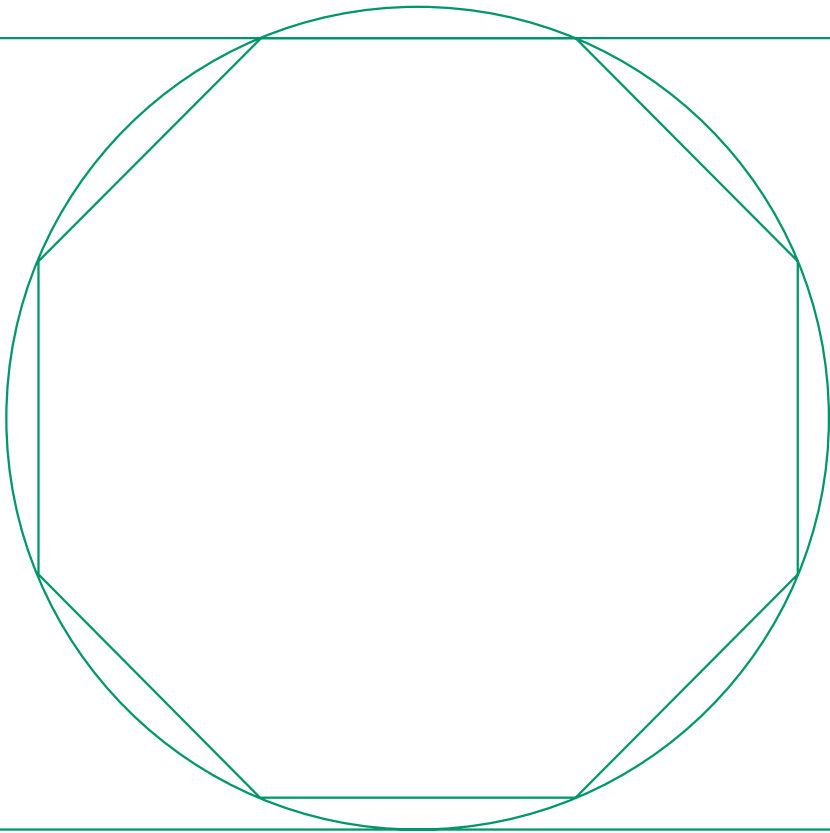


# Building a New Transatlantic Generation

20 years of the Robert Bosch Foundation  
Fellowship Program  
1984-2004

Essays by Bosch Alumni



ROBERT BOSCH STIFTUNG

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*“This program is based on faith that friendships between and among nations are built on personal friendships and that international and intercultural understanding are keys to human progress.”*

Former Secretary of State Madeleine K. Albright at the 20th anniversary celebration of the Robert Bosch Foundation Fellowship Program in Washington, DC, June 12th, 2004.

## Foreword

In the summer of 1984, the first group of Robert Bosch Fellows embarked on a transatlantic journey. Since then, well over 300 young Americans have taken part in an intensive intercultural experience, gaining insights into Germany and Europe by living there and working in their field of expertise.

The Robert Bosch Stiftung launched the Fellowship Program as a completely new initiative to promote German-American understanding. It was a decision made against a backdrop of growing concern, on both sides of the Atlantic, over the future of NATO and the transatlantic ties. The controversy regarding NATO's two-track decision against the Soviet Union's stockpiling of arms had created a heated atmosphere in transatlantic relations in the early 1980s. The fundamental consensus, the implicit understanding, of living in a community of people sharing similar values, appeared to be jeopardized. Two decades later the Cold War is over, and old threats do not exist anymore. However, we face new challenges today which put the transatlantic friendship to the test. Twenty years after its creation, the Fellowship Program is more important than ever. In trying times of transatlantic misunderstanding, the program helps to maintain and foster a transatlantic mindset on both sides of the ocean. Such a transatlantic mindset is needed in order to not lose sight of our common goals.

Bosch Fellows spend one year in Germany and go through a demanding program. They receive language training and attend three intensive seminars on current German and European issues. In two work phases, each several months long, the fellows work directly with decision-makers from German public administration, business, and media. After one year in Germany, the Bosch Fellows have gained specialized skills and knowledge and are well equipped to help maintain and improve German-American relations in their careers.

However, the Bosch Fellows are not only at the receiving end during the program year. They also contribute, professionally and personally. As young experts in their respective fields, they bring knowledge and expertise to the German host organizations. They also bring new perspectives to the seminar table in their interaction with key figures of



German and European society. The Bosch Fellows serve as ambassadors for the United States. They help their German colleagues and friends develop a well-informed and differentiated image of “the Americans”. Through individual exchange between Bosch Fellows and German hosts, the program lays the groundwork for a better understanding on the transnational level.

In 1884, one hundred years before the first fellows came to Germany, Robert Bosch travelled to the United States for a year. He wanted to learn more about the pioneering work in the rapidly developing field of electrical engineering. He spent his “work phase” at Thomas Edison’s workshop in New York. Robert Bosch learned a lot, and he brought many ideas back to Germany where he founded his “precision and electrical engineering workshop” in 1886. His workshop quickly evolved into a large and very successful company. Bosch became a multi-national corporation as early as the beginning of the 20th century. Its first overseas subsidiary, Bosch Magneto Co., opened in New York City in 1906, and within a few years sales in the United States exceeded those in Germany. Until today, the United States is a vital market for the Robert Bosch GmbH.

His stay in the United States had a great impact on Robert Bosch’s career and worldview. He vowed to never stop seeking ways and measures to improve his ventures and their outcome. For all his entrepreneurial spirit, Robert Bosch was always committed to the public good. He felt a responsibility to share the great wealth he was able to accumulate as an engineer and businessman. Therefore, very early on in his career, Robert Bosch became a true philanthropist, whose focus by far exceeded his business ventures. Rather than handing out alms, he relied on promoting systematic change as the key to improving society. The central fields of his philanthropic commitment – health, international understanding, community engagement, and education – remain to this day the cornerstones of the operations of the Robert Bosch Stiftung.

The Stiftung continues to follow Robert Bosch’s ideas and visions. We are constantly developing new programs and projects to effectively meet new challenges. In the field of German-American relations, the

Fellowship Program continues to be the flagship of various activities that concentrate on transatlantic information, education, and exchange. The Fellowship Program has served as a model for two other programs for the promotion of international young leaders which the Stiftung has launched in the recent past. In addition to the Fellowship Program for Future American Leaders, we run the Postgraduate Program in International Affairs for young Germans and the Fellowship Program for Young Government Officials from Central and Eastern European Countries. In the course of the respective program years, over 60 Fellows from six countries (United States, Germany, Poland, Czech Republic, Slovakia, Hungary) come together for a variety of joint seminar events. They work together on transatlantic issues like the relations between the European Union and the United States.

The volume in hand commemorates the 20th anniversary of the Robert Bosch Foundation Fellowship Program. It is filled with essays by former Bosch Fellows, representing a new transatlantic generation. The authors are members of the Robert Bosch Foundation Alumni Association, which has developed into a strong network of professionals with a transatlantic mindset. The variety of the topics and perspectives in this volume reflects the variety of the authors' professional backgrounds. All of them share a common denominator: the Bosch Fellowship experience in Germany. Our thanks go to the Bosch Alumni who provided intriguing accounts on Germany, the United States, and the state and future of transatlantic relations. A special thank you goes to Bosch Alumnus R. Stefan Szwed, who edited the essays.

With this volume on 20 years of the Robert Bosch Foundation Fellowship Program, Robert Bosch Stiftung and Bosch Alumni seek to promote the transatlantic team spirit.

Dieter Berg

*Chairman of the Board of  
Management  
Robert Bosch Stiftung*

Dr. Peter Theiner

*Head of Department  
International Relations I  
Robert Bosch Stiftung*

## Preface

Dear Friends and Supporters of the Robert Bosch Stiftung,

The 20th anniversary of the Robert Bosch Foundation Fellowship Program for young American leaders is a special reason to celebrate, for this program has long been making important contributions to the strengthening of German-American relations. I therefore did not hesitate to serve as host for a portion of the anniversary events of the Robert Bosch Stiftung and its alumni in Washington on June 12, 2004.

The historic transformations ushered in by the fall of the Berlin Wall and the end of the Cold War not only have opened up new opportunities but have also brought new challenges. Close cooperation between Germany, along with its partners in the European Union, and the United States remains essential to meeting the challenges we face at the beginning of the 21st century. Together, we must fight terrorism and extremism, counter nuclear proliferation, bring peace and progress to the Middle East, check the HIV/AIDS pandemic in Africa, alleviate poverty in struggling societies, define rules for global trade, and continue to adapt our multilateral institutions to a changing environment, to name just a few of the major tasks at hand.

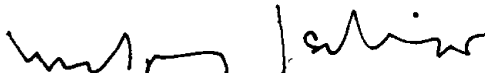
Learning from each other and gathering first-hand experiences in our partner countries will aid us in developing common sustainable solutions to these 21st-century challenges. That is why the German Government so highly values the many bilateral exchange programs — from high-school to university and research exchange. In 2003, German and joint German-American government-funded programs alone enabled some 5,000 stipend recipients to live, study, and research in their partner country.

In this connection the activities of the Robert Bosch Stiftung in the U.S. are a particularly invaluable asset. Beyond its flagship Fellowship Program, the Foundation has, for example, supported the creation of the Richard von Weizsäcker professorship and directorship of the Center for Transatlantic Relations at the Paul H. Nitze School of Advanced International Studies of Johns Hopkins University, now an indispensable fixture of the university landscape in Washington. Through

these and many other projects, the Robert Bosch Stiftung not only supports the advanced education of future leaders but also sensitizes young individuals to similarities and differences between our countries, thus helping expand transatlantic networks.

It is my sincere hope that the 40-percent rise in applications for the Robert Bosch Foundation Fellowship Program in 2003 also indicates a rising interest among future leaders in shaping the transatlantic relationship. I can only encourage you to make your own personal contribution to this important task of securing and enhancing the bonds of friendship between our peoples and nations.

Sincerely,

A handwritten signature in black ink, appearing to read 'Wolfgang Ischinger', with a vertical line separating the first and last names.

Wolfgang Ischinger

*The German Ambassador to the United States of America*

## Editor's Note

*R. Stefan Szwed*

### Case for Optimism

The question which guides current debates about the state of transatlantic relations is whether differences that divide Europe and America are indeed inexorable, rather than stemming from temporarily divergent interests. From different views on domestic issues such as capital punishment, place of religious faith in public life, or social spending, to foreign policy differences over the use of force in international affairs, 'war on terror,' resolution of the Israeli-Palestinian conflict, or relations with Syria and Iran, Europeans and Americans are increasingly, some say irreconcilably, at odds.

The virility of the transatlantic pessimism is worrying. From heartfelt solidarity affectionately professed shortly after the September 11 attacks, Europe grew gradually wary of what it saw as U.S. unilateralism, eventually not only opposing the U.S.-led war in Iraq, but seemingly presenting itself as an alternative power beacon, or 'pole,' in geopolitical tongue. Americans, in turn, became increasingly impatient with Europe's 'Kantian' fixation on norms and international law, and the apparent oblivion to American power, which, they say, makes Europe's postmodern order possible. To use the phrase 'transatlantic rift' to describe the state of relations between Europe and America is to be behind times, but rehabilitation of relations since the war in Iraq has been, at best, painfully slow.

Much of the 'rift,' I argue, stems from gross overgeneralizations of what America and Europe are and want. Exploited by prolific editorials and semi-scholarly essays on both sides of the Atlantic, differences between America and Europe have been provocatively exaggerated and distorted to grab attention in a crowded market of transatlantic scholarship. With a thesis aspiring to Fukuyama's *End of History* and Huntington's *Clash of Civilizations* class of impact, Robert Kagan – cited frequently by authors in this volume – has placed himself at the forefront of transatlantic pessimists. He argues that "the reasons for transatlantic divide are deep, long in development, and likely to endure." In a nutshell, they are:

- American power and European weakness – realist interpretation of power and its use in the international system (powerful will opt for force, the weak for ‘soft’ instruments);
- history has led Europeans to a different ideology – peace is a value in itself;
- after the Cold War Europe sought to define itself apart from America.

While the fatalist explanation of worsened transatlantic relations may be compelling to many readers, to go against the grain in celebrating twenty years of the Robert Bosch Foundation Fellowship Program, I would like to counter the oversimplification of the dynamics that govern transatlantic relations. Instead of a vision of an ebb tide in U.S.-European relations, I posit no less than five reasons why we should not write off the transatlantic bond just yet:

*Diversity* – It is tempting to ascribe a simple form of cohesion to European and American views, but it would be wrong to rely too strongly on generalizations – as Kagan, among others, does. While there are real differences between Europe and America in some policy preferences, whether they be a function of real or perceived interests, ideology, history, political systems, or bureaucratic politics, both Europe and America are divided internally. At the time of this writing, the U.S. election in November promised to be another close and passionate run, underlining just how torn U.S. public opinion is over domestic and foreign policy issues. In the end, time will tell how enduring U.S. policy preferences are in the long run.

To seek coherence in European views is even more baffling. Not only are European democracies divided internally on many foreign policy issues including Europe’s relationship with America (witness last Spanish election, for instance), they have certainly done much to conceal tangible agreement among them. With regard to Iraq, Kagan himself praised the “political and moral courage” of the signatories of the Letter of Eight as they proclaimed their solidarity with the United States. But in his words of acclaim, Kagan dug a hole in his own argument. If

Europe is so weak, why is much of it championing the American strong-man?

It is diversity that undermines European foreign, security, and defense policy efforts, not weakness *per se*. If Europeans could agree on more, pool and redirect their defense spending, they could make a more impressive showing of their strengths. But they do not agree, and that is a fact of European life.

*Capabilities and political will* – Statistical data indicates that Europeans increasingly want to see a more internationally activist EU, but there is little evidence to suggest that they are prepared to accept the cost of Europe becoming a serious counterweight to the United States. In order to offer a viable alternative to the world as a serious power bloc, Europe would have to beef up its defense budgets and speed up an earnest reform of its spending, reconciling itself to the idea of a leaner welfare state, and meaner foreign policy actor. While there may be much ado about EU's external dimension, it is much talk, and much less action. In sum, the vision of a European superpower as a strategic counterweight to America remains improbable.

*Identity* – Despite both growing impatience with alleged U.S. unilateralism, and some curious attempts to present Europe as an alternative power beacon, European negative-identity *is not* and *cannot* be based on anti-Americanism. There are several reasons for this. First of all, Europe and America, despite the pessimistic rhetoric, not only still share liberal values that lie at the heart of their societies, they also share interests such as prevention of terrorism and the proliferation of weapons of mass destruction, the transformation of the Middle East, preservation of the environment, and the spread of democracy and free markets.

The second reason has to do with developments inside Europe. While it was the Franco-German motor that aspired to present a united European front in opposition to the U.S.-led effort in Iraq, it was Germany's stance, not France's, that was for many observers the real reason for concern. Gaullists will be Gaullists, but to a cynical viewer, Germany's suspicious independence smacked of worrying *Alleingang* –

a rather fundamental shift towards Europe to the detriment of the transatlantic relationship. Would the *sowohl-als-auch* of balancing relations with America and France become the order of yesterday, to be replaced by a one-dimensional Europeanism?

Many worried that Iraq was the first step in this direction. But since the war, the German government has done much to restore normal relations with Washington – this without having to change its position on Iraq. Meanwhile inside the EU, eastern enlargement swung the pendulum in favor of more Atlanticist external orientation, and further away from a vision of a multipolar world often championed, at least rhetorically, by Paris.

And so, while Germany and France need each other in pursuit of their foreign policy goals, and both assign Europe as a political project similar importance, today Berlin continues to frame its European vision in terms that sound more conciliatory to Washington and Atlanticist Europe. It has distanced itself from the avant-garde or ‘core’ Europe, seemingly showing itself to be more receptive to the idea of a trirectorate at Europe’s helm: with Britain on board. And while the Franco-German tandem remains the cornerstone of the European project, its resilience in all matters should not be taken for granted.

As the dust settles, it becomes clear that being European is much more than being anti-American.

*It’s the economy, sinister* – Despite the differences, Americans and Europeans are doing a lot of business together. As a study by Dan Hamilton and Joseph Quinlan at the Center for Transatlantic Relations at Johns Hopkins University has recently shown, America invested some \$87 billion in Europe in 2003, while Europeans accounted for 65 % of FDI into the United States in the same year.

Despite growing importance of large markets such as China and India, Europe and America still do overwhelmingly more business with each other than anyone else. Their societies are wealthy, and despite different consumption models, they buy similar goods and services, and their business class trusts the other’s legal and political order. It is not to say that economic cooperation makes political conflict or rivalry impos-



sible, but numbers indicate how closely tied Europeans and Americans are. This interdependence is not to be underestimated.

*Expectations* – There are profound differences across the Atlantic, differences that are problems without solutions. But in diplomacy, today as in the past, problems do not always have to (or indeed, can) be solved – but they must be *managed*. It would be counterintuitive, even wrong, to expect Europe and America to always agree. There are differences, they will not go away, but both sides should divest more energy to understanding that they cannot do without the other.

In sum, Americans and Europeans may no longer be bound together by the Soviet threat, but they continue to share interest in maintaining the structures of their alliance. From a historical standpoint, the level of amity that exists between Europe and America is extraordinary – even if shaken by the Iraq crisis and differences over when to use force in international affairs. America’s richest, most democratic, most long-standing and like-minded, and despite their strategic weaknesses, militarily capable allies, cannot be dismissed in a world challenged by terrorism and proliferation of weapons of mass destruction. Europe, for its part, cannot aspire to foreign policy successes without a united front.

Lessons can be learned on both sides. Europeans could be more constructive in their criticisms of America, so as to fend off any doubt that their reasoning is shadowed by an ‘anti-American’ identity. And America could learn to tolerate occasional European dissent, if it is to enjoy continued European support. But having said this, it is worth pointing out that though transatlantic relations may not be in their prime, to an optimist, Europe and America still appear to be a *community* – a community of shared values and interests, with much more holding them in common than apart. We need more dialogue on the questions that divide us, but for starters, let us agree to disagree.

## The Anniversary Volume

This book is divided into five parts – though the categories are distinct, many of the essays merit appearing in more than one section. While the overlap is inevitable, the sections correspond to only some of the professional fields former Robert Bosch Fellows represent. Part One concerns, broadly, international politics in the transatlantic context. Here, Joseph N. Yackley and Ronald J. Bee open with two distinct perspectives on what has been termed the next project for the transatlantic relationship, namely the reconciliation of divergent policies towards (and visions of!) the Middle East. Yackley argues that the current division of labor in the Middle East, in which the United States focuses on hard security and Europe on social and economic issues, does not offer viable solutions to the region, and as the author underlines, creates tensions and contradictions that are inherent to a disjointed effort by two distinct actors. In his essay, Bee draws an analogy between the reconstruction of Germany and Europe after World War II and contemporary efforts to democratize the Middle East, urging today's generation of transatlantic partners to work together in the region towards a common goal. Colette Mazzucelli poses a thoughtful, provocative, and timely question whether the Franco-German 'motor of integration' still serves its purpose, and whether it alone can propel further integration in a EU of twenty-five member states. To this end, Mazzucelli sees anti-Americanism as a weak link for the new European identity, one that will divide Europe and ultimately fail to provide the kind of leadership that European unity demands. Finally, Aparna Mukherjee's and William B. Swarts' essay offers a hopeful view of the institution that defined the very core of the transatlantic partnership during the Cold War, and is now threatened with extinction – NATO, they argue, though challenged with a different mission, is an important component of the transatlantic relationship.

In an eclectic mix, the chapters in Part Two concern socio-economics, economics, finance, and business. Pamela Camerra-Rowe discusses the political and economic realities that led to the Agenda 2010 reform program in Germany, exploring the depth of proposed changes and

probing how significant a turn they represent from the traditional German Social Democratic Party (SPD) line. Looking at and beyond the dilemmas of reform, Adam S. Posen offers no less than six compelling reasons to focus on the similarities between, not the differences that divide Europe and the United States. From current economic outlook to development policies, Europe and America share many economic concerns and goals, and as Posen argues, the transatlantic project should today focus on ensuring an economic settlement that satisfies other actors in the world economy. In his essay, John J. Parisi examines common transatlantic efforts in the enforcement of competition laws, concluding that this one area of economic relations should inspire more agreement on other fronts. James H. Freis, Jr., tracks the evolution of German financial markets from unification to the present, attributing many of the changes to domestic factors, but also pointing to globalization and changes in the world economy and Germany's place in it as primary causes. Finally, Fred Pieretti examines the impact globalization has had on German industry, examining the importance of the U.S. market to German companies.

In Part Three, W. Spencer Reeder reminds us that Bosch Alumni are a very diverse group of professionals. In an original glimpse at the International Space Station, Reeder examines the dynamic of international cooperation in space, underlining the fact that Europe has lagged behind the United States and Russia in space technology. Jim Foti compares apprenticeship programs in Germany and America, praising the German 'dual system' as a successful private and public partnership in the field of vocational training. Carrie Anderson-Mann, in turn, takes a close look at some of the factors that determine differences in environmental policy in Germany and the United States.

The chapters in Part Four reconcile a look at the law, social issues, and media. Russell Miller and a colleague from his Bosch Fellowship *stage* at the German Federal Constitutional Court, Peer Zumbansen, examine transatlantic comparative law in the context of presenting the *German Law Journal*, of which the authors are editors. Robin Harper treats the new German citizenship law, asking provocatively whether changes

deemed revolutionary by some are worthy of this description. Peter Laufer continues with the immigration theme – focusing on interviews and descriptive accounts from Berlin, he examines the inflow of Jewish immigrants from the former Soviet Union. Susan Boedy compares the role of women in business in the United States and Germany. Differences in media and reporting are discussed in an essay by Gayle Tzemach.

The fifth part of the book is devoted to personal and biographical accounts from the Bosch year. Written by three alumni in different professional fields, these essays map the contribution the Bosch year has made to their authors. Crister S. Garrett looks back to his Bosch year and argues that the Robert Bosch Foundation Fellowship Program is an important component in fostering what he terms the ‘transatlantic civil society.’ Similarly, Karin Johnston discusses the ‘transatlantic generation,’ and urges Americans and Europeans to look beyond the rhetoric and overly simplified depictions of the other, and focus on better understanding of each other’s view of the world, and the ideas that shape this view. Finally, with a big word of thanks, Sabine Kortals draws a lyrical and personal essay about her experience as a Robert Bosch Fellow in the context of her work in intercultural exchange and communication.

## **Acknowledgments**

To all the readers, those already well informed about the Robert Bosch Stiftung and its programs and those new to it, the essays in this volume should be a reminder of the importance of professional exchange supported through the Fellowship Program. I would like to thank the Stiftung, and especially Mr. Dieter Berg and Dr. Peter Theiner for their support and engagement. I would also like to thank the alumni of the Robert Bosch Foundation Fellowship Program who contributed to this twentieth anniversary volume with their professional and personal essays. Last but not least, I would like to thank Christian Hänel for his patience and guidance in organizing this publication. Very warm thanks to all.



# **PART ONE – Germany, Europe, and Transatlantic Relations Today**

## Healing an Ailing Alliance: The Dilemmas and Imperatives of a Transatlantic Approach to the Middle East

*Joseph N. Yackley*

In the spring of 2002, less than half a year after proclaiming “unconditional solidarity” with the United States, Germany’s Gerhard Schröder reversed course. His prospects for re-election slipping, the embattled Chancellor passionately embraced a “*nicht-mit-uns*” position in reference to German cooperation in a possible U.S.-led invasion on Iraq. Meanwhile, American media began referring to “Le Divorce,” in stark contrast to the famous “We are all Americans” headline that ran in *Le Monde*’s September 12, 2001, edition. Suddenly it seemed, you were only as European as you were anti-American and vice-versa.

Welcome to the Jekyll-and-Hyde condition of today’s transatlantic relationship, where relations between the United States and key European allies can go from a post-Cold War high to a post-World War II low in a matter of months. As NATO was taking the unprecedented decision of invoking Article 5 of its charter, declaring the attacks on the United States as attacks on the entire alliance, previous misunderstandings were deemed petty, overshadowed by the deeper sense of shared values and identity at the heart of the transatlantic relationship. The honeymoon was short-lived, however. It turned out that disputes over trade, climate control, and the International Criminal Court still mattered in a post-September 11 world. But one particular disagreement – what to do with the Middle East – took center stage as the Bush administration began shifting its attention from Afghanistan to Iraq and voiced its desire to remake the region, at least initially, through force. Common values and identity, it seems, do not translate into common policies.

Differences over Middle East policy are nothing new to the transatlantic partnership. The two sides have long since staked out distinct positions on the Israeli-Palestinian conflict, Turkish membership in the European Union, and whether carrots or sticks would serve best to bring Iran and Syria into line. Smack dab in the middle of all this, however, lies Iraq. And since the beginning of 2002, the question of what to do with Iraq has thrown a particularly bright spotlight on the growing rift between the U.S. and European policy throughout the region.

A divergence in U.S. and European approaches to the Iraq crisis should come as a surprise. After all, Iraq was about war and recent

explanations about what is troubling the transatlantic relationship have focused on the ‘capability gap,’ that great and widening divide between Europe’s and the United States’ ability to wage war.

One such account comes from Robert Kagan, who argues that European criticism of America’s fondness for military force is in large part due to Europe’s relative military weakness.<sup>1</sup> In essence, because Europe is not capable of applying force with the same effectiveness as the United States, it is disparaging of that force.

It follows, then, that the only way the United States and Europe can overcome these differences is if the former lets the latter ‘catch up’ militarily, whilst Europe begins to emulate the United States in its foreign policy priorities, particularly in terms of military spending and emphasis on power. But as Kagan makes clear, that is not going to happen, leading him to conclude that the two sides of the Atlantic are doomed to drift ever further apart on matters of international relations. Thus, the United States and Europe have come to accept a division of labor in the Middle East, in which the former focuses on security, whilst the latter concentrates on economic and social issues.

## **Problems with the Status Quo**

Unfortunately, this disjointed approach to the Middle East is ill-suited for addressing the prevailing dynamic common to the most problematic parts of the region: a mutually reinforcing relationship between authoritarianism, insecurity, and underdevelopment. Overcoming this relationship requires a comprehensive, and above all, coordinated effort in which policies focused on regional security are coupled with economic, social, and political initiatives that seek to unbind the troubling links between totalitarianism, poverty, and conflict that plague the region.

Not only does the current division of labor fail to do this, but it has led both sides of the Atlantic to pursue policies in the Middle East that contradict the very principles they maintain must be upheld in the region for real change to take root. Europe’s embrace of the Palestinian



Authority, for instance, indicates a less-than-wholesome tolerance for corruption and lack of democracy. Unconditional U.S. support for Israel's occupation of the West Bank, Gaza Strip, and Golan Heights undermines international law and United Nations resolutions. America's insistence on defining its approach to the Middle East in strategic terms plays into the hand of militaristic regimes like Pakistan. Meanwhile, policies motivated by political and economic interests undermine the belief that Europe can address the all-important concerns states in the region have for their security.

Before any concrete steps toward forging a new transatlantic strategy in the Middle East can be taken, the underlying causes of the current policy differences must be understood. Should these causes not be addressed, any new transatlantic policy initiatives in the Middle East will remain misguided, ineffective, and ultimately counterproductive.

Unfortunately, explanations for why this division exists are on the wrong track, driven largely by the popular myths that pacifism is the guiding principle of European foreign policy and that the United States is an aggressive power bent on colonizing the Middle East and controlling its oil reserves.

Yes, World War II taught Europe how evil war can be. A more important lesson, however, was that war is often a necessary evil, especially when faced with an aggressor like Hitler's Germany. In the run-up to the 2002 elections in Germany – considered by many the heart of modern European pacifism – Chancellor Gerhard Schröder ruled out German participation in any U.S.-led attack on Iraq, helping his German Social Democratic Party (SPD) win a competitive election. A closer look, however, reveals that it was, in fact, a surprising performance turned in by his coalition partners, the Greens, which secured Schröder's return to power. The Greens, who also opposed invading Iraq, were thought to have alienated their pacifist roots after agreeing to earlier German involvement in the former Yugoslavia and Afghanistan. Despite this, the party received the highest vote in its history. Meanwhile, the only party in Germany to have resisted sending troops to Afghanistan, the Party of Democratic Socialism (PDS), fell below the five percent

hurdle required for a party to be allotted seats in the Bundestag – though it did win two seats by direct mandate.

On a wider European level, it is important to stress that Europe was not united in opposition to the war in Iraq. In addition to Britain, Spain, and Italy, EU candidate countries from the Baltic to the Adriatic supported the U.S. position, eliciting condemnation from French President Jacques Chirac for their “un-European” behavior.

Equally off the mark are European perceptions that American policy in the Middle East is driven by colonial ambitions and reliance on oil from the Persian Gulf. In fact, Europe continues to draw a larger proportion of its oil from the region than the United States and the origins of American interventionism actually lie in opposition to the colonialism that still taints Europe’s image in the Middle East. Instead, U.S. foreign policy remains driven by a long-standing exceptionalist impulse based on the belief that it stands for that which is right and good in this world. Given that there is something wrong and ‘evil’ in the Middle East at the moment, the United States would, thus, be amiss not to address it. Following the events of September 11, this line of thinking has gained added currency.

Both European and American stereotypes are misleading as are arguments that they preclude transatlantic cooperation. A much more immediate cause of the different approaches to the Middle East concerns the contrasting short-term priorities both sides pursue in the region. For the United States, the events of September 11 added defeating terrorism to a sharply defined list of concerns that, as before, included protecting its strategic position in the region. Within such a context, the promotion of human rights, democracy, and economic development run a distant second to matters of ‘hard security.’

European interests, meanwhile, are wider-ranging. Geographic proximity elevates the importance of “soft security” issues like economic instability, social unrest, refugee crises, drug trafficking, international crime, and ecological degradation. The European Union is also tied to the Middle East through public and private investment, international trade, and the Euro-Mediterranean Partnership.<sup>2</sup> This broader perspec-

tive creates shades of gray in a picture President Bush would rather paint as black and white, as suggested in the choice he presented to the world during an address to Congress after the attacks of September 11: "Either you are with us or you are with the terrorists."

What raises European concern are the methods Washington is applying in order to 'fix the Middle East.' Given its overwhelming military strength, the United States is pre-disposed to seek military solutions to international problems. This mode of thinking can be seen in the administration's description of the invasion of Iraq as the first move in a wider effort to reorder the power structure of the entire Middle East.

As Kagan points out, when you have a hammer, every problem begins to look like a nail. The problem, from the European perspective, is that terrorism is anything but a nail and invasion followed by occupation is far too blunt an instrument to address the troubling dynamic described above in the Middle East.

An inflated sense of what its military strength can do has led Washington to view Europe's emphasis on the virtues of 'soft power' as naïve and in the case of the Middle East, particularly dangerous. But Washington must realize that Europe shares its concerns about terrorism. Cities like Madrid have been the victim of terrorism for far longer and feel as threatened as New York. Though perhaps less spectacular than the attack on the World Trade Center, the Madrid train bombing was no less traumatic. The reaction, however, was noticeably different. Only days later, Spaniards rejected their government's involvement in Iraq. Meanwhile, American support for the invasion of Iraq can largely be traced to September 11, despite the lack of any evidence of Iraqi involvement.

The problem from America's perspective is that Europe has yet to offer any real alternatives to U.S. policy. In effect, Europe has failed to meet the United States in the middle, resorting to knee-jerk criticism of American policy in the Middle East even when it doesn't involve military force. Witness the case of Syria and Iran, which the United States has sought to pressure through economic and political sanction. Europe seems dismissive of American claims that Syria and Iran pose real

threats, despite the fact that Damascus and Teheran support Hizbullah and Hamas – groups Brussels includes on its list of terrorist organizations. Such accommodation has led many in Washington to perceive Europe as an ‘axis of weasels,’ unwilling to take a hard line, even against terrorism.

### **Toward a New Transatlanticism**

The principles that unified Europe and the United States in the wake of the September 11 attacks – faith in the virtues of democracy, the rule of law, political accountability, civil society, and stable economic growth – are the same principles both sides would like to see guiding a more stable Middle East. Creating the conditions in which such principles can begin to shape the realities of the Middle East is a long-term prospect and requires shaping policies that promote these common ideals, while accounting for the unique capabilities and short-term interests that currently drive policy on opposite sides of the Atlantic.

The United States, committed to maintaining its unipolar dominance, will not slow down its military development to let the European Union catch up, nor do most Europeans support the vast increase in military spending needed to bridge the gap. Europeans don’t want to be Americans and vice-versa. Efforts to forge a coordinated transatlantic policy in the Middle East must therefore find a middle ground between the existing counterproductive division of labor and a quixotic illusion of uniform capacities, short-term interests, and policy prescriptions.

Europe’s strategy for securing greater influence in the Middle East must be two-fold. Expressed aims of improving inner-European military cooperation should begin in earnest. Europe’s relative military incompetence only serves to reinforce its diplomatic impotence, in turn undermining its confidence and ability to steer peace making in the Middle East in a direction where its more influential, non-military, assets can come into play.

At the same time, improved military capabilities must be complemented by a continent-wide effort to redefine problems, and their potential solutions, in the Middle East in non-military terms. The accession of ten new member states to the EU may complicate foreign policy, but it provides the EU considerable flexibility in pursuing policies within a series of harmonized bilateral arrangements. Historical, cultural, economic, and political relationships between Germany and Turkey, for instance, create unique opportunities for cooperation. The same could be the case between the emerging markets of the southern Mediterranean and those of Central and Eastern Europe, where private business initiatives have proven a powerful tool for spurring needed political and economic reform. Likewise, many Middle Eastern states depend on foreign investment, both in terms of economic and political rents, and have proven willing to adjust regulation to attract foreign capital flows. Further insistence on non-violent conflict resolution, functioning courts, political transparency, and limited bureaucracy could help induce real reform.

For its part, the United States must refocus its priorities on promoting peace through economic development, political reform, and regional integration. Military assistance to states in the region should be made dependent on strictly-defined political and economic criteria, such as functioning courts, transparent bureaucracies, and non-violent forms of conflict resolution. Measures designed to diversify the economies of the region should be pursued, helping to minimize political instability due to price fluctuations in oil and natural gas markets. Initiatives could include investment incentives to support multinational business ventures, reduction in barriers to multilateral and regional trade and financial support for cross-border development projects. Export promotion priorities for non-military articles should be introduced. A portion of military assistance could be earmarked for 'security assistance,' to export technologies designed to address potentially destabilizing environmental issues such as competition over water resources. These and similar initiatives would require only a fraction of the military assistance the United States currently provides to the region and the dividends would accumulate in economic, political, and security terms. They would

expand America's stake in the Middle East beyond oil and military concerns, secure more channels for steering developments toward peace, and encourage the United States to assume a more active role in promoting conflict resolution, rather than reacting to developments once they go awry.

The European Union will look to the United States for help in improving its military capabilities – a necessary element in dealing with threats that cannot otherwise be addressed. The United States, on the other hand, will rely on Europe's unique relationship with Middle Eastern states to provide effective incentives for non-military forms of conflict resolution.

But the myriad and often self-reinforcing reasons why Europe and the United States approach foreign policy differently, particularly in the Middle East, cannot be whittled away by a knife sharpened merely by good intentions. The two sides must recognize that coordination is in their long-term interests and that addressing the problems of the Middle East is not a short-term proposition. As the debate over Iraq clearly indicated, a fundamental prerequisite for such coordination is to forge agreement on when force is justified and necessary. Such agreement was reached in Afghanistan, where the United States and Europe were able to coordinate both their military and non-military efforts. Not surprisingly, the post-war rehabilitation effort of Afghanistan has run more smoothly.

## **Conclusion**

While both Europe and the United States desire stability in the Middle East, varying opinions reign over how that stability should be pursued. Enamored with its own military strength, the Bush administration has not only ignored the benefits of political and economic engagement in the region but also concluded that isolating European influence in the Middle East is in America's interest. Europe, on the other hand, is handcuffed by its own military weaknesses. Unable to offer credible strategies

for addressing serious threats emanating from the Middle East, Europe's deficient military capability undermines the prospects for its economic and political initiatives.

Taken separately, neither the American nor the European approaches to the Middle East can succeed. In an effort to undermine the cycle of conflict, underdevelopment, and authoritarian rule in the region, Europe and the United States must learn to rely on each other's complementary strengths in order to overcome their individual weaknesses.

A certain division of labor in Middle East policy is natural. The distinct opinions, capabilities, and interests that drive U.S. and European foreign policy are influential factors not to be discounted. The division of labor is also beneficial in a short-term sense – the European Union and the United States should do what they do best. Over the long-term, however, these differences must be minimized lest they lead to increasing European irrelevance in a world ever more defined by American unilateralism.

When Europe and the United States coordinate their policies they become a tremendous force for peace and prosperity, but when their policies are at odds, their mixed signals undermine mutually held goals for the international community. Measures to promote a transatlantic strategy for resolving conflict in the Middle East must commence in earnest before the trend toward extremism, military conflict, and political destabilization in the region gains further, irreversible momentum.

## Toward a Post-9/11 Transatlantic Vision for the Middle East: Restoring Hope and Collective Security

Ronald J. Bee

As we fill an edited volume with testimonies to a visionary program that put the post-World War II generation of Americans, Germans, and Europeans together, what better time than to take stock of transatlantic cooperation, its achievements, and reflect on how they might serve as a foundation for working toward improving another region of our world called the Middle East. This region now faces a challenge equal to if not greater than *Stunde Null* in 1945, and the outcome will affect transatlantic security, let alone Middle East security, in either positive or negative ways we can already see but have thus far poorly prepared for. Whether we like it or not, our future security remains tied to the Middle East whose political-economic instability breeds the extremists who see the transatlantic community as the problem, the West as the enemy, and our peoples and traditions as their targets.

For the Middle East, we do not find ourselves at *Stunde Null* per se. We might better express it as *Stunde Fragezeichen*, or better yet, *Stunde Gelegenheit*. Unlike the end of World War II, we neither face clear winners or losers, nor the end of a war in the traditional 20<sup>th</sup> century sense, nor do we seek exactly to construct a new world order from the rubble, death, and ashes of fascism. We do, however, want to prevent a transnational terrorist threat without specific national origin from creating more rubble, death, and ashes, including our own. And that will take a clear vision and significant commitment from all of us.

In taking stock of transatlantic cooperative achievements since World War II, a shared vision of a common fate, both then and now, should direct our thoughts and actions rather than the differences that may divide United States policies from European ones. Or put another way, we should deep-six the stereotypical political discourse of U.S. Cowboys versus Euro-Slouches and refocus on how to secure our common interests. Otherwise the achievements or transatlantic cooperation we have worked so hard to attain risk obscurity in the blood-stained gutters of the suicide bombings we will surely face more often at home and abroad.

Differences of opinion and policy debates across the Atlantic have persisted from the end of Hitler's regime to NATO's beginnings to the fall of the Berlin Wall to the end of Soviet Communism. And regarding



the Middle East, let us not forget the Suez Crisis of 1956. Why should those debates stop now? They have not. But will we allow some vague notion of transatlantic continental competition to detract us from our common values, traditions, and pursuit of common political, economic, and military interests?<sup>3</sup> We cannot and should not. In many ways that do not always make the headlines, we have not abandoned our steadfast cooperation. But we must keep our eyes trained on what we share as common goals and the nascent threats to them – not unlike previous challenges facing another transatlantic generation after World War II.

Moreover, on counter-terrorism issues, we clearly have cooperated and continue to work together. Even when considering the much vaulted “transatlantic rift” over Iraq, we witnessed a public commitment by “the Vilnius Ten,” and the “Wall Street Journal Eight,” all European nations that sided with the United States. And as we all know, not everyone in Germany sided with Chancellor Schröder, nor did everyone in the U.S. side with President Bush on regime change in Iraq. One should expect dissent among and between democratic nations; one should also expect that relations become strained during times when one nation risks its youth in battle and another does not.

‘European identity’ also played a role here, too, particularly for the French. The French, under the Gaullist Jacques Chirac, always seem interested in seeking their proper place in the sun, or as a counterweight to the United States, even if no one else wants them to! But again, while the capacity to develop and use an independent European foreign and defense policy does not yet exist, that capacity, when it does exist, does not mean the transatlantic community will always require a ‘counter-weight;’ we will always share common interests.

Taking stock of the successful rebuilding of post-World War II Europe, the development and evolution of the European Union, the deterrence of Soviet expansionism, and the velvet revolutions of Eastern Europe that led to November 9, 1989, as the British might understate, “we did not do so bad.” In fact, we did much better than that. Reintegrating East Germany, Central, and Eastern Europe into our community of nations marked an unparalleled and unmitigated success for

both East and West. That reintegration continues as both the EU and NATO enlarge eastward. Hopefully, both enlargements will complement and not compete with one another.<sup>4</sup> While not the stuff of spy thrillers, the daily boring grind of building tangible political, economic and military integration ultimately secures us to one another in more meaningful ways than any long (and usually boring) speeches about the importance of future transatlantic cooperation.

Moreover, we had enough close calls and spy thrillers during the Cold War. Those of us who remember jumping under our school desks during the standoff at Checkpoint Charlie and the Cuban missile crisis feel relieved that the prospects of global nuclear omni-cide lessened with the unilateral withdrawal and destruction of tactical nuclear forces, the elimination of intermediate nuclear forces, and the reduction of strategic nuclear weapons through START.

We also painfully learned that we cannot afford to rest on our laurels and bask in our past successes, no matter how significant. We could still taste the euphoric champagne universally poured as the Berlin Wall crumbled, couldn't we, when those empty bottles got abruptly recycled into the rubble of Sarajevo and sand dunes of the first Gulf War. These sobriety tests brought us back to the realities of unresolved conflicts. And more realities now confront us after the events of September 11, 2001, the war on terrorism, and the need to mend some fences – and more importantly, build some more – after the split over Iraq. Our common security has become inexorably tied to the future prosperity of the Middle East region. We should start acting accordingly.

And to what degree have new generational fears of terrorist attacks spawned and supplanted our old Cold War nuclear nightmares? Or worse yet, we now can fear suicidal terrorists acquiring weapons of fear and using nuclear, chemical, or biological weapons as their hallmark against us.<sup>5</sup> Can't we please just have another Schluck of that champagne at the Berlin Wall before terrorists attack the Berlin Mall that replaced it? While drinking heavily certainly represents one approach to the complex new realities, we might better resort to the hard and sober work that got us safely out of the Cold War stalemate in the first place.

While a new, more amorphous transnational terrorist threat now confronts us, what can we realistically do together to reduce the likelihood of our new nightmares coming true?

When George Kennan wrote his Long Telegram, the public version of which became “The Sources of Soviet Conduct” in 1947,<sup>6</sup> he based his observations of Stalin’s brutal Communist conduct in the USSR, and the need for the Soviet dictator to export his ideology abroad. Containment of the Soviet threat eventually did not require just a large U.S. military presence, or deployment of U.S. nuclear weapons, but also a sustained U.S. political-economic program that rebuilt Europe’s factories and most importantly, Europe’s stake in its own future. Through the Marshall Plan and the Truman Doctrine, among other programs, both the U.S. and Europe created political-economic stability “Against Hunger, Poverty, Desperation, and Chaos.”<sup>7</sup> While modern day Kennans have surely begun writing “The Sources of Terrorist Conduct”, the transatlantic community has yet to fully engage the collective spirit or financial investment needed to stem the “Hunger, Poverty, Desperation, and Chaos” we now find spawning in the Middle East. The transatlantic community can only ignore these crucial economic and demographic problems at its own peril.

The CDU Chancellor Helmut Kohl once told us in a 1987 Robert Bosch Stiftung Fellows meeting in the *Bundeskanzleramt*, that his first suit came in a CARE package sent to him by an American family. What literal or metaphoric CARE packages have we as the transatlantic community provided to potential future leaders of the Middle East? What additional tangible indications can we send to that region to meet human needs, to demonstrate we are partners and not predators, to signal that both our and their future security lies in their political-economic stability and development? Can the Marshall Plan, albeit for a different time and place, provide us with insights and a template for creating a parallel transatlantic commitment for the Middle East? Can a common vision toward thwarting terrorism through economic development serve the common interests of the Middle East, the United States, the European Union, and the United Nations? Can we cooperate on

this, or must we waste resources, time, and ultimately more lives competing for brand recognition?

In looking back to *Stunde Null*, do we not see any parallel imperative for a Middle East development plan, where, by some UN studies, 50-60 per cent of the Arab population remains under the age of 16, with high population growth, failing economies, high unemployment, and few prospects for the future? From Communism's recruitment of the economically downtrodden worldwide to al-Qaeda's recruitment of the economically disaffected, clearly a parallel ideological hook has emerged for proselytizing the hopeless. To contain, or better yet, rollback the scourge of terrorism, we must expand political-economic opportunities that undermine terrorist recruitment of the disaffected in the Muslim World. Transatlantic cooperation toward the Islamic world can eventually reduce the need for transatlantic military confrontation with the extremist Islamist fringe. We must seek to reverse the sobering economic trends in the Middle East that will surely generate what Freud referred to as *Civilization and its Discontents*, whereby unhappy youth volunteer to strap on a suicide bomber's vest to destroy our families rather than take a vested interest in building their own families' future.

In 2004 not only do we mark the 20<sup>th</sup> anniversary of the Robert Bosch Foundation Fellowship Program, but the G-8 summit convened and discussed the Middle East, given the important stakes and pressing challenges for the industrialized world. The European Union (EU) adopted its Strategic Partnership with the Mediterranean and the Middle East, following its commitment to the Barcelona Process. And the NATO summit in Istanbul proposed an approach for increased involvement of the Atlantic Alliance in the "Greater Middle East," following its commitment to a Mediterranean Dialogue, and its experience with the Partnership for Peace Program. Such meetings and ongoing processes can certainly benefit from improved EU-U.S. cooperation in Middle East affairs, but will we take full advantage of them? Will we choose to cooperate on key points, just release the usual communiqués, or choose somehow to compete via divergent, expensive, and ultimately counter-productive paths?

## **Between Iraq and that Hard Place: Time to Move beyond It**

While military might may eliminate immediate threats such as the Taliban and al-Qaeda terrorist bases in Afghanistan, the “softer side of Sears” must enter center stage very early on to rebuild human lives, and above all, reconstruct hope, or else we can only look forward to more military operations. As Deputy U.S. Secretary of State Richard Armitage has asserted, “It’s better and cheaper in terms of blood and money to resolve some of the problems that can feed and sustain terrorism than to have military operations against it.”<sup>8</sup> As former Commander in Chief of Central Command (responsible for the Middle East), General Tony Zinni, has testified, “Victory only comes when the defeated people see that they have a viable future and they have some say in it.”<sup>9</sup>

For the Middle East, and particularly Iraq, this means re-engaging the United Nations immediately to regain credibility on the Arab street. It means multi-lateralizing the responsibility, the cost, and the risk for the rebuilding the country as it determines its own future.<sup>10</sup> It means moving beyond a military “coalition of the willing” to a civilian “coalition of the nation-building;” otherwise, Arabs may likely focus on reliving their unhappy colonial pasts by resisting all ‘occupiers’ rather than refocusing on improving their own futures. It means creating *self-governance* in Iraq and not necessarily a ‘democracy’ with a clear separation of church and state. And above all, it means the West coming to terms with political Islam, and finding a *modus vivendi* that prevents alienating or radicalizing devout Muslims.

In these messy times in the Middle East, we would do well to remember how the events of September 11, 2001, built worldwide sympathy for the innocent victims murdered on that day in New York, Washington D.C., and Pennsylvania. A *Le Monde* editorial by its editor proclaimed *Nous sommes tous Américains*.<sup>11</sup> German Chancellor Gerhard Schröder did not mince words when facing the Berlin media a few hours after the attacks: “Germany will support the United States with any means necessary – unlimited support, and we mean it.”<sup>12</sup> At the *Bundestag* the next day, Schröder proclaimed the “attacks in New York and in

Washington are a declaration of war against the entire civilized world.”<sup>13</sup> Russian President Vladimir Putin, the first head of state to call President Bush after 9/11, echoed similar thoughts, saying the terrorist attacks represented “a brazen challenge to the whole of humanity, at least to civilized humanity.”<sup>14</sup>

The G-8 heads of government promised to “combat all forms of terrorism, to prevent further attacks, and to strengthen international cooperation in the fight against this global scourge.”<sup>15</sup> In Brussels, the Council of the European Union met in special session to declare: “These horrendous acts are an attack not only on the United States but against humanity itself ... The life and work of our open democratic societies will continue undeterred.”<sup>16</sup> Also in Brussels, NATO Secretary Lord Robinson, *for the first time ever*, invoked Article 5 of the NATO Treaty that stipulates an armed attack against one member country shall be considered an attack against all.<sup>17</sup> The United Nations Security Council departed from tradition and stood to unanimously adopt resolution 1368 (2001), expressing the Council’s readiness “to take all necessary steps to respond to the attacks of September 11 and to combat all forms of terrorism in accordance with its Charter responsibilities.”<sup>18</sup>

Citizens from more than 90 countries died on September 11. *Deutsche Bank* had its main New York affiliate in the World Trade Center. One could list hundreds more post 9/11 statements of national and institutional solidarity and sympathy. The world community backed the United States in ridding Afghanistan of the Taliban and its al-Qaeda training camps; NATO now has official United Nations sanction to operate there. Operational cooperation between French and U.S. intelligence services on counter-terrorism works extremely well. German AWACS pilots flew missions over the United States to relieve American pilots needed for other missions in the Middle East. A German Social Democratic government, usually averse to foreign deployments, stopped ordering from the multi-lateral children’s menu and sent German troops to Kosovo and Afghanistan. Germans have also trained Afghan police forces, and now train Iraqi police units in the United Arab Emirates. This amounts to no less than a New German Foreign Policy, one that

can step up to the plate and has made a significant contribution. While the United States may not like Germany's so-called "poisonous" stance on Iraq, without Germany's contribution of troops and nation-building to Kosovo and Afghanistan, one can only imagine how that might have adversely affected the current U.S. troop strength in Iraq.

Now if only our strong transatlantic working relationships could translate to less transatlantic political rhetoric, perhaps that would help. With tongue in cheek, one could hope for fewer national elections as the pre-Iraq war German election debate served to sour our relations, and who knows how the American presidential elections may have generated more vapid transatlantic trash-talking. Perhaps we need more disasters to rally around before we can agree to tackle a common threat? Or maybe we need more discussion of inarticulate oil-rich C-student country bumpkin Cowboys versus emaciated free-riding espresso-slurping chain-smoking Euro-weenie ingrates? Hello, anybody home? Last we checked, all politics remain local, yet global media coverage and global misquotation too easily stir the stereotypes, and blur the facts on the ground. All statements used in any campaign should carry a warning label like cigarettes or alcohol: *dangerous to believe in the course of any national political campaign, consult your common sense to see if true after the election.*

Most of us who have had the chance of working in Europe, thanks to the Robert Bosch Stiftung, and still work there in one way or another, know this already. We know that developing working relationships, friendships and informal networks do not make headlines, but in the long run prove far more important than stereotypical rhetoric. They tie generations together in ways that tie our futures together.

Why then review past statements of solidarity after 9/11? Because we need to tap and apply that same kind of collective commitment to the myriad demographic, economic and military problems in places like Iraq, Iran, North Africa, the Arab-Palestinian-Israeli conflict, and the Gulf. Why then review the Marshall Plan? Because we need a template of reference for addressing a worldwide threat of similar urgency we now find in the Islamic world. Let's bury the clash of civilizations once

and for all and start thinking about a confluence of civilizations. But that will require planting some seeds of thought for successor generations in the Middle East, too, and what better time to start than now? Especially at a time when we reflect on what a certain *Nachwuchsgeneration* has already contributed to transatlantic relations, and might replicate for other deserving regions. And what better lasting tribute could we bequeath to those who perished on that dark Tuesday on September 11, 2001 than to work meaningfully toward preventing its recurrence? This represents our *Stunde Gelegenheit*. Let's get to work.



# Germany and France in the European Union of 25: “Motor” of Integration or “Couple” in Differentiation? A Transatlantic Perspective

*Colette Mazzucelli*

## Introduction

The German-French ‘motor’ in European construction is a singular example of post-World War II bilateral cooperation. Prior to the European Union’s (EU’s) enlargement to 25 Member States, the support of Germany and France was necessary to advance virtually all policy initiatives. The two countries’ combined weight was also sufficient to prevent forward movement in a policy area they opposed. In the EU25, this dynamic is likely to change as different member states form coalitions that create new opportunities to advance policy agendas. This essay analyzes the nature of the German-French ‘motor’ over a decade after its historic achievement in the Treaty on European Union (TEU), known as the Maastricht Treaty. The leadership provided by Chancellor Helmut Kohl and President François Mitterrand, working with European Commission President Jacques Delors, led to the agreement on the single European currency, the Euro, at Maastricht.<sup>19</sup> Other TEU policy areas, particularly the Common Foreign and Security Policy, are still fraught with difficulties. As the Union enlarges, policy challenges are likely to grow more complex.

Lily Gardner Feldman draws on four variables to explain the notion of reconciliation in Germany’s relations with several countries, including France. These variables are: history; institutions; leadership; and international context.<sup>20</sup> Each variable is critical. It is the last one that is of greatest concern today. This is evident given the divergences within Europe that are largely the result of a sea change in the transatlantic relationship since 1989 and, more prominently, after 2001. The nature of leadership on each continent is significant and impacts enormously on the turn of events in Europe’s relations with the United States. The environment in which leaders must act – beyond the Cold War, in the midst of the communication revolution, and after the traumas, personal and collective post September 11 – is decisive.

Initially, this essay briefly analyzes the new context of the bilateral relationship since 1997. This analysis leads to an inquiry into the nature of German-French relations. Has the progressive nature of the ‘motor for

Europe' become too inward-looking within a 'couple' that is unable to lead the Union, either by its example or in practice? This essay argues that it is a delicate balance for any member state of the Union to maintain a healthy national perspective while consistently developing a purposeful European vocation. This is especially true of Germany and France because of the influence these countries exert in European construction. In closing, the implications of the changing dynamic in German-French relations for transatlantic affairs are explained.

### **Analyzing the New Context of a Historic Relationship**

In recent years, several factors have converged to change the nature of German-French relations in the European Union. First, the international context is fundamentally altered. German unification and the demise of the former Soviet Union offered Europe the prospect of continental unity. Germany is truly the 'land in the middle' as the enlarged Union's geographic border now extends to the east and south. Second, the achievement of the single European currency was the last great European project with an integrative dimension in the spirit of the Community method that originated with Jean Monnet. The complexity of enlargement is destined to challenge that method. The sheer diversity of member states in the EU25 creates schisms that can only be overcome by a greater recourse to qualified majority voting in the Council. Third, the leadership in Germany and France is different. The European Commission is also weaker after the Delors' era. Schröder and Chirac do not share the European commitment that marked the Kohl-Mitterrand relationship. The impetus to identify a European project that can unify the member states and provide the impulse to integration was missing from the Prodi Commission. These are structural factors that make the change in context obvious.

There are also psychological variables that play a crucial role. Germany and France lead in the Union in practical terms of policy. This leadership is dependent on structural factors. Traditionally, the 'motor'

has also driven European construction by example. It is precisely this example that is lacking at present. Of particular significance are the French and German positions within the Economic and Monetary Union (EMU). There are differences that separate France and Germany from the European Commission and other member states in terms of ability to meet strict convergence criteria. The criteria for EMU were insisted upon by Germany as a precondition for its agreement at Maastricht.<sup>21</sup> In 2003, Berlin and Paris were unable to meet the performance criteria for the EU's Stability and Growth Pact. Subsequently, the two countries overrode its provisions.<sup>22</sup> The results are significant: greater uncertainty within the Euro zone during a time of global economic difficulties; and skepticism about integration's future.

### **Bilateral Relations: More of a 'Couple', Less of a 'Motor'?**

The EMU state of affairs leads us to question the potential impact of the emerging bilateral relationship within the larger Union. Are the two countries developing joint positions that no longer form a core around which the others converge? Is there instead a less constructive trend prevalent in which Germany and France create the core against which alternate coalitions of Union member states now define their own positions? Are these coalitions, however fleeting and unstable, the new norm in European Union negotiations?

We must reflect very carefully on these questions because the answers are intricately bound up with the history of European integration and the fate of the construction process. Since the Schuman Plan of 1950, which required French ingenuity to create and German acceptance to implement, the two countries have forged a reconciliation which, in the words of Lily Gardner Feldman, has been "more pragmatic and straightforward; easier, but perhaps less deep in the quality of societal and governmental interaction than in the German-Israeli example where the moral, psychological and political hurdles are higher."<sup>23</sup>

It is this reconciliation on which the destiny of the Continent depends although the traditional dynamic that the Franco-German 'motor' interjected into the integration process is changing. The nature of their bilateral relations since 1997 compels us to identify a present danger that the 'couple' is becoming too inward-looking. There are signs that Germany and France are focused on their present domestic challenges at the expense of their commitment to integration. One sign is the lack of German attention to the concerns of the smaller member states that has been a tenet of its European policy. Another is the difficulty *cohabitation* has consistently posed to France's European policy.

A third sign is uncertainty in France and Germany about the prospect of national referenda if an agreement is reached on a European Constitution. The referendum question is emerging as the real dilemma of the European reform process. Germany has already ruled out a referendum. This respects the provisions in its Basic Law. It also denies the German people the right to express their views about European reforms that will impact on their lives. If France calls a referendum for domestic political reasons, the response is likely to be more of a vote on the government in power than on European construction. Instead of supporting a vote on an agreed European Constitution by all citizens of the European Union across the Continent, Germany and France are thinking about a plan to allow a core group of 20 member states to move ahead if others reject a Constitution.<sup>24</sup> However, this plan offers no guarantee of success, particularly if one of the countries that should reject the Constitution is France. The close nature of French popular approval for Maastricht already demonstrated the possibility of such a result.

If relations between Germany and France are to function constructively as one cornerstone in a much larger continental process of European unity, the chasm that separates French and German leaders from their peoples in the understanding of European integration must be confronted. Nature abhors this vacuum, which offers traditional power politics and extremist tendencies pride of place as an alternative to the original vision of European unity. As the Union strives to enlarge

to more countries in which the fear of ethnic conflict is a more recent historical reality, particularly the Balkans, the ability to speak the language of the other, figuratively and literally, takes on added significance as the element that catalyzes European construction.<sup>25</sup>

There are options to the Franco-German core in Europe that new coalitions, although transient, represent. Although it is difficult for French and German leaders to accept, their countries' relations are the cause of more differentiation than unity.

### **Germany and France: Differentiation in Transatlantic Perspective**

As we weigh the risks of differentiation for France and Germany, and indeed for Europe as a whole, we must consider the impact of possible momentum to form a core Franco-German union within a more loosely defined European integration process. Wolfgang Schäuble, a high-ranking German Christian Democratic Union (CDU) politician who advocates core, vanguard groups within the European Union, has questioned the vision of a closer French-German union:

*“... At the moment, you’ve got to ask yourself how clever it is to point toward what could happen if the constitution fails. Cooperation between France and Germany must bring European integration forward, and not splinter it. Unfortunately, in recent times, it’s been at fault in creating more splits.”<sup>26</sup>*

Although it is true that the relationship between France and Germany is more intense than any of the alliances among Britain, Spain, Poland, and other countries in Europe, it would be imprudent to rely solely on this fact. It is essential in the transatlantic context to realize that the bond France and Germany share is *sui generis*, like that of the European integration process. This bond is unlike any other construct in history, forged by triumphs and tragedies, as much as by trial and error, within a community in the making. Such a community must be more than

accepted. It must be embraced, and identified with internally, by the French and German peoples alike. It must embody their sense of history, their present concerns, and their shared future.

This community is still in the making. The French and German peoples' sense of history, marked as it is by a definition of peace as the absence of war, is one that is crucial to create in a positive way, through a series of steps in time. For this reason, the convergence that President Jacques Chirac and Chancellor Gerhard Schröder discovered in opposition to President George W. Bush's policy in Iraq is no basis on which to forge their agreement in foreign affairs or a European Union global policy. The friendship between Germany and France, precisely because there is a past of shared enmity, can only grow from a sense of fraternity in which the community that is created is anchored in the genuine liking shared by their respective peoples, each for the other. A dislike of any third country's policy is no basis for mutual friendship, much less a community of destiny between Germany and France or, more broadly, within Europe.

The positions taken by Britain, Spain, and Poland, as well as most countries of East Central Europe, distinguished their views about the war in Iraq from those espoused by Germany and France. In the next few years, Poland and other new member states will benefit increasingly from EU funds to improve their economies and infrastructures. Sharper intra-European conflicts, which test loyalties to the Union, are likely to occur regarding U.S.-defined security initiatives, particularly as these relate to the war on terrorism.

It is always a risk, when two or more countries must confront a past marked by conflict and divergence, to define community in terms of opposition to a perceived antagonist. The chances for differences to emerge are greater if only because the community in the making still requires steps in time to identify symbols that inspire the popular consciousness and actions that command respect for this community to which peoples desire to pledge their allegiance.

In this context, it is essential to recognize that Germany is more likely to pursue those policies that reflect its domestic concerns even if this

means disagreement with the United States.<sup>27</sup> This fact is critical as the United States contemplates the strategic choice and the difficult prospect of forging an American-European global partnership. One fundamental aspect to develop this partnership is the U.S. ability to harness its own 'soft power' and to resist the temptation to focus on terrorism in ways that confirm the perception of America as "an increasingly arbitrary superpower."<sup>28</sup>

## **Conclusion**

At the start of the 21<sup>st</sup> century, there is a new context to understand the historic relationship between Germany and France. Both structural and psychological factors have altered the traditional dynamic of the 'motor' for European construction into more of an inward-looking 'couple' that no longer inspires the leadership to promote integration. Instead the resulting differentiation threatens European construction. Moreover, in a larger Union, coalitions of member states will increasingly aim to advance policies that may go against the combined weight of Germany and France.

In terms of transatlantic unity, the implications of differentiation are critical to grasp. A German-French relationship dependent on anti-Americanism to create a European identity is likely to result in a divided Union, as recent public schisms over Iraq demonstrated. This Europe is unable to offer the unity that is indispensable to a strong partnership. In the face of new crises like the HIV/AIDS pandemic and the regional instability that is the result of ethnic conflict, this lack of unity is costly in a global, not only a regional, context.

For this reason, America's excessive reliance on 'hard power' is as dangerous as Europe's willingness to drift. The lack of inspired German and French leadership to promote integration is readily apparent. This is a fundamental concern because the new context demonstrates the extent to which the 'motor,' not the 'couple,' is a prerequisite to unity.

## Negotiating NATO's Future in the New Europe

*Aparna Mukherjee and William B. Swarts*

The Atlantic Alliance, born from the ashes of World War II and strengthened through the victory of the Cold War, is eroding as the perception of its diminished relevance grows on both sides in an uneasy post-September 11 world. Even as global economic cooperation expands through multinational agreements and reduced trade barriers, the breakdown of the political, military, and cultural ties that characterized the last half of the 20th century is at the heart of the weakening bond between the United States and 'Old Europe.' Within a decade of the end of Hitler's Third Reich, Germany had joined the United Kingdom and France to form the bedrock of the transatlantic alliance; in the new political landscape, they seek an identity less closely linked to what they view as a dangerously unilateral U.S. Although the EU approved a doctrine that offers similar military latitude, Old Europe now presents itself as a counterweight to a superpower that quickly pursues a doctrine of preemptive war, acting without its traditional allies.

Renegotiating those relationships by using the European Union as the main diplomatic conduit is one response to the disintegration of a bloc of national and international interests that emerged triumphant with the fall of the Berlin Wall. Shaping policy for a significantly larger, more politically and geographically diverse EU poses its own problems – especially as many of the former Warsaw Pact states that formed the greatest threat to NATO's original membership offer Europe's most open support of recent U.S. foreign policy. The inclusion of these former Soviet satellite states in the Union signals another stage in shaping collective security in a New Europe and the necessity of a multi-polar approach to replace a one-size-fits-all continental diplomacy.

Nine of NATO's newest members volunteered soldiers and weapons specialists who now serve alongside British and U.S. forces in Iraq. The Vilnius Group, a block of 10 Eastern European countries, also joined America's "coalition of the willing" under the shadow of explicit disapproval from Germany and France. French President Jacques Chirac went as far to say the EU aspirants that had expressed support of the U.S. were being "infantile" and "irresponsible," and had missed their opportunity to "keep quiet" or "shut up."<sup>29</sup> Chirac's attack last February



followed France's, Germany's, and Belgium's decision to block an American request to NATO to bolster Turkey's defenses ahead of an increasingly likely war with neighboring Iraq. Turkey invoked Article 4 of the NATO charter, which calls for consultation when any member nation's security, territory, or political independence is threatened. Breaking the impasse without France's vote, NATO's Defense Planning Committee consequently approved a three-month military action, Operation Display Deterrence.

The resistance of member states against guaranteeing defensive aid to Turkey and going to war with Iraq marked another low point for U.S. relations with its traditional Franco-German allies. Indeed, this grouping of nations can claim the deepest and longest-standing mutual security arrangements of the 20th century. Even as the U.S. Senate voted on endorsing NATO expansion to include seven Eastern European countries, members of Congress also pushed President George W. Bush to request a review of the NATO requirement that decisions be reached by consensus – and that the Alliance consider a policy that would suspend members that fail to support its principles of democracy and individual liberty.<sup>30</sup> The rift over the war in Iraq has proved the most severe test of NATO's bonds, more so even than the heightened defense alert during the Cold War. At issue now is a divergence of perceived national or regional interests, rather than a concern over member states' common security.

Almost 18 months before its deployment of surveillance aircraft and missile defenses on behalf of Turkey, NATO offered the U.S. unanimous support. Less than 24 hours after the terrorist strikes in New York and Washington on September 11, 2001, NATO declared the attacks to have been an attack against all 19 of its member countries within the terms of Article 5 of the 1949 Washington Treaty, the first time it was invoked, though it was never used. The U.S. never accepted the Alliance's offer of help in fighting terrorism and by rejecting the largely symbolic gesture, may have missed an opportunity to build a broader international coalition from the onset. Ill-equipped to deal with a new type of enemy, a NATO military response would have been a strategically inadequate

approach to terrorist threats sponsored by decentralized, amorphous groups such as al-Qaeda. NATO's original *raison d'être* was clear: to defend Europe in a large land war against a similarly arrayed Soviet bloc. Still, the U.S. dismissal of NATO's offer reinforced the general perception of America's 'go it alone' approach in fighting the war on terror.

The very phrase "war on terror" troubles some of the Bush administration's European counterparts, many of whom have battled international terrorism on domestic soil without making it the centerpiece of their foreign policy. More than mere metaphor, the divergence in language points to Europe's very different priorities entering the new century. The EU's greatest legacy may not be creating the world's biggest trading bloc or a common currency but rather realizing a zone of peace found nowhere else in history, especially in Europe's own battle-scarred past. In part, NATO and the U.S. have helped enable this vision of Europe by de-nationalizing defense policy.

As the Cold War became a reality in the late 1940's and the Atlantic Alliance assumed the configuration now under threat, the U.S. made itself the leading champion of the Federal Republic of Germany, sometimes over the objections of an understandably wary France and Britain. By backing the western half of a nation divided by the ravages of the Second World War and on the literal and figurative front lines of the Communist-Capitalist supranational conflict, U.S. support resulted in the conditions that made the European Union possible. It created a period of protracted stability and prosperity in West Germany, as well as its ultimate victory over the Soviet Union and its satellite states. In making the *Bundesrepublik* not only a staging ground for NATO troops, but a full partner in the Western alliance, the U.S. and its allies provided an avenue for its rehabilitation; consequently, they also sowed the seeds for a modern, independent Germany to dispute the recent actions of its most powerful security partner and choose its own course.

The U.S., far more than Britain or France, supported a reindustrialized West Germany, with solid democratic and civil infrastructure, and not incidentally, well-trained and well-equipped armed services. The Americans sought the existence of an allied army that could stand shoul-

der to shoulder with its former occupiers to face the Soviet threat, as well as a staunch diplomatic and trade partner – a goal clearly achieved in the post-war decades preceding Germany’s reunification. From the airborne relief of the Soviet blockage of Berlin in 1949 to NATO’s years of war games in response to the threat of a Warsaw Pact armored thrust through the Fulda Gap, the U.S. became a champion of the post-war German state with an endorsement that extended beyond military imperative.

In his speech on the steps of *Berlin’s Rathaus Schöneberg*, U.S. President John F. Kennedy proudly proclaimed, “*Ich bin ein Berliner.*” Even as the transatlantic bond began to fray with rumblings of war in Iraq and further estrangement, the second anniversary of the September 11 attacks prompted dozens of Berliners to carpet the steps below the plaque commemorating Kennedy’s speech with flowers and candles. Decades after Kennedy’s visit, this poignant reminder reinforced the reality that citizens of the once-isolated outpost of democracy had not forgotten how the charismatic young president welcomed them and by extension, all of their countrymen, back into the family of nations. Kennedy’s visit credited West Germans with choosing the right side, and possessing the political and societal maturity to understand why their cause was just, a mere 16 years after those same streets suffered a rain of bombs and fire to extinguish the horrors of the Third Reich.

The evolution of the modern German state reached another milestone – one with arguably more relevant implications for the present situation – when U.S. President Ronald Reagan oversaw an initial deployment of 120 Pershing II missiles on German soil in 1983. The missiles sat within range of the Soviet Union as part of a Cold War strategy that morphed from an arms race to a spending race, one in which the Soviet Union and its satellites ultimately could not compete. Reagan and Soviet Premier Mikhail Gorbachev signed the Intermediate Nuclear Forces Treaty in 1987, which led to the withdrawal of the Pershings, but their presence left a dual legacy. The first was the accelerated weakening of the Soviet economy before its 1991 collapse as the Soviets attempted to keep pace with U.S.-led arms proliferation. Within Germany, the missiles

served as a rallying point for German anti-nuclear protestors and the Green Party, who eventually coalesced into the political groups that spawned the *Bündnis 90/DIE GRÜNEN* party, a critical coalition partner for the current German Social Democratic Party (SPD) administration.

When Reagan visited Berlin in 1987, he made it clear that the United States, and by extension the rest of NATO, sought a triumph over Communism, not an accommodation of it. The President challenged with what would become an epigram of the Cold War: “Mr. Gorbachev, tear down this wall.” And he reminded both the Soviet premier and the West Germans that U.S. support against the Communist bloc would not waver. At the time it would not have occurred to the American president to call on Chancellor Helmut Kohl, “to tear down your left-wing opposition party,” which by January had grown potent enough to win seats in the Bundestag with 8.3% of the federal electoral vote only a few years after emerging as an environmentalist fringe movement in the late 1970’s.

As Green parliamentary representation became less of a pro-environment, anti-Cold War oddity, it served as a channel for the voices of the *68er Bewegung*. That era, marked by widespread and frequently violent demonstrations against domestic civil institutions in opposition to the U.S. – one half of the bipolar Cold War confrontation that trapped Europe in the middle – eventually found in the Greens a more fully realized, politically mature and potent outlet for views that were less beholden to NATO’s umbrella of security concerns. Despite erratic political fortunes, the current iteration of the Greens reflects the pace and impact of the party’s evolution.

One view is that without the conditions of stability created by the U.S.-led security pact the current clout of the Greens faction, or even the absorption of the sentiments of the 68er into the political mainstream of current German political life, would not have been possible. Those who discount German and wider European opposition to current U.S. policies point out Chancellor Gerhard Schröder and his coalition partners are struggling mightily to reconcile their objections to the war with Germany’s enduring relationship to the U.S. Critics on the American

side dismiss German political leadership and by extension, its citizenry, as insufficiently grateful for the decades of protection that led to the post-Cold War era and positioned a reunited Germany at the head of the line of economic and political winners.

Emerging as the EU's most potent economic and political force, a united Germany finds itself trying to strike a balance between filling its leadership role and remaining mindful of its difficult military past. Nowhere was this clearer than its reluctance to act during the years of war spawned by the breakup of Yugoslavia. Arguably, NATO achieved its greatest military triumph with its 1998 intervention in Kosovo, striking a positive outcome in one of the last phases of the bloody disintegration of Yugoslavia that ground hideously through the 1990's as Western European countries looked on, unable to summon the political or military will to intervene. The lead-up to that success somewhat pre-saged the current strains in U.S.-EU relations, as a brief examination of the groundwork for German participation illustrates.

The U.S. intervention in the former Yugoslavia demonstrated the reluctance of Western Europe to take a leadership role in policing the region without its strongest Atlantic ally. German participation in the stabilization force deployed in Bosnia in 1995 was an unprecedented international deployment for its armed forces, the *Bundeswehr*, founded in 1954 with its purview constitutionally limited to the defense of Germany. The 1998 bombing of Yugoslav anti-aircraft batteries marked the first combat action German forces had seen since the end of the Second World War.

Even the prospect of a belligerent foray outside of Germany's borders prompted a national debate, and in 1994 the opposition SPD joined with the then-government coalition partner, the Free Democratic Party (FDP), to file a complaint in the constitutional court against the *Bundeswehr's* foreign missions. They objected to the fact that Kohl and his Christian Democratic cabinet approved the missions without parliamentary consent and questioned the legislature's authority to rule on military missions – and whether the constitution allowed German soldiers to participate in such actions at all. The country's highest judges

ruled that such involvement was constitutional and permissible so long as there was a United Nations or NATO mandate for these actions. That decision provided Germany a historic opportunity to participate in military action launched through momentum supplied by the U.S., which marshaled support for its actions by invoking a humanitarian basis for its military endeavors.

America led by the Bush administration has offered similar justifications for its invasion of Iraq, though its stated humanitarian imperatives have met with more skepticism, particularly as they were put forth in greater volume and frequency once the discovery of weapons of mass destruction was not as imminent – or even extant – as first described. Germany and France, however, refused to support the preemptive invasion well before doubts about the Bush team’s war rationale arose. The European components of the transatlantic alliance concluded that while Kosovo may have been a success, they wanted no part in future such missions well outside the EU’s boundaries. With the exception of the United Kingdom and Spain, Old Europe spurned major roles in the Iraq conflict. Beyond the specific circumstances of the U.S.-led invasion, European voter sentiment, ranging from skepticism to vociferous opposition, played the most obvious role in the lack of political will. Not to be underestimated is how low military and defense ranks as a budgetary priority for EU member states.

Abandoning the vestiges of overseas imperial outposts and coping with diminished resources for its armies, the major European powers have decreased military spending, leaving the U.S. to pick up the lion’s share for NATO (and for its current partners, correspondingly subordinate roles). EU members finding it difficult to meet Maastricht Treaty deficit targets promise further defense budget cuts, especially since Brussels last year denied requests from Germany, France, and Italy to exclude defense spending from the calculations. As Tomas Valasek of the Center for Defense Information points out, “Defense spending as a percentage of GDP in Europe has dropped from 3.5% at the height of the Cold War in the 1980’s to about 2% today, barely enough to sustain current forces.”<sup>31</sup>

Since the collapse of the Soviet Union, the attention of the world's remaining military superpower has shifted from Europe to operations outside of NATO's defense perimeters. Increased participation in operations in the Balkans and the Middle East runs counter to the EU's emphasis on international law and reliance international bodies such as the United Nations and the International Criminal Court to mediate conflict. Yet the characterization by writer Robert Kagan that war is ruled out in the EU as it turns away from power to create a "self-contained world" and "post-modern paradise" doesn't jibe with the Continent's ongoing push to forge a clear military identity, independent of NATO but not in opposition to it.<sup>32</sup>

Architects of the Treaty of the European Union included a commitment to the framing of a common defense policy, and following the September 11 attacks, Europe's leaders elaborated on plans for an EU Rapid Reaction Force. Despite the collapse of the constitution draft negotiations and powerful Anglo-American resistance, EU leaders managed to take a step towards establishing an autonomous European military command: the creation of an independent planning cell to plan crisis missions.

Whether this unit specializes in peacekeeping operations, such as the Union's takeover of the mission in Macedonia from NATO, or develops into a full-fledged counterpart or even rival to NATO, is the central question. The outlook for a non-NATO primacy, however, is doubtful. Nonetheless, U.S. envoy Nicholas Burns described the plan as posing the "most serious threat to the future of NATO."<sup>33</sup> Britain managed to sell the U.S. on the plan by emphasizing the EU's ongoing commitment to the Atlantic Alliance. As Prime Minister Tony Blair noted in a speech describing the UK's twin pillars foreign policy, the U.S. and the EU: "Europe has too much in common, too many shared interests, too many solid reasons for cooperation, to have any intention of letting a temporary divergence of view become a permanent rupture."<sup>34</sup>

Britain's role of playing mediator and fostering its "special relationship" with the U.S. provides a significant foundation to rebuild the transatlantic bridge and envisions a future for NATO that may mean

moving from a geographic to a functional focus. This mediating role is fraught with complications for Britain, caught between the complexities of the current U.S.-EU-NATO dynamic. British sympathies are conflicted – there are the bonds of language and culture, as well as a solid conservative strain of Euroskepticism on the side that gravitates to the U.S., but geographic proximity to critical trading partners and a desire to retain a prominent role within the evolving European Union provide a convincing counterargument. British participation in the Iraq war and occupation has been accompanied by Prime Minister Tony Blair’s frequent references to and support for greater United Nations participation in rebuilding Iraq.

The UK’s middleman role played a part in the gradual softening of attitudes by both the U.S. and Germany since the sharpest days of disagreement following the launch of the war in Iraq. Germany’s participation on the ground in a post-Taliban Afghanistan was the strongest sign of a rapprochement. German Defense Minister Peter Struck’s statements in August 2003 complemented the warming relationship; not only did he endorse a stronger role for NATO in Afghanistan, but he supported the deployment of the military alliance in Iraq. While Schröder dismissed his minister’s statements as “wild speculation about things that were not yet ripe for a decision,” he also emphasized that his government had “an elementary interest in the success of the reconstruction of Iraq.”<sup>35</sup>

Neither the U.S. nor the EU has given up on NATO as a vehicle of transatlantic cooperation. German Special Forces supplemented their American and British counterparts in Afghanistan; Europeans have almost completely replaced Americans in the Balkans, and the Dutch and Germans command the International Security Assistance Force (ISAF) mission, leading 6,500 troops in Afghanistan, NATO’s first mission outside the Euro-Atlantic area in the Alliance’s history. NATO’s original objective couldn’t have been clearer at its inception. Today, to paraphrase the Alliance’s first Secretary General, Lord Ismay, its mission may well be ‘to keep the Americans interested, the Russians in and the EU on the ground.’





## **PART TWO – The Economy, Finance, and Business**

## Agenda 2010 and the Dilemmas of Economic Reform

*Pamela Camerra-Rowe*

*“It was like a wife who always brought (her husband) the slippers and then one day says ‘I’m going out,’ and does not bring the slippers anymore.”<sup>36</sup>*

On January 1, 2004, the German government instituted a number of reforms that loosened the country’s labor protections and made cuts to its social welfare programs. Chancellor Gerhard Schröder argued that these reforms, part of his comprehensive Agenda 2010 program, are necessary to reduce unemployment and stimulate growth in a more globalized and competitive economy.<sup>37</sup> The reforms have been widely criticized by labor union officials and the German Social Democratic Party (SPD) members for undermining the principles of solidarity and social justice. At the same time, many business officials and economists argue that they are not far-reaching enough to solve Germany’s economic problems. In this chapter, I explore the economic and political factors that led to the Agenda 2010 program and analyze the degree to which it marks a change in the direction of Germany’s economic policies. While the reforms to Germany’s social welfare system and job market are modest, they are a major shift in SPD policy and may mark the limits of the reform efforts under the Schröder government.

### **The Need for Reform**

For much of the post-war period, Germany enjoyed lower inflation, lower unemployment, and steadier growth than many of its European neighbors. This was attributed to its cooperative business-labor relations, corporate ownership and governance structures, independent central bank, and highly skilled industrial labor force.<sup>38</sup> Germany was able to combine international competitiveness with a comprehensive social welfare system and relative equity in income and living standards.<sup>39</sup> However, Germany’s economy came under increasing strain in the 1990’s. The average unemployment rate jumped from 7.3% in 1991 to 12.3% in 1998, well above the EU-average of 9.9%.<sup>40</sup> Not only did the numbers of unemployed rise, so too did the length of unemployment with more

than a third unemployed for a year or more.<sup>41</sup> Germany's average growth rate declined in the 1990's and 2000's and was well below that of the U.K., the U.S. and some smaller European countries. Foreign investment fell and state debt rose.

Germany's economic decline is linked to a variety of structural factors that have made it harder for the country to compete in a more globalized, rapidly changing, post-industrial economy. Among these factors are high wage and non-wage costs, which have made it more difficult to attract business investment.<sup>42</sup> While these costs were offset in the past by high rates of productivity, other countries surpassed Germany in labor productivity in the 1990's.<sup>43</sup> High non-wage costs have also inhibited the growth of a lower-wage, service sector.<sup>44</sup> Limited venture capital and a highly regulated job market have made it difficult for new firms to gain a foothold. The aging population and policy of early retirement to combat unemployment have contributed to higher budget deficits and social insurance costs. Despite these problems, the German government undertook few economic reforms in the 1990's. Consensus policy making and the power of entrenched interests inhibited economic and social welfare reform.

Germany's economic problems were exacerbated by the high cost of reunification. The German government has transferred billions of dollars annually to Eastern Germany since reunification. The generous conversion rate of East German marks to D-Marks in July 1990 and transfer of West German political-economic institutions to East Germany contributed to further economic weakness.

The ability of the German government to deal with such economic downturns has become increasingly constrained. European Monetary Union (EMU) limits the ability of government to pursue deficit spending as a means of stimulating growth and employment. Under the Stability and Growth Pact, agreed to in 1997, member states agreed to limit deficits to 3% of GDP or face substantial fines. Moreover, the European Central Bank (ECB) sets interest rates based on economic conditions throughout the 12 EMU member states, rather than solely on Germany's economic conditions. Liberalization of capital markets and

globalization have also made it easier for firms to move investment and production if non-wage costs or taxes are high.

This changing economic environment is particularly challenging for the SPD. Traditionally, the SPD has been concerned with maintaining full employment and income equity, and expanding social welfare provisions and workers' rights. This reflects its desire to serve its core constituencies – lower income and blue-collar voters and unionized labor. But the ability of the party to maintain the current social welfare system or to engage in demand-stimulation policies to spur growth is limited. Moreover, while blue-collar and unionized labor continue to be the most loyal SPD constituents and have an important, institutionalized role in the party, their numbers have declined. In order to win elections, the SPD must appeal to professional, white-collar, and younger voters, as well as East German voters, who are less tied to a particular political party and base their decisions on issues such as the country's general economic performance or on candidate image.<sup>45</sup>

### **The Stop-and-Go Policies of the Schröder Government**

In order to win the 1998 election, the SPD advocated a moderate economic policy that emphasized modernization and innovation, on the one hand, and the preservation of Germany's generous welfare policies, on the other.<sup>46</sup> This enabled it to draw voters from the Christian Democratic Party (CDU), and build a broad center-left coalition. But while the SPD's dual emphasis on modernization and social justice worked as a campaign strategy, the party had difficulties reconciling these principles in office. SPD Party Chairman and Finance Minister Oskar Lafontaine argued that the way to deal with the economic problems was to stimulate demand by pressuring the ECB to lower interest rates, raising business taxes, and increasing social benefits for lower income citizens. He also advocated a shortened work week and part-time work with full benefits to promote full employment. Chancellor Schröder promoted supply-side policies including corporate tax cuts,

greater investments in high technology and education, and the reduction of non-wage labor costs. Schröder's policies ran into opposition from labor union constituents and the left wing of the party. Thus, initially, the SPD-led government rolled back some of the modest reforms undertaken by the former CDU/FDP government. It restored sick pay from 80% to 100% and lowered the number of employees in a firm necessary to qualify for coverage by job protection legislation from 10 to six, reversing a 1996 change.<sup>47</sup> These policies antagonized white-collar voters, who had weaker ties to the SPD, and alarmed the business community. Some firms threatened to pull their investments out of Germany.<sup>48</sup> The European Central Bank refused to bend to Lafontaine's demands to reduce interest rates.

Under pressure, Lafontaine resigned in March 1999. This enabled Schröder to move forward with some of his liberalization policies. In late 1999 and 2000, the government passed a number of economic reforms including an austerity budget, corporate and individual tax cuts, and limited pension reform. This was already a shift in policy for the SPD; yet, a number of officials in the ministries and Chancellery believed more radical reform of the labor market was necessary to deal with structural unemployment.<sup>49</sup> The government, however, feared this would lead to a backlash by leftist members of the party and labor unions, who were already angered over corporate tax cuts. In order to placate labor unions, the government expanded co-determination rights in small firms and halted further economic reforms.

The stop-and-go policies during Schröder's first term in office did little to satisfy either the SPD's traditional blue-collar and labor union constituents or white-collar and East German voters. Nor were the reforms enough to help stimulate growth and employment. Unemployment began rising in early 2001 and continued to do so through 2002. Economic growth stagnated at 0.6% in 2001 and fell to 0.2% in 2002. Deficits for 2002 rose to 3.75%, well over the limits imposed by the European Growth and Stability Pact. This took a toll on the party. During much of the election campaign in 2002, the SPD remained behind the opposition CDU and few in the SPD or the Chancellery

believed the party would win the election.<sup>50</sup> It was only because of Schröder's response to the devastating floods in Eastern Germany in August 2002 and his public opposition to the war in Iraq that the SPD was able to come to power again. The SPD won 38.5% of the vote, down from 41% in 1998. An increase in Green Party support helped return the coalition to power in September 2002 but with only a bare majority of 306 out of 603 seats in the *Bundestag*.

### **The Agenda 2010 Program**

Surprised by its electoral victory, the Schröder government enacted few reforms in the first months of its second term. The unemployment rate continued to climb, reaching 4.71 million unemployed in February 2003 and voters became increasingly frustrated with the party's failure to reduce unemployment and its delays in implementing modernizing reforms. A growing number of voters believed the party's close ties to labor unions had stymied its reform efforts.<sup>51</sup> As a result, the SPD suffered major defeats in state elections in Lower Saxony and Hesse in early 2003.

The combination of political losses and growing economic problems prompted Schröder to introduce Agenda 2010 on March 14, 2003. This comprehensive reform program included proposals to loosen job protection legislation, break up the monopoly of public health funds and pharmacies, cut back on the requirements for master's certificates for craft professions, and reduce subsidies for some industrial sectors.<sup>52</sup> It also included proposals to cut health care coverage, increase the retirement age, reduce unemployment benefits, increase the number of all-day schools, and invest in public day care. Several of the proposed reforms were passed by the legislature in the fall and winter of 2003 and took effect on January 1, 2004.

Agenda 2010 emphasizes greater individual responsibility and less state support. As Schröder declared on March 14, 2003: "We will have to curtail the work of the state, encourage more individual responsibili-

ty, and require greater individual performance from each person. Every group in the society will have to contribute its share ...”<sup>53</sup> Although a number of Schröder’s initial proposals were watered down in order to satisfy labor union and leftist members of the party and to win approval of opposition parties in the Bundesrat, the reforms that have passed mark a significant departure from the SPD’s traditional policies of collective responsibility and the expansion of workers’ rights and social benefits.

One of the most controversial reforms is the loosening of job protection. Prior to January 1, 2004, it was difficult to fire workers after the first six months of employment and in companies with over five employees. This made it hard for firms to lay off workers during economic downturns and made them less willing to take on new workers. Under the new law, firms with up to ten employees do not fall under job protection provisions. This applies to all new employee contracts after January 1, 2004. Newly-established companies are also now able to hire employees under limited time employment contracts for up to four years. While the CDU/CSU advocated loosening job protection further, the fact that the SPD took even this minimal step is politically significant because it challenges one of the most important post-war gains of labor unions.

Other Agenda 2010 reforms cut social welfare benefits. For example, as of January 1, 2004, several benefits, including the death benefit, non-prescription drugs, and glasses and contact lenses for those over 18, have been eliminated from health coverage. Moreover, patients now have a co-payment of 10 euro per quarter for doctor and dentist visits and 10 euro per day for hospital stays.<sup>54</sup> Crowns and bridges (*Zahnersatz*) will no longer be covered under the health insurance system in 2005 and sickness pay will no longer be completely covered by employers as of 2006.

In addition to cuts in health benefits, the Schröder government also cut unemployment insurance. Unemployment insurance is now limited to 12 months and 18 months for those over 55. Previously, those over 55 were eligible for 32 months of unemployment benefits. The government



also reduced income support for the long-term unemployed by merging unemployment assistance and social welfare and reduced benefits to long-term unemployed workers who refuse to take jobs they are offered.<sup>55</sup> The government hopes these reforms will increase the incentives for the unemployed to return to work.

Many of these reforms adversely affect the SPD's traditional lower income and labor union constituents. But they also target other organized interests. For example, the reforms loosen Germany's entry requirements to the craft trades professions. Prior to this year, a master's certificate was required to establish or take over a firm in 94 craft trade professions including painters, interior decorators, electrical engineers, and opticians. These laws were instituted to ensure training for these professions and to limit competition. As of January 1, 2004, fifty-three professions no longer require a master's certificate. These reforms have been harshly criticized by the association representing craftsmen, but are seen by the government as a means of easing the ability of people to enter craft professions.<sup>56</sup>

Thus, Agenda 2010 affects a variety of strongly entrenched, organized interest groups in Germany. These include the SPD's traditional constituents, as well as the constituents of the opposition parties, including small business owners. While some of Schröder's initial proposals including those to allow chain pharmacies to increase competition had to be watered down in order to gain support from the opposition majority in the Bundesrat, the fact that the SPD-led government was able to pass many of the Agenda 2010 measures is noteworthy. It marks a change in Germany's policy making process. Rather than seeking consensus from the various organized groups within the country, the government introduced the reform agenda and then negotiated with various groups. It also marks a significant change for the SPD. It marks a recognition of the changing economic environment that limits the government's ability to use fiscal and monetary tools and redistribution to stimulate growth and employment. It also reflects the desire of the party to draw support from centrist voters if it hopes to win future elections.

## **The Dilemmas of Reform**

While reform of the job market and social welfare are necessary to combat Germany's economic difficulties, the decision by the Schröder government to move forward with the Agenda 2010 reforms has alienated many of the party's labor union and leftist members. Labor union officials have denounced the reforms and said they will undertake massive demonstrations.<sup>57</sup> The Schröder government faces a dilemma in that labor union members remain an important constituency in the party and the SPD needs their support to win against a center-right coalition. But their numbers are declining and they are increasingly viewed by voters as a special interest that seeks to protect the interests of those who are working, but that does not necessarily promote the overall needs of the economy. The unsuccessful strike by IG-Metall for a 35-hour work week in the eastern part of Germany in the summer of 2003 underscores this point.

The SPD leadership also faces resistance from some leftist party members, who claim that the party leadership is undermining its own principles by pursuing policies that are burdensome to lower class voters and will increase income disparities. The costs of health care co-payments, for example, are proportionately higher for lower income workers. Yet, without reforms, inequalities are also likely to increase as unemployment continues to rise. However, opposition to the Agenda 2010 reforms within his own party prompted Schröder to relinquish the party chairmanship to SPD-Fraktion Chairman Franz Müntefering in February 2004.

Not only does Schröder risk alienating his own constituents with the Agenda 2010 reforms, but it is not clear that he will be able to attract centrist voters to the party. While Agenda 2010 is a substantial change for the SPD, it is a modest change to Germany's economic and social welfare systems and may not be enough to significantly improve Germany's economic performance. Despite the new laws that took effect on January 1, 2004, the health care funding system – based on contributions from employees and employers – remains in place. Total annu-

al individual contributions for medical services are limited to 2% of income and 1% for the chronically ill. Similarly, despite the reforms of job protection legislation, no worker who previously had job protection will lose that benefit. Thus, the reforms may not do enough to reduce social insurance costs or stimulate employment. Some economists and business officials have argued the reforms are unlikely to produce even one-half of a percent of additional growth this year.<sup>58</sup> At the same time, further or more radical reform is limited by institutional and political constraints, including the need to gain the support of the opposition in the *Bundesrat*, the need to maintain party member support, and the limited authority of the Chancellor.<sup>59</sup> If the Schröder government cannot demonstrate that its Agenda 2010 reforms lead to job creation and growth, and cannot push through the remaining reforms, it will not only alienate the SPD's traditional constituents but fail to attract other voters as well. This will make it difficult for the party to win reelection in 2006.

## The Two-Sided Coins of Transatlantic Economic Relations<sup>60</sup>

*Adam S. Posen*

It is often said that economic relations between the U.S. and EU are holding together the transatlantic relationship. It could mean literally 'holding us together' in terms of the economic ties, which keep common interests between Europeans and Americans alive. It could imply instead simply that we *should* hold together. Are we able to keep the economic system we like in place? Or could it be that we are simply together on hold? Are economic issues being disrupted in the midst of the great post-Iraq concern about military and political divisions between the U.S. and Germany?

Though there have been a few spill-overs, there are a number of parallels between the economic discussion and the security discussion. The similarities between the two arenas tend to get lost and it is important to recall their existence. Consider one symbolic monetary complementarity between the U.S. and Europe: if you pull a euro coin out of your pocket, you always see the country stamp on the back as well as the EURO insignia on the other side. A couple of years ago in the U.S., we did the same thing with our quarters. On one side you could see the national symbol; on the other side you could find the state symbol. This is a good reminder that there are two sides to every coin.

There are at least six ways in which there are two sides to the transatlantic economic relationship, two sides to the coin. We are very worried about the current economic situation in Germany, and American voters seem to be fearful for their jobs, but if you compare the present to the late 1970's or the early 1980's, and the situation in America and Germany at that time, we are much better off today. Even in Germany now, people are much better off than they were 15 or 20 years ago and the outlook is much better. Therefore, it is important to keep as much perspective as possible. Just as on the security side, where people should not dismiss current tensions by invoking the Pershing crisis analogy, there are very real differences that arise now, because the Cold War is over, Germany is standing up for itself, and there has been a Texan administration in the U.S.

The same must be said in economics. There are some very real divergences that are becoming clear. There has been a persistent period

now where the U.S. had been outperforming continental Europe, except for the smaller countries, certainly outperforming Germany. There has been a persistent period during which the economic institutions, much to the surprise of many scholars, have not been converging. The assumption was that globalization would come and there automatically would be some convergence in the way we run our economies. Some similarities are evident. We look more like each other than Russia and Indonesia, for example, but we have not had the same kind of automatic convergence that was expected. So there are two sides to this coin. The economic situation might not be as disastrous as we think, but there is definitely a very real divergence between the U.S. and Europe.

A second way in which there are two sides of the coin is that there are simultaneously mutual interests and differences in values. Obviously, it is very much in both of our interests to keep our economic relationship going. Yet, very different approaches to how governments manage their economies in Europe and the U.S. emerge at the macro-level let alone the old usual claims about regulations. German economic policy and now European monetary and fiscal policy is about *Ordnungspolitik*, about keeping things stable. If you talked to policy makers in the U.S. now, you would find the focus to be on stimulus – it is about stabilizing. It is a more activist view of the world. This difference has been very persistent. This becomes evident through the way that we have, as many of us have worried about, unipolar growth. Even when the U.S. slows down, continental Europe in many ways slows down even more. Perhaps the U.S. is too dismissive of European strength broadly, but I believe that people are forgetting the extent to which economic arguments and results have reinforced this sort of American triumphalism.

There are plenty of people in Europe in the late 1990s who understandably said the bubble would burst in the U.S. and then the U.S. would decline and everything would balance out. From an economist's point of view this would have actually been better, because Europe would have then picked up the lead in growth and the U.S. would have had a chance to repair itself. Overall, we would have had adjustment. But that is not what has happened. Even in Germany as well as Europe

as a whole, there was posturing that ‘we will run an independent course, the Americans have had their boom and bust.’ But of course the bust has come to Germany as well. There has been a corporate crisis in ethics and here again the past American triumphalism colors the discussion. We have witnessed back and forth the ‘you got one, too’ syndrome. Germany has KirchMedia, and other scandals to go with American Enrons. And this leaves us with the persistent imbalance internationally of slow German growth and growing U.S. indebtedness.

Europe is in some ways economically dependent on the U.S., as the leader in growth and as the locomotive, just as one used to speak about the U.S. leadership role in NATO. If there is no growth in the U.S., you do not see growth in Germany. Here we have a fundamental imbalance, because it is not in the U.S.’ interest to overextend itself by attracting all the world’s capital, investing it at home and running a huge trade deficit, year after year after year (which distorts all global markets as well). In this sense, the U.S. is suffering from European, particularly German, economic weakness. Therefore, there is an evident mutual interest that is born of attempting to narrow this divergence.

The third sort of two-sided coin deals with restoring confidence versus tackling fundamentals. These issues are not necessarily in contradiction, but they do motivate different approaches to addressing the structural problems inside Germany and in Europe. Obviously, the Schröder government recognized these problems and is making – depending on how you look at it, a glass one-quarter full or three-quarter empty effort. But as the country had been stalled in a *Reformstau* for more than fifteen years, most of us are glad that there is something in the glass. Americans are prepared to look at the progress made as modest, but still see it as a hopeful sign. However, at the same time, everyone continued to revive the old 1970’s malaise word (Jimmy Carter seems to be back), especially in Germany. There is this feeling of uneasiness (*Unruhe*). There is this feeling that there is something wrong here in the economy that has to be dealt with and it is not only a matter of implementing Agenda 2010.

Some of us had the idea that the German reform agenda could only come from the German Social Democratic Party (SPD). This concept is

reminiscent of a 'Nixon goes to China'-like syndrome. In some sense this is very reassuring, because the record of this scenario is that when Nixon finally makes the trip, he wants to return with something. There are efforts now in the Bundesrat to extend the reform agenda and there is hope in the economy that once the reforms are passed, they will gain some momentum of their own. The real question takes us back to the confidence versus fundamentals issue. We know labor market reform is one of the crucial areas of reform in Germany. We are only just now beginning to see the results of the reforms so far. The question now is how to start promoting those results and making people aware of the outcomes.

One other issue that is raised is whether in economic terms the EU is of help or of hindrance to Germany. This relates to some of the security discussions we were having. The average American is not paying any attention to the EU and enlargement or constitutional discussions. For Americans who are working on these issues, however, I believe there is an emerging recognition that the EU can and has been a force for liberalization in Europe. It is a two-sided coin, once again, because there are ways in which the EU in order to form its identity, particularly on trade issues, is obstreperous with the U.S. or the U.S. is obstreperous in return. But within Europe, within Germany, it has definitely been a reforming force. The EU's influence is evident when we look for example at the Landesbanken issue of Germany's major public-sector banks. Research shows public sector banks are generally a bad idea. However, these public sector banks have to be privatized to some degree by 2005. This initiative could only have come from Brussels, even if the Schröder administration wanted it. There is an appreciation on the one hand of the internal vitality from deeper EU integration, but on the other hand, concerns about its external effects. Even then, this goes to the point that Americans care about results. Even if process-wise the EU is doing much better than some people give it credit for and Germany is reforming, in the end, there is still this growth gap, which poses the present problem.

A fifth two-sided coin in transatlantic economics: a common concern is the connection, or lack of, between productivity and job growth. Globalization of production is now happening with accelerating speed throughout the Western world. Some people would voice concern about China for example or India coming online or perhaps even Eastern Europe and the cheap labor that this integration provides. Companies claim they are unable to maintain their profit margins, particularly in the retail sector where there is constant downward pressure on prices from competition and cheap imports. Germans and Americans who are speaking from corporate experience talk about the fact that in the competitive world, in face of overcapacity, in the smart consumer world, companies cannot mark-up the same margins. But what is important is to recognize that this is simply a shift of where the money goes. For example, Wal-Mart reaps the benefits of this pressure. Wal-Mart says to its producers, "I want your really cheap T-Shirt, but I want it even cheaper." So the money has shifted, but the value created itself is not going away. This brings us back to the comparison between the U.S. and Germany and the reform issue.

Deflation only occurs in a bad way, when an economy does not have enough flexibility to take advantage of productivity. If you have the flexibility, you end up utilizing the technologies and reaping the benefits. This ultimately is the argument about why in the U.S., IT investment alone was not sufficient for the new economy. It was not because the U.S., like everybody else, spent too much money on computers. It was not even that the U.S. produced computers, because frankly we do not, we design computers and ship them out to Taiwan to be produced. Productivity growth created job growth in the 1990's because when IT and the internet came along, the U.S. economy was flexible enough to reallocate people from job to job. When the bubble burst in the U.S., some companies went out of business and reallocated the capital. In Germany, for good political reasons, for *Ordnungspolitik*, for reasons of wanting stability, for having a consensus politics background, this did not happen to the same degree. In part you can have German companies, some of which are excellently productive and excellently compet-



itive, but when they have to change business and to adapt, the system becomes less than its parts. In the U.S., each little part is less important, but the system as a whole functions rather well.

Let me point out one final two-sided coin. What happens to the rest of the world, what happens to the Doha trade round, what happens to the poor countries, when transatlantic growth is unipolar? Speaking from a pure Washington economist point of view, this is the question of the day. If Japan is not growing, if Germany is not growing, if the U.S. goes back into recession, what happens to all these countries, be they in Eastern Europe, in Latin America or South East Asia? What does this mean for our foreign policy? The fact is there is developing country after country that says we played the game, we got along with the IMF, we played by your rules and here we are not being allowed the chance to make it. Of course, this is most importantly symbolized by the rich world's barriers to imports of agriculture, but involves more than just agriculture.

Ultimately the issue is whether relatively well-fed, happy, and rich people in Germany, the U.S., France, and Japan decide that it is far more important to us to make sure that our farmers do not end up as 21<sup>st</sup> century blacksmiths, having to find new jobs, than that farmers in Africa cannot export. It has to be viewed in this blunt manner. In economics we are not used to thinking about 'out-of-area problems,' but the transatlantic alliance has an out-of-area problem in economics as it does in NATO. It is not really about our trade conflicts between the U.S. and Europe. It is about how these conflicts affect the third-party countries that then might become breeding grounds for terrorism or anti-globalization.

In the Melian dialogue, Thucydides has the Athenians say to the Melians: "The strong do what they may and the weak suffer what they must." You must ally with us or otherwise we will allow you to be destroyed. The ultimate message in some sense of *The Peloponnesian War* is that imposing such forced choices is a good short-term, but not a very good long-term, strategy. In the end it proved very expensive and very short-sighted for Athens to go that route. This gets us back to both the U.S. and Germany.

The policy challenge of transatlantic economic relations is not about the U.S. and Europe holding together and avoiding conflict. The challenge is whether we can hold the international economic system together and give other countries the opportunity that the U.S. gave Germany in the immediate post-war era in our mutual self-interest. Therefore, the focal point of discussion should not be on how impressive it is what Europe has done in EU integration, but ultimately on the American question, what is integration good for. The European view of the integration process as an end unto itself, at least in the short-term, neglects too many other concerns.

Of course, there are the massive transatlantic FDI flows and the mutual interests they embody. Of course, especially for the many people who are involved with multinational corporations, this is a very big issue. Over the years, we have had such cross-border investments, and also such hopes for the common business interests preventing misunderstandings, not just in U.S.-German and transatlantic context, but also with China and Japan and in the transpacific context. This form of international integration has been beneficial to particular companies or regions within our countries, but in the end this has not delivered the transformation of convergence or understanding that many of us would hope for. Perhaps in the long-term, we will get that, but we should remember that such hopes for mutual interests, particularly economic interests, winning out over impulses to conflict, are what people counted on before the First World War. International developments do not happen just because of mutual interests of businesspeople.

In the economics sphere this is the one place where the U.S. and Germany have a real difference. Germany has decided in recent times to fall in with a statist view of the EU in economic matters. We saw this in the constitutional strong-arming of Poland and Spain on EU voting, and in the deals made supporting Chirac on agriculture versus the Commission. Germany, which has stood up for the small countries, the East, and European integration traditionally has thrown itself in with France and intergovernmentalism. We should not think of economics as some outside force that compels the U.S. and Germany into a relation-

ship, let alone assures underlying comity. Instead, we should look at transatlantic economic relations as a challenge to two very wealthy, basically free-market oriented economies to see what they can do for others and thereby for themselves in the long-term. We hope that after another 20 years of the Robert Bosch Foundation Fellowship Program – or sooner – we would have a better common answer.

## **From Conflict to Convergence: Transatlantic Cooperation in Competition Policy Enforcement**

*John J. Parisi*

At the 20<sup>th</sup> anniversary celebration of the Robert Bosch Foundation Fellowship Program in Washington, DC, the former U.S. Secretary of State, Madeleine Albright, recalled the characterization of Europe and the United States as, respectively, Venus and Mars, made famous by Robert Kagan;<sup>61</sup> but, she noted hopefully, that the off-spring of Venus and Mars was Harmonia. In that same spirit of hopefulness, bolstered by a record of actual accomplishment, this paper tells the story of how Europe and the United States have been working toward harmony in the enforcement of their competition laws. This is an area of great importance to business and to transatlantic economic relations; but, it may also serve as a model and inspiration to achieve harmony in other areas of transatlantic relations.

### **The U.S.-EC Cooperation Agreement**

Among the many momentous events of 1989 was the decision of the European Community's Council of Ministers to adopt the Merger Regulation, authorizing the European Commission (EC) to vet proposed business mergers.<sup>62</sup> Given the breadth and depth of U.S. direct investment in Europe, it was clear that mergers and acquisitions by U.S. firms in Europe would fall under the EC's scrutiny. Less clear were the precise standards under which such deals would be examined – including whether notions of 'industrial policy' would be considered – and how those standards compared with the standards applied by U.S. antitrust authorities.

Given the numerous differences between the United States and Europe as to, for example, trade in goods and services, government subsidies, and access to government procurement, EC Competition Commissioner, Sir Leon Brittan stated: "With the best will in the world [...] the U.S. and the [European] Community may well one day soon take different views of a competition case." And, he warned, "[t]he problem cases may be rare now, but they will increase in number and complexity."<sup>63</sup> Consequently, Lord Brittan proposed that the United States

and the European Community enter an agreement whose purpose would be “to promote cooperation and coordination and lessen the possibility or impact of differences between the parties in the application of their competition laws.”

The U.S. Government, represented by its two antitrust enforcement agencies, the Department of Justice (DOJ) and the Federal Trade Commission (FTC) accepted Lord Brittan’s invitation to negotiate an enforcement cooperation agreement. Agreement was reached and it was signed on September 23, 1991. In sum and substance, the parties pledged to: notify enforcement activities that might affect important interests of the other party; exchange information to the extent allowed by each party’s laws; coordinate their enforcement activities when in their mutual interest to do so; and, take comity into consideration in enforcement decisions. Its purpose is as Lord Brittan stated it: to lessen the possibility or impact of differences between the parties in the application of their competition laws.<sup>64</sup>

Much attention is given to differences between Europe and the United States. It is useful to focus some of that attention on areas in which European and U.S. authorities have worked successfully to minimize the effects of differences in their laws and policies. One such area is the field of competition policy, in which U.S. and European authorities have, through their Agreement, established a cooperative model that is spreading to other nations (through, among other institutions, the International Competition Network, or ICN<sup>65</sup>) and, potentially, to other fields of public policy. As the Financial Times opined: “[t]he growth of U.S.-EU co-operation on antitrust policy shows different methods can co-exist, provided objectives are broadly shared – or at least understood – and agencies do not retreat into territorial defensiveness.”<sup>66</sup>

U.S.-EC cooperation in competition policy is based on ‘golden rule’ principles – sovereignty, comity, and respect – as well as the persuasive power of facts and ideas. It has also been an important factor in the two continents growing together rather than drifting apart.<sup>67</sup> But, it is a story that includes episodes that highlight differences between Europe and the United States, generating headlines declaring ‘splits’ and even ‘trade

wars,' and causing some to question the efficacy of U.S.-EC cooperation. When, for example, the EC condemned Microsoft's business practices, Microsoft's General Counsel, Bradford L. Smith, said that the EC's decision "shatters any notion that there is harmony in transatlantic competition decisions."<sup>68</sup> Whether one sympathizes or not with Microsoft, Mr. Smith's comment is contradicted by dozens of matters successfully resolved by U.S. and European authorities, involving issues of comparable economic weight and importance as those in Microsoft.

It is useful to look back to see why the United States and Europe agreed to cooperate and to learn how they have dealt with the differences in their laws, developing effective enforcement cooperation that fulfills each jurisdiction's policy aims and also provides guidance and efficient regulation to businesses.

### **The Dark Age of Differences**

A generation ago, U.S. antitrust enforcement faced more resistance from several of its leading trading partners in Europe than President Bush has faced over his invasion of Iraq. There were two basic reasons for that: first, while the U.S. economy has from its beginnings largely been based upon competition among privately-owned enterprises exercising relative freedom of contract, most European economies were marked by large state-owned – and sometimes monopoly – enterprises, state-sanctioned cartels, and other measures to insulate enterprises from competition; and, second, the growth of international trade brought the anticompetitive effects of cartelized and monopolized "Fortress Europe" into the sights of the U.S. antitrust enforcement machinery – both government as well as private enforcement.

Through the 1940's, 50's and 60's, the U.S. antitrust agencies aggressively applied U.S. antitrust law against parties operating outside the territory of the U.S. whose business activities were aimed at the United States. The case that served to highlight and seemingly to cement differences between the United States and its major trading partners was

the uranium cartel case.<sup>69</sup> An American firm sought damages from foreign uranium producers who had formed a cartel in the face of a U.S. import ban. To pursue the case, U.S. courts issued discovery demands to the foreign defendants. To the foreign states involved, especially the United Kingdom, the United States was applying its laws, both substantive and procedural, unreasonably extraterritorially and, moreover, coming into conflict with other important interests, especially economic. The situation led a British judge to declare that “it is axiomatic that in antitrust matters the policy of one state may be to defend what it is the policy of another state to attack.”<sup>70</sup> In 1978 and 1980, respectively, the United Kingdom and France enacted so-called “Blocking Statutes,” prohibiting its citizens from cooperating (such as through the provision of evidence or consenting to judgments) with foreign authorities.<sup>71</sup>

The EC, however, showed that it, too, would not be reticent in applying its competition laws to U.S. firms operating in Europe whose business activities appeared to harm European consumers. In 1984, IBM agreed to settle EC charges concerning certain business practices, a case with some similarity to the recent Microsoft case.<sup>72</sup> And, during the 1980’s, the EC condemned the so-called “Woodpulp” cartel that included among its members U.S. firms operating as an export cartel that was immunized from U.S. antitrust law. This case demonstrated the extraterritorial reach of European Community law.<sup>73</sup>

## **Recognition of the Need for Cooperation**

These cases suggested that head-butting was not effective and it was having deleterious spill-over effects on other important aspects of foreign relations. Efforts to identify and to cooperatively address restrictive business practices were undertaken within the Organization for Economic Cooperation and Development (OECD). In 1967, the OECD members adopted a recommendation concerning cooperation between member countries on restrictive business practices affecting international trade; it has been modified several times, most recently in 1995.<sup>74</sup> While not a

formal international agreement, the OECD Recommendation nonetheless provides a framework within which members are notified, information is shared, and enforcement policy is discussed on a regular basis.

The OECD efforts built upon bilateral cooperation. As early as 1959 there was an agreement between Canadian and U.S. officials to notify and consult with each other in antitrust matters; and, a cooperative relationship developed between the United States and Germany. Antitrust policy was one of a number of institutions fostered in Germany by the U.S. in the post-war period. In 1973, the Germans adopted a pre-merger notification regime, soon followed by enactment of a similar regime in the United States. In 1976, Germany and the United States entered a formal enforcement cooperation agreement, which endures in practice to this day.<sup>75</sup>

Increased contact between the EC and U.S. authorities during the 1980's over the IBM and Woodpulp cases, among others, helped to lay the foundation for the Agreement, recommended by Lord Brittan and reached in 1991.

## **Cooperation in Practice**

Going into their agreement over a decade ago, U.S. and EC authorities recognized that their respective competition laws contained different legal standards (the EC's dominance test versus the U.S. substantial lessening of competition test) that could lead to divergent outcomes. Efforts were undertaken to understand each other's laws and processes. Workshops were held in which EC and U.S. staff discussed analytical tools (market definition and competitive effects analysis, particularly under the then-new U.S. horizontal merger guidelines) and investigative methods (interview techniques and document gathering and analysis). A study was made of each other's pre-merger notification instruments to learn precisely what information each side sought and gathered. And, staff, with the help of their respective legal services, determined what kinds of information they could share with each other within the bounds



of their respective confidentiality rules. As to this latter point, the agencies distinguished between confidential *agency* information that can be shared with other antitrust authorities from confidential *business* information, the disclosure of which is specifically barred by statute absent a waiver from the submitter of the information. Confidential agency information is information that the agencies are not prohibited from disclosing, but normally treat as non-public. This includes how the staff analyzes the case, including product and geographic market definition, assessment of competitive effects, and potential remedies.

By the time merger activity started to grow in the mid-1990s, the agencies were ready not only to cooperate with one another, but also to coordinate their respective investigations. But, merging parties and their advisers were not. In some early cases, parties focused their attention on reaching a satisfactory decision in Brussels – within the unwaivable time deadline for a decision – and then turn to Washington, hoping that the U.S. authorities would accept the settlement negotiated in Brussels. But, the agencies were prepared for this, having thoroughly communicated their respective analyses and conclusions with each other and determining what action, if any, should be taken.<sup>76</sup>

It is beyond the scope of this paper to go into detail on many of the mergers that U.S. and European officials concurrently investigated and cooperated on. But, here are some examples of mergers whose reviews were coordinated by U.S. and European authorities:

- The first wave of pharmaceutical industry mergers in the mid-1990s, including *Glaxo/Wellcome*, *Hoechst/Merion Merrill Dow*, and *Upjohn/Pharmacia*. Innovation and potential competition are often factors in this industry, as was the case in the Glaxo and Upjohn deals where one of the merging parties had a product on the market and the other had a competing product in the final stages of regulatory trials. And, the merging of intellectual property rights may also raise anticompetitive concerns if it forecloses competition, as was an issue in the *Ciba-Geigy/Sandoz* merger (that created the firm known now as *Novartis*) in the market for the development of gene therapies for the treatment of certain cancers.

- The auto parts industry consolidated in the face of cost-cutting efforts by the major automakers. The *Bosch/Allied Signal*, *Lucas/Varity*, and *Federal-Mogul/T&N* mergers involved firms whose products were mostly complementary rather than competing, with one big exception – the engine bearing market in which Federal-Mogul and T&N together would hold an 80 percent share. That case is the model for cooperation between the United States and a group of EU member states – the United Kingdom, Germany, France, and Italy. And, it was a case that forced the agencies to consider remedial issues that would be discussed in the FTC’s 1999 Divestiture Study.
- The agricultural chemical industry mergers, *Novartis/AstraZeneca* and *Bayer/Avetis Crop Science*, presented remedial challenges, particularly finding divestees that were viable on both sides of the Atlantic.
- Oil industry mergers, including *BP/Amoco* and *Exxon/Mobil*.
- Chemical industry mergers, including *Shell/Montedison*, *Rohm & Haas/Morton*, *Dow/Union Carbide*, *Solvay/Ausimont*.
- Mergers in high-technology industries, including *ABB/Elsag-Bailey*, *Hewlett-Packard/Compaq*, *Lockheed/Loral*, *Boeing/Hughes*, *Siemens/Atecs Mannesmann*, *General Electric/Agfa-Gevaert*.
- The next wave of pharmaceutical industry mergers, including *Glaxo Wellcome/SKB*, *Hoechst/Rhone-Poulenc* (creating *Aventis*), and *Pfizer/Pharmacia*.
- Mergers in the beverages industries, including *Guinness/GrandMetropolitan* (creating *Diageo*) and *Diageo-Pernod/Seagram*.

These were mergers mostly involving massive firms with substantial business on both sides of the Atlantic. Many required substantial divestitures in order to pass muster. Some raised little competitive concern and, due to the increasing communication among the agencies, were quickly cleared. And, this is only a partial itemization of the mergers jointly and successfully reviewed by U.S. and European authorities.

But, two cases – *Boeing/McDonnell Douglas* and *GE/Honeywell* – resulted in controversial differences between the EC and the United States. In *Boeing*, the difference in legal standards made the difference:

the EC and FTC agreed that McDonnell Douglas was no longer exerting competitive pressure in the commercial airliner market, but, under the EC's test, the merger would strengthen Boeing's dominant position.<sup>77</sup> The EC, however, cleared the deal by accepting remedial measures from Boeing.

In *GE/Honeywell*, the EC applied a leveraging theory that, coincidentally, had been rejected by the U.S. Court of Appeals in the Microsoft case, and it found the parties' settlement offers insufficient; thus, it blocked the deal. GE and Honeywell abandoned their merger plan, but appealed the decision to the Court of First Instance, which is expected to rule later this year.

## **Recognizing and then Narrowing the Differences**

Looking back over the history of the U.S. /EC enforcement relationship during the past decade as just described, one must be struck by the fact that rarely have the differences in their laws mattered. If one drew a Venn diagram to illustrate the effective overlap of the application of U.S. and EC laws to real cases, there would be little area left on the fringes.

Yet, a few cases fell into those fringes and cooperation could not overcome the differences. They involved major firms, creating controversy – even to the point that some challenged the efficacy of enforcement cooperation, despite the vast record of effective enforcement cooperation listed above.

In spring of 1999, then-EC Competition Commissioner Karel Van Miert called for the establishment of a U.S.-EC Mergers Working Group to gather the wisdom gained in the many mergers jointly reviewed and examine where we might improve our cooperation, including harmonizing our approaches to analysis and remedies. The Group first examined remedies and, drawing on the experience gained in their case work and the findings of the FTC's Divestiture Study, the EC issued a notice on merger remedies which is broadly consistent with U.S. approaches. Then, in the wake of the *GE/Honeywell* merger case, the Group exam-

ined issues that arise in conglomerate mergers, including leveraging, bundling, and tying. The effort resulted in a clearer understanding of the issues and the agencies' approaches. Time will tell what effect this effort will have as these kinds of issues arise rarely in the magnitude found in *GE/Honeywell* or the *Tetra Laval/Sidel* case that is pending review in the European Court of Justice.

The Merger Working Group also focused on procedures and produced a document adopted in October 2002 describing best practices for the coordination of merger reviews.<sup>78</sup> Reflecting the experience gained over the past decade, it describes how the agencies will work together and suggests ways that merging parties can facilitate coordination.

Then, last year, the Council of Ministers substantially revised the Merger Regulation, adopting the substantial lessening of the competition test in place of the dominance test and clarifying the regulation so that efficiency claims can be taken into account in merger analysis. As a result, the EC issued horizontal merger guidelines that most knowledgeable observers found to be effectively the same as those applied by the U.S. authorities.

### **Differences Remain – Does it Matter?**

These developments tend to validate U.S.-EC convergence in mergers review, informed by their coordination of cases over the past decade.

But, differences remain. In that regard, what was not changed in the Merger Regulation is notable as are European court decisions. The Merger Regulation obliges the EC to consider a number of factors in analyzing a merger, including the “economic and financial power” of the merging parties. This factor is sometimes dismissively called the “deep pockets” theory, one that American enforcers are unlikely to find persuasive. But, calling it names does not make it go away. Even if the EC were inclined to give it less weight, it cannot ignore this factor, as it learned to its chagrin a couple of years ago when one of its decisions to

clear a merger in the German coal industry was overturned because the Court found that the EC had failed to consider that factor.<sup>79</sup> Furthermore, those same European courts that have annulled Commission merger decisions have endorsed “leveraging” and “portfolio power” theories that have been rejected by U.S. courts and the enforcement agencies.

We should not dwell on or magnify these differences. The convergence of U.S. and EC approaches is of much greater practical significance as has been demonstrated again and again over the past decade. Furthermore, very few mergers raise these issues in any significant way.

Recently, a well-known competition law professor contacted me on behalf of her students who, she said, wanted to examine cases in which the U.S. and the EC had differed. She, therefore, asked whether there were cases other than *Boeing/McDonnell Douglas* and *GE/Honeywell*. My reply was “yes, a few,” but I suggested that it would be more useful for students to learn how agencies enforcing different statutes are able to reach compatible, non-conflicting decisions, rather than focus on the cases where the agencies did come to different decisions. We should aspire to train a new generation of lawyers – whether they work in the public or private sectors – to aim toward conflict resolution. The students will learn little of use by focusing on the *GE/Honeywell* case. Unfortunately, cases like *Boeing/Hughes*, *Exxon/Mobil*, *Bayer/AventisCrop-Science*, *DSM/Roche*, and *GE/Agfa* are given little, if any, attention. Yet, there is much to learn from the resolution of the issues in these cases. They were not easy. They presented analytical, as well as remedial, issues that require a willingness to avoid beggar-thy-neighbor solutions.

U.S. and EC authorities have given the world a model of cooperation to emulate. That cooperation and now the convergence in their review of mergers should give comfort and encouragement to other authorities to find common ground with us in the structure and enforcement of the many merger control regimes that now exist. The International Competition Network has proven to be a worthwhile forum in which to begin and define such efforts. The EC has made a significant contribution toward implementation of ICN common-ground recom-

mendations by amending the merger regulation to eliminate the deadline for notifying a merger. Perhaps the member states with similar provisions will be encouraged to make this change as they review and consider revising their laws.

All of this suggests that, despite the occasional conflict, the United States and the European Union have established a model relationship in enforcement cooperation, one that has led to convergence and one that is worth emulating in other policy areas and by other jurisdictions.

### **Personal Postscript**

While working as Robert Bosch Fellow in Germany's Federal Economics Ministry in the fall of 1988, I accompanied a team of Ministry officials to a meeting of the European Community's Council of Ministers in Brussels, at which the Ministers debated whether to authorize the European Commission (EC) to vet proposed business mergers. A year would pass before the Council of Ministers would reach agreement and adopt the Merger Regulation.

By that time, I was an attorney-adviser to FTC Commissioner Deborah Owen. When Lord Brittan proposed a U.S.-EC cooperation agreement, we wrote in support of such an agreement, but pointed out that the U.S. needed to consider how willing it was to check its tendency to act without sufficient regard to international comity.<sup>80</sup>

As the Agreement was being finalized, the EC asked whether the U.S. agencies would send a staffer to work in its Competition Directorate for a short time upon the signing of the Agreement. Based in part on my still-recent Bosch Fellowship experience, the FTC and the EC agreed to my secondment for three months to work with the EC Competition Directorate's staff, learn its ways, and lay the groundwork for cooperation between the agencies. During that time, acquaintances were made that continue to this day and the foundations laid for the broadening and deepening of the agencies' relationship. It has been my privilege to continue to serve as the FTC's liaison to the European Commission and EU

member state competition authorities (plus Switzerland and Norway). In addition to the almost-daily contact with EC and member state authority counterparts, I have had the opportunity to spread the word on enforcement cooperation by way of speeches in Vienna, London, and Brussels. In so doing, I hope that I am fulfilling the goals of the Robert Bosch Foundation Fellowship Program, principally to increase understanding among peoples and fostering transatlantic relations.

# The Evolution of Germany's Financial Markets – from Unification to Globalization

*James H. Freis, Jr.*

Over the past twenty years since the Robert Bosch Stiftung began its Fellowship Program for Future American Leaders, Germany has undergone profound changes. This may seem obvious on a political level when one thinks of unification of East and West Germany and the recent enlargement of the European Union. But one area where the changes have been at least as profound and perhaps even broader in scope is with respect to the German financial markets. And while the political changes have arguably reached a phase of consolidation, the financial evolution continues.

Some of these changes have touched upon each and every German citizen in their day-to-day lives – such as the introduction of the euro (itself following the extension of the Deutsche Mark to the former DDR). Others have involved mergers and investments of large financial institutions, as well as the government entities that supervise them. But what this article attempts to illustrate is that these changes have struck at the very core of issues that one would have cited twenty years ago as defining characteristics of the German financial system and its post-World War II *Wirtschaftswunder*. Many of these changes were sparked by unification, but in large part, must be attributed to the forces of the global economy and the evolution of Germany's role within it.

Concretely, this article will look at the following areas of change: currency, the universal banking model, and the government's economic and supervisory structure.

## **Ostmark, Deutsche Mark, and Euro**

- *The D-Mark*

In the post-World War II period, Germans have had a special affinity to their currency, because its predecessors had become worthless in hyperinflation worse than virtually anywhere else in the world. Hence, one of the most important aspects of economic reconstruction in the post-war period was to create and maintain a stable currency. It is noteworthy



that the introduction of separate currencies in the Eastern and Western occupation zones in the late 1940's was one of the defining events leading to the separation of the German states for the next forty years.

In West Germany, the D-Mark was an unqualified success. Many Germans associated the post-war economic miracle, the *Wirtschaftswunder*, with the D-Mark itself. The Deutsche Bundesbank established itself as one of the world's most respected central banks, not only as a model inflation-fighter, but as an institution itself. Neighboring countries, such as Austria and the Netherlands, have essentially become part of the D-Mark bloc, with their monetary policies tied to that of the *Bundesbank*.

In the course of the *Wende*, it is hard to distinguish the desire in the East for political freedom from that for economic opportunity. But one thing the Ossis clearly wanted is the purchasing power of the D-Mark. Recall that German monetary unification occurred on July 1, 1990 — three months prior to political unification. All East Germans were entitled to exchange the first couple thousand Ostmarks at a rate of 1:1 to the D-Mark, while the rest of their savings were converted at 1:2. This exchange rate had no basis in economic reality, as seen by black market rates of up to 1:10. But getting hard currency into the hands of the East Germans was an essential aspect of unification.

- *The Euro*

On the grander political scene, some say that in order for Germany to gain approval of unification among the World War II Allied Powers, it had to commit to further integration of Europe. The most immediate and central element of this integration was the commitment towards Economic and Monetary Union. In effect, there was felt to be a tradeoff in drawing Germany closer to Europe in turn for accepting a larger and presumably stronger Germany.

The 1992 Treaty on European Union (“Maastricht Treaty”) established the terms of the European Union and the future European Central Bank. The ECB resembles the Bundesbank not only in its location in Frankfurt. In fact, the preeminent position of monetary stability

in its mandate is based upon the Bundesbank. Moreover, the location in Frankfurt is also partial deference to the role of the Bundesbank and Frankfurt as a financial center; as well as political facts that Germany did not have the European Community institutions that grace Brussels, Strasbourg and Luxembourg (while London was ruled out by the lack of UK interest in giving up the pound sterling).

The euro introduction occurred in two phases. On January 1, 1999, eleven national currencies (those of Austria, Belgium, Finland, France, Germany, Ireland, Italy, Luxembourg, the Netherlands, Spain, and Portugal – Greece joined later) legally became *denominations* of the euro, and electronic transactions such as money transfers have since then been made in euros. The euro became tangible from January 1, 2002, when euro notes and coins replaced the D-Mark at an exchange rate of just under 1:2 in an almost effortless changeover.

Although currency is a basic symbol of national sovereignty, the Europeans chose specifically to avoid national portraits or emblems. The euro banknotes instead feature portals and windows on the front and bridges on the reverse (not supposed to represent any existing structures) to invoke the values of transparency and unity. The euro coins are more interesting, because each country strikes its own. The Germans have their proud national eagle on the reverse of the 2 and 1-euro coins, which are the most ubiquitous throughout Euroland, based on the size of the economy.

While the German population was among the most suspicious in accepting the euro to replace their beloved D-Mark, these fears have quickly dissipated. A casual survey of Germans, including older generations, shows broad acceptance of the euro today. And although great attention has been placed on foreign exchange fluctuations with the value of the euro quickly falling from an early high of \$1.17 to a low of 83 cents, and now above \$1.20, these fluctuations are within the trading range of the D-Mark versus the dollar over the previous decade. A far more important measure of the euro's success has been how quickly it has gained acceptance throughout Euroland and the international financial markets. The removal of foreign exchange risks has truly opened up

trading and investment opportunities to create truly pan-European markets.

## Universal Banking

During my year as a Bosch Fellow, I explored the fact that while both Germany and the United States had “*BANKS*”, these institutions performed quite different functions in the respective countries. Indeed, Germany was always cited as the epitome of the *universal banking* model (also prevalent in other continental European countries), while the United States and other Anglo-Saxon countries generally favored the separation of commercial banking (deposit-taking, lending) and investment banking (securities underwriting and sales). In fact, universal banking was only one component of the differing financial structures.

In Germany, commercial enterprises had raised funds generally through one of two methods. The first method was through retained earnings; i.e. by saving the profits earned from year to year and reinvesting them for growth as opposed to paying them out to the owner or shareholders. This was appropriate for the large section of German industry known as the *Mittelstand*, consisting of small and medium-sized companies, many of which were established in the post-World War II period and up until around the *Wende* were still being run by their founders. The second method for raising funds was borrowing from a bank, usually the same bank with which significant relationships were built up over a long period of time. The interdependence between a company and its *Hausbank* sometimes was enhanced by large cross-shareholdings among the banks and the corporate sector. For example, shortly after unification, Germany’s largest bank, Deutsche Bank, held almost a quarter of all shares in the largest industrial company, Daimler-Benz.

The German financial system contrasted starkly with that in the United States, which resulted from a flurry of Depression era legislation, including the federal securities acts to protect private investors. The best

known structural provision was that of the Glass-Steagall Act, later expanded by the Bank Holding Company Act, that essentially divided the financial industry into separate sectors of commercial banking, investment banking, and insurance. But there is much less public awareness of a separate Glass-Steagall Act provision prohibiting banks from owning shares in non-banking businesses. And while the Gramm-Leach-Bliley Act of 1999 removed the former set of restrictions (allowing, for example, Citigroup to merge all three financial sectors under one roof), the latter restriction on bank shareholding in the United States remains largely in place. One effect of these different underlying structures was the greater development in the United States of a different method of financing in the United States – relying to a larger extent on equity financing and also on the sale of corporate bonds.

- *Reforming Finanzplatz Deutschland*

Shortly after unification, it became increasingly clear that the U.S. system was becoming more and more dominant in an increasingly globalized financial world. There was pressure for Germany to change – from both the markets themselves (Daimler-Benz’s decision in 1993 to raise money by listing its shares on the New York Stock Exchange was a wake-up call) and from harmonization efforts within the European Community (where London was the dominant financial center with strong securities markets similar to that of the United States).

In the beginning of 1992, German Finance Minister Theo Waigel sounded the clarion call for reform. Germany should establish an internationally competitive *Finanzplatz Deutschland* with financial markets appropriate for the world’s third largest economy. Over a dozen year period, Germany passed a series of four “Financial Market Promotion Acts” which significantly changed the financial structure. The first expanded the scope of investment companies and mutual funds. The second created a new federal agency to oversee securities trading modelled roughly on the U.S. SEC, outlawed insider trading and reformed oversight of the stock exchanges. The third (to which I contributed

during my first Bosch year Stage) continued the reforms with changes primarily in banking supervision. The fourth sought to further improve the situation of small investors.

- *An Equity Culture*

Even Germany became caught up in the technological revolution of the 1990's and the dot.com boom. The structural changes paved the way for the establishment of an "equity culture" among German investors, who for the first time started purchasing equity. Corporate restructuring was also of interest to the Mittelstand company owners now looking to pass on their life investments. One decisive event was the privatization and stock-market listing of Deutsche Telekom, but much of the newfound stock euphoria was epitomized by the Neuer Markt.

The Neuer Markt was established in March 1997 as a segment of the Frankfurt Stock Exchange and quickly established itself as the center of German and European high-tech investment. By its third anniversary in March 2000, stock prices had gone through the roof and total market capitalization exceeded 230 billion euros! Unfortunately, the exuberance of the global stock market bubble was even more pronounced here. This was due in no small part to the fact that Germans had had little experience in investing in equities (and for those from the East, there was little investment experience whatsoever). Its fourth year saw the stock prices falling 75%. Even after the fall, however, there remained about 330 listed companies employing about 200,000 people.

Even though for many small, first-time investors, paper fortunes had rapidly been transformed into real losses, the equity culture appears to have been firmly established in the once very risk-averse German populace. With a tarnished name, the Neuer Markt was closed in June 2003. In effect, however, this was part of a broader restructuring of trading segments on the Frankfurt stock exchange, and a new "TecDAX" index has largely taken the place of the market standard from the Neuer Markt index.

Financial market changes from the bottom up perspective of the investing public were complemented by changes from the top down. Tax reforms have removed an impediment to the slow but sure unwinding of cross-shareholdings. Notable is a change involving the top tier universal banks: traditionally Deutsche Bank, Dresdner Bank and Commerzbank. Deutsche Bank has placed more and more emphasis on investment banking, trading income, and asset management, shifting a large part of its operations to London and New York with the acquisition of Bankers Trust. Dresdner Bank was acquired by the country's largest insurer, Allianz. Once considered rather provincial, the two Munich-based banks, Bayerische Vereinsbank (where I spent my second Stage as a Bosch Fellow) and its neighborly rival, Bayerische Hypobank, merged and later acquired the largest bank to the south, Bank Austria. The consolidated entity, HVB Group, has a large presence in Eastern Europe and now trails only Deutsche Bank in terms of assets. Commerzbank has been left slightly adrift and is regularly the subject of speculation in cross-border merger talks, which are expected as part of the next stage of European banking consolidation.

## **Germany's Economic and Supervisory Structure**

- *Financial Market Oversight*

Obviously, such market restructuring required corresponding changes for the supervisory and regulatory structure. I already mentioned that one central feature of the regulatory reform was the creation of the *Bundesaufsichtsamt für den Wertpapierhandel* (Federal Securities Trading Supervisory Office) in Frankfurt, the country's financial center, in January 1995. The following autumn, I began my first *Stage* at its sister organization, the *Bundesaufsichtsamt für das Kreditwesen* (Federal Banking Supervisory Office). Since the universal banks were the primary actors in both securities and commercial banking business, these institutions worked very closely together, and part of my assignment involved

writing reports which helped to divide competencies between the two agencies. (Although the Banking supervisor and the third entity, the insurance supervisor, had been founded in Berlin at the time the Wall went up – a powerful symbol that signified that the Federal Republic was not about to abandon Berlin in the 1960's; but now have switched offices to Bonn to make room for the main federal agencies in Berlin.) In May 2002, the German Government combined the securities trading, banking and insurance supervisors into a new *Bundesanstalt für Finanzdienstleistungsaufsicht* (Federal Financial Supervisory Authority). This super financial agency followed the trend in other countries, most notably in the creation of the UK Financial Services Authority in 1997.

The Bundesbank has also needed to reform itself, now that it has lost competence for setting monetary policy and has only a subsidiary role in financial supervision. It has rationalised its own internal structure as part of a widespread restructuring. The current Bundesbank governor, Axel Weber, who assumed office at the end of April 2004, has stated that he wants the central bank to take a more active role in safeguarding financial stability and promoting the integration of financial markets.

- *Stability and Growth Pact*

While the Federal Republic has always considered itself a *soziale Marktwirtschaft*, the recent steps to promote the market economy are in some ways necessary to cover increasing social costs, including the vastly underestimated costs of unification. There has been an amazing change since the *Wende* when Germany was the engine of European economic growth to its current status as a laggard. This can best be seen in the safeguards promoted by Germany in the context of Economic and Monetary Union, which Germany today cannot itself meet.

The 1992 Maastricht Treaty contained a set of convergence criteria for countries wishing to adopt the Common Currency: these were low inflation and stable exchange rates, as well as government deficit not exceeding 3% and debt not exceeding 60% of gross domestic product. The numerical figures were arbitrary, although set at levels that

Germany expected to easily meet. In 1995, however, Germany proposed a Stability and Growth Pact to give these criteria more teeth by making them apply not only before but also after adoption of the euro, and to create automatic sanctioning mechanisms for countries that failed to comply. Now, Germany is projected in 2004 to exceed the deficit maximum for the third year in a row, and, along with equally culpable France, is calling for reform of the pact in order to avoid sanctions.

- *Germans on the International Level*

On July 1, 2004, Horst Köhler assumed the role of the ninth president of the Federal Republic of Germany. Although these heads of state have little executive power (vested in the chancellor), they are an important authority figure. During our Bosch Fellows' visit in September 1995 with President Roman Herzog, I had the opportunity to ask him how he saw his role following Richard von Weizsäcker, whom many viewed as the moral conscience of the country during a presidency spanning unification. He answered that he did not see himself as following, but rather that each president must find his own way. This already seems to be the case with Köhler, who, consistent with the focus of this article, has said he will push for economic reform. In raising concerns about the economy, he has been quoted as saying, "Germany has to fight for its position in the world in the 21<sup>st</sup> century."

Köhler already exemplifies Germany's modern fight for a position in the international financial world. In the post-war period, Germany has been vastly underrepresented in top international positions in comparison to the other Western industrialized countries. In the fall of 1999, only days after then IMF Managing Director Michael Camdessus announced his intent to retire, Chancellor Gerhard Schröder publicly staked his claim to appointing a German as the successor. It would not necessarily be an easy task, as the IMF was being deeply criticized for its failure to better respond to recent global financial crises. Nonetheless, after German and European integration and the launch of the euro, Schröder saw an opportunity. His first choice,



Caio Koch-Weser, was rejected, and Schröder had to cross his SPD party lines to pick CDU member Köhler. But Köhler had the right experience in international financial relations and financial reform. On May 1, 2000, Köhler assumed office at the IMF, in the most prominent international position of any German national.

This example is relevant, because despite increasing global financial integration and the notion of transcending national borders (especially within the European Union), national ties remain extremely important even at the highest levels. After Köhler's recent departure at the IMF, it is quite likely that with respect to another institution, there might come a message from Berlin that it is 'Germany's turn.' This will certainly be an issue for EU entities such as the ECB.

## **Conclusion**

In the diplomatic row between the United States and Germany over the latter's opposition to the Iraq war in 2003, Germany was branded part of 'Old Europe.' While those rifts will hopefully continue to heal, one important element is that in terms of financial markets, Germany is no longer behind the times. If anything, Germany has accepted the challenge to become much more like the United States and integrated into the global financial system. As the experience of European Union has shown, economic integration can give an important impetus to political cooperation. Further financial market evolution remains on the agenda of Germany's leadership.

# A Foreign Affair: The Importance of the U.S. Market for German Multinationals

*Fred Pieretti*

*“Over the long term, the deep and mutually beneficial trade and investment relations between U.S. and German firms remain vital for both domestic and global economic growth... Germany is an essential trade partner of the U.S., and vice versa.” – Website of the U.S. Embassy to Germany, July 2004*

## **Introduction**

When economic historians examine the 1990's, a few milestone events and overarching trends will stand out: the fall of Communism and 'triumph' of Capitalism, the rise of what foreign affairs observer Thomas Friedman calls the second era of globalization and the revolution in communications that ushered in the "new economy" and the internet. Within this tsunami of macro-economic forces there were a number of sub-trends that also marked the international economy. German multinationals, for example, discovered, or rediscovered, the importance of North America, particularly the dynamic U.S. market. Attracted by the potential for growth, German companies in diverse industries such as automotive, pharmaceutical, and engineering revamped their strategies to focus more intently on the world's single largest market: the USA.

German carmakers led the attack on the U.S. market in the 1990s. Volkswagen, teetering on the brink in 1993 with declining market share and billion-dollar losses, engineered a comeback in part by expanding its operations and sales in the USA. "Since 1993, VW sold only 49,000 units in the U.S. and commanded less than 1% of the American import market (rising to 2% by 1997). The highly successful launch of New Beetle boosted other VW models... By 2000, VW commanded over 5% of the American import market, putting it in the lead among European brands."<sup>81</sup>

The importance of the American market was equally striking for Daimler-Benz. In the early 1990's, Daimler-Benz "took several hits: its ambitious diversification process into a 'technology concern' did not produce the anticipated synergies. The European truck division produced heavy losses. And Japanese rivals pressed Daimler-Benz's luxury

cars with similar quality and technology, but at much lower prices.”<sup>82</sup> Jürgen Schrempp, who took over as CEO of Daimler-Benz in 1995, turned this situation around dramatically in two short years but he looked to the USA for the long-term future of the world’s most prestigious car manufacturer: “Schrempp and his team knew that more change was needed in order to remain in the top league of global players in the automotive industry. So in 1997, Schrempp commissioned, in addition to internal studies, a study by an investment bank identifying possible partners.”<sup>83</sup> A year later Daimler-Benz merged with Chrysler, the smallest of Detroit’s ‘Big Three’ automakers, in a \$37 billion mega-deal.

Leverkusen-based pharmaceutical firm Bayer AG made historic strides in the U.S. market in the 1990’s. With the acquisition of Sterling-Winthrop in 1994, Bayer regained the rights to its name in the United States. For the first time in 75 years, Bayer could do business in the USA under its own name and use its logo—the Bayer Cross.<sup>84</sup> Bayer also acquired the American specialty chemical company Lyondell Chemical Company in 1999. This momentum propelled Bayer into the 21<sup>st</sup> century with its listing on the New York Stock Exchange in 2002.

Perhaps the most illustrative example of the renewed importance of the U.S. market for German industry comes from the industrial conglomerate Siemens AG. The Munich-based electrical capital goods and engineering firm had ties to the U.S. almost from the outset of its founding in 1847. Werner von Siemens and Thomas Edison, the inventor-entrepreneur whose company became General Electric, were contemporaries, friends and, above all, competitors. Siemens even provided venture capital to the fledgling American company that became GE. But roughly a century and a half later, the company that still proudly bore the family name of Werner von Siemens found itself at a crossroads. Though it operated in nearly every country, Siemens had yet to become a player in the United States—the world’s largest market for electrical and electronic products. If Siemens were to grow and expand globally and remain at the forefront of innovation, it had to increase its share of the U.S. market.

Under CEO Heinrich von Pierer, who rose to the top job in 1992, Siemens followed a strategy that aggressively went after GE and other rivals on American turf. Breaking from a tradition that focused primarily on organic growth, Siemens went on an acquisition spree in the USA in the 1990's to fuel its growth there. The strategy succeeded initially and Siemens USA grew steadily, often at the expense of its rivals. The USA's share of global sales for Siemens went from 11 percent at the end of fiscal 1993 to 21 percent a decade later. But there were inherent perils in such rapid growth. Would it become a victim of its own success? A closer look at Siemens' activities in the USA in the late 1990's and the turn of the century illustrates how a German industrial leader who pursued a growth strategy in the world's most dynamic market had to adapt this strategy to stay on the growth track.

### **Phase One: Rapid Expansion 1992-2001**

In 1990, Siemens underwent a complete reorganization – its first in 20 years – that divided the company's large business units into smaller operations that would be better equipped to successfully compete in the steadily more complex and competitive global marketplace. With this more responsive corporate structure, Siemens sought to grow key elements of its communications and information technology, power generation, medical systems and lighting groups. These industry sectors formed the core of Siemens' plan to build its business and market share in the USA in the 1990's.

Siemens began its M&A push in the USA in 1992 by taking a controlling stake in the communications company Rolm. Formed originally as a joint venture between Siemens and IBM, Rolm provided Siemens an entrée into the then fast-growing market for private communications systems and enabled the German conglomerate to raise its profile as a leader in information technology. Rolm also provided a dividend that would only appear 12 years later – current Siemens U.S. CEO George Nolen joined Siemens as part of the Rolm acquisition.

A push in lighting came next when Siemens affiliate Osram bought the Sylvania lighting and precision materials businesses in North America from GTE in 1993. More than a century after Edison invented the light bulb and Siemens improved it, Siemens was competing head to head with GE in the lighting business. Today Osram-Sylvania is the second largest lighting materials company in the world, in large part due to this merger.

In power generation, Siemens' strategy again propelled it into head to head competition with GE. In 1998, Siemens bought Westinghouse Power Generation from CBS for \$1.2 billion in cash. Forming Siemens Westinghouse from this merger, Siemens catapulted itself to the 2<sup>nd</sup> place position behind GE in power generation and was well-poised for the power boom in the USA that occurred at the end of the decade. The profits from the power generation business, including its large service business, helped Siemens to overcome downturns in other sectors in this period.

Perhaps the most hotly contested and coveted industry for Siemens in its competition with GE is in medical systems. In the mid-90's, Siemens revamped its strategy for its medical division, selling its dental-technology business to concentrate on the high-growth sectors of ultrasound and healthcare information technology systems.<sup>85</sup> The strategy took hold in the USA in 2000 with the purchase of Shared Medical Systems, a leader in the rapidly expanding market for healthcare IT services. In 2001, Siemens bought Acuson, a maker of ultrasound devices, boosting its market share and giving it critical mass with its healthcare customers.

Here is a short list of key acquisitions Siemens made in the USA from 1992-2001:

- 1992 – Rolm
- 1993 – Sylvania
- 1998 – Westinghouse Power Generation
- 1999 – Unisphere
- 1999 – Applied Automation
- 2000 – Motorola Lighting

- 2000 – Gardner Transportation Systems
- 2000 – Moore Products
- 2000 – Entex Information Services
- 2000 – Shared Medical Systems
- 2001 – Acuson
- 2001 – Efficient Networks
- 2001 – Security Technologies Group

Siemens spent \$8 billion in this period to acquire companies that fit its strategy and portfolio in the United States. It was a bold move on the home court of its primary adversary, GE. The decade of the 1990's was the largest expansion of Siemens in the USA, one of historic proportions. Siemens USA flourished from a tiny outpost in the 1970's employing 650 people to a major contributor to Siemens growth and profit, employing 70,000 people and representing more than 20 percent of Siemens total world sales by the turn of the 21<sup>st</sup> century. But this growth came at a price – managing Siemens USA proved challenging and with the recession that accompanied the bursting of the internet bubble in 2000-2001, it was clear that Siemens needed to revisit its growth strategy in the all-important U.S. market.

### **Phase 2: Watch that Bottom Line! (2001-2003)**

While much of this M&A activity in the USA proved successful for Siemens, the company had bitten off a large chunk of market share in diverse industries. Though the acquisitions fit the strategy and the portfolio of the electrical engineering conglomerate, integrating companies as diverse as Westinghouse and Shared Medical Services under the Siemens banner proved difficult. Further complicating matters, the operating companies in the USA traditionally took their cues from their respective global corporate headquarters in Germany, reinforcing a silo mentality, discouraging cross-selling and diluting any synergies.

By 2001, with profits vanishing due to the recession in the USA, executives of Siemens Corporation, the U.S. holding company in New York, undertook a radical revamping of their operations. In 2001, under Chief Operating Officer Klaus Kleinfeld, Siemens devised a new strategy, the U.S. Business Initiative (USBI), that was designed to trim the excesses of the M&A binge and improve the bottom-line performance of the company. Kleinfeld and his team formulated the USBI with two goals: improve the performance of the operating companies and their margins on the one hand and create more synergies and cross-selling among them on the other.

To boost profitability of the U.S. business operations, Siemens Corp. executives adapted a strategy that their rival GE devised under the aegis of CEO Jack Welch (be first or second in a given sector or get out). Siemens Corporation scrutinized the acquisitions of the operating companies and drew up a plan to fix, sell, or close the unprofitable operations. “We’d made acquisitions where you questioned why they had been made,” Kleinfeld told *The Wall Street Journal Europe* in September 2003. While the operating companies initially balked at having corporate look over their shoulder, von Pierer and management in Munich supported Kleinfeld and the USBI. By 2002, the number of money-losing businesses in the USA was reduced from 24 to 8. Kleinfeld, who became CEO of Siemens Corp. in 2002, also succeeded in cutting costs – upwards of \$100 million annually – by creating a shared services organization that performed payroll, travel, IT, export-import, and other non-core business functions for the operating companies.

The second programmatic element of the USBI was to coax the operating companies into more cooperation in order to tap the synergy and critical mass of Siemens. To encourage the operating companies to pursue business jointly, Kleinfeld and his team created Siemens One, a cross-company sales organization based in Atlanta, but active nationally, that spearheaded deals that involved more than one operating company. Presenting one point of contact to the customer, Siemens One helped sell and coordinate major deals in the U.S., including a joint project with Boeing for the Transportation Security Administration to

enhance airport security, and the construction of Reliant Stadium in Houston. From large infrastructure projects to information technology services such as help desk support, Siemens One continues to play an important role in helping the operating companies win new business.

By 2003, the U.S. economy had begun to heal and pick up. GE, Philips and other direct competitors were boosting sales but Siemens, while returning to profitability, seemed to be stuck in cost-reduction mode. Siemens operations were also picking up in key regions, notably in China and other parts of Asia. At the annual Siemens Business Conference in Berlin in October 2003, von Pierer said it was time for Siemens to pursue the twin goal of profit and growth. With about 80 percent of the company's revenue now coming from outside Germany, von Pierer said that Siemens would redouble its efforts in key markets such as the USA and China. "The U.S. is our biggest market – and also our greatest challenge, keeping us fit and innovative for the tough global arena," von Pierer said in a speech in Washington, D.C., in early November 2003. "We see a very bright future for our company in the U.S. We intend to keep investing in this great country. And we will continue to depend on our talented Americans to help keep us at the forefront of the industry."

### **Phase 3: Era of Disciplined Growth (2004 –)**

The mandate from Munich to grow sales in a disciplined fashion is at the center of the third and most recent phase of Siemens in the USA since the launch of its growth by acquisition strategy a decade earlier. The mantle of leadership for this 'profitable growth' phase falls to George Nolen, the first American executive at the helm of Siemens in the USA. Nolen, with more than 20 years of experience at Siemens in communications sales, succeeded Kleinfeld in January 2004. (Kleinfeld returned to Munich and was promoted to the Corporate Executive Committee; he will take over as CEO from von Pierer in January 2005).



Nolen, who was most recently President of the Information and Communications Networks division before being tapped for the top job, is working closely with the heads of the operating companies, to devise a workable growth strategy for the U.S. region. “We’re pursuing a strategy of accelerating growth without sacrificing the level of profitability we have achieved,” Nolen says.

The U.S. Growth Initiative is designed to improve sales and revenue in the U.S. region by focusing on customer and market penetration, innovation and – in a nod to the successful strategy launched by von Pierer in 1992 – acquisitions. Siemens One will continue to play a central role in boosting sales with public and private sector customers, including large government-financed infrastructure projects. Under Nolen, Siemens One has expanded its Government Business Office based in Washington to concentrate on federal, state, and local bids. Siemens is also targeting the consumer space to boost market penetration and brand awareness. Leveraging its long-standing joint venture in Bosch-Siemens Hausgeräte (BSH), Siemens recently completed a \$200 million expansion of its BSH manufacturing facility in New Bern, NC. This plant will turn out Siemens-branded consumer goods such as blenders and dishwashers for sale in places such as Best Buy.

With a war chest of roughly \$15 billion, von Pierer and Siemens also clearly intend to continue to play, albeit carefully, the acquisition card to spur growth. In the automotive sector, Siemens acquired the Huntsville, Alabama-based electronic components manufacturing facility of Daimler-Chrysler, which had put this non-core unit on the market to cut costs and focus on its primary manufacturing tasks. This strategic acquisition in 2004 will add about \$1 billion in sales to Siemens VDO Automotive and keep about 2,000 jobs in that state. Siemens VDO Automotive has been active also in neighboring South Carolina, where it is building the North America headquarters for its Power train Diesel Systems Division and investing \$25 million in a national R&D center for diesel technology that will result in nearly 100 additional high tech jobs. Siemens’ recent acquisition for nearly \$1 billion of US Filter, a leading water treatment firm in North America, signals that the U.S. market for

Siemens remains central to its global growth strategy and that Siemens is committed to competing against GE in high growth sectors that are not part of its traditional portfolio. Solidly profitable, US Filter has revenues of \$1.2 billion and 5,800 employees, making Siemens a big player in the world's largest water market.

### **Conclusion: U.S. Market Remains Attractive for German and EU Companies**

The 1990's saw a major wave of German investment in the U.S. market across a broad spectrum of industries, including automotive, pharmaceutical and engineering. This investment further cemented the strong foundation of the U.S.-German economic relationship. U.S. affiliates of German firms now employ about 800,000 Americans and U.S. firms likewise employ about the same number of Germans in their subsidiaries there. Germany is the fifth largest trading partner of the USA. The American market remains strongly attractive for German multinationals. DaimlerChrysler is in the middle of a \$600 million expansion of its plant in Vance, Alabama, which will increase both employment and production of vehicles. Similarly, BMW is undertaking a \$400 million expansion of its Spartanburg, S.C., plant. German pharmaceutical companies will also remain heavily committed to investing in the U.S. market because current trends indicate that in a few years more than half of the world's pharmaceutical sales will be in the United States.<sup>86</sup>

Politics, however, reared its ugly head in 2003-2004 with the U.S. invasion of Iraq and a Franco-German coalition leading the opposition to the American war effort. An American backlash has been simmering in certain sectors against European businesses, especially French, but also German. This hostile commercial reaction has taken the form of a 'Buy American' campaign that urges private and public sector businesses to favor U.S. companies over foreign-owned entities. Is the transatlantic business relationship, in particular U.S.-German economic ties, in jeopardy, a potential hostage to politics?

The weight of history – and the facts – point in a more positive direction. Transatlantic economic ties comprise a third of global trade and 20 percent of the world’s foreign direct investment, with nearly 60 percent of American foreign corporate assets located in Europe, and 75 percent of European assets invested in the United States. Americans buy 25 percent of European exports, while Europe consumes about one third of U.S. exports. Tellingly, more than 13 million people – Europeans and Americans combined – are employed by local affiliates of EU and U.S. companies. But business executives on both sides of the Atlantic are taking no chances, urging politicians to keep the dynamic US-European trade relationship on the high road and above politics:

*“At a time when the transatlantic relationship is passing through a particularly difficult period, we call upon our political leaders to focus on the unique economic relationship between the United States and the EU. We urge them to regain a shared sense of mission that will push forward the frontiers of transatlantic cooperation to stimulate innovation, investment, and the creation of new jobs...” – Transatlantic Business Dialogue, Report to the U.S.-EU Summit in Ireland, June 26, 2004.*

## **PART THREE – Research, Training, and Public Policy**

## Transatlantic Partnership in Space: Europe Struggles to Find its Place among the U.S. and Russia

*W. Spencer Reeder*

### **Peenemünde, Cape Canaveral, Baikanur**

On February 1, 2003, as the space shuttle Columbia broke into thousands of pieces 200,000 feet above terra firma, it perhaps went quite unnoticed that none of the fallen or those aboard the International Space Station (ISS) at the time were European. A trivial detail perhaps, or a bit of odd luck, but nevertheless reflective of the fact that Europeans have increasingly found themselves on the sidelines of space flight. In recent years, European astronauts have, more often than not, found themselves staring up at the skies with the rest of us at the orbiting U.S. and Russian astronauts.

The formative years of space technology development came at an unfortunate time for Europe. While Europe was still recovering from years of war, Sputnik was launched by the Soviet Union (fall of 1957), and just over a decade later, Americans were walking on the moon. Of course, much of this technology development resulted from the groundbreaking work accomplished by the German rocket scientists of Peenemünde who were brought to America and the Soviet Union after World War II. Understandably, Europeans at the time had little interest or money to chase the Soviets and Americans in what many perceived as egotistic one-upmanship in the skies – a surrogate battlefield for cold war competition among superpowers. The Germans in particular, having lost their best scientists and engineers and hamstrung by development restrictions, had little chance to continue with their own rocket development program.

Since then, Europe has made an admirable comeback with the formation of the European Space Agency (ESA) and such success stories as France's Ariane Rocket Launch program, numerous satellite projects, Europe's partnership in the International Space Station, and now, a planned European global positioning system called Galileo. The Europeans have recognized that space has become an important component of modern technology, and therefore business. Additionally, some European countries eager to place themselves on the world stage have been lured by the national pride and international attention that accompanies human space travel.

Taking a closer look at the International Space Station program allows for an illustrative glimpse of the historical and current state of transatlantic cooperation, or lack thereof, in the arena of space-based technology development and of manned spaceflight in particular.

### **The International Space Station: How International is It?**

The International Space Station (ISS) started out as a purely American project. In 1982 NASA issued a number of \$1 million contracts to American aerospace companies to study space station designs.<sup>88</sup> President Reagan initiated this project against strong opposition within his own administration, but felt that it was important in light of Soviet successes with their own Salyut space station program of the 1970's and their plans for launching, in the mid 1980's, a more advanced Mir space station.<sup>89</sup> The project almost immediately took on an international element; Reagan wanted NASA to invite other modern democracies to participate in the project – a sort of NATO in the sky as counterpoint to a growing Soviet program. He viewed the project as contributing to U.S. foreign policy prestige. Initial cost estimates at the time were \$11 billion for total station assembly. International partners, it was hoped, would contribute \$2-3 billion. This was the first of what has since become an Achilles' heel for the program – poor cost estimates. In the mid-1980's Europe's role started to take shape but was still rather small. In a NASA plan released in 1985, Europe was scheduled to supply a pressurized laboratory module and a research platform – the rest of the work would be distributed between Canada and Japan, with the majority of the work still remaining U.S. responsibility.

Significant delays and cost increases came partly as a result of the 1986 Space Shuttle Challenger accident, and after internal battles within the U.S. Congress, a compromise, scaled-down design was selected in the spring of 1988 and was named "Space Station Freedom." Europe's contributions actually increased with the Freedom design even though the program overall was under continued budget pressures.

Nevertheless, U.S. control and unilateralism, in the design and definition of station use, created tension between the U.S. and ESA. The Americans were even trying to regulate what type of research the Europeans could conduct aboard their own laboratory. Finally, in the fall of 1988 a "Space Station Intergovernmental Agreement" was signed which outlined how resources were to be allocated among the international partners.<sup>90</sup>

The station continued to be used as a political tool. In the late 1980's U.S. president George Bush, Sr., briefly considered modifying the station to support the construction of a permanent moon base and a mission to Mars. This design was to be much larger and correspondingly more expensive.<sup>91</sup> However, the dissolution of the Soviet empire within the next few years took away a large motivating factor for aggressive expansion of NASA's role in space exploration.<sup>92</sup>

Another result of the fall of the Soviet Union was the U.S. government's desire to occupy the Russian aerospace workers and scientists in peaceful activities while also infusing money into the beleaguered Russian economy. President Clinton called for yet another redesign study and in 1993 the "International Space Station," which now included Russian participation, was selected. It was thought this would save money for NASA due to lower manufacturing costs in Russia; however, this only complicated the conclusion of a final design and, as it turned out, resulted in further delays and cost overruns. The International Space Station finally achieved some level of "reality" in November 1998 with the Russian launch of the *Zarya* module. The first permanent crew (one American commander and two Russian crewmates) boarded the ISS two years later and completion of the entire station is hoped for sometime in 2006, though delays resulting from the Columbia disaster will most assuredly push this date further into the future.

## **Take a Number and Wait**

The International Space Station now involves 16 nations and major financial contributions from the five primary partners – the United States, Russia, The European Space Agency, Canada, and Japan.

Originally designed to hold six or seven permanent crewmembers, the ISS is presently restricted (due to escape vehicle limitations) to only three crewmembers on roughly six-month shifts.<sup>93</sup> With the USA and Russia representing “the big kids on the block”, both financially and operationally, they have reserved the right to fill the three crew spots with their own astronauts, at least in the early stages. This has left the other partners’ (ESA and NASDA) astronauts waiting around a bit longer than originally planned for their first chance to occupy a spot on an ISS “Expedition Crew.” Another criticism of the three person crew is that the level of scientific experimentation being conducted aboard ISS is below what was expected at this point; the three crewmembers spend most of their time keeping ISS running and coordinating the other required activities in cooperation with Russian and U.S. ground teams.

Until the ISS can hold its full crew of six or seven astronauts, the Europeans feel they will be missing out on their share of the flights. Most feel the current situation is in violation of the legal agreements between NASA and ESA. To reach a full crew the ISS needs: additional life support equipment; additional crew habitation space; and, crew return capability for each crew member.<sup>94</sup>

## **Brother, Can You Spare a Few More Billion?**

Clearly, the most controversial aspect of the ISS has been its cost. This controversy has existed primarily within the U.S. but has had a significant effect on the international partners. Because of cost and funding difficulties, scientific and operational capabilities have been scaled back and astronaut crews reduced. Since Europe has been a minor contribu-



tor to the ISS compared to the U.S. and Russia, they have had to suffer the largest cutbacks (percentage-wise) in astronaut flight opportunities.

Early in 2001, NASA claimed that they could stay under a \$25 billion cap established by the U.S. Congress in 2000 by halting assembly after they achieved what they refer to as “U.S. Core Complete.”<sup>95</sup> This would have resulted in a final ISS bill of just over \$23 billion for the United States at the end of fiscal year 2004 (using a period of ISS funding starting in 1994, which excludes spending, approximately \$10 billion, on prior designs such as Space Station Freedom).

However, a task force commissioned to assess the ISS program in 2001 questioned NASA on their assumptions and declared the 2002-2006 budget plan as “not credible.”

NASA has been quick to admit that there have been cost overruns. Additionally, they have offered seemingly full cooperation to the various review committees and task forces that have been directed to flush out the truths behind their program management failures. This fact does not, however, lessen the damage the agency has sustained in the U.S. Congress from a lack of proper financial management within the ISS program. This directly or indirectly led to NASA administrator Dan Golden’s resignation in November 2001 and the subsequent appointment by President Bush of former Deputy Director of the Office of Budget and Management, Sean O’Keefe, to the post. O’Keefe does not fit the typical mold of a NASA administrator; he is neither a scientist nor an engineer, but rather a business and management expert.

By appointing O’Keefe, the Bush administration clearly indicated that priority number one was financial accountability. Interestingly enough, even if NASA had known the true costs of ISS design and construction at the outset, it would have been impossible for them to have gone to the U.S. Congress and ask for that amount of funding (including all associated costs, an estimated \$96 billion through the life of the program). Many within NASA realized that once hardware was in production and on its way to the launch pad it would be very difficult for the U.S. Congress to put a halt to this project of national pride and international importance.

## Europe in Orbit

Though various plans have been considered throughout the years, Europe has never had the capability to launch a human into space. And, although a few EU countries (most notably France, Germany, and Italy) now have a well established and respected record of human space travel, they have always been dependent on either the Americans or Russians to launch their best and brightest into orbit. The first European in space, launched by the Soviets in 1978, was a German cosmonaut from the former GDR.<sup>96</sup> This was followed by a French cosmonaut in 1982. The first U.S.-European cooperation came in 1983 with another German astronaut, this time flying under the auspices of the newly formed European Space Agency (ESA). Since then, ESA has established a well developed partnership with NASA to integrate ESA astronauts (for a fee) into the Shuttle training program in Houston, Texas at the Johnson Space Center.<sup>97</sup>

ESA's cooperation with the Soviets was extensive during the Mir program. ESA had planned to end its activity with the Russians after the Mir space station was de-orbited in the spring of 2001 so as to focus on ISS activities; however, due to recent delays and cutbacks in ISS missions, the Russian-European cooperation has been rejuvenated.

In the early 1990s, in response to European Union pressures for consolidation and the momentum building for the International Space Station, the few scattered manned space programs throughout Europe decided to combine into one program. The various national programs within Europe slowly started to assemble their astronauts at the new European Astronaut Center (EAC) in Western Germany. The center, located near the town of Cologne, was formed by sponsorship from the German equivalent of NASA – the Deutsches Zentrum für Luft- und Raumfahrt (DLR) in cooperation with ESA. Based on an earlier European Council decision, all European astronauts were to be integrated within a single European Astronaut Corps by spring 2000.

All has not proceeded as planned. In October 2001, the French Space Agency, CNES (Centre National d'Etudes Spatiales), sponsored a

mission with the Russians to the International Space Station; and, in 2002 the Italians paid for a similar mission to the ISS.<sup>98</sup> Most would agree, however, that these side missions, which are ongoing, have had little real scientific use, and that what Europe really wants are regular spots on the permanent ISS Expedition crews. Nevertheless, because of the delays and limited flight opportunities currently available on ISS for Europeans, nations with the will and money, such as France and Italy, have pursued such bi-lateral agreements with the Russians, who are eager for any type of outside funding. ESA and the EAC have had to face this reality and be flexible and patient for the day when all manned space missions involving a European will be coordinated from a 'European' central agency such as EAC.

### **Vodka and Tang**

The dissolution of the Soviet Union allowed for collaboration on the ISS program that just a few years earlier would have been unimaginable. Despite numerous and significant problems and delays that have resulted from the merger of two mature and very different space programs, the overall success of Russian-U.S. collaboration on the project has been remarkable. Although costs to radically modify the design of ISS to integrate Russian components were high initially, the longer term cost savings and schedule advantages will hopefully prove the effort worthwhile. In any event, it is now clear that the decision to partner with Russia was a wise one indeed; only via Russia's re-supply operations could the ISS crew onboard during the Columbia disaster have stayed aboard.

The initial ISS module launched, *Zarya* – which provided initial power and steering for ISS, was provided by Russia for a cost of \$220 million (paid by NASA) as compared to a proposed \$450 million U.S. version. Since then, subsequent Russian and U.S. modules have been launched and mated together to create the first ever multi-national space station, and following a brief period of uninhabited orbit (the initial

three-man crew boarded in November of 2000) there has been a continuous human presence aboard the ISS.

### **Off to a Rocky Start**

U.S.-Russian collaboration was preceded by a program in the late 1990s aboard the Russian space station Mir; NASA was purchasing space aboard Mir for U.S. astronauts to learn how to work and live with Russian colleagues during long-duration missions. This also served to infuse much needed cash into the Russian Space Agency, thereby keeping Mir in orbit.

Cultural and operational differences between the two space agencies became immediately apparent during the Mir-NASA program. Mir, designed for a 5-year on-orbit mission, was well beyond its design life by the time the NASA astronauts started their co-habitation program. Because of this, and perhaps other institutional reasons within the Russian Space Agency, Mir experienced a rash of incidents that culminated with the collision of a supply vehicle with the station during a docking procedure. This resulted in the puncture of one of the Mir modules and some scary moments for the crew and those watching from Earth. On the 1998 BBC television documentary *Mir Mortals*, NASA astronaut Michael Foale from Britain, who was aboard Mir during this incident, observed:

*“They (the Russians) think Americans and Westerners generally are soft. They believe that Russians have a natural ability to suffer, to take hardship and surmount it. They think, ‘Oh, we have got to make this easy for that person, this person is going to be unhappy and miserable if it’s not easier for them than it is for us,’ and it’s, it’s a feeling of condescension and patronage... the institution (Russian Space Agency) is trying to shelter the foreigner from anything that’s going on.”*

Russian cosmonauts have also noticed differences in the style between the two space agencies. They have pointed out how NASA tries to

predict ahead of time the exact details of a mission and script it out. The Russian approach is to focus more on the skills of the astronauts – due to the length of missions such as those aboard Mir; they feel it would be impossible to script everything out. During a debriefing on recently accomplished ISS missions, cosmonauts provided the following example:

*“We had a written procedure in Russian that was one-half page long on how to replace a blackbox unit. Houston (NASA) took this procedure and revised it many times, to a Revision ‘K’ I think, and grew it to ten pages in a manual! As we Russians like to say, ‘one cannot encapsulate infinity.’”*

Arguments in favor of one approach over the other can be made; however, the reality is that one organization needs to be the controlling authority in these types of complex projects. For operations aboard Mir it was obviously the Russians. For the ISS it is not so simple because so many nations are involved.

Both Russian cosmonauts and U.S. astronauts recognize that institutional problems on both sides make their job working together in space more difficult. They see politics as having too big a role in decision processes that should be based solely on scientific and engineering factors. During one of the initial ISS missions, U.S. astronauts were not allowed to assist in research conducted in the Russian segment and the same was true of Russian cosmonauts not being able to assist in U.S. experiments.

In spite of such counter-productive efforts by national agencies on the ground, the ISS crews found ways to work as a team in space. It is perhaps a tribute to the character of the individuals involved that have allowed them to transcend the built-in biases of their organizations.

## **Above the Fray**

Ultimately, criticisms levied against the ISS program do not seem to stick. The majority of the public (at least in the U.S.) see manned space

flight as something outside the realm of things subject to normal scrutiny. Such programs are therefore given a special deference; they are not held to the same standards of financial reporting or levels of accountability to that of a business or other government organizations. Even President Bush, who seemed to indicate that he would hold NASA to a higher level of accountability by his selection of O’Keefe, seems to have been seduced by the dream quality of space travel. The human element, the story of the astronauts themselves, tends to draw people’s interest in a unique way that transcends politics or other paradigms that are typically used to judge the “worth” of an enterprise or project. This has always been the power of manned space programs both in Russia and the United States, and also, but perhaps to a lesser extent, in Europe.

The Soviets strengthened their national identity, and in a way, the support for their communist regimes through their successes in space. This was accomplished throughout not only the Soviet Union but also in other allied nations, through their “Intercosmos Program” in which the Soviet Space program actively recruited cosmonauts from other Soviet-bloc countries. The first was a cosmonaut from Czechoslovakia, and the program continued on to include cosmonauts from Poland, East Germany, Bulgaria, Vietnam, Cuba, Mongolia, and Romania.

### **A Model for International Cooperation?**

Are there lessons to learn from this international project, or is the ISS something too unique, too specific an endeavor? When one examines, in a general way, the management and organizational structures of this multi-national organization, one realizes that the ISS is perhaps not so different from other multi- or international bodies with one partner much stronger than the others. This dominant partner asserts its system and ways of doing business on the others. Cultural differences may surface that prove to be more serious than originally thought and the viability of the partnership can be challenged. In spite of such adversity and the difficulties of combining complex Russian, European and U.S.

systems, the ISS seems to be functioning quite well. Russians and Americans (and hopefully soon Europeans, Japanese, and Canadians) are living together on a functioning science and operations outpost 400 km above earth.

Many feel the luster of space travel has worn a bit since the heady days of Apollo and the first Shuttle launches. They are probably correct. However, accidents such as those of the *Challenger* and the *Columbia* remind us all of the non-trivial nature of each and every space flight. Nevertheless, the reality of billions upon billions of dollars being spent on a project with debatable return on investment has many questioning the wisdom behind such a choice. Honest proponents would counter that the day-to-day reality has rarely had much to do with why humans choose to go into space. Humans want to explore. We only try and figure out practical things to do along the way so as to justify the expense. Should we do that with our heads in the sand and our pocket books wide open? No, clearly not. But we should continue to find a way to pursue this uniquely human adventure.

## The Apprentice's Story

*Jim Foti*

Conversations with frustrated young people often transport me back to my late teens and early twenties. I think about how I went from being among the high school leaders on course for a professional career to a college dropout with no roadmap to a successful future. At eighteen, I was left standing where my education had taken me, wrestling with a challenging employment market and the realities of the economy and the workplace.

College didn't quite seem to fit. My first week at the college was all telling – large classes in amphitheaters and televised lectures in classrooms. The environment did not fit at all with my learning style. I needed personal contact with my professor. I needed my professor to know me, to take an interest in me. That never happened, and I left school.

As a rebel working around what I perceived to be a dysfunctional educational system, I grappled with many of my own questions about learning and about discovering how to succeed in the world of work. Work was rewarding. I felt a sense of accomplishment in making things with my hands that I never felt taking tests in college. Moreover, people took an interest in me and guided me in my progress. After working as an accounting clerk, a dishwasher, a cook, a painter, and a roofer, among others jobs, I found myself employed in a chemical plant in Newark, NJ. It was there that the more experienced workers told me that when an apprentice job was posted, I should sign up immediately. I signed every one of those postings, and after waiting more than two years, I eventually became an apprentice welder, fabricating industrial precious metal parts.

Finding a groove in my apprenticeship, I learned from mentors and masters in my trade, most notably from my German group leader and master craftsman. Over the course of those four years, I not only became a skilled journeyman, but more importantly, I found a learning environment that fit my lifestyle perfectly. I also went back to college and onto graduate school where I had a much better perspective on my studies.



## The Theory and Practice of Apprenticeship

From our waking moments and until we have learned to be well-rounded, complete human beings, we serve an apprenticeship in our lives. Just as a good education quenches our mind's thirst for knowledge, so an apprenticeship feeds our human appetite to learn. We are physical, emotional, and spiritual beings. These are integral and inherent parts of our existence, yet our formal education process is often structured to separate these parts from the academic goals of our education.

We are not all born to be self-educable. Over time, we learn how to learn with our minds and our bodies, motivated by our curiosity and cultivated through our relationships with people. We begin to learn in an active setting, with a parent, an older sibling, or a mentor helping us along the way. Then, we enter school and we're organized into groups with students our own age passively sitting and trying to absorb lessons. We are subjected to revolving door teachers presenting piecemeal information and we have limited relationships with our instructors.

Apprenticeship offers a strategy that is much more consistent with our human nature, our capacity, and desire to learn.

For millennia, young people have learned as apprentices. "Apprenticeship has been used as a training method since the eighteenth century B.C., when the Babylonian Code of Hammurabi required that the artisans teach their crafts to the young." Historical records also indicate that apprenticeship was practiced in ancient Egypt, Greece, and Rome as a means of handing down skills from one generation to the next.<sup>99</sup> In medieval Europe, apprentices worked for master craftsmen, who agreed to teach the apprentice the necessary skills, and provided shelter, food and clothing. Parents agreed to let apprentices work for the craftsman for a specified period of time. After that time period, the apprentice became a journeyman in his craft, and was free to work for the craftsman, or to leave with his knowledge and skills and practice them elsewhere.

"The word 'apprentice' originates from medieval France which in turn derives from the Latin verb *apprehendere*, which means 'to apprehend, grasp, or understand.' At the time of its origin, the term 'appren-

tice' was applied to occupations such as knighthood, medicine, law, politics, scholarship, commerce, and artisan trades." The philosophy of the system was "learning by doing" through repetitive tasks. Reading, writing, and basic mathematics were also taught to facilitate apprentices' development.<sup>100</sup>

Apprenticeship today still uses these basic ingredients: in-depth learning about work from within an occupation, characterized by a long-term agreement between an individual employee and an employer. Training, specified in the agreement, is given under the tutelage of skilled workers and combined with related academic instruction.

## **Learning About Work in the United States**

When we're young, we learn through our relationships with parents, family members, and close friends. As young girls and boys, we see our parents doing simple things – repairing things around the house, washing clothes, reading, or cooking. We imitate our parents. We try things under their watchful eye and sometimes on our own. We make mistakes, as do our parents when they piece together our "some assembly required" toys. These close relationships have much to do with the quality of young people's learning experiences in their formative years.

When we drop our children off at school, we often think that they will consume most of what they are exposed to in the classroom. We then make the inference that acquiring academic-related information will lead to success at work. Schools, however, often operate independently of the broader community. There is little context for academic studies, and ties to business, work, family, and community life are rare. Students work by themselves and master information, but may never learn how to work together to solve problems.

In the world of work, objectives, results, products, deadlines, and real-world issues dominate the agenda. Workers risk losing their jobs when results are not achieved, products are not produced, or deadlines are unmet. Especially important in the workplace are the formal and

informal communication systems in one-on-one and small group situations, group projects, teamwork, and client relationships. The skills needed to be successful in the workplace are not mastered through new curriculum content; it is the people and our mentors who show us the way.

In the twenty-first century, despite all the advancements of the information age in the United States, we are looking to age-old learning techniques to remedy lost ties to our innate desire to learn. One of these tried-and-tested techniques is apprenticeship. Apprenticeship offers youth a more personalized learning environment in a time-tested process. A typical apprenticeship is a tailored, multiyear learning agreement between an employer and a learner that combines practical training at work with academic instruction related to the occupational training. Those of us who have completed an apprenticeship in the United States know that the level of instruction often needs improvement, but the process itself demonstrates that there are learning alternatives to sitting in a classroom listening to instructions.

“Apprenticeship is peerless as a youth education and training strategy.”<sup>101</sup> It incorporates all the right factors for young people to learn hands-on as they increase their earning potential. As they amass skills, apprentices become more valuable to their employers as well, perfecting production techniques, or offering innovative ideas for products and processes. Attaining journey-level status at the completion of training brings added confidence to the worker and respect from co-workers as a sign of high-skill attainment.

For learning about work, apprenticeship in the United States has distinct advantages over school-based or proprietary institution-based training. Some of these advantages include: the length of time apprentices spend with mentors and allowance for trial and error, a context for integrated academics, the economic benefits of increased wages commensurate with time or skill attainment, and the psychological benefits of attaining skilled worker status.

Apprenticeship offerings in the United States have historical ties and strong connections to trade unions, and more than two-thirds of all registered apprenticeships today are in the construction industry. Realizing

the widespread potential for apprenticeship, the U.S. Department of Labor's Office of Apprenticeship Training Employer and Labor Services (OATELS) continues its efforts to expand apprenticeship to new occupations and industries. In its history, however, the United States has always attracted skilled labor from abroad and employers have not developed a culture of training skilled workers, particularly those workers not inclined to finish college. Apprenticeship in the United States is predominantly seen as specialized craft training as opposed to a human capital investment strategy.

During the early 1990s, U.S. public policy practitioners looked to the German 'dual system' of apprenticeship training as an ideal model for youth development. They viewed efforts to replicate similar models in the United States as desirable, but futile given constraints such as lack of social supports, business training culture, and training standards. In Germany, the law sets training procedures for the firms that participate, and the culture of business in Germany is more amenable to pay for training and to cooperate with the Chambers as well as the schools. Still, the German magic formula, the three-year transition to adulthood is an enticing model.

### **The German 'Dual System' of Apprenticeship**

In Germany, getting the right training is critical to one's success in the world of work. Lacking natural resources, Germany looks to the skills of its workforce to build its strength. The German dual system is a public and private sector partnership that trains about two-thirds of German youth in nationally recognized occupational fields.<sup>102</sup> Schools and businesses join forces to offer up to three years (and sometimes more) of education and training programs, during which the apprentices spend about one-third of their time in school, and about two-thirds in training on-the-job. Since 1968, the system has been "transformed to meet contemporary needs, and now serves white-collar as well as blue-collar occupations" and young women as well as young men.<sup>103</sup>

The dual system breeds a culture where skill mastery is cultivated, where teachers and trainers are highly valued, where engineers acquire practical work experience, and where small business owners take pride in showing young people profitable business practices. The national training system encourages upward mobility and skill advancement throughout one's working life. German terms for apprenticeship are *Lehre* or *Ausbildung*, which means training, bringing out, forming, or developing, and translates as the taking of one's educational and physical capacities and forming them into an economically productive capacity.

German businesses are the dominant partner in the dual system, and firms play a larger training role in comparison to the schools involved. Small and mid-sized firms train the majority of apprentices in Germany. Many apprentices receive training in the crafts and then move on to service sector employment, or get jobs with larger industrial firms. It is economically more advantageous for a smaller firm to train young people. Some larger firms and their unions, however, see apprenticeship training as a critical investment in their future. Firms like Siemens often create their own market for skilled workers by training thousands of young people at considerable expense to the company. For example, a Siemens industrial mechanic apprentice costs more than \$80,000 for the 3.5-year apprenticeship, and the mechanic will be trained in every aspect of the work he or she is expected to perform.

Firms often have apprenticeship programs for sales and office support staff. Clerical or commercial apprentice training is thorough, and the competition for training positions in top corporations is tough. For these occupations, many applicants have their *Abitur* (university entrance certificate) before starting their apprenticeship training.

In addition to offering apprenticeships and training opportunities, German businesses provide much more. They work closely with the schools and the employment service to select the best available applicants for training. To ensure the quality of the training, firms often pay their expert employees while they participate in revising national training standards, while serving on committees, or while teaching in the technical colleges.

Worsening economic and labor market conditions in Germany since the early 1990's, however, have taken a toll on the 'dual system,' particularly since the unification with the former East Germany. The gap between the demand for training slots and actual apprenticeship offerings has risen to more than 150,000 each year.<sup>104</sup> Approximately one third of all German companies are now offering apprenticeship training, versus more than half during the 1980's.<sup>105</sup> Faced with the increasingly burdensome issue of fewer employer-offered apprenticeship slots for interested youth, the German government is now in intensive debate about how to give all young people relevant skills for today's economy.

Still the vast majority of young people in Germany continue to be served by the dual system. Some stark comparisons between the United States and Germany are illustrative: The percentage of youth in registered apprenticeships in the United States is less than 2% as opposed to approximately two-thirds of youth in Germany.<sup>106</sup> Germany has roughly three times the number of apprenticeship trainers we have registered apprentices in the United States. The average age of a person entering apprenticeship in Germany is approximately seventeen as contrasted with age twenty-four in the United States.<sup>107</sup> The average related classroom instruction is about 1.5 days/week in Germany and about 4 hours/week in the United States.<sup>108</sup>

## **Philosophy of the Meister**

Nowhere in the world is there a youth developmental philosophy more clearly articulated in the workplace than in the German craft apprenticeships. The philosophy of the *Handwerksmeister* (Master of Craft) in Germany has deep-rooted historical interest and hundreds of years of perspective. A master of crafts is a master of the trade for life. This includes more than just completing the requisite examination project. It also includes a test of specialized knowledge and knowledge in areas such as business administration, law, and vocational training methods.<sup>109</sup>

A visit to a violinmaker in Berlin presented an interesting perspective about the art of the *Meister's* training technique. Mr. Kägi, a master of his craft, has trained apprentices for many years now, and changing technology has but slightly altered his craft. His philosophy, however, is that “the *Meister's* approach is much more important than the technical advancements of work.” Mr. Kägi is a man who loves his work. Part of his core is devoted to training young people in his craft. He knows the personal traits, good and bad, of the apprentices and journey-level workers in his shop. He also relates their progress over the years, and recalls their showpieces as well as their failed efforts.

The developmental and mentoring aspects of the *Meister's* training help to shape the youth's understanding of the tasks at hand, to build physical dexterity, and to uncover the underpinnings of the youth's potential in the field. The *Meister* challenges apprentices to bring quality work, and the apprentices will work hard and produce more than adequately. Of course, this doesn't happen overnight. Work orders need to be filled, and as any small business owner knows, there are pressures from all over and tough choices to make with one's time. Yet, the *Handwerksmeister* will take the time to train and mentor young people until they are skilled.

*Meister* in large industrial businesses, called *Industriemeister*, perform a role as a technical human resource manager, one with in-depth knowledge of the technical aspects of the industry. The *Industriemeister* is a key decision-maker in the plant and has much to say about the way work is organized.

Mr. Ulrich Klein, author of PETRA<sup>110</sup> at Siemens AG, spoke about the broader philosophy and evolution of industrial apprenticeships in Germany. He said that now, more than ever, the primary concern is with “how apprentices learn” as opposed to “what they learn.” Mr. Klein emphasized, “PETRA is designed to develop key qualifications of the apprentices, such as the ability to organize and carry out tasks, to plan and work in teams, to work under stress, to assess one's own work, to persevere, and to adapt to new circumstances.”

Whether leading group exercises in the plants, or coping with difficult workplace changes, the *Industriemeister* take a long-term view of the firm's capacity to develop good people from within. The philosophy that has bred this system proliferates through people like Peter Lamprechter, a retired *Industriemeister*. "Our future is in our skills and abilities," he said, "and everyone has a role in developing the skills and abilities of young people."

## **Developing Our Most Precious Resource**

A nation rich in resources, the United States has in many instances taken raw materials and developed the finest products in the world. We have worked tirelessly to discover new resources, to make new products, to measure their profitability, and to create the factors necessary to bring them to the marketplace. Yet when it comes to our most precious resource, our people, we have not found the right catalyst for a large percentage of the population.

Young minds, young hands, and young hearts require an altogether different mining technique. It happens one-on-one or in small groups with inspiration, motivation, and trust. From birth to old age, when we string the pieces together of how we learn, work, and live our lives, there is a natural flow to how we grow in knowledge and experience. Apprenticeship nurtures this natural learning process and yields benefits both in economic and societal terms.



# Cultural and Systemic Differences: Factors that Influence Germans and Americans in Environmental Policy Making

*Carrie Anderson-Mann*

*“... and suddenly ecology seemed almost irrelevant to the talk of explaining humanity’s place in the world... “humanity” organizes itself in (such) profoundly different ways in different places, that it takes a great effort to see through other people’s eyes. – Aaron Sachs. “The Other Side of the World,” WorldWatch Magazine. May/June 1998*

## **Foreword**

I began research for this paper during my year in Germany as a Bosch Fellow (1998 – 99) when I worked in the Environment Ministry's (BMU) office of International Relations. As I looked in the last few months at the prospect of writing a current paper on this subject, I wondered if the subject was still as relevant as it seemed when I began. Rather than less relevant it seems to me its relevance has been proven by the events since. The U.S. now has the Bush administration rather than Clinton's, and nothing less than a new geopolitical order, not just because of the events of September 11, 2001, but largely as a result of the Bush administration's policies and actions and those of other key governments since.

And as a result of policies, actions and diverging viewpoints on the part of the U.S., as well as the German administrations since 9/11, there has emerged a wide rift in transatlantic relations.

This paper attempts to get at some of the root causes of these current symptoms from the context of culture and political structure.

## **Overview of Germany, the U.S., and Environmental Politics**

### **• Introduction**

Germany and the United States are both leading industrialized countries with GNPs among the highest in the world. The two have very similar political systems: they are both democratic societies, which value the

same basic set of human rights. However, it may be precisely these similarities, which lead each to assume the other will come to the same conclusions in policy making, resulting in some surprise and even conflict when this is not the case.

Despite their similar systems, Germany and the United States display significant and fundamental differences deeply rooted in the history of their formations, their constitutions, their cultures, and their peoples. Through an understanding of these differences, we can shed light on the different approaches to policy making and bilateral negotiating taken by many Germans and many Americans. The following are some examples of results of these different approaches:

- The U.S. sponsors market-based incentives to reduce Green House Gas (GHG) emissions such as tradable permits, and having reduction measures be voluntary, while European Union countries support setting absolute emissions reduction goals and meeting them through government regulation.
- In the area of trade and the environment there has been more friction than agreement between the U.S. and the EU over such issues as bananas and aircraft, not to mention GMO's – genetically engineered and modified foods and hormone-treated meats.
- The EU and U.S. held opposing positions in the negotiations at the 9th Conference to the Montreal Protocol (September 15-17<sup>th</sup>, 1997). The U.S. was against the phasing out of the use of CFC's, which was supported by the EU.
- Germany is party to the Kyoto Protocol, the UN Framework Convention on Biological Diversity as well as the UN Framework Convention to Combat Desertification, while the U.S. is not (they have signed but not ratified the Conventions). These are a few of many international agreements that the U.S. refuses to ratify.
- The U.S. is opposed to reform of the UN environmental sector while Germany supports the goal of having environmental protection and sustainable development included in the UN Charter.

The two histories, cultures, and systems of the U.S. and Germany account for many significant differences in the approaches they take to policy problems. This knowledge can perhaps help policy makers avoid misunderstanding, even cultivate real understanding of their German or U.S. American counterparts, thus in turn strengthening transatlantic relations.

### **Backgrounds and Structures in Comparison**

The following are a few fundamental factors, which are significant in accounting for the different approaches taken to policy making by the U.S. and Germany.

- *Background on the Environmental Movements in the U.S. and Germany*

The ways environmental policy manifests itself in Germany and the U.S. is a clear reflection of the background of environmentalism and how it emerged in each country. German culture and society contain a deeply rooted ecologically-oriented value system. Environmental protection in Germany has more recently been institutionalized. Environmental protection came in the United States out of the protest movements of the 1970's and thus has a liberal tradition, which puts it a bit out of the main stream, institutionalized channels. Environmental policy is implemented mostly through opposition and litigation in the U.S., and through NGO action.

We see many similarities when we compare the backgrounds of the modern environmental movements in the U.S. and in Germany. They both emerged roughly in the 1970's, though Germany's began a little later. They both emerged mainly from the grass roots, civil rights movements of the 1960's, and 70's, for the most part fueled initially by the anti-war movement. Both movements used public pressure to get environmental issues onto the political agenda, to eventually become more or less effective policy.

The differences in how these movements evolved in each country are, however, distinct. In Germany, though the initial element was grass-roots, environmental politics was just about simultaneously taken on by the administration and Chancellor. The grass-roots opposition transformed itself over the years into an influential political party, the Greens (today *Bündnis 90/DIE GRÜNEN*), who have now become part of the active administration, and thus are obviously no longer in opposition to it. Environmental awareness has permeated German culture and society; it has become 'mainstream'.

In contrast, environmentalists in the U.S., as they emerged in the protest movements of the 1970's, are often dismissed as 'tree huggers' – a name that exemplifies the way in which they are perceived; a fringe group out of the mainstream. This shows up in how marginalized the Greens are in the U.S. political system: there are now over 20 state Green Parties in the U.S., but they have not yet achieved a national party. Any party or movement such as the Greens and Ralph Nader, or Ross Perot's Reform Party, are marginalized in American politics because of the dominance of the two party system and the emphasis put on the candidate over the party. The U.S. grass-roots movement remains in part 'grass-roots', and is represented for the most part by NGOs, which are independent and often work in opposition to government policy, instead of being integrated into it.

Germany's environmental policy today is implemented mostly on the administrative side (executive and legislative branches) through regulation and legislation. The Greens are now part of the government and there is a federal environment department or ministry (*Bundesministerium für Umwelt, Naturschutz und Reaktorsicherheit*).

While in the U.S., despite some mainstream environmental measures such as the Clean Air and Water Acts and regulation of automobile smog emissions (which emerged as a result of the movements in the 70's), environmental policy still comes as mentioned, in large part from the pressure exerted by the public, by NGOs (non-profit organizations) and through litigation. The Environmental Protection Agency is just that, not a full federal department.

- *Demographics*

Germany (and Europe in general) is much more densely populated than the U.S. Germany had, in 1996, 229.4 inhabitants per square kilometer, while the U.S. average for 1996 was just 28.4 inhabitants for a same area. In other words, Americans have on average almost 10 times more land per person than the Germans have. This density creates entirely different surroundings in Germany, one in which garbage and air pollution become more apparent in one's everyday life.<sup>111</sup>

This difference in space has a large impact on the consciousness of the people. In Germany, I argue, the sense of space helps foster their high degree of environmental consciousness. Because of the lack of space for land-fill, for example, waste disposal in Germany is a complex problem, which has in turn played a role in the development of a very effective recycling system. Not only is the system highly developed, but the people participate in the waste sorting in their homes more than in most other countries.

- *The Political Systems*

The United States began as a rebellion against a repressive power. America was founded on the ideals of individual rights and freedoms. A long conservative tradition in the U.S. is to have government out of the way to allow individuals to pursue their wants and needs and to find entrepreneurial ways to meet those desires. A basic principle of Republicans and Libertarians is that the free market will, if left alone, move toward what people want and need. Consumer choice, an individual choice, will take care of society's needs and desires.

*“Society in every state is a blessing, but Government, even in its best state, is but a necessary evil; in its worst state, an intolerable one.” – Thomas Paine, Common Sense, 1776.*

While a basic principle of the German system is that government's job is to protect the ‘common good’ and environmental protection is an

important part of the common good, the U.S. American value system includes an emphasis on individual rights and freedoms over the concept of doing what's best for the 'common good.' This culture in turn provides fertile ground for a capitalist system. Economics is the prime concern in policy making, which excludes the idea of a common good. As a result, many U.S. Americans regard environmental regulation and participation in international treaties, agreements or any international regulation as an impingement upon their personal and sovereign freedom.

It is the present Bush Administration, which has captured, concentrated, and expressed this conservative culture to new degrees. There has been a more distinct lack of participation in international agreements on the part of the U.S. since 2000. Orientation toward individual and national interests prevails, despite the significant impact this has on the particular treaty as well as on the willingness of other countries to then participate.

Within the U.S., environmentalists have always been seen as liberals advocating for regulation to protect the common good, (but standing in the way of the free market system.) Environmental protection is generally seen as coming at the expense of economic progress, the main driving force in U.S. American policy. As a result, environmental policy often becomes a partisan issue.

Germans in contrast, have a social market economy in which the state is expected to care for the basic needs of the individual such as health care and unemployment compensation, and is entrusted with making decisions for the good of the whole – the 'common good.' In Germany, as a result, there is more top-down or federal regulation, while implementation is done on the state or local level. Germany in addition is part of an international body, the European Union, and is a strong supporter of many international agreements.

How do these differences in national structure find expression in policy making? The U.S. tends to have a less top-down regulatory approach. Federal funds are handed down to the States and much of the policy making and implementation is done on the state level. Grass roots efforts and the work of NGOs have an influence on that policy implementation.

These two systems respectively, translate in essence to each country's foreign policy approaches. And thus German and American negotiators come to the table already with a very different orientation in their thinking.

Christopher Flavin gives voice to an American orientation in his article "The Legacy of Rio" in which he refers to the 1992 UN Conference on Environment in Rio de Janeiro:

*"If the economy is to be put on a sustainable footing in the twenty-first century, it is unlikely to be the result of a top-down, centralized plan: the answer is more likely to lie in an eclectic mix of international agreements, sensible government policies, efficient use of private resources, and bold initiatives by grassroots organizations and local governments. In fact, Rio may have been a last hurrah for those who hope for vast 'Marshall Plans' to solve world problems. National governments have generally failed to meet even the minimal financial commitments made in Rio. If the long-term viability of human society is to be assured, we all have to get involved."*

#### **A. The Executive**

The head of the government in Germany, the Chancellor, is elected by the Parliament; the people vote for a party whereas in the U.S. the people vote relatively directly (through the Electoral College) for the President. This has many implications, one of which is that American politics has thus developed into almost a cult of personalities, while the German system is one of adversarial parties and issues (though personality of a candidate is playing an increasingly significant role).

#### **B. The Legislative**

In general, Germany can be described as a party democracy (*Parteien-demokratie*), while the U.S. in comparison, is more of a direct democracy from the people. U.S. citizens have a fairly direct influence on their Representatives. In Germany, the elected Representatives answer to their own party, rather than to the people.

Consequently, American politics for the President and Representatives revolves very much around re-election strategy. Thus public opinion

polls are very important. The abundance of opinion polls and how much they are talked about by the media is evidence of this. A good example is the case of the Senate hearings on the Clinton impeachment question. CNN as well as several American TV stations carried stories about how the vote of each Senator on impeachment would affect the likelihood of their being re-elected.

In comparison, within the German system the party has more influence on Representatives than does public opinion. Some votes are open, but some are closed (*Geheimwahl*). The reasoning behind this is not so much the protection of the Representative from public pressure, but from pressure from his/her party. If the Representative is not voting along party lines, the party will most probably not reinstate the Representative in his/her seat after the next set of elections. The result is that public opinion does not as much affect the re-election chances of the Representative as much as party pressures do. Public opinion puts more pressure on the party agenda, which in turn then indirectly influences what policies the Representatives support.

In the creation of laws as well, the German public plays much less of a role than it does in the American system. In the U.S., a bill is proposed either by a Representative in Congress, or by public initiative (demonstrated by petition). Citizens can follow the entire process of a bill becoming a law, including how each Representative, and the President, votes on the bill. They can contact their Representative to let him/her know how they would like him/her to vote.

In the German system, a draft law may go to the relevant ministry for a review: a hearing in which NGO's and industry, (but not citizens) may take part. The ministry then sends its recommended draft version, based on the review, to different party fractions. Eventually it goes back to the House (*Bundestag*) for approval. The M.P.s may hear experts on the subject, then eventually vote it (or not) into law. I am greatly simplifying the process, but the point is that it is the parties, and inner politics that have more influence than citizens and opposition groups on the legislative process.



### **C. The Judicial**

Litigation also plays a vastly different and more influential role in U.S. policy making than it does in the German system of administrative law (*Verwaltungsrecht*) and special environmental legislation. Private citizens, groups, and NGOs have perhaps most successfully used litigation in the American legal system of precedence, to sue for environmental damages, and by this means holding the government or private industry responsible for their actions. Thus, the 'Polluter Pays Principle' is implemented by way of lawsuit in the U.S., as opposed to federal regulation, as in Germany.

An interesting example of this just emerged as this paper goes to press. Unsatisfied with the effectiveness of U.S. federal Green House Gas (GHG) emissions reduction policy, eight States and the City of New York have filed a lawsuit in an attempt to affect reduction policy themselves. They are suing five large American utility companies not for the usual monetary compensation, but for actual cuts in their emissions, which they say pose a threat to health, the economy, and the environment.<sup>112</sup>

### **D. The Economic Systems**

The U.S. American system obviously has a different economic structure than the system in Germany, but this is significant for environmental policy in terms of the Precautionary Principle.

The ongoing dispute between the U.S. and Europe over genetically altered agricultural products is an example of this. Europeans hold that because we do not know the dangers of releasing these organisms into the environment, we should be safe by waiting until we know more. The U.S. economic system, being market driven, defends the position that industry and the agricultural sector will greatly benefit in jobs and revenue from the opening of markets to these products. With so much economic and social benefit at stake, it is hard for U.S. policy makers to make an argument against using genetic technology before there is hard evidence to back it up.

*“In general, issues that affect value systems are difficult for bargaining and for political compromise. Hormones have to do with life. Genetical engineering has to do with life. And when problems of life and death are at stake, a large and, I believe, increasing number of people in German society will put ideology over economy. This is why, when it comes to conflicts in these areas, room for maneuver for politicians is so limited.” – Karsten D. Voigt, America – Still a Model for Europe? From the „The Future of Euro-Atlantic Relations” Conference, 4 March, 1999, in Bonn.*

The context of trade relations illustrates how interdependent our two societies are, which makes any conflict all the more sharply felt. The U.S. is the largest investor in Europe, and likewise Europe in the U.S. For this reason, single issues tend to be linked together in trade negotiations, as bananas, hormones in meat and genetically manipulated produce have been. These issues then have the potential to disturb the political relationship.

#### **E. The Role of Public Opinion and Grass-Roots Movements**

*“A field in which we can profit from American society is grass-root initiatives... In France, you will often find the phrase: ‘l’état a décidé’ – the State has decided. This is a term which, even in the past, we would never have used in German, for we would always have specified whether it was the Federal Government, a court, a city or a state that had decided. For Americans, this terminology would be totally alien. It seems to me that we are progressively moving into the American direction, that means into a direction in which groups in our society feel particularly responsible to address a problem and not just... primarily the state or the government.” – Karsten D. Voigt. America – Still a Model for Europe? From the „The Future of Euro-Atlantic Relations” Conference, 4 March, 1999, in Bonn.*

#### **F. Public opinion and Grass-Roots Initiatives**

Public opinion has a different influence on agenda setting and policy making in the U.S. and Germany. The ability of public pressure to get an issue on or off the political agenda and to have an effect on the voting

and policy making of elected officials is much stronger in the U.S. Citizens' letter writing is taken into serious consideration by Representatives. Many 'write your Congressman/woman' campaigns and other forms of public pressure have had a considerable impact on policy.

In a CNN story reported during the Clinton impeachment process, the lead manager of the prosecution team, Rep. Henry Hyde, said: "We did feel that if we could get the story out in a coherent fashion, the public might be informed and a change in the public's mind would reach the Senators."

In terms of grass-roots initiatives, in the U.S. such action as petitioning to get an issue on the ballot can be very effective, and legally binding. California's Proposition 13 is a good example. In the late 1970's, a sort of people's tax revolt took place in California. A tax reform was put on the ballot and passed with an overwhelming majority, cutting property taxes in the state drastically with significant effects on the Californian economy still being felt to this day.

In Germany, the system is different in that the potency of direct democratic initiatives is significantly weaker. Eleven of the 16 *Bundesländer* (states) have elements of direct democracy. Within a state or *Gemeinde* (a municipality or district), citizens can request an issue be put on the agenda of the state or district council by submitting a petition containing signatures from, in most cases, between five and ten percent of the voters in the district. (All voters are registered in Germany through a mandatory residence registration, which must be done each time one moves.) They can then request through referendum (*Bürgerbegehren* – a public petition), that the decision be made through a local initiative, a 'citizens' decision or ballot (*Volks- or Bürgerentscheid*). The *Bürgerentscheid*, however, requires at least 22-30% support to be considered. And even when supported by a majority, it is not always legally binding.<sup>113</sup>

*"The government welcomes and supports groups that draw attention to social problems and play a constructive part in their solution. It is a basic right of all Germans to organize and take part in peaceful demonstrations. However, the final decision on controversial matters lies with the democrati-*

*cally elected governments and parliaments. They are bound to take the decisions that are best for the community as a whole.” – from Facts About Germany. Societäts-Verlag. Frankfurt am Main, 1996.*

## **Climate Change Policy**

With an understanding of the basic differences in history, society, and politics in Germany and the United States, it may be useful to examine one concrete environmental issue: climate policy, in terms of these factors already discussed. The differences thus far described are directly reflected in each country's approach to climate change policy.

The German approach is to use regulation. The EU and Germany advocate emissions reductions in absolute terms: a specified percentage by which ratifying countries will reduce emissions in a certain time period (as is the goal of the Kyoto Protocol and the Framework Convention on Climate Change). Their underlying philosophy is that if the developed countries do not set an example by reducing emissions, they cannot expect developing countries to make an effort. For the good of the whole, they will take regulatory measures to do what is required to reach a set goal, and then deal with the costs and consequences as part of that commitment.

In 1990, the EU Ministers of Environment and Energy agreed to keep their (CO<sub>2</sub>) emissions to 1990 levels in 2000. This was an overall goal for EU members, but the main reduction efforts were the responsibility of the two biggest emitters: Germany and the UK. They committed to reducing their emissions primarily by switching electricity production from coal to natural gas, rehabilitation in the former East Germany, taxing gasoline at a high rate, and energy efficiency incentives.

While Germany has achieved a reduction of GHG emissions of about 17 percent between 1990 and 2000, a large part of that was achieved through reductions in the former East Germany. To continue its reductions commitment, Germany has a national program to reduce coal use, implement traffic measures and eco-taxes, encourage co-generation (combined heat and power generation), and promote renewable

energy. They also have some voluntary agreements with industry. Though the German public has mixed opinions on these programs and their effectiveness, there is little opposition. Germans seem to see value in reducing emissions and having the Kyoto Protocol enter into force despite costs, many of which they themselves pay.

The U.S. administration on the other hand, is guided first and foremost by economic considerations. It is not able to implement government regulation as easily because of its stronger reliance on the support of its constituents; that constituency having economic costs as a primary concern. Pressure from special interest groups, the auto and oil industries in this case, are influential in policy making as well. Thus, ratification of the Kyoto Protocol has not been approved by Congress, and most probably won't be in the near future.

There have been attempts to form a climate change policy in Congress. In October of 2003, Senators Lieberman (D-CT) and McCain (R-AZ) brought a revised version of their Climate Stewardship Act of 2003 (S.139) to a vote. It was defeated in the Senate 55 to 43, but showed that there is growing support in both parties for such a policy.

As an alternative strategy, the U.S. supports clean development mechanisms, emissions trading, joint implementation and other market incentives to reduce emissions. Reductions are to be voluntary and credit is to be given for early reductions should requirements be put in place in the future.

The U.S. Department of Energy has a "Voluntary Reporting of Greenhouse Gases Program." Under this current program, organizations or companies voluntarily submit the information on their GHG reductions. The program does not have specific guidelines for companies to calculate their emissions reductions. It is a system in which companies self-certify their claims. No outside verification is ever required.

The Pew Center on Global Climate Change writes:

*"Reported direct emission reductions under this program represented 2.7 percent of total U.S. GHG emissions in 2000, while reported indirect reductions were 0.9 percent, unspecified reductions were 0.2 percent, and carbon*

*sequestration represented 0.1 percent.” – Pew Center on Global Climate Change. Pew Center Analysis of President Bush's February 14th Climate Change Plan. February 2002.*

In absolute terms, the U.S. GHG emissions increased 14.1 percent between 1990 and 2000.

The present administration's strategy, announced in February of 2002, includes an expansion of this voluntary reporting program and sets a goal for “greenhouse gas intensity”. This is the ratio of greenhouse gas emissions (GHGs) to economic output in terms of gross domestic product (GDP). This allows emissions to rise or fall along with economic output. But it does not set absolute reduction goals. The administration has set a GHG intensity improvement target of 18 percent by 2012; this will allow absolute emissions to increase 12 percent over the same period. Under this policy, emissions will continue to grow at nearly the same rate as if there were no policy.

## **Conclusion**

*“Cross-cultural solidarity ... probably has to come before environmental solidarity.” – Aaron Sachs. “The Other Side of the World”. WorldWatch Magazine. May/June 1998*

From my own personal observations of negotiations between American and German officials and NGO representatives, I have concluded that historical, societal, and political understanding is crucial to moving forward in transatlantic relations. Though this may be stating the obvious, nonetheless, in almost every meeting between German and American policy makers I have observed, there has existed a great lack of subtle and artful diplomacy which would be evidence of a true understanding of the other's background, experience, culture, and national interests. It is not hard to know rationally the importance of just such an understanding, yet difficult to recognize one's own lack of it. While the best

remedy of course would be to live at least one year in your colleague's shoes, travel and reading could bring a general understanding or '*Verständnis*', if one experiences these not only rationally, but through the heart.

We find ourselves in a new and dangerous international climate. The need for cultural understanding – real bridges to worlds unlike ours – is pressing. Without this '*Verständnis*', the Atlantic gulf between Europe and the United States could grow wider, the conflict between the Western and Eastern worlds deeper. It is our commitment to the experience of, and respect for our cultural and systemic differences that will determine our direction.

## **PART FOUR – Law, Society, and Media**



# The Law was Never Our Own: The Robert Bosch Foundation Fellowship, the German Law Journal, and the Meaning of Comparative Law

*Russell Miller and Peer Zumbansen*

## Introduction

Comparative legal analysis is of increasing importance, even in the jurisprudence of the U.S. Supreme Court. In several recent, socially divisive cases, the majority of the U.S. Supreme Court (or Justices concurring with the majority) has engaged in comparative analysis. In arriving at the conclusion that the execution of the mentally retarded constituted cruel and unusual punishment Justice Stevens, writing for the majority, referred to the perspective of the “world community” in a footnote.<sup>114</sup> In her opinion concurring with the Court's decision that race-conscious affirmative action policies do not violate the guarantee of equal protection, Justice Ginsburg made comparative reference to international treaties.<sup>115</sup> And most spectacularly, in striking Texas' anti-sodomy laws as violations of the right to privacy Justice Kennedy, writing for the majority, made approving reference to a decision of the European Court of Human Rights.<sup>116</sup>

This trend, needless to say, has met with juridical and political resistance. Justice Antonin Scalia, in a tone surprising even to those familiar with his often-caustic style, took strong exception to the majority's reference (in a footnote!) to the perspective of the “world community” on the issue of executing the mentally retarded.<sup>117</sup> Justice Scalia more fully outlined his views in opposition to the comparative endeavor in the keynote speech at the 2004 American Society of International Law Annual Meeting.<sup>118</sup> Recently, the House Subcommittee on the Constitution held hearings on House Resolution 568, which resolves that “judicial determinations regarding the meaning of the laws of the United States should not be based in whole or in part on judgments, laws, or pronouncements of foreign institutions...”<sup>119</sup>

The traditional justification for comparative legal analysis, particularly exemplified by these recent U.S. Supreme Court cases, is that “the principal benefit of comparative work stems from its ability to highlight the specific presuppositions, distinct conditions, and particular cultural and ideological commitments that circumscribe domestic constitutional norms and practices that tend to be taken for granted. In this view the

most important function of comparative constitutional analysis is to enhance the knowledge and understanding of one's own system."<sup>120</sup> Thus, comparative law has, since its emergence at the end of the Nineteenth Century,<sup>121</sup> remained focused on a rather straightforward approach to foreign law and legal institutions, mainly contemplating functional or formal equivalences and transportability. This perspective on comparativism presumes, and therefore reinforces, the assumed national character of, and thus the nation-state's monopoly over law. Comparative law, so pursued, remains an exercise devoted to the nation-state model, involving the examination of another state's legal order for possible adoption or rejection, in order to improve the legal order of one's own state.

In spite of the static nature of its foundations, comparative law has nonetheless, both as a scholarly field of study and with respect to its practical relevance, undergone drastic changes. The dramatic systemic transitions that have characterized legal institutional development in post-colonial and post-authoritarian states for the last decades have moved comparative analysis to the forefront of legal and interdisciplinary work. The academic field of comparative law today reflects a rich spectrum of different theoretical approaches encompassing perspectives as diverse as research dedicated to discovering commonly shared principles and institutions ("common core approach")<sup>122</sup> and those that radically contextualize the comparative effort to focus on the background of historically developed, socially and culturally embedded institutions ("critical cultural theory"). The practical relevance of comparative law can also be seen every day in the ongoing processes of international consultation and legal 'export' from the Western world to transitional states in Africa, Asia, or Eastern Europe.<sup>123</sup> American and German law have played a crucial role in this regard, influencing commercial law, administrative law, and, most considerably, constitutional law in many transitional states around the world. Still, these modern theoretical and practical approaches to the field do little to challenge the state-centered view of the law.

For twenty years the Robert Bosch Foundation's Fellowship has been contributing to the comparativist movement in the most poignant of ways: it has invited scores of American lawyers to work alongside their German colleagues, giving both the invaluable opportunity to think about and learn from the other. These American lawyers have been given the most privileged, first-hand views on the practice of law, the legislative process, and the function of the judiciary in Germany.

This is not comparative law as it has always been conceived. By daring to breach this most parochial of social institutions in this most intimate fashion, the Robert Bosch Foundation's Fellowship has implicitly posited a dramatically new comparativist vision. While not abandoning the traditional justification for comparative legal analysis, the Fellowship at the same time serves as an internationalist, non-state-centered comparative juristic enterprise. The Fellows' experience with the life of German law necessarily contains a challenge to the national character of German law. The Fellows are urged to make a distinct but not insignificant proprietary claim on German law. They 'have' German law in a way that invites us to imagine the 'denationalization' of the law and concomitantly the erosion of the nation-state's privileged responsibility for and authority over the law. This perspective is particularly challenging so long as the law's main frame of reference continues to be circumscribed and identifiable nation-states and so long as the promulgation and maintenance of a domestic legal order is understood as an (if not *the*) essential expression of statehood.

It is a perspective the Robert Bosch Stiftung has done much to advance, through the Fellowship and through its generous support of the *German Law Journal*.

## **The German Law Journal**

The *German Law Journal*, now in its fifth year of publication, is a product of the Robert Bosch Foundation Fellowship as well as the recipient of additional financial support from the Robert Bosch Stiftung. Available

exclusively and at no charge at <http://www.germanlawjournal.com>, *German Law Journal* provides a stirring example of the possibilities that arise from a new, non-state-centered view of the law.

- *The German Law Journal Project*

### **A. History**

*German Law Journal* initially came into being in October 2000, as a twice-monthly newsletter (then called *Momentaufnahme*) delivered by email to, *inter alia*, alumni of the Robert Bosch Foundation's Fellowship and a select group of academics and legal practitioners in Europe and the United States. The founding editors, Russell Miller and Peer Zumbansen, met at the *Bundesverfassungsgericht* (BVerfG – Federal Constitutional Court) in the fall of 1999, while Russell was participating in an internship at the Court (as part of the Robert Bosch Foundation Fellowship's XVII Program) and Peer was clerking for *Bundesverfassungsgericht* Justice Dr. Dieter Hömig (as part of his *Referendariat* (practical legal training)). The immediate, strong, and positive interest in the email newsletter prompted the project's move to the Internet in July 2001, under the new name *German Law Journal*. The development of *German Law Journal's* web-based presence was made possible by a generous project grant from the Robert Bosch Stiftung.

### **B. Coverage**

Published monthly, *German Law Journal* reports in English on developments in German jurisprudence, including new cases and legislation. The coverage is divided into four sectors: (1) *Public Law* – focusing on decisions of the *Bundesverfassungsgericht* (BVerfG – Federal Constitutional Court), the *Bundesverwaltungsgericht* (BVerwG – Federal Administrative Court) and public law legislation in the *Bundestag* (Federal Parliament); (2) *Private Law* – focusing on decisions of the *Bundesgerichtshof* (BGH – Federal Court of Justice) and private law legislation in the *Bundestag*; (3) *European and International Law* – focusing on decisions of the European Court of Justice, the European Court of Human Rights and the Inter-

national Court of Justice, as well as current developments in public international law; and (4) *Legal Culture* – including book reviews and conference reports. *German Law Journal* also regularly publishes special, topical-issues.<sup>124</sup>

Taking advantage of the production efficiencies promised by Internet publishing, *German Law Journal* is frequently among the first publications in the field to publish commentary on new court decisions and other contemporaneous events, often providing its authors with the opportunity to impact policy debates while they are still being conducted. These contemporaneous reports and case-notes are published alongside traditional, more theoretical, full-length scholarship.

### C. Contributors

*German Law Journal* counts among its contributors a wide range of leading German, transnational, comparative and international law scholars, prominent jurists, and practitioners. A number of justices and judges have been among the contributors, including: Justices of the Federal Constitutional Court;<sup>125</sup> a former Justice of the European Court of Justice;<sup>126</sup> a Justice of the European Court of Human Rights;<sup>127</sup> and a former Judge of the International Criminal Tribunal for the former Yugoslavia.<sup>128</sup> Some of the world's leading academics have also been among the contributors, including: Gerhard Casper, President Emeritus of Stanford University;<sup>129</sup> Jürgen Habermas;<sup>130</sup> Donald Kommers;<sup>131</sup> Armin von Bogdandy (now Co-Director of the Max Planck Institute for Comparative and Public International Law in Heidelberg);<sup>132</sup> Bruce Ackerman;<sup>133</sup> Anne-Marie Slaughter;<sup>134</sup> and Winfried Brugger.<sup>135</sup> Some of the world's most dynamic young scholars and researchers in German, European, and International law have also been among the contributors, including: Andreas Paulus;<sup>136</sup> Frédéric Mégrét;<sup>137</sup> Kai Ambos;<sup>138</sup> Rainer Nickel;<sup>139</sup> and Ed Morgan.<sup>140</sup>

### D. Readership

*German Law Journal* provides previously unavailable, and as yet, unparalleled English-language access to developments in German jurispru-

dence to 4,000 no-cost subscribers from more than twenty-five countries. Monthly readership has soared to as many as 10,000 readers.

The strong interest in *German Law Journal* is attributable to a number of factors that go beyond the high quality of its content. The aforementioned influential role German law has played as a model in transitional states, and the advantage to academics, judges, and practitioners in those transitional societies of *German Law Journal's* no-cost Internet access, have combined to make *German Law Journal* an indispensable, global legal forum. In a recent speech, Supreme Court Justice Ruth Bader Ginsburg recognized the contribution *German Law Journal* has made to the comparative law movement, particularly in light of its Internet accessibility.<sup>141</sup>

Articles from *German Law Journal* have circulated at the United Nations Security Council and the European Parliament and are frequently used or cited by researchers at the European Court of Human Rights, the European Commission, the European University Institute in Florence and many other universities and research institutes around the world. *German Law Journal* has been added to the catalogues of many libraries in Europe and the United States.

By submitting unsolicited articles, replies to previous contributions and letters to the Editors, *German Law Journal's* readership has also become increasingly interactive, thereby fully realizing the potential for immediacy and global-dialogue presented by the Internet.

#### **E. Board of Editors and University of Idaho Student Editors**

The Board of Editors immeasurably aids the work of producing *German Law Journal*. Consisting of eighteen dynamic, young scholars and researchers from Europe, Africa, and North America, the Editors bring their expertise in a diverse range of fields to bear in soliciting contributions and conducting peer-review of all submissions to *German Law Journal*.<sup>142</sup> Importantly, the Board of Editors also serves as a virtual community within which the editors can pursue dialogue with respect to their respective research interests. This potential is made possible by the

editors' shared global perspective on the law, enriched by the commonality of some degree of expertise in German law.

In the last two years a group of law students from the University of Idaho College of Law have also been associated with the work of *German Law Journal*. The students have vastly improved *German Law Journal's* technical quality by taking responsibility for stylistic, formatting, language, and citation editing.

- *German Law Journal and the 'De-Nationalization' of the Law*

*German Law Journal's* stateless profile, as regards both its substantive focus as well as its international Board of Editors, raises the same challenges for traditional comparative law theory as does the Robert Bosch Foundation's Fellowship. *German Law Journal* exists both within and without Germany's legal life and boldly makes an internationalist proprietary claim on German law. Perhaps the most dramatic example of *German Law Journal's* 'de-nationalizing' potential is its unrepentant treatment of German law in the English language. This element of the *German Law Journal* project would seem to have two effects. First, considering the near universality of the English language, coverage of developments in German law in English greatly expands the possibilities for German law to have an influence on other systems and to play a role in broader jurisprudential discourses. Second, the inverse is also made possible by English language coverage of German law, in that it permits a broader range of commentators to seek to influence the development of German law.

*German Law Journal* stakes its stateless claim to German law in other ways. Contributions from German commentators must be tailored for the comparative audience, requiring authors to shed many of the assumptions of their context in order to endeavor to reach beyond it. This molting process necessarily makes such contributions less German than they would be had they been written for the German legal community. Similarly, the many non-German commentators who regularly contribute to *German Law Journal* must take on some part of the Ger-

man jurisprudential tradition as their own in order to find their way through it as the subject of their commentary. As Annelise Riles explains: “The comparativist emerges as a person who is, and who consciously strives to be, both an insider and an outsider in virtually every domain.”<sup>143</sup> *German Law Journal* more explicitly, and the Bosch Fellowship at least implicitly, call attention to the porous nature of these domains through which they have invited readers and the jurists participating in the Bosch Fellowships to pass.

## **Conclusion**

The universal elements of the law are familiar to all the Bosch Fellowship jurists. However, for most the law remains mysteriously, stubbornly shrouded in state-centered proprietary claims. The Robert Bosch Stiftung, through its Fellowship and its generous support of the *German Law Journal* project, has posed a dramatic challenge to this tradition – one of the most persistent barriers in a world with ever fewer boundaries of consequence. It is a vision of the law to match Robert Bosch’s vision of the global market, and his commitment to “the exchange and understanding between peoples.”<sup>144</sup>



## The New “German:” What is Really New in the New Citizenship Law?

*Robin Harper*

The German citizenship law of 2000, which permits birth right citizenship to certain children born in Germany to non-German parents, has been described as ‘ground-breaking’ and ‘revolutionary.’ These descriptions, however, may be somewhat of an exaggeration. In fact, the new citizenship law is not a major cleavage with past practice, but rather a classic attempt to find a pragmatic solution for labor shortages and reparations. The policy is yet another in a long tradition of bending and reshaping the concept of ‘German’ and ‘citizen,’ rendering them more elastic and dynamic than usually assumed in the public discourse. Even when granting birth-right citizenship, Germany remains – the law makes no changes in self-conception – a country of Germans and non-Germans with and without German citizenship. Germany remains a state for Germans even when it changed who could actually be a German.

German citizenship<sup>145</sup> is based on *ius sanguinis* or law of blood. Citizenship passes through German parentage. In contrast, in most other Western states, citizenship is conferred via birth in territory (*ius soli*) or residency (*ius domicili*). As Germany was not a cohesive state until 1871, citizenship passed along ethno-cultural lines, rather than territorial lines. The “‘imagined community’ of nationhood and the institutional realities were sharply distinct ... In Germany, nationhood was an ethnocultural fact.”<sup>146</sup> The idea of German nationhood was informed by Romanticism and the Prussian reform movement. Romanticism offered an ethno-cultural conception of the nation in which the *Volk* was a distinctive expression and the state reflected that uniqueness. In contrast, the Prussian reformers used a model of Revolutionary France and sought to establish a Prussian nation to regenerate the Prussian state. In a letter to Friedrich Wilhelm III in 1807 cited in Brubaker (1992), Hardenberg writes “We must do from above what the French have done from below.” Herein lies the tension: reformers and Romantics understood the nation and the state in different ways. For Romantics, the state was the expression of the nation and the constitutive *Volksggeist*. For reformers, the state artificially created the nation – a united and mobilized *Staatsvolk*. From the start, the different definitions have affected German policy.

Where does the idea come from that to be a German citizen one must be of the German people? Brubaker (1992) convincingly suggests that the Prussian state was conceived as a membership organization (and not a territorial organization), providing benefits to members who could freely reside in the territory and denying entrance and thus benefits to non-members. As a later codification, migrant German laborers who were sent (or freely went) abroad for work were granted a right of return, as they did not always choose to leave the Fatherland but left in its service. Thus, being ‘German’ was severed from residence and reflected ethno-cultural membership, to include ethnic Germans residing outside of the Reich and exclude non-Germans inside the state’s borders.

The *Reichs- und Staatsangehörigkeit* Laws of 1913 codified *ius sanguinis* as the national policy and remains the basis for current citizenship law. In 1992, for the first time, certain Ausländer born and raised in Germany<sup>147</sup> could claim citizenship. This was an interim effort to resolve the issue of second and third generation Ausländer children within German borders. Also in 1992, the center-right Christian Democratic Union (CDU) in partnership with the liberal, Free Democratic Party (FDP) proposed “children’s citizenship” *Kinderstaatszugehörigkeit*. This would have given temporary citizenship to certain Ausländer children. Parents would apply and the status would expire at the age of majority if the child chose to maintain foreign citizenship. Intriguingly, what they were offering does not even exist in the German language: they offered a “*Staatszugehörigkeit*” not “*Staatsangehörigkeit*”. They offered an alternative to German citizenship, not true citizenship.

Christian Joppke (1999) astutely observes that the most striking feature of the German government’s response to flows of migrants to Germany is not its persistent refusal to acknowledge large-scale, permanent migration, but that it constructs a national identity around a perceived counter-model: the immigration land. This is clearly conveyed in the 1979 White Paper issued by the Special Commissioner for Foreign Affairs, Heinz Kühn (SPD). The conclusion more than thirty years after the founding of the Federal Republic and just as long of influxes of non-native Germans declares:

1. The Federal Republic of Germany is not an immigration country.
2. In the long run, laborers will have to be imported again.
3. Steps toward repatriation should be prepared.
4. The legal status of workers and their families should be ensured and their integration into society encouraged.

These seemingly contradictory points are in fact a rather suitable summation of the German identity/Ausländer integration dilemma: Germany perceives itself as a closed society. This need not be a value judgment, but a statement of fact. However, as Schnapper (1994) observes, all organizations maintain boundaries to circumscribe membership. This behavior is not egregious but part of the normal delineation of identity and membership. All nations, even civically-based nations (as opposed to ethnically-based nations) are exclusionary. While all states are territorial units, contained by physical borders, they are also membership organizations, bound by rules of belonging to (exclusion from) the collectivity. The disconnection between being German and being born on German soil, permits state policy to be flexible with membership for those outside the border, while limiting access to those inside the border. It was not until the debates surrounding the 2000 Citizenship Law when members of all parties – whether gleefully or grudgingly – admitted that Germany had indeed, whether by choice or de facto, become in fact a country of immigrants, if not of immigration.

The German nation is by self-definition a bounded, ethno-cultural unit. However, if Germany is to remain a closed society while maintaining its economic standards, Germany must either rotate workers or make other people into Germans. Since the latter is not possible on its face, assuming that Germany is a closed, ethnically-based nation, then labor rotations are the only possible solution. However, it is also virtually impossible to discuss forced emigration of guest workers due to the history of the Nazi regime forcibly deporting millions of people to their murder. Assuming that the foreigners would stay (as they did in large part), the government recognized that it needed an alternative plan to provide civil and social rights to the resident foreigner population.

Permanent resident foreigners are granted social welfare rights virtually equal to those of citizens, in a type of post-national citizenship. Rights are girded not by a unique state-citizen relationship, but by belief in universal human rights.<sup>148</sup> The state makes no distinctions for health, education, social services, and public services based on citizenship status.<sup>149</sup> Only through such a policy could the state repair history while guarding the national self-concept as a closed ethnic entity.

### **Ausländer in Germany**

Approximately 7.4 million foreign nationals live in Germany. They account for 9 percent of the total population in the country. Many foreign nationals are EU citizens and thus enjoy permanent residency and employment without special permit in Germany. As a result of EU expansion many Ausländer are currently in a short-term limbo status as special EU nationals, lacking the full array of rights of free movement of persons, labor and capital as maintained by citizens of the 'original' EU states. About 1.9 million of the remaining foreign nationals are Turkish citizens. Foreign residents maintain long stays in Germany, with an average length of stay at 13.5 years. About half have resided in Germany for more than ten years; about 30 percent, for at least 20 years; 10 percent more than 40 years.<sup>150</sup> Even more striking, perhaps, is that *1.63 million or 22 percent of foreign nationals residing in Germany were born and raised in Germany*. Most of them hold only a foreign passport. Two-thirds of all migrants' children under 18 years of age were born in Germany. Sixty-five percent of these foreigners born in Germany are under age 18. An astounding 88 percent of those foreigners are under age 6.<sup>151</sup>

Germany's population is aging and the nation has a declining birth rate. The children that are born in Germany are increasingly born to non-German parents, now about 12 percent of all births. As the population ages, workers will be needed to pay for the social security of aging German workers. The *Ausländer* represent the support system of the future for Germany. This is not a politically attractive fact: in response

to a state campaign to offer short term residency permits to foreign computer scientists, a counter campaign arose demanding “*Kinder statt Inder*” (Children not Indians). However, given tightening economic conditions, high levels of unemployment and the still relatively generous social welfare benefits, it is not clear whether Germany can now accommodate the people it will depend on in the future.<sup>152</sup>

### **How Did They Get There?**

The arrival of *Ausländer* is directly related to the aftermath of World War II and the “Economic Miracle,” following the war. Foreigners can be divided into six groups: war refugees (*Kriegsvertriebene*), foreign born ethnic Germans (hereafter referred to as *Aussiedler*), Jews, guest workers and their relatives to the former West Germany and guest workers and their relatives to the former East Germany, and asylum seekers.<sup>153</sup>

Following World War II, labor was scarce and labor demand to rebuild the country tremendous. At the same time, ethnic Germans in Eastern Europe, fearing retribution or Communism, fled their native lands. In reaction to the experience of thousands of people persecuted by the Nazis seeking refuge and denied entry and the spirit of human rights following the war, co-ethnic German refugees (and others fleeing Communism) were permitted entry. Thus, a very pragmatic policy solved many problems: Germany provided refuge while finding workers to rebuild the country. Article 116 of the Basic Law was written to provide residency rights and citizenship under a “Right of Return” not only to *Kriegsvertriebene* (those driven out directly after the war) and *Übersiedler* (East German citizens fleeing the former GDR) but also “*Aussiedler*” and “*Spätaussiedler*” (both referring to those of German ethnic background living in Eastern Europe and the Former Soviet Union but not any other country outside of that region).<sup>154</sup> More than 4.3 million *Aussiedler* have taken up residency in Germany between 1950 and 2002.<sup>155</sup> The Right of Return remains a pragmatic policy solution of Germany’s real political, economic, and even ideological concerns.

The rationale for admission was couched in an understanding that Aussiedler were Germans, separated over time only by territory. Moreover, it was understood that in coming to Germany, the ethnic Germans could realize their true German identity, which was either threatened or repressed in other states. This construction of ethnicity – membership through ethnicity and not delimited by territory – and codified into law was central. Without such an understanding of ethnicity, Aussiedler migration could not have existed. For those seeking refuge in Germany, this shared ethnic heritage appears to be context-driven. Instead of ethno-national identity generating migration, the prospect of migration generated or reinforced a latent German identity.<sup>156</sup> Ironically, the rationale for entry – i.e. the “fact” that an individual is a German – might not be recognized in daily life by other citizens of the receiving country. Although admitted to Germany (as) Germans, many re-settlers find themselves treated as “Russians”.<sup>157</sup> The Aussiedler experience ethnic difference due to a number of factors related to quotidian ethnic culture: language, dress, demeanor, customs, habits, mannerisms, etc. This unease with the ethno-legal status as Germans and their ethno-cultural status as foreigners is illustrated in a 1999 Federal Ministry for Statistics press communiqué that explains that naturalizations for Aussiedler dropped during a certain period: “These people were for purposes of their German naturalization in the sense of the Basic Law not foreigners.” However, even if at first the Aussiedler were socially not considered German, experience shows that the early arrivals have, over time – especially for the Vertriebene or the post-war refugees – been incorporated into the fabric of German life and are considered by all standards German by the general population.

A prominent CDU politician summed up the argument for Aussiedler: “We should not see their arrival as a burden, but as a chance, not only for them, but also for us. Their favorable age structure helps improve the relation between the old and the young generation considerably. This will have a noticeable effect on the long-term developments of the labor market and the social security system.” Herein lies the truth: because of Germany’s lackluster birthrate, rising median age and gener-

ous social security benefits, the labor force must be increased to counteract demands on a limited and shrinking treasury for benefits. The inclusion of Aussiedler in the German population does not require any change in national identity and no change in policy: they are for legal intents and purposes, Germans. The legal myth embodied in the 1947 Basic Law, based in the 1913 Nationality Law and the ethnic myth of all Germans being of the same blood, permits the large-scale immigration and resettlement for pragmatic purposes. Cultural, linguistic, and behavioral differences may be discounted as an ephemeral distortion to be rectified after 'reestablishing' contact with Germany, Germans, and things German. A rare study of naturalized citizens' political behavior<sup>158</sup> showed that naturalized citizens had a strong preference for the center-right CDU. However, as this group is disproportionately Aussiedler, reacting with anti-left zeal, voting behavior is not surprisingly conservative. In proposing the new nationality law, whether the left through the SPD and the Greens attempted to gain a foothold in future Ausländer voting power remains to be seen.

### **Right of Return and Jews**

The German word for reparations is *Wiedergutmachung*, to make good again. The rebirth of Jewish life in Germany is not an immigration program, but an attempt to repair the past. Article 116 of the German Basic Law also extends the "Right of Return" and German citizenship to "those deprived of it on political, racial, or religious grounds between 1933 and 1945." There is new Jewish migration from all the former communist states of Eastern Europe, but especially from the former Soviet Union. There are now 200,000 Jews in Germany, most residing in Berlin and Frankfurt. Jewish population growth is almost entirely from immigration. The thought effectively is, if we can't have the old Jews back, we can create new Jewish life here and thus repair the past. It is a pragmatic solution to an unsolvable problem. Jews, unlike others seeking asylum, are not asked to provide objective or subjective credible fear of perse-

cution in order to obtain asylum; being Jewish is considered sufficient. Upon arrival in Germany, Jews are given financial assistance (more than five times the amount for asylum seekers). In addition, they are given assistance that is not available to asylum seekers (but is granted to Aussiedler) including special language classes, housing search subsidies, and work permits. Jewish resettlement is a planned and sponsored activity: Jews are resettled in specific towns and cities to disperse them throughout the country and may only receive resettlement funds if they remain in the designated site. This policy is intended to regenerate established Jewish communities and create dispersed enclaves. However, many Jews complain that it also divides extended families and relegates urban people to places with reduced economic opportunity and unlikely social interaction with non-Jews.

### **Gastarbeiter to West and East Germany**

The *Gastarbeiter* program began in reaction to the dire need for labor during the 1950's and 1960's. Unemployment hovered around 5 percent as the economy boomed. Labor infusions from those fleeing Eastern Europe and East Germany (GDR) and returning prisoners of war were insufficient. The closure of the border with the GDR in 1961 intensified the need for additional labor, as workers could no longer be drawn from the GDR pool. To alleviate the worker shortages, the German government concluded agreements with Italy (1955), Spain (1960), Turkey (1961), Morocco (1963), Portugal (1964), Tunisia (1965), and the former Yugoslavia (1968). At the outset, public opinion revealed that 55 percent of Germans did not favor the importation of foreign labor.<sup>159</sup> Nonetheless, the newspapers initially reported parades and flowers for arriving foreign workers. The official hope (and public perception) was that workers would come for economic development, then, return to their home countries. This did not happen.

The 1973 oil crisis and resulting worldwide economic stagnation had severe repercussions on the German economy. Due to the slackening



demand for labor, Germany ended the labor importation. The government assumed the tight economy would provoke emigration. The government never translated this expectation into concrete policy and despite a large number of voluntary repatriations, several million Gastarbeiter remained. Gastarbeiter over several decades reunified their families in Germany. Barbara John (1992), former Commissioner of Foreigners' Affairs of the Berlin Senat, notes that the economic, demographic and labor market politics had in reality converted the state into an immigration state but that the political forces were operating in a vacuum and had not recognized the metamorphosis. Successive legislative efforts have attempted to curtail chain migration, but it continues.

Foreigners came to the GDR very differently. Beginning with a program for 11 Nigerians in 1951, more than 42,000 students from "socialist brother countries" were invited to study in the GDR. In the 1970's and 1980's, to provide aid, training, and generate foreign exchange for imports (from the GDR), the GDR concluded agreements for contract workers on rotation from Poland (1966), Hungary (1967 and 1973), Algeria (1974), Cuba (1978), Mozambique (1979), Vietnam (1980), Angola (1985), and China (1986).<sup>160</sup> The government segregated workers from the general population, housing them in closed barracks and forbidding marriage and deporting pregnant women. Outside a three-month language course, foreigners had little to no exposure to German life. By reunification, approximately 191,000 Ausländer or 1.2 percent of the total former GDR population lived in the new Länder. Unlike their Western counterparts, their residency permits were linked to their state employment, thus contract workers were obliged to leave at reunification. The federal government paid for repatriation (an airplane ticket and a repatriation bonus of 3,000 DM) to workers voluntarily returning to their home countries. Former contract workers had an increased burden to find employment and an incentive to leave: under German law, firms had to exhaust all labor supplies from Germany, EU, and West German Ausländer before hiring East German Ausländer. By the end of 1990, the number of contract workers had dwindled to 28,000.<sup>161</sup>

## Asylum

In response to the cry of history, in which millions were persecuted and rendered stateless in the Holocaust, Article 16a of the German Basic Law clearly states “Those politically persecuted enjoy the right of asylum.”<sup>162</sup> Germany maintains without question one of the world’s most liberal asylum laws. It is important to note, however, that German policy, by and large, is to offer asylum seeking opportunities to many while providing actual asylum to very few. Germany grants asylum to only about five percent of applicants annually. Due to this liberal policy, upheaval in Eastern Europe, war in the former Yugoslavia, and the lack of a codified immigration policy, asylum requests soared throughout the late 1980’s and 1990’s. Due to the rising number of applicants (more than 500,000 in 1993), Germany enacted a number of harsh controls on asylum applications in 1991 and 1993. Asylum seekers were denied work permits as of 1991 and had to prove a subjective fear of persecution upon entry rather than assert fear of “general political conditions” in the country of origin.<sup>163</sup> Harmonization of asylum policies throughout the EU has led to fierce political debate in Germany, concluding in a constitutional change.<sup>164</sup> While the phrase promising the right of asylum remained, it was attenuated to disallow asylum seeking for migrants coming from a third country (i.e., not directly from the country of claimed persecution). It also disallowed claims of asylum from considered “safe countries.” Moreover, policy shifted to create two types of asylum: one for positive claims of asylum (one is requesting the right to stay) and the other for negative claims (one cannot be deported because of meeting certain Geneva Convention conditions).<sup>165</sup> Attempts by the federal government to share burden with other European nations throughout the late 1990’s were thwarted by the German Länder, expressing infringement on their sovereignty.<sup>166</sup> Since then, the number has declined, yet there remain many asylum seekers in Germany as it takes years to exhaust the full range of asylum pleas.<sup>167</sup>

## **Naturalization**

Prior to January 1, 2000, and the newly amended German citizenship law, there were essentially three ways to become a German citizen: birth to German parents, an arduous naturalization process, and “Right of Return.” Government figures do not track how many Ausländer are German citizens. Rather, they show only how many people obtain German citizenship each year. The fact that those figures are not tracked may be because of a fear of repercussions if the number were “too” large or “too” small. It may also be that the figure serves no bureaucratic or policy purpose, and is thus not allocated to a specific project or budget. What is known is that about two thirds of those naturalizing are Aussiedler. The remainder are likely to be North African rather than EU citizens or Turks. European Union citizens have little reason to naturalize as they maintain the right to work, reside, and travel within the EU without additional registration. For Turks, the lack of dual nationality, cost and fears of discrimination inhibit naturalization applications.

## **Provisions of the New Citizenship Law**

The new citizenship law went into effect January 1, 2000, conferring the following rights:

### **Children Born in Germany Post January 1, 2000**<sup>168</sup>

Under the new provisions, children born in Germany to at least one parent who has been continuously legally resident in Germany for eight years and has held an unrestricted permanent residency permit for at least three years at the time of birth will automatically attain German citizenship at birth. “These children will become German nationals at birth with all the accompanying rights and duties.” The parents must register their children as German. If they are dual nationals, they must decide by their 23rd birthday which citizenship to keep. If no affirmative declaration is made, they automatically lose German citizenship.

### **Ausländer Children Under Age 10**<sup>169</sup>

Ausländer children under age 10 (as of January 1, 2000) were granted one year to acquire German citizenship through a special application, provided they were born in Germany and had at least one parent who at the time of birth was continuously legally resident in Germany for eight years and had held an unrestricted permanent residency for at least three years. The parent(s) must maintain that immigration status from the time of birth until the child's naturalization. By age 23, these citizens must formally renounce their other citizenship and affirmatively declare German citizenship or lose their German citizenship.

### **Long-Term Ausländer**<sup>170</sup>

As of January 1, 2000, Ausländer who have been legally resident in Germany, maintaining a residency permit or entitlement to residence (*unbefristete Aufenthaltserlaubnis* or *Aufenthaltsgenehmigung*), who affirm commitment to the Basic Law, are not engaged in any activities hostile to the Constitution, are able to support themselves and their family, have no major criminal convictions, prove relinquishment of foreign citizenship, and maintain an adequate command of the German language may apply for citizenship.

The German government confesses that it expects the change in the law will not change Germans or their relations with non-German ethnic citizens (and Ausländer). Rather, it is a symbol to promote good relations between Germans and "fellow citizens from abroad."<sup>171</sup> Federal Interior Minister Otto Schily, notes in a pamphlet:

*"Admittedly, the new framing of German nationality law cannot bring about integration 'by order.' What it does do, however, is give those fellow citizens from abroad who live here permanently a clear sign of our care and concern and of our resolve to foster the peaceful coexistence of all men and women, irrespective of their cultural origin."*<sup>173</sup>

The phrase 'fellow citizens from abroad' underlines distinctiveness of this group even after attaining German (state) not German (national-eth-

nic) citizenship. “(Ir)respective of their cultural origin” assumes that despite several generations in Germany, the cultural origin remains distinctive and separate. The legislation’s target is the 100,000 babies born to non-Germans and the almost one million children of *Ausländer* under age 10. Yet, the understanding remains that these are foreign German citizens who permanently live in Germany. Perhaps the government should be commended for enunciating that *Ausländer* do indeed reside permanently in Germany with no real intention of emigrating to their (or their parents’ or grandparents’) country of origin. This is actually the radical departure in policy.

The official federal information pamphlet concerning naturalization, writes “The road to German nationality for foreigners living permanently in Germany is naturalization. Unlike entitlement by birth, naturalization does not happen automatically: it must be applied for.”<sup>174</sup> This seemingly innocuous statement actually has great importance. It declares to *Ausländer* that if they want to be a part of the German state, they need to make their intentions known clearly, quickly, and assertively. They will not be granted citizenship without their own effort. Within several years of implementation the government will actually have some gauge of the desire for naturalization. It will know how many parents are willing to declare their children German citizens even when they themselves maintain foreign citizenship. It should be noted that conferring citizenship still requires a bureaucratic process: a German-born child, born to German parents would be assumed to be German at birth and would have that nationality printed on his or her identity card. The German-born child of parents holding foreign citizenship would have to file the appropriate papers at the ministry.

### **And the Wall Came Tumbling Down...**

The reunification of Germany and all of the events related to the dissolution of the Soviet Empire in 1989 profoundly challenged Germany’s self-conception, with serious implications for the resident foreigner com-

munity. First, the decision to reunify Germany challenged (and continues to challenge more than a decade after the fact) the Federal Republic economically and socially. The cost to absorb twenty million people and restructure a blighted economy surpasses even the most liberal of estimates. From the East German perspective, there is a cost in wasted careers and most social services in the dissolution of their country in the name of German unity. Until reunification, Germany remained a prototype of what Weber had called (in referring to Switzerland), “an incomplete nation.” The state was replete with federalism, respect for the law, priority given to economic activity, a cautious foreign policy, and hesitation to engage in international military affairs;<sup>175</sup> yet, the state lacked an essential relationship between state and nation.

The reunification process brought the discussion of national identity to the fore. First, West Germany was caught off guard by the cultural differences between East and West Germans. It was assumed that after unification and some basic introduction to public programs and policies, it would be impossible to discern an “*Ossi*” from a “*Wessi*”. Shortly after political reunification it became clear that the East Germans, after two generations of separation from the West, were not as similar as the West had anticipated. Different historical experiences yielded different values, desires, and needs. Second, in realizing that the East Germans were fundamentally different, *Ausländer* were seen in a different light. The apparent dissimilarity of *Ossis* and *Wessis* made it more obvious that the long-term *Ausländer* and their German-born children – German-speaking, Levi’s-jeans-wearing, Mercedes-driving – were perhaps more integrated, than most Germans had ever considered. This is not to say that they were considered assimilated. As Gellner (1983) noted in *Nations and Nationalism*, there is something about these migrants – race, religion, skin color, etc. – that is markedly different from the dominant population and renders them difficult, if not impossible to completely assimilate. In this case, for the Turks – the largest and most prominent of all *Ausländer* groups – religion and cultural practices related to religion are the inhibiting factor. Nonetheless, in contrast with the considered backward *Ossis*, many of the *Ausländer* appeared positively modern and

similar to the *Wessis* in outlook, needs, and values. Thirdly, from a timing perspective, the issue of reunification was paramount prior to any meaningful extension of political rights for *Ausländer*. German identity politics from the first days of the Federal Republic, and intensified after the erection of the Berlin Wall, focused on the reunification. Until all Germans were incorporated, it was not politically possible to talk about political incorporation of foreigners.<sup>176</sup> Since reunification, Germany has struggled to adjust to a unified state. It is not accidental that the children permitted to apply for German citizenship must be under 10 years of age. From Robert Coles' (1986) studies of the political life of children, we know that these children are not yet old enough to have formed political views. We can also assume that they have no personal memory of the divided Germany. Any collective memory of the divided Germany will be grounded in the perception and values presented to them by public socializing/organizing institutions, i.e. schools, the military, public offices.<sup>177</sup> Like the newborn children yet to become German citizens, these children have no historical memory and can thus learn the history that is presented to them, as German citizens.

### **Politics of Citizenship**

The desire to change the policy of exclusive *ius sanguinis* in favor of a mixed *ius sanguinis-ius soli* policy is a politically-charged issue. There was great fear of it spurring an already high number of anti-foreigner attacks. A SPD politician, Oskar Lafontaine, noted, "we need to find a compromise that can satisfy the needs of millions of long term foreign residents, but at the same time does not whip up anti-foreigner sentiment among native Germans."<sup>178</sup> Parliamentarian Wolfgang Zeitlmann (CSU) claimed that the reforms would threaten "the foundations of the identity for the German nation."<sup>179</sup> The CDU issued a petition garnering more than 1 million signatures repudiating the extension of citizenship rights to *Ausländer*. Jorg Schönbohm (CDU-Brandenburg) clearly iterated the position: "We are against multiculturalism – the idea that everybody is

equal or the same. We would like to have a variety of different cultures in Germany but the basis must be the German culture".<sup>180</sup>

The new citizenship law does not proffer automatic citizenship to long-standing foreign residents of Germany, to their children potentially, and to their grandchildren, in fact. This differentiation is important as the government claimed the rationale for the change was to provide citizenship rights to guest workers. Chancellor Gerhard Schröder noted in a December 1999 Consular Briefing: "For far too long those who have come to work here, who pay their taxes and abide by our laws have been told that they are just 'guests.' But in truth, they have for years been part of German society. For this reason, this government will modernize the law on nationality." Ironically, the people most directly affected are not those who "for years (have) been part of Germany society," but children who have no say in deciding to come or remain in Germany. By December 2000, more than 50,000 children born to foreign parents were granted German citizenship.<sup>181</sup>

## **Family Issues**

The new immigration policy permits some family members, specifically newborns, to be accepted (at an administrative-bureaucratic level) as German citizens. While the policy to naturalize has been eased, it is nonetheless a long process fraught with invasions of privacy and insecurity over whether the state will indeed admit the applicant as a full member. Long-standing residents may have children who become citizens long before they themselves may naturalize. In examining a 1994 proposal for temporary Germany citizenship for certain minors born in Germany, Columbia Law Professor Gerald Neuman remarked: "It is not clear why parents who decline to naturalize would choose it for their children."<sup>182</sup> The opportunity to naturalize is insufficient: as is clear from the statistics, many people are eligible, but few actually naturalize. Many immigrants do not seek German citizenship because they would lose their rights of inheritance, property, or burial in their home country,



cost, tax reasons, professional licenses attached to their home country citizenship, etc. The decision to adjust immigration status may not be legally possible or personally desired.

Social science literature is surprisingly silent on the effects of mixed immigration status on family systems and the implications for children having 'higher' immigration status than their parents. To pose a few questions that should be asked: For the individual, what does this mean for his or her sense of self? How is political identity formed? In the family, where will (and should) political socialization occur? Do certain members of the family gain power within the family or community because of their 'higher' immigration status? Does this create instability? What are the political and social implications of this instability? Over time, the non-EU citizens will migrate or die out. Without a coherent immigration policy that permits immigration under certain terms decided by and beneficial to the state and the citizens of Germany, people will continue to enter illegally or making fraudulent asylum claims. As such, has Germany improved the situation at all by this measure? Or, has it created a host of new problems related to chain migration and family reunification? German immigration expert Klaus Bade notes that "this is a serious problem. Easing the citizenship laws means family members will have more rights to move to Germany, and there will be no law to regulate this group of immigrants."<sup>183</sup> Germany was able, through this law, after almost twenty years of debate, to develop a citizenship law; it has not been able to pass a progressive comprehensive immigration law. A compromise immigration law was finally passed in July 2004 and will go into effect in January 2005. It was hoped that the immigration law would provide for an active selection of immigrants (using a point system as do many of the classic immigration countries); incorporation through language and socialization classes; and, a complete overhaul of the asylum system. The law that passed did none of those things. The law makes several provisions to gain higher-skilled immigrants, to improve national security and enhance protection for refugees. Some of the most important provisions permit certain foreign students to seek employment after their graduation, grant reputable sci-

entists and managers the right to permanent residency; offer a limited residency permit to foreign entrepreneurs who create at least 10 new jobs or invest at least 1 million euro; offer residency and employment permits to certain refugees who cannot return to their home countries; render deportable those who are a security risk; and provide federal funding for some language and incorporation classes for new immigrants. As much federal immigration law is actually interpreted and implemented at the state level, specifically with respect to policy implementation, it is unclear at the time of the writing of this paper how the new policy will actually function.

## Conclusion

The new citizenship law, while for the first time offering automatic citizenship to certain foreigners born on German soil, is not a radical departure from past immigrant policy. Ranking members of the German government and political parties from the far left to the pro-business parties have called for citizenship options and immigration reform for decades. Only the right and the far-right have been opposed to developing an immigration policy. There is no change in the public understanding that “Germany is not an immigration country.” The government has done what German governments have always done – find pragmatic solutions to issues of labor and population. There is no change in the national consciousness of what it is to be a German. Being a member of the nation (*Volkszugehörigkeit*) is not in the foreseeable future ever to mean the same thing as being a member of the state (*Staatsangehörigkeit*). Rather, the new citizens will only get political rights to match the civil, economic and social citizenship they, ironically, already have.

Accepting that the *Ausländer* will remain in Germany and attain citizenship, it is expected that they will live in a German manner. To that end, the government announced in December 2000 mandated German language classes for *Ausländer*. Those *Ausländer* applying for citizenship must now pass a language proficiency test. The government has pro-

posed various mandatory German culture and history classes for *Ausländer* seeking naturalization. The new immigration law provides for “orientation courses” for those seeking citizenship. . The 2000 citizenship law intended to incorporate some permanent members of German society with little to no chance of ever returning to the foreign country from which they (or their parents or grandparents) came. However, it did not address how the German society would make social (and not just economic) space for the new citizens. Germany continues to have no comprehensive, codified immigration policy, only an elaborate immigrant policy. Even with the new compromise immigration law, most of the problems of family reunification, refugee/asylum seekers, and employment immigration will still not be resolved.

German citizenship policy, like in all countries, is a referendum on national identity and whom ‘we’ wish to invite as members. The idea is that within the hearts of all Germans there is a hereditarily-imbued attachment; it cannot be taught and it cannot be learned. Non-ethnic Germans cannot be made into Germans, but they can be made into German citizens. This shifts the focus of understanding from an ethnic base to a civic base. However, some can be renamed Germans and others can be afforded the rights of citizenship, depending on the perceived ability to incorporate into German society. At the end of the day, there will be Germans and people who hold German passports. It is expected that the German newspapers will still report, as they frequently do: ‘Pole, 30 year resident of Germany with a German passport’ or ‘German-born Turk with a German passport.’

The new citizenship law reflects a change in policy but not a change in paradigm. It is a pragmatic change intended to deal with the problem of the children of long-term resident migrants and with the demographic reality of a declining birth rate and ever more costly social welfare benefits. Pragmatic solutions with respect to issues of citizenship and nationhood are the norm throughout Germany’s history. When Germany needed foreign exchange, it sent Germans abroad and offered them permanent citizenship as an incentive to go abroad and work. When the nation was in need of workers after the war because the pop-

ulation had been decimated, it offered citizenship to all those of German background. As the economy swelled and more workers were needed, it offered citizenship to Aussiedler. As a mechanism of foreign policy, it offered German citizenship to any East German who requested it. As it tried to amend the past, it offered refuge to Jews, stateless persons and refugees. As the labor pool tightened in the economic upswing of the 1960's, the government sought out workers. Believing they would return, it never contemplated citizenship to these workers. Rather, overtime the arduous process of becoming a citizen was modified to make the process less tortuous. It was never made easy or accessible; that was no accident. Very few foreigners naturalized. Finally, Germany was confronted with a problem that it could not avoid, the 1.65 million children of Ausländer permanently resident in Germany. Eventually, it needed yet another pragmatic solution to this issue. Offering citizenship to this growing class of quasi-stateless persons was the only pragmatic solution to the problem. It is a policy change, not an identity change. Still, Germany will remain "not an immigration country." It will still have immigrants. And, it will still have a problem.

## Exodus to Berlin<sup>184</sup>

Peter Laufer

Jews and Germans have suffered from a difficult relationship since the Crusaders first rampaged across Europe. In one generation, Jews were protected by Germans; in another they were massacred. As the twenty-first century began, Germany found itself in the ironic position of being home to the fastest growing population of Jews in the world. This unexpected surge of Jews into Germany not only surprised both Jews and Germans, it occurred without much of the world noticing.

Until the fall of the Soviet Union and Eastern European Communism, the Jewish community in Germany was tiny – virtually wiped out by the Nazis – and shrinking fast, as most survivors died or emigrated. All that changed sharply after the Berlin Wall fell.

“The message is against racism, against anti-Semitism, and it gives me a good feeling to be a part of the 200,000,” Hermann Simon and I are chatting in his comfortable office at the New Synagogue on Oranienburger Strasse, the gorgeous domed building severely damaged first during *Kristallnacht* and then by Allied bombing during the War. The gilded dome is intact again, reconstructed just as East and West Berlin reunited, topped off with a golden Star of David that shimmers in the Berlin *Luft*. A plaque at the entrance notes this history of destruction and renewal and adds, *VERGESST ES NIE*. Simon is director of the *Centrum Judaicum*, the foundation that maintains the library, archives, and memorabilia housed in the adjoining buildings, a foundation dedicated to the study of Berlin Jews. We’re talking about the massive November 9, 2000 march through Berlin’s streets: some 200,000 Germans protesting prejudice, saluting diversity. “It’s a good feeling to live as a Jew in Germany and to know there are not only right wingers, that the majority is with me, with us. The Jews. And the foreigners. The black people. That’s the message. It’s not just the Jews. It was a demonstration against xenophobia.” He nods with a contented smile.

We talk about right wing violence. I tell him of my conversations with Jews who avoid parts of East Berlin, and tell him the story of a student worried about safety and security. “He’s afraid?” Simon is surprised and irritated. “That’s his problem,” he says with dismissal. Simon is in his fifties, with short graying hair and is dressed in a conservative blue suit.

He looks the part of a successful businessman. "I am going every day by underground, by S-Bahn. I never go by car because I haven't any car. I think many people know me," he shrugs modestly, "it is a face many people know. I have no problems." But beyond Berlin, he acknowledges, is another story. "There are some places in Brandenburg, for example, where it is dangerous to go as black people, for example." But for a Jew? "I have no problems," he says, and then switches back to German and says it again. "*Ich habe keine Angst.*" He points out the advantage he has over recent immigrants. "My language is German. My mother tongue is German. I was born here. *Ich bin ein Berliner,*" he laughs.

Hermann Simon was born just after the War, in the Jewish Hospital in the French sector of occupied Berlin. When he was just days old, he began life across the artificial lines drawn in the city, in the Russian sector. He became a citizen of the German Democratic Republic. He grew up in East Berlin, a member of the tiny Jewish community there, a community that was dying out. The resurgence of that community makes him very happy. "I think it is a great future, we have a future. I remember very well 10, 12 years before when we had 200 members, two-hundred-and-three members," he says each word precisely, recalling the exact figure with a wry smile, "without any children there, two children or three children, I can't remember. But there was no perspective for the Jewish community in all of the country. Now we have a future as Jews in Germany, as a Jewish community. Not only as one Jewish community, as a *jüdische Gemeinschaft*. There is a future. We have schools, we have all institutions. I have a hope for the future of Jewish life in Berlin, in Germany. Otherwise I wouldn't stay. There is a future. I am sure. I strongly feel it."

"Tell me why," I encourage him.

"Why not? It's a typical Jewish answer. Why not? There are some hundred thousand – I don't know how many Jews we are now in Germany, but in Berlin we have 12,000 members. There really is a future. I'm sure."

That the new members are mostly from the former Soviet Union and the immigrants now constitute a majority of Berlin Jews doesn't

bother this German, although he is troubled somewhat by the lack of linguistic assimilation he hears from the newcomers. "It means the common language in our community is Russian." Officially Jewish Berlin is bilingual. The Jewish community's newspaper is published in both languages. "It's not the right way for integration." But Simon is patient. He sighs when I ask if the German Jews are embracing this influx. "Let's wait ten years. In ten years I will give you an answer. Nobody knows. I think it will be a new community. Nowadays it is more Russians. But we have many Americans. We have also some Israelis. It is a melting pot in Berlin and also the Jewish community."

"Is it a real melting pot here?" I ask.

"I think so. I think so."

I point out the armored personnel carrier parked in front of his ornate historic building, with the machine gun mounted on its cab and stark white letters announcing POLIZEI on its side, and the patrolling police cradling their machine guns. I mention the metal detector and the search required to get into his offices. Those aren't the signs of a peaceful melting pot.

"Yup, yup", he nods. "It isn't normal. Let me say it isn't normal. I would be very happy if we don't need the guards. But the authorities charged with security, they told us, 'You need the guards.' That's it." Another shrug. "It's not normal. I agree with you. And it isn't good at the end."

"But is it necessary? Does it suggest danger for Jews in Berlin?"

"I don't know. You'll have to ask the officials. I told you: *Ich habe keine Angst*. I don't need them. But when the security authorities in this city say it is necessary, we cannot, as the Jewish community, say it is not necessary. Because then if, God forbid, something happens, who would be responsible? That's the problem."

Life in Berlin is good for him, says Simon. "That's my joy," to be a Jew in Berlin and no longer worry about finding enough coreligionists for a minion when it's time for services. "It's a good feeling for me. I like to live, and I like to live in Berlin. I am a German Jew. I'm proud to be a Jew and I'm proud to be a German Jew. I'm proud to be a Berliner. *Ich*

*bin ein Berliner*, I can say it with a Berliner pronunciation, not with an American accent!”

It is daybreak at Germany's border with Poland, in the state of Brandenburg, town of Peitz. This crisp and clear winter morning in January 2001 is the first sunrise in the new life of a Jewish family, the Rojsenblats, just arrived from Ukraine. The Rojsenblats are one more Jewish family from the former Soviet Union joining the exodus of Jews to Germany. This father, mother, and son, are three of the tens of thousands of Jewish immigrants who are running to refuge in Germany from religious prosecution and economic chaos.

The German government operates several reception centers designed to assist these immigrants. The Rojsenblats arrive at the *Landesstelle für Aussiedler* located in a nondescript Communist-era block building on the edge of Peitz, on Juri-Gargarin-Straße. The street is named in honor of the Soviet cosmonaut. It's both a reminder of home to the immigrants and a reminder of the Cold War years when Soviets subjugated East Germany. In one of the upstairs office suites, the Rojsenblats sit around a conference table with two German government officials and a translator as they exchange their Soviet-era Ukrainian passports, an example of documents that specifically identify “nationality” as “Jew”, for German papers, and for what they hope and expect is a better life in Germany.

In a businesslike manner, the Germans explain the details of what is occurring to the family's legal status. Mother Irina is fixed with a serious look on her face, but after father Vladimir signs the family's paperwork renouncing allegiance to Ukraine and embracing Germany, he smiles, his lips tight together. It's a subtle and restrained smile, but his eyes give away more emotion. They are bright with pleasure. “In one sentence,” he explains his motive, “I can say we seek security and a safe future for our son. That's what it's about.”

Eighteen-year-old Alexandr, agrees enthusiastically. “I was in Germany before, for one year as an exchange student. So I know this country and, yeah, I feel happy. It's the new step in my life. It will be difficult but I think I will handle it.”



I ask him about his identity. What will he be in this new life? A Ukrainian? A Jew? A German?

Alexandr smiles too, and pauses to think about the question.

“I don't know. We'll see. I think I will be Jew, first of all.” He hesitates. Then he announces with confidence and vigor, “I will be a German Jew!”

But what exactly is a German Jew? Who makes that definition and how? The answer speaks to the core of the unrelenting problems Germans face dealing with their past, to the present influx of Jews immigrating to Germany, and to the future of German society.

Shortly after Alexandr Rojsenblat became a German, the elected leader of the German Jewish community, Paul Spiegel, added his voice to the centuries-long attempts to define Germans and Jews. Spiegel used his position as President of the Central Council of Jews in Germany to announce that he feared some 30,000 of the immigrants arriving in Germany since the fall of the Wall claimed to be Jewish in order to get citizenship, were not. Spiegel worried that these posers simply added to Germany's growing social problems because so many were economic refugees and immediately sought and received government support. He told the world that many of the newcomers did not pass Halachic religious laws tests for being Jewish and that bona fide German Jews ought to work alongside Interior Ministry officials in German embassies to determine which applicants for entry to the country claiming to be Jewish really are Jewish.

The Interior Ministry dismissed Spiegel's concerns, insisting that its consuls make an adequate check of all the stories told to them at visa offices, and that they are in an ideal position to ascertain which applicants are bona fide Jews.

The Russian comedian Wladimir Kaminer knows Paul Spiegel is correct about such imposters. They are part of Kaminer's act. He moved to Berlin from Moscow in 1990 in that first wave of Eastern Europeans who headed toward Berlin just after the Wall fell.

“The new era dawned,” he remembers. “Now the free ticket to the big wide world, the invitation to make a fresh start, was yours if you

were Jewish. Jews who had formerly paid to have the word 'Jew' removed from their passports now started shelling out to have it put in."

In the confusion of change – the revolution – following the fall of the Wall, laws changed quickly in both East Germany and West Germany. The gates of Berlin opened once again for Jews, this time not only with absolutely no restrictions, but also with a most generous social welfare package to aid in successful resettlement.

"At that time, no one could understand why the Germans were choosing to accept us, of all people," is how Wladimir Kaminer interprets those fast-moving events he and so many others took advantage of. "Perhaps police headquarters on Alexanderplatz had misunderstood something when they processed the first Jews, got it wrong, and ever since the worthy officers had been carrying on regardless, rather than admit their mistake? Much as they did when the Wall came down?"

Kaminer is right; that's basically how the first Jews slipped through the system. The Soviet Union was collapsing from the radical changes brought about by Mikhail Gorbachev's *perestroika and glasnost*. The resulting return of overt anti-Semitism in Russia and the other Soviet republics coincided with the general confusion of the revolutionary times. Travel restrictions were dropped or were difficult to enforce. Jews made the relatively quick and easy trip to East Germany, and sought help and asylum from the East Berlin authorities. On July 11, 1990, the East German government – as one of the reforms it made after its Communist dictatorship imploded – passed a law insuring sanctuary in East Germany for the arriving Jewish refugees. Once in East Berlin, it was an easy walk for many of the incoming Jews across what just a few months before had been the Wall, and into the more attractive West Berlin.

After German reunification on October 3, 1990, the East German sanctuary policy for Jews was adopted for the entire nation. The law simply states: "people who fulfill the definition of Jewish origin receive an immigration permit." The German statute explains that it uses Jewish religious laws to define who is a Jew. "Immigrants must have a Jewish mother or must have converted according to rabbinical law." German

government consular offices in the former Soviet republics are charged with vetting applications to insure that those claiming to be Jews meet the established criteria. The consular officers are instructed by the law to crosscheck their findings with the Jewish community's official authorities in Germany. That's the point in the law that Paul Spiegel wishes to use as a rationale for his office to work more closely with the Interior Ministry checking applicants.

The law further mandates that German language courses be made available at no cost to the immigrants while they wait for their paperwork to be processed. Those who drafted the law understood the problems these newcomers would face. They ordered that the immigrants be counseled about integration into German society and that they be resettled in places where Jewish communities already exist, or at least close to such communities. "Immigration of Jews from the former Soviet Union is guaranteed," the law unequivocally states, adding that "the goal is for permanent growth of Jewish communities in Germany."

The exodus to Berlin is a story of hope, renewal, and redemption. It is the story of a promise being kept by a new generation of Germans born with clean hands and taught a deep sense of responsibility for the sins of their grandparents. This is a generation of Germans that believes things can be made to change for the better when the lessons of history are known, taught, and lived with passion and persistence.

"The anti-Semite is in the unhappy position," Jean-Paul Sartre wrote, "of having a vital need for the very enemy he wishes to destroy." The resurgence of the Jewish population in Germany provides the neo-Nazis fodder for their campaigns. Popular slogans offer a glimpse into the feelings of a society. One of my favorite postcards from Germany reads, "*Ausländer, lasst uns mit den Deutschen nicht allein.*"

One of the delicatessens in Berlin again catering to Jews looking for kosher products is Plaetzl, advertising *Israelische Spezialitäten*. Surrounded by fine food and drink, the proprietor calls himself and his colleagues pioneers. "We start many kinds of small businesses to try and build the Jewish life here again. Most of the Jewish people here are immigrants from Russia and they don't know anything about Jewish life. So it's very

hard work, I can say. But we hope to be a success in the future.” On the wall is a travel poster showing off Jerusalem. The *Allgemeine Jüdische Wochenzeitung* is for sale on the counter. The paper lists Jewish cultural events for Berlin, along with the locations of Berlin's synagogues and the times of their services.

When my family and I moved to Germany the year before the Wall was breached, things Jewish were rare and hard to find. An American friend of ours visited Berlin and we invited her to our flat in the Moabit neighborhood for lunch. Her parents were both Holocaust victims, concentration camp survivors. She was studying in Germany, trying to come to terms with her feelings about the country and its people. My wife decided to make her a familiar meal: a bagel with cream cheese and lox, piled high with tomatoes and onions. Trouble was, although some of the best breads in the world are baked in Germany, she could find no place in Berlin to buy bagels. That they weren't for sale, she says, probably fueled our appetites. “It suddenly seemed it would be terrific to have something from home.” She found a recipe in Laurel's Kitchen, and spent hours in her own Berlin kitchen kneading the dough, letting it rise, punching it down, and repeating the procedure, then rolling out the dough, forming it in circles and boiling the bagels, next painting on the egg glaze, and finally baking them. It was, she remembers, “a long process. You can't just throw it together, knead it a little, and stick it in the oven.” But when our friend sat down to lunch, she cried. “Bagels in Berlin,” she said over and over as she ate.

Today, finding a decent bagel in Berlin is no problem.

# Women in Business: Comparing Practices in Germany and the United States

*Susan Boedy*

## Introduction

Women in Germany and the United States have made great strides in the world of business over the last several decades, through the increase of women-owned businesses in both countries, or a growing awareness amongst organizations of the importance of recruiting and retaining women in order to maintain a competitive foothold in an increasingly competitive environment. As more women move into top spots, they are progressively better positioned to not only mentor female recruits, but also work to change corporate policies, which may directly affect the upward mobility of women.

Worldwide, businesses are appreciating that women impact their performance as Catalyst's 2004 study recently showed through quantitative analysis.<sup>185</sup> Considering women buy or influence eighty percent of all consumer goods and purchases, take nearly half of all business trips, and make up more than fifty percent of Web users, it is imperative for organizations to strive to mirror the marketplace and work to invest in women as leaders in their organizations.<sup>186</sup>

Overall, the world of business has improved for women in Germany and in the U.S., however, economic challenges, cultural mindsets and lack of reform in both countries have continued to impede women from reaching top management positions in a variety of industries. Some of these persistent challenges for women in both countries include lack of childcare or healthcare reform, and inflexible work hours.

While women make up approximately one-third of all business owners in Germany and the U.S., they continue to struggle to gain a foothold in consulting and technology. Many U.S. organizations in various industries have worked for more than a decade to recruit and retain women, while many German organizations are just starting these programs, which already show positive impact.

Germany faces problems unique to its economic challenges. *The Economist* cover story in October 2003 depicted a woman cupping her face with a look of total panic. The title read: "Work longer, have more babies: how to solve Europe's pension crisis." This sums up well the new

role women have in the German economy coupled with the traditional role they have played and are expected to play. Germany's aging population combined with declining birth rates has put new kinds of pressure on working women as the pension time-bomb approaches.

In both countries, women struggle to balance work and family, as well as the social pressures that impact their decisions. Governments and organizations have made little progress to alleviate the lack of childcare and unpaid maternity leave, often leading women into part-time work due to inflexible job hours and an inability to pay childcare costs.

Women still struggle to reach CEO-level in organizations, but overall, women are increasingly entering the workforce. Glass ceilings and borders persist, but women in both the U.S. and Germany are slowly making progress.

## **Current Landscape**

- *Where Women Stand*

In both Germany and the U.S., women have entered the workforce in increasing numbers over the years, accounting for roughly 45 percent and 47 percent (2003) of their country's overall workforce. Board representation is significantly lower in both countries (8 percent on the boards of Germany's biggest companies<sup>187</sup> versus 12 percent in U.S.), and female managers are more likely to be found in personnel and human relations, while male managers were more likely to be found in purchasing, marketing, advertising, and public relations. Women are particularly under-represented in higher positions.<sup>188</sup>

In the U.S. there are only six women CEOs in the Fortune 500 and six in the Fortune 1,000 companies. Women make up only 12.4 percent of board directors; 7.9 percent of the highest titles in corporations; and 5.2 percent of the top earners.<sup>189</sup> In Germany women are virtually absent on the *Vorstände* (the management councils that make up Germany's top corporate echelons). Deutsche Bank AG once included a

woman, Ruth Ellen Schneider-Lenne, on its Vorstand, which had 12 members at the time.

Women have come a long way in Germany's public sector, holding 25 percent of senior positions in public administration as compared with only 8 percent in 1998. At the same time, similar accomplishments are lacking in the private sector, where 7.29 percent of women hold management positions in large enterprises and 6.35 percent in medium-sized firms.<sup>190</sup>

In the U.S. in November 2002, women represented 15.7 percent of the corporate officers in America's 500 largest companies, up from 12.5 percent in 2000 and 8.7 percent in 1995.<sup>191</sup>

- *Maternity Leave and Childcare*

The growing percentage of women in employment in the United States and Germany has not been accompanied by an increase in men's responsibility for the childcare and domestic work. Although Germany has a generous maternity leave program compared to that of the United States, women in both countries feel stress and additional pressures when attempting to balance work and home duties, particularly when they want to shorten their maternity leave in order to return to the workforce. In the U.S., there is no statutory maternity pay at all, although women may receive short-term disability or sick leave benefits instead.

European social policies, including most existing parental leave policies, have been thus far unsuccessful in promoting men's increased responsibility for children. EU parental leave regulations do not provide sufficient rights in relation to time and income in order to ensure both parents an equal sharing of childcare responsibilities. German women have up to three year's unpaid maternity leave (leave for families below certain income levels are partly paid by the state) with a guarantee to return back to their jobs. Fourteen weeks of maternity leave is paid. <sup>192</sup>

Childcare is not free in either the U.S. or Germany. Although the three-year maternity leave with a guarantee to return to one's job in Germany seems progressive, it is still a detriment to one's career. Having

a heavily male-dominated corporate world, male German bosses routinely ask women whether and when they plan to bear children, or more subtly in a job interview, what their future plans are. It is customary in a German job application to list one's marital status as well. Similarly, women in the U.S. are pressured to return to work earlier than anticipated for both practical and cultural reasons. In both countries, men do not have the same social pressure or option to take off from work, which perpetuates the male-dominated work environment.

With no full-day schooling or public childcare, including lunch breaks during the day at home for children between the ages of six and 19, an even larger childcare gap is found in Germany. In addition, job hours are usually inflexible, so it is difficult for women to work around their husbands' schedules or other time constraints.<sup>193</sup> Ironically, there has been an ongoing call for more skilled workers and specialists in German business.

• *A New Kind of Workforce and its Impact on Health Care*

In recent years, Germany and the United States have both experienced an increase in non-traditional jobs and families, an influx of low-wage workers, rising health care costs in a low inflation environment, and increased market competition. Both countries' lack of healthcare reforms coupled with new kinds of family structures and an increase of women in the labor force has left 40 million Americans uninsured and a severe second-earner penalty in Germany.<sup>194</sup>

Shifts in the German labor market have made the longest-living universal health insurance system in the world outdated, making it more difficult for women to get the full insurance they need without penalty in Germany. The original social insurance model established in the late 19<sup>th</sup> century was designed to support men as the sole breadwinners for families, which is often no longer the case. Increasingly complex family structures have helped to make the unreformed process more complicated in determining which breadwinner in the family is to be the primary person on the policy to receive health insurance. Often, two-earn-



er families are charged twice as much for the same coverage as a single-earner family of the same size with the same income.<sup>195</sup>

### **Women in the Pipeline: Education**

Today's generation of women is better trained and educated than ever before. Although women have made great strides in academic excellence, as well as their overall confidence in succeeding in both the U.S. and Germany, they are still predominantly selecting academic programs which have fewer big-earning and upward-moving career prospects. With more than 40 percent share of female students, 73 percent of German women study culture and languages as compared to 27 percent of men, whereas only 22 percent of the students studying engineering are women.<sup>196</sup> The statistics are roughly the same in the U.S.

A recent issue of the German magazine *Der Spiegel* ran a cover story titled "Schlaue Mädchen, dumme Jungen – Sieger und Verlierer in der Schule" (Smart Girls, Dumb Boys – Winners and Losers in School), which depicted how girls are becoming increasingly more self-confident and pragmatic. Simultaneously, the article discusses how educators are gravely concerned about the future for boys as their test results and overall performance declines – the so-called "Jungenkatastrophe (boys' catastrophe)."<sup>197</sup>

In Europe, the top three business schools average about 20 percent women, whereas in the U.S., the top schools are pushing 30 percent female students. Female representation in faculty and administration is even lower. These numbers contrast sharply, however, to the parity achieved in top-ranked law and medical schools. There are more women than men in both law and medical schools while the number of women entering business school has dropped over the last five years in the U.S. However, there are still more male surgeons (a more lucrative area of medicine) and more male judges in the legal field. Many women cite that they choose to not enter business school due to the lack of role models and female mentors within the schools as well as in the business world overall.

## Industry Examples

- *Entrepreneurship*

For an increasing number of women, owning one's own business has been a successful alternative to working in a male-dominated corporation. As one entrepreneur in Phoenix, AZ, noted regarding her company Kick-Start Marketing, "... flexibility, control, financial gain, relationships, and decision-making were benefits of pursuing my own company."

Nearly one-third of German entrepreneurs and just over one-third of U.S. entrepreneurs are women. According to Germany's Federal Statistical Office, 28 percent of self-employed persons are women. Over the next four years, the German government is planning to create an "agency for women entrepreneurs" which will target its efforts toward women, offering consulting services, and connecting them with experts qualified to meet their specific needs. Headquartered in Stuttgart, the agency will be represented nationwide through regional partners working as a platform for women entrepreneurs in all branches, providing assistance in all phases of business start-ups.<sup>198</sup>

In the late 1990's, one-third of Eastern German businesses were owned by women, compared with one-fourth to one-fifth in Western Germany, according to the Federal Labor Bureau. This difference is likely due to the fact that nearly 90 percent of women in East Germany were employed under Communist rule, with over 750,000 women losing their jobs post-reunification. In 1998, three times as many Eastern German women sought to return to work one year earlier than the three-year maternity leave compared with Western German women.<sup>199</sup>

In the United States the National Foundation for Women Business Owners estimates there are 9.1 million women-owned businesses, employing more than 27.5 million people and generating more than \$3.6 trillion in sales. In addition, women-owned firms are increasing rapidly: 103 percent growth since 1987.

- *Consulting*

Many women view the consulting field as a lifestyle incompatible with having a family. Women will often leave a consulting company before having the opportunity to be promoted because they want to work where they can 'have it all' without compromising their families. Long hours and intense travel are deterrents for women on both sides of the Atlantic; therefore, the statistics show few women entering or staying with management consulting firms.

In both countries, drop-out rates of female junior consultants and project managers are significantly higher than male drop-out rates. Overall, few women work in consulting as compared to other industries, regardless of geography. In addition, firms not only publish their statistics using different methodology, but also updated numbers are difficult to find. Top consulting firms have between 20 to 39 percent women, primarily staffed in human resources, marketing, and other support staff areas. The number fluctuates depending on whether the firm includes support staff or has included only consultants. The percentage of women in the top partner spots dwindles as one looks up the hierarchical ladder.

Management consulting firms in both the U.S. and Germany are recognizing the importance of providing greater opportunities for women in consulting. Having nearly 90 women partners around the world, McKinsey & Co. has or has elected at least one female partner in every North American complex/office.<sup>200</sup> Discussed in greater detail below, German consulting firms are finally following suit, initiating women's programs as their American counterparts in order to recruit and retain talent.

- *Technology*

With Carly Fiorina at the helm of Hewlett-Packard Co. as the President and Chief Executive, it is tempting to assume that women hold higher positions in the technology industry as compared to other industries.

However, both the U.S. and Germany have a notable lack of women in the pipeline, which would lead them to high-paying technology jobs.

In the EU at large, (which also reflects conditions in Germany), employment in the expanding high-tech sectors tends to be gender-biased with men taking up 2/3 of the high-skilled jobs in high-tech and high-education sectors. Very few initiatives and actions have been developed in order to tackle the gender gap in terms of access to the new technologies and to promote women's employment opportunities in key information society sectors.<sup>201</sup>

In the U.S., women make up only 9 percent of engineers and 20 percent of engineering students; some engineering disciplines have a higher percentage of women professionals than others. For example, 14 percent of chemical engineers, 11 percent of industrial engineers, 9 percent of civil engineers, and 7 percent of electrical engineers are women.<sup>202</sup>

## **Affirmative Action and the Wage Gap**

Both the United States and Germany have affirmative action policies, which dictate how government encourages the hiring and promotion of women. However, these efforts to ensure women are treated fairly in the workplace have not deterred the ongoing inequality in salaries.

In the U.S., Executive Order 11246 and other laws enforced by OFCCP (Office of Federal Contract Compliance Programs) ban discrimination and require Federal contractors and subcontractors to take affirmative action to ensure that all individuals have an equal opportunity for employment, without regard to race, color, religion, gender, national origin, disability. Outcomes have included: corporations now posting job announcements and not relying solely on word-of-mouth recruitment as well as increased corporate sensitivity to issues like sexual and racial harassment and wage discrimination. The regulations define an affirmative action program (AAP) as a set of specific and result-oriented procedures to which a contractor commits it to apply every good faith effort. Good faith efforts may include expanded efforts

in outreach, recruitment, training, and other activities to increase the pool of qualified minorities and females. The actual selection decision is to be made on a non-discriminatory basis. When determining availability of women and minorities, contractors consider, among other factors, the presence of minorities and women having requisite skills in an area in which the contractor can reasonably recruit.<sup>203</sup>

In 2001, The German government and leading German industrial associations signed an agreement on affirmative action in the workplace. The agreement aims to promote equal opportunity for men and women in the private sector, with the intention of substantially improving training and career opportunities for women as well as the compatibility of working and having a family for mothers and fathers.

Although both countries have affirmative action policies, a significant wage gap still exists. Despite anti-discrimination laws, the gender pay gap between women and men still remains very high in all EU member states. In Germany, women still only earn on average 76 percent of men's salaries for the same work or work of equal value. The situation for part-time workers, the vast majority being women, is even worse with average earnings of 55-90 percent of full time hourly earnings depending on the country and on the sector.<sup>204</sup> According to the U.S. Census Bureau (2002), women are paid 77 cents for every dollar earned by men.

## **The Future of Women in Business**

Organizations are learning that in order to have the absolute best people, they have to ensure they cast their recruiting efforts widely. As competition in all industries continues to heighten worldwide, companies recognize the importance of not only finding the best people, but also retaining them. One human resources executive from a leading U.S.-based technology firm noted, "It can cost more than \$100,000 to recruit and train an employee with a MBA, so it behooves our firm to strive to retain such employees. As so few women get MBAs,

we must work that much harder to keep them, as they are harder to find.”

Catalyst, a leading research and advisory organization, recently published a study of 353 Fortune 500 Companies, which connects corporate performance and gender diversity. The study reveals financial performance is higher for companies with more women at the top. The group of companies with the highest representation of women on their senior management teams had a 35 percent higher Return on Equity and a 34 percent higher Total Return to Shareholders than companies with the lowest women’s representation.<sup>205</sup>

On both sides of the Atlantic, many organizations in a wide range of industries have initiated diversity programs and other women-focused initiatives intended to provide women with female mentors as well as recruiting and retaining women in management. Many U.S.-based organizations have had such programs for several years and German organizations have only recently started similar initiatives.

Santa Clara, California-based Intel Corporation established Women at Intel Network (WIN) several years ago, which works to attract, recruit, integrate, develop, and retain women in the workforce through mentoring, speakers and development, social activities and sponsorships.<sup>206</sup> In Germany, Roland Berger Strategy Consultants initiated the FORWARD Women’s Initiative this past year, which works to attract, develop, and retain women in consulting. Roland Berger’s first woman-focused recruiting event held last December, “zoom2003”, received more than 800 applications.<sup>207</sup>

On International Women’s Day this year, Germany’s six female cabinet ministers held a press conference where they presented the current status of women in various industries and announced the launch of a newly designed website ([www.gender-mainstreaming.net](http://www.gender-mainstreaming.net)) intended to provide information and advice on specific areas related to gender issues.<sup>208</sup>

Some women in both the U.S. and Germany are skeptical about affiliating with women-focused groups within their firms, particularly organizations that are male-dominated. A senior consultant at one

German-based firm stated: “I don’t want people to think I’m special just because I’m a woman. When I leave my male-dominated project team to attend a meeting with our women’s initiative group, I feel singled out, when I’m trying to fit in.”

The experience of the firm Accenture has proven that focused women’s initiatives can have a positive impact. Since the inception of Accenture’s “Great Place to Work for Women” program, the firm has seen a 70 percent increase the number of female partners or senior-level executives. Recognized in 2003 by Catalyst, Accenture’s program includes many elements that address the recruitment, development, and advancement of women.<sup>209</sup>

## **Conclusion**

Although overall there are more women working in higher levels in corporations in the United States than in Germany, women in both countries face similar barriers and challenges. Because many of these women are the first or second to hold their position, they have few female role models and mentors. Additionally, because of the social structure of many of these industries and firms, the informal networking opportunities have historically not included women and continue to exclude women.

To ensure a true commitment to female leaders in business in the U.S. and Germany, companies should make the advancement of women an integrated part of their overall career-development strategy by including them in their annual business strategies and long-range strategic plans.

When women are positioned in higher positions within organizations, they are role models for female recruits and women who are striving to reach the top. Examples of strong female leadership send a message to the women in the organization that there is hope for them to advance and succeed. Therefore, we can hope that the small advancements organizations make today pay off in providing the mentors need-

ed for more women leaders in the future. Further awareness within organizations will help to change the rigid corporate mind-set, allowing these advancements to come even faster, benefiting everyone down to the bottom line.



## Guarding the Marketplace: The Role of Media in Political Discussion

Gayle Tzemach

As a journalist Robert Bosch Fellow living and working in Berlin, I became aware of the very different ways in which German and American reporters viewed their work. Schooled in the American news religion of objectivity, I thought it without question that journalists would view their job as the neutral observer charged with reporting the facts without regard to their own opinions and value judgments. German journalists with whom I spoke called this American ideal of objectivity in reporting rather naïve and unattainable, given that all of us possess opinions and none of us is ever wholly able to shed our biases in choosing the words we use to describe events, which events we choose to cover, and the context in which we offer them to the public.

The American model is of a newsroom of journalists who express their views only on the editorial page, which is divorced from the newsroom operation. According to a recent report from the Washington-based Pew Research Center for People and the Press, “by more than three-to-one, national and local journalists” in the U.S. “believe it is a bad thing if some news organizations have a ‘decidedly ideological point of view’ in their news coverage.”<sup>210</sup>

The Wall Street Journal, for example, works to keep the folds of its editorial page’s conservative overcoat from brushing the ankles of its newsroom’s inhabitants. The paper’s political coverage outside of the editorial page is widely viewed as politically neutral by both Democrats and Republicans alike.

What I saw in Germany were newspapers that were indeed very open about their political leanings – for example the center-left *Frankfurter Rundschau* versus the center-right *Frankfurter Allgemeine Zeitung* – and came at viewers with a very forthright and clear expression of their political leanings throughout. In this way readers were dealt with in a very up-front manner – there were no agendas to decipher given the paper’s easily discernible political perspective. This has become even clearer as the German Social Democratic Party (SPD) now purchased a healthy chunk of the *Rundschau* through their media holding *Deutsche Druck- und Verlagsgesellschaft mbH* (DDVG), leading the

Christian Democratic Party (CDU) to demand the paper state this fact on its front page.<sup>211</sup>

Each approach possesses significant strengths. The American model requires journalists at a minimum to aspire to keep from their audience their political views and personal partialities while focusing on facts, which are not open to political interpretation.

Yet, this goal does not keep critics at bay – I have covered presidential politics and often have heard many on the right and some on the left say the media simply does not give their side equal access because of their own inherent political biases. Political conservatives often say their side has received unfair treatment from the reporting staff of the nation’s leading dailies, whose reporting they assert is informed by an inherent tendency to represent the liberal political point of view. Say such critics, the U.S. media does not pay attention to the voices demanding to be heard from their end of the spectrum, and it would be more honest if editorial operations would confess their political leanings instead of assuming a faux cloak of impartiality.

This echoes the argument for the German tradition of making a news outlet’s political leanings clear at the outset and letting the editorial viewpoints compete in the marketplace of ideas for readers’ support. As Benjamin Franklin wrote in the early 18th Century of the budding American editorial pages of the period:

*“Printers are educated in the Belief, that when Men differ in Opinion, both Sides ought equally to have the Advantage of being heard by the Public; and that when Truth and Error have fair Play, the former is always an overmatch for the latter.”*

Yet, I judged there were times when the German media offered much editorializing while serving its viewers the news. A simple word choice or the way a news story was framed could coat the entire story with a tone of the oft-seen *68er* ‘America-skepticism.’ The lack of a barrier between the editorial and the factual, both in print and television media, left me wondering if readers were distinguishing between the facts and the reporters’ judgments coming at them simultaneously. The domi-

nance of the *68er* viewpoint in German media and the lack of solid opposition to it from other news outlets frustrated me both as a journalist and a consumer of news. And I wondered why there was no counter-balance to this dominant commonality of viewpoints I saw represented in the German and European news media.

While German news outlets were remarkably good at providing facts on a wide array of stories from across the globe to readers and viewers, offering them a breadth of information to which American news consumers are rarely exposed, I saw a failure to establish a competing marketplace of political ideas on the editorial end, seemingly based on the belief that one political viewpoint was self-evident. But, no political viewpoint can be self-evident. The reasonableness of any political idea depends completely on what you want. The dominance of a single point of view on any political subject ends up disenfranchising portions of the electorate whose concerns and aspirations are left out and who themselves are not fully spoken for in the public debate.

This is why I shall appall some European readers, and, I am sure, many Americans, by arguing that the U.S. outlet Fox News is actually good for democracy (small d.), regardless of whether you agree with the network's conservative-leaning politics or not. In this it is perhaps more in the German tradition rather than the American one of professed and aspired-to objectivity. You don't like what they are saying? Perfectly fine, then come out into the marketplace with your own ideas and your own facts and tell the public why yours are the ideas worthy of their support. But do not shut them down as unworthy of owning a stall in the editorial marketplace, for they are giving voice to a line of political thought that is very real.

I say this not to endorse any one political point of view, but rather because the whole point of democracy in the Franklin tradition is to enfranchise all portions of the population in their political views and let the public discussion lead where it will. Citizens crave a voice in the government and when they do not feel they have one, they will find other means to give vent to their political frustrations. Shortly after Jean Marie Le Pen's 2002 electoral success, the Wall Street Journal ran a story

in which French immigrants spoke of having voted for the National Front leader as a way of making their government aware of their concerns about rising crime and lawlessness in their neighborhoods. This is not to explain away a vote for the far-right leader but to explain the frustration people experience from pent-up voicelessness. Editorial pages and news outlets can help give voice to a spectrum of political views and help people feel part of and invest in the public discourse and their body politic.

The news monitoring organization Media Tenor, which has offices in Bonn, Berlin, Pretoria, Ostrava, and New York, had this to say about the dominant value judgment the German media expressed during the Iraq war in a report published by the *Frankfurter Allgemeine Zeitung*:<sup>212</sup>

*“Concerning the question of the legitimacy of the war, the polar opposite to the patriotically tinged coverage of the U.S. broadcasters – although toned down on ABC – were German TV news programs. Their critical stance towards the U.S. became apparent in their rejection of the pro-war arguments supplied by the Bush administration. America’s decision to go to war was not only branded as a breach of international law, but also juxtaposed with the supposedly unanimous opposition of the entire rest of the world population.”*

*“The sovereignty of the people, however, is the defining characteristic of democracy. America’s war, which itself was supposed to lead to a more democratic state for the Iraqi people, was thus portrayed as a sort of global undemocratic act on German TV news: ZDF and RTL persistently criticized America on this point.”*

Media Tenor continues speaking of the German media in this same report:

*“After assuming a position of sharp criticism of the American military actions...they created a representation of the war for the German television-viewing public which was neatly in line with the position of the German government. Critical questions, concerning, e.g., the extent to which the unrelenting German position contributed to the escalation of the conflict, were thus widely kept from public scrutiny.”*

None of this is to say the American media has successfully served its watchdog role as it aims to give the public the facts. During the run-up to the U.S. war with Iraq, news observers from both sides of the Atlantic rapped the Washington press corps for having believed too readily in the White House's case against Iraq, and for having forfeited the traditional and all-important role of executive branch watchdog. Just recently the *New York Times* published a remarkable admission to its readers that the paper had "found a number of instances of coverage that was not as rigorous as it should have been" in the run-up to the war in Iraq, and expressed its wish that "we had been more aggressive in re-examining the claims as new evidence emerged – or failed to emerge."<sup>213</sup>

*The New York Times* is not alone. Just last August the *Washington Post's* front page offered its own in-house analysis of the issue. "An examination of the paper's coverage, and interviews with more than a dozen of the editors and reporters involved, shows that *The Post* published a number of pieces challenging the White House, but rarely on the front page," wrote the *Post*.<sup>214</sup> "Some reporters who were lobbying for greater prominence for stories that questioned the administration's evidence complained to senior editors who, in the view of those reporters, were unenthusiastic about such pieces. The result was coverage that, despite flashes of groundbreaking reporting, in hindsight looks strikingly one-sided at times."

All around Washington U.S. journalists are examining how they dealt with the White House in the run-up to the war and whether they were sufficiently vigilant in inspecting Bush administration claims relating to Iraq. International media criticism is heard as those who charged the American media with failing to meet its fourth estate responsibilities before the war see their concerns born out in the failure to find weapons of mass destruction in Iraq and the unraveling of much of the pre-war intelligence case.

There also is a question of media access. Just who can be heard in the U.S. media given corporate ownership of the nation's major news organs? And who on either end of the political spectrum actually can reach out and find a way into leading media outlets?

The American press also is criticized for offering its public a narrow choice of stories and for offering a diet heavy on the sensational that can fail to nourish citizens' needs for the information that makes them more informed participants in their democracy. Trial coverage may be scintillating, but is it truly informative?

Journalists themselves are seriously concerned. Pew's recent survey of members of the U.S. news media found that "problems with the quality of coverage remains a major concern for journalists, but an increasing percentage mention business and financial factors. A plurality of national journalists (41%) cite quality concerns such as sensationalistic coverage, the need for accuracy, and a lack of depth, relevance, and objectivity as the most important problems facing their profession."<sup>215</sup>

This is, however, to argue against the representation of a dominant commonality of editorial viewpoints in the media, on either side of the Atlantic, as this crowding around one political outlook shuts voices out of the body politic and sends them searching for other means to give vent to their political opinions. A multiplicity of perspectives out in the media competing for public support empowers citizens and helps to give them a stake in the public discourse.

In short, a robust media marketplace can serve to keep the body politic healthy, as journalists on both sides of the Atlantic face the rousing challenge of informing and enfranchising the publics they serve. Democracy and citizens who live in it benefit from a healthy jostling among the variety of viewpoints in the marketplace of ideas. It is the media's charge to help make this marketplace reality.



**PART FIVE – The Bosch Year –  
Personal and Biographical  
Accounts**



# Constructing a New Transatlantic Generation: The “Bosch Vision” and the Politics of the Public, the Personal, the Pragmatic

*Crister S. Garrett*

## Coming Full Circle

As I tried to gain some composure to launch into my inaugural lecture for the newly established Fulbright-Leipzig Chair for American Studies, I could not help but think, somehow, tonight, my year as a Robert Bosch Fellow is coming to a conclusion. But even for an academic used to liberal definitions of time and its extension, this was a bit much. After all, my Bosch Year began in the late summer of 1994. There I was trembling at the podium on December 11, 2003. What led me to this flight of fancy?

The thought of coming full circle struck me as I thanked various distinguished guests who had bothered to come to my lecture in Leipzig that would focus on constructing a new culture of communication for the next generation of transatlantic relations. One of these guests was Karsten Voigt, currently coordinator of German-American Relations in the German Foreign Office, and in my spring days as a Bosch Fellow, senior member of the Bundestag, and host for my first internship. In the intervening years, his hospitality, and the inimitable doors that the Bosch Fellowship had opened for me, had changed the course of my life, making me a dedicated participant in the continuous effort to cultivate that essential relationship for constructive transatlantic ties, the German-American axis, uh *pardon*, partnership.

What that special evening in Leipzig confirmed for me is that the long term road for a transatlantic relationship based on trust and dialogue, in short, on a certain type of transatlantic political culture, cannot avoid the central pursuit of a transatlantic civil society composed of three equally important elements. I will term these the politics of the public, the private, and the pragmatic, and will explain what these mean in the due course of these essayistic reflections.

As we look back at twenty years of Bosch investment in constructing a transatlantic civil society, one conclusion is abundantly clear: The Bosch Vision will be a driving force as we look forward, and indeed, encapsulates like arguably no other transatlantic program the three forms of politics mentioned above that are essential to building a gen-

uinely new form of transatlantic communication and cooperation for the next generation.

## **Encountering the New Germany**

If the Robert Bosch Foundation Fellowship Program was launched during the early 1980's to assure that our two countries did not drift apart over Cold War tensions, then the program served the equally critical goal of helping keep this core transatlantic alliance intact during the 1990's by allowing Americans to experience first hand the emergence of a New Germany learning year by year the opportunities and responsibilities of unification. Both our countries were adapting to the profound shifts of the post-Cold War world, and such recalibrations in the international system, at any time, can be ripe for misunderstanding and flare-ups.

The Robert Bosch Stiftung provided an utterly unique opportunity to encounter the New Germany and its evolving political culture. And the good name of the Foundation afforded access to the key shapers of that political culture in a way that a young (hmm, perhaps younger might be more honest) American could essentially never achieve alone. And so the Robert Bosch Stiftung arranged for me to carry out a *stage* in the office of Karsten Voigt during fall 1994.

There I experienced in a very profound sense what the relationship between the politics of the public, the private, and the pragmatic can mean in a domestic context. During that period, Germany's main political parties were going through critical adjustments in their policy cultures, especially in the realm of foreign policy. The debates in parliament were heated, and of very high quality, as the country struggled with coming to a new consensus on when, where, and how it should be engaged in international missions to help build a post-Cold War system.

That struggle was no less intense within the Social Democratic Party, as I was able to experience first hand, up close, every day. The various long and distinguished traditions in the SPD clashed for the right to

speak on behalf of the party. The politics was very public, but the general evolution of the party, what one could term the education of the party, was in important respects a very private affair. It came during private moments and long conversations when parliamentarians conversed about the merits and drawbacks of different approaches to critical foreign policy issues, like Bosnia. Through those moments, personal perceptions began to change.

In short, a very public process induced private voyages as one faced pragmatic choices. Through that process a new foreign policy culture began to emerge in the German Social Democratic Party (SPD), began to emerge in the New Germany.

Politics can be defined in several ways, but Aristotle provided as good a definition as any: Politics is the exchange, the dialogue, between two persons that results in compromise or convincing the other side of the merits of one's argument. This can take place at the level of family politics, country politics, international politics.

Politics of course is the sine qua non for building any sustainable civil society, still seen as the backbone of an inclusive democracy. And of course, civil society is used almost exclusively in the context of domestic politics. That is for a straightforward reason. It is typically in the domestic political arena that citizens have sufficient access and inducement to come together to perform politics, to stay engaged in a public debate and be willing to undergo private journeys toward an evolved political personality to be employed in the public political realm.

To be sure, this sort of construction of civil society and the political culture upon which it rests is fundamental to any functioning democratic community, including a community of nations defending democratic principles. One of the great achievements of the post-World War II era in the transatlantic community was to erect such a quasi civil society buttressed by a working political culture of debate, dissent, dialogue, and ultimately the construction of a new consensus. But even the most robust civil society knows periods of sustained strain, and it was in just such a moment that the Robert Bosch Stiftung intervened on behalf of the

transatlantic community in 1984 with the introduction of the Fellowship Program.

History picked up pace in this period, and as we lurched from Pershings to Perestroika, we found ourselves debating what should be the continuities between two eras divided by the events of November 1989. One clear commonality would be to embrace the great gift of being permitted to introduce into Eastern Germany a transatlantic culture of citizenship and commerce that in its geographically more restricted Cold War form had been in fact so fundamental to our receiving this gift in the first place.

The importance of that task, the challenge of that task to embed a transatlantic civil society in an enlarging Europe, was made strikingly apparent to me during my Bosch year when I was invited to participate in a workshop on American politics and society and the future of transatlantic relations to be held in Leipzig. This would be my first extended visit to Eastern Germany since unification. Still within Germany, I wondered to what extent I would be traveling to another country.

In important respects I did just that. During my stay in the metropolis from where the call came for democratic civil society for all Germans, I experienced striking differences with my sojourn in the West. I encountered the most basic questions about what motivates American political behavior; counterparts in Western Germany generally assumed they knew this. I was introduced to a determined zest for debate that I had not encountered to such an extent among colleagues in the former West Germany. I witnessed convinced circumspection about the actual need for a close and continuing transatlantic culture of citizenship and commerce. I left Leipzig with a deep respect for the vitality of the citizenry in the region.

I also came away from this journey understanding that it was actually here, in Leipzig – one of Germany's epicenters for the relationship between culture, citizenship, and commerce, and arguably the epicenter for that debate in the context of the country's unification – that in important respects the genuinely New Germany would be built. A country

unable to integrate a transatlantic culture of citizenship and commerce, a culture in essence of openness and internationalism, into this region, would ultimately remain a country divided in its foreign policy culture, and thus in its ability to be an engaged member of the global community.

That realization made me determined to return to Leipzig and to Eastern Germany to explore this new political territory and to engage as a transatlantic citizen a generational debate about what should be the cornerstones of a country's interaction with the international community.

But first I had to return to America, and fulfill the Bosch Pledge, a key component of the Bosch Vision.

### **Fulfilling the Bosch Pledge**

A cornerstone of the Robert Bosch Foundation Fellowship Program is that participants return to the United States to integrate into their professional lives the lessons learned, contacts established, relationships cultivated, during their Bosch Year. This is a key way that the program can enrich and embed the transatlantic civil society and political culture that the program seeks to serve. The Bosch Pledge is a contract between Stiftung and Fellows to pursue the politics of public, private, and pragmatic construction of German-American ties.

And so with my Bosch Pledge in pocket, I returned to my academic duties at the Monterey Institute of International Studies on the West Coast. Sitting down with colleagues, we discussed how we could build into strategies for teaching and research the inherent dynamics involved in constructing a domestic civil society and political culture and that same process as it unfolds at the international level. In essence, the summation of what I learned during my Bosch Year.

From these collegial deliberations was born what is known as the Monterey Model. With this educational concept, students experience what I had learned in Bonn, the lessons learned from my short stay in Leipzig, and the results of a German-American dialogue as a Bosch

Fellow. My Monterey colleagues had undergone similar experiences in their engagement with other cultures and countries. We understood that for a new generation of international citizens and workers, there must exist a basic and practical understanding of the fundamental connections between culture, commerce, and citizenship shaping the emerging system of global governance.

As the Monterey Model became embedded in the Monterey Institute curriculum, I found time to realize the goal of exploring Eastern Germany further, and spent a year at the University of Leipzig as a Fulbright Junior Scholar. It was during that year that a close friend introduced me to the woman who would become my wife, Claudia Hentschel, born and raised in Leipzig. I was to marry an Ossi. Who would have known that a short stay in Leipzig afforded to me by the Robert Bosch Stiftung would lead to such a private level of cementing a new generation of transatlantic ties. But that's the nature of a Bosch Fellowship!

Claudia and I were to build a new life together in a town unknown to both of us, but widely known for German Studies and International Studies more generally – Madison, Wisconsin. My experiences in Germany thanks to Bosch (and Fulbright of course) along with resulting higher education innovations in Monterey proved sufficiently enticing for the International Studies Program at the University of Wisconsin-Madison to invite me to join their team to help build a new European Studies Program with a special focus on Germany. This effort has led in part to Madison housing one of the five Centers of Excellence for German and European Studies in the United States that have been funded so generously by Berlin.

Whether in Madison or Monterey, working closely with colleagues in Germany and Europe was not far behind. The Bosch Pledge and the Wisconsin Idea – a special pledge by higher education institutions to spread knowledge beyond the campus to the community in order to enrich and to empower civil society (a philosophy by the way imported into Wisconsin with those who fled Germany after 1848) – led me to accept an invitation to become centrally involved in the two year public policy project initiated by the German and American governments

entitled “Universities of the Future” ([www.universities-of-the-future.de](http://www.universities-of-the-future.de)).

A core motivation for the project stemmed from the understanding that as we seek to define a new global agenda with which to generate guidance for the transatlantic partnership, a clear place in that effort should be reserved for what is both one of the fastest growing global commercial markets and one with fundamental implications for work and citizenship in our increasingly complex and internationalized societies, namely, higher education. Over the two years (2001-2003) the project was underway, there emerged what is now referred to as the Dresden Theses, a roadmap in part for how a quasi German-American model of education can have global meaning. The steady public and private interactions with German colleagues involved in the Project about the philosophical and pragmatic politics of higher education reform further embedded for me the lessons of education and civil society learned during my Bosch Fellowship and pursued in the intervening years.

The Universities-of-the-Future project also provided an excellent example of that increasingly evident and important institution for the next generation of transatlantic ties: Transatlantic Policy Networks. Here are “building blocks” with which we can erect an even denser and more constructive transatlantic relationship. And the Universities Project showed what TPNs require to flourish: They need public support, but also private engagement and a pragmatic agenda.

It was during this period that I had the honor to serve as President of the Robert Bosch Foundation Alumni Association (2000-2002). The Alumni Association is an outstanding tool with which to nurture the civil society networks established during one’s fellowship year. Through the generosity of the Foundation, the Alumni Association can actively cultivate its private connections in a public format for pragmatic benefits, among these being a dedicated pool of American professionals working to enrich transatlantic civil society in the United States and in a German-American context.

Shortly after this special period helping to strengthen the Alumni Association it gave me great pleasure to learn that I would be able to seek to implement many of the Dresden Theses stemming from the

Universities-of-the-Future Project in the capacity of the newly established Fulbright-Leipzig Chair. The Fulbright Commission helped establish the Chair in part to award and to encourage the outstanding work of the University of Leipzig to cultivate a transatlantic culture of citizenship and commerce in the region.

As part of the duties inherent with the Chair, I am able to pursue the central objective of the Dresden Theses to adapt the inherent virtues of the Humboldtian vision for higher education to the needs of twenty-first century higher education and society. One essential means by which my colleagues and I have sought to pursue the Dresden Theses is by combining its central mission with the introduction of the central virtues of the discipline of International Studies. The result has been what my colleagues in Leipzig and I have named the Leipzig Model for American and International Studies. We feel the resulting B.A. and M.A. degrees will offer the region and for that matter the country a unique service to help prepare German, European, and international citizens for a new generation of transatlantic and international work based fundamentally on public, private, and pragmatic engagement.

## **Building a Common Future**

As I stood at that podium on December 11, 2003, to hold the inaugural lecture of the Fulbright-Leipzig Chair, it was clear to me that the Bosch Vision and its applied philosophy of pursuing a politics of the public, private, pragmatic, had brought me to this moment as much as anything else. And in my very own personal terms, this evening encapsulated the Bosch Vision, as I was about to launch into a series of reflections on the challenge to build a new culture of transatlantic communication and how new forms of education could help substantially in that effort.

Sitting side by side to hear that message and to support that effort, were Karsten Voigt, the American diplomatic mission (Consul General Fletcher Burton), the Fulbright Commission (Head of German Programs Charlotte Securius-Carr), and Prorektor for Research and Teaching at



the University of Leipzig, Martin Schlegel. In real terms, Bosch had brought these guests and myself into the same room to pursue a common German-American project to help create a new generation of dedicated transatlanticists (and of course my wife Claudia was present too, with our two year old daughter Kajsa, born in Madison but being raised bi-lingually and bi-culturally, tucked away safely back home in bed and under Omas watchful eye).

After the lecture, our group went to dinner to share recent transatlantic stories and to deepen the private component of a very public transatlantic civil society nurtured that evening and nurtured for the last twenty years by the Robert Bosch Stiftung, and that for a very pragmatic reason: to allow for a transatlantic political culture that permits Europe and the United States to pursue in a way not otherwise possible their common interests in a global context.

## Understanding Our Ideas about Things in German-American Relations

*Karin Johnston*

*“Men are not worried by things, but by their ideas about things. When we meet with difficulties, become anxious or troubled, let us not blame others, but rather ourselves, that is: our ideas about things.” – Epictetus*

Efforts to explain the current turmoil in German-American and transatlantic relations have transmuted into a kind of competitive iconographic historiography: Robert Kagan’s Europe as Venus and America as Mars imagery, the images of President George W. Bush as a gun-toting fundamentalist Christian cowboy, or the portrayal of the German-American relationship as a confrontation between a German David and an American Goliath. With these kinds of dichotomies punctuating the debate, it is not surprising to read someone like the German novelist Peter Schneider argue that transatlantic divisions are in reality a philosophical “clash of civilizations” over whose vision of the future will prevail. The use of these images along with an equally divisive rhetoric has alarmed many observers on both sides of the Atlantic. Are we really so far apart? How inevitable is this divide? We have been assured that the transatlantic relationship has faced similar tests of strength and survived, but this does not seem to ring true anymore.

We have been caught up in the emotions and caricatures of a difficult phase of German-American relations, and the images and language of our respective media have only added to the difficulties of bringing the relationship back to a sound basis. My own experiences and those of many other people, including my fellow alumni of the Robert Bosch Foundation Fellowship Program, show that these images do not tell the whole story, and that they are often misleading. It is to these monolithic images of one another that this essay – part self-reflection, part observation, and part appeal – is addressed.

The twentieth anniversary of the Robert Bosch Foundation Fellowship Program provides us with an opportunity to pause at a critical juncture in German-American and U.S.-European relations. All of us concerned with the future of transatlantic relations have read the various analyses, diagnoses, prescriptions, warnings, and assurances. I suspect many people are equally frustrated with the skewed picture of the

United States and Germany in the media. If Germans and Americans come to fully believe what they are endlessly told – that there is a deepening chasm between them over values and *Weltanschauung* – then there is a danger people will begin to believe that there is no common denominator left, no hope of a successful regeneration of relations. And slowly, perhaps, Americans will come to believe that they have no interlocutors among Germans, and the Germans, unfortunately, will reach the same conclusions about Americans.

These impressions must be challenged, because despite the recent tensions in German-American relations, Germany and the United States remain indispensable partners. The conflict over Iraq exposed what the stubborn persistence of the Cold War paradigm over the past decade has obscured, namely, that in a transformed, post-Cold War environment, transatlantic relations no longer can survive on the memories of a post-World War II generation. The relationship must reflect the realities and expectations of a new transatlantic generation.

For this to happen, we must move beyond the rhetoric and simplistic depictions of the relationship. What these impressions build is a sense of inevitable division, that, for example, American politics is being driven by religious zealots who see the world only in Manichean terms, or that German politics is being driven by the need to assert an increasingly nationalistic foreign policy against the United States. Why should it be the case, as a study titled “When clichés preempt understanding” by the German organization Media Tenor showed, that of all the German political personalities they can recall, more Americans can name Adolf Hitler than Helmut Kohl or Gerhard Schröder? Or why is it that opinion polls conducted during the Iraq conflict revealed that many Germans and Europeans believe oil was the primary motive for the United States going to war, or that the United States poses more of a threat to world peace than North Korea or Iran?

It is possible – indeed, necessary – to build a mutually reinforcing, respectful relationship between the United States and Germany. Perhaps this conviction is linked to my own background; having a German mother and an American father meant that German-American relations

have always been quite tangible for me. Visiting family in a divided Berlin made the Cold War more than just a few paragraphs in a history book; it was something that had real texture and dimension, something you could actually touch. But my time in Berlin also brought an understanding of the contribution that America had made to preserving freedom and prosperity in Germany. And there were other times when I gained insights from having seen an event from two different sides. This was true for the time when I was a high school student in Germany during the last stages of Watergate and the Vietnam War, and later, as a graduate student, during the contentious debates on the Euromissiles in the early 1980s.

What was particularly valuable was my stay in Germany as a Robert Bosch Fellow in 1985-1986. Through my work stages in the (now defunct) Ministry for Inner German Affairs, both in Bonn and Berlin, and the trips I made to the German Democratic Republic, I was able to learn a great deal about life in East Germany. This accumulation of impressions and knowledge proved enormously helpful in my later work, since it provided a basis for understanding what kinds of post-unification challenges a united Germany faced. Fifteen years after the physical Wall has vanished, remnants of the Wall in one's head (*die Mauer im Kopf*) remain. Eastern and Western Germany continue being distinctly different on many levels. One can hear it in the political discourse, see it in voting patterns, discern it in attitudes on domestic and foreign policies.

At times I am struck that there is so little left of the Wall, something that deeply defined the lives of millions of people for almost three decades. When I visit Berlin with someone who has never been to the city before, I struggle to convey what that period of time actually felt like to me – barbed wire, guns, border crossings, the uneasiness and uncertainties. How to explain the almost surreal sensation of climbing through a hole in the Wall in June 1990 to stand right on the asphalt path on which only months before guards with guns and dogs had walked, only to see instead chatting mothers wheeling their baby carriages along that same path? Given their experience of war and division, is it then so dif-

difficult to understand why Germans are so opposed to war, why they are acutely sensitive to human rights issues and support international laws and treaties, why they are skeptical of the utility of military force except as the very last resort, and only when all other possibilities have been exhausted or where there is the danger of genocide?

There are many people I have met in the United States and Germany who have accumulated similar experiences, and whose understanding of the dynamics of German-American relations have helped sustain the relationship over these many years. For the vast majority of Americans and Germans who do not travel extensively, their perceptions are shaped by what they read and watch on television. Here, one cannot help but feel that the media today does not serve the German and American publics very well at all. The frequent absence of the kind of contextual or background material that help shape an informed public discourse is frustrating. The public is often criticized for its lack of interest and ignorance, but how can the public become better informed if it is hard put to find well-balanced hard news among the “infotainment” and “shout shows” that are presented to them as serious and accurate news reporting?

What is not often clear from news stories is the array and degree of diversity of opinion and views in each other’s country that these experiences offer. There is not one kind of America – or one kind of American public that matters – but many Americas. Likewise, there are many different faces and facets to Germany and to the German public. For example, it is widely accepted in the American political discourse today that there is not one America but two Americas, the familiar red-blue division that is used to describe a growing political and above all social polarization within American society. The domestic upheaval around the war in Iraq did not shift this division; poll numbers show that the American public is right back where it was in the summer of 2000.

This polarization also appears to be growing in the media. The Pew Research Center for the People and the Press, in their Biennial Pew Media Survey in 2004, documented a pattern of growing political polarization and partisan viewing in the media as well. Growing numbers of

Republicans increasingly distrust virtually all major media outlets and have turned to such programs as Rush Limbaugh's radio show and Bill O'Reilly's TV program as the more credible media choices. Democrats' evaluation of the media has not changed over the past four years, but they find Fox News the least credible and prefer listening to NPR and watching the NewsHour with Jim Lehrer. Fifty-two percent of Fox News Channel viewers described themselves as Conservative, while 44 percent of CNN's audience describe themselves as Democratic-leaning. Whether it is the process of political polarization that is driving this self-selection or whether it is the lack of trust and credibility the public has for American journalism, the trend is not reassuring.

But there is also an almost hidden America of majorities – majorities of Americans who on some issues are closer to their German and European counterparts than they are to their own country's political leadership. To give an example: a strong majority of Americans believe global warming is a serious problem and support ratifying the Kyoto Treaty, and that U.S. foreign policy should promote international human rights. In addition, public opinion surveys show that a majority of Americans support multilateral institutions such as the United Nations, in particular on issues regarding military action; that they do not want the United States to be the world's policeman but prefer cooperating with other countries to share the burden of managing global challenges; and a near-unanimous majority of Americans want the United States to address the fight against global terrorism multilaterally. There are issues on which the American public diverges from Germans and other Europeans – Americans, for example, believe that genetically modified foods can be beneficial and support further research, while the German public strongly opposes this. How often are these views reported in the media? Where is the nuance, or the background and context when such stories are reported?

The reality is that foreign coverage has been one of the victims of change in the media landscape over the past several years. The Center for Media and Public Affairs reported in 2000 that broadcast foreign news coverage on the major evening newscasts had declined 36 percent

in the 1990s. According to a study by the Shorenstein Center for the Press, Politics, and Public Policy, network broadcast time committed to foreign coverage fell from 45 percent in 1975 to less than 14 percent in 1995. Newspapers have cut the number of foreign bureaus and foreign correspondents, which often means that stories are pulled together by editors or producers who rely on wire service stories or footage by stringers to create foreign news. No one has to leave the newsroom anymore. Economic pressure, demands for higher ratings, and sharp competition for advertising dollars have led print editors to concentrate more on local news coverage, which is seen as not only less expensive but something that will retain the interest of subscribers.

Not only have such trends led to a reduction in the number of foreign news stories, but they appear to have affected the quality of the reporting itself. Several studies on the business of news by such organizations as the Project for Excellence in Journalism's "The State of the News Media 2004," and the Carnegie Corporation of New York's "The Business of News: A Challenge for Journalism's Next Generation," have examined the state of American journalism, and some of the results are worrisome. The dual process of fragmentation of the news market into hundreds of cable channels and concentration of ownership have produced economic pressures that many say have led to a deterioration of journalistic standards and products. Advances in technology have led to an explosion in the number of news sources that people can go to for their news – cable networks, internet sites – which in turn has led to intense competition for viewership, readership, and advertising dollars. Deregulation also has led to the consolidation of ownership down to a small number of corporations, to news divisions being evaluated by their profitability rather than quality, and to a 'softening' of hard news to make it more entertaining to their audiences.

Some journalists resent the finger-pointing, but it is hard to watch broadcast news, in particular, and not feel that part of the blame lies there. It does, indeed, matter what you watch. A recent example: the University of Maryland-based Program on International Policy Attitudes revealed in a survey on October 2, 2003, that the absence or presence

of misperceptions about the Iraq war (three were cited: whether weapons of mass destruction had been found; whether a link between Saddam Hussein and Al Qaeda had been established; and whether world public opinion supported U.S. policy) were strongly related to the respondent's primary news source. Even when researchers controlled for political bias (party identification and support for the President), there were discernible patterns. Among those respondents with the highest rate of misperceptions, 80 percent named the Fox News Channel as their primary source for news, while 77 percent of those respondents with the lowest rate of misperceptions named NPR and PBS as their primary news sources.

The picture in Germany is not much brighter, and there is concern among some Germans that the German media is becoming more Americanized. Similar changes in the media landscape can be seen; competition is applying pressure to cut jobs and foreign bureaus, and the pressure to run news programs twenty-four hours a day often results in a rush to run stories before the competition does without necessarily checking on the accuracy of the sources. The need to retain the sympathy and interest of one's audience can create problems. During the conflict surrounding the Iraq war, the German government and the German public strongly opposed the Bush administration and its intention to militarily intervene in Iraq. President Bush was vilified and U.S. motives (oil, primarily) condemned.

The German media coverage reflected this near unanimous opposition, to the detriment of information that digressed from the story line. Some Washington-based German – and European – journalists were subjected to strong pressure to submit stories that supported a particular interpretation of events.<sup>216</sup> These journalists discovered their editors tended not to be interested in stories that appeared sympathetic to the United States, or that attempted to find other rationale for U.S. actions, and they found themselves increasingly isolated from their colleagues and their readership. Angry readers sent in scathing emails and canceled their subscriptions, which in turn made the editors even more nervous and resistant. Because the media shared the government's assumptions



about the war, this had an impact on editorials and on the coverage itself. The result was to narrow the scope of political discourse in Germany on the conflict in Iraq and the U.S. role in it.

Although it seems almost elementary to say this, we need to accept that at times the United States and Germany have competing approaches and interests that can lead to disagreements, even conflict. However, the hard lesson of Iraq is that despite the demonstration of overwhelming military power, in a globalizing world with increasing numbers of non-state actors, cooperation and coordination on issues of common concern and common interest are necessary. The critical question, I believe, is whether there is a willingness on both sides to manage our differences. This is also a question of political will and leadership, since the future transatlantic relationship will involve the management of asymmetries. Part of the success of the transatlantic relationship rested on the fact that the United States and its European allies accommodated each other's interests. When these interests are ignored, conflict is unavoidable.

But, even more importantly, this is a question of building the personal contacts that are critical components of a strong German-American relationship. The Robert Bosch Foundation Fellowship Program has contributed to this undertaking by providing opportunities for American professionals and journalists to live the differences and similarities between our two countries. As emphasized earlier, German-American relations no longer can rely on the memories of the post-World War II generation. The relationship should not be based on expectations of gratitude or moral pronouncements. What is necessary is to help create a new generation of Americans and Germans become informed observers of German and American affairs, individuals who will help construct a partnership based on a sound, realistic assessment of our international environment as well as an understanding of ourselves and our idea of things.

# Words in Action

*Sabine Kortals*

## Introduction

*“Of journeying, the benefits are many; the freshness it brings to the heart, the seeing and hearing of marvelous things, the delight of beholding cities, the meeting of unmet friends.” – Sadi*

An inspiration.

How else to describe an experience that awakens the senses, enlivens the imagination, and refreshes one’s purpose?

For nine months bestriding the 1999-2000 millennium, I grew in my standing career in journalism as a fortunate recipient of an exceedingly generous Robert Bosch Foundation Fellowship – primarily in the cities of Hamburg and Berlin.

Not only did the professional aspects of the Bosch Fellowship enrich, enhance, and broaden my perspectives – from stints at *Die Zeit*, *Die Welt*, and as a translator for *ABC News* to serving as an aide at the Bundespresseamt in a supporting role to Michael Naumann, then-Minister of Culture and Media, and volunteering as an English language instructor for Südost Kultur; but the stimulating roster of study trips throughout Europe – including rare and consequential opportunities to savor new landscapes and to learn the insights of a spectrum of subject matter experts in history, politics, culture, and the media – became a platform from which to rediscover and redefine my occupational focus as an outgrowth of redirected personal priorities.

Specifically, my outlook expanded from the point of view of culture defined merely as the aesthetic pursuits of some members of a particular society, to culture as a requisite function of the evolution of civilizations; that is, culture as a means to understand the world in new ways, and as an expression of values and ideals that characterize humanity, and the potential and moral responsibility thereof.

## **New Beginnings**

*“My country is the world, and my religion is to do good.” – Thomas Paine*

Thus, upon my return to the United States, a new vision emerged: as a freelance classical music critic and general interest features writer, I remain committed to the merit and import of arts and lifestyle journalism; but, by motivation of the Bosch experience, the scope of my endeavors is now extended to the broader realm of cultural observation and criticism, as well as other communications disciplines that promote the meaningful missions of such non-profit organizations as Project C.U.R.E. (Commission on Urgent Relief and Equipment).

Headquartered in Denver, Colorado, this humanitarian aid enterprise seeks to build bridges among cultures by responding to the urgent need for medical supplies in almost 100 disadvantaged countries – including recent donations to Iraq and Rwanda, as well as several Eastern European states.

Just as the Robert Bosch Foundation Fellowship Program is purposed to facilitate understanding and cooperation across borders, the charge of Project C.U.R.E. is to initiate conflict transformation by providing the means for health – and hope – where most needed.

My role in the venture is to develop and implement strategic marketing and public relations practices – from fundraising and grant writing to media relations and pursuit of outreach opportunities that heighten awareness, visibility, and growth of Project C.U.R.E. undertakings and accomplishments.

As such, I have begun to assume what I consider the key service of communicators – particularly those engaged in charities and other non-profit organizations: to be an agent of positive social change across diverse communities. Specifically, my chief interest is to apply my skills to help minimize the violence and other challenges that arise when cultures collide without the necessary building blocks in place to ensure effective intercultural understanding.

Indeed, as purported and embraced by the Robert Bosch Stiftung, mutual understanding of diverse populations is critical in forging pathways of peace based on reciprocal respect of converged belief systems.

Another means to the same end is my continued and grateful association with the Robert Bosch Foundation Alumni Association (RBFAA). In particular, and in addition to my function as RBFAA newsletter editor, I am pleased to organize regional, Bosch-sponsored events that further uphold ideals of open dialogue to reinforce transatlantic communication. Proof positive, the RBFAA partnered with the University of Denver's Institute for Public Policy Studies (IPPS) and the Denver chapter of the German Marshall Fund (GMF) in January 2004 to present to a sizeable Denver audience Hans-Ulrich Klose, Deputy Chair of the German Bundestag's Foreign Affairs Committee, in a free and public lecture and discussion on transatlantic affairs.

Plans are underway to again collaborate with the IPPS, German Marshall Fund (GMF), the Denver chapter of the American Council on Germany (ACG), and the European Union Commission to host an RBFAA co-sponsored series of events through 2005 aimed to advance public knowledge of the EU in a program titled "New Transatlantic Agenda."

Similarly, I was delighted to partake in a Bosch-sponsored transatlantic journalist exchange in Berlin and Warsaw in 2002; and to participate the following year in the Runder Tisch USA – German-American Alumni Conference re: Common Global Responsibility at Georgetown University, where I was invited to present a paper titled "*The Role of Intercultural Communications and Cultural Journalism to Achieve Peace Education in a Global Society.*"

Thus, by a breadth of integrated endeavors – from continued arts and cultural journalism and international non-profit communications, to participation in Bosch-endorsed activities and discourses relevant to strengthening the transatlantic relationship, my gratitude to the Stiftung runs deep, for the ongoing revelation of farther horizons, and of a renewed, refocused, and reenergized vocation.

## Next Steps

*“Our human atmosphere is much colder than it need be, because we do not venture to give ourselves to others as heartily as our feelings bid us.” – Albert Schweitzer*

As the Robert Bosch Foundation Fellowship Program commemorates its 20th anniversary, both Germany and the United States are in the throes of an identity crisis where multiculturalism has – hopefully temporarily – devolved into an intensification and amplification of racial, ethnic, and other divisions at the expense of overarching global tolerance.

While it is politically correct – indeed, expected – to outwardly recognize and realize equal rights for all people, distinctions and discriminations persist; even in the supposed ‘common culture’ of the expanding EU, whose members share a cultural identity founded on Christian ideology and a common artistic inheritance. One need only consider the contemporary visual arts scene of EU member states as an example, to surmise an unfortunate disassociation of creativity across borders.

The question, however, is not whether such lack of aesthetic – and more broadly cultural – cohesion is good or bad. Rather, the concern is whether the present inclination to reinvigorate national identities and regional traditions – an arguably reasonable revolt against real or perceived homogenized mass culture and civilization (*Nivellierung der Kultur*) – is occurring without design to share sources of inspiration and exchange information, which would serve to supplant fear-based aggression founded on mutual distrust with cross-cultural understanding, tolerance, acceptance, even celebration.

That is, true multiculturalism is less about ethnic, linguistic, and religious pluralism within and across societies, as it is simply a name for the goal of true cultural integration, as distinguished from mere assimilation.

In the words of Gary Weaver in *The Crisis of Cross-Cultural Child and Youth Care*:

*“Culture is like an iceberg; only the tip is exposed. Behavior – or external culture – is the smallest part... we must go below the level of awareness and find out what is inside the child’s mind. Internal culture, including values, beliefs, thought patterns, perceptions, and worldview, determines external culture, or what the child does. Unless we can understand the internal culture, we will mistakenly evaluate behavior based on our own cultural expectations. Further, we may make trait, rather than situational, attributions to... negative behavior.”*

While primitive, ill-informed stereotypes endure, culture – and the necessity to understand others’ internal cultures alongside one’s own – remains the cornerstone of any local, regional, or global community. As such, in no small measure due to the munificent and enduring stimulus of the Robert Bosch Foundation Fellowship Program and Alumni Association, it is my personal and professional passion to help advance civic thought and conversation on the arts, culture, and human services – in both word and action.

Thus, by the significance and inspiration of my experience as a Bosch Fellow, my ultimate objective is to study principles of intercultural communications to achieve greater proficiency in how human beings respond to cultural differences; and to identify and engage in opportunities that apply such knowledge to instill assent of disparate and seemingly incompatible value systems, thereby helping to lay the groundwork for peaceful, productive, and mutually beneficial coexistence across cultures.

## **Thank You**

*“We live now – for the first time in human history – in a new era when our planet is enveloped by a single civilization.” – Vaclav Havel*

May the crucial aim of the Robert Bosch Foundation Fellowship Program resume indefinitely, to contribute toward the lasting stabiliza-

tion and strengthening of German-American relations and transnational policy making where sustained cooperation supersedes competition in a genuinely open civil society – one Fellow at a time, one career at a time, one community at a time, one compassionate impulse at a time.

Herzlichsten Dank!

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Bosch IV (1987-1988)

Deutscher Bundestag, Auswärtiger Ausschuß, Bonn  
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Bosch XX (2003-2004)

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Bosch VI (1989-1990)

Institut für Europäische Politik, Bonn

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Bosch VIII (1991-1992)  
Bundesministerium für Bildung und Forschung, Bonn  
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Bosch XII (1995-1996)  
Bundesaufsichtsamt für das Kreditwesen, Berlin  
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Bosch XI (1994-1995)

Bundestag, Büro Karsten Voigt, Bonn/Berlin  
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Bosch X (1993-1994)

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Bosch II (1985-1986)

Bundesministerium für Innerdeutsche Beziehungen, Bonn  
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Bosch XVI (1999-2000)

Die Zeit, Hamburg  
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Bosch V (1988-1989)

Gesamtdeutsches Institut, Bonn/Berlin

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Bosch IX (1992-1993)

Auswärtiges Amt, Bonn

Bundesministerium für Wirtschaft, Bonn

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Bosch XVII (1999-2000)

Bundesverfassungsgericht, Karlsruhe

European Court of Human Rights, Strasbourg, France

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Bosch XIX (2002-2003)

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Bosch V (1988-1989)

Bundesministerium für Wirtschaft, Bonn

Bundesverband der Deutschen Industrie, Köln

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Bosch I (1984-1985)

Bundespresseamt, Bonn

Die Zeit, Hamburg

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Bosch IX (1992-1993)  
Deutsche Bundesbank, Frankfurt  
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Bosch XVIII (2001-2002)  
European Astronaut Center, European Space Agency, Bonn  
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Bosch XIX (2002-2003)  
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Bosch XVIII (2001-2002)  
Business Angels in Deutschland in Zusammenarbeit mit der Business Angels Agentur Ruhr, Essen  
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Bosch XVIII (2001-2002)

Bundesverband der Deutschen Industrie, Berlin

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## Notes

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- <sup>7</sup> George C. Marshall’s commencement address at Harvard University, 5 June 1947. In *Foreign Affairs*, special commemorative section, Volume 76, No. 3 (May-June 1997), pp 160-161.
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- <sup>14</sup> President Vladimir Putin, *Statement on the Terrorist Acts in the US*, Ministry of Foreign Affairs of the Russian Federation, Moscow, 12 September 2001.
- <sup>15</sup> G-8, Statement from Heads of Government, 20 September 2001.
- <sup>16</sup> Statement by the Council of the European Union, Brussels, Belgium, 12 September 2001.
- <sup>17</sup> See "NATO Reaffirms Treaty Commitments in Dealing with Terrorist Attacks against the U.S." NATO Update, September 12, 2001; also available at <http://www.nato.int/docu/update/2001/0910/e0912a.htm>.
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- <sup>20</sup> Lily Gardner Feldman, "The principle and practice of 'reconciliation' in German foreign policy: relations with France, Israel, Poland and the Czech Republic," in *International Affairs*, Vol. 75, No. 2 (April 1999), pp. 333-56.
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- <sup>28</sup> Zbigniew Brzezinski, *The Choice: Global Domination or Global Leadership* (New York: Basic Books, 2004), p. 216.
- <sup>29</sup> Oana Lungescu, "Chirac Blasts EU Candidates," in *BBC News*, 18 February 2003. Retrieved from <http://news.bbc.co.uk/1/hi/world/europe/2774139.stm> Chirac's original comment, *de se taire*, was translated both as "to shut up" or to "keep quiet."
- <sup>30</sup> U.S. Senator John Warner, discussing the Warner-Levin Amendment. Congressional Record, 108th cong., 1st sess., 2003, 145, Vol. 149, No. 67, 7 May 2003, p. 5805.
- <sup>31</sup> Tomas Valasek, "No Will, No Way on European Defense", in *Wall Street Journal*, 2 October 2003, p. 12.
- <sup>32</sup> Robert Kagan, "Power and Weakness," in *Policy Review* 113 (June/July 2002), p. 3-28.
- <sup>33</sup> "U.S. says EU defence plan a threat to NATO," [Wire Service] Reuters, 21 October 2003.
- <sup>34</sup> Prime Minister Tony Blair's speech at the Lord Mayor's Banquet, Guildhall, London, 10 November 2003. Retrieved from <http://www.britischesbotschaft.de/en/news/speeches.asp>.
- <sup>35</sup> *Frankfurter Rundschau*, 11 August 2003; *ibid.*, 13 August 2003.
- <sup>36</sup> Interview, SPD legislator, Berlin, July 2000.
- <sup>37</sup> Regierungserklärung von Bundeskanzler Schröder vor dem Deutschen Bundestag, 14 March 2003, available at <http://www.bundesregierung.de/Themen-A-Z/Agenda-2010-,9768/Regierungserklärung.htm>.
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- <sup>39</sup> Wolfgang Streeck, "German Capitalism: Does it Exist? Can it Exist?" in eds. Colin Crouch and Wolfgang Streeck, *Political Economy of Modern Capitalism* (London: Sage, 1997), p. 35.

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- <sup>46</sup> SPD Parteivorstand, "Arbeit, Innovation und Gerechtigkeit," SPD Wahlprogramm (Bonn 1998).
- <sup>47</sup> Funk (2000), p. 30.
- <sup>48</sup> Personal interview, Berlin, 11 July 2000.
- <sup>49</sup> Personal interview, Berlin, 5 July 2000.
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- <sup>52</sup> The specifics of Agenda 2010 can be found at: [www.bundesregierung.de/Themen-A-Z/Agenda-2010-im-Überblick.htm](http://www.bundesregierung.de/Themen-A-Z/Agenda-2010-im-Überblick.htm).

- <sup>53</sup> Regierungserklärung von Bundeskanzler Schröder vor dem Deutschen Bundestag, 14 March 2003.
- <sup>54</sup> For the new rules, see Bundesministerium für Gesundheit und Soziale Sicherung, “Neue Zuzahlungs- und Finanzierungsregelungen,” at [www.die-gesundheitsreform.de/reform/mitsprache/versichertenbonus/zuzahlungstabelle.html](http://www.die-gesundheitsreform.de/reform/mitsprache/versichertenbonus/zuzahlungstabelle.html)
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- <sup>56</sup> Zentralverband des deutschen Handwerks (ZDH), *Gesetzentwürfe zur Handwerksordnung: Irreparable Zerschlagung statt Modernisierung*, 28 May 2003, available at <http://www.zdh.org>.
- <sup>57</sup> “SPD und DGB für Reform der Reformen,” in *Süddeutsche Zeitung*, 15 February 2004, available at [www.sueddeutsche.de](http://www.sueddeutsche.de).
- <sup>58</sup> Lorne Cook, “German parliament votes on key economic, social reforms,” in *Agence France Presse*, 19 December 2003), at [www.lexis-nexis.com](http://www.lexis-nexis.com).
- <sup>59</sup> Such constraints will make it equally difficult for a center-right coalition to pass a comprehensive economic reform program.
- <sup>60</sup> A preliminary version of this essay was delivered as “Closing Remarks on the Economics Sessions, 21<sup>st</sup> Biennial Conference – Atlantik-Brücke/American Council on Germany,” in Berlin on 14 June 2003.
- <sup>61</sup> Robert Kagan, *Of Paradise and Power: America versus Europe in the New World Order* (Knopf, 2003)
- <sup>62</sup> Council Regulation (EC) No 139/2004 on the control of concentrations between undertakings, OJ L 24, 29 Jan. 2004, [hereafter “Merger Regulation” or “MCR”], replacing Council Regulation (EEC) No 4064/89 of 21 December 1989, OJ L 395 (30 Dec. 1989); corrected version OJ L 257 (21 Sept. 1990).
- <sup>63</sup> The Right Honourable Sir Leon Brittan QC, “Jurisdictional Issues in E.E.C. Competition Law,” Hersch Lauterpacht Memorial Lectures, Cambridge, 8 Feb. 1990, at p. 28.

- <sup>64</sup> Agreement between the Commission of the European Communities and the Government of the United States of America regarding the application of their competition laws, 23 Sept. 1991 (hereinafter “Agreement”), Art. I.1., *reprinted in* 4 Trade Reg. Rpt. (CCH) ¶ 13,504. Competition policy encompasses what is referred to in the United States as ‘antitrust’ policy, including mergers and other agreements among competitors that reduce competition and, typically, harm consumers by raising prices.
- <sup>65</sup> [www.internationalcompetitionnetwork.org](http://www.internationalcompetitionnetwork.org).
- <sup>66</sup> “Rules for regulators: What is good for the EU is good for U.S. trade relations,” in *Financial Times*, 4 March 2003.
- <sup>67</sup> This is a reference to Joseph P. Quinlan, “Drifting Apart or Growing Together? The Primacy of the Transatlantic Economy,” in *Center for Transatlantic Relations* (2003); available at: <http://transatlantic.sais-jhu.edu/PDF/Quinlan%20Text%20FINAL%20March%202003.pdf>. Note, in particular, pages 15 and 16 on Transatlantic Mergers and Acquisitions, and page 23’s mention of the U.S.-EU Merger Working Group.
- <sup>68</sup> Jonathan Krim, “EU’s Microsoft Decision Shows Split with U.S.,” in *Washington Post*, 25 March 2004, E1.
- <sup>69</sup> A synopsis of the uranium cartel litigation may be found in Waller, *Antitrust and American Business Abroad* (3rd ed. 1997), §6.14.
- <sup>70</sup> Lord Wilberforce in the House of Lords’ Judgement, *In re Westinghouse Electric Corporation Uranium Contract Litigation* [1978] A.C. 547, 617.
- <sup>71</sup> For a description of foreign blocking statutes, see Waller, *supra*, note 10, §4.16.
- <sup>72</sup> For a discussion of the IBM case, see Faull and Nikpay, *The EC Law of Competition* (Oxford 1999), pp. 627-628 (§§8.219-8.221).
- <sup>73</sup> Valentine Korah, *An Introductory Guide to EC Competition Law and Practice* (Oxford: Hart Publishing, 7th ed., 2000), §1.6.
- <sup>74</sup> OECD, Recommendation of the Council concerning Co-operation between Member Countries on Anticompetitive Practices Affecting International Trade, C(95)130/FINAL (1995), available at <http://webdomino1.oecd.org/horizontal/oecdacts.nsf/Display/454913FC5C544350C1256EAE006B75F6?OpenDocument>.



- <sup>75</sup> Agreement between the Government of the United States of America and the Government of the Federal Republic of Germany Relating to Mutual Cooperation Regarding Restrictive Business Practices, June 23, 1976, reprinted in 4 Trade Reg. Rep. (CCH) 13,501.
- <sup>76</sup> A thorough description of the cooperative process is contained in: John J. Parisi, *Enforcement Cooperation among Antitrust Authorities*, available at <http://www.ftc.gov/speeches/other/ibc99059911update.htm>.
- <sup>77</sup> Ironically, three years later, Boeing's acquisition of Hughes satellite business would be subjected to remedies by the FTC, while the EC was sympathetic to the FTC's concerns but could not conclude that the merger would create or strengthen a dominant position in any relevant market.
- <sup>78</sup> Best Practices on cooperation in merger investigations, 30 October 2002, available at <http://www.ftc.gov/opa/2002/10/euguidelines.htm>.
- <sup>79</sup> RJB Mining plc v. Commission, Case T-156-98, Judgment of the Court of First Instance, 31 January 2001.
- <sup>80</sup> Owen and Parisi, *International Mergers and Joint Ventures: A Federal Trade Commission Perspective*, 1990 Fordham Corp. L. Inst. 1, p. 5-14 (B. Hawk ed. 1991). In 1990, the FTC, over Commissioner Owen's objection, took an enforcement action to restructure a merger of French and Canadian firms with relatively small competitive effects in the United States, despite the concerns of the Canadian government over the potential effects of the FTC's action on the availability of vaccines in Canada. See Institut Merieux, 113 F.T.C. 742 (1990).
- <sup>81</sup> International Institute of Management (2003).
- <sup>82</sup> Ibid.
- <sup>83</sup> Ibid.
- <sup>84</sup> [www.bayer.com](http://www.bayer.com)
- <sup>85</sup> Daniela Decurtins, *Siemens: Anatomie eines Unternehmens* (Frankfurt am Main: Ueberreuter, 2002).
- <sup>86</sup> German Association of Research-based Pharmaceutical Companies
- <sup>87</sup> Transatlantic Business Dialogue, *Report to the U.S.-EU Summit in Ireland*, 26 June 2004, p. 2; <http://www.tabd.com/>

- <sup>88</sup> Space Station design concepts had been considered as early as 1959 but after the Apollo program came to a halt all U.S. attention focused on the next generation launch vehicle, the Space Shuttle. The bulk of NASA's money and effort were devoted to this cause and the space station concept languished in the back halls of NASA for almost two decades.
- <sup>89</sup> The Soviet's initial experience with a space station, Salyut 1, was disastrous. They launched the station (built with modified hardware from their failed moon program) in 1971, but after one failed docking and three dead cosmonauts, the station burned up in the atmosphere after only 362 orbits. Subsequent Salyut space stations were more successful but still relative short-term efforts, as were the U.S. Skylab missions of the mid 1970's. Mir and the ISS were the first real attempts at putting humans in space for long-term continuous missions.
- <sup>90</sup> The relative contribution levels of each partner to the ISS program determined the utilization levels. The U.S., as the major contributor, received the lion's share – over 95% of the NASA facilities and almost half of the European and Japanese laboratories.
- <sup>91</sup> NASA estimated that the Mars program alone, to be run through the year 2020, would have a price tag of \$235 billion.
- <sup>92</sup> The current Bush administration has revisited the elder Bush's Moon Base/Mars concept. Most consider this quite unrealistic under current economic conditions.
- <sup>93</sup> Original stays aboard ISS were supposed to be 90 days. This quickly increased to 140-day missions, and now with the dependence on Russian Soyuz flights to sway crews (due to Shuttle grounding), mission time has doubled from the initial estimate. The Russians are now pushing for even longer 1-year ISS missions.
- <sup>94</sup> Possibilities discussed for this have included a purchase of an additional Soyuz spacecraft from the Russians that could be docked to the ISS, or a creation of a 'safe haven' aboard the ISS for the three crew members that would not be able to leave. Neither of these options are considered good ones by NASA. Their hope is that Europe will take over responsibility (and financing) for the originally planned Crew Rescue Vehicle (CRV) in exchange for additional flight opportunities for their astronauts.
- <sup>95</sup> This term means a fully functioning station that is permanently inhabitable with basic research capability and a crew of three.
- <sup>96</sup> Sigmund Jähn launched on August 26th, 1978 aboard a Soyuz spacecraft and traveled into orbit to dock with the Salyut 6 space station.

- <sup>97</sup> An ongoing complaint of this program however is that NASA will not guarantee a set number of ESA flights per year – only that the ESA astronauts will be considered alongside the NASA astronauts for assignment slots.
- <sup>98</sup> Claudie Haigneré flew to the ISS aboard a Soyuz “taxi mission” in October 2001. Roberto Vittori, of Italy, flew a similar mission with space tourist Mark Shuttleworth, in April/May 2002.
- <sup>99</sup> Kenneth R. Edwards, *Background Information on Apprenticeship in the United States*, *International Brotherhood of Electrical Workers* (Washington, DC 1994).
- <sup>100</sup> *Ibid.*
- <sup>101</sup> Interview with Raymond Bramucci, President, Instructional Systems, Inc., and former Assistant Secretary for Employment and Training of the U.S. Department of Labor, 2001.
- <sup>102</sup> German Ministry of Education and Research, *The Dual System* (2002). Note that federal education statistics from 1990 through 2002 indicate the percentage of German youth in apprenticeship training has been declining. The Ministry’s Federal Institute for Vocational Training (BIBB) also reports that the age of entry into apprenticeship has been increasing and is now averages approximately 17.5 years.
- <sup>103</sup> Stephen F. Hamilton, *Apprenticeship for Adulthood. Preparing Youth for the Future* (New York: The Free Press, 1990).
- <sup>104</sup> Federal Institute for Vocational Training (2004).
- <sup>105</sup> Interview with Dr. Helga Foster, U.S. and German Vocational Training Expert, May 2004. Dr. Foster detailed current changes affecting the capacity of the dual system and legislative efforts to increase the number or apprenticeship training positions available for youth.
- <sup>106</sup> Research from the German Ministry of Education and Science (2002), and the U.S. Department of Labor, Bureau of Apprenticeship and Training (2003).
- <sup>107</sup> Dr. Hermann Schmidt, Federal Institute for Vocational Training, Germany, Presentation on Minority Youth prepared for Joint Center for Political and Economic Studies (1993), U.S. Department of Labor, Bureau of Apprenticeship and Training (1994).
- <sup>108</sup> Research from the German Ministry of Education and Science (1992), and the U.S. Department of Labor, Bureau of Apprenticeship and Training (1994).

- <sup>109</sup> Deutsche Handwerkskammer, *Das Handwerk* (1990).
- <sup>110</sup> Siemens' PETRA with Project- and Transfer-Oriented Training was an apprenticeship demonstration project sponsored by the Federal Ministry of Education in the early 1990's. PETRA focused on building teamwork skills and key qualifications of apprentices, as well as techniques for trainers and Meister.
- <sup>111</sup> Organization for Economic Cooperation and Development. OECD *Environmental Data* (Paris 1997), p. 255.
- <sup>112</sup> Andrew C. Revkin in *New York Times*, 21 July 2004, available at <http://www.nytimes.com/2004/07/21/science/21CND-POLL.html>.
- <sup>113</sup> Horst Pötzsch, *Die deutsche Demokratie* (Bonn: Bundeszentrale für politische Bildung, 1995).
- <sup>114</sup> *Atkins v. Virginia*, 122 S.Ct. 2242, 2249 (fn. 21) (2002).
- <sup>115</sup> *Grutter v. Bollinger*, 123 S.Ct. 2325, 2347 (2003).
- <sup>116</sup> *Lawrence v. Texas*, 123 S.Ct. 2472, 2481 (2003) (citing *Dudgeon v. United Kingdom*, 45 Eur. Ct. H.R. (1981) & 52).
- <sup>117</sup> "But the Prize for the Court's Most Feeble Effort to fabricate 'national consensus' must go to its appeal (deservedly relegated to a footnote) to the views of assorted professional and religious organizations, members of the so-called 'world community,' and respondents to opinion polls." *Atkins v. Virginia*, 122 S.Ct. 2242, 2264 (2002) (Scalia, J., dissenting).
- <sup>118</sup> See, e.g., Tim Wu, "Foreign Exchange: Should the Supreme Court Care What Other Countries Think?" in *Slate*, 9 April 2004, at <http://slate.msn.com/id/2098559/>; Anne-Marie Slaughter, "Courting the World", in *Foreign Policy* (March/April 2004); Ali Kahn, "Justice Antonin Scalia: Living in Another World", in *Jurist* at <http://jurist.law.pitt.edu/forum/khan1.php>.
- <sup>119</sup> H. Res. 568, 108th Cong. (2004).
- <sup>120</sup> Doresn, Rosenfeld, Sajó, Baer, *Comparative Constitutionalism*, 8 (2003).
- <sup>121</sup> The masters of comparative law "were born within a few years of one another, and are literally or figuratively persons from the nineteenth century speaking to the twentieth", Annelise Riles, "Introduction: The Projects of Comparison", in Annelise Riles (ed.), *Rethinking the Masters of Comparative Law 1*, 6 (2001).

- <sup>122</sup> Rudolf B. Schlesinger (ed.), *Formation of Contracts: A Study in the Common Core of Legal Systems* (1968).
- <sup>123</sup> A leading example of which can be found in the work of the American Bar Association's Central European and Eurasian Law Initiative (<http://www.abanet.org/ceeli/>).
- <sup>124</sup> Previous special issues include: "The Fiftieth Anniversary of the Federal Constitutional Court" (June 2001); "European Constitutionalism" (September 2001); "The Future of Public International Law in Light of the Events of September 11<sup>th</sup>" (October 2001); "The War on Terror – One Year On" (September 2002); "The New Transatlantic Tensions and the Kagan Phenomenon" (September 2003); and "Security, Democracy and the Future of Freedom" (May 2004).
- <sup>125</sup> Justice Jutta Limbach (then President of the Federal Constitutional Court), "Every Human Matters: Comments on the Occasion of the Terrorist Attacks in America," in 2 *German Law Journal*, No. 15, 15 September 2001, at <http://www.germanlawjournal.com>; Justice Renate Jäger, "The Federal Constitutional Court: Fifty Years of the Struggle for Gender Equity," in 2 *German Law Journal*, No. 9, 1 June 2001, at <http://www.germanlawjournal.com>; Justice Udo di Fabio, "A European Constitutional Treaty: A Blueprint for the European Union," in 2 *German Law Journal*, No. 14, 1 September 2001, at <http://www.germanlawjournal.com>; Justice Udo di Fabio, "The Present and Future Meaning of the State and the Meaning of the Federal Constitutional Court," in 2 *German Law Journal*, No. 9, 1 June 2001, at <http://www.germanlawjournal.com>.
- <sup>126</sup> Manfred Zuleeg, "Comments on the Speech of Justice Udo di Fabio ('A European Constitutional Treaty: A Blueprint for the European Union')," in 2 *German Law Journal*, No. 9, 1 June 2001, at <http://www.germanlawjournal.com>.
- <sup>127</sup> Bo\_tjan Zupan\_i\_, "Constitutional Law and the Jurisprudence of the European Court of Human Rights: An Attempt at Synthesis," in 2 *German Law Journal*, No. 10, 15 June 2001, at <http://www.germanlawjournal.com>.
- <sup>128</sup> Patricia Wald, "AALS Annual Convention Plenary Panel – Impact of Globalization on Human Rights – Globalization and Human Rights", in 4 *German Law Journal*, No. 4, 1 April 2003, at <http://www.germanlawjournal.com>.
- <sup>129</sup> Gerhard Casper, "'The Karlsruhe Republic' – Keynote Address at the State Ceremony Celebrating the 50th Anniversary of the Federal Constitutional Court", in: 2 *German Law Journal*, No. 18, 1 December 2001, at <http://www.germanlawjournal.com>.

- <sup>130</sup> Jürgen Habermas, “Interpreting the Fall of a Monument,” in 4 *German Law Journal*, No. 7 (1 July 2003) at <http://www.germanlawjournal.com>.
- <sup>131</sup> Donald P. Kommers, “An Introduction to the Federal Constitutional Court,” in: 2 *German Law Journal*, No. 9, 1 June 2001, at <http://www.germanlawjournal.com>.
- <sup>132</sup> Armin von Bogdandy, “The Euro is Forcing the Realization of Political Union – And Perhaps a New Community,” in 2 *German Law Journal*, No. 14, 1 September 2001, at <http://www.germanlawjournal.com>.
- <sup>133</sup> Bruce Ackerman, “Episode or Epoch? Transatlantic Relations and Europe’s Role in the New American Foreign Policy,” in 3 *German Law Journal*, No. 11, 1 November 2001, at <http://www.germanlawjournal.com>.
- <sup>134</sup> Anne-Marie Slaughter, “AALS Annual Convention Plenary Panel – Impact of Globalization on Human Rights,” in 4 *German Law Journal*, No. 4, 1 April 2003, at <http://www.germanlawjournal.com>.
- <sup>135</sup> Winfried Brugger, “The Treatment of Hate-Speech in German Constitutional Law,” in 3 *German Law Journal*, No. 12, 1 December 2002, at <http://www.germanlawjournal.com>.
- <sup>136</sup> Andreas Paulus, “Quo Vadis Democratic Control? The Afghanistan Decision of the Bundestag and the Decision of the Federal Constitutional Court in the NATO Strategic Concept Case,” in 3 *German Law Journal*, No. 1, 1 January 2002, at <http://germanlawjournal.com>; Andreas Paulus, “Antinomies of Power and Law: A Comment on Robert Kagan,” in 4 *German Law Journal*, No. 9, 1 September 2003, at <http://www.germanlawjournal.com>.
- <sup>137</sup> Frédéric Mégrét, “Guantanamo is not the Problem,” in 3 *German Law Journal*, No. 3, 1 March 2002, at <http://www.germanlawjournal.com>.
- <sup>138</sup> Kai Ambos, “International Criminal Law has Lost its Innocence,” in 3 *German Law Journal*, No. 10, 1 October 2002, at <http://www.germanlawjournal.com>.
- <sup>139</sup> Rainer Nickel, “Extradition, Human Rights and Public Order – The Extradition to India Decision of the Federal Constitutional Court,” in 4 *German Law Journal*, No. 12, 1 December 2003, at <http://www.germanlawjournal.com>.
- <sup>140</sup> Ed Morgan, “Slaughterhouse Six: Updating the Law of War,” in 5 *German Law Journal*, No. 5, 1 May 2004, at <http://www.germanlawjournal.com>.

- <sup>141</sup> Ruth Bader Ginsburg, “Looking Beyond our Borders: The Value of a Comparative Perspective in Constitutional Adjudication,” in 40 *Idaho Law Review* 1, 3 (2003) (“Today, tools are readily at hand to pursue international and comparative law inquiries. The internet affords access to foreign judicial decisions, law journals contain all manner of commentary, course materials are well packaged. Professor Russell A. Miller of Idaho’s law faculty, for example, co-edits the Annual of German and European Law and the German Law Journal, an on-line English language journal reporting on developments in German, European, and international jurisprudence.”).
- <sup>142</sup> The 2003/2004 Board of Editors: Miriam Aziz, Gregor Bachman, Betsy Baker, Graf Peter Calliess, Matthias Casper, Morag Goodwin, Dominik Hanf, Florian Hoffmann, Alexandra Kemmerer, Malcolm MacLaren, Stefan Magen, Ralf Michaels, Hanri Mostert, Christoph Safferling, Marlene Schmidt, Robert Schütze, Craig Smith, and Cornelia Vismann.
- <sup>143</sup> Annelise Riles, “Introduction: The Projects of Comparison”, in Annelise Riles (ed.), *Rethinking the Masters of Comparative Law* 1, 6 (2001).
- <sup>144</sup> Theodor Heuss, *Robert Bosch: His Life and Achievements* 444 (Susan Gillespie & Jennifer Kapczynski trans., 1994).
- <sup>145</sup> For the purposes of this paper, the concept of citizenship will mean the legal institution ascribing rights and responsibilities to those people holding that status.
- <sup>146</sup> Rogers Brubaker, *Citizenship and Nationhood in France and Germany* (Cambridge: Harvard University Press, 1992).
- <sup>147</sup> Throughout this paper I will incorporate the German terms for foreigners, Ausländer, meaning the residents of Germany holding foreign passports and Aussiedler, meaning ethnic German immigrants from Eastern Europe and the former Soviet Union. I use these terms as opposed to their “English equivalents” as the terms have special meaning within the German context.
- <sup>148</sup> Yasmin Nuhoglu Soysal, *Limits of Citizenship: Migrants and Postnational Membership in Europe* (Chicago: University of Chicago Press, 1994).
- <sup>149</sup> The state does differentiate between citizens and non-citizens with respect to political rights.
- <sup>150</sup> The Federal Government’s Commissioner for Foreigners’ Issues, *Facts and Figures on the Situation of Foreigners in the Federal Republic of Germany* (October 2000).

- <sup>151</sup> Ibid.
- <sup>152</sup> Ralf Ulrich, Speech Given at the Robert Bosch Foundation Fellowship Program 20<sup>th</sup> Anniversary Event, Washington, DC, June 2004.
- <sup>153</sup> Other politically important groups, such as Jews and Roma, will very briefly be addressed here but certainly are integral parts of the overall foreigner debate since the founding of the Federal Republic.
- <sup>154</sup> This point is important because of the vast numbers of people of German heritage throughout the world that may not take up residence under the Right of Return. They are no more or less ethnically German under the definitions of the Basic Law and yet this option has not been extended to them.
- <sup>155</sup> Bundesministerium des Innern, 2004: [http://www.bmi.bund.de/top/sonstige/Themen\\_der\\_Innenpolitik/Aussiedler/Statistiken/ix8616\\_81066.htm](http://www.bmi.bund.de/top/sonstige/Themen_der_Innenpolitik/Aussiedler/Statistiken/ix8616_81066.htm)
- <sup>156</sup> Rogers Brubaker, "Migrations of Ethnic Unmixing in the New Europe," in *International Migration Review* (Winter 1998).
- <sup>157</sup> Ibid.; This problem is doubly experienced by Jews from the former Soviet Union. Admitted under a special provision of the Basic Law (see section on the Right of Return and Jews), Jews are frequently caught between two cultures in their social incorporation process – Jewish and FSU. For further reference, please see Irene Runge, *Ich bin kein Russe* (Berlin: Dietz, 2001).
- <sup>158</sup> Andreas Wüst, "New Citizens – New Voters? Political Preferences and Voting Intentions of Naturalized Germans: A Case Study in Progress," in *International Migration Review* (Winter 2000).
- <sup>159</sup> Manfred He\_ler, "Ausländerbeschäftigung, Ausländerpolitik und Einstellungswandel," in ed. Manfred He\_ler, *Zwischen Einwanderung und Fremdenfeindlichkeit* (Berlin: Hitit, 1993).
- <sup>160</sup> Ibid.
- <sup>161</sup> Anecdotal evidence reveals that the contract workers have largely disappeared, but have been replaced by undocumented immigrants and asylum seekers.
- <sup>162</sup> Grundgesetz (GG), Art 16, Abs. 2, Satz 2: "Politisch Verfolgte genießen Asylrecht."
- <sup>163</sup> Klaus Bade, *Deutsche im Ausland – Fremde in Deutschland: Migration in Geschichte und Gegenwart* (Munich: Beck, 1992).



- <sup>164</sup> Rainer Münz, M. Weiner, *Migrants, Refugees, and Foreign Policy: U.S. and German Policies Toward Countries of Origin* (Oxford: Berghahn Books, 1997); Peter Schuck, R. Münz, *Paths to Inclusion: The Integration of Migrants in the United States and Germany* (Oxford: Berghahn Books, 1998).
- <sup>165</sup> Grundgesetz (GG), Art. 16a (Asylrecht)
- <sup>166</sup> Monika Bösche, “Trapped Inside the European Fortress: Germany and the European Union Asylum and Refugee Policy,” in *International Studies Association Annual Conference Paper* (2003). Under GG Art. 23, German Länder, due to their financial contribution, maintain a right of participation in policy making in the European arena.
- <sup>167</sup> A good review on asylum practices is Paul t’Hart and Vina Wijkhuijs, “Contingencies of Western Asylum Policy: Coping with Dilemmas and Crises,” in *Journal of Contingencies and Crisis Management*, Vol. 7, no. 3 (September 1999).
- <sup>168</sup> Nationality Act StAG, Section II(5)(1).
- <sup>169</sup> Nationality Act StAG, Section V(5)(4).
- <sup>170</sup> Nationality Act StAG, Section VIII(1).
- <sup>171</sup> The law provides for those who are indigent due to no fault of their own.
- <sup>172</sup> ‘Ausländische Mitbürger’ in the original text.
- <sup>173</sup> Otto Schily, Federal Minister of the Interior, Foreword to Booklet “Staatsangehörigkeitsrecht”, Federal Representative for Foreigner Matters (August 1999).
- <sup>174</sup> “Staatsangehörigkeitsrecht”, Federal Representative for Foreigner Matters, Federal Ministry of the Interior (August 1999).
- <sup>175</sup> Dominique Schnapper, *Community of Citizens: On the Modern Idea of Nationality* (New Brunswick: Transaction Publishers, 1994).
- <sup>176</sup> Ibid.
- <sup>177</sup> Concepts of collective memory in politics is based on the lectures of Dr. Saul Friedländer at Hautes Etudes Internationales (HEI), Geneva, Switzerland, 1987.
- <sup>178</sup> William Drozdiak, “Loss Forces Choice for German Leader,” in *Washington Post*, 9 February 1999, A 9.

- <sup>179</sup> Deidre Berger, "Germany Redefining Germany", in *Christian Science Monitor*, 11 January 1999.
- <sup>180</sup> Imre Karacs, "Germany Sets 'Foreigners' a Loyalty Test," in *The Independent*, January 14, 1999, 12.
- <sup>181</sup> "50,000 Ausländer-Kinder wurden automatisch Deutsche," *Deutsche Presse Agentur (DPA)*, 16 December 2000.
- <sup>182</sup> Christian Joppke, *Immigration and The Nation State: The United States, Germany and Great Britain*. (New York: Oxford University Press, 1999).
- <sup>183</sup> Berger (1999).
- <sup>184</sup> Excerpted from: Peter Laufer, *Exodus to Berlin* (Chicago: Ivan R. Dee, 2003). The Exodus to Berlin Project, which includes an award-winning documentary film Laufer co-produced with Jeff Kamen, was made possible in part with the generous support of the Robert Bosch Stiftung. For more information see [www.exodustoberlin.com](http://www.exodustoberlin.com)
- <sup>185</sup> Catalyst, *The Bottom Line: Connecting Corporate Performance and Gender Diversity* (2004).
- <sup>186</sup> Small Business Association: *Women are More than a Market, They're a Source of Profit* [Online] Available: <http://www.sba.gov/library/successXIV/3womenaremore.htm> (2004).
- <sup>187</sup> Bundesministerium für Familie, Senioren, Frauen und Jugend, Germany, *Frauen in Führungspositionen in Politik, Wirtschaft und Verbänden* (2004).
- <sup>188</sup> United States General Accounting Office 2004.
- <sup>189</sup> 2001 Census of Women Board Directors Catalyst; 2002 Census of Corporate Offices and Top Earners.
- <sup>190</sup> Hoppenstedt Firmendatenbank 2003.
- <sup>191</sup> 2001 Census of Women Board Directors Catalyst 2002 Census of Corporate Offices and Top Earners.
- <sup>192</sup> Elizabeth Williamson, "German Corporate World Remains Male-Dominated," in *The Wall Street Journal Online* (2004).
- <sup>193</sup> Ibid.

- <sup>194</sup> Volker Amelung, Sherry Glied, Angelin Topan, „Health Care and the Labor Market: Learning from the German Experience,“ in *Journal of Health Politics, Policy and Law*, Vol. 28, No. 4 (Durham: Duke University Press, 2003).
- <sup>195</sup> Ibid.
- <sup>196</sup> Europäische Akademie für Frauen in Politik und Wirtschaft Berlin e.V. (2000)
- <sup>197</sup> „Schlaue Mädchen, dumme Jungen – Sieger und Verlierer in der Schule,“ in *Der Spiegel*, Nr. 21, 21. May 2004, [Online] Available: <http://www.spiegel.de/spiegel/inhalt/0,1518,grossbild-354443-,00.html>
- <sup>198</sup> Excerpts from speech by State Secretary Georg-Wilhelm Adamowitch, Federal Ministry of Economics and Labour (Germany), on the occasion of the GEM Research Conference, “Entrepreneurship, Government Policies, and Economic Growth”, April 1-3, 2004, Berlin.
- <sup>199</sup> Omar Sacirbey in *The Christian Science Monitor* (1998).
- <sup>200</sup> McKinsey & Co., *Diversity: Women at McKinsey* (2004).
- <sup>201</sup> Resource paper for EU Employment and Social policies 2003.
- <sup>202</sup> National Academy of Engineering 2004.
- <sup>203</sup> U.S. Department of Labor, *Facts on Executive Order 11246 – Affirmative Action* (2004).
- <sup>204</sup> Resource paper for EU Employment and Social policies 2003.
- <sup>205</sup> Catalyst, *The Bottom Line: Connecting Corporate Performance and Gender Diversity* (2004).
- <sup>206</sup> Intel Corporation, *Diversity at Intel: Women in the Workforce* (2004).
- <sup>207</sup> Roland Berger Strategy Consultants (2004).
- <sup>208</sup> Die Bundesregierung, *Gender Mainstreaming – again for Both Sexes* (2004).
- <sup>209</sup> Accenture, *Diversity – Catalyst Award* (2004).
- <sup>210</sup> “Bottom-Line Pressures Now Hurting Coverage, Say Journalists: Press Going Too Easy on Bush,“ in *Pew Research Center for People and the Press*, 23 May 2004.

- <sup>211</sup> “Reaktionen auf SPD-Einstieg,” in *Frankfurter Allgemeine Zeitung*, 4 May 2004.
- <sup>212</sup> “The War in Iraq on Television: A Split Reality,” in *Media Tenor* at <http://www.mediatenor.com>, published in *Frankfurter Allgemeine Zeitung*, 4 April 2004.
- <sup>213</sup> “The Times and Iraq,” in *New York Times*, 25 May 2004, available at [http://www.nytimes.com/2004/05/26/international/middleeast/26FTE\\_NOT E.html](http://www.nytimes.com/2004/05/26/international/middleeast/26FTE_NOT E.html) 26 May 2004.
- <sup>214</sup> “The Post on WMDs: An Inside Story,” *Washington Post* at <http://www.washingtonpost.com/wp-dyn/articles/A58127-2004Aug11.html> 1 August 2004.
- <sup>215</sup> “Bottom-Line Pressures Now Hurting Coverage, Say Journalists: Press Going Too Easy on Bush,” in *Pew Research Center for People and the Press*, 23 May 2004.
- <sup>216</sup> See for example John Lloyd, “Europe's Intellectuals Unite!” in *Financial Times*, 2 February 2003, p. 11.

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- Health, Humanitarian Aid
- International Relations I
- International Relations II
- Youth, Education, and Civil Society

In Stuttgart, the foundation maintains three public health and research facilities: the Robert Bosch Hospital, the Dr. Margarete Fischer-Bosch Institute for Clinical Pharmacology, and the Institute for the History of Medicine.

The Robert Bosch Stiftung, the objectives of which are exclusively non-profit, holds 92 % of the capital stock of Robert Bosch GmbH. From 1964 until 2003, the foundation provided approximately 630 million euros in funding, 49 million euros in 2003 alone.

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