

### Europe and America: Managing the 21st Century's Agenda: International Conference, June 14–15, 2007

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# DGAPbericht

Research Institute of the  
German Council on Foreign Relations

Nº 7

## Europe and America: Managing the 21st Century's Agenda

International Conference  
June 14–15, 2007

Compiled and edited by William Nuland



DGAP

Deutsche Gesellschaft  
für Auswärtige Politik e.V.



# Europe and America: Managing the 21st Century's Agenda

International Conference

June 14–15, 2007

German Council on Foreign Relations  
Berlin

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Dear Reader:

The German Council on Foreign Relations has been a stronghold of frank transatlantic exchanges for a long time. In the Summer of 2007, we added to this record by exploring a wide range of current transatlantic issues during our two-day conference “Europe and America: Managing the 21st Century’s Agenda.”

Under the aegis of our Alfred von Oppenheim-Center for European Policy Studies and the Transatlantic Relations Program we invited leading authorities from both sides of the Atlantic to address a wide array of timely issues including nuclear proliferation, global warming and the increasingly difficult search for high-qualified employees

Rather than bringing together familiar faces the conference made a strong point of recruiting “non-usual suspects”—experts and younger analysts from the United States and Europe that come from different professional backgrounds in addition to “professional Atlanticists.” This way, DGAP took a fresh look at transatlantic challenges while simultaneously contributing to building new networks.

One thing was quite clear from the start: the days in which transatlantic cooperation could be taken for granted are over. The common “21st Century’s Agenda”—that the conference title stipulates—has to be built anew. The conference focused on the practical and the doable. It avoided dwelling in old, romanticized memories of the Cold War era and the run-of-the-mill talk about common values. Today, a difference is made by identifying common interests on pressing problems—and then concretely contributing to their resolving.

I am confident that we were able to retain some of that spirit in the following pages, and I certainly hope you will enjoy following up on the results of our conference.



Prof. Dr. Eberhard Sandschneider  
Otto Wolff-Director of the Research Institute





Doug Bandow, Chuck Peña, Jonas Böttler, John Hulsman, Wess Mitchell (left to right)

## Europe and America: Managing the 21st Century's Agenda

International Conference June 14-15, 2007 at the DGAP, Berlin

### Introduction

On June 14 and 15, 2007 the DGAP in conjunction with its Alfred von Oppenheim Center for European Policy Studies and the Transatlantic Relations Program hosted the International Conference “Europe and America: Managing the 21st Century's Agenda.” The conference brought together leading European and American thinkers for a two-day discussion on the development of Transatlantic Relations within the context of rapidly changing geopolitical realities. The conference explored the degree of commonality between European and American values in various policy arenas, rather than approaching debates from the conventional standpoint that Euro-American relations necessarily maintain core similarities. Its mission was expressed within the opening remarks of Prof. Dr. Eberhard Sandschneider, director of the DGAP research institute. Prof. Dr. Sandschneider opened with the observation that the days in which transatlantic cooperation could be taken for granted are over: a relationship that has experienced recent diplomatic pitfalls, been subject to the rise of unanticipated political forces and exposed to new challenges must be reflected upon. By way of officially welcoming conference participants, he asked rhetorically, “Is there truly a common transatlantic agenda?”

With this query in mind, the format of the panels was well suited to the comparison and juxtaposition of European and American views on current debates. Each discussion, moderated by a member of Berlin's policy community, featured two experts from each side of the Atlantic. The moderators' introductory remarks were followed by detailed and often disparate analyses on the topic at hand by a European and an American respectively, leaving room for debate and rebuttal and followed by an open forum for questions.

### Panel I: Armageddon? Threat Perceptions and Security Strategies

Thursday's first panel, “Armageddon? Threat Perceptions and Security Strategies” featured Angelika Beer, Member of European Parliament, spokesperson on Security Policy for the Greens/European Free Alliance Group and member of the Committee on Foreign Affairs and Subcommittee on Security and Defense, and Charles Peña, Senior Fellow with the George Washington University Homeland Security Policy Institute in Washington, DC, and former director of defense



policy studies at the CATO Institute. Jan Techau, Head of the DGAP's Alfred von Oppenheim Center for European Policy Studies, moderated a discussion that centered on disparities in threat perception between Europeans and Americans in 21st century security policies and posed the question: "Is there indeed consensus on threat perception?"

A frank analysis of Ms. Beer's comments would point to a resolute "no" on the question of consensus. The fractured response to Russian president Vladimir Putin's speech at the Munich Security Conference 2007 revealed the extent of disparities between Europe and America in foreign policy, she suggested. Beer depicted transatlantic rifts in threat perceptions in three areas. First, in terms of missile defense: Ms. Beer stressed the point that thwarting the use of missiles through the deployment of more missiles is a misguided principle. She suggested that America's fondness of unilateralism—typified by negotiations over missile defense—is supported by both rhetoric and action. Second, Ms. Beer pointed to containment of nuclear proliferation. In terms of threats, she discussed the possibility of a nuclear-equipped Pakistan governed by leaders unfriendly to the West. Ms. Beer recommended that the abandonment of global nuclear ambitions might be the best option for ensuring security. Finally, the discussion turned to the "War on Terror". As a continued point of contention between Western leaders, the "War on Terror" reveals vastly different understandings on the utility of force, Ms. Beer said. She argued that America's abuse of human rights is "a pattern, not an



Angelika Beer and Jan Techau

exception,” as a component of the US campaign against terrorism. In a parallel to earlier comments Ms. Beer warned that in 21st century geopolitics, force breeds more force and terror more terror; more importantly, the fundamental desire of terrorists around the globe is to draw disproportionate and unintelligent response from the US.

Charles Peña began his remarks with a “reality check:” The threat of Armageddon is no longer part of security discussion and no longer a real concern. Even nuclear terror, though catastrophic, would not pose any legitimate threat of annihilation. What we have seen in the recent past is not an increase of the global nuclear threat, he continued, but a management of threat through the reduction of nuclear arsenals.

Peña painted a far different portrait of threat perception than his European counterpart. He called European and American conception of threats, “much the same,” and pointed towards the common goal of preventing Iran from establishing a nuclear arsenal. Peña offered no apologies for the perception of US unilateralism on the global stage. America’s approach to dealing with threats, “is all about US National Security,” he said. Multilateralism is a post cold war modus operandi that the US is indeed working to utilize as much as possible, but only when considered useful. Speaking to the concerns of Iranian nuclear proliferation, Mr. Peña suggested that prominent fears of the international community are



Heinrich Kreft and Eberhard Sandschneider

not realistic: The current understanding of Iran as a threat to Israeli and broader European security presupposes a suicidal Iranian regime—any attack launched against a Western power would mean immediate military response aimed at Tehran. Furthermore, the concept that Tehran would allow its nuclear warheads to fall into the hands of terrorists is unfounded.

Peña considers divergence in threat perception as a function of disparate approaches to terrorism. Fundamentally, Peña said, security is an issue of sovereignty. The US shouldn't dictate security issues in Europe just as European states wouldn't dictate American security policy.

Interview with Angelika Beer

*Question:* How do you understand America's unilateral actions on the world stage as opposed to Europe's focus on multilateralism?

*Angelika Beer:* The basic difference is that, as I understand it, Europe is something like a game [to Americans like Mr. Peña]. Americans want to be able to employ unilateral decisions anywhere, vis-à-vis any country in this world in order to increase their own security.

*Question:* Can you explain the different approaches to Russia in terms of the transatlantic relationship?



Angelika Beer

*Beer:* In questions such as energy security, one wing—more the American wing—is ready to use force to secure energy sources. Europe tries to find a way of using negotiations in the global theater to make sure that energy is not used as a weapon [as in the case of Russia]. That's one example which shows that we need to deal with Russia as transatlantic partners. But it's important to see that Russia has developed new confidence and is ready to challenge other countries' national interests to show that it is back on the world stage.

*Question:* How should Europe work to protect its own foreign policy interests?

*Beer:* First, it's not enough to merely say "can we agree or not on what Bush is saying." To simply oppose him for opposition's sake or wait till he is gone and there is a new government is not acceptable. Europeans must find their own positions and then come back and find a new basis on which to negotiate with [actors such as] Russian and the Americans about our interests.

Interview with Charles Peña

*Question:* How does the cat and mouse game between Iran and the US speak to the legitimacy of each country's leadership?

*Charles Peña:* Clearly Iran and America, in terms of leadership, are in a kind of codependent state. Ahmadinejad says something and Bush says something back. It's a circle of rhetoric that reinforces what the other says. They almost need each other in order to bolster their individual cases.



Chuck Peña

*Question:* What about the sense that Iran is currently lead by a man who is on a path of self-destruction. Isn't there a certain democratic tendency among the Iranian people?

*Peña:* Ahmadinejad may be the president, but he doesn't run the country. The Mullahs still have a great degree of sway and Ahmadinejad doesn't call all the shots. There's also no great love for the regime amongst the Iranian people. There isn't a lot support [for the regime] but the population in Iran may feel complacent or feel helpless about the ability to change the course of things.

*Question:* So then why don't Americans understand that?

*Peña:* There is a problem that Americans have generally speaking, with regard to foreign countries and foreign cultures, and then much more so [in reference to] the Middle East and the Muslim world. We don't understand and aren't as willing to try and understand the differences in culture and history. Because of 9/11 in particular ... we tend to lump people together.

*Question:* Why has the missile defense issue been described in such ideological terms?

*Peña:* In the US, missile defense in particular has often been described as being a religious issue. You either believe in it wholeheartedly or are adamantly against it, and there's no middle road.

#### Panel II: The Future of the West

Thursdays Second Panel, "The Future of the West," brought together Dr. Ulrich Speck, a journalist, prominent blogger and foreign policy analyst from Frankfurt / Main, and Wess Mitchell, director of research at the Center for European Policy Analysis in Washington, DC, for a discussion on the conference's seminal issue: Where does the transatlantic relationship stand in reference to the greater scope of 21st century geopolitics? Jan-Philipp Görtz, the Director for Political and Government Affairs at Deutsche Lufthansa Berlin moderated a debate that begged the question: Will Western dominance hold in the face of potential Eastern approaches to world problems?

Mr. Görtz opened the panel invoking Ronald Reagan's famous appeal to Mikhail Gorbachev to "tear down this wall!" as a means of comparison. In 2007, Reagan's words show us both how far we have come and how much solidarity we have lost.

Ulrich Speck's commentary was a narrative of the last 20 years in the transatlantic relationship: a partnership he characterizes as having evolved from the cornerstone of a "survival guarantee" for Western Europe to the "alliance of choice,"

he sees in contemporary history. In Speck's analysis, however, there still remains an element of necessity in Europe's dependence on America for military initiative. Speck noted that a vision of European autonomy, for instance, persisted until the crisis in the Balkans. He remarked that arguments between transatlantic partners point to a "lively partnership," as opposed to a decaying alliance though the voices of dissent are often heard quite loudly on the European side. The transatlantic marketplace, Speck continued, "is the backbone of globalization," and though Europeans may complain about the foreign policy blunders that have come from Washington policy, liberal democracy and free market capitalism continue to provide commonality.

Wess Mitchell spoke to the changing geopolitical order in terms that brought a sense of immediacy to the discussion on transatlantic cooperation. Mitchell suggested the Western alliance must adapt to the reality that "the end of western dominance is approaching." What we are facing, he noted, is a huge reordering of the international system founded in a redistribution of global wealth. If the West has indeed been preparing for the imminent sea change, it has done so rather badly, said Mitchell, pointing to the near meltdown political environment in the Middle East and America's aggressive foreign policy as tokens of Western negligence. If America and Europe intend on remaining competitive in the 21st century, a reordering of their own is necessary. Noting that there is still time to change course, Mitchell offered a prescription, laying out his "Three B's" of 21st century Western rehabilitation:

- **Base:** The United States, instead of embarking upon adventures in nation-building, needs to work on maintaining close relations with its allies (read: European states).
- **Boundaries:** Western powers need to clearly delineate conduct that they consider unacceptable in the global arena. Treating governments on a case by case basis can breed hypocrisy and the deterioration of the Western image.
- **Bargains:** Learning how to offer emerging powers a fair stake in the future will be a key to establishing and maintaining global homeostasis.

#### Interview with Ulrich Speck

*Question:* Do you see a new approach in American foreign policy these days?

*Ulrich Speck:* American foreign policy is always a mixture of an idealistic view and a certain brand of realism. The Americans always ask themselves if they should use this [realist] approach and skip the idealistic view of promoting democracy and changing the world, which challenges the status quo. What we heard today is that the American experts think of America as a status quo pow-

er. It's a pendulum that swings back and forth. I wouldn't see this as the definite new approach. I think that Washington is now considering a whole range of approaches.

*Question:* Where do you see the current state of discussion on European common defense and security?

*Speck:* In security matters there is still the expectation [among the Americans] that the Europeans raise their defense budgets or have better coordination. But there are not many incentives for European policy makers to raise their defense budgets. Europeans don't feel threatened.

*Question:* Why is that?

*Speck:* Europeans expect at the end of the day that the Americans think defending Europe is still a core American interest.

*Question:* Why was there so much emphasis on cooperation after the G8 summit in June?

*Speck:* I think we're now in a situation where the public on both sides of the Atlantic expects cooperation. But these big events are very much about public relations. I honestly don't see much substance in these summits.

Interview with Wess Mitchell

*Question:* Can you point to any mistakes in current American foreign policy?



Wess Mitchell, Jan-Philipp Görtz, and Ulrich Speck (left to right)

*Wess Mitchell:* The United States should understand itself in the world today to be a status quo power. I think it's a very peculiar thing that a hegemon, the leading power in the international system, is a revisionist power. It shouldn't be that way. I think it's only because of a misunderstanding of the incentives and disincentives that the US faces that we're somehow positioning ourselves as what Condoleeza Rice calls "a revolutionary power."

*Question:* Why does transatlantic debate often revolve around a discussion of common values?

*Mitchell:* I think there's a tendency in certain foreign policy circles to overstress values a) because it's what everyone's been talking about for so long but b) because it allows us to avoid the hard work of actually sitting down and talking about specific issues. On specific issues we may have, generally speaking, common values but we may have very different interests and I think we need to be prepared for that. We face very specific issues, and a discussion of values will only take us so far in addressing those issues.

*Question:* To what extent does further transatlantic cooperation depend on a new American presidency?

*Mitchell:* We certainly shouldn't expect to see the current US president use waning and dwindling political capital to mend fences with European allies. However, I think where we see some promise on this issue is in the current wave European leadership. As fate would have it, just as our American president is



Wess Mitchell



leaving we have a generation of European leaders that appear to be interested in [closer cooperation]. A lot depends on how much political capital the next president is willing to invest in it. I think it remains to be seen but I think the prospects are very good.

### Panel III: Rising Asia

Thursday's final panel, "Rising Asia" featured Doug Bandow on the American side, Cobden Fellow in International Economics at the Institute for Policy Innovation and Vice President of Policy for Citizen Outreach in Washington, DC, and, on the European side, Prof. Dr. Eberhard Sandschneider, Otto Wolff-Director of the DGAP's Research Institute and host of the conference. Dr. Heinrich Kreft of the CDU/CSU Parliamentary Group moderated a discussion that probed the commonalities and differences in European and American approaches to the rise of Asian powers, specifically focusing on China as a token of the region's exponential growth and influence.

Bandow began with an analysis of diverging US and European perceptions on Asia. Europe's primary concern is consistent, positive American involvement in Pacific relations, said Bandow. Ironically, Europe's most important relationship vis à vis Asia is the United States. For America however, the issue is far more complicated. The perception of Asia (particularly China) as a threat continues to swell in relation to the region's growth, said Bandow. America's growing trade ties with China, its increasing external debt to Beijing and Chinese military buildup continue to ruffle feathers in Washington. China's regional dominance is currently a foregone conclusion, says Bandow, but its imminent emergence as a global power is not yet given. Economic growth continues at a healthy rate, but there remain a laundry list of obstacles that Beijing must overcome. Though the common perception is that "You can't stop China," the ruling elites in Beijing are still faced with the problem of privatizing banking, an unrepresented peasant population and a political evolution that seems to be lagging behind the country's economic progress. Asia is also not merely confined to a Chinese monolith, reminds Bandow. In India, the global arena might be seeing a healthy counterweight and a major player in the flattened global economy. Japan is currently flirting with remilitarization and is rethinking its role in the world as a true power, not just a commercial business entity. In North Korea, the gravest threat is not necessarily nuclear arsenal and looming promises to abandon nuclear ambition, but the probability of state implosion and the task of regional reconstruction. And South Korea's rising anti-Americanism and developing relationship with China has been ringing bells within Washington's foreign policy community. None of this,

remarked Bandow, is to say anything of Taiwan, which looms as an enormous question mark for both European and American interests. What we need, says Bandow—as a transatlantic alliance and in the interest of a balanced Asia—is more assertive regional actors in South Korea, Japan and India.

Professor Sandschneider, who has written extensively on China, portrayed rising Asian powers as the primary issue in the transatlantic alliance. In opening, he responded directly to the questions posed in the panel's introductory description. Do Europe and the United States have a common idea about the rise of Asia? “Yes,” said Sandschneider. Is China a threat or a prosperous ground of opportunities? “Both, depending on your viewpoint.” Can we devise common transatlantic strategies for dealing with emerging global powers? Prof. Sandschneider seemed doubtful in response. Finally, how will Europe and the United States manage to dovetail their divergent interests in the region? “With difficulty, if at all.” Prof. Sandschneider's final response set the tone for a description of China as a country of multifaceted interests that is merely working to stake out its role among global leaders. Why should we blame China for ignoring Western outcries of human rights abuse, of not playing by our rules of Intellectual Property Rights or of floating its currency when we (the West) are clearly not prepared to do anything in response? If China has a strategy, it is this, said Prof. Sandschneider, “Whatever works will be done.” Reevaluation is the task of the transatlantic alliance, not of China. Perhaps the rise of Asia and the rise of autocracies as legiti-



Doug Bandow and Heinrich Kreft (left to right)

mate and powerful players in the realm of international relations are conditions that the West, as individual actors, will simply have to get used to.

#### Key-Note Speech: Exporting Democracy and Nation-Building

John C. Hulsman, DGAP's Alfred von Oppenheim Scholar, offered four simple lessons in state building from the great British officer T.E. Lawrence. Hulsman said that respect for history could help keep America out of future misadventures like the present situation in Iraq. America's present day difficulties in democracy building in Iraq illustrate a depressing ideological sameness. Whether we are talking about Haiti, Somalia, Bosnia, Kosovo, Afghanistan, or Iraq, one constantly runs into the same failed philosophy. Top-down, state-building efforts imposed from outside, efforts that pay little more than lip-service to the ideal of making locals stakeholders in the process, are doomed to failure. Instead, we would do well to recall the life of the gallant British officer, T.E. Lawrence. As a historical figure, Lawrence was immortalized by Peter O'Toole's famous portrayal in the movie *Lawrence of Arabia*. Embellishment aside, the core of Lawrence's brilliance is contained within what he thought and how he operated, as much as for what he actually did. Juxtaposed against Lawrence, the Bush administration's follies in Iraq would serve as an almost comic foil, if not so many lives had been destroyed.



John Hulsman and Eberhard Sandschneider (left to right)

*Lesson #1:* It is critical to accurately assess the unit of politics in a failed state. Instead of looking for Thomas Jefferson, Western elites must work with countries as they find them. In the case of modern Iraq, the unit of politics is religious and ethnic, with the three primary building blocks being the Shia (roughly 60% of the population), the formerly ruling Sunnis (20%) and the Kurds (around 20%). Early utopian efforts to ignore this reality and talk of supporting “Iraqis” rather than working with Iraq’s genuine building blocks has died down, blunted by the gloomy day-to-day political realities.

*Lesson #2:* To work against the grain of history is to fail at state building. To immediately and artificially impose Western standards on a failed non-Western state while disregarding its own unique culture is to court disaster. For example, naive American efforts to limit the role of Islam in the new Iraq did little more than alienate Grand Ayatollah Sistani, the key representative of the Shia.

*Lesson #3:* Local elites must be made stakeholders in any successful state-building process.

In disbanding the Iraqi army, Paul Bremer, the American viceroy in Baghdad, unwittingly laid the groundwork for a period in which it was the American-led coalition, rather than a fusion of American and Iraqi military forces, that became responsible for the security of the country. This was perhaps America’s



Fritjof von Nordenskjöld (center) exchanging views with participants during coffee break

greatest mistake in state building in Iraq, for it meant that the West, rather than Iraqis themselves, took the lead in rebuilding the country.

*Lesson #4:* A Western country should engage in the arduous process of state building only when primary national security interests are at stake.

In the Great War, Lawrence became convinced that the defeat of Turkey was possible through energizing the Arab Revolt and that this would prove greatly beneficial to a hard-pressed Britain. American efforts at state building ought to be discussed in similarly hard-headed terms. The 1990s American efforts at state building display an undifferentiated quality in terms of American national interests. The Clinton Administration never met a failed state it did not want to intervene in, however peripheral to American interests (Haiti, Somalia, Kosovo, Bosnia).

The differentiation of when and where to engage in state building, guided by national interest calculations, will stop an overextended America from frittering away for little gain the competitive advantages that have made it the dominant power in the world. Sometimes the answer is no. As John Quincy Adams put it, “America is the well-wisher to the freedom of all. She is the guarantor of only her own.” State building is simply too complicated to be attempted more than necessary—it should be engaged in only when primary American interests are at stake.

Iraq has quieted the state-building lobby in Washington, but only for the moment. Doubtless, soon they will rise up, blandly explaining that it is the President's incompetence, rather than their precious, top-down state-building strategy, that is to blame for the disaster in Iraq. When the moment arrives, it is up to the rest of us, guided by a rudimentary knowledge of history, to present them with a copy of Lawrence's masterpiece, *The Seven Pillars of Wisdom*.

Interview with John Hulsman

*Question:* What is the implication for NATO given failure in Afghanistan?

*John Hulsman:* In a word it would be catastrophic. I think Afghanistan began very well, we worked with the locals in establishing a bottom up approach and then we took our eye off the ball because of Iraq. This was the one we all agreed on. This isn't Iraq, we all agreed that this was worth doing and now we can't get the Germans to come south and fight where the [danger] is. If you're not going to share risk in an alliance, then it's not much of an alliance. It's not that NATO will cease to exist, it will just become another alphabet soup organization. People won't use it as a tool.

*Question:* Why is it that only now are the neo-cons being taken to task on Iraq?

*Hulsman:* It's only when things begin to go wrong in the real world that most of the country, who have other concerns, begin to notice. Those of us who followed that have been waving our arms frantically for a number of years now. But it's only when the bottom fell out in terms of domestic public opinion that people began to realize.

*Question:* How do US party politics affect the foreign policy debate?

*Hulsman:* Really both parties don't make sense anymore in a foreign policy sense. Both parties currently have civil wars. The liberal hawks in the Clinton administration wanted to socially engineer the world in Bosnia, Kosovo, Somalia, and the Bush people want to do so in Iraq. That's the underlying theme: They have more in common. So the notion of party doesn't make a whole lot of sense in the new world of geopolitics.

*Question:* Why has realism as a foreign policy approach been underrepresented during the Iraq war?

*Hulsman:* Realists have always been somewhat reserved. Where we lose is that utopians argue the false point that 'we meant well.' Their plans still trump ours because they have a grand vision and a utopian idealistic streak—one that Americans in general certainly have. My goal ultimately is to leave the United States better than I found it. I believe that the US is indeed the last best hope in this world, I believe that profoundly. My vision is a moral vision and an attrac-



Eberhard Sandschneider

tive vision for Americans. That is the key moral link in realism. We have shied away from making that argument because we don't like talking about morality. However, we darned well better start or we're never going to do well in an America that talks about both ethics and realism.

*Question:* How has your approach to foreign policy discussion been received in Europe?

*Hulsman:* Well, the reality now is that when I say "trust me" I am always fighting against suspicion. Look at missile defense. Even when the Bush people are right on policy no one listens to them, and that's the price you pay [for foreign policy missteps]. Realism is about restoring that goodwill, and realists would say it will take decades, but lets do it. We need to go back to longer-term thinking.

#### Panel IV: War for Talent

Friday's opening panel, "War For Talent," dealt with the challenge of remaining competitive in a globalized business environment. Representing the European angle was Dr. Christine Stimpel, Managing partner of Heidrick and Struggles Executive Search, a "headhunting" firm based in Dusseldorf. Offering the American perspective was Prof. Robert Lieber, Professor of government and international affairs at Georgetown University in Washington, DC. The discussion focused on business and cultural factors that attract or deter qualified employees to particular countries. Stephan Gutzeit, Member of the Executive Board of the Charité Foundation in Berlin, moderated the panel. In opening, Gutzeit spoke to the stereotypes of American and European business models: America, as "land of opportunity" is thought of as possessing an eternal entrepreneurial spirit based on creativity, ideas and the capacity for change. Europe, on the other hand is branded as hierarchical, slow to innovation and lacking in the spirit that has defined the American dream.

To a limited degree, the comments of Dr. Stimpel affirmed the opening remarks. "In Germany, the demand for leadership is ... higher than the supply," and neither the dearth of leaders nor the conversation on possible solutions is novel—Germany has bemoaned its lack of executive potential since the internet boom of the 90s. The explanation for the phenomenon is, simply put, an effect of the draw of other markets—German executive salaries are not competitive with the vast sums of money many American business leaders command. However, Dr. Stimpel reminded the audience that the limits of executive talent is not confined to Germany, but will soon be a global problem: "in America 50% of business leaders will retire within the next three years"; in China's rapidly globalizing system, managers with required international business experience are increasingly harder

to find. As the economic “center of gravity” naturally pulls away from the West, transatlantic business partners (German in particular) must “invest in talent,” says Stimpel. If incentives such as competitive salaries and flexible business practices are not there, talented young businessmen and women will simply move to where the opportunities are more attractive.

Professor Lieber’s spoke of American business practices in equally complimentary terms. Asked why the American dream continues to persist despite low international public opinion and a growing wealth gap, Lieber stressed, “because it continues to be a reality.” The United States is the beneficiary of a sort of multiculturalism and absorption capacity that extends to the realm of business, making flexibility and adaptability the norm. It is no coincidence that 70% of all living Nobel Laureates are employed in the United States, notes Lieber, “writers [on economy] talk about the notion of ‘animal spirits’ as being crucial to innovation, economic advancement and creativity,” and the American focus on private sector competition is the playing field for such spirit. Prof. Lieber’s discussion was not entirely complimentary, however. He noted that, as a result of increased border security and the greater push for homeland protection, “US immigration policy seems to be selecting for the least qualified” visa applicants. Furthermore, though American education plays an enormous role in instilling entrepreneurial values among its educated classes, the cost of higher education in the States creates an exclusivity and aura of inaccessibility for those outside of the system.

Interview with Robert Lieber

*Question:* Despite opinion polls that show America’s image sinking, the American dream persists. Can you explain the phenomenon?

*Robert Lieber:* The dream continues to be a reality: The immigrant family achieves middle class status and the children go on to live in prosperity. And though the



Christine Stimpel, Stephan Gutzeit, and Robert Lieber (left to right)



current trend of anti-Americanism is real and troubling, is not unique. Some of the problem is real, some of it is cyclical and a good deal of it rests on wild exaggerations.

*Question:* How does the economics community perceive of the success of the capitalist model?

*Robert Lieber:* Writers on economics and on capitalism talk about the notion of “animal spirits,” a sort of optimism, energy and entrepreneurship and a sense of adventure that’s crucial to innovation and economic advancement and creativity in the successful operation of an ever changing and adaptive economy. I think successful market economies have learned how to foster these tendencies.

*Question:* How can legislators in market economies effectively regulate hedge funds?

*Robert Lieber:* You need to be careful of how you regulate so you don’t throw the baby out with the bathwater. The task of legislation and regulators is to find ways of making sure that there is more of a level playing field without undercutting the entrepreneurial drive that you want in a modern economy.

#### Panel V: How to Tackle Climate Change

On the heels of promises made at the G8 summit at Heiligendamm, Friday’s final panel “How to Tackle Climate Change,” offered a timely discussion on common strategies and continued differences between European and American approach-



Robert Lieber and Christine Stimpel

es to dealing with global warming. Panelists R. Andreas Kraemer, Director of the Ecologic Institute for International and European Environmental Policy in Berlin, and Patrick Moon, Director of the Office of Austrian, German and Swiss Affairs of the US State Department, both spoke to the implications of the statements coming out of the G8 and the resulting capacity for change in policy creation.

Kraemer sees a victory for champions of Climate Change policy in the willingness of G8 leaders to officially agree on the gravity of global warming, but cited disappointment in the lack of specificity on cited goals. He called the statement out of Heligendamm “Long on energy supply debate ... weak on renewables ... very weak on efficiency.” The common perception on climate change policy is that the American approach is market-based, while the European is state controlled, remarked Kraemer. As a corrective, Kraemer noted that these stereotypes are misleading, and pointed to the European Carbon trading scheme as an example of market-based innovation. According to Kraemer, the difficulty in US Climate Change policy is not its market-based underpinning, but the inability and unwillingness of the federal government to respond to individual state initiatives and public pressure. One sees “more similarities than differences” in the role domestic pressure plays into the climate change debate in Germany versus the US, said Kraemer, “the main difference is that you have a completely different way in which public concerns and public pressures are translated into federal policy making.” He suggested that, as transatlantic partners, the EU and US look to in-



R. Andreas Kraemer and Stefan Theil (left to right)

vest in changing technologies outside of the popular fixation on ethanol, biomass and hydrogen, all of which have shown proven drawbacks that seem to outweigh benefits. But its not merely an issue of technologies, “governments need to create the right framework,” and follow innovation. Finding opportunities for cooperation—such as the state of California’s 40 member delegation’s recent visit to the European Commission—is the key to both.

Patrick Moon, speaking as an official representative of the United States Department of State, said that the American approach to tackling climate change, “is working.” Moon pointed to figures that showed emissions decreases within the United States in relation to population growth, compared with regional figures in China which have increased considerably in conjunction with growing industrial might. The key to mitigating climate change is a hands on approach through investment in rising Asian powers, suggested Moon, a sentiment that Kraemer later agreed with during open discussion. However, Moon also expressed optimism on the results of Heiligendamm, calling the agreement “a [US] commitment to the UN process” and evidence of consensus on the issue of climate change. During discussion, he challenged the European Carbon trading scheme, saying that EU programs have not been as successful as has been claimed but echoed Kraemer’s call for the innovation and motivation of new technologies.



Patrick Moon

Interview with R. Andreas Kraemer

*Question:* Can you compare the role the public debate plays in Europe vs. the United States in terms of climate change?

*R. Andreas Kraemer:* There are more similarities than differences. If you look at the positions of environmental organizations across the Atlantic, they're very similar, trade union positions are very similar, the initiatives by universities or by churches are very similar, the policies adopted in municipalities, in towns and in cities are very similar. The main difference is in a specific area of the United States that has very little exposure to news from outside the US and therefore has a very domestic understanding. There is also a completely different way in which public concerns and pressures are translated into federal policy making.

*Question:* And how do federal policies translate into domestic policies?

*Kraemer:* Americans have significantly lower taxes on fuels. But if you compare the cost of driving a car, it costs about the same in Europe and in the US. The difference is that in the US the cars consume more gas per mile and a higher proportion of the total bill goes to the energy suppliers. So it goes towards the Saudi sheiks that pump the oil out of the ground and to the other oil exporting countries. In Europe, a higher proportion of what the motorist pays goes into the tax coffers of government, which can then fund certain programs like health care, education and social programs.

Key-Note Speech: Shifts in the Transatlantic Economy

Friday's key-note speech "Shifts in the Transatlantic Economy" was delivered by Italian Ambassador to Germany, Antonio Puri Purini. DGAP Executive Vice President Ambassador Fritjof von Nordenskjöld moderated a talk that centered on the economic relationship between the United States and the European Union and its role as the centerpiece of a truly strong and integrated transatlantic partnership. Purini's thoughts mirrored a common sentiment expressed throughout the conference as a whole: the transatlantic relationship's major obstacle is "too much talk" and not enough action. However, also in concert with the greater majority of panel participants, Purini sees commonality in the Western approach to building consensus, "our disagreements reveal areas of agreement," he said. Our mission as an alliance is, above all, to ensure the stability and well-being of the international community, to speak truths to one another in transparent discussion and to protect shared interests.

Turning to the issue of European integration, Purini's words were more pointed and pushed for progress in further institutional design. Unity on the European level, he said, will allow for a stronger partnership with the US, will increase the

effectiveness of the Union outwards and will ensure staying power. The other option, a rollback of institutional framework, would be disastrous. Europe, which has not been entirely effective at communicating its broader goals, must define its common targets for the next 60 years and it must seek closer partnership with the US through three arenas:

- 1) A true transatlantic economy;
- 2) Climate Protection in a bilateral as well as UN framework and;
- 3) Energy security.

In closing, Ambassado Purini stressed the interdependence of the United States and Europe and reminded conference attendees that trade and finance, as both the strongest area of EU unity and the strongest bond in the transatlantic alliance, should be the starting point for expansion in Atlantic cohesion.



Antonio Puri Purini

## Annex: Conference Agenda

Europe and America: Managing the 21st Century's Agenda

International Conference

June 14–15, 2007, DGAP, Rauchstraße 17/18, 10787 Berlin, Germany

### 1st day: Thursday, June 14th 2007

from noon

1:00–2:00pm

2:15pm

**Conference Registration**

**Welcome Lunch**

**Official Welcome**

**Prof. Dr. Eberhard Sandschneider**, Otto Wolff-Director of the Research Institute, DGAP, Berlin

2:30–3:30pm **Panel I:**

**Armageddon? Threat Perceptions and Security Strategies**

What is the likelihood of terrorists employing WMD against the West? How real is the danger of a large-scale nuclear attack? Are the United States and Europe prepared for a nuclear-armed Islamist Pakistan? How dangerous is the transatlantic gap of threat perception and how can we narrow it?

Speakers:

**Angelika Beer**, MEP, Spokesperson on Security Policy of the Greens / European Free Alliance Group, Member of the Committee on Foreign Affairs and Subcommittee on Security and Defence, Brussels

**Charles V. Peña**, Senior Fellow at the Independent Institute, Senior Fellow with the George Washington University Homeland Security Policy Institute, Washington, DC

Moderator:

**Jan Techau**, Head of Program, Alfred von Oppenheim-Centre for European Policy Studies, DGAP, Berlin

3:30–4:00pm

**Coffee Break/Refreshments**

4:00–5:00pm

**Panel II:**

**The Future of the West**

Throughout the 20th century, the West provided the dominating ideas, models, and strategies governing international relations. Will this dominance hold? How different are potential “Eastern” approaches to world problems? Are they reconcilable with the way the West thinks and acts? Is there a common Western destiny in the 21st century? Or will the West split up and fade away?

Speakers:

**Dr. Ulrich Speck**, Journalist and Foreign Policy Analyst (Kosmoblog), Frankfurt / Main  
**Wess Mitchell**, Director of Research, Center for European Policy Analysis, Washington, DC

Moderator:

**Jan-Philipp Görtz**, Director Political and Government Affairs, Deutsche Lufthansa AG, Berlin

5:00–5:30pm

**Coffee Break/Refreshments**



Doug Bandow

- 5:30–6:30pm**     **Panel III:**     **Rising Asia**  
Do Europe and the United States have a common idea about the rise of Asia? Is China a threat or a prosperous land of opportunities? Can we devise common transatlantic strategies for dealing with emerging global powers? How will Europe and the United States manage to dovetail their divergent interests in the region?
- Speakers:     **Doug Bandow**, Cobden Fellow in International Economics at the Institute for Policy Innovation and Vice President of Policy for Citizen Outreach, Washington, DC  
                  **Prof. Dr. Eberhard Sandschneider**, Otto Wolff-Director of the Research Institute, DGAP, Berlin
- Moderator:     **Dr. Heinrich Kreft**, Senior Foreign Policy Advisor to the CDU/CSU Parliamentary Group, Berlin
- 6:30–7:00pm**     **Alfred von Oppenheim Essay Award & Reception**



Cesare Merlini, Doug Bandow, and Chuck Peña (left to right)



**7:00–8:00pm** **Prof. Dr. Eberhard Sandschneider**, Otto-Wolff-Director of the Research Institute, DGAP, Berlin  
**Dinner**

**8:00–9:00pm** **Key-note Speech** **Exporting Democracy and Nation-Building**  
**Dr. John C. Hulsman**, Alfred von Oppenheim Scholar, DGAP, Berlin  
Moderator: **Jan-Friedrich Kallmorgen**, Head of Transatlantic Relations Program, DGAP, Berlin

**9:00pm** **Informal Get-Together**

**End of first Conference day**



Eberhard Sandschneider, Heinrich Kref, Jan Bittner, and Franz-Josef Meiers (left to right)

**2nd day : Friday, June 15th 2007**

**9:00–10:00am**

**10:00–11:00am Panel IV:**

**Breakfast Reception**

**War for Talent**

Innovation and education are the key factor for global competitiveness. How can the West continue to win the contest for the best brains in the world? Where are the knowledge centers of the future? How will the increased output of qualified science and technology specialists affect the future of our educational systems?

Speakers: **Dr. Christine Stimpel**, Managing Partner of Heidrick & Struggles Executive Search GmbH, Düsseldorf

**Prof. Robert Lieber**, Professor of Government and International Affairs, Georgetown University, Washington, DC

Moderator: **Stephan Gutzeit**, Charité Foundation, Member of the Executive Board, Berlin

**11:00–11:30am**

**Coffee Break/Refreshments**



John Hulsman, Elizabeth Pond, and Jackson Janes (left to right)

**11:30–12:30pm Panel V:**

**How to Tackle Climate Change**

Is there a common Western strategy to the challenge posed by global warming? How do we reconcile America's market- and technology-based approach with Europe's state-centric and interventionist policies? What can companies contribute? Are we going to see an "ecologic industry?"

Speakers:

**R. Andreas Kraemer**, Director, Ecologic – Institute for International and European Environmental Policy, Berlin

**Patrick S. Moon**, Director, Office of Austrian, German and Swiss Affairs, U.S. Department of State, Washington, DC

Moderator:

**Stefan Theil**, Bureau Chief Newsweek Germany, Berlin

**1:00–2:00pm Key-note Speech**

**Shifts in the Transatlantic Economy**

**Amb. Antonio Puri Purini**, Ambassador of the Republic of Italy to Germany, Berlin

Moderator

Amb. Fritjof von Nordenskjöld, Executive Vice President, DGAP, Berlin

**2:00pm**

**Lunch Buffet**

**5:00–7:00pm**

**"Transatlantic BBQ" at DGAP**

**End of Conference**

## Impressum

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