



AMERICAN  
COUNCIL ON  
GERMANY

## **2024 CONFERENCE REPORT**

# **“New Realities for Transatlantic Relations: What Is the Future for Democracy, Security, and Growth?”**

**44th AMERICAN-GERMAN  
YOUNG LEADERS CONFERENCE**

**July 20-25**

**2024**

**Berlin**



# Introduction

The American Council on Germany's 44th American-German Young Leaders Conference brought together 23 Americans and 28 Germans representing mid-career professionals from various industries, fields, and personal backgrounds from business, academia, politics, and government.

This year's conference witnessed both parallels and contrasts to the previous year's. Continuing themes were Russia's war in Ukraine and the ongoing question of how to respond to China's growing geopolitical power. In addition, growing populism within both the American and German publics and a turn away from international engagement would continue to challenge participants to consider previously axiomatic assumptions of transatlantic cooperation and how they might communicate the strength of U.S.-German ties to the average citizen.

New to the discussion this year, however, was the war in Gaza and the salience of impending democratic elections in both Germany and the United States. Notably, many of this year's conference participants were members of various political parties within their countries, and questions of political alignment and divergence arose continually throughout the conference, generating lively debate both between and even among the American and German delegations.

Three overarching themes emerged during the conference. First, we are living through a critical juncture where typically stable institutions across the domestic and international landscape are beginning to change rapidly, forcing us to rethink how our societies should look in a brave new world. This period is marked by sweeping changes in institutional structures, societal dynamics, political power, technology, and international security. Such an environment forces individuals to reconcile with the second theme: responsibility and tradeoffs. As one participant termed it: "great responsibility for great powers." Leaders in all nations, but particularly the United States and Germany, must grapple with the quickly evolving dynamics both within and across their countries and make hard decisions about who should hold responsibility for which decisions and where the balance lies between counterposed goals. Indispensable to navigating these changes, however, is the third theme, that communication is key. Stakeholders across society must convene dialogues like the ACG to answer the open questions on responsibility and tradeoffs. Communication must take place within society between the government and private sector, the government and its public, and people from opposing viewpoints, to help society grow together through uncertain times. This conversation must be global, however, and as the transatlantic relationship weathers this critical juncture, there has never been a more important moment for individuals to come together and reinforce the ties forged throughout the years.

The conference started with an eventful and a most unfortuitous discontinuity from last year: The global CrowdStrike-related IT outage occurred while many participants were en route, and widespread flight cancellations caused the majority of participants to arrive a day late. However, the conference organizers quickly responded with schedule changes, and the conference was back on track the following day.

The conference began with a walking tour of Berlin, led by the ACG's President and CEO, **Dr. Steven E. Sokol**, and Young Leaders Steering Committee Chairman **Ed McFadden**. After this brief introduction of Berlin to the participants able to attend, the full congregation arrived at the hotel. American and German participants had a chance to meet one another and share an initial round of introductions in a casual setting. They were then paired together for an activity that included visits to important historical landmarks around Berlin. The activity allowed delegates to build familiarity with each other and the city that would serve as the setting for the coming days' discussions. Participants visiting Berlin were struck by how the city reflected Germany's history in both a historical and modern era. Similarly, they were amazed at the activity throughout the city, with the group even observing competing protests over the war in Gaza. The day was rounded out with a spirited dinner together, hosted by the [Freunde des American Council on Germany e.V.](#)

## **DAY 1 - SUNDAY, JULY 21, 2024**

### **Plenary Discussion I What Is an American? What Is a German?**

The conversation today began with a discussion of identity: What is an American? What is a German? The American presenter highlighted how the idea of freedom is central to American identity; it defines who an American is as well as determining the growth of America. Freedom has several different meanings or representative values that are salient to American identity: It can refer to the value of hard work, equality, opportunity, and self-reliance. On both sides of the aisle, Americans no longer believe they are fully free. Some believe they are too restricted, while others believe it is impossible to fully realize the promise of freedom. This dichotomy arises because there is contestation over which value of freedom to emphasize; those believing in the opportunity aspects of freedom may feel there is work to do to extend this to new people, while others emphasizing self-reliance may feel too restricted.

The German speaker similarly emphasized that German identity is currently contested. In a speech given by Christian Democratic Union leader Friedrich Merz in a Bavarian beer tent in autumn 2023, he stated: "Kreuzberg is not Germany, Gillamoos is Germany!" Gillamoos is a traditional beer festival in Abensberg, a small town with a population of 14,000 in lower Bavaria that is strongly conservative in character. In contrast, Kreuzberg is a district in Berlin that is famous for its multicultural population and alternative scene. Perhaps more than ever, the country is grappling with the question of what distinguishes a German and Germany as a country. Two main factors are responsible for this crisis in identity: a far-reaching polarization and economic pessimism in society. In recent polls, 2 out of 3 respondents said that Germany is more divided than in the past, and 62 percent believe the social fabric is too weak to serve as a basis for unity and common goals. This lack of trust in the social fabric is accompanied by economic anxieties and pessimism, particularly given war in Europe, increased competition between the United States and China, as well as high levels of immigration since the new citizenship law in 2000. It is not clear which values can create a shared identity. Some insist on "German Leitkultur" and origin as the core of national identity. Others want a Germany that sees itself progressively as a country of immigration and allows cultural change with confidence. And still others are in favor of "constitutional patriotism," something like a commitment to German Basic Law, democracy, and common values as unifying factors. Which leads us to the question: What are the common values that could unite Germans, that could unify Kreuzberg and Gillamoos?

The plenary discussion focused on identities within the nation, national identities, and supranational identities. For Germans, whether they are from the west or east of the country can have a big impact on how included they feel in contemporary German politics. Often, regional identities and supranational identities - like feeling European, though more work needs to be done to strengthen that identity - are quite important, while national identity is less important. The reluctance to embrace national identity is the legacy of the Second World War, while the supranational identity results from Germany's efforts to spearhead European integration at the end of the 20th century. Unlike the American case, freedom itself is less important, since the law tends to emphasize values like equality rather than individual rights. Americans, in contrast, feel quite comfortable with the values-based definition of identity around freedom that the speaker proposed. The United States, too, has a complicated past and is grappling with guilt around slavery since 1619. The ongoing question remains - freedom for whom? At the same time, the values-based rather than ethnocentric vision of America creates more room perhaps for migration; most Americans, or their families, at some point immigrated to the country.



## **Plenary Discussion II Principles, Values, and Interests**

The presenters discussed the relationship between principles and values. There is some overlap in the concepts of value and principles, and we debated how they differ. Values appear to be more subjective, can change over time, and are determined by individuals or presidential administrations. For example, Woodrow Wilson focused on making the world safe for democracy; George H.W. Bush outlined a New Order after the fall of the Soviet Union where an international effort would be made to halt the aggression of the powerful over the powerless; Donald J. Trump was more nationalist, focusing on “America First”; Joe Biden takes a more collaborative approach to foreign policy but also has shifted away from foreign conflicts to focus on domestic issues. In contrast to values, principles are unchanging, rules-based, and universal. In general, subjectivity seems to rule the day in the current moment; even facts are not agreed upon, as the discussion about “alternative facts” makes clear. There is also an ongoing debate about a “values-based” foreign policy, which some say feels like excessive moralizing, while others feel values are not represented enough. This shift to flexible values rather than agreed-upon principles of cooperation (in the transatlantic relationship, for example) may be permanent, or voters may be able to coalesce around new principles. Social media and technology may represent an opportunity for connectedness to find common ground.

The discussion with the full group centered around a debate on what drives cooperation in the transatlantic relationship. One question considered was whether the transatlantic relationship was ever truly about principles or whether it was, in fact, about shared national interests. If shared interests are what drive cooperation, even though the existential threat of the USSR is gone, there are still many areas of shared interests between the United States and Germany that can be emphasized and discussed explicitly as the basis of cooperation. Another question was whether interests and values are in conflict at times. Some viewed little conflict between principles and values or interests, when interests drive what we value. Others saw conflict between values and interests in policymaking. Introducing the element of time, moreover, can extend the difficult choice between values and interests. Several participants noted issues like nuclear power, independence from Russian energy, or investment in microchips production that require choosing between competing values or prioritizing long-term benefits at the expense of short-term interests.

## Plenary Discussion III

### Political Primer: German and U.S. Politics 101

The German presenter covered the basics of the German political system and mapped out the key policy priorities for Germany and where politics might go in the future. Germany's Constitution is the Basic Law (Grundgesetz). Germany is divided into 16 states, each with its own distinctive identity. The Bundestag, the German Federal Parliament, is directly elected by the people of Germany. The Bundestag elects the Chancellor (Prime Minister), who is the head of government, and chooses the cabinet of ministers. The current Chancellor is Olaf Scholz. The President of Germany is the head of state, but that role is largely ceremonial. The role of the European Union must also be taken into account, as some areas of policymaking will be determined by EU legislation.

The Bundestag is currently composed of the so-called "traffic-light" government, made up of the Social Democrats (red), the Liberals (yellow), and the Greens (green). A three-party coalition is difficult, and in this case, brings together three very different parties who must figure out how to govern together. There remains a gap between the desired agenda and the reality of what can actually be implemented. Priorities now include helping the economy bounce back, keeping debt in check, and maintaining support for Ukraine while also building up Germany's own security and deterrence. The coming months will be a test of social cohesion, with three elections in the east and the 2025 Bundestag elections.

The American presenter described deep political divisions within the United States and unpopular parties and leaders; 43 percent of Americans considered themselves to be political independents in 2023. Voter priorities include the economy, terrorism, corruption, health care, education, Social Security, and immigration. But there are sharp partisan gaps on climate, health care, and education. Nonetheless, there are some areas of cooperation, with energy being a bright spot.

The two chambers of the U.S. Congress are quite different. The House, with 435 members, is closer to a direct democracy. Some of the Representatives, like Marjorie Taylor Greene, are quite far outside of the mainstream. Speaker Mike Johnson is seen as a more stabilizing figure. The Senate provides more flexibility and various institutional rules that allow it to operate like a brake on the legislative process. 60 out of 100 Senators must vote in favor to pass most things. Nominations are approved here.

In general, the U.S. Congress is not particularly functional, and as a result, Presidents of both parties have increasingly turned to regulations administered through federal agencies instead of laws as the only way to overcome deadlock. This has led to significant conservative backlash against executive-imposed regulations. The Judiciary ends up being the only imposed check on this presidential authority, which in turn has created additional pressure on the Judiciary as an increasingly partisan institution. The Chevron Doctrine was recently overturned, which will take more of the governing out of the hands of unelected experts and back to Congress, where conservatives believe it belongs.

The American discussion in particular prompted heated debate from the room. Some Americans pushed back against the repeal of the Chevron Doctrine, since having experts in bureaucracies make decisions can often create more evidence-based policies as well as protect vulnerable populations. A broader theme that emerged in some discussions later in the week included the role of the administrative state. Is it positive, or does it detract from democratic accountability and personal freedom? Some Germans expressed concerns about what they perceive as sharp divisions in the American political and social fabric, raising some concerns that the United States is heading toward civil war. The Americans viewed that possibility as extremely remote, especially as the United States does not meet many of the criteria well known in social science as increasing the likelihood of civil wars. These factors include extreme relative deprivation as well as ethnic or social exclusion of groups from the political process, which drives them to take up arms.

Two other interesting features of the discussion included what drives economic growth in Germany versus the United States, and whether defense spending increases will cut into growth rates. It was agreed that government spending does not drive economic growth in Germany, so defense spending is unlikely to hurt industry, but the issue of economic sluggishness remains at the top of everyone's concerns. We also discussed how the two-party system in the United States is relatively inflexible, and as a result, there is significant realignment going on between who identifies with which party. United Auto Workers, a large union which has historically voted Democratic, has members who are increasingly voting for Trump.

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Following the day's discussion, the group heard from **Wolf Reuter**, State Secretary in the Federal Finance Ministry, who discussed challenges for federal budget policy in Germany and the United States.

Day 1 concluded with a dinner and fireside chat with ACG Chairman **Ambassador John B. Emerson**, Vice Chairman of Capital Group International and former U.S. Ambassador to Germany, and **Ambassador Emily Haber**, a member of Macro Advisory Partners' Global Advisory Board and former German Ambassador to the United States, who discussed their views on the transatlantic relationship, their thoughts for policy leaders, and current events.



## DAY 2 - MONDAY, JULY 22, 2024

*The day started with the group transiting to the day's venue, the conference rooms of the German Bundestag.*

### **Plenary Discussion IV Current Agendas: Evaluating Domestic and Global Priorities**

The American presenter provided a list of six policy issues: race relations, climate change, crime, government leadership, immigration, and inflation. Americans considered immigration to be the primary concern, followed by who leads the U.S. government as the second most important concern. Other priorities, in decreasing order of importance, included inflation, crime, race relations, and climate change in last place. Only 3 percent of Americans think that foreign policy is a priority, but out of foreign policy issues, protection from terror was the most important issue, followed by stopping the importation of drugs into the United States, the Russian threat, climate change, supporting NATO, and Ukraine and China. The general consensus was that government should be responsive to what the people want.

The German presenter described how the living standard is the biggest concern there. There is significant anxiety around one's economic position in society. Immigration, with the large numbers of Syrian and Ukrainian refugees in the country, is also a concern. Germany has made commitments to be climate neutral by 2050. Constraining government policy is the debt brake, which prevents the fiscal deficit from rising beyond a 60 percent debt-to-GDP ratio. In polling, around 26 percent of respondents rank peace as their primary concern. Similar numbers rank social security as their primary concern, followed by immigration at 17 percent and climate at 14 percent.

In the general discussion, we looked at the importance of not reading too much into polls, as they do change over time and the public is generally sensitive to cues from elites about which issues to value as their most important. But there are real issues under debate, such as whether working folks benefit from government policies. For Germany, an ongoing issue remains competitiveness and economic growth while pursuing clean industrial goals. Climate is often seen as a fair-weather issue that people support when it is convenient. But people have gotten used to some of the sacrifices, like accepting hotter summers. The bigger issue is the lack of social cohesion, with significant disagreement over goals and how to achieve even the goals that are shared. Much depends on the outcome of elections.



## Plenary Discussion V Foreign Policy Agendas

The American presenter outlined four basic ways of thinking about American foreign policy:

1. Hamiltonian school: The U.S. sees a strong alliance between big business and government and projects American power to integrate U.S. business abroad on favorable rules.
2. Wilsonian school: The U.S. has a moral obligation and a strong national interest to spread peace and American democracy.
3. Jeffersonian school: The U.S. is less concerned about the spread of democracy but safeguarding it domestically is paramount.
4. Jacksonian school: The most important goal of the U.S. government is the physical security and well-being of Americans.

The Hamiltonian and Wilsonian approaches dominated U.S. foreign policy until the post-Cold War era (or perhaps what we saw most often was a Hamiltonian reality matched with Wilsonian rhetoric). Obama's approach of "Don't do stupid stuff" is more aligned with the Jeffersonian approach, as is Biden's current foreign policy. Trump is more Jacksonian. The current whipsawing that we see is due to a desire for more restraint given the difficulties of spreading democracy.

Key contemporary issues facing American foreign policy include Ukraine, the West vis-à-vis Russia/China, economic statecraft, alliance politics, and the Global South. Russia's war in Ukraine grew out of a longer struggle dating back from the fall of the USSR, resulting in a dual failure: of the West to deter Russia and Russia to succeed. This represents an opportunity for the West to build on its gains, but also represents a more fractured world, the possibility of great power nuclear crisis, and an ongoing proxy war between the West and Russia. Despite the importance of supporting Ukraine, making the case for it is difficult when the public is tired of the cost. Moreover, the current alliance between Russia and China calls to mind the most dangerous period of the Cold War, when Russia and China were aligned, and now separating them does not appear feasible. Economic statecraft is marked by a return to protectionism, and small and medium-sized countries are increasingly taking on debt. Alliance politics includes the need to better communicate the benefits of alliances and why they are worth the costs. In the Global South, the West faces potential tradeoffs between its values and interests.

The German presenter highlighted how the core tenet of contemporary German foreign policy is “Never again and never alone.” “Never again” means that the German public is not responsible for what previous generations did, but they are responsible for making sure it never happens again. Germans feel a personal connection to what happened in the past through their family members, even though many are part of the “Silent Generation” that did not talk about their experiences in the war. Many feel a special connection through the transatlantic relationship and are grateful to the Americans for liberating them.

The transatlantic relationship forms one key component of “Never alone.” The U.S. alliance with Germany was a central part of Cold War foreign policy, and U.S. aid and the Marshall Plan played a key role in Germany’s recovery. The other component is ensuring a peaceful environment in Europe. As Chancellor Helmut Kohl said after German unification: “For the first time Germany is surrounded only by friends and partners.” Key moments that have challenged German foreign policy since then include the United Kingdom’s exit from the European Union, the American election of Donald Trump as President, and Russia’s full-scale invasion of Ukraine. Germans have viewed it as their responsibility to aid Ukraine. Germany is the second-biggest provider of military aid to Ukraine after the United States.

The conference then split into smaller working groups to discuss American and German domestic and foreign policy agendas.

Group A viewed the top domestic priorities as primarily economic policy: fighting inflation and a rise in the cost of living, particularly health-care costs and social security; ensuring economic dynamism by making U.S. industry globally competitive, encouraging innovation, and attracting investments; and long-term resilience and growth by strengthening and derisking supply chains. Also of concern was defending democracy by preventing attempts to weaponize misinformation and manipulate opinions or democratic processes, as well as addressing issues of immigration and border control. Both the Left and the Right find immigration to be an important issue, though they disagree about how to address it. Solutions will need comprehensive immigration policies, balancing security concerns and economic benefit. U.S. foreign policy will need to maintain peace, strengthen the military; succeed at Great Power Competition; and ensure deterrence/military dominance.

Group B felt that the current domestic policy agendas for the United States and Germany are practical, and collaboration on immigration and the environment can lead to sharing best practices and discussing policy proposals to reach shared goals. The Ukraine-Russia war has not been handled well on the foreign front, and a new strategy is needed. The group argued for more resources; direct negotiation between the United States, Germany, and Russia; and work toward an end to the war by nonmilitary means. The group felt that stability in the Middle East is necessary and that it is in both Germany's and the United States' best interest to support Israel.

Group C concluded that many people in Germany and the U.S. are worried about very basic topics of Maslow's hierarchy of needs. Topics include health care, housing, infrastructure, child care, and education costs (in the U.S.). Moreover, many people fear the consequences of migration. One explanation for this development might be related to COVID-19 and the thereby triggered problems in the supply chains around the world. This led to inflation in both countries. In addition, it became obvious that health-care systems in both countries were not working as smoothly as expected. Consequently, many people in the U.S. and Germany sense a loss of prosperity and reduced purchasing power. The group discussed whether this is only a problem of perception or whether this fear is real, talking about two of the strongest economies in the world. On the one hand, with high inflation, lower purchasing power is a reality, especially for people with a low or middle income. On the other hand, for some this could well be just a matter of their perception – and could in turn account for the growing success of populist parties. As for an agenda, the group stated the importance of political education and information. Politicians need to listen to the people on a regional level, to act accordingly, and to try to get people engaged in local politics. Regional public engagement plans might help reduce doubts about current politics.

In terms of foreign policy, Americans in this group felt a lack of motivation to further support Ukraine financially. One reason might be a hangover after conflicts with Iraq and Afghanistan. The sentiment was that Germany must increase national efforts and spending to support Ukraine in this conflict. If Germany does not, there is a high chance of Putin moving farther west. They felt that Germany must take a leadership role in this topic and needs to take care of EU defense, regardless if Trump or Harris becomes the next U.S. President. In short, Germany should act, not react!

Working Group D felt that Germany and the U.S. have multiple areas for collaboration on both foreign and domestic fronts, rooted in shared interests, values, and strengths. Domestically, while facing distinct issues such as low birthrates and aging populations, both countries are grappling with immigration, with Germany seeing it as essential for growth and the U.S. aiming to limit it. Sharing strategies and policies on these issues can help both nations address these challenges effectively. Regarding foreign policy, both nations should present a united front in addressing the Ukraine-Russia conflict, maintain a vocal communication strategy, and align global partners to apply pressure on Russia while seeking a diplomatic resolution. In managing China's rising influence, the U.S. and Germany have aligned strategies despite executing tactics differently. Germany should focus on reducing export dependence on China, and both countries should enhance shared intelligence efforts. In the Middle East, the U.S. and Germany should strengthen their collaboration as allies of Israel. We should also focus on managing public opinion influenced by social media.

## **Plenary Discussion VI**

### **Recap: Where Do We Go from Here?**

Each group reported on shared areas of continuity and disagreement between German and American priorities, before opening it up to a lunch discussion with a fascinating speaker lineup. Key issues discussed included: 1) the sources of support for the Alternative für Deutschland (AfD) party (for example, are voters voting for the party out of protest or because they identify with their policies?), as well as what can be done about it in terms of messaging and showcasing the government's areas of progress, 2) the structural challenges for Germany in light of its obligation to increase defense spending to meet the benchmark of 2 percent of GDP while also meeting fiscal responsibility measures (a topic of debate within the coalition government, since the parties disagree about the importance of the debt brake), and 3) increasing Germany's economic competitiveness, a key issue considering competition from partners like the United States. One participant noted how Germany should not become poorer because of the transatlantic relationship.



Day 2 included numerous guest speakers. The first was a lunch discussion with Bundestag members **Jakob Blankenburg** (SPD) and **Paula Piechotta** (The Greens) (both 2024 Young Leaders) and **Torsten Herbst** (FDP) (2011 Young Leader), who spoke on their work in Germany's coalition government and shared views on the upcoming election. The group also had the opportunity to hear from **Colonel Glenn McCartan** of the U.S. Marine Corps, U.S. Defense Innovation Unit embedded to U.S. European Command, who spoke about his observations from the war in Ukraine and the state of defense innovation within the transatlantic relationship.

The group then toured the Reichstag with current Young Leaders who work there, learning the ways that the architecture of the building reinforces fundamental values in Germany's democracy.

Day 2 concluded with a dinner hosted by Deutsche Bank with welcoming remarks from **Harald Eisenach**, Managing Director, Head of Region East (Germany), and member of the Management Committee Germany of Deutsche Bank AG. During dinner, the group had the opportunity to hear remarks from a representative from German intelligence.



## DAY 3 - TUESDAY, JULY 23, 2024

*The day started with welcoming remarks from **Stephan Vopel**, Director of the Bertelsmann Stiftung Berlin, the day's hosting venue.*

### **Plenary Discussion VII Living in an Era of Polycrisis**

Given the vast number of complex issues in the world today, the conference split into smaller working groups to tackle topics in depth.

The first working group examined **NATO at 75: Current or Kaputt?** To begin, participants discussed the United States' leadership role and asked whether such a strong influence is warranted, desired, or necessary. Due to shifting political dynamics in the United States, there is a serious question as to whether the American public will want to continue engaging with and funding European security. However, there may be positive externalities from this disengagement, including an opportunity for Europe to exhibit increased sovereignty over its security policy. This led to the question of the "European Pillar" within NATO and whether France, Germany, Poland, the UK, or another state would be willing to assume a greater leadership role. However, participants noted that domestic politics within these countries may turn in a similar direction as U.S. domestic politics, and these states may also begin backing away from NATO if the United States were to disengage. Lastly, the group discussed the question of whether NATO is fit to address 21st-century problems that the initial negotiators could not foresee at the organization's inception. There remain open questions regarding potential flashpoints beyond the "North Atlantic," including China and Taiwan. And while numerous participants view the primacy of European issues for NATO, many others see a need for NATO to seriously consider additional engagements at sea and beyond Europe, potentially bringing in additional partners, including Japan and South Korea.

The second working group examined the prompt: **Southern Discomfort: Can Cooperation Transform the Global South?** Participants started the discussion by noting the history of colonialism and development, keeping in mind the severe impacts on human security and welfare that stemmed from and continue to be perpetuated by history. The group then examined the opportunities available to less-developed states, whether based on abundant natural resources, critical geographic positioning, integration into international supply chains, and how states might use these resources to their benefit. The group highlighted the opportunity for global partnerships across international development aid, trade investments, and capacity-building, while also noting the risks of exploitation and possible spillover effects of conflicts and/or security issues. One participant noted how U.S. developmental assistance has and continues to be central to the development goals of various countries. Lastly, the group noted the opportunity for security partnerships, particularly with Latin America and Africa, in areas including counterterrorism, drug trafficking, and defense cooperation.

The third working group examined **Security Matters: Energy and Economy**. Participants delved into areas of both agreement and disagreement. Two significant points of agreement were the necessity of energy security for sustainable growth and the necessity of reliable regulatory frameworks. To the former point, participants held a consensus that ensuring energy security will be crucial to sustainable economic development in the long term. Participants also recognized that stable energy sources are essential not only for economic stability but also for addressing global challenges like climate change effectively. To the latter point, participants agreed that citizens and businesses need reliable regulatory frameworks that last for longer than one legislative term. These frameworks would ideally provide clear guidance to ensure stability and certainty, which are necessary conditions for businesses to thrive. There was additional consensus that these frameworks should allow enough flexibility to foster innovation and adaptation to changing market conditions.

However, participants disagreed on two major topics: the role of government and the process that government will take to prioritize and urgently pursue certain goals. To the former disagreement, participants' views diverged on the role of governments in society and the economy. While one part of the group thought that the state should serve as a mere arbiter that monitors compliance with regulations, the other part thought that the government should have a more proactive, guiding role. Participants also diverged on how governments should prioritize issues, particularly with regard to addressing global threats like climate change. Furthermore, participants diverged in their assessed degree of urgency for governments to address climate change.

The fourth working group examined the question: Cold War 2.0? China, Russia, and the West. After the Cold War, the United States found itself adrift without a rival or guiding principle. The terrorist attacks of 9/11 provided both with the Global War on Terror. Since 2014, with Russia's increasingly aggressive behavior in eastern Europe, and China's increasingly contentious relationship with the United States since the Trump Administration, U.S. defense strategy has begun to shift to a new era of strategic competition. China is the central pacing challenge for the United States, while Russia is an acute threat. Foreign policy needs to consider the leaders of the future: the Gen Z and Swiftie generation. They have a unique perspective shaped by a polarized world but they do not remember 9/11. They are marked by a strong sense of community and engagement, with a focus on social justice and human rights. They are digitally literate. According to polling from the Chicago Council on Global Affairs, Gen Z does not see China as a threat. For example, their incessant TikTok use comes in deep conflict with the U.S. interest in banning the app at the federal level. AI and dual-use technology are key to Russia's and China's success. Gen Z will be more agile in navigating this, unlike older generations who are more inclined to dismiss cooperation and view technology and collaboration as vulnerabilities instead of opportunities. At the same time, Gen Z needs to be engaged to understand foreign policy threats and the evolving transatlantic order. While they might not yet see the world as a Cold War 2.0 (see page 19 for a bonus song), the 21st century will be shaped by competition, and communication about this is needed.





Following the working group sessions, the group had the opportunity to hear from **Thomas Silberhorn**, member of the German Bundestag (CSU, Christian Social Union), on his views regarding foreign and domestic policy.

The group then transited to the Federal Chancellery, where they had the opportunity to hear from numerous government officials. In particular, they heard from **Dr. Steffen Meyer**, Chief Economic Advisor to Chancellor Olaf Scholz, and **Dominik Bohnen**, Deputy Head of the Division for Security Policy, Non-Proliferation and Arms Control, and Relations with the USA, Canada, Northern, Western, and Southern Europe, Turkey, at the Federal Chancellery. The hosts kindly provided the group with a guided tour of the Chancellery.

The day ended with a dinner hosted by Pfizer featuring remarks by **Dr. Thomas Bagger**, State Secretary in the German Federal Foreign Office, who discussed Germany's foreign policy in the midst of current global challenges and a new phase of Germany's foreign policy.

## DAY 4 - WEDNESDAY, JULY 24, 2024

The day started with a presentation by **Karolin Schriever**, executive member of the Management Board of the German Savings Banks Association (DSGV, Deutscher Sparkassen- und Giroverband). The group was joined by **Professor Luise Hölscher**, State Secretary in the Federal Finance Ministry, who discussed tax politics and the UN Framework Convention on International Tax Cooperation.

Following the morning presenters, the group once again split into breakout sessions, though this time unified in a common goal of developing **Mission and Vision Statements and a Transatlantic Strategy**. Unlike the previous plenary, where participant responses diverged due to the spectrum of topics discussed, many of the working groups converged around similar concepts, themes, and lines of effort. Almost all groups agreed on a vision that prioritized the three pillars of peace, prosperity, and the promotion of human rights; other topics suggested for inclusion in the vision included climate change, economic equality, and the upholding of democratic values within the societies. Certain groups analyzed the context for their strategy, including an environment of political polarization, economic tradeoffs, and resource limitations. The strategies themselves, though centered around a shared vision described above, began to show a diversity of thought. One group focused on potential mutual lines of effort for the United States and Germany, including ensuring free and fair elections, prioritizing civics education, securing society from mis-/disinformation, responsible competition with China and others, and more. Other groups focused on military dimensions of the alliance, suggesting a renewed investment in NATO, stronger partnerships with partner countries, increased information-sharing and cybersecurity resiliency, and collaboration in emerging areas including space technology. Others still focused on economic prosperity, suggesting prioritizing industrial policy, inflation reduction, fair and open trade, the transition to clean energy, and the promotion of technological innovation.

### **Plenary Discussion VIII Economic Affairs and Global Trade Agendas**

Following the breakout sessions, the group rejoined to discuss the current economic landscape between and within the United States and Germany. Much of the discussion centered around protectionist tariffs and the benefits and drawbacks of trade barriers. One group expressed a generally negative view on tariffs, highlighting their role as barriers to trade that primarily raise prices for consumers. A few participants further noted that tariffs imposed by the United States on steel, aluminum, and electric vehicles (EVs) are problematic, as they significantly increase costs for these inputs, with the effects of EV tariffs just beginning to manifest. This point led to a discussion on the European Union's tariffs on Chinese EVs and the implications for Europe. Some participants highlighted the view that broad tariffs impede trade without providing substantial benefits to domestic economies. The impact on businesses was also a key concern, as companies must either absorb the costs of these tariffs or pass them on to consumers, ultimately leading to higher prices. Other participants emphasized that tariffs are most effective when they are targeted and coordinated, noting how overly broad measures can lead to negative consequences across the economy.

When posed with the question of whether tariffs are necessary, and how they should be designed, a few participants recommended that policymakers consider a more strategic approach to their implementation. One participant suggested using tariffs as a negotiating tool, particularly in response to Chinese market practices. The participant cited the 2018-2019 Trump Administration tariffs as an example of how tariffs could be used strategically to prompt negotiations. However, other participants cautioned about the potential backlash from such measures, noting that China might respond with export controls or retaliatory tariffs. The discussion also highlighted the ways that tariff policies might result in broader macroeconomic challenges, potentially causing prices to rise and fueling inflation, which may prompt central banks to respond with monetary policy that potentially stifles economic growth. Some participants noted that, while tariffs generate revenue, they can function as a blunt tax on consumers while failing to address fiscal challenges in the United States or labor force issues in Germany. The discussion concluded with a call for a balanced approach that fosters trade while addressing legitimate economic concerns emphasized by the U.S. and German publics.

## **Plenary Discussion IX**

### **Building Sustainable Economies: Can a Global Economy Be Inclusive?**

The participants split into discussion groups to focus on various topics within the broad theme of sustainable economies. The first group discussed Germany's "trade union" system, exploring a common understanding of how the system operates, the rights afforded to employees, and the potential obstacles it faces. The conversation then shifted to two sub-questions that sparked robust debate. The first was whether Germany is more inclusive than the United States. Many participants agreed and highlighted Germany's free university education, high-quality public schooling, strong social system, and particularly its comprehensive reintegration measures for workers who fall ill as key indicators of inclusivity.

However, the group noted equivalent societal challenges, particularly those facing asylum seekers who often encounter bureaucratic hurdles that delay their integration into the labor market. Some members argued that the entrepreneurial landscape in Germany lags behind that of the United States, particularly in terms of fundraising and startup culture. The group then discussed whether Germany's free university system effectively sets its citizens up for success. Participants held mixed viewpoints on this, and while many acknowledged that Germany's increased access to higher education can lead to better opportunities compared with the United States, many noted that the influence of family background and social origin remain significant barriers. Lastly, the group emphatically argued that a global economy should be inclusive. However, opinions varied on whether inclusivity is currently realized in either country, and participants acknowledged the strides toward inclusivity alongside the persistent challenges that hinder true equality.

A second group explored the dynamics of labor market relationships, drawing on perspectives from both countries while considering broader socioeconomic implications. The conversation began with a critical examination of the decline of unions within the United States. Some participants noted a sharp reduction in private-sector union membership (approximately 10 percent). Other participants highlighted the role of the federal government, particularly through the National Labor Relations Board (NLRB), noting how enforcement of labor rights fluctuates based on the political party in power. Related observations noted the challenges associated with union elections, emphasizing workforce requirements and the various restrictions imposed by employers. The subsequent discussion turned to Germany's labor market framework, which features a strong presence of both unions and labor councils. A participant argued that the system provides a robust structure for employee representation, with German unions playing a pivotal role in negotiating industry-wide agreements. While foreign investors may find the German system complex, its harmonized laws offer a level of predictability that can be appealing for certain businesses.

The group then explored the economic and social implications of these differing systems. Of note, the cost of social services and the impact of insufficient wages in both countries came to the forefront. A German participant noted that unions resist outsourcing jobs, particularly to countries like China, advocating for local employment and training. Other participants said that investing in employee training and retention through attractive contracts can lead to long-term savings for companies. This led to a conversation on education and reskilling, with participants remarking that the German education system's early specialization may serve as a model for addressing skill shortages. Reskilling initiatives were seen as essential for helping individuals adapt to changing labor market demands, thereby enhancing their prospects for prosperity. Participants then compared business attraction strategies in the United States and Germany, noting that the United States tends to leverage tax codes to attract businesses quickly, while Germany focuses on educational initiatives to entice both international and domestic firms. The discussion emphasized the link between a strong economy and a vibrant democracy, noting that individual economic experiences are critical for societal well-being.

Participants then tackled the issues of economic inequality and social services. Some members pointed out inefficiencies within U.S. social services and the pressing need for tax reform to address income disparity. The struggle of full-time workers to make ends meet was underscored, with the federal minimum wage considered insufficient. These members proposed solutions that included tax relief for at-risk families and potential deregulation to alleviate economic burdens. Participants also debated the effectiveness of policy versus market interventions in addressing economic challenges.

They underscored the importance of flexibility across all levels of government – federal, state, and local – in managing tradeoffs and ensuring long-term economic health. The breakout session concluded by highlighting the complexity of labor market relationships and the necessity for balanced approaches that account for both immediate and long-term socioeconomic impacts. Recognizing that there is no one-size-fits-all solution, participants agreed that the effectiveness of policies and market mechanisms will ultimately depend on the specific contexts and tradeoffs that stakeholders are prepared to navigate.

A third group began with a conversation about labor unions and their broader implications for an inclusive economy. Participants noted that the United States and Germany differ in terms of a focus on shareholders versus stakeholders. Germany, and the EU more broadly, emphasizes higher levels of worker and stakeholder participation, which can make economic policies more inclusive, while the United States tends to focus on returning value to shareholders. Surprisingly, Americans did not delve into whether they consider their economy inclusive and in what ways. A key topic of debate centered around the extent to which the government should intervene in issues such as Environmental, Social, and Governance (ESG) criteria and Corporate Social Responsibility (CSR), and how much should be left up to corporations to solve themselves. Some participants observed a pattern emerging from the discussion: The United States seems to utilize government intervention as a corrective only once things have become a crisis, whereas the EU often appears to err toward overregulation, potentially implementing policies that stifle innovation.

The conversation highlighted Germany’s bureaucratic challenges with CSR and supply-chain reporting. Participants pointed out that excessive bureaucracy makes compliance more difficult without necessarily solving the problems it is intended to. Examples include specific regulations such as the Lieferkettensorgfaltspflichtengesetz (Supply Chain Due Diligence Act) and the EU taxonomy for reporting green investments. Participants suggested that the media could take on the role of de facto regulator by highlighting problems for the public. Similarly, nongovernmental organizations (NGOs) in the EU can also enhance regulatory oversight.

The group suggested that the United States and Germany could cooperate to promote an inclusive economy by finding common standards and strengthening trade councils. However, participants noted that existing legislation and protectionist measures complicate efforts to find common ground, with the United States’ more isolationist “America First” economic policies making consensus even more difficult. Further discussions highlighted the need to strengthen connections between parliaments and various political parties rather than focusing solely on government-to-government relations. It was felt that Germany in particular should invest more in informal relationships between the two countries.

As a backdrop to the main discussion, participants discussed the different union models in both markets. In Germany, social partnerships enable unions to participate in salary negotiations and strike actions, with works councils providing employee representation within companies. Conversely, the U.S. labor market is characterized by at-will employment, which allows for termination with minimal notice, emphasizing a more flexible yet less protective environment. In summary, the discussion underscored varying approaches to inclusivity between the United States and Germany. It called for further consideration of the benefits and drawbacks of government intervention and highlighted opportunities for collaboration in fostering an inclusive economy.



The day concluded with a dinner hosted by Mercedes-Benz Group AG featuring remarks by **Dr. Markus Richter**, State Secretary in the Federal Ministry of the Interior, who discussed cyber defense and the cybersecurity industry.

## **DAY 5 - THURSDAY, JULY 25, 2024**

### **PLENARY DISCUSSION X**

#### **Diversity and Democracy: Can Social Cohesion Exist in Times of Mistrust?**

The discussion began with the presenter sharing recent data on the German public's degree of trust in certain institutions. In the study, only 18 percent of Germans expressed trust in political parties, 20 percent for churches, 35 percent for the Bundestag, and 50 percent for the media. Faring much better were the Constitutional Court (Bundesverfassungsgericht), which received a notable 66 percent trust rating, and the police, which received an impressive 80 percent trust rating.

The conversation explored three essential premises for maintaining the framework of a liberal democracy: (criminal) justice, the protection of human dignity and autonomy, and the promotion of economic growth. These principles were born from a context of violence and despair, emphasizing the importance of a stable society. Confidence in liberal societies wanes when these foundational justifications are under pressure. The role of social media and the disinformation campaigns that exploit societal anxieties were highlighted as significant challenges. Free societies have always been under pressure from ideologies from within or abroad that use the inner anxiety of these societies against themselves. Populist movements often leverage fears, such as the fear of war, to sow division within society. A key theme emerged: Social cohesion hinges on honesty as a central societal value. Unfortunately, this honesty is often obscured by the noise of modern communication – tweets filled with arrogance, resentment, and envy can cloud genuine discourse.

American political scientist Francis Fukuyama, an alumnus of the Young Leaders Conference, drew on Nietzsche's work in his idea of the "last man," a figure without ideals who acts only according to his own needs and advantages. Dr. Fukuyama identified this as a significant threat to liberal democracies. The task of liberal societies and their leaders is to counter this last man, to contain him, by strengthening democratic institutions, ensuring minorities are protected and people can live in a society without ideology and coercion. In conclusion, the participants acknowledged the substantial challenges ahead, emphasizing that the vitality of democratic institutions and the promotion of an inclusive society are vital for maintaining social cohesion.

## **PLENARY DISCUSSION XI / XII**

### **Priorities and Policy Recommendations / It's a Wrap!**

To close out the conference, the conference rapporteurs presented key themes drawn from across the week and offered the opportunity for breakout groups to further elaborate upon, challenge, and consolidate thoughts on these themes. The conference rapporteur summary best describes the overall conclusions of this session and of the conference (transcript provided below):

Throughout the week, we had a series of frank and sometimes difficult conversations about American and German politics as well as the transatlantic relationship. Within the American side, in particular, there was a fair amount of viewpoint diversity which contributed to a conversation that was reflective of many mainstream Left and mainstream Right viewpoints. We had many debates about politics, and the replacement of Joe Biden with Kamala Harris as the Democratic nominee for President occurred while we were at dinner together on the first night, no doubt spurring additional conversations. Among the German side, there was comparatively less diversity; no delegates were from the former GDR, for example. Nevertheless, the German delegates did an excellent job providing context and additional viewpoints that they may not have personally agreed with in order to enrich the American learning experience. We also were able to speak with members of Parliament across the major parties in the coalition government. The following distills major findings from our week together, as recorded by the rapporteurs on the last day of the conference:

#### **Living Through a Critical Juncture**

We are at a critical juncture – a moment not just of choice, but of rapid transformation and potentially dramatic unexpected changes. Political scientists use the term “critical juncture” to describe periods when existing institutions, usually quite robust and difficult to change, begin to shift, opening the door for significant change in society and government. Living through a critical juncture involves more than just structural change – the moment is also deeply emotional. The fall of the Berlin Wall was a euphoric moment marked by a sense of opportunity. This moment, in contrast, is full of anxiety and uncertainty. As one of the participants mentioned, there is no clear consensus about where we want to go as a society.

In the aftermath of the fall of the Berlin Wall and the collapse of the Soviet Union, it would have seemed unthinkable to discuss potential civil war and political fragmentation in the United States. But in the discussion, several German participants expressed concerns about the stability of American domestic political order. While a civil war, or even significant levels of political violence, remain very unlikely, the fact that we had that conversation at all speaks to the current high levels of uncertainty and anxiety within the transatlantic relationship.



Driving these concerns about civil wars is an increased sense within democratic societies that their governments are failing to live up to expectations. One such significant stressor has been the digital revolution. Despite initial optimism that digital connectivity would bring people together, it has instead created a series of “virtual bubbles,” enabling connections primarily between those who already share the same beliefs. Instead of broadening the aperture through which to view the world, the digital revolution has paradoxically shrunk it.

The digital revolution has also changed the economy in important ways. For one, income inequality is rising even while government policies in both the United States and Germany have remained fairly continuous, suggesting that structural changes in the economy (perhaps driven by the digital revolution) are to blame. To address issues like income inequality requires smart policymaking that can balance potentially competing priorities like economic growth and social welfare. Yet trust in key institutions – in both the United States and Germany – is at an all-time low. Governments are facing increasing pressure to adapt and deliver without the trust required to make them work effectively. An attempt to address these concerns has led governments to try out often ill-conceived policies. For example, in response to citizens’ desire to have a genuinely inclusive economy, a new bipartisan consensus on protectionism has emerged even though evidence suggests it does not actually benefit consumers. In sum, states are increasingly under pressure from their own inflexibility and slowness to adapt to these modern challenges.

At the same time as these domestic crises are looming large, we are also in the most dangerous security climate since the end of the Cold War. The Western relationship with Russia now is certainly worse than it was perhaps since points of crisis in the Cold War between the Soviet Union and the West. International and domestic politics are linked. The threat of a resurgent Russia has forced governments like Germany’s to make tough choices between military spending and domestic welfare. Russia has also put Germany on the front lines of an ongoing hybrid war with the West, conducting acts of sabotage and information warfare. Social cohesion is once again at the core of the issues; a cohesive society is a resilient one.

### **Responsibility and Tradeoffs**

In isolation, none of these factors – domestic political strain and international crises – are necessarily new, but the current crisis involving a perfect storm of all these factors is new. Key issues are being reexamined: the meaning of democracy, the future of the transatlantic relationship, the cost of security, and models of economic prosperity. We don’t have consensus about how to solve it: Is this crisis the product of a series of individual choices? Of leadership? Who has the responsibility to solve the problem: Does the state need to manage the problem, and shape public opinion through messaging and information? Is the problem overinvolvement of the state? Or do the problems have to be resolved on their own?

Complicating the resolution of the problem, we cannot simply innovate or spend our way out of it. A path forward will involve a series of tradeoffs. Several tradeoffs featured prominently in our conversation. One set was about the economy: tradeoffs between growth and human development, between collecting tax revenue and promoting growth. Foreign policy presents a set of additional tradeoffs: for Germany, a sense of responsibility for European security but also supporting human welfare at home, between support for the state of Israel and human rights. For the U.S., between Europe and Asia. For both, a sense that democratic values may make protecting data privacy or stopping cybercriminals or irregular warfare from state actors more difficult.

One topic we discussed was strategy – not simply planning but taking a hard look at the desired goals to be prioritized and long-term planning for how to achieve them. We need strategy to decide which tradeoffs are important, and how they should be resolved. On the other hand, perhaps there is a way to reframe a tradeoff as an opportunity to gain on both dimensions, maybe not maximize both dimensions but achieve sufficient amounts of both.

### **Communication Is Key**

Planning for the future, while essential, requires making hard tradeoffs today. The fact that the benefits of hard choices occur in the future while the cost is felt today makes it even harder to solve problems. Issues like defense spending, the climate and green energy transition, investing in the production of microchips – all these require careful and expensive planning and investment before they will pay off.

Communication within society, between the government and private sector, and between the government and the public, is essential to gain support for tradeoffs. Governments must communicate with the public because of a demand that strategy must be genuinely inclusive. It encourages us to consider what a bottom-up process looks like for designing strategy.

We agreed that the transatlantic relationship is important but explaining its relevance remains critical. As one participant stated: “We cannot become poorer because of the transatlantic relationship.” Communicating about issues like NATO – what is it, why is it valuable? How does it help us meet new challenges? Other communication can emphasize the economic ties and concrete benefits from the transatlantic relationship; for example, German companies created 680,000 jobs in the United States – a staggering amount of economic interdependence. But despite these obvious benefits and much in common between Germany and the United States, we learned that shared values and even interests don’t always imply shared ways to achieve those objectives or similar prioritization among competing issues. We cannot count just on social ties or membership in shared organizations to do the work of maintaining the transatlantic relationship. Like any relationship, maintenance takes work and it was our honor to participate in that important work.

To close this year's conference, delegates came together for a final dinner at Borchardt sponsored by Noerr where they heard from **Steffen Hebestreit**, German Federal Government Spokesperson, on the German government's approach to tackling future challenges.

Participants ended the night with goodbyes to one another and gave a final toast to an unforgettable week of deep discussions, shared experiences, and new friendships that will span both the Atlantic and their lifetimes.



**Bonus Content:**

A song written by a conference participant (with the generous help of generative AI).

**Cold War 2.0**

(Set to the tune of "The Archer" by Taylor Swift)

*We thought the ice had melted,  
the Cold War was in the past.  
But now the shadows linger,  
and old ghosts come back fast.  
In the far corners of the world,  
the lines are drawn anew.  
Russia and the PRC,  
They're coming back for you.*

**CHORUS:**

*It's a Cold War 2.0 baby,  
the battle's out of sight.  
In the midst of these great power plays,  
we're waiting for the light.  
It's a new world,  
a new strategic fight,  
but the story's still the same,  
we're dancing on the edges,  
of a dangerous geopolitical game.*

*Oh, we've been here before,  
but now it's harder to see,  
the faces in the shadows,  
the truth in the misinformation debris.  
We're caught in the middle,  
of a Cold War 2.0 we didn't choose,  
Trying to hold onto everything,  
we stand to lose.*

**The ACG would like to extend special thanks to the  
Young Leaders Conference Steering Committee:**

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