The European Gamble

By MIKE RAINONE, Co-Founder of PCDworks

A few years back, I was invited to speak at a Well Integrity forum for the Society of Petroleum Engineers in Tunisia. Moments before I stepped on stage, one of the organizers pulled me aside and suggested I speak slowly. So, I told the audience, “I have been warned to slow my speech down a bit because there are a lot of non-native English speaking people here, and I should be sensitive, especially of you Scotsmen.” Of course, the Middle Easterners in the audience thought that was hilarious. They have learned to be amazingly articulate in English, as it is the language of the oil business. As far as the Scots, they think they speak English, but if you get two of them together, you will understand my hesitation.

This story is apropos to my current situation in Pescara, Italy, where I am working to establish PCDWork’s European subsidiary. If you have read any of my columns over the past few years, you’ve probably noticed my interest and drive to understand what European governments are doing to encourage new product development and innovation, and examine the parallels between corporate thinking on innovation between U.S. and European businesses.

Over the past year, I have spent significant time working to establish a PCDWorks entity in the old world. I shamefully report that, having failed to develop a rational business case for “offshoring” PCDWorks to Europe, we have simply plunged ahead, betting on the gods of persistence and madness to make this launch a success. Sometimes, you just have to take a leap and bet on your gut.

So, I will go down two paths in this article. First, I will tell you why we are betting on Europe, and then, why this venture may in fact be a long shot.

First, Europe has a half billion, seriously industrious, creative, well-educated citizens. European countries share a very strong infrastructure of electric power, roads, rail transports, ports, and airports. They expect a middle class existence, expect their children and grandchildren to live a decent life, and will eventually understand that the only way to achieve that stability is to create it. As they begin to embrace that notion, the slop will disappear, they will begin to pay the taxes that are owed, and demand honesty in government, wisdom from their leaders, a level playing field for competition and incentives for entrepreneurship and innovation.

Eventually, they'll learn there is no such thing as a free lunch and will turn to the effort of creating a vibrant society. I believe they may even have an advantage over the U.S. in this, as they will not forget the roots of their social democracy and will make sure that the least able do not starve. They'll see that children do not go hungry, and that they have a permanent roof over their heads, as well as an education that will prepare them for a future of hard work and achievement. The rich will be forced to pay their fair share, those who do not pay taxes will learn the difficult lessons that tax shirkers in the U.S. have learned the hard way, and workers will learn that their rights must co-exist with corporate requirements of appropriate profits for shareholders. As the differences between the "have" and the "have not" countries get ironed out, Europe can become a model for how free market, but not laissez faire, capitalism can co-exist with human frailty.

Here is the second path: All of the above is the good news; the bad is that there is much to overcome for Europe to get there. The greatest problems revolve around the incredible variabilities between countries, and change will not come easily. The master of political machinations, the Italian Machiavelli, said that change will be fought by all that stand to lose, as well as the half that stand to gain, simply because they are afraid of change. But, change they must.

The imposition of uniform patent laws, for instance, has already been agreed upon by most EU countries, with a few exceptions due to language pridefulness. In the future, perhaps one filing can bring patent protection across the EU, instead of having to file in dozens of countries. This may make big improvements in the willingness to embrace open innovation, opposition to which was one of my greatest surprises.

I have written about the Sicilian-like secrecy that Europeans hold so dearly, whether Sicilian or Dane. I have yet to determine whether this is just natural competitiveness or small minded paranoia, but it certainly does inhibit collaboration as well as the willingness to look outside of one's own inner circle for solutions. In any case, something has to happen to convince the Europeans that they must work together, that they must look beyond their land mass for innovation, new ideas, new collaborations, and new markets.

Other impediments include trade union manipulation and the acceptance of political corruption as a way of life; something that is becoming increasingly frowned upon even in Italy.

Then there is the issue of wacky EU regulations on everything which can be

regulated, from the shape of a banana – the shape was regulated from 2005 to 2008 - to a current labeling law that prohibits manufacturers of bottled drinking water from claiming that consumption could help fight dehydration. Recently, it was reported that diabetics across the EU would face driving bans as part of a new directive, and while this directive is not currently being enforced, it is a real directive. These are from an overzealous bureaucracy headquartered somewhere in Europe, that seems to thrive on controversy rather than unification. It is ironic that the headquarters of the EU is split between Brussels, Luxembourg, and Strasbourg, France. They can decide the proper shape of a banana, but can't agree to have one capital? Perhaps that speaks volumes about the possibility of removing barriers and not creating them.

Finally, perhaps the most difficult issue to deal with is that of language, and I now return to the lesson of the first paragraph. As difficult as it is to accept, the language of commerce in the world is English. It has always been the language of oil. Now, with the rapid growth of China, India, and Korea, the one common language is English. Nordic countries figured this out long ago, and for many years have taught their youngsters how to speak the language of commerce. The French gave up their maniacal defense of Lingua Franca when the computer invaded. But I have been surprised by the German unwillingness to speak English, especially among the older generation. Perhaps this is a rebellion against the American military presence still in Germany, whereas, the Italians are a mystery. The country that conquered the known world 2000 years ago seems to have real difficulty thinking globally.

I know that without a world language, world travel and commerce are difficult. Italy, and to a lesser extent, the rest of Europe, will never realize its potential to provide well paying, high tech jobs to its people, without which there is a real danger of the entire continent becoming a Greece.

What's your take? Please feel free to comment below!

Source URL (retrieved on *09/01/2014 - 10:58am*):
http://www.chem.info/blogs/2013/03/european-gamble?qt-most_popular=0