



## OCCASIONAL PAPER #1/2015

### “Adapting to a New Era in German-American Relations”

An Address Delivered on the Occasion of the ACG’s Annual Meeting

by

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March 25, 2015

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Thank you, Bob, for that very warm and generous introduction.

Consul General Wagener,  
Deputy Consul General Hennig,  
Gertje Utley,  
Distinguished guests,  
Members of the Board of the American Council on Germany,  
Members and friends of the American Council on Germany,

I am delighted to be with you this evening.

I want to recognize my dear friend Eveline Metzen, the Executive Director of the Atlantik-Brücke, who traveled here from Berlin to join us this evening.

It is an honor and a distinct privilege to be elected to assume the role of President of the American Council on Germany. I am looking forward to returning to this distinguished organization at a critical juncture in the German-American relationship. This organization has worked tirelessly to strengthen and deepen ties across the Atlantic since it was founded by people with tremendous foresight and wisdom – like John McCloy, Eric Warburg, Lucius Clay, and others. I am humbled to have the opportunity to add to and build on their efforts – and those of many, many others who have contributed to this important relationship.

Listening to Ambassador Kimmitt describe my background and experience reminds me of a funny anecdote:

In the late 1990s when I was working in Berlin, I ran into a college classmate of mine on the S-Bahn. She moved to Berlin a few years after the *Wende* because it was an exciting place to be. We went to a café and caught up. After she heard about what I had been doing since graduating from Wesleyan, she leaned back in her chair and said, “Wow. You’ve really made this ‘Germany thing’ work for you.”

At the time I did not really know what she meant by the “Germany thing,” but she was absolutely right. And, if she could be here now, she would have to add an exclamation mark or two to that statement! If anything, I have continued to dedicate time and energy to building ties across the Atlantic.

Germany and the transatlantic relationship have been important in my personal and professional development. And, it is wonderful to be coming back to the American Council on Germany. In many senses, it is like coming home – to an organization I know with a mission I am passionate about.

Looking out at the group that is gathered here today, I am delighted to see so many familiar faces, but also a lot of new faces. You are all a testament to the importance of the vital relationship between Germany and the United States at this critical time in history.

Throughout my career, I have worked with senior decision-makers and opinion leaders on both sides of the Atlantic. Over the past five years, I have also had the opportunity to engage the community at large at more of a grassroots level.

When I have spoken to the group I often refer to as the “successor generation” – high school and college students – I have often talked about “defining moments.” It is a way to inspire them to think about the direction that they want to take in the complex, interconnected global environment they are

growing up in. It is also a way to get them to realize that history matters, and that history is happening all around them.

I tell them that we are each shaped by our own biography.

I'd like to begin by sharing a couple of impressions I have as a result of my personal and professional experiences, and then try to tie that in to a broader discussion about the German-American relationship today.

There are defining moments in everyone's life. For me one such moment was the fall of the Berlin Wall. If the Berlin Wall had not come down, I doubt I would be standing here today ...

I was in Berlin from 1988 to early 1990 and back again as of 1993. In recent years, I have surprised some Americans when I have said that I think I am lucky to have gotten to know Berlin with the Wall – and certainly to have been there when the Wall came down.

For a first-time visitor to Berlin today, it is very difficult to understand how the city could have been divided. It is almost impossible to imagine how the Brandenburg Gate and the Reichstag building could have been separated ...

I remember standing behind the Reichstag on a crisp October day in 1989, looking over the Wall and thinking that even if I were to visit East Berlin – which I did at least once a month while I was studying at the Free University – there were buildings along the Wall which I would never see the inside of. Along the Wall, there was a security tract and buildings were not accessible to foreigners – only to residents. Little did I know that a few short years later – in 1993 – I would be working in one of those buildings, on what was then called Clara-Zetkin-Strasse. That building has since been torn down to make way for offices for Members of the Bundestag. And, the street is now called Dorotheenstrasse.

Indeed, an awful lot has changed in the last 25 years ... And, one of the places where one can see that clearly is Berlin.

But, being at a historic place at a historic time in 1989 set me on a trajectory to work with various foundations and think tanks to promote and strengthen German-American and U.S.-European relations and to deepen international understanding. That career path ultimately led me back to the American Council on Germany at this critical time.

As someone who has spent roughly half his life in Europe and half his life in the United States – I grew up in London from the ages of 10 to 18 and spent over 10 years studying and working in Germany – I developed a passion for Europe. But, Europe does not have the same position on the U.S. foreign policy agenda that it did after World War II and throughout the Cold War. Today's focus is elsewhere.

The fall of the Berlin Wall in 1989 served as a defining moment for me personally. But, more broadly in contemporary politics, that event ushered in a fundamental shift on a global scale – the impacts of which are still playing out.

That was not the only game-changing event of 1989. Earlier in the year, the world was also focused on Beijing and Tiananmen Square.

More recently, events such as the global financial crisis beginning in 2008 and the so-called Arab Spring of 2010/11 have changed the global economy and Northern Africa and the Middle East in fundamental ways. We can only anticipate the long-term broad impact of such events.

If anything, the Arab Spring reminded us that the world is changing and that there can be big surprises. It also reminds us that we need to reflect on the past, assess the present, and anticipate the future.

The National Intelligence Council regularly publishes a report focused on overarching global trends, and some of the challenges (and opportunities) they present. In the report titled *Global Trends 2025: A Transformed World*, there is the following statement: “The international system – as constructed following the Second World War – will be almost unrecognizable by 2025 owing to the rise of emerging powers, a globalizing economy, an historic transfer of relative power from West to East, and the growing influence of non-state actors.”

If one believes it – and I certainly do – this is a sobering reminder for committed transatlanticists (like those of us assembled here today) that the backdrop for the transatlantic relationship is changing. And, 2025 is not that far away. We can see signs of these transitions today.

Throw in overarching megatrends – like demographic shifts, rapid urbanization in many parts of the world, resource scarcity and climate change, and rapid technological advances – and the world is a very different place from what it was nearly 70 years ago when World War II came to an end.

As the ACG approaches its 65th anniversary in 2017, this is a good time to reflect on the evolution of German-American relations since the end of World War II – and to think about where we are today and what lies ahead.

I won't claim to say anything groundbreaking or radically new, but perhaps it will provide some context for my view of the world ...

We are gathered today on what one might describe as the cusp of the fifth era of German-American relations since the end of World War II.

The first era, **the Cold War**, was overshadowed by security concerns and a nuclear threat. But, it was also a period when a strong relationship between Germany and the United States was forged. Democracy took deep root in Germany, and – thanks in no small part to the Marshall Plan and European integration – Germany's *Wirtschaftswunder* took place.

In **the post-Cold War era**, after the fall of the Berlin Wall and the opening of eastern Europe and the former Soviet Union, we knew things were fundamentally different – but we did not understand the implications of everything that had changed.

Throughout the early 1990s, the reunified Germany was called a “partner in leadership” as the United States emerged as the world's sole superpower.

After **the 9/11 terrorist attacks**, we entered a new phase in the relationship, characterized initially by Chancellor Gerhard Schröder's call of *uneingeschränkte Solidarität* (unconditional solidarity). German-American relations were further strengthened through joint efforts to combat terrorism and Germany sent troops to Afghanistan as part of the NATO force.

But, discord between the two governments grew over the Iraq War – and it was a period of great stress for the German-American relationship.

Throughout this time, however, economic ties have been growing.

In **the aftermath of the global economic meltdown**, we found ourselves in a fourth phase of the relationship. Today, economic and financial issues are just as important as foreign and security matters.

This became abundantly clear to me at one of my last ACG events five years ago when former Secretary of State Dr. Henry Kissinger, German Foreign Minister Frank-Walter Steinmeier, and former National Security Advisor Brent Scowcroft were on a panel together. It was incredible to hear these distinguished foreign policy and national security thinkers spend most of their time talking about the implications of the global economic crisis. And, I have thought a lot about that event in the years since ...

Of course, political and security issues are still important. Just think about the negotiations with Iran, the dramatic changes across the Middle East and Northern Africa, and Russia's acts of aggression, to name a few.

But, economic and financial issues are assuming an increasingly important role alongside more traditional national security concerns.

The United States and the European Union are the world's two major economic markets, and will be for years to come. According to the IMF, the United States and the European Union together represent 60 percent of global GDP, 33 percent of world trade in goods, and 42 percent of world trade in services.

According to the Business Coalition for Transatlantic Trade, we have a total bilateral commercial relationship worth over \$5 trillion – this is made up of over \$1 trillion in trade, some \$300 billion in investment flows, and over \$4 trillion in sales by our foreign investments.

Indeed, right now, every state has some trade with the European Union.

American and European economic and financial ties with the emerging markets will continue to grow, but transatlantic trade and investment will remain dominant for both the United States and Europe. And, the bilateral ties between Germany and the United States are at the foundation of that economic relationship.

Take investment as an example ... In 1989, U.S. foreign direct investment in Germany was around \$23 billion. Since then, it has grown to more than \$150 billion. But, that growth has been overshadowed by German foreign direct investment in the United States, which increased from around \$28 billion in 1989 to well over \$200 billion today.

This direct investment in each other's economies has created jobs. There are roughly 600,000 Americans who work in the United States for companies headquartered in Germany and over 600,000 Germans who work in Germany for companies headquartered in the United States.

Coming from Pittsburgh, where there are more German companies or subsidiaries of German companies than any other nationality – and where there are lots of *Mittelstand* companies, or small and medium-sized enterprises – I am reminded of the “hidden champions” which have helped power Germany's economic growth. These companies are active in a global marketplace.

This is not a zero-sum game. Our increased economic and financial engagement should be primarily – but not exclusively – transatlantic. Germany and the United States must continue to engage economically around the world – especially with important emerging markets like those in China and India, but also Africa. But, these economic opportunities are not mutually exclusive. We can simultaneously strengthen our bilateral and transatlantic ties and reach out to the emerging markets.

In the 25 years since I was in Berlin and witnessed the fall of the Wall, it has become clear that the German-American partnership is at the core of the transatlantic relationship. We have important common interests in the political and security arenas and our relationship has vital economic and financial dimensions. It is safe to say that these economic and financial ties – as well as strong cultural ties – have helped keep occasional political differences from damaging the relationship.

But, this is a relationship we cannot take for granted. It is one that needs to be constantly maintained and cared for.

Just as the relationship has evolved, the American Council in Germany has evolved from a Cold War institution. But, we need to do more ...

We need to build on existing ties and expand them to reach further and deeper.

At a time when Germany is buffeted by Russian acts of aggression and the Ukraine crisis to its east and tensions with Greece within the eurozone while the United States appears to be reducing its willingness to engage globally, organizations like the ACG need to be the drivers of deeper engagement across the Atlantic.

Although there are a number of organizations dedicated to transatlantic affairs in a crowded and competitive field, there is room for innovative initiatives that engage Germany as a hinge between eastern and western Europe, as an emerging leader in 21st-century foreign and security policy, and as a potential driving force in debates over workforce preparedness, global development, energy and climate, as well as security.

In order to maintain its relevance, the American Council on Germany needs to become a leading force in the ongoing conversations about the reinvention of the transatlantic alliance – with Germany at its center on the European side. The organization needs to play a key role in defining the common interest of the European Union and the United States vis-à-vis regions beyond the Atlantic. Important new themes include: establishing a comprehensive security and development strategy in Europe's Mediterranean neighborhood; constructively addressing the Asia Pivot; getting development right; education, workforce training, and job creation; transportation and infrastructure; immigration and integration; and, if need be, discussing military engagement.

With its network of Young Leaders on both sides of the Atlantic and 20 Eric M. Warburg Chapters across the United States (including a new Chapter in Cleveland that was launched earlier this month), the ACG is well-positioned to take the German-American partnership to the next level. In doing so, the ACG will work with partners – like our sister organization the Atlantik-Brücke, which was also founded in 1952, by some of the same people who founded the ACG.

I am delighted that the relationship with the Atlantik-Brücke is blossoming again.

## **So. What is on the transatlantic agenda? And, what role can the ACG play?**

This is where – in my new role at the helm of this distinguished organization – I look forward to working with Ambassador Kimmitt, a dedicated Board of Directors, the dynamic and nimble team at the Council, Warburg Chapter Directors, and others to engage YOU – the members of the Council – in a frank and open conversation about how the ACG can remain relevant in this fifth phase of the German-American relationship. This dialogue will include other stakeholders as well, ranging from high-level economic decision-makers and political opinion leaders to average citizens – and especially youth.

At the beginning of my remarks, I talked about sharing one of my defining moments at a historic place at a historic time 25 years ago with members of the successor generation. As I have engaged high school and college students, I have suddenly felt old. Really old.

At best, the fall of the Berlin Wall is something these students find on the pages of history books. At worst, the representatives of the successor generation in both countries have no recollection of the Berlin Wall even existing, or of its importance as a symbol of a divided Europe. I can remember learning about the Marshall Plan, experiencing the division of the Cold War as a *Zeitzeuge*, and the euphoria of the fall of the Wall ...

They remember more recent sticking points between Berlin and Washington – over Iraq, over Edward Snowden and the NSA scandal, and maybe even concerning the debate between austerity and stimulus in dealing with the global economic crisis.

Moving forward, it will be important for the ACG to connect with the new generation – people who were five years old or younger when the Wall came down – to cultivate a new cohort of transatlanticists.

Think about the world this generation is growing up in: In 2015, Uber, the world's largest transportation service company, owns no vehicles; Facebook, the world's most popular media owner, creates no content; Alibaba, the most valuable retailer, has no inventory; and Airbnb, the world's largest accommodation provider, owns no real estate.

It is a very different world from the one most of us grew up in.

Obviously, in this new era, German-American relations will have to focus on traditional foreign policy and national security issues as well as continued economic ties. But, it will also have to expand to include a range of issues.

One place to start is by recognizing that there are sometimes differences – even among the best of friends – and rebuild trust between Germany and the United States after the NSA spying controversy. This is an issue that has created a greater rift than even the disagreements over the Iraq invasion between Chancellor Schröder and President Bush.

That being said, to draw from a recent editorial about the drastic cut in funding for the Congress-Bundestag Youth Exchange program by five former U.S. Ambassadors to Germany – including the ACG's Chair, Ambassador Kimmitt – **Germany is America's most important strategic partner.**

We may not work with Germany on every issue, but if one looks at all of the strategic issues facing the United States and at all the countries we collaborate with to address these challenges, we work with Germany on the most issues.

The time is right for the ACG's strategic engagement and an ambitious portfolio of activities that aim to inform and influence public debate, as well as conversations among U.S. and German opinion leaders and decision-makers.

**There is a great deal of work in the months and years ahead to shape the agenda for this next phase of the transatlantic partnership.**

How the future will develop globally and in our two countries will continue to depend in large part on how tight the transatlantic ties remain. And, the strength of these ties will depend on how close Germany and America work together. As the incoming President of the American Council on Germany, I plan to do my part to make German-American relations even closer and mutually beneficial.

With your active help and support, we can seize the opportunities and overcome the challenges as we adapt to the changes in this new era for the German-American partnership.

Thank you.



Steven E. Sokol is President-Elect of the American Council on Germany. He has served as President and CEO of the World Affairs Council of Pittsburgh since July 2010. Before that, he was the Vice President and Director of Programs at the American Council on Germany for nearly eight years. In addition to his work at the ACG, in 2003, he launched the Political Salon, a forum that regularly convenes younger and mid-career professionals in New York City to discuss pressing foreign policy issues and global concerns. Dr. Sokol has more than 20 years of experience working with nonprofit organizations in Europe and the United States – and has spent over a decade working at nonpartisan membership-based organizations focusing on a range of domestic and foreign policy issues. He served as the Deputy Director of the Aspen Institute Berlin, was the Head of the Project Management Department at the Bonn International Center for Conversion GmbH (BICC), and was a Program Officer in the Berlin office of the German Marshall Fund of the United States.

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