took place in Nansha, near Canton in 2005, the topic was what can China learn from the building of the European Union? The former governor of Catalonia, the most important province in Spain was present, and he vibrantly said "for us getting in the European Union it was getting definitely rooted in democracy, rooted in modernity". How could we refuse them to come in?

**YANG Yanqing:** Do you mean that the biggest problem of Europe is that it is too big? It contains too many countries?

**Pierre Calame:** Too many states, too rapid an increase, and creating a common currency without political and economic integration. We could not refuse Poland to get in, even Romania was very far from our standard and we would know that they were cheating when we said these are the conditions to get in the EU, we knew they were cheating, but there was such a need to get in. We are now 27 states with institutions which have been built for six, we should not have included so many countries in the single currency. We are now paying the consequences. But it was extremely difficult to refuse countries to get in, because it was belonging to a common community. Our current difficulties are directly linked to



our success and we have to face it and we will face it.

**Marc Glaudemans:** Of course there are different levels of addressing the issue and one is this more of the political level. But I think we can also be clear that this current crisis in the southern countries is not strictly a European problem. The financial system is totally global. This has almost nothing to do with states or with continents even, it can happen everywhere it has to do with the global financial system. Very few countries in the world are actually “safe” from that.

YANG Yanqing: But who should be blamed in this crisis? I mean in the Southern European countries.

**Marc Glaudemans:** I do not know, but I guess it is multiple .....

**Maurizio Mariani:** Today we are facing in Europe some kind of waves of nationalism in many countries. And this is something that is fighting against Europe. Today we cannot make any other decision than to finish to build up Europe. The monetary system is done, it will be stupid to go back, we need to finish what the fathers were doing, the process of peace-making is achieved, now we need to finish Europe. It is not easy with 27 countries, also not easier with 12 or 15, but we are 27 countries. If we are talking about competitiveness in the world, we, 27 countries, are half a billion people, what will happen if we start to divide Europe? We need the unification of Europe, we need an economic system, and we need a political system over the interest of any nation, of any member states. We need to end this social cohesion, political cohesion, wealth cohesion in Europe; it is the only way.

YANG Yanqing: Thank you very much. We shift from Europe back to China again. I have two questions. First one is: what is the weakest link in your view in China? Second one: what is the biggest thing that China should avoid in light of the European experience?

**Marc Glaudemans:** For the last one, your financial system is not that much integrated into the world global financial system as in Europe, so avoid that, because the fact that you are less vulnerable to these forces that are actually very difficult to control will help you enormously. The question of the weakest link is very difficult to answer. But probably it is also philosophical, the strongest link and the weakest link are probably the same. The strongest link is always people, but of course there is a risk, although China is one country, it has a lot of people and they are not all the same.

**Pierre Calame:** The main weakness is the weight of history and it has two dimensions: resentment and obsession of sovereignty. At the moment you are becoming a global player and conformist, because you have taken the habit to become a follower, but you should become a front runner in a new kind of education, training to invent, training to criticise the premises of what the children are taught. For example I am fascinated by the fact that conformism of our market fundamentalism has passed from the USA to China at the very moment when market fundamentalism has become lethal. It is a matter of survival to understand the limit of the market. I am looking at all those wonderful students here, who are taught absolutely stupid things about economy! Just copying what was written in Harvard 40 years ago.

YANG Yanqing: You mean economy or economics?



**Pierre Calame:** The great English economist Keynes said “the political leaders are the slaves of economists who are dead for long and whose name they don’t even know”. Economy is taught as a natural science, I am a mathematician, I am a scientist and I am an economist. But it is not, it is a social science, each period needs to invent, I wrote a book which has been translated in Chinese, called “from Economy to Oeconomy” to remember that until the 18<sup>th</sup> century what we call economy was said “Oeconomy” which means “the art of managing your household”. But for centuries, the question has been “how to ensure the well-being of the family, of the group, of the nation, now of the planet, in the respect of scarce resources”. Because of the specific history of the western modernisation, when we could capture the natural resources of the whole world, we have built new assumptions about economy. These assumptions which have been built at the 18 and 19<sup>th</sup> centuries are now absolutely wrong. But it is still being told because your leaders are “the slaves of economists who are dead for long and whose name they don’t know”.

We have to re-invent and it is very stimulating, you friends, you will have to invent the world of tomorrow and not just follow the west. We are tired, we need you to invent and we will have to invent together if we sit on the same side of the table and forget the resentment. We have to manage the world together.

YANG Yanqing: Thank you very much.

**China Europa Forum**