

There are other notable trends on the European scene today. There is a movement toward private markets and business competition and away from state planning and government cartels. There is a growing recognition that economies energized through deregulation, limited taxation, open trade, and flexible labor policies will produce more prosperity, creativity, and opportunity than a statist, top-down approach.

Europe's business regeneration has resulted in a more productive relationship with the United States. The total amount of two-way investment in the EU and the United States amounts to over \$1.1 trillion, with each partner employing about 3 million people in the other. The amount of trade in goods and services between the United States and the European Union nearly doubled during the 1990s. In 1999, European companies acquired and established businesses in the United States valued at \$205 billion, up from \$31.9 billion five years earlier.

The Euro-Atlantic experience - including lessons learned the hard way - has helped transform perspectives around the globe. A higher percentage of the world's people are living in democracies than ever before. There is an increasing recognition that with economic and political liberty the genius of the individual can invigorate societies and create unimagined opportunities. This is a world in which capital moves around the globe at the click of a mouse; communications across borders, and continents, cost a fraction of the price of even 20 years ago; previously unmanageable reams of data can be transformed into information to guide customized services; new technologies offer revolutionary possibilities - and companies must look around the globe for new customers, suppliers, and partners. Yet as Winston Churchill warned, "The further backward you look, the further forward you can see."

A century ago - a time, I might add, when Churchill was alienating his colleagues in Parliament with his free trade advocacy - there was a similar sense of optimism about the forces of progress sweeping the globe. Like today, it was an era of inventions that seemed to draw nations, and people, closer together. There were new forms of transportation, such as cars and planes; new forms of communication, such as the telephone and the wireless; and unifying social movements, ranging from the revival of the Olympics in 1896 to the admission of women to German universities in 1909. Then there was my favorite invention of the era: safety razors with removable blades.

Two best selling books in Europe captured the confidence of the times. The first, published in 1899, was written by the German biologist Ernst Haeckel. Entitled *The Riddle of the Universe*, Haeckel argued that science would soon solve all the world's problems - including war. A decade later, Norman Angell wrote the worldwide best seller, *The Great Illusion*. Angell claimed war was useless and unlikely in the modern economic era, given the complex financial and commercial interdependence of the world's leading powers.

Tragically, the First World War, the Depression, and then the Second World War, provided cruel lessons for those who believed that economic integration and technological innovation alone would lead