NORTH AMERICA, GERMANY *AND* ASIA *IN A* CHANGING WORLD

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Pacific Council on International Policy

The Pacific Council on International Policy aims to promote better understanding and more effective action, by private and public sector leaders from the western United States and around the Pacific Rim, in addressing a rapidly changing world. The Council emphasizes the connection between global and local developments as national borders become more porous, traditional concepts of "public" and "private" blur, and what constitutes "policy" itself is changing.

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HEADLINES

Los Angeles aspires to be the global capital of the 21st century. It and the state display the future of the global economy. As Peter Vale puts it: “Rejoice, my friend, or weep with sorrow. What California is today, the world will be tomorrow.” Yet both region and state lack the coherence to frame strategy.

Germany (and Europe) remain America’s only real partner, yet the end of the Cold War, power asymmetries, and Europe’s inward preoccupations sharply change the nature of that partnership. Europe’s “zone of peace” in the European Union serves as a magnet for its neighbors, and to some extent beyond.

China’s rise, then India’s, are the drivers of the global economy, yet the United States and Europe still account for more than half of global trade and investment, so how they handle America’s deficits, on the one hand, and Europe’s rigidities, on the other, will be critical.

From a U.S. perspective, looking at seven positive and four countervailing elements would lead to the judgment that the peaceful rise of China is compatible with cooperative U.S.-China relations.

For different reasons, neither India nor Russia will be a full partner for the United States (and Germany). India is growing but still poor, and while the United States is for it “the unavoidable nation,” trust between the two is still constrained.

Russia’s rhetorical support for a democratic and free market path covers ambivalence borne of history, politics and psychology. Instead, Russia aspires to a great power status for which it no longer has the requisites, and it hangs aloof and defensive.

The growing integration of Mexico and California is “back to the future.” Since 2001, more than half of California births have been Latinos, but that was also the case before 1890. The result is likely to be real integration, not assimilation or separatism, but a “Yankee Latin” population and culture.

These reflections draw on a very intriguing gathering of Germans and Americans, brought together in Marina del Rey, California, February 11-12, 2005, by the Atlantik Brücke in Germany and the Pacific Council for International Policy, based in Los Angeles. The participants should be credited with any insights in the reflections that follow but be spared identification with any shortcomings.

GLOBAL CALIFORNIA: AMERICA'S MOST COSMOPOLITAN STATE

Consider the metaphor of Los Angeles as the global capital of the 21st century. Each century has a global capital – London in the 19th century, New York in the 20th. Shanghai is the competitor, but everything present in the future is present here. As Peter Vale puts it: "Rejoice, my friend, or weep with sorrow. What California is today, the world will be tomorrow." For Los Angeles, metaphorically, Asia is close, Washington is distant, and Mexico is all around. Los Angeles is a magnet for talent. It is not yet that global capital, for it lacks the capacity to act coherently, to shape that future.

California has in all respects the dimensions of a country; its economy is about half the size of Germany and about equal to Italy. It was very international in the 19th and early 20th century; in some decades more than 40 percent of the population was foreign-born – Spanish Mexican first, then foreign labor after the gold rush, with foreign investment to match. California agriculture was also derived from abroad, and the state was in many respects more entwined in an international economy than the national one. That changed with the enormous internal migration of the middle 20th century. By the 1950s, only eight percent of the population was foreign-born. The economy changed apace, becoming geared to a narrow domestic market.

Now, California has recovered its original "DNA," and is much more globally connected. Twenty-eight percent of the population is foreign-born; the fraction in Los Angeles county is 42 percent. A majority of the state's people have a foreign-born parent. The state almost always has been a relatively comfortable place for non-Americans to live. High-tech and Hollywood are notably global in their reach; the state's universities also reach globally. And a special understanding of Asia and Latin America has grown in the state. For California, Asia is the "near west," not the far east. The growth of the Mexico connection may be the state's biggest story of the late 20th century. That said, there remains considerable ambivalence about immigration, perhaps even schizophrenia.

The region and the state may not yet be the global capital but do display the indicators of the global economy. Pioneers of aviation came here, and much of aerospace research still occurs here. But the end of the Cold War took enormous numbers of jobs – a loss, proportionally, as great as the Great Depression. In its wake, though, southern California became the quintessential beehive of small firms – driven by the availability of financing, primarily small entrepreneurial venture capital. The Los Angeles region is the largest port complex in the United States; $400 billion in commerce comes through this port and LAX, which is the largest international airport in the United States. Its economy is driven by globalization, so it is oriented toward Asia and Mexico, and toward high-tech. Europe is a kind of "silent partner" for California. Germany is number six as a trading partner of Los Angeles and California. In investment, however, Europe bulks larger as both a provider and recipient; here, unlike elsewhere in the United States, European investment is tipped not toward manufacturing but rather toward IT, movies and pharmaceuticals.

Technology has been key, from the era of the Silicon Valley onward. The Internet could almost be said to have been invented in Los Angeles (but not by Al Gore). Now, China has replaced Japan as the largest California trading partner. But what is "China"? Products are designed here – Wal-Mart is the paradigm – then made in China, with small firms responsible for tracking, making and designing stock. The goods then come in through Long Beach, transshipped to the east and to Mexico.

No one is directing the state's strategy, and there is no consensus on approach. California closed its 12 foreign trade offices in the budget crunch two years ago. Still, the pieces of California are acting globally in more and more distinctive and innovative ways, and ones that parallel Europe in being more self-aware. The environment is an example, and one that draws California close to Germany – in air emissions, alternative energy sources, and in beginning to adapt to the Kyoto protocol – very much in contrast to the direction of U.S. federal policy. If automobile makers adapt their fleets to California regulations – driven by global warning and the subject of bipartisan agreement in the state – the state will in effect have dictated national policy.

Will the state be able to develop a coherent strategy? The governor has pressed Toyota to locate a Prius plant here. Yet the next two years look acrimonious, over the governor's proposals to remake state politics – a budget cap, redistricting, privatizing pension funds, and removing restrictions on teachers' pay. So intelligent debate is not likely soon, but the parts of California will continue to act absent that debate.

GERMANY AND THE UNITED STATES: STILL PARTNERS IN WORLD POLITICS?

The broad answer to the question seems to be: "Yes, but". To be sure, feuding across the Atlantic is hardly new. Andrew Jackson's administration in the early 19^{th} century unilaterally sent troops extraterritorially into then-Spanish Florida to apprehend British merchants selling guns to Indians in Georgia. The United States captured them, brought them back and hanged them – a veritable tapestry of European concerns about the United States now!

First, the "buts", then the "yeses." The changes across the Atlantic reflect not merely personality but are deeply structural. Paradoxically, from a German perspective, a divided Germany on the front lines of the Cold War was more important to the United States than unified Germany is now. That Germany could put 1.3 million soldiers on the front lines; now it has but 10,000 that can be deployed at any distance. (In fact, NATO Europe spends more on defense than China, Russia and Japan combined, so the problem is less *what* its spends than *how*). Paradoxically, too, the United States and its citizens may be more vulnerable now than they were in the Cold War, or at least feel so.

As is often observed, the end of the Cold War has had enormous effect. No longer do the allies have to fear hanging separately if they don't hang together. Moreover, the asymmetry in power, a point emphasized by Robert Kagan, now leads the United States to concentrate on military means while the Europeans focus on softer forms of power. During the Cold War, the fact that Europe, especially Germany, was the territory to be defended, and its troops were to be the defenders, muted the asymmetry.

Yet one of the forms of that softer power is enormous – the "magnet" of the European Union, what Robert Cooper calls the "lure of membership." The enormous projects that constitute that magnet – expanding the European Union, building a constitution for it, and developing economic and monetary union – are all very much in America's long-term interest. At the same time, these projects will preoccupy Europeans with "internal" developments; Europeans will look inward, not outward toward cooperation with the United States.

With regard to the "yes" portion of the proposition, Iraq almost surely marks the high-water mark in "muscular" U.S. unilateralism. Washington has all but ruled out force in dealing with both

North Korea and Iran. More positively, given capacity, values and history, when the United States looks for partners in the world, Europe is still the only real set of partners. The question is, "partners for what?" Given terrorism, the greater Middle East will be crucial; so will "failed states." Closer to Europe, the EU "magnet" induced Turkey to make major changes in its domestic arrangements, and it was also probably the critical factor in making a success of the Ukrainian election crisis, though frank talk from Washington to Russia's President Putin also played a role.

THE UNITED STATES, EUROPE AND ASIA

The 1990s were the era of the market: first the demise of communism, then the conversion of the very regulated developing economies. China's economy grew at an annual rate of nine percent, and the United States took the lead in the industrial world, while Japan stagnated and Europe remained somewhat in the middle. America's growth was driven by productivity gains, but when the IT bubble burst in 2000-2001, the country fell into current account and fiscal deficit, posing risks of rapid exchange rate changes.

Globalization has been characterized by four features: regional production can be fragmented; many services are now traded; financial markets are more and more integrated across the globe; and as a result, competition for investment and savings is intense. These factors point to continued growth but also continued competition. The competition will continue to put pressure on low-skilled workers in the rich countries, risking a protectionist backlash, but globalization also will provide attractive opportunities, especially for building infrastructure in the emerging markets and for high-quality exports.

The rise of China, then India, plainly are the center of that globalization. China has a fifth of the world's population, versus five percent for each of America and Europe. In purchasing power parity, China is the globe's second largest economy after the United States, and it could become the largest by 2030. It is the third biggest trade partner for the United States and the tenth for Germany. It accounts for 30 percent of the globe's demand for steel. Yet per capita income is still only $1,200 per year, and the variation across the country is enormous.

Economic cooperation within Asia is on the rise, as the ASEAN Free Trade Agreement seeks to include China by 2010 and India by 2015. Yet there are no EU-like institutions, and the cooperation is all intergovernmental. In Europe, by contrast, the content of integration was economic but the driving force was political – preventing another European war. Thus, the states were willing to cede some sovereignty to a supranational organization. Not so in Asia, where the critical ties link the states to the United States, not to each other. There is no obvious candidate to drive deeper integration. For historical reasons, Japan cannot play that role, and if China tried, it would be resented by the smaller states as domineering.

The global economy puts a premium on adaptiveness, conferring advantage on the United States. But it has become the world's largest debtor, with a debt equal to about a quarter of its gross domestic product. Worse, the more recent inflows are not private capital but public, mostly the Asian countries trying to prevent their currencies from rising in value. Europe continues to need structural reforms to cope with inflexible labor markets and an aging population. While Europe's projected growth rate is lower than the United States – two percent versus three – Europe has created more jobs since 1997 than the United States, and since Europe is not growing in population, its per capita growth is close to America's.

Together, Europe and America account for more than half of global trade and investment. They need to deepen their own integration. Since Germany, like China and Japan, relies on export growth, those surplus countries should also take responsibility for restructuring, not just the deficit countries like the United States. They should lower interest rates and stimulate their economies. The rub is that Europe seems less "Keynesian" than the United States: if stimulation increases the government deficit, citizens save rather than spend, for fear of higher taxes later.

CHINA: HOW TO DEAL WITH AN EMERGING SUPERPOWER?

China joined the World Trade Organization (WTO) in 2001, in effect negotiating its own accession agreement. It still limits foreign ownership of any enterprise to 50 percent. It clearly is an emerging economic superpower, but it will be very different from today's rich nations. Its growth is driven by labor costs advantages – about $1.5 dollars per hour, versus 8 in Hong Kong and 20 in Japan. China is a more and more important sourcing market, not just for tennis shoes but also automotive parts. It is not a democracy, nor a full market economy, and its citizens are not rich. Income disparities are a real problem in China, from rural to city, and interior to coast. It is by no means certain that those disparities will lead to real protest in China, for other countries live with large disparities. If protest did arise on the scale of Tienanmen Square in 1989, the critical question would be whether the army would shed blood to suppress that protest.

Economically, China lacks management talent, and it trades access to its enormous market for know-how, especially in key sectors like automobiles. It seeks to be a major player in that industry by 2010, with three-four international brands, not just outsourced components, and half the cars sold in China of Chinese origin – again forcing foreigners to provide access to technology in exchange for markets. Now, 70 percent of Chinese automobile production is done by foreign investment, and U.S. firms in China racked up $60 billion in sales in 2004.

Intellectual property remains a problem. For instance, best-selling Volkswagen cars are serviced with pirated parts. As a policy matter, China needs to be pressed to live up to its WTO commitments and to let lapse the non-WTO barriers that remain. China is very creative in devising non-tariff barriers.

Does China's rise necessarily mean another nation's decline? From a U.S. perspective, a net judgment might be that the peaceful rise of China is compatible with cooperative U.S.-China relations. That proposition reflects the net balance of seven positive and four countervailing elements. Indeed, cooperation with China (and Japan and Russia and South Korea) over North Korea is at least as good as that with Germany and France over Iraq. China is a competitor, a rival *and* a partner, and the last role is becoming more apparent.

On the positive side, China, the United States and Germany are energy importers and so share an interest in stable prices. The common image of a scramble for oil is mistaken. China shares an interest in Iraq's security and reconstruction, not least because of its need for oil. All three countries share an interest in counterterrorism and in non-proliferation, importantly including the dismantling of North Korea's nuclear capacity. Continued high growth is good for both China and the United States, as is promoting both foreign direct and foreign portfolio investment (FDI and FPI). The former amounted to $60 billion in 2004, but the latter will become more important, and the capital flows should be two-way, not merely inward to China.

A satisfactory resolution of Taiwan's status is also a shared interest, but destabilizing developments – either a declaration of Taiwan's independence or the use of force in the dispute – are a countervailing element. Both need to be convinced that time is on their side; that is true politically for Taiwan, economically for the mainland. A second countervailing element is the rise of protectionism in either China or the United States, and the military modernization of China – intended to "catch up" by 2020 – is a third. Finally, the action-response cycle of China's actions, U.S. criticisms and China's responses are a fourth.

INDIA: PARTNER OR COMPETITOR?

India's economy has been growing at eight percent annually, and 150-250 million Indians have become middle class (while 400 million remain below India's poverty line, and the country is still 70 percent rural). A conjunction of events in the 1990s sparked India's rise. The 1991 balance-of-payments crisis set in motion an economic liberalization, leading to the end of low "Hindu growth rates." The end of the Cold War ended an irritant in Indian-American relations, and the rise of the Silicon Valley provided an opportunity, not for brain drain but for "brain recirculation," a new pattern of migration, one that is episodic and driven by economics, not permanent. In that sense, India's story begins and ends with people and people flows. The best and brightest Indians come to the United States. Their average income is $60,000, and they are spread through the leading economic sectors.

For India, the United States is not so much the "indispensable power," in Madeleine Albright's term, as it is the "unavoidable" one. As a former Canadian Prime Minister is said to have put it: "The United States is our best friend…whether we like it or not." The United States is India's biggest trading partner; Europe is second. FDI in India was $4 billion last year, and is growing rapidly, and the ratio of trade to India's GDP has risen from 21 percent a few years ago to 32 percent now. India refused outside aid after the 2004 tsunami disaster; indeed, it provided Sri Lanka with assistance, including cash. The United States and India became co-mangers of the tsunami crisis. All that said, there is not full trust in the Indian-American relationship, and the country remains on the U.S. list of sensitive countries to which some technical exports are barred.

Economically, India seeks to leverage IT and to skip steps in the process – for instance, jumping over land phone lines directly to cell phones – though weak infrastructure, especially in transportation, remain an obstacle. A next set of steps in economic liberalization is needed but politically blocked; the Congress Party won the May 2004 elections largely in a backlash against uneven growth.

The U.S. west is a focal point for Indian exports, ranging from grapes to Bollywood. India seeks to carve out more than a third of the global entertainment market. Now, its share is mostly "back office" functions, but Indian films are popular, for instance in the Middle East, and India seeks to capitalize on the merger of cinema and high tech. The concern in the United States about outsourcing, especially of white-collar jobs, reverberated in India.

Politically, India wants its rise to be recognized, with a seat on the UN Security Council or at a future "Group of 12." It regards itself as a nuclear "good citizen," unlike Pakistan, and so chafes at lingering U.S. restrictions based on its nuclear test, at limitations in U.S. intelligence sharing, and at U.S. pronouncements about the importance of Pakistan in the war on terror. Like Japan, it worries about China, and for that reason is establishing diplomatic relations with pariah Myanmar, a state dominated by China.

RUSSIA: PARTNER OR REEMERGING FORCE IN ASIA?

Russia has lost an empire and an alliance, and its identity is very much at play. Is it European? Is it a democracy? Is its identity rooted in history, or the Church? St. Petersburg is evidence that Russia has been part of Europe for three centuries, and Europe remains its focus. While the priority is Europe, President Vladimir Putin's immediate pre-occupation is the former Soviet Union, what Russia calls the "near abroad," the twenty-five million Russian speakers outside Russia. Even there, however, Russian policy divides, treating Kazakhstan more as Asia but Ukraine, Belarus and the Caucusus as Europe.

Russia seeks to engage Europe multilaterally, through NATO and the EU, not bilaterally. It made the "19 plus 1" agreement with NATO in 1997, and identified four areas of cooperation with the EU in 2003 – external and internal security, economic cooperation, and science and education. Russia regards Siberia and the Far East as unalterably Russian, but recognizes that Russia can only be strong in Asia if it is strong in Europe.

Its military is in terrible shape – its army is demoralized by the Chechen wars, its blue-water navy no longer exists, and Putin's comments rattling nuclear sabers seem designed mostly to prop up morale at home. Russia cannot have the military of a world power so long as it has the economic profile of a third world country, with raw materials counting for 80 percent of its exports.

While its economy rebounded dramatically from the financial crisis of 1998, with growth reaching seven percent in 2004, much of that reflected soaring commodity prices. Its economic woes are compounded by organizational and administrative problems. Administration is poor, corruption is rife, and "get rich quick" is the prevailing motto, one whose effect is made worse by Putin's centralization of governance. As a result, there is little investment and no development of a middle class. While Putin himself is not corrupt, the system is, and he has increasingly isolated himself from feed-back.

Surely, no one in Europe thinks of attacking Russia, but the American and NATO interventions in Kosovo and Iraq have served as reminders of the dangers of internal weakness and fragmentation, dangers that the Chechen wars have driven home. More politically, it was hard for Russia to accept part of the "near abroad" – the Baltics – joining NATO and the EU. For Ukraine and Georgia to go that route would be all but unthinkable. For its part, Europe wants Russia's oil and gas, and desires to see democracy and a market economy stabilized in Russia. Russia shares the latter goals in rhetoric, but domestic politics and psychology make for ambivalence beneath the surface. As a result, Russia hangs back, short of becoming a real partner.

China and Russia share concerns about Central Asia – terrorism, drugs and organized crime. China is confronted with unrest among the Uighurs, and Islamic separatism is a real threat to Russia. Instability in Afghanistan and the U.S. embargo of Iran restrict access to the Indian Ocean, giving Russia more control of its energy exports. At the same time, though, U.S. bases and oil companies in Kyrgyzstan and Uzbekistan raise Russian suspicions.

In the Far East, Russia's position is very weak. A huge territory with 4000 km of border with China contains few Russians – 8 million on the Russian side but 120 million Chinese on the other. By 2050 creeping immigration may make for more Chinese than Russians on the *Russian* side of the border. Demography may rectify what the Chinese regard as the "unequal treaties" of the mid-1800s. Russian nervousness about China precludes any strategic cooperation. Russia sells China arms but not the most advanced ones, and it delivers oil and gas but stopped a direct pipeline in an effort not to confer leverage on China. The unresolved issue of the Kurile Islands precludes Russia from moving closer to Japan in an effort to contain China and develop Siberia with Japanese capital. Russia has lost the leverage it had over North Korea; South Korea is now its preferred partner on the peninsula.

In East Asia as elsewhere, Russia's net approach is defensive, not assertive, while it seeks to stand alone as a great power. Its interests are served by a rough balance of power, with Japan strong but not too strong (and surely not nuclear) and China absorbed by the Taiwan question. Putin has rejected the idea of joining the EU; even a partial ceding of Russian sovereignty is yet unthinkable. In sum, Russia is neither a partner nor a re-emerging force in Asia.

NORTH AMERICAN INTEGRATION: EMERGING REALITY OR FADING VISION?

NAFTA, the North American Free Trade Agreement, was, in a very real sense, not a choice. It ratified and provided a framework for economic integration that was already occurring. The Canadian portion of NAFTA was generally smooth, so the Mexican portion of integration attracted, and attracts, most attention. That integration, though, can be seen as "back to the future," for Spanish-Mexican influences have long been central to California. Since 2001, more than half of California births have been Latinos, but that was also the case before 1890, so the twentieth century might be seen as a long Yankee, or Anglo, interlude!

Canada is California's largest trading partner, accounting for a quarter of total trade; Mexico is second, with 15 percent. Non-Americans, especially Mexicans but also Asians, came first as workers for the railroads, then as "guest workers" during World War I, then Mexicans came again in a wave during the 1920s, driven by the revolutionary convulsions in Mexico. The *bracero* program again brought "guest workers" during World War II; when that program ended in 1964, California realized that what had come were not workers but people, many of whom were here to stay. One result was the *maquilladoras,* assembly plants in northern Mexico importing components duty free and exporting products to the United States.

The end of the import substitution model in Mexico and the desire to end the constant economic crises at the end of each six-year presidential term drove Mexico first to changes in economic policy in the 1980s, then to approach the United States about NAFTA in 1990, which was ratified in 1994. The pluses have been considerable. Trade has jumped 220 percent since 1993, and so has FDI. The two economies have converged, though they remain far apart. Mexico has benefited from the relative stability of the U.S. economy, and it managed to avoid the end-of-term economic crisis the last time around.

On the negative side, Mexico suffered the peso crisis of 1994-95 perhaps because there was *too much* hot capital. Its growth has been stagnant, and income inequality has worsened. Mexico City now is home to a third of the country's people. However, there is some Mexican investment on the border and in California, primarily in retail trade and transport. The *maquilladora* sector has strengthened after a dip in 2000-2003, which occasioned concerns that it was permanently losing to China. What has occurred is that the United States accounted for 90 percent of the components in 2000 but only 70 percent now, with China taking much of the rest.

There will be no reversing NAFTA, but by the same token trade is not enough to help Mexico develop. It needs internal reforms to deal with corruption and a weak banking system, and "cohesion funds" from the United States on the model of the EU would make economic sense. Alas, they probably are not in the cards politically. Migration should peak and then decline after 2015, as Mexico grows economically and ages, so some of the heat should drain from this issue.

In the longer sweep, integration between Mexico and the United States, especially the southwest, is a continuing process. Cattle-raising in Iberia was very different from that in northern Europe, and it is Spanish Mexican *vaqueros* that gave America the cowboy and all the associated imagery. So, too, Spanish Mexico law and principle influenced California's water law and its conception of women's right, even its entry into the Union as a free state. The lessons Latinos learn by example are powerfully civic and "American" even if mostly unseen by Anglos: they have the highest labor participation and lowest welfare rates of any group, and their families are strong.

In the end, the process is likely to be truly integration, not assimilation or separatism on the model of Quebec or Yugoslavia. It will be "Yankee Latin." That is visible in my suburban neighborhood, where many of my daughters' friends are products of marriages between Anglos and Latinos, either blondes with Latino surnames or the reverse. Already, 9 of 40 state senators are Latino, and 18 of 80 members of the lower house. Latinos make up 18 percent of registered votes but a majority of elementary school children and half the workforce.

California does not have its own foreign policy, but it does have to cope with the spill-overs from federal policy. For instance, the "get tough" federal policy on immigration means, paradoxically, that Latinos who used to go and come now stay for prolonged periods; crossing the border is simply too hard, especially for undocumented migrants. (Notice how much language matters: for those opposed to migration, its is "illegal aliens"; for those less concerned, it is "undocumented workers.") California has tried to respond, for instance, by providing a system for health care to all indigents, or linking Mexican and California health records, or allowing Mexican-trained doctors to treat Latinos. It now permits undocumented residents to attend state colleges at resident tuition. It granted driver's licenses to all residents, including undocumented ones, before 1995. Now, that issue is being debated again.

NEXT STEPS

In thinking about a next meeting, in Germany, the agenda might again be comprised of a mixture of sharing views on current issues and focusing on specifics where location matters – such as California-Mexican integration at this session. That latter might suggest a review of where the integration of eastern Germany stands, or a look at the status of migration in Germany and the EU, or how Germany balances free speech and the war on terrorism or hate crimes.

Both the politics and economics of entertainment and the media are different in the two countries, and that would make for an interesting focus. Turkey, too, is a concern to both but in different ways with different policy implications. (It has always been easy for Americans to implore the EU to take Turkey.) Comparing notes on environmental policy and action, or on how high skill economies cope with competition, or on homeland security measures would also be instructive.

Another tack might be to ask how cooperation between the United States and Germany and Europe could produce "public goods" in four or five areas – China, or the Middle East, or in international capital markets, especially entrepreneurial finance for small companies. The discussion might ask to what extent the interests of the partners converged or diverged, and how.

Finally, one way to deepen the connection would be to have a visiting fellow every year, or every other year, from Germany at the Pacific Council. Not only would the fellows enrich the work of the Council, they could engage in a project for which residence in the American west was relevant and so deepen their sense for the perspective of that west on Germany, Europe and the world.

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