

## *Preface*

My interest in the strategic implications of the European Union began during the late 1990s, when I headed up a financial systems integration company that specialized in installing multicurrency accounting systems. Most of its American multinational clients had offices in Europe, where the unprecedented replacement of eleven European currencies with the euro was a few short months away. The question that was uppermost on the minds of the companies' chief financial officers was the impact of this transition on their accounting practices and systems. As I got deeper into the issues, it struck me that the technical problems related to the euro's introduction were relatively straightforward. It was the strategic sweep of the ongoing European integration, now about to be supercharged by the euro, that was the real news. A borderless Europe with its new common currency was about to alter the rules for European marketing, cross-border financing, treasury management, marketing, pricing, and a host of other issues that constitute the operational heart of any business's strategic plan.

American businesses were soon going to face a whole new set of opportunities and threats in Europe. I also discovered that very few of them were aware of this sea change and prepared to deal with it. So I decided to organize a series of high-level conferences to explain the business impact of the euro to American companies. These events gave me an opportunity to refine my thoughts and discuss Europe's transformation with financial executives and corporate and government leaders on both sides of the Atlantic.

It was one of these conferences, held at the State Department in Washington, DC, that got me thinking about the foreign policy aspects

of a rapidly integrating Europe. A number of officials from the Clinton administration took the time to participate, and these contacts further sharpened my understanding of the business and political issues and their impact on the transatlantic alliance.

In April 2003, the Foreign Policy Association—the country’s oldest bipartisan organization dedicated to educating Americans about foreign policy—and my then company, ebizChronicle.com, Inc., hosted a conference at Ditchley, UK, to explore the impact of the European Union on the transatlantic alliance. The American-led invasion of Iraq was barely four weeks old when we met at the eighteenth-century Elizabethan Manor where these conferences are held. The very public spat between Europeans and Americans during the lead-up to the war had been front-page news for months and had opened up a deep rift between the erstwhile allies. The weekend confirmed my growing feeling that the causes of the present rift are much deeper and more permanent than meet the eye. I had been preparing a brief article on this point, but the frank (and I might add rather energetic) off-the-record exchange at Ditchley inspired me to expand my treatment into the present book. The participants at this conference approved the release of an “Organizers’ Note,” which is included in this volume as Appendix A.

The United States and Europe, I believe, have arrived at a critical crossroad, and the path they choose will determine whether or not the alliance survives. Corporations faced with a decision that puts their company’s survival at risk organize strategy sessions of their most experienced executives and advisors to help in charting the company’s future. With so much at stake, I asked myself, why not use the same technique in this instance? Why not talk to eminent people with substantial expertise and hands-on experience in managing various aspects of the alliance and use their expertise to understand better the alliance’s decayed state and to help chart a future for it? So I contacted a number of business, government, and armed forces leaders and found they were very concerned about the alliance’s future and, crucially, quite willing to speak to me on the record. (In order to accommodate his busy schedule, former President George H. W. Bush asked whether we could do a question-and-answer via e-mail, which we did; all the rest of the interviews were conducted in person.) The conversations took place over a one-year period from February 2003 to February 2004. During May 2006 I met again with Senator Hagel and General Scowcroft to clarify some of our discussion further.

The interlocutors were:

George H. W. Bush	41st President of the United States
John Major	Former Prime Minister of the United Kingdom
James A. Baker, III	Former U.S. Secretary of the Treasury and Secretary of State
Wesley K. Clark	General, U.S. Army (Ret.) and former Supreme Allied Commander, Europe
Chuck Hagel	United States Senator (R), Nebraska
Hugo Paemen	Former ambassador of the European Union to the United States
Ana de Palacio	Former foreign minister of Spain
Brent Scowcroft	Former National Security Advisor
Paul Volcker	Former chairman, Federal Reserve Bank
Caspar Weinberger	Former chairman of <i>Forbes</i> , former Secretary of Defense

I used these one-on-one conversations to refine my ideas and conclusions. Where appropriate, direct quotations from these conversations are used to illuminate my narrative. If one of the leaders mentioned above is quoted in this book without a citation, the reader can assume it is a direct quote from our conversations.

There is no question that my interlocutors were enormously helpful as sources of first-hand information. They inspired me. But the conclusions I came to are entirely my own, and it would be a mistake to link them to any particular interlocutor.