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THINKING GLOBAL

Readers Respond
 'Bold Europe' Will Win Out

November 7, 2005

Here are just some reader comments on the Nov. 1 Thinking Global column on the battle over Europe's future. Readers overwhelmingly believed that "Bold Europe" would win out, the part of Europe that embraces globalization and rises to its challenge.

• Thanks to all who wrote. You can reach me at fred.kempe@wsj.com.

Edmond Mergelsberg writes from Columbia, California:

After a while, the Bold Europe will change the present course of the European Union for the following reason:

After being overrun by Hitler, then having been taken over by the communist regime that made them even more miserable, (former Communist) countries now see the opportunity to become free citizens in a free enterprise society. They will not indulge in labor-unionism which, in the Old Europe, is slowing down the potential benefits of new opportunities created by an enlarged free market.

They also know that you do not make progress by protecting the status quo.

(Mr. Mergelsberg who was born in Belgium is a rancher and retired engineer.)

Frederick Kempe responds:

I have a weakness for the argument that history is on the side of the Bold. Competitive forces also favor the fit. Europe has often been underestimated in the past years, and there is a good chance that it will rise to the occasion and seize Gordon Brown's prescription for a Global Europe. One shouldn't forget, however, that Europe has also got it tragically wrong twice in the 20th Century. On balance, I believe progressive forces will win -- but don't count out the strength of countries like France and Germany that have often shown the ability to act against their own interests.

Jennifer Warren writes from Dallas, Texas:

The Bold of Europe are those countries which are simply more 'open for business.' They have policies to promote the competitiveness which dovetails nicely with the global economy's momentum.

However, the Old of Europe have some things working in their favor. Germany and France hold third and eleventh place, respectively, in terms of business competitiveness according to the 2005 World Economic Forum study. Their national corporate jewels such as DaimlerChrysler and Siemens of Germany and Sanofi-Aventis of France are boosting R&D spending to a global standard that indicates serious intent. And in spite of French resistance in coming to the globalization party, the politicians are in fact putting more policies in place that liberalize, in spite of the rhetoric.

Germany now has the chance with new leadership -- upon restructuring many industrial, labor and public policies -- to rise to the challenge as it did post-World War II.

The hard part is the creative destruction which comes in finding new ways to navigate economic change and move people forward. Even with a flexible and competitive economy in the U.S., we are still coming to grips with the implications of globalization and what to do about them.

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ABOUT FRED KEMPE

Frederick Kempe, an assistant managing editor of The Wall Street Journal, has spent his career tracking global political, economic and business issues. Until recently, he was the editor and associate publisher of the Wall Street Journal Europe. As a correspondent he covered stories including the rise of Solidarity in Poland, the unification of Germany and the collapse of the Soviet Union, and he reported on wars in Afghanistan, Iraq and Lebanon. He is the author of three books: "Father/Land, a Personal Search for the New Germany," "Siberian Odyssey, a Voyage into the Russian Soul" and "Divorcing the Dictator: America's Sordid Affair With Noriega." He is a graduate of University of Utah and Columbia University. Write to Frederick Kempe at fred.kempe@wsj.com

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(Ms. Warren Jennifer Warren is managing director of a communications consulting firm.)

* * *

Arnaud Mulliez writes:

I am French and proud of it. But I am concerned that all our politicians seem to belong to this protectionist Old Europe. Jacques Chirac, of course, but also the socialists, centrists and ecologists seem to only be talking about protecting France from the effect of globalization.

Do you think there are any politician in France who will be brave enough to fight for a Bold Europe? Do you think Nicolas Sarkozy will be one of them?

I like to think that France will rebound and not continue to decline and be afraid of the future.

(Mr. Mulliez works for Bank of America Investment Management.)

Frederick Kempe responds:

As I noted in my article, there's an important difference between my argument that Europe is divided between "bold" and "old" and Donald Rumsfeld's argument about "new" and "old" Europe. Bold and old exist within all European countries and within many governments. I do believe Mr. Sarkozy will be more pragmatic about tackling globalization's challenges than has been Mr. Chirac.

I also believe that France and Germany have many of the elements to become part of "Bold Europe" -- an educated work force, a large home market and companies that have already adjusted to change and have become global players.

The problem for the moment is that many parts of Europe have a two-speed economy: companies that are world-beaters and governments that are trailing far behind.

* * *

Bernd Neukirchen writes from Houston, Texas:

Please bear in mind that it was the "old" European countries that took the bold steps for a unified, peaceful and expansive European Union with a common currency to keep trade on an even keel (more or less). Compare that to Nafta with huge currency distortions and regular anti-dumping suits among the three member states.

Is there free movement of people within the Nafta states?

Hardly.

(Mr. Neuenkirchen is a German-born steel trader who has lived in America twenty years.)

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