

# 24<sup>th</sup> TransAtlantic Conference

## November 9 – 14, 2008

### Amsterdam and The Hague, The Netherlands

**Monday, November 10, 2008**

## PANEL I

### *Netherlands Agenda for the Future*

By tradition, the opening panel of the first full day of the TransAtlantic Conference is reserved for officials of the host government to outline and explain the agenda and priorities of its own government. Ambassador William Hughes, Vice-Chairman of the Franklin Center for Global Policy Exchange, welcomed the guests and gave the opening remarks in the proceedings.

Speakers included:

- Mr. Maarten Havercamp, Member of the Dutch Parliament, Christian Democrat Appeal Party (CDA)
- Mr. Peter Potman, Deputy Director of Western Hemisphere, Ministry of Foreign Affairs, The Netherlands
- Mr. Mark Dijk, International Secretary in the VVD Executive Board, People's Party for Freedom and Democracy (VVD)
- Dr. Andre Krouwel, Lecturer of Comparative Political Science, Free University of Amsterdam
- Dr. René Cuperus, Director of International Relations, Wiardi Beckman Foundation

As a Member of the Dutch Parliament and a Member of the Majority political party CDA, Mr. Havercamp said the current coalition government was the result of years of work to bring competing factions together. Mr. Havercamp saw a parallel between the change election of 2008 in the US with the change election in The Netherlands in 2002.

For example, the current Prime Minister, Mr. Balkenende, and the current Minister of Finance, Mr. Bos, come from different political parties (Mr. Balkenende from the CDA and Mr. Bos of the Labor Party) and were once bitter political rivals. Now, however, they have developed a positive working relationship and are cooperating closely on the financial crisis and other national priorities.

So, too, is the governing coalition, which consists of the CDA, the Labor Party (SP) and the Christian Union (CU). Together, these parties represent the center-left coalition in charge of the Parliament and the Ministers.

Next, the conference heard from Mr. Peter Potman of the Dutch Ministry of Foreign Affairs. Like other speakers before and after him, he recalled the deep and strong relationship between the US and The Netherlands. Just one block from the meeting room, he said, was the building where then Ambassador (and later the US 2<sup>nd</sup> President) John Adams visited in search of funding for the Revolutionary War.



Fast forward to today, and The Netherlands finds itself in a different position. While enjoying universal health care, very low unemployment, a high quality of life and a well-fed population, there is still unease in The Netherlands. The new challenges of globalization and integration have replaced the old challenge of the Cold War for all of Europe, and The Netherlands is certainly not immune, said Mr. Potman. The government is struggling to face these new challenges, in the midst of a European Union that began with 6 Member states but now boasts 27 and counting.

On behalf of the Dutch Liberal Party, Mr. Mark Dijk reminded the largely US audience that the liberal label in Europe means the opposite of what it does in America. European liberal parties, which favor free markets, freedom and responsibility, and limited government, are more aligned with the priorities of conservatives in the western hemisphere.

But free markets can only work properly if there is appropriate government regulation. Government must be the watchdog, said Mr. Dijk, especially in light of the global financial crisis that began in the US and had spread worldwide in recent months.

The lone academic on the panel was Dr. Andre Krouwel, an expert in parliamentary governments in Europe and coalition governments specifically. Although there are several significant differences between European style government and that of the US, the biggest difference perhaps is the winner-take-all system in the US versus the proportional representation system that decides the government make-up of most European parliaments.

In The Netherlands, with so many parties from which to choose, Dutch voters have lots of options. This disparate nature of the winners means it can take up to seven months to form a government once the election has taken place. European governments work by consensus because they are forced to by the system.

Still, Presidents and Prime Ministers are becoming more important and higher profile leaders, which Dr. Krouwel called one of the “americanizations” of the European system. Campaigns have become more personalized and debates were held, which took on the hallmarks of the US system. And Dr. Krouwel underscored that in his long career, he had never seen more interest in a US election by Europeans than in the Obama-McCain race.



Speaking of Presidents, Dr. Cuperus of the Wiardi Beckman Foundation, the think tank for the Labor Party in The Netherlands, claimed President-elect Barack Obama as the US leader closest to sharing his party’s views. He said the Obama victory clarified the power of politics, hope, the past, patriotism, authenticity and a clear 2-party system.

In Europe, by contrast, patriotism is almost frowned upon. Since World War II, there has almost been a taboo against nationalism, which plays into the difficulties surrounding integration and immigration, said Dr. Cuperus.

All the panelists agreed that the expectations for President-elect Obama were very high, in some cases unfairly and unreasonably so. There was a belief that the European public might be disappointed somewhat if American policies were not changed fundamentally from those made during the Bush Administration.

## PANEL II

### *Health Care Delivery, Private Versus Public, and the Administration of Government Health Care or “Sick” Funds, and Electronic Health Records*

With health care continuing to dominate the political debate in every country, different approaches have been employed with varying degrees of success. As health care quality continues to improve, health care costs continue to grow, so the challenge is how best to make available the benefits of today’s modern system, including e-prescribing, while also keeping it affordable.

Speakers for this panel included:

- US Congressman Joe Baca (D-CA)
- Ambassador Connie Morella, Vice Chairman of the Franklin Center and former US Ambassador to the Organization of Economic Cooperation and Development
- Mr. Klaus Gritschneider, of Europa Apotheek Venlo B. V.
- Tom Moriarty, Chief Operating Officer, Medco

Mr. Baca first shared his view that the main problem facing the US health care system was one of access. He cited statistics showing that 25% of all Hispanics in the US lack health care and that people are getting less healthy. Nutrition and exercise, which are keys to good health and to the prevention of debilitating diseases, have been forgotten by individuals and policymakers, he said. He pointed to the rising rates of childhood obesity and diabetes as just two examples of these troubling developments.



In addition to access for care, access to prescription medicines was also very important. And not only the right medicines, but the right dosage levels. E-prescribing, where prescriptions are made online instead of by handwriting, is something that is critical to continued improvements in health. Too many people have suffered from taking incorrect prescriptions or dosages.

Ambassador Morella followed by recalling her days as a Member of Congress, when then-President Bill Clinton’s ambitious plans to overhaul health care ran into trouble. She cited costs, complications and a sophisticated campaign by opponents (now known as the “Harry and Louise” ads), which helped lead to the plan’s defeat in the US Congress in 1993.

Also, with the recent enactment of the \$700 billion financial rescue package, Ambassador Morella wondered aloud if there would be sufficient funds remaining to really take on the costly and complicated challenges of extending health care coverage to the millions of Americans who lack it.

Mrs. Morella concluded by noting that despite having fairly opposite approaches to health care, the US and France have near-equal dissatisfaction amongst their people with the level and quality of health care. This, she said, might be instructive for those wishing to move the American system more towards a universal health care system modeled after those in Europe.



Tom Moriarty of Medco echoed that sentiment, and said that both approaches (the universal system found in most European countries and the single-payer system in the US), were struggling to provide a level of satisfaction and care to the public, mostly due to shrinking resources available for health care.

In the face of these shrinking resources, his company is focused on identifying true cost drivers which might be reduced with targeted efforts.

Medco is a leader in e-prescribing and the concept of true personalized medicine. Mr. Moriarty shared with the conference one telling example of how such a concept would work to reduce costs. Since each individual has different levels of metabolism, different dosage levels should be identified and followed. For some patients, up to 20% of a prescription might be rendered worthless because their bodies are incapable of absorbing all of the medicine. A simple and low-cost test to identify metabolism levels could solve this problem and save patients and health care systems significant amounts of needed resources. Still, such simple testing procedures are rare.

In Germany, costs and scarce resources are also problems, said Mr. Klaus Gritschneider. In a country of 82 million people, close to \$40 billion is spent on prescription medicines alone, and \$250 billion is spent on health care overall. In return, Germany has a very high quality health care system, but one which is not sustainable. Germany is exploring e-prescribing and personalized medicine as well, and has recently begun to reintroduce competition to the pharmaceutical marketplace. The hope is that these efforts will reduce overall costs.

The discussion that followed focused on efforts in the US Congress to incentivize more prevention, ensure full health care coverage for children, and to extend catastrophic coverage to adults. Participants noted that despite all the data showing the cost savings and health benefits of active prevention efforts, like stressing proper diet and exercise, few if any health care plans (or employers) gave actual incentives to these activities.

## PANEL III

### *The International Criminal Court – US and EU Differences in Participation, Sovereignty and the Rule of Law*

While the US is a leading member of many international organizations like the World Trade Organization and the United Nations, it has so far not become party to the International Criminal Court (ICC). The Hague, home to the ICC, served as a valuable backdrop for an open exchange between Members of Congress and experts.



Judge Philippe Kirsch, President of the International Criminal Court, provided the conference with an overview of the court's activities since its founding. As an officer of the court, President Kirsch appropriately refrains from arguing on the court's behalf, leaving that responsibility to Member states.

The ICC was created in large part in response to what was perceived as limits of the war crimes tribunals; mainly their temporary nature, their creation only after potential criminal activity took place, and their susceptibility to political influence following a major criminal event. These vulnerabilities led early proponents of the ICC to develop a court that was permanent, truly independent, and with broad jurisdiction in order to provide both punishment and deterrence.

On July 17<sup>th</sup>, 1998, the Rome Treaty establishing the court was adopted, and in 2002 was entered into force for ratification. In that short time, more than 100 Member states have ratified the treaty and participate in the ICC.

The key features of the court are a) it is truly a court of last resort and b) its jurisdiction is limited to only those instances when a Member state or territory has not investigated the case, when a Member state has given its consent, or on referral from the United Nations. (The jurisdiction of the court was the subject of much debate during the latter portion of the panel discussion).

Judge Kirsch noted that the ICC was never designed to replace or supplant national court systems nor is it a court of appeal.

There have been four situations referred to the court, regarding alleged activities in the Congo, Uganda, the Central Africa Republic and Darfur. An ICC prosecutor is also monitoring situations in Georgia and Afghanistan. These cases have led the court issuing 12 warrants for arrest and executing 4 actual arrests.

Since the ICC deals with ongoing conflict, it does create some problems related to witnesses, arrests, and evidence. The six field offices the ICC has established have often been forced to close because of security concerns. On the other hand, the court's mandate to address ongoing conflict provides a hopeful deterrent to other potential perpetrators, who see an ICC arrest and penalty as reason to halt criminal activity.

After this presentation, the panel thanked President Kirsch and he departed.

The panel discussion then began, with the following experts making remarks:

- US Congressman Doug Lamborn (R/CO)
- Dr. Hans Köchler, President, International Progress Organization
- Mr. John Washburn, Convener, American NGO Coalition for the ICC
- Ambassador Paul Wilke, Netherlands Permanent Representation to the ICC

Mr. John Washburn was a strong proponent for the ICC and for US participation in it. He expanded on the court somewhat noting that it functions just like a true criminal court that one would find in any American city. It makes arrests, issues bench warrants, has a pre-trial chamber, appeals and final appeals. One major difference, however, is that an ICC prosecutor can appeal a conviction.

Mr. Washburn noted that the Bush Administration, which began as what he called “hostile” to the ICC, has more recently opened up a channel of cautious cooperation, citing Darfur as an example. The Obama Administration has the option of following this thawing of relations with two clear actions that are available to the US at no cost and without need for Congressional action:

- 1) reinstating the signature on the ratification treaty
- 2) attending meetings at the review conference

Mr. Washburn concluded that the US can neither ignore nor destroy the court, given its approval in over 100 countries around the world.

Ambassador Paul Wilke returned to a theme heard throughout the conference: that as a small country, The Netherlands has long been a proponent of international law to protect its own interests. He said that the Dutch were apprehensive at the initial reactions of the Bush Administration, but see an evolution in the thinking of the US towards the court in the past few years. He was realistic that President-elect Obama would likely not change this position overnight, but that symbolic steps could be taken which would be received very positively.

For instance, the US should get more involved with the day to day discussions of the ICC, especially on the issue of defining what constitutes “aggression.” This involvement is permitted without Congressional action. Noting that the Russians and Chinese were at the table, Ambassador Wilke questioned why the US was not.

Dr. Hans Köchler thought it was ironic that the US, which has usually pressed for more international law, had reacted negatively to the creation of the ICC. He suggested that the main challenge is that for the court to be effective, it must be accepted by all major world and military powers like Russia, China, the US, and India.

As was discussed earlier, the court’s jurisdiction also presents a challenge, said Dr. Köchler. Although the Court is not supposed to replace national courts, the Court may exercise jurisdiction if it feels that a national investigation or trial was insufficient. This supranational authority is precisely why many of the major countries have not as yet embraced the ICC.

Congressman Lamborn picked up on this sentiment and reminded the conference that it was President Bill Clinton, not President Bush, who first refused to sign the final ratification documents for the ICC. The Congressman said there were widespread bipartisan concerns in the Congress in five major areas:

1. Due process: Americans would not have the same rights under the ICC as they do under the US Constitution (trial by jury, protections from double jeopardy, and vague descriptions of crimes for the ICC)
2. Jurisdiction over non-parties to the court
3. The threat of political prosecutions
4. No prosecutorial oversight
5. Usurpation of the UN Security Council



While the US is sympathetic to the goals of the ICC, it still holds other deep concerns about the treatment of US servicemen and women. In response Congress passed and the President signed into law the US Servicemen Protection Act.

Congressman James Sensenbrenner added two other distinct concerns about the ICC, which were UN failures in enforcing its own decisions (i.e. Iran, North Korea) and gaps in international law which have sparked disagreement (Guantanamo Bay).



**Tuesday, November 11, 2008**

## **PANEL I**

### ***The Aftermath of the Subprime Crisis and Credit Crunch: What's Next for the Global Financial Services Regulatory Regime***

On the eve of an international G20 summit meeting on the financial crisis being held in Washington, DC, top experts in government and the financial services industry exchanged ideas on what to expect for the US and global regulatory reactions to the events of 2007 and 2008. Corporate governance, complex financial service regulations, the future of hedge funds, Sarbanes-Oxley, and the role of central banks were all covered. Panelists included:

- US Congressman Luis Gutierrez (D/IL)
- US Congressman James Moran (D/VA)
- US Congressman Frank Lucas (R/OK)
- The Honorable Michael G. Oxley, Former Chairman of the House Financial Services Committee and Current Vice Chairman of NASDAQ
- Mr. J. F. (Hans) Hoogervorst, Chairman, Authority for the Financial Markets  
The Netherlands
- Professor Jaap Winter, Former Chairman of the European Union High Level Group of Law Experts, Former Member of the Dutch Corporate Governance Committee
- Mr. Karel Lannoo, Chief Executive Officer of the Center for European Policy Studies



Congressman Gutierrez, a senior member of the House Financial Services Committee, began the timely panel session by noting the G20 meeting but saying flatly that there could be no great progress made. With President George W. Bush, the host, being a lame duck President and President-elect Obama saying very little specifically during the campaign on what his Administration would do in response to the crisis, Congressman Gutierrez said the real work would begin in February after President-elect Obama was sworn in.

No global progress can be made without the US for two obvious reasons: 1) the US has the world's largest economy and 2) the US was home to the toxic debt that has largely been blamed for much of the economic troubles facing the world today.

Congressman Gutierrez said many factors led to the current situation, but pointed specifically at a decision made in mid-2004 by the US Securities and Exchange Commission to raise the leverage-to-capital ratios from 12 to 1 to the current 25 to 40 to 1. There was much discussion from all the panelists about this decision, which meant that banks could borrow against their capital reserves in far greater amounts than they had been able to prior to the change.

Congressman James Moran followed these remarks by adding that without question, the US has benefited greatly from its free market system, but that unless government taps on the regulatory brakes once in a while, greed can drive a system completely out of control. He said the credit default swaps of \$60 trillion were so complex that even the financial regulators and experts didn't really know what they were trading. And that much of the problems stemmed from the lack of capital reserve requirements and no transparency.

But Congressman Moran went further, arguing that median income Americans were encouraged to spend their home equity and borrow more, and they got over extended. This resulted in the real estate bubble bursting and the crisis of confidence that began in the US and has spread across the globe. He was also concerned about vast amounts of US capital which goes overseas; much of it for oil and gas but also to finance the growing federal deficit.

This latest issue – foreign financing of the US deficit – becomes more acute given the growing use of sovereign wealth funds, which are operated by countries like China and Russia.

Congressman Frank Lucas, also a House Financial Services Committee Member, recalled that the US farm belt had undergone a boom and bust cycle some years ago but that unlike the current financial crisis, the farm belt did not receive a \$700 billion taxpayer funded bailout. Congressman Lucas used this example to remind the conference that sooner or later, reality returns to the marketplace, and that adjustment is sometimes often painful.

For his part, Congressman Lucas was very concerned about the speed with which the \$700 billion financial rescue plan legislation was considered and passed by the US Congress and signed into law by the President. The legislation, in its original form, was a three page memorandum. Congressman Lucas also expressed some reservations about the potential for over regulation of the private sector, saying symbolically that having the post office running the banks is more than a little frightening.



The panel next heard from one of the top financial regulators in The Netherlands, Mr. Hans Hoogevorst of the Authority for the Financial Markets (AFM). The AFM is akin to the US Securities and Exchange Committee.

As a supervisor, Mr. Hoogevorst admitted openly that the main problem was weak supervision, and that supervisors the world over were well behind the curve. For one, supervisory bodies can't pay nearly as much as investment banks to compete for the top talent, and two, supervisory bodies are still capable of doing misguided things.

He said that his European colleagues were quick to point out the frailties of the US system, but that Europe wasn't completely clean either, pointing to Deutsche Bank's leveraging rates of 40 to 50% as one prime example. Moreover, he said the global competition for the financial services industry led to what he called "a race to the bottom" in terms of lax oversight and rules. Certainly, we should have competition, he concluded, but not if that competition leads to weakening regulation.

Dr. Jaap Winter broadened the discussion widely by saying that as individuals, human beings usually act rationally. But collectively, we act irrationally. This aspect of the discussion and the problem, human behavior, was what Dr. Winter believed should be a primary focus. He felt confident that the central banks would be able to clean up the current mess and send the bill to the taxpayers, but he urged the conference to think more about the next crisis than the current one.

People should have no illusions when so-called Ninja mortgages are being issued to borrowers with no income. This will always lead to bubbles which will always certainly burst. Next time, we must understand that the problems are not generated by the system, even a complex financial one, but by human behavior.

Mr. Lanoo returned to the task at hand by suggesting that before lecturing the US on its problems, Europe should put its own house in order. He reminded the audience that banking in Europe was three times larger than that of the US, but that the reaction in Europe so far had been national, not European. He felt this was a real missed opportunity

He argued that what was necessary was further integration of regulatory bodies so that there were standards of transparency and regulations across national lines. He also pointed to Italian and Spanish banks as fairly strong successes and exceptions to the trouble of banks in other countries because of higher core capital requirements there.



Rounding out the panel, Chairman Oxley agreed with some earlier acknowledgements that unfortunately, these types of incidents in some ways are inevitable. As the primary author of the Sarbanes-Oxley corporate reporting legislation passed in the wake of the Enron scandal, he contrasted those days from the current financial crisis.



For instance, the Enron and similar cases were corporate officials who intentionally cooked the books. There was outright fraud. This current financial situation, he said, is far different. In this case, a lot of very smart people made a lot of very bad decisions in the marketplace. The key to government's response must be transparency and the real valuation of assets.

## PANEL II

### *Country-Specific Taxation and Economic Policy in a Flatter World*

A 2007 report by the US Treasury Department noted: “as barriers to cross-border movement of capital and goods have been reduced, differences in nations’ tax systems have become a greater factor in the success of global companies.” While other countries have cut corporate tax rates, the US rate has remained high and is now the 2nd highest in the world. Panelists explored and discussed how different countries have approached the business tax rate challenge and how the US might pursue a more competitive tax regime in the next Congress.

- Congressman James Moran (D-VA)
- Mr. Mark Doets, Chairman, Tax Committee, American Chamber of Commerce, The Netherlands
- Professor dr. Kees van Raad, Professor of International Tax Law, University of Leiden
- Mr. John Traub, Minority Staff Director, Committee on Ways and Means, US House of Representatives

Congressman Moran began by referencing the previous panel discussion on financial services regulation, saying that the two were directly connected. He saw similarities with the international competition to cut tax rates and the competition among countries to streamline financial services oversight. If individual countries followed the same path on cutting tax rates to stay competitive, he foresaw similar consequences of a race to the bottom.



Overall, Mr. Moran said that the current US tax system was inadequate, because it is not collecting enough for the costs of a well-educated workforce, world-class transportation system, national defense, and other priorities, resulting in annual budget deficits. He also agreed with many that the US tax code was entirely too complex and confusing, saying at some point, it will have to be simplified.

He was skeptical that cutting taxes, especially corporate taxes, could be done in a time of mounting deficits and enormous costs associated with the financial services crisis. Basically, he said, the Congress’ hands were tied for the foreseeable future. He noted that the 2001 and 2003 tax cuts passed by Congress were done with borrowed money, and that the more debt the US accumulates, the more future generations will have to pay.

Mr. Doets compared the US income tax system with the value added tax – or VAT tax -- system that prevails in Europe. He said the VAT tax was by far the largest revenue raiser in Europe and it was relatively easy to enforce. He also spent some time contrasting the fairly open and working relationship between Dutch corporations and its revenue service with the nearly hostile one that exists in the US.

Professor van Raad agreed with earlier sentiments that the US tax code was overly complex, saying that it leads to serious deficiencies in the system. As opposed to its current approach, the US would benefit greatly by moving to a more territorial tax system. He pointed specifically to subpart F and transfer pricing – two of the US tax codes most infamously complicated sections – as examples of how bad the code had become. He also echoed comments by Mr. Doets about the US withholding tax being terribly difficult to enforce.



Jon Traub of the House Ways and Means Committee concluded by setting the landscape for what faces tax policy makers in the US. He thought there was general bipartisan support for examining other approaches, like moving in the direction of territoriality, but that budget constraints and the economic recession would make any wide-scale overhaul of the tax code nearly impossible in the short time frame.

The debate then moved to short term and long term priorities. One idea mentioned to bring capital back into the US and also raise revenue was a corporate tax amnesty for repatriated income. There is suggested to be some \$600 billion in US income overseas which might exercise such an opportunity.

Other longer term ideas were for the US to more closely study the VAT system as a way to make the US tax code more efficient. Although some proposals had been made in the Congress to do just this, those efforts did not gain widespread support.

## PANEL III

### *NATO and Missile Defense issues in Europe*

Officials from NATO headquarters in Brussels joined government officials and academic experts about the status of the alliance, the moves to provide for missile defense in Europe, and other topics like enlargement. The recent announcement of a missile defense system in Eastern Europe began the discussion and future efforts to protect against intercontinental threats were also explored. Panelists included:

- US Congressman James Lamborn (R/CO)
- Ms. Michelle Azevedo, Political Fellow and Missile Defense Expert, US Mission to NATO
- Dr. André Gerrits, Amsterdam University, Netherlands Institute of International Relations
- Mr. Nicolaas Wegter, Former Chief Representative of the European Commission to The Netherlands

Leading off, Congressman Lamborn remarked that rogue nations and their desire to acquire and deliver weapons of mass destruction is one of the top reasons for a missile defense system. The deterrence factor alone, let alone the ability of the system to actually defeat a missile strike, made the system worth the investment.



Mr. Lamborn stressed that the missile defense system was purely defensive – a theme heard repeatedly throughout this panel discussion. And that with today’s real threats like Iran and North Korea, that the US couldn’t afford for it to be wrong.

Michelle Azevedo of the US State Department went further and specifically outlined the threat by Iran alone, not to mention other countries like Russia and China. Iran is a state sponsor of terrorism, and currently has a missile with a range of 2000 kilometers. Iran has also claimed to have developed a space based system. The question, Ms. Azevedo posed to the conference, is why?

Ballistic missiles are indeed a real threat, and missile defense is a very important option to have for US and global security. She reiterated that missile defense was purely a defensive system, not a pre-emptive strike capability, and that it did not represent a threat to any nation. The Congress has appropriated \$9 billion for continued development and deployment of this system for fiscal year 2009.

Dr. Gerrits went straight to the active discussion of Russia, whose involvement in Georgia and reaction to the deployment of the US missile defense sites in Poland had caused concerns in Europe and America. He said Russia had been giving mixed signals, noting that although Prime Minister Putin had announced his opposition to the sitings in Poland, that the Russian foreign minister recently visited the country with a far different tone.

He believed that there actually was a power struggle underway in Russia, and that its recent assertiveness was driven primarily by the drop in oil prices.

Mr. Wegter shifted gears somewhat but said the transatlantic partnership and the NATO alliance was key to confronting all these threats. He believed US unilateralism, be it in Iraq or in missile defense deployment, led to uneasiness on the continent. He agreed that Iran is a rogue threat but that better communication was needed.

He posed a question to the US officials about whether the US actually believed that the European Union (EU) would ever boost its own defense capabilities. He said the EU must do this since soft power alone would never be enough, citing the success of US force in Yugoslavia as an example.



One question posed of the panelists was whether Georgia should be admitted into NATO, which has sparked some controversy. Dr. Gerrits replied that the two top considerations for any such decision should be not only the interest of the future Member, but the future of the organization. He also specifically

referenced Article V of the NATO charter, which states that an attack on any one NATO member is an attack on all NATO members. Should this be ignored, he said, it would do deep harm to NATO and its future.

Some questions were raised about the true nature of the Iranian threat and the real need for missile defense, given its cost and its potentially provocative nature. A debate ensued about whether Iran would continue to be a threat, given its young and relatively modern society. One expert suggested the US should stop being obsessed with Iran. US officials responded by repeating their earlier statements about Iran and that the missile defense system threatened no one.

There was also an active discussion about whether the EU would ever step up its own defense capabilities and move towards true burden sharing. Past proposals to create a 60,000 strong European peacekeeping force never materialized.



**Wednesday, November 12, 2008**

## **PANEL 1**

### ***Food and Product Safety and Standards Enforcement: Maintaining Free Flow of International Commerce***

Tainted spinach and pet food, and recalls of toys with lead paint elevated the issue of international standards enforcement in 2008, especially in exports from rapidly developing countries like China. On the other hand, overzealous country-specific standards have been accused in many instances of serving as simple substitutes for protectionist trade policies. Experts in government and the private sector debated the challenge of finding the right balance between the two.

- US Congressman Frank Lucas (R- OK)
- Dr. Peter K. Ben Embarek, Department of Food Safety, Zoonoses and Foodborne Diseases, World Health Organization (WHO)
- Dr. André Henken, Director of the Nutrition, Medicines and Consumer Safety Division, National Institute for Public Health and the Environment
- Dr. André Kleinmeulman, Chief Executive Officer, Dutch Food and Consumer Product Safety Authority
- Professor dr. Peter Van den Bossche, Professor of International Economic Law, The University of Maastricht, The Netherlands



Dr. Kleinmeulman, one of the top regulators in The Netherlands for food safety, opened by describing the challenge of striking the proper balance between safety and supply. There are 2 million products sold in his country each day, and only 1,600 people at the regulatory authorities. This resource equation demands that food safety be approached in a risk-based manner. Furthermore, producers themselves have not only responsibilities but powerful market incentives to deliver product that is safe and healthy.

Despite some high-profile cases of tainted food products this year, he suggested the global food safety system was working fairly well, citing the tracking and tracing success of the European Food Safety Authority (EFSA) and dioxin. He identified more international standards and a more sophisticated regulatory infrastructure as two ways to strengthen the system further.

Congressman Lucas, a member of the House Agriculture Committee and a farmer, also believed that systems were in place to protect consumers. He stressed that the US has the safest food supply in the world not only because of government but because of the work of producers, who realize that their livelihoods are dependent on safe products entering the market.

He also sought to explain the variety of regulation that producers face, from the US Food and Drug Administration (FDA), the US Department of Agriculture, and even the State Department. Such regulation is worthwhile but can lead to inefficiencies and higher prices if carried too far.

On behalf of the World Health Organization, Dr. Ben Embarek viewed food safety as a true public health issue. He reminded the conference that people had died because of an unsafe food supply, and that the challenge must be viewed and addressed in an international fashion.

Globalization is the single biggest factor for the new challenges, he said. He stated that a single food product can now contain ingredients from 20 to 30 different countries, and that the safety of the whole is dependent on the safety of the

parts. The top priority for global institutions like WHO is to push all countries to raise their standards to internationally accepted norms.



He focused specifically on recent efforts in China, the origin of many of the higher profile cases of tainted products. Despite having regulatory interface and controls on exports, Dr. Ben Embarek said China was vulnerable because they exercise little to no regulatory control over farms. Without integrating its regulatory approach and strengthening controls over farm-to-table processes, it is likely China will continue to be a

potential problem for the global food supply chain.

Dr. Henken agreed with these concerns but reiterated how safe the food supply is, especially given the new challenges of globalization. He also went further in explaining how the food is not only chemically safer, but biologically safer as well. Despite these successes, he agreed that the global supply chain represented a daily challenge to regulators.

However, he said that climate change, demography and technological factors were also stressing the system's capabilities. No matter how hard regulators work, he said, it is difficult keeping up with new technology and new developments.

Professor van den Bossche then turned to the issue of private sector standards, which have proliferated in recent years. Private sector standards come in many different shapes and sizes, he said, but are put in place by non-governmental entities and are voluntary, not mandatory. The World Trade Organization has been trying to get a handle on these but is still in a reactive mode.

Professor Van den Bossche said the reasons for the proliferation were threefold. First, many are in reaction to a crisis of confidence in consumers following a high-profile event. Second, there can be legal requirements. Finally, there is a growing attention to corporate governance and best practices that make voluntary standards become near-mandatory. This sets a de facto higher standard and raises costs of production for developing countries, which can, in turn, lead to supply issues.

In the discussion portion of the panel, all speakers pointed to national politics as another major contributor in upsetting an efficient global food market. Europe will never sell any genetically-modified organisms, for instance, because of politics. Likewise, wide-scale riots in Korea over US beef were based in large part on hysteria generated by elected officials.

## PANEL II

### *The New American President and Congress – Expectations from the US and Around the World*

In this special two-part panel discussion, US Members of Congress provided their expectations for the new Administration of President-elect Barack Obama from a domestic perspective, and then were followed by Ambassadors from around the world who gave a more global reaction. The discussion centered on the effects of the US election on the transatlantic relationship and key domestic and foreign policy challenges like the global economy, the war on terrorism, and international trade.

#### Part A: US Congressional Discussion

- US Congressman Keith Ellison (DFL/MN)
- US Congressman Luis Gutierrez (D/IL)
- US Congressman Doug Lamborn (R/CO)
- US Congressman Frank Lucas (R/OK)
- US Congressman James Moran (D/VA)
- US Congresswoman Jean Schmidt (R/OH)
- US Congressman F. James Sensenbrenner (R/WI)



Congressman Lucas said only time will tell what Congress can deliver given all the challenges it faces. The economic recession and financial crisis will get the most attention and resources, perhaps at the expense of other issues discussed on the campaign trail. He said it was too early in many instances to know which way the new President-elect will govern, especially since he had yet to name many of his top advisers.

Congressman Lamborn questioned which President-elect Obama would “show up” in the White House in January, 2009. Would it be the Senator that the *National Journal* magazine ranked the most liberal or would it be the more conservative presidential candidate who ran on middle class tax relief and a surge of troops in Afghanistan? Congressman Lamborn believed that the new Obama Administration would likely govern more from the center than from the left, but that if it veered too far to the liberal side, it could be problematic.

From an international perspective, he was first to say what nearly every speaker who followed him said: that global expectations for the Obama Administration were incredibly and perhaps unrealistically high. Managing these expectations would be a top challenge both for US and international leadership.

Congressman Ellison stated succinctly that the three top priorities for the new President were the global economic crisis, peace and resolving international conflict, and continuing international trade, albeit fair trade that ensures US interests. He believed that the global economic crisis would demand well-tailored regulations and include greater economic integration.

Mr. Ellison also said the President-elect must honor the commitments made during the campaign on removing US troops from Iraq by a certain date. He expected more diplomacy by President Obama and more discussion with international leaders about global challenges.

As the first woman Member of Congress to have been elected from southern Ohio, Congresswoman Schmidt celebrated the fact President-elect Obama was the first African American to be elected President. Because of the historical nature of

the election, the new President would have to adhere to perhaps even higher standards of conduct and leadership, which posed significant challenges. Her hope was that national political leaders could move past the clear partisanship that had dominated the past 15 years and that the public was demanding it.

Next up was Congressman Gutierrez, who summarized how important the Latino vote had been in the election. Because of this, the Congressman said that immigration reform would be high on the priority list of the new Administration. From an international perspective, he described the wonderful opportunity of President-elect Obama's celebrity status on the world stage. He viewed one campaign rally when 250,000 Germans gathered to listen to an American politician as a highly positive development and an historic opportunity.

Congressman Sensenbrenner delved more deeply into the actual election numbers in the US. He stated flatly that the Democrats had a good election and the Republicans did not, not least of which were due to the historically low approval ratings for President George W. Bush. Still, he thought a closer look at the votes did not reveal a true landslide or political realignment that some US commentators had suggested. He agreed that the US and international expectations for the new president were unrealistically high and that US foreign policy would not change as dramatically as some Europeans believed it might.

All Members believed that forums like the TransAtlantic Conference were very helpful in reducing partisan tensions. Some Members suggested that a bipartisan retreat might be reintroduced to further mutual understanding and respect in the Congress.

### ***Part B: International Reaction***

Directly following the Members of Congress was a panel of diplomats from around the world, including:

- Mr. Ed Kronenburg, The Secretary General, Ministry of Foreign Affairs, The Netherlands
- Ambassador James Culbertson, US Ambassador to The Netherlands
- Ambassador Lyn Parker, British Ambassador to The Netherlands
- Ambassador Selahattin Alpar, Turkish Ambassador to The Netherlands
- Mr. Sultan M. Bonyad, Afghan Consul General to The Netherlands

Ambassador Culbertson, who was appointed by President George W. Bush, gave his first impressions, saying the new President and his team would have to concentrate on the economy. He foresaw a substantial amount of domestic focus in the early days of the Obama Administration, including pushes for immigration reform and legislation which would change the ways in which employees may attempt to form unions.

On the foreign front, he agreed with Congressman Sensenbrenner that US foreign policy would not change as much as the rest of the world believed. He noted that Senator Obama was more hawkish than Senator McCain on Afghanistan, for instance. Yes, there will be more multilateralism and visible changes in Iraq, but outside of those two areas, it was unclear from the campaign which direction President-elect Obama might move US foreign policy.

On behalf of our hosts, Mr. Ed Kronenburg, Secretary General of The Netherlands Ministry of Foreign Affairs, congratulated both the Members of Congress and the US audience on the election. He also congratulated the Franklin Center for organizing international forums like the TransAtlantic Conference. And, like others throughout the conference, he described the level of interest amongst the Dutch public in the US election as something never seen before.

He welcomed the comments that the US would be more multilateral, saying that due to the many international challenges, we must work together. The US and EU partnership is critical to address these serious problems, he said, and listed the financial crisis, climate change, terrorism, UN security council deliberations, and the Doha international trade talks as prime examples.

Ambassador Parker of the United Kingdom took a slightly different view in the discussions of expectations. While agreeing that world capitals expected much, he believed this offered a significant opportunity for the new President and that expectations should not be tamped down but channeled into action. If there was ever any doubt about interdependence, the financial crisis surely has erased those doubts now.

He provided a cautionary note, saying that there were real fears in Europe about growing US trade protectionism given the tenor of the campaign. He also asked the conference and US Congressional leaders to remember the developing world as it addressed global challenges like climate and the global food supply system, saying we cannot fix these problems without them.

Ambassador Alpar of Turkey also saw the US election as a very positive opportunity for the new Administration and the western world to address issues in the Middle East. Turkey, given its location, finds itself involved in almost every international issue, and greatly values the western alliance. He believed the Obama Administration would work more multilaterally and that the key to a stronger alliance in the future would be continued dialogue. He hoped the new President would visit the region on one of his first international trips to show how highly the US values its relationship with the country.

The Afghanistan Consul General Bonyad was quick to congratulate the US on its election and also the amount of attention given to the conflict in his country during the campaign. He encouraged both European and American leadership to maintain a strong and healthy TransAtlantic partnership, saying it was critical for continued security and prosperity in these challenging times.



## PANEL III

### *Immigration, Integration and Migration*

Both the US and the EU are experiencing significant but different immigration challenges, as more and more people around the world seek economic, political, religious or social settings different from their home countries. While the US confronts a steady stream of immigrants, and enjoys childbirth rates which replace its existing population, the EU faces the prospect of losing 20 million workers between now and 2050. Panelists for this discussion on government and societal reactions to this trend included:

- US Congressman Keith Ellison (DFL/MN)
- US Congressman F. James Sensenbrenner (R/WI)
- The Honorable Job Cohen, Mayor of Amsterdam
- Ms. Martine Durand, Deputy Director for Employment, Labour and Social Affairs, Organisation for Economic Co-operation and Development (OECD)
- Mr. Joost van der Aalst, Chief of Mission, International Organization for Migration, The Netherlands

Ms. Durand of the OECD outlined the significant growth in global migration in recent years, saying that between 2003 and 2006, the number of people who have sought permanent migration within OECD countries had increased by one-third to 4 million. She said many OECD countries were looking to immigrant workers to fill growing labor shortages, but separated the debate between highly-skilled and low-skilled workers.

While officials in nearly every country understand the need to retain and attract highly-skilled workers, in practice it has been difficult. One common situation, where foreign students earn advanced degrees but then leave the country or are not allowed to stay, was a topic of great discussion. Lower skilled workers present different obstacles because the population of the country believes they may be taking jobs from citizens.

Despite these problems, and even in the face of a potentially crippling worldwide economic recession, migration will continue because people are moving primarily to reunify families, not in search of employment.



Amsterdam Mayor Job Cohen, a pioneer of peaceful integration of one of the world's most multicultural cities, discussed the practices the city uses to maintain order. These practices, he said, were the main reason that Amsterdam (unlike other cities in The Netherlands) experienced no rioting after the high-profile murder of a Dutch citizen by a Muslim.

Mayor Cohen summarized the city's approach in three main areas:

- 1) equality of infrastructure like schools, health care, and public transport
- 2) a requirement that migrants learned the language and learned Dutch culture
- 3) continued dialogue and interaction amongst all cultures

He admitted the cohesion did not happen overnight but was the result of a determined effort to bring peoples together.

Mr. Joost van der Aalst explained that the IOM was also committed to the orderly migration of peoples into society, and that the growth of the IOM (now 175 member countries) was a direct reflection of the global nature of the issue. He said the recession would strain the system in new ways and test whether practices put in place to date have been adequate.

In The Netherlands and elsewhere, he saw xenophobia and media influence in the debate as two main obstacles to a more orderly integration system. He said that due deference was not being given to immigrant populations across Europe. An upcoming conference bringing northern and southern hemispheric officials together should provide a good forum to discuss these issues, especially the idea of harmonizing labor migration rules.

Congressman Ellison said that immigration was just as sensitive in the US as it is in Europe. He said immigration is the main reason his constituents reach out to his congressional office for assistance. On the overall issue of immigration reform, he said the deadlock was due to the powerful pull of two main impulses: the welcoming sentiments emblazoned on the Statue of Liberty versus the viewpoint that it was important to care for American citizens first. He was hopeful that President-elect Obama could use his victory as an opportunity to pass immigration reform, but acknowledged it would be very difficult.

Congressman Gutierrez, a leader on immigration reform, recalled a meeting he held with Senator John McCain (R-AZ) in 2003 where the two discussed how to pass comprehensive reform legislation. Basically, it boiled down to two main issues. First, Democrats would have to be convinced that a guest worker program was not threatening to jobs for US citizens. Second, Republicans would have to be convinced that there was true enforcement of borders and attempts to stop illegal immigration.

The legislation that he and the Senator crafted was built upon these themes. It had strong enforcement, provisions for family reunification, and a new guest worker program based on legalization of existing undocumented workers. Mr. Gutierrez stated frankly that the US and Congress did not have the will to deport the 14-20 million undocumented workers, and that it was time to work together on the issue.

Mr. Sensenbrenner, also a leader in the immigration debate, offered a quick historical perspective to explain the current status of the legislative efforts. The Hesper Commission, created during the Carter Administration in the 1970's, recommended a similar approach of border enforcement, employer sanctions for the hiring of illegal immigrants, and amnesty. Unfortunately, he said, none of it actually worked as envisioned.



The same pressures are at work today, he noted. He agreed that a compromise had to include strong border protection and enforcement of immigration laws, especially given the human rights violations embodied by coyotes (infamous and often ruthless guides who charge exorbitant prices to help immigrants into the US) and meat-packing plants employing hundreds of illegal aliens and who have been found guilty of child exploitation. Without strong enforcement, these ugly trends will continue, said Congressman Sensenbrenner.

**Thursday, November 13, 2008**

## **PANEL I**

### ***Intellectual Property (IP) Enforcement, Counterfeiting, and Product Integrity in a Global Economy***

Forgery isn't just a discussion about cheap watches or movies – it can affect human health, as in the case of pharmaceuticals. As goods become easier to duplicate and with information readily available on the internet, protecting intellectual property continues to be a top challenge in the global marketplace. Regulatory officials, business leaders and other experts analyzed existing regimes and discussed what is or isn't working in this critical area.

Panelists included:

- US Congresswoman Jean Schmidt (R/OH)
- Mr. Denis Croze, Acting Director Advisor, World Intellectual Property Organization (WIPO), Geneva, Switzerland
- Mr. David Sweeney, Senior Counsel, Interactive Software Federation of Europe (ISFE), Brussels
- Mr. Ted Shapiro, Senior Vice President, General Counsel and Deputy Managing Director, European Motion Picture Association (EMEA)



Citing staggering statistics that suggest as much as \$200 billion of goods were counterfeited in 2007, Congresswoman Schmidt said that all products and brands are at risk. She said multinationals like Procter & Gamble and Unilever have to battle every day all over the world to protect their brands.

While intellectual property infractions are growing, however, the Congresswoman believed that the global regulatory authorities were finally beginning to understand the ramifications and starting to put in place systems to help. Still, she underscored the massive challenge of trying to police the counterfeiting industry when so many countries and industries have been engaged in the activities for many years.

One such world regulator, the World Intellectual Property Organization's own Mr. Denis Croze, agreed with that characterization and said its list of Member countries has grown to 184 in response. He said building respect for intellectual property is the first step toward a country realizing it is worth protecting. Efforts are underway to make IP enforcement a bedrock priority at the World Trade Organization and at the World Customs Organization.

WIPO directs special attention to developing countries which face distinct IP challenges. Services include help with setting standards, raising awareness and with technical assistance. Although there is receptivity to this kind of assistance, Mr. Croze conceded that progress does take time and commitment.

Mr. David Sweeney of the Interactive Software Association, which most people know as video games, said piracy was at least a \$25 billion problem and represented over one-fifth of all goods in his industry last year. Most of the counterfeits are in hard goods like a Wii or Xbox console, but more recently the problem has expanded into the virtual world.

Like all others on this panel, Mr. Sweeney said China needed the most attention, followed closely by Russia. He indicated that for these countries, simple training of judges in the complexities of intellectual property was worthwhile and was being pursued.

The conversation then shifted to piracy of movies. Mr. Ted Shapiro of the Motion Picture Association of Europe discussed one principle his association uses in thinking about intellectual property enforcement, which is that end users cannot be criminalized. And that the best way to fight mass piracy on the internet is to provide people with legal alternatives.

Mr. Shapiro agreed with the sentiments of others about the developing world, but went further and said a cynical alliance was forming between countries like India and Brazil who are blocking international norm-setting policies. He said, for instance, that the IP Act of 2008 that passed the US Congress could never be approved in Europe because of these obstacles.

Others stated flatly that until and unless the United States, Europe and Japan united against China and threatened to block access to markets for illegal goods, not much would happen. So long as the demand for illegal goods stayed high, suppliers will likely find ways to meet it.

## PANEL II

### *Climate Change with a Focus on the EU Cap and Trade System*

Since starting in January, 2005, the European Emissions Trading Scheme (ETS) began the second phase this year, and continues to attract worldwide attention as a potential model for addressing climate change. Officials and participants received a detailed briefing on the implementation of the program, its successes and failures, and discussed whether a similar approach made sense for the US and other regions.

Speakers included:

- US Congressman James Moran (D/VA)
- US Congressman F. James Sensenbrenner (R/WI)
- Jules Kortenhorst, Chief Executive Officer, European Climate Foundation, Former Member of Dutch Parliament for Christian Democratic Party
- Mr. Tomas Wyns, European Union ETS Policy Officer, Climate Action Network Europe
- Mr. Enno Harders, Head of Department, German Emissions Trading Authority, Federal Environment Agency, Berlin
- Mr. Ranjit Prasad, Global Head of CO2 Trading, Shell International Trading and Shipping Company, Ltd.

Given the strongly held views on climate change and government efforts to address it, participants expected a lively debate. They were not disappointed.



Congressman Moran, a senior Democrat, provided an outlook for US legislative action and President-elect Obama's plans in the coming year. He believes the economic recession might have some effect on the passage of a comprehensive energy bill, which is directly related to climate change, but was convinced that the President-elect would place a much higher priority on cutting greenhouse gas emissions than the Bush Administration. He noted that both presidential candidates said it should be addressed, and that he felt growing bipartisan support for action.

Voicing a commonly-held view across the panel, the Congressman said the approach must be international and must include the so-called "BRIC" countries (Brazil, Russia, India and China). But he said that it was up to the US and Europe to take the lead and set the example, and that the cap and trade approach was the most attractive to cut emissions while maintaining economic stability.

Congressman Sensenbrenner, a self-identified "veteran of the climate change wars," provided some historical perspective on the political challenges facing legislation. He reminded the conference that the Kyoto Treaty was in fact signed by the US under President Bill Clinton but it was never sent to the Senate for ratification for fear it would be rejected. And more recently, he recalled how Senator John Kerry's appeal for a worldwide system of cap and trade was met with significant criticism at an international forum on climate change. He said the real key to addressing climate change is technology, not regulation.

He said cap and trade by its very nature did not reduce overall emissions, but it would raise energy prices dramatically. He cited a study by the National Association of Manufacturers which projected that electricity prices would increase by 33% and natural gas prices by 150% under legislation which the Senate debated this year.

Mr. Kortenhorst, who spoke both as an experienced politician and a leading voice in the climate change debate, discussed the issue in very stark terms, saying it was the single biggest challenge to humanity and the facts are clear that human activity is causing global warming. He agreed the solution must be international in nature but said the top two polluting areas – the US and Europe – must be leaders in the effort. He defended the cap and trade system and said other approaches like a carbon tax were simply unworkable and not possible from a political perspective.



Discussion then shifted from the theoretical to the practical, as the conference heard from two individuals who actually work in Europe's Emissions Trading Scheme or ETS.

Mr. Panjit Rasad said simply that he was a trader, not a debater. He summarized the views of the Shell CEO in a widely-read editorial on the three hard truths of the climate change debate:

1. energy demand is accelerating
2. conventional energy supply is not likely to keep up with this demand
3. increased use of coal will drive up CO<sub>2</sub> emissions greatly

In response, Shell conducted a scenario exercise where they looked at two different worlds, the "scrambled world" and the "blueprint" world. In the scrambled world, regulators dealt with environmental and energy problems as they arose. It was a reactionary scheme, similar to the "whack a mole" arcade game. The blueprint world was different. In the blueprint world, companies and countries knew the rules and regulations and were able to plan accordingly.

To no one's surprise, the blueprint world was believed to be the far better alternative, and the company made a commitment to be industry leaders, pursue carbon capture and storage, and try to identify low carbon sources of energy.

Mr. Rasad concluded his remarks by stating flatly that the carbon market works and works well. From his experience as an oil trader, he noted that the carbon market reacts to supply and demand, gives investors hints, and functions just like other markets.

Dr. Harders of the German Emissions Trading Authority echoed these remarks. He said cap and trade is a tool to reduce emissions, not an end in itself. For cap and trade to work, it required commitment. Countries who adopt cap and trade systems without adhering to reasonable enforcement are akin to the person who believes that buying expensive sport shoes immediately turns one into a world-class runner.

On behalf of Climate Action Network Europe, Mr. Tomas Wyns discussed the disastrous impacts of just a 2 degree Fahrenheit rise in global temperatures from carbon emissions. To stop this from happening, he said, leading countries would have to cut global emissions by 50 % by 2050, a very aggressive goal but one worth attempting.

## PANEL III

### *Competitiveness in a Global Market – Skilled Worker Shortages, Trans Atlantic Visa Policies, and Education*

As more countries move from developing to developed, the global competition for skilled workers is as intense as ever. In the short term, governments have responded with creative Visa policies to help attract a sophisticated labor pool. Outsourcing or offshoring has also been pursued both to secure skilled workers and to reduce labor costs. In the longer term, however, governments, the private sector, and academia are all searching for ways to prepare future generations for this new world. The experts and officials below debated these and other issues.

- US Congressman Keith Ellison (DFL/MN)
- US Congresswoman Jean Schmidt (R/OH)
- Mr. Benjamin Holst, Senior Adviser, Confederation of Danish Employers
- Mr. Peter D. Ørberg Jensen, Assistant Professor Center for Strategic Management and Globalization, Copenhagen Business School

Congressman Ellison kicked off the panel discussion by saying that our “real wealth is between our ears,” and that the US had to do more to invest in education. He said the current 7% of GDP that the US spent on public education was woefully inadequate and he was especially concerned with the serious education gap between white and minority students. The Congressman also discussed the America Competes Act, of which he is a cosponsor, and recalled how former Microsoft founder Bill Gates was a chief proponent of further education investments.



Congresswoman Schmidt followed by citing the dearth of scientists and engineers in the US. She noted that the 1950s race to space drew thousands of young students into these fields and said the US needed to recreate a similar vision to turn today’s generation on to advanced study. She believed that the highly-skilled visa worker program, where the US and other countries permit foreign workers to work temporarily, was only a short-term solution, and that the long-term solution was an increased investment in science and math.



Mr. Holst of the Danish Employers Confederation said the problems identified by the US Members of Congress were the same in his country. Denmark, and all of Europe, he said, were suffering from an acute lack of skilled workers, and that the “blue card” was created in response to this (the blue card is similar to the US green card). However, he said the requirements for the blue card rendered it almost completely ineffective, especially the provision requiring applicants to secure a job first before being able to obtain one.

He also pointed to two significant challenges in attracting highly-skilled workers: the high dropout rates of students aged 16-20 (20% in Denmark and 30% in Germany), and the public’s strong opposition to increased immigration or migration.

One way companies are trying to address this challenge is through offshoring, said Peter Jensen of the Copenhagen Business School. He summarized the findings of a thorough analysis of offshoring of the Danish textile industry, which some conferees found fairly surprising. Despite the commonly held view that offshoring leads to fewer net jobs in the home country, the study revealed the opposite -- that more net jobs were created after offshoring than before. He also lamented Europe’s high dropout rate and agreed that countries wishing to stay competitive in today’s global marketplace would have to invest more in science, mathematics and engineering.