



European-American Business Council

"Investment ~ Innovation ~ Integration"

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Remarks by

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Taxation – regulation - innovation. Which of these words most appeals to you? Which one of these words holds the secret to our future prosperity? Please understand, each is important. Each has its place. But the first two must support the third, if all are to serve us well.

We are fortunate to be part of European civilization. The Trans-Atlantic market – with only 11% of the world's people - produces over half the world's wealth. Naturally, our success has inspired and informed others. Our secrets are now well-known. Our technology has gone global. Today we are in a race for the future of economic and political leadership... and most assuredly, the two go hand-in-hand.

The book *How the West Grew Rich* attributes much of our economic success to the marriage of science and industry. One story tells the tale. At the dawn of the Industrial Revolution in the 19th century, people moved to the cities and became separated from fresh food. In 1810 the French entrepreneur, Nicholas Appert, used primitive experiments with food to invent canning. For this he won 10,000 Francs from Napoleon's Society for the Encouragement of Industry. Canning allowed people to work in factories and enjoy unspoiled food at home. But it was not until 1873 that Louis Pasteur – also in Paris - discovered the role of micro-organisms in food spoilage and thus lent scientific insight into the reasons for Appert's success. The chemistry experiments in Pasteur's private lab helped engender industries as diverse as food processing, chemical manufacturing, glass and dye making... and pharmaceuticals. For the first time entrepreneurs recognized the commercial value of the "scientific method" – and of the scientist. The marriage was sealed.

This room is full of enterprises whose success is owed to company labs full of risk taking, out-of-the-box thinking, entrepreneurial scientists who work with the men and women who actually make things of value – to serve you and me. And so the West has grown rich, as has much of the planet as they follow our lead.

With the fall of the Berlin Wall Central Europe was re-opened. This seems to have inspired or frightened both China and India to engage the larger world. Then came the crash of 2008

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and major decisions now control us. In this month's *Foreign Affairs*, there's an essay written by Roger Altman entitled "Globalization In Retreat". He writes:

"This economic crisis is a seismic global event. The long movement toward market liberalization has stopped. Free-market capitalism, globalization and deregulation have been rising across the globe for 30 years. This era has now ended. A new one is at hand. Global economic and financial integration are reversing. The role of the state and trade protection are ascending."

Our leaders must decide if they are going to elevate and follow Planners - or Seekers. Appert and Pasteur were Seekers. They didn't know the answers. Their society offered an environment for experimentation, risk taking, failure and success. This made all the difference.

When you depart this evening we'll give you a copy of the new *EABC Atlantic Century Report*. It offers 16 empirical metrics of innovation and global competitiveness. It says that we in the West are resting on our laurels. It says we're not keeping pace. We are not on a long-term success path going forward.

Now is the time to act counter-intuitively. We must elevate Seekers, we must keep markets open, we must encourage investment and raise-up risk taking. With our technologies today we have Darwin on steroids. Change is coming too fast for the mainframe, top-down, 20th century approach to government. Two, four and six year electoral feedback loops of a handful of governments cannot compete with the 24/7 loops of a hundred million micro-markets. The tide of history has always moved power from the state to the citizen. Moving power back to the state is anything but progressive; it is pushing against the waves.

Taxation – regulation – innovation. Which one of these words appeals to you? Which of these words will create wealth? Which of these do you want your children to make their avocation? Which one will make possible their future opportunities? *Tell us where we will find the next Appert and Pasteur. It will be in that city where we will find the future.*

Postscript: From *The White Man's Burden* By William Easterly

On Planners & Seekers:

- Planners announce good intentions, but don't motivate anyone to carry them out.
- Searchers find things that work, and get some reward.
- Planners raise expectations, but take no responsibility for meeting them.
- Searchers accept responsibility for their actions.
- Planners determine what to supply.
- Searchers find out what is in demand.
- Planners at the top lack knowledge of the bottom.
- Searchers find out what the reality is at the bottom.
- A Planner thinks he already knows the answers.
- A Searcher admits he doesn't know the answers in advance.