

Maintaining a strong, balanced, healthy long-term relationship is complicated enough without adding distance to the equation. Tack on differing political views, strategic interests and social goals to this scenario and you are destined to follow a winding road to contentment—so much so, that one might even be tempted to abandon the whole course altogether. Yet, notwithstanding these trials, there are cases when the value of the bond itself is great enough to persuade both parties to agree to disagree when necessary, and negotiate at length to preserve the integrity of the tie. Considering the recent divergent opinions voiced between the United States and Europe, this dynamic seems to hold true for the resilient Transatlantic Alliance.

When combined, the collective will of the United States and the European Union generates a powerful force almost impossible to counter, regardless of the underlying initiative. Conversely, when at odds, the two powers stumble over each other's objections and momentum on any level slows, even stagnates. Respectful communication, mutual understanding, and steadfast support represent critical elements to moving through, and ultimately avoiding, such impasses. Moreover, winning only political commitment to this agenda appears insufficient for achieving the best outcome. Within a convoluted political arena, there exists great opportunity, even demand, for rising business leaders to help shape the framework for future EU-US relations. In this context, the Interstate Programme brought together MBA candidates from throughout the U.S. and Europe to examine and address the major pressures currently straining the alliance.

Over the course of four days, we convened in Brussels to discuss the state of the EU in terms of political change and enlargement, business dynamics, economic challenges due to globalization and demographics, and competition policy. To facilitate discussion we heard from numerous distinguished leaders including Matthias Ruete, Director of the European Commission, John Sammis, Minister Counselor for Economic Affairs of the US mission to the EU, Quentin Peel, International Affairs Editor for the Financial Times, and Umberto Paolucci, Senior Chairman for Microsoft Europe, Middle East and Africa. A highly international group of students, we approached the presentations from a different perspective, which made for lively, even provocative discussion.

Posing questions as an American required a delicate and sensitive tone although at times I sensed resistance to certain inquiries. While the conference theme focused on how to engage the transatlantic relationship to sort through some of the current EU struggles, the underlying sentiment seemed to suggest the best role the U.S. could play in the future would be a diminished one—offering enhanced support but leaving the EU to decide for itself which future paths to follow.

While many of these decisions inevitably involve the U.S, they should do so organically, without the relationship overriding the issue. A clear difference of opinion arose surrounding the EU enlargement debate. The United States, although not stating an official position, remains a strong advocate for Turkish accession for strategic and security concerns. The EU, however, still feeling the economic and social strain that accompanied previous enlargement rounds, continues to retreat from future expansion.

Without the prospect of EU membership, the question becomes how to create incentives for neighboring countries to adopt the high standards in human rights, rule of law, and property protection necessary to stabilize the continent. Ten years following the U.S. directed NATO mission in the Balkans, ongoing tension in the region serves as a reminder both how quickly peace can be compromised and how dependent the EU is on the United States for security and defense. This dependence, perhaps the most reasonable argument for U.S. input in the enlargement debate, is unlikely to fade in the foreseeable future. Defense spending in the EU currently fails to meet sufficient standards and increasing this budget remains a highly unpopular, and therefore difficult, issue to pass. Nevertheless, any active U.S. involvement in EU enlargement decisions will no doubt be hotly contested and potentially counterproductive.

Occurring amidst the fallout from the failed EU Constitution, the conference dialogue rested heavily on the political change, an ageing population, high unemployment and the continued decline in innovation and economic competitiveness facing much of Europe. Presenting messages laden with frustration, speakers hailing from high levels across many sectors wore long faces and emphasized the need for closer cooperation and effective change. This need for change was the only area in which agreement came easy; the ways and means for change and who would implement them brought unsettled debate.

High unemployment levels were argued to be a structural, rather than temporary problem, one that will correct only with labor reforms. The nature of such reforms, however, continues to be unclear and unresolved. While Germany has begun implementing certain labor reform measures, France still resists any significant

adjustment to a system that is financially and socially unsustainable. Recommending that a U.S. employment model be considered as a possible solution promoted even greater resistance to reform, suggesting again that for predominantly EU issues, silent support is the most influential position the U.S. can take.

The conference did generate some consensus: the Stability and Growth Pact needs to be enforced, a knowledge economy must be nurtured through improved graduate education and research, and an EU Services Director position should be established in order to focus Europe on sectors in which it can be competitive. Europe is relatively productive in many industries; however, few of which offer job opportunities or contribute significantly to overall GDP growth. Consequently, the European economy stagnates and the brain drain picks up speed as the best and brightest leave to seek both education and employment opportunities elsewhere.

Although the United States and the European Union share many common goals and traditions, they are still very diverse places capturing different perspectives. While drawing comparisons between the different systems in each can be at times useful, such comparisons are certainly not always appropriate and can cause contention by sparking defensive reactions. Setting benchmarks for social reform is an arduous and highly subjective task. In one breakout session, we questioned whether the French should give up leisure time in favor of longer workdays to increase competitiveness and whether the U.S. should provide a wider social net that allows for a lighter workload. Pointing to one system as superior and the example to follow was impossible and unproductive. We concluded that the most useful method for effecting valuable change in either environment demanded careful analysis and offering recommendations based on the

needs and wants relevant to the specific community. It is one thing to encourage learning from the experiences of others, but quite another to require those experiences be replicated.

Recognizing that powerful business channels exert significant influence and provide impetus for change, we aimed not necessarily to find conclusive answers to the difficult questions at hand, but rather to redefine an approach to international business that promotes sensitivity and flexibility. For the US and Europe, such an approach is critical given that any problem arising in one nation almost always impacts the other. This reality should not be ignored nor should it motivate either nation to act purely in its own interests—the best interests for both can only be achieved through enhanced cooperation. European development should be furthered for its own sake, not solely to provide a balance to U.S. hegemony. The United States will not remain the only superpower indefinitely, and the Transatlantic Alliance is best left firmly intact no matter how the future world order evolves. Hence, reform measures in the U.S. and EU should be thoughtful, forward-looking, and considerate of the effects felt on both sides of the Atlantic.

Pressing for reform in any environment inevitably draws criticism. Change is painful, even if for the better. After meeting with my peers from around the world, I am relieved to say that in the business arena there are many productive and insightful individuals willing to surrender rhetoric and respond to this criticism with positive action. The Interstate Programme provided an excellent introduction to my future business colleagues in the U.S. and across the Atlantic, and I am pleased to pool our efforts in building a closer alliance for a more secure future.