

The Tradition of Transatlantic Misunderstandings

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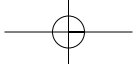
Louis Begley

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FINANCIAL Gates GmbH

Dr. André Hülsbömer
Mainzer Landstraße 199
60326 Frankfurt am Main
Telefon: (069) 75 91-22 15
Telefax: (069) 75 91-32 24
E-Mail: a.huelsboemer@faz-institut.de



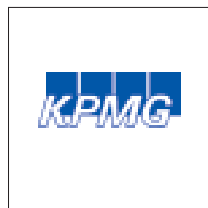
Deutsche Beteiligungs AG

Claudia Schaper
Kleine Wiesenau 1
60323 Frankfurt am Main
Telefon: (069) 9 57 87-3 60
Telefax: (069) 9 57 87-3 91
E-Mail: claudia.schaper@deutsche-beteiligung.de



Hölters & Elsing

Sven Schulte-Hillen
Freiherr-v.-Stein-Str. 24-26
60323 Frankfurt am Main
Telefon: (069) 71 58 80
Telefax: (069) 71 58 85 88
E-Mail: Schulte-Hillen@hoelters-elsing.com



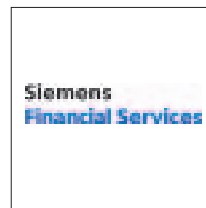
KPMG

Thomas Ehren
Corporate Finance
Marie-Curie-Straße 30
60439 Frankfurt am Main
Telefon: (069) 95 87-28 18
Telefax: (069) 95 87-28 96
E-Mail: tehren@kpmg.com



Linklaters Oppenhoff & Rädler

Ulrich Horstschäfer
Hohenstaufenring 62
50674 Köln
Telefon: (0221) 20 91-8 22
Telefax: (0221) 20 91-8 15
E-Mail: ulrich.horstschaefer@linklaters.com



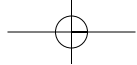
Siemens Financial Services GmbH

Claudia Rotschedl
SFS SCDC
80312 München
Telefon: (089) 63 63 54-38
Telefax: (089) 63 63 54-85
E-Mail: claudia.rotschedl@sfs.siemens.de



UBS Investment Bank AG

Dr. Andreas Nick
Stephanstraße 14-16
60313 Frankfurt am Main
Telefon: (069) 13 69-86 16
Telefax: (069) 13 69-87 55
E-Mail: andreas.nick@ubs.com



Der Autor



Louis Begley
Schriftsteller und Partner,
Debevoise & Plimpton

Für die meisten Menschen hat der Tag 24 Stunden. Für einige wenige gilt diese einfache Alltagsregel nicht. Wie deren Uhren gehen, weiß man nicht. Aber klar ist: Die Summe dessen, was aus bestimmten einzelnen Menschenleben hervorgeht, kann nicht unter Einhaltung der 24-Stunden-Regel entstanden sein.

Einer dieser Zeitzauberer ist zweifellos Louis Begley. Der Schriftsteller und Anwalt hat mindestens zwei Leben gelebt und lebt sie noch heute. Spürbar ist dabei in seinem Oeuvre, wie sehr er sein Doppelleben genießt und wie er aus dem einen jeweils Inspiration und Kraft für das andere zu ziehen scheint.

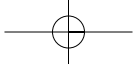
1933 als Jude in Polen geboren, hat er eine zugleich zärtliche und grausame Kindheit gehabt. Nach dem Krieg und der Nazizeit, die nur wenige seiner Verwandten und Familienfreunde überlebten, fand er den Weg über den Atlantik. Er genoss eine Ausbildung an den besten Schulen und Universitäten.

Nach dem LL.B. trat er 1959 der namhaften Wall-Street-Kanzlei Debevoise & Plimpton bei, wo er seit 1968 Partner ist. Dem Alten Kontinent hielt er immer die Treue. Mehr als drei

Jahre arbeitete er im Pariser Büro der Sozietät. Weiterhin betreut und berät er Klienten bei internationalen Unternehmenstransaktionen, was ihn zu einem Kenner der globalen M&A-Szene macht. Seine Kanzlei hat beispielsweise auf der Chrysler-Seite die Fusion von Daimler und Chrysler federführend juristisch begleitet.

Zu seinen literarischen Werken gehört unter anderem „Lügen in Zeiten des Krieges“, eine Auseinandersetzung mit dem Schuldkomplex als Überlebender des Holocaust. Mit dem Roman „About Schmidt“, der im Jahr 2003 mit Jack Nicholson in der Hauptrolle verfilmt wurde und in die Kinos kam, zeichnet er existenzielle Konflikte von Menschen im Alltag nach. Auch als Essayist ist er inzwischen mehrfach in Erscheinung getreten, u.a. im Zuge der jüngeren Diskussion des Verhältnisses Deutschland–USA.

Belohnt wurde sein dichterisches Werk mit zahlreichen internationalen Auszeichnungen. Er gilt heute als eine der gewichtigen Stimmen im amerikanischen Literaturbetrieb.



The Tradition of Transatlantic Misunderstandings

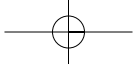
by Louis Begley © 2003

When Dr. Hülsbömer of the F.A.Z.-Institut extended to me early in May of this year the invitation to speak to you about the tradition transatlantic misunderstandings, I felt deeply honored and was, of course, eager to accept. At the same time, the subject made me uneasy. How high is the risk, I asked myself, that I will be beating a dead horse? Or, to change metaphors, that a discussion of anything reminiscent of either the great follies of 2002/2003 (I am referring of course to the quarrel among Messrs. Bush, Schröder and Chirac and its dismal consequences), or of failed international mergers, will have as much appeal for a lunchtime audience as yesterday's mashed potatoes? I will confess though that I was encouraged soon afterward, in June, when I read about Silvio Berlusconi's sideswiping of Martin Schulz and the insults hurled at German visitors by Stefano Stefani, the unmourned Italian under-secretary of state for tourism. More encouragement, of a lugubrious sort, could be derived, if one so wished, from the dismal continuation of the transatlantic quarrel and its various manifestations. The events at the U. N. Session in the week of September 22nd did not seem to indicate that the tradition of transatlantic misunderstandings had come to an end.

If you have read any of my novels, you know that I do not generally take an optimistic view of life. I do not believe that human beings are perfectible. Strife, on any scale, vast or small, among nations and other groupings, however you define them, seems to me to have roots in the same vices as strife among individuals: malice, anger, selfishness and hubris. But,

misunderstandings also foment strife. Fortunately, the incidence of misunderstandings can be reduced, because they result most often from a lack of sufficient knowledge about the Other – whether the Other lives on the other side of the street or in a neighboring country or across the ocean. Knowledge can be acquired, and the necessary respect for the Other can be inculcated as part of the effort that a decent society makes, at every level, to impose rules of moral behavior.

My interest in misunderstandings has been developed in the service of my twin professions of lawyer and novelist. "Novelist" is a name for a voyeur who puts his compulsions to a semi-respectable use - by writing and publishing fiction. I have been doing that since 1989. I have been practicing law much longer, since 1959, always at Debevoise & Plimpton, for the last thirty-six years as a partner in that law firm. In that role, from the very beginning, I have led the legal effort for my clients in various types of complex international transactions. The aspect of my work that I have cared about most, which in my opinion has best justified the fees charged to clients, has been to help parties separated geographically by the Atlantic or the Pacific Ocean, and culturally by differing assumptions as to business practices and fundamental legal rules, to avoid misunderstandings that get in the way of success. Sometimes to clear them up. Business plans that go sour are doubtless the major source of failure for joint ventures and mergers. Conversely, a rising tide helps to lift all boats. Even so, conflict and failure in international transactions are rarely unrelated



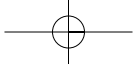
to a mismatch of cultural assumptions. By that broad category I mean not only what we take for granted as to business, accounting, financial and legal norms, but also, at least equally important, as to thinking patterns, convictions, fears and needs of the Other, and the covert messages transmitted by body language. The cultural assumptions of the Other may be radically different from our own. Each investment banker, accountant and lawyer – and I suspect each CFO with experience in international transactions – knows that the task of bringing to light and untangling such contradictions is an arduous one. Not unlike the labors of Sisyphus.

Nothing is more tiresome than lawyers' war stories – if only because a well-behaved lawyer will not reveal really juicy tidbits. Nonetheless, I cannot resist presenting a vignette in the hope that it will illustrate my larger theme.

I have in mind the well known case of the international joint venture known as GlobalOne, the triumvirate of Deutsche Telekom, France Télécom and Sprint, that set out in 1994 to defend, in an era of deregulation and privatization, its corner of the international telecommunications world, and perhaps to conquer more territory. In due course, it imploded quite unhappily. The European springboard for the venture was the Franco-German alliance of FT and DT called Atlas, imposed on the companies as far back as 1987 by the governments of the two countries, which then owned them. We represented France Télécom, and I spent what seemed then the better part of my life helping

to bring GlobalOne into being. Messrs. Helmut Riecke, Marcel Roulet and William Esrey, who were the principal actors when the project was conceived and born, have all left the stage. Messrs. Riecke and Roulet, for an honorable retirement, Herr Riecke just before the venture closed, Marcel Roulet almost immediately after the closing. Their respective successors, Ralph Sommer and Michel Bon, were forced out of their jobs as the fortunes of their companies sank. Bill Esrey was removed by Sprint's board of directors in the spring of this year in the wake of revelations about his allegedly abusive tax shelters. It was announced quite recently that, following the takeover by Ripplewood, he has become the chairman of Telecom Japan. Whether his great talents will enable him to contribute to the success of what had been a quintessentially Japanese company remains to be seen.

From the outset, GlobalOne was plagued by misunderstandings on the fundamental level of language. No member of the top DT management spoke or understood French beyond what is needed to order a meal in a restaurant. Their knowledge of English was better, but in only one case truly adequate, and that one member of top management was not Herr Riecke. No one on the FT negotiating team, and, to my knowledge, no one in a senior management position knew German; at the level above the negotiating team, dealing in English was as much of a problem for FT as for DT. And yet, all the negotiations with Sprint and all the transaction documents with Sprint were in English (as was the case with Atlas). Sprint exploited the lan-



guage advantage to the hilt, and Bill Esrey raised it to an amazing height through the use of what I call the chairman's maneuver. This wonderfully effective technique consisted of Bill Esrey, as chairman, insisting that he would negotiate points of crucial importance – for him invariably the price to be put on Sprint's shares and price adjustments – only in private with the chairmen of his two European partners.

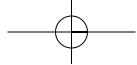
Financial and legal advisers were excluded. That meant that the chairmen of FT and DT negotiated in a language they possessed incompletely on a subject – valuation of shares and adjustments to valuation – of which Esrey had become a master during his time on Wall Street as an investment banker. He was also the master of the most recent Wall Street jargon. For the management, and most members of the negotiating teams, at FT and DT, he might as well have been speaking Chinese. An immense subsequent effort was required of FT's and DT's financial and legal advisers, first to explain clearly the workings of what had been proposed and its consequences, and then to fashion counterproposals that did not violate the spirit of the chairmen's meetings. We did not always succeed.

The cultural misunderstanding was further compounded by the uncertainty of the FT and DT negotiators about when Sprint was bluffing and when its bluff should be called. Again, the bankers and the lawyers tried to help, but our advice was not a real substitute for the instinctive knowledge that the French and the German chairmen would have had dealing in their language with a partner whose

conception of business practices and good manners was closer to theirs. And whose body language they could read reliably. The Europeans simply didn't understand well enough the nature of the Other with whom they were dealing.

I do not think it is much of a stretch to suggest that sometimes it would be useful for European commentators – perhaps the European public as a whole – to apply to the rhetoric of President George W. Bush the sort of cynical discount that his countrymen instinctively apply. Somewhere deep down, Americans realize that he doesn't quite mean all of the things he says, such as, for instance, his remarkable challenge to attackers in Iraq: "Bring them on." Of course, the gap between words and reality is in itself frightening.

If you don't use hindsight, FT and DT made a reasonable deal with Sprint. GlobalOne might have survived the overcapacity that became the scourge of the entire telephone sector at the end of the nineties if it had not been for a misunderstanding between Herr Sommer and M. Bon. It will not startle any of you if I say that neither of these gentlemen was possessed of very much patience, and the excellent command of English they each had does not seem to have helped. Herr Sommer threw down the gauntlet first, by having DT bid for Telecom Italia without consulting M. Bon in advance, although FT and DT had a joint venture in Italy that competed with the Italian carrier. M. Bon delivered the coup de grâce to GlobalOne, by starting an arbitration proceeding against DT. I find it hard to believe that these actions would



have been taken, or that tempers would have flared as hot, if there been a clearer conception on the French side of the business imperatives of DT, or on the German side a better understanding of French susceptibilities, and on both sides a greater willingness to accommodate each other's needs.

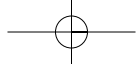
Dark as the night, soft as a baby's skin, white as new snow, sweet as a rose. The repertoire of clichés is endless. So is that of stereotypes. The thrifty Scotsman. The vengeful Sicilian. The lonely cowboy. It has been observed, very astutely, that clichés are eternal because they are true. Stereotypes also contain elements of truth that we recognize immediately – just as we recognize ourselves and others in caricatures; stereotypes derive their durability and potency from the resemblance and from the distortions. Clichés are bad for your style. Otherwise they do no harm. Wielded by demagogues, rabble-rousers, bigots or racists, stereotypes exude deadly venom. We must be on our guard when we encounter stereotypes, or have recourse to them in thought, speech or writing. This is not easy because, when we are exasperated, stereotypes and other insults have a way of crowding into our minds. I can assure you that my FT clients, aghast at Sprint's negotiating tactics, had a good deal to say about how ugly Americans try to bully other people and throw their weight around, and how they lack social refinement.

I often find myself thinking of Bouvard and Pécuchet, Flaubert's infinitely heart-rending personages, who set out to compile a *bêtisier*, a dictionary of human stupidity. According

to the American *bêtisier*, the Japanese are even more rule-bound and inflexible than Germans, if such a thing is possible. This stereotype was confirmed for me when about five years ago I discovered in Japanese law a cousin of the German procedure of *Spruchverfahren* that my firm had encountered in the course of the Daimler-Benz/Chrysler merger. The apparition of such a cousin should not have been surprising because Japanese law was modeled on German law during the Meiji Era and acquired an American overlay only thanks to General MacArthur, during the American occupation.

The Japanese version of *Spruchverfahren* applies if a Japanese company seeks to issue its shares in exchange for shares of a foreign company. The transaction can't proceed until an inspector (usually an accountant) appointed by the Japanese district court has investigated the correctness of the price and the court has approved it. There is no telling how long this may take or how a premium over market price would be treated, a situation even more difficult than the one that obtained in Germany before the modifications to the dreaded *Spruchverfahren*. The result is that Japanese companies do not engage in share for share acquisitions of foreign companies. By the way, no investigation is required as a condition to the exchange by a Japanese company of its shares for shares of another Japanese company. They are presumed by law to be good as gold.

Eric von Stroheim, as the former ace pilot fighter and now a war prisoners' camp commandant, in "The Great Illusion." A brilliant



artistic creation, but isn't he the embodiment of the stereotype of a Prussian Junker? And the British colonel, in "Bridge Over the River Kwai," with his stiff upper-lip, swagger stick, worship of discipline, and utter unconsciousness of hardship and danger? Isn't that the stereotype of the British officer caste of the previous generation, formed on the playing fields of Eton and mowed down on the Somme and the Meuse? Or another stereotype, represented by the Japanese colonel in Bridge? Can we agree that the shorthand based on stereotypes that made these personages come to life unforgettably on the screen can be very useful?

I am about to suggest to you that stereotypes, however politically incorrect or potentially odious, cannot be extirpated from our thought processes or our communications with each other. The challenge is to separate the wheat from the chaff (I have used a cliché very intentionally) – the useful and amusing elements of the stereotype or the caricature – from those that insult, degrade and incite to hatred. The trick is to find the ones that help us understand the Other sympathetically.

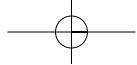
Take my own case. When it comes to the stereotype of the Jew, I am happy to own up to Jews' being ambitious, gifted for survival, excellent at business and all the arts, and, of course, more intelligent than anybody else. I am even prepared to admit that they are clannish; that they stick together like steamed rice. Isn't that also true of German, French and English aristocrats, and all urologists and ballet people? I do not even object to references to the Jewish hooked nose, although neither my nose nor

that of my wife or my mother happens to have that shape.

It is another matter when libel and calumny are added: then the stereotype becomes the murderous weapon of a Goebbels or an Alfred Rosenberg.

We have now reached, by a circuitous route, the great transatlantic follies of 2002/2003: On one side, there has been German and French opposition to the attack on Iraq, sometimes principled, sometimes wrong-headed, and often woefully tactless, and the anti-American feelings it has spawned. On the other, we have had the rough and ill-conceived riposte by the Bush administration and the vehemence of right-wing American politicians and media and of peculiar groupings of the American public. We could discuss this subject during the rest of today and a good part of tomorrow, if I did not happen to think that the rhetoric spawned on both sides of the Atlantic is the revival of an old burlesque act. There is another part of the misunderstanding in the transatlantic alliance that is, in fact, cause for grave concern, although it is not without its comical aspects.

For today's purposes my views on that part of the transatlantic falling out which is important may be stated very briefly. I believe strongly that to throw out Hussein and his gang was a good thing to have done. I deplore, however, the meretricious reasons given by the Bush administration for going to war, and the lack of planning, preparation and financial commitment to follow up after the brilliant



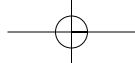
success of our arms. I wish with all my heart that we had already started out in earnest to build a new and better life for Iraq's people instead of learning every day about a new and bloody catastrophe. I also deplore the damage done to international order and the Atlantic Alliance by the disdain and high-handedness of the Bush administration in many of its dealings, and by the matching instances of certain of its European partners.

The so-called new anti-Americanism in Europe, I see as old hat and old news refashioned for today's circumstances. Anti-Americanism was born with the American Republic. Ministers of Louis XVI began to scold Americans as soon as they realized that, notwithstanding the helping hand the French crown had extended, and the valor of Lafayette and Rochambeau, powerful economic interests in sea borne trade – as well as the English ancestry of most Americans of the era – irresistibly pushed the United States into the arms of England. In England, anti-Americanism reaches even further back, because of the colonial past and the defeats that the generals of King George III suffered in the American Revolution. Throughout the nineteenth century, European writers delighted in lampooning stock American stereotypes: American country bumpkins, slave owners, slave traders and slave hunters; newly-rich Americans eager for refinement but ignorant of the most rudimentary table manners; American mommas and poppas dripping gold and bargain hunting in Europe for old master paintings and aristocratic sons-in-law; American cowboys; and corrupt, vulgar politicians.

At the same time, Americans, from the outset, have seen themselves as an exceptional people: possessed of a land unsullied by the sins of Europe, and pre-ordained to create on that land a society more perfect than any that had existed before. One can trace in American politics the theme of our society as the Shining City on a Hill from Governor John Winthrop of the Plymouth colony through the Monroe Doctrine to some of the positions taken by George W. Bush; in American thought, it manifests itself sometimes as suspicion of the evil that lurks behind the facade of European sophistication and elegance. This way of seeing the world is sometimes referred to as American exceptionalism: the intellectual premise that gives American isolationism its force. An isolationism that paradoxically can coexist with missionary certitude that we have a great deal to teach to the rest of the world.

In the twentieth century, and in the first years of the twenty-first, with two interludes, World War I and World War II, derision of Americans has continued relentlessly. They have been lampooned as gangsters and bootleggers; and speculators retooled into newly minted millionaires and billionaires. Europeans and particularly the French have enjoyed having Ugly Americans to laugh at and detest. American tourists have often been treated very much the way that German tourists were treated by Stefano Stefani.

Indeed, it wasn't long after the Allied victories in 1918 and 1945, which could not have taken place except for the military and economic might of the United States, that for



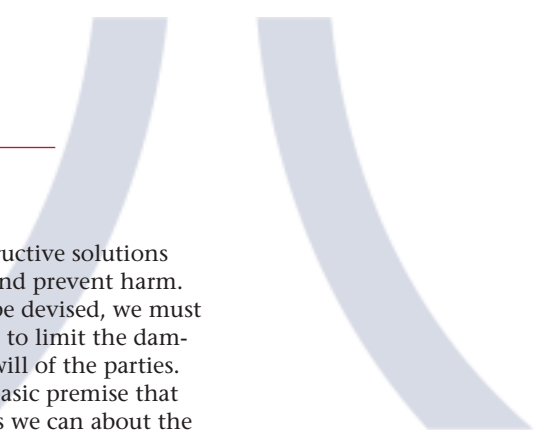
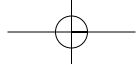
European rightists and leftists the heroic American doughboys and G. I.s metamorphosed into gum chewing profane bandits, preying on English, French and German virgins. By now, the memory of the demonstrations, fueled all across Western Europe by left wing intellectuals, against the United States cast in the role of inventor and fomenter of the Cold War may have dimmed. The demonstrations against the United States as the aggressor in Vietnam are probably still vivid. Recent anti-American demonstrations in Europe have had as their theme Iraq, with globalization and American support of Israel thrown in for good measure. I am not at all suggesting that protests against the war in Vietnam or the 2003 war in Iraq or many aspects of U. S. policy in the Middle East were unjustified. Much of the rhetoric, however, has been excessive and the insults directed at the United States, offensive. A nadir was reached recently, when European intellectuals and journalists put President Bush in the same league as Adolf Hitler, or spoke of Saddam Hussein as a victim.

In the domain of stereotypes, insults and contempt, Americans have given as good as they have gotten. We have witnessed the emergence in Washington, D.C. of the new humanoid known as a cheese eating French surrender monkey. We have been more or less amused by the vogue for Freedom Fries on Capitol Hill and elsewhere in America. This too will pass. I can report that, during World War I, sauerkraut, an indispensable New York City delicacy, was renamed Freedom Cabbage. In due course, it regained its original appellation. I am sure that other equally delightful examples of

linguistic invention pressed into the service of jingoism can be found by a diligent researcher. So far, the insults have not interfered with American love for European literature, which is studied more intensively in the United States than in Europe, and English, French and German philosophy; European art and other cultural heritage; French and Italian fashion; German automobiles; and, until recently, French wine and French cuisine.

How much of what has happened as part of the follies of 2002/2003 is due to a transatlantic misunderstanding? I should preface that question by saying that my Olympian calm about European anti-Americanism, historical or current, is in great part due to my conviction that, at this point in the history of the United States, such feelings are inevitable, and must be borne with patient resignation. There is no precedent for the position the United States occupies at the apex of military and economic power; the price that must be paid for being so strong and so rich is to be hated, attacked, and reviled. I have never been good personally at turning the other cheek, and I don't recommend it for my country. But I do believe that power on such scale requires that the United States show great humility and respect in dealings with others. President Bush appeared to understand that obligation at the beginning of his term; what happened afterward is another matter. By the way, in diplomacy it is not necessary to be humble; it is enough to act it.

It seems to me that many miscalculations have been at the root of the mischief. President Chirac and M. de Villepin quite clearly did not

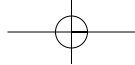


measure the enduring emotional impact of 9/11, which has caused a large majority of Americans to feel they need to circle the wagons, that you are either with us or against us, or the determination of President Bush and his closest advisers to oust Saddam Hussein, or their vindictiveness. The same was probably true of Chancellor Schröder. In addition, the French view of the likely diplomatic and economic consequences of the positions taken the United Nations and other public forums was surely obscured by the long-standing habit of quasi-automatic opposition to United States, which lends substance to the theory that, in order to feel alive, French politicians, diplomats and intellectuals must tilt at the American windmill. In all probability, on the American side there was an insufficient understanding of the political imperatives at work in Germany and France: in Germany the need to win a very difficult election; in France, the need to placate a large and restive Muslim population.

I am convinced that there is another interesting force at work. In this age of total and totally rapid communication, political leaders do not communicate as well as in the past. That is because the press conference and other forms of talking to and through the media have so hugely crowded out old-fashioned quiet and private diplomatic discourse. Things that would never have been said in public before are now bellowed over CNN if not Al Jazeera.

What should we do in the face of transatlantic misunderstandings? In business, as business executives, or as professional advisers, we habitually try to shed light on problems and

find, if at all possible, constructive solutions that will get the deal done and prevent harm. If no practical way out can be devised, we must do the second best, which is to limit the damage and conserve the good will of the parties. To do so, we start with the basic premise that we need to know as much as we can about the Other – his assumptions, his requirements, the constraints he is under, and how he thinks – and that we must approach what we learn with sympathy and respect. In the public realm, as citizens, indeed as members of an elite, our obligation is not very different, except that added to it are duties to share our knowledge as widely as we can, to raise our voices in defense of right reason in public affairs and, against all odds, to keep our sense of humor.



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