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Rising States, Rising Institutions

CHALLENGES FOR GLOBAL GOVERNANCE

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*Europe: Rising Superpower
in a Bipolar World*

It has become fashionable to view the global system as dominated by the United States, China, and India. How often do we hear from leading politicians that “the most important relationship in the 21st century is that between Washington and Beijing”?¹ Or that the “rise of the rest” is the great phenomenon of our time?² Missing from the equation, however, is Europe. The “Old Continent’s” reputation for sluggish economic and demographic growth, political disunity, and weak military force has convinced most foreign analysts that the future belongs to Asia and the United States.³ Among scholars, commentators, and politicians alike the conventional view is that the contemporary world is “unipolar,” with the United States standing alone as the sole “superpower.” In their view, with the rise of China, India, and perhaps Brazil and Russia, the other two countries that make up the so-called BRICs, the world might become multipolar—if it is not already—but Europe’s role in the geopolitical balance remains insignificant.

Such claims rest on demographic, economic, and military measures of power. European economic growth, it is believed, is sluggish and getting worse. The median age in Europe is predicted to increase from 37.7 in 2003 to 52.3 by 2050 (the median age of Americans, in contrast, is expected to rise only to 35.4 by 2050), with profoundly negative effects on Europe’s productivity, growth, and fiscal stability.⁴ According to this view Europe’s low level of military spending

1. Richard Spencer, “Hillary Clinton: Chinese Human Rights Secondary to Economic Survival.” *Daily Telegraph* [London], February 20, 2009.

2. Zakaria (2008).

3. For exceptions, with which I am in sympathy, see Reid (2004); Rifkin (2004); and Leonard (2005).

4. “Eurozone Economic Growth ‘Will Halve by 2030’ without Reforms,” *Fund Strategy*, July 18, 2005 (www.highbeam.com/doc/1G1-134183745.html).

compared with that of the United States—which now accounts for close to half of global military spending—also condemns it to second-tier status.

Some analysts concede that Europe could rejoin the roster of future Great Powers, but only if it unifies so as to become something resembling a nation-state. As Henry Kissinger (probably apocryphally) is said to have asked over a quarter-century ago, “If I want to call Europe, what telephone number do I dial?” Yet most consider further centralization in Brussels unlikely. The U.S. National Intelligence Council Global Trends Report speculates that in 2050 Europe may well be “a hobbled giant distracted by internal bickering and competing national agendas and (even) less able to translate its economic clout into global influence.”⁵ Mark Leonard notes: “The conventional wisdom is that Europe’s hour has come and gone. Its lack of visions, divisions, obsession with legal frameworks, unwillingness to project military power, and sclerotic economy are contrasted with a United States. We are told that if the American Empire is set to dominate the next fifty years, it is the Chinese and Indians who will take over the baton and dominate the second half of the century.”⁶ From Beijing to Washington—and even in Brussels—the “Old Continent” is widely viewed as a spent geopolitical force in the contemporary world.

This pessimistic prognosis of European decline is misguided. Today there are two global superpowers. One is the United States; the other is Europe. Europe is the only other region in the world today, besides the United States, to exert global influence across the full spectrum from “hard” to “soft” power. Europe is the only other region, besides the United States, that projects intercontinental military power. European countries possess, singly and collectively, a range of effective civilian instruments for projecting international influence unmatched by any country, even the United States. These include EU enlargement, neighborhood policy, trade, foreign aid, support for multilateral institutions and international law, and European values. Since the end of the cold war, as the world system, particularly relations among the Great Powers, has become more interdependent, networked, democratic, and freer of overt ideological rivalry, Europe’s distinctive instruments of influence have become relatively more effective, leading to a rise in its power. Over the next three or four generations trends in the foundations of European power—high per capita income, sophisticated economic production, favorable social and cultural trends, and patterns of global consensus—are similarly likely to be favorable. If we view power in this multidimensional way, Europe is clearly the “second superpower” in a *bipolar* world.

5. National Intelligence Council (2008, p. 32).

6. Leonard (2005, p. 2).

In support of this general thesis, this paper advances five specific arguments.⁷ First, the view that Europe is in decline rests on an anachronistic realist view of international power and influence based on nineteenth-century measures such as aggregate GNP, population, and military manpower. Instead power should be treated as multidimensional, focusing on the full spectrum of issue-specific military, economic, and cultural capabilities that constitute “smart power.” Second, even judged by classic standards Europe is the world’s second military power, possessing the great majority of non-U.S., globally deployable troops. Its efforts in low-intensity situations are more effective than those of the United States. Third, Europe is in most respects a preeminent power, superior even to the United States in mobilizing “civilian” and “soft” power instruments of international influence, including trade, institutional membership, economic aid, diplomatic pressure, and spreading values. In an era of multidimensional “smart power,” Europe is the one region consistently able to deliver across the board. Fourth, Europe’s civilian and military power capabilities have greatly increased since the end of the cold war because of its underlying per capita wealth, a shift toward democracy, capitalism, and compatible values among many of its states, and its advantageous alliance portfolio. As long as these trends continue Europe’s position is likely to strengthen. Fifth, it is unnecessary for Europe to unify or centralize far beyond its current structure to reap the benefits of its power. In many ways Europe is optimally suited to project power in the contemporary global system.

Realist and Liberal Theories of International Power

The conclusion that Europe is in terminal decline as a force in Great Power politics rests on a traditional realist worldview. From this theoretical perspective sovereign nations engage in zero-sum competition by mobilizing coercive power resources—resources stemming ultimately from gross demographic and economic power—into relative military advantage. This global hierarchy of gross economic and military economic power is fungible: it permits countries to achieve their goals across a wide range of issues. Realists believe that nations adapt rationally to this environment of political-military competition. They husband coercive power resources carefully, constantly seeking a higher position in the hierarchy via military spending, shrewd alliances, and exploitation of the weaknesses of others. They maintain balance, exploiting concentrations in their favor to extract concessions from others, and opposing external concentrations of power to avoid relinquishing concessions to others. External

7. The author thanks Mareike Kleine and, in particular, Marina Henke for research assistance.

threats generate cooperation; the lack of immediate threats generates discord and disorder. Governments do not compromise their sovereignty in the name of international law and institutions, or lower their guard for any length of time due to democracy, economic interdependence, or compatible values.

From this realist perspective Europe's global influence—its ability to get what it wants—will decline proportionately with its percentage of aggregate global power resources. Most realists see the global system as unipolar, with the United States as the sole superpower, though they differ about the precise consequences of this fact.⁸ It is trending toward a system where the largest sovereign states—the United States, China, India—will dominate an increasingly multipolar system. Immediately upon the collapse of the Soviet Union nearly twenty years ago, realists such as John Mearsheimer, Kenneth Waltz, Stephen Walt, and Charles Kupchan predicted that the decline of the common Soviet threat would undermine transatlantic and European cooperation, sow discord among Western powers, weaken NATO, and undermine European cooperation.⁹ The Iraq crisis, with its illusion of “soft balancing” against the United States, seemed to confirm this prognosis. For slightly different reasons, having to do with new ideological challenges coming from autocracies such as Russia and China, as well as Islamic radicals, neoconservatives have predicted disorder, believing, in Robert Kagan's words, that “the 21st century will look like the 19th.”¹⁰ Neoconservatives like Kagan share the realist view that greater capability to project military power is the key for Europe to be taken seriously in the contemporary world. If Europe is to reestablish itself as a major global force, or simply to hedge against a wayward United States, many believe serious European defense cooperation and a European defense buildup are required.¹¹ This view is held in Washington and Beijing and among moderate European analysts such as Charles Grant: “These days few governments elsewhere view the EU as a rising power. They regard it as slow-moving, badly organized and often divided. They are particularly scornful of its lack of military muscle.”¹² Some take the realist balancing theory even further, predicting the emergence of a Euro-Chinese alliance against the United States: two “multipolar” powers opposing the potentially “unilateralist” United States.¹³ All this follows from realist theory.

8. See Ikenberry, Mastanduno, and Wohlforth (2009).

9. For variations on the realist view that the United States and Europe would drift apart, see Mearsheimer (1990); Walt (1998); Waltz (2000); and Kupchan (2002).

10. See Kagan (2002); and Robert Kagan “The End of the End of History: Why the Twenty-first Century Will Look Like the Nineteenth,” *The New Republic*, April 23, 2008.

11. See Witney (2008).

12. Charles Grant, “How to Make Europe's Military Work,” *Financial Times*, August 17, 2009.

13. Shimbaugh (2004).

Few short-term predictions in social science are as clear as these, and few have been so unambiguously disconfirmed. Since 1989 Europe, the EU, and transatlantic relations have enjoyed two decades of extraordinary amity, cooperation, and policy success. The continent has been pacified. The EU has enjoyed an extraordinarily successful run: it completed the single market; established a single currency; created the “Schengen” zone without internal frontiers; launched common defense, foreign, and internal security policies; promulgated a constitutional treaty; and, most important, expanded from twelve to twenty-seven increasingly multicultural members, with a half dozen more on the list. It has emerged as the most ambitious and successful international organization of all time, pioneering institutional practices far in advance of anything viewed elsewhere. At the same time, despite the lack of any military build-up, Europe has established itself unambiguously as the world's “second” military power, with 50,000 to 100,000 combat troops active throughout the globe. Military operations are conducted almost exclusively in close cooperation with the United States. No Euro-Chinese alliance has emerged; instead the United States and Europe have drawn closer together. The EU's distinctive instruments of civilian influence have seemed to gain in utility vis-à-vis hard military power. Enlargement of the EU by twelve new members, for example, might well have been the single most cost-effective instrument to spread peace and security that the West has deployed for the past twenty years.

To understand why realist predictions were disconfirmed, one needs to turn away from realism to a liberal theory of international relations.¹⁴ By “liberal” I do not mean a theory that stresses the role of international law and institutions, nor left-of-center or utopian ideals, nor unbounded belief in *laissez-faire* economics. What I mean instead is a theoretical approach to analyzing international relations that privileges the varied underlying national interests—“state preferences”—that states bring to world politics, and that are transmitted from society to decisionmakers via domestic politics, societal interdependence, and globalization. In the liberal view these varied social pressures are the fundamental cause of foreign policy behavior. From this perspective (zero-sum) security rivalry, military force, and power balancing are not ubiquitous conditions but only a few of a number of possible circumstances, though indeed rather rare: many international interactions in fact are positive sum, where the rise of more than one country or region can be complementary.¹⁵ From the liberal perspective interstate power relations are issue-specific, multidimensional, and dependent on the social preferences of states in the international system.

14. See, for example, Baldwin (1979); and Keohane and Nye (1989).

15. See Moravcsik (1997).

Liberal theory has important implications for the assessment of global power. Because nations cannot be assumed to be in zero-sum conflict, it cannot be assumed that every issue will be conflictual. Nor can it be assumed, even when there is disagreement that governments will draw down all their international power resources, including costly basic military force, to prevail in each conflict. Coercive military power is not fungible; most disputes involve positive-sum interactions and are solved by a peaceful process based on reciprocity: the negotiated exchange of concessions. The relevant power resources for this purpose are issue-specific, including from military, economic, and cultural power. The ways in which governments use power, or whether power resources are relevant at all, depend on the underlying distribution of national interests.

Liberals argue that, although the realist view of power—whereby global influence is grounded in population and aggregate national income, which then feeds into mass military mobilization and gross military spending—might not be entirely irrelevant, it is no longer central to most issues in world politics, if indeed it ever was. Instead most global influence today rests on various forms of “civilian” power: high per capita income; a central position in networks of trade, investment, and migration; an important role in international institutions; and the attractiveness of social and political values—all areas in which Europe is and will remain preeminent (even compared to the United States) for the foreseeable future. Even in military affairs European countries today have far more global reach than any except the United States; indeed in most important nonmilitary respects Europe possesses far more power projection capability than does the United States.

From the liberal perspective the biggest change wrought by the end of the cold war has been the underlying trend it encouraged by spreading democracy, deepening economic interdependence, diffusing the notion that states must take responsibility for the welfare of their citizens, and ushering in a marked decline in the number of interstate wars. These trends have reduced the underlying level of conflict of interest among the Great Powers and enhanced the relative value of civilian modes of influence in which Europe enjoys a comparative advantage vis-à-vis traditional military means. Europe’s recent successes, notably the spread of integration in its region and of multilateral norms worldwide, are evidence of this. These beneficial trends help explain why—in contrast to realist predictions—Europe and the EU have *gained* influence over the past two decades and are likely to continue to do so, and why the end of cold war has encouraged, on balance, more peaceful relations among the Great Powers. To the extent current trends continue, Europe is likely to remain a rising superpower for the foreseeable future, whether or not Europe becomes more united.

Why Europe Is the World’s Second Military Power

Europe’s comparative advantage lies in its projection of influence via economic and civilian instruments. Yet it is also important to focus on the sources of its military power, which is far more formidable than most observers acknowledge. Military force, in the modern world, is a luxury that only countries with high per capita income, technological sophistication, and a legacy of military spending can afford. Europe enjoys unique advantages in this area. Even so, many observers write off European military power entirely. Robert Kagan has argued that Europe “lost [its] strategic centrality after the Cold War ended [because] outside of Europe . . . the ability of European powers, individually or collectively, to project decisive force into regions of conflict beyond the continent (is) negligible.”¹⁶ Comparisons with the United States, which accounts for 43 percent of global military spending, widespread criticism (much of it justified) of inefficiencies in Europe’s decentralized military establishment, and Europe’s disinclination to fund or deploy military force on the scale the United States does, give European militaries a bad reputation. Conservative criticism, pithily summarized in Kagan’s oft-cited *bon mot* “Americans are from Mars, Europeans are from Venus,” is often believed even in Europe.¹⁷

Yet rhetoric is misleading. We too easily forget that Europe accounts for 21 percent of the world’s military spending—compared with 5 percent for China, 3 percent for Russia, 2 percent for India, and 1.5 percent for Brazil. France and Britain together spend 60 percent more on defense than China:¹⁸ their forces are among the best equipped in the world, and their long-range strategic nuclear arsenals are substantially larger than those of China or India.¹⁹ The combined European air forces are substantially larger and considerably more modern than their Chinese counterpart.²⁰ Four European nations possess aircraft

16. Kagan (2002, p. 4). What is most striking about this celebrated analysis is that it never takes seriously the possibility that nonmilitary power could be of use in dealing with the extra-European world. Kagan is explicit that only military power is of utility in this “modernist” enterprise. Moreover, he implies that the task of dealing with the “postmodern” world is a “happy benefit,” overlooking that the surrender of sovereignty and difficult political challenges of integration are something Americans would find more difficult to contemplate than military engagement.

17. Kagan (2002, p. 1); see generally, Kagan (2003).

18. Even corrected for purchasing power parity, these numbers would show a substantial advantage for Europe.

19. Many other European nations have the capacity to construct nuclear weapons but have chosen not to do so.

20. France possesses 279 fighter aircraft and 122 transport aircraft; Germany 304 fighter and attack aircraft and 104 transports; the United Kingdom 322 attack and strike aircraft and 63 transport aircraft, with hundreds more on order.

carriers, while China and India possess one between them. The production of the world's most advanced weapons is dominated by U.S. and European firms.

Europeans do not just equip forces; they use them. European countries have had between 50,000 and 100,000 troops stationed in combat roles outside their home countries for most of the past decade. They provide the bulk of non-U.S. troops in global operations around the world. Criticism of Europeans for their failure to do more in Iraq and Afghanistan might give the impression that only the United States is engaged there. In fact twenty-four allied countries, of which twenty-one are European, are involved in Afghanistan's Operation Enduring Freedom, and 40 percent of the 1,327 military fatalities by August 2009 were non-U.S., with nearly a third European; some allies have suffered a higher casualty rate than the United States. Europeans not only fight and die, they lead, as in Sierra Leone, Lebanon, and Chad. Since the United States generally has refused to lead UN peacekeeping operations, this task often falls to Europeans. Over the past two decades European-led diplomacy or intervention has helped stabilize governments in disparate places in Africa and Asia, sometimes involving brief, high-intensity military activity, as in Iraq.²¹ Europe also possesses significant regional high-intensity warfare capability, although it has had trouble swiftly and effectively deploying such forces abroad. European-led peacekeeping operations, moreover, are more efficiently and effectively run than U.S. operations.²² No region or country save the United States possesses a portfolio of military capabilities and a willingness to use them comparable to those of Europe—nor is any likely to challenge European preeminence soon.

Why Europe Is the World's Preeminent Civilian Superpower

Although Europe possesses considerable hard military power, its unique geopolitical comparative advantage lies in deploying civilian instruments of international power. In contrast to the United States, Europe is a "quiet" superpower specializing in civilian power instruments based on economic influence, international law, and "smart" and "soft power."²³ Europe today is more effective at

21. Over the past two decades U.S.-led operations have taken place in: Panama (1989), Iraq (1991), Somalia (1992), Haiti (1994), Macedonia (1993-4), Bosnia (1995-6), Iraq (1998), Kosovo (1999), Afghanistan (2001), Iraq (2003). European-led operations have taken place in: Mozambique (1993), Rwanda (1994), Bosnia (1994), Albania (1997), Kosovo (1999), Sierra Leone (2000), Macedonia (2001), Ivory Coast (2002-04), Afghanistan (2001-present), Congo (2003), Chad (2005-present), Sudan (2005), Aceh (2005-06), Lebanon (2006), Georgia (2008-present), Somalia (2009-present).

22. Dobbins and others (2008).

23. See Cooper (2003); Kagan (2003); Nye (2004; 2008, p. 94).

projecting civilian power globally than any other state or nonstate actor. Europeans have demonstrated, contra realist claims, that such instruments of power can be extremely influential. Some are wielded by a unified Europe, some by European governments acting in loose coordination, some by European governments acting unilaterally.

EU Enlargement

Accession to the EU is the single most powerful policy instrument Europe possesses. Since 1989 Europe's "power of attraction" has helped to stabilize the polities and economies of over a dozen neighboring countries.²⁴ There is substantial evidence that enlargement creates a focal point and set of incentives around which moderate domestic forces organize.²⁵ The effects are visible well beyond the twelve members that have joined most recently. European diplomatic intervention clearly helped to avert recent war between Serbia and Montenegro. Sustained policy over generations of engaging Turkey has encouraged political transformation. EU enlargement has almost certainly had far more impact—and in a less provocative way—than NATO enlargement. European leaders continue to pursue EU enlargement courageously in the face of low—in some countries single-digit or low double-digit—public opinion support. The United States, China, India, Japan, and other major powers enjoy no comparable instruments for projecting regional influence.

Neighborhood Policy and Diplomatic Engagement

Europe pursues an active "neighborhood policy," intervening diplomatically to resolve conflicts and promote political and economic reform, or policy reversals, on the continent, backed by European economic, financial, legal, and military might. The EU has signed association and free trade arrangements with many countries in the region. European diplomats have taken successful diplomatic initiatives, not just with respect to countries that are candidates for membership, including Macedonia, Montenegro, Serbia, Croatia, and Turkey, but even those for which EU membership is only a distant possibility, as with Ukraine, Moldova, and Albania, or essentially nonexistent, as with Libya and Israel. In Morocco, quiet EU diplomacy, backed by trade, immigration, security, and human rights ties, has been credited with encouraging political and economic reform.

European diplomatic engagement extends beyond the scope of formal EU neighborhood policy. Compared to typical U.S. policies—one thinks of efforts

24. See Cooper (2003).

25. Vachudová (2005).

to extend NATO membership to Georgia or to democratize Iraq, both viewed with some skepticism by European governments—Europe's policies are slower, more incremental, more proactive than reactive. It might be argued that they are also more realistic. Another example is the coordinated effort by individual European countries, notably the United Kingdom, France, and Germany, with respect to Libya, whose policy toward the West has reversed over the past 15 years—a shift that predates 9/11 and any policy reversal on the part of the United States. For most of the George W. Bush administration, the same European trio provided the only Western diplomatic link to the government in Teheran. Europeans have spearheaded various initiatives with regard to the Israeli-Palestinian conflict, and European governments were recently active in helping to resolve the Georgian crisis.

Multilateralism, International Law, and Functional Issues

European governments are the strongest and most consistent supporters of international law and institutions. The EU is the single largest financial contributor to the UN system, funding 38 percent of its regular budget, more than two-fifths of UN peacekeeping operations, and about one-half of all UN member states' contributions to UN funds and programs.²⁶ EU members are also signatories of almost all international treaties currently in force.²⁷

European countries are not only the primary funders and supporters of most international organizations, in many they are also overrepresented in terms of population. Those who favor institutional reform of highly symbolic elite international leadership bodies such as the UN Security Council and the G-x groups, presumably with the aim of integrating and socializing some larger developing countries into responsible statecraft, are critical of European obstruction. Yet Europeans did not block the evolution of the G-8 into the G-20, and have favored integration of developing countries such as China into functional organizations such as the World Trade Organization (WTO). Many believe that, had the United States acted accordingly in recent years, a deal would have been possible on Security Council reform as well.

Trade, Investment, and Finance

In trade and investment affairs Europe is unquestionably a genuine global economic superpower, larger than the United States and far ahead of countries such as China or India. In some respects it is institutionally better able to exploit its

26. European Commission, "External Cooperation Programmes: International Organisations" (ec.europa.eu/europeaid/who/partners/international-organisations/index_en.htm).

27. See Laïdi (2008).

economic position. The motive force behind EU enlargement or neighborhood policy is not primarily an idealistic desire to be part of "Europe" but to take advantage of the enormous economic benefits of membership in (or association with) the EU. With the exception of Greece, member states that have joined since Spain and Portugal have grown between 6 and 10 percent in the first years after their accession. Europe dominates its neighborhood, trading more with Middle Eastern countries (except Jordan), and nearly all African countries than any other single trading partner.

Europe's continuing economic influence extends to the global level. Even excluding intraregional trade, the EU is the largest exporter and importer in the world. Of the top nine exporters in the world, five—Germany, France, Italy, the United Kingdom, and the Netherlands—are European.²⁸ Germany alone exports roughly as much every year as China and its goods have far more value added. Europe trades more with China than does the United States and its bilateral balance is stronger.²⁹ Yet trade statistics actually understate the importance of European centrality in the world economy.

Measured by intrafirm trade, investment, and research and development (R&D)—increasingly the drivers of modern international economic activity—Europe remains an order of magnitude more important than China or India. Trade statistics are often cited in the United States to illustrate a shift from Atlantic to Pacific economic activity, but if one looks not to trade but to investment, U.S. affiliate sales, foreign assets, and R&D, transatlantic economic exchange remains far more robust than transpacific exchange.³⁰ From 2000 to 2008, more than 57 percent of total U.S. foreign direct investment occurred in Europe, compared with 14 percent in *all* the BRICs—over the same period U.S. firms invested more than twice as much in Ireland as in China. In 2007 corporate Europe accounted for 71 percent of total foreign direct investment in the United States (\$2.1 trillion), while in 2006 U.S. assets in the United Kingdom alone totaled \$2.8 trillion, roughly a quarter of the global total and more than total U.S. assets in Asia, South America, Africa, and the Middle East combined. For U.S. companies Europe is far and away the most important global R&D destination accounting for nearly 65 percent of total R&D expenditures in 2006.

28. U.S. Central Intelligence Agency, "The World Factbook—Country Comparison: Exports" (www.cia.gov/library/publications/the-world-factbook/rankorder/2078rank.html).

29. In 2008 EU exports to China amounted to €78.4 billion and its imports to €247.6, while U.S. imports from China were worth US\$69.7 billion and its exports US\$337.8; see European Commission, "Trade: Countries" (ec.europa.eu/trade/issues/bilateral/countries/china/index_en.htm); and U.S. Bureau of the Census, "International Trade Statistics" (www.census.gov/foreign-trade/balance/c5700.html#2008).

30. Hamilton and Quinlan (2009).

U.S. companies deliver goods and services to various markets in Europe mainly via affiliate sales rather than exports—U.S. foreign affiliate sales in Europe totaled \$2.1 trillion in 2006, *nine times* the value of U.S. exports to Europe and roughly double comparable sales in the Asia-Pacific region. U.S. affiliate sales in Belgium alone were on a par with those in China. Measured in these terms, Europe, not Asia, remains the global partner of choice for the United States.

The EU's common currency, the euro, is the only serious contemporary alternative to the dollar as a global reserve currency. Although the euro will not supplant the dollar any time soon, due primarily to the dollar's first-mover advantages and the greater depth of U.S. capital markets, it has established an important secondary position.³¹ At the end of 2008 some 45 percent of international debt securities were denominated in dollars and 32 percent in euros, the dollar was used in 86 percent of foreign-exchange transactions and the euro in 38 percent, and 66 countries used the dollar as their exchange-rate anchor while 27 used the euro. The EU and the European Central Bank also play key roles in financial stabilization efforts outside the euro zone,³² while the recent economic crisis might even have strengthened the euro's prospects as an international currency by emphasizing that the euro area can be a safe harbor in a financial storm.

Europe's unique economic position translates into political influence. European policy on tariffs and other basic trade issues is unified, due to the EU's status as a customs union, and the EU negotiates as a bloc at the WTO.³³ While it is true that developing countries are playing a stronger role and the trading world is slowly growing more multipolar, the EU and the United States remain dominant within the WTO. China, by contrast, has resigned itself to entering the trading system on Western terms.³⁴ For better or worse Europe's Common Agricultural Policy is probably the most influential single trade policy in the world today—and Europeans have been tenaciously successful in defending it. Trade also serves as a foundation for effective EU enlargement and neighborhood policies.

Aid

EU member states and the European Commission together dispense about 50 percent of the world's foreign aid, while the U.S. share amounts to about 20

31. See Eichengreen (2009).

32. Andrew Moravcsik, "Europe Defies the Skeptics: How Crisis Will Make the EU Stronger," *Newsweek*, August 1, 2009.

33. For a precise description of the circumstances under which this translates into effective political influence, see Meunier (2005).

34. See, for example, Eglin (1997).

percent. Contrary to popular belief, the EU even exceeds the United States in the disbursement of private aid flows, sending more than \$170 million abroad in 2007 compared with \$105 million from private U.S. sources.³⁵ Over the past five years, the EU and the United States have contributed a similar portion (about one-third) of all foreign aid delivered to Afghanistan, while most aid to Palestinians comes from Europe—indeed it is understood that no Middle East settlement would be viable without European aid to areas to which the United States is politically unwilling to provide resources.

Political and Social Values

The United States remains a salient symbol of democracy and capitalism in countries that have neither and in a handful of other countries such as India, Poland, and the Philippines, but both polling and practice suggest that European social and political models are more attractive than U.S. alternatives. Apparently publics around the world favor generous social welfare and health policies, parliamentary government, adherence to international human rights standards, and a smaller role for money in politics, all associated with Europe, rather than libertarian social policies and incomplete health coverage, the separation of powers, idiosyncratic national human rights definitions without international oversight, and a large role for money in politics, all of which are associated with the United States.³⁶ Few countries in the "third wave" of democracies have copied major elements of the U.S. Constitution, tending instead to model their work on the German, South African, or Canadian constitutions. An exception to this rule proves it. One distinctively U.S. practice has spread throughout the world since the end of World War II—namely, constitutional "judicial review" in accordance with a written bill of rights. Yet ironically the United States is now the leading developed-country opponent of the nearly universal form this institution has taken in the modern world: the incorporation of international standards of human rights and humanitarian law into national constitutions,³⁷ placing it alongside countries such as China, Somalia,

35. OECD, "Query Wizard for International Development Statistics" (stats.oecd.org/qwid/s/#?x=1&y=6&f=4:0,2:0,3:0,5:0,7:0&q=1:2+2:1+4:1+5:3+3:51+6:2003,2004,2005,2006,2007,2008+7:1). EU data do not include Bulgaria, Cyprus, Estonia, Latvia, Lithuania, Malta, Romania, or Slovenia. Widely cited studies argue that U.S. private aid makes the "United States the most generous country in the world" (see, for example, Adelman 2003). These studies are misleading, however, because they include private giving and remittances from foreign nationals residing in the United States but not such flows from foreign nationals residing in Europe. Moreover, it is questionable whether such giving constitutes a good example of U.S. generosity in the first place. If one equalizes giving at either level—public or private—European foreign aid is more generous.

36. See Andrew Moravcsik, "Washington Cries Wolf," *Newsweek*, March 31, 2008.

37. Moravcsik (2003).

Russia, and Saudi Arabia in debates over global legal values. In projecting most of these forms of civilian power, Europe enjoys a clear comparative advantage not just over China, India, and other middle powers, but also over the United States. Together with its military activities, it renders Europe a full-spectrum power, the world's "second superpower," wielding a wide range of instruments for regional and global influence.

Why Europe's Global Influence Is Rising

Of course Europe's military and civilian power derives ultimately from its highly developed economy, the byproducts of which are the informational, educational, and legal sophistication of European policies that are so attractive to others. Europe's economy also provides the funds to pay for aid, education, trade, the European social model, and other aspects of Europe's foreign policy portfolio. There are fears, however, that Europe is in decline, and that its sluggish demographic and economic growth rates might undermine its role in the world. This sort of conventional pessimism about Europe's future is misguided, for three main reasons.

First, *demographic and economic estimates of Europe's decline are greatly exaggerated*. Rising China, to which Europe is often compared, though it looks large on the map, is in most respects—military, economic, diplomatic—no more than a modest regional middle power, its geopolitical power resources those of a single larger European country. Its exports are roughly those of Germany *alone*, its strategic forces roughly those of France *alone*, its position in international organizations roughly that of the United Kingdom *alone*. Yet these nations are part of a bloc of twenty-seven countries that, explicitly coordinated or not, generally take similar positions. Europe's share of global economic activity is also quite stable over time. Even evaluated by the traditional measures of aggregate population and GDP, Europe's relative slice is declining only very slowly—even the most dire prognoses see its share declining only from 22 percent to 17 percent of global GDP over the next generation.³⁸ Moreover such scenarios rest on current BRIC and Asian growth rates continuing at a historically unprecedented 10 percent a year for the next thirty years—particularly unlikely given the demographic, environmental, and political hurdles these countries will face³⁹—and even then per capita income in a country such as China would still be only a fraction of that in Europe or the United States, and it is per capita income that matters most.

38. Brown (2005, p. 4).

39. See Pei (2009)

Indeed the second reason the conventional view of European decline is misleading is that *aggregate population and GNP are the wrong measures of power*. The linear relationship between gross population and GDP aggregates and global power is an analytical anachronism of the nineteenth and twentieth centuries. Liberal theory, however, is highly suspicious of any such simple relationship, in part because the extent of underlying conflicts of interest among states is a variable rather than a constant: rivalries can occur, but zero-sum situations assumed by realism are relatively rare. To be sure, for much of human history, the simpler *Realpolitik* proposition might have held—though there is some reason to doubt even this. When most governments had few social welfare demands, could reliably control colonial territory, and planned for wartime mass mobilization, as during World Wars I and II or the cold war, population and aggregate GDP were perhaps plausible determinates of Great Power geopolitical influence. Yet this sort of simple calculation is increasingly passé. Governments today are unlikely to draw down their entire stock of potential resources for use in foreign policy, let alone coercive military activity. Rather the primary imperative for most governments—not least those in Beijing, New Delhi, Sao Paulo, and other major emerging country capitals—is to maintain legitimacy by providing adequate economic growth, social mobility, and public services. Interstate war of any kind, let alone total war decided by total commitment of population and thus aggregate GNP or demographics, has become exceedingly rare among Great Powers. Governments are thus severely constrained in how much wealth they can extract from the economy for military purposes. Nor, in contrast to times past, when armies were labor intensive, can a large population or a big aggregate GDP spread across a poor population be translated easily into military might or economic influence. Governments now need to assure internal stability and openness to prosper. Indeed, for poor countries, this dynamic can reverse the relationship between population and power: a large population can be as much a burden as a benefit.

Consider the case of China. One often reads alarming statistics about the sheer size of the Chinese population, economy, or military. In fact China would be far more capable internationally if not for the imperative of caring for 700 million poor in the hinterland—whose welfare is the paramount political issue for any Chinese leader.⁴⁰ Leaders of China (and India) face the additional headache of opposition from unruly national minorities across their vast multicultural spaces. The need to devote resources to internal priorities thus imposes a fundamental constraint on China's military spending and foreign policy

40. Shirk (2007).

adventurism—in contrast to cold war Soviet military spending rates of 15 to 20 percent of GDP, Beijing spends between 1 and 3 percent.

This is not to deny that Europe could face resource allocation difficulties in the future or that the relative sizes of the United States, China, and Europe count for something, but crude demographic and economic size is less important than high per capita income—and in this area the long-term structural trends still greatly favor Europe.⁴¹ Per capita income not only measures the existence of a surplus that can be used to fund international power projection, but also indicates (in nonresource-based economies) a society's ability to use instruments of civilian power. Effective forms of global influence—not just advanced military technology, but also sophisticated legal mechanisms of cooperation, education, foreign aid, complex trade and investment arrangements, advanced political institutions, a favorable division of labor, diplomatic engagement, and inward immigration—all presuppose high per capita income. By these measures Europe's influence in areas such as trade, aid, education, international law, peacekeeping, and political values is considerable, and the long-term endurance of Europe's advantage in per capita income means that its economic and military advantages will not be eclipsed any time soon. High per capita income also generates cultural influence. Consider, for example, China's so-called charm offensive, aimed at the projection of Chinese civilian power in Asia.⁴² Certainly Chinese economic influence is growing in East Asia and with it the number of people speaking Chinese, studying in China, and perhaps even appreciating things Chinese. But Chinese culture does not have the preponderant weight that Japanese or Korean culture enjoys in the region, let alone the extraordinary impact of EU legal norms or the English language or U.S. popular culture.⁴³

The third and most important reason the conventional view of European decline is misleading is that *the underlying material and ideological conflict between Europe and other Great Powers is decreasing*. Governments increasingly interact on the basis of reciprocity—the peaceful negotiated exchange of concessions—unrelated to traditional material coercive capabilities of any

41. This is a historical generalization. The population and economy of the British Empire, or even of single portions of it such as India, were far larger than that of Britain itself, but what mattered was the disparity in per capita GDP, technology, administration, knowledge, finance, and allies.

42. See Kurlanznick (2008).

43. The cultural and linguistic influence of China in countries such as Vietnam, Cambodia, and Indonesia is greatly overstated. Most trade is done in a third language, usually English. In Vietnam, for example, the second most popular foreign language (after English) is not Chinese but Korean—due to the economic opportunities it offers; author's interview with Vietnamese official, February 2008.

kind. Europe is well placed to take advantage of this shift. The cold war is over. Fundamental ideological alternatives to regulated capitalism are disappearing. Democracy is spreading. Nationalist conflicts are disappearing, particularly in the immediate proximity of Europe. Europe is reaping advantages from all these trends, and the value of its portfolio of civilian power instruments is multiplying. This result is consistent with liberal international relations theory. Liberal theory treats the level of convergence and conflict of underlying social interests between nations as a variable that shapes both the likelihood of conflict and, via asymmetrical interdependence, relative power. Rivalries can arise, but the zero-sum situations assumed by realists to be ubiquitous—and expected to drive transatlantic and intra-European conflict—are in fact relatively rare. Specifically, such a post-cold war trend creates enormous global advantages for Europe: its enemies are disappearing. In contrast to realists' predictions Europe has been *rising* in regional and global influence over the past twenty years and is likely to continue to do so, not only because its civilian instruments of power projection have become more appropriate, but also because the extent to which any nation can project influence depends on how much its interests converge with those of other, particularly neighboring, Great Powers—the greater the level of consensus, the more slack resources a state will have.⁴⁴ Where underlying preferences converge due to the trends in trade, democracy, and ideological convergence that have been observed over the past two decades, widespread opportunities are created for cooperation with interdependent, democratic, modern states, such as those of Europe.

Looking to the future, three specific types of converging international interests are likely to be particularly advantageous for Europe, augmenting its relative global influence. First, the spread of democracy, trade, nationally satisfied states, and regional integration—in large part due to explicit Western and EU policies—has almost entirely pacified the European continent. This shift in state preferences means that European countries face ever-fewer regional security threats. Now that the Balkans have died down, the nearest threats are now in the Caucasus, the Middle East, or perhaps across the Mediterranean. This permits European governments to focus their efforts “out of area.” By contrast, Asian powers face a far more hostile immediate environment, and even if they were to increase their military capability, they are less likely to be able to project it globally.

Second, Europe has seen a felicitous shift in the preferences of major governments around the world for European societal norms. Most European policy goals involve efforts to encourage long-term reform of countries toward

44. See Moravcsik (1997).

democracy, economic development, and cooperative international relations. Most Great Powers—notably, for all their problems, China and Russia—have made enormous strides in this direction since the end of the cold war. This trend reduces the useful range of (U.S.) high-intensity military capabilities while increasing the utility and efficacy of European civilian power instruments better suited to this environment. This is why policies such as European enlargement, neighborhood policy, a common trade policy, and support for multilateral organizations have been so cost effective. As more of the world becomes market oriented, democratic, and free of expansionist ideological claims, European countries' policies are well positioned to advance their regional and global interests as they find themselves closer to the consensus point of global bargains.⁴⁵

Third, Europe's relationship with the United States, whatever tensions there may be, is less conflictual than at any time in recent memory. In general European and U.S. interests tend—in striking contrast to realist predictions—to be even more closely aligned than during the cold war. A world in which the United States and Europe can think of nothing more to argue about than international human rights law, fingerprint scanning at airports, subsidization of civilian aircraft, banking regulation, global warming, and, as ever, the subsidization of agricultural products—important though these topics may be on their own terms—is a geopolitical luxury of which cold war leaders could only dream. This is particularly true where realists and neoconservatives alike have predicted the least agreement—namely, military intervention “out of area.” Far from becoming a source of transatlantic conflict, military intervention today is in fact a matter of near-total European-U.S. consensus. A broader range of European countries is fighting with the United States in peripheral conflicts than was ever the case during the cold war. Even more striking is the high level of current transatlantic consensus about the proper purposes of such intervention. Since the end of the cold war there have been more than a dozen major military interventions by Western powers, and fundamental disagreement has arisen in *only one case*: Iraq from 1998 to 2003. (I set aside tactical disagreements over the timing and mode of Balkans interventions, which, in any case, eventually were resolved.) An entire generation of debate—including over the consequences of unipolarity—has ignored the norm of transatlantic consensus and been sidetracked by the single exceptional case of Iraq. Europeans did not

45. Some view this as a “normative power” argument—indeed some have a ideational preference for Europe-like solutions; I claim here simply that the self-interest of an increasing number of countries is slowly converging with that of Europeans.

oppose the war in Iraq because it was unilateral; it was unilateral because they opposed it.⁴⁶

Post-cold war transatlantic consensus on the use of force contrasts strikingly with relations during the last twenty-five years of the cold war, when the United States and Europe disagreed on *almost every major military unilateral intervention* after Korea.⁴⁷ Europeans often voted against their U.S. allies in the UN and even funded enemies of the United States—in Latin America, for example. Recent squabbles over Yugoslavia, Kosovo, or even Iraq pale in comparison to the sustained cold war battles over Suez, Algeria, Détente, Ostpolitik, Vietnam, Cuba, the construction of NATO and French withdrawal from it, Euromissiles, Eurocommunism, the bombing of Libya, Reagan's policies in Latin America and Africa, and many more. Post-cold war consensus on the use of force in fact flatly contradicts the explicit prediction of realist theory and provides the clearest possible confirmation of the liberal prediction of the importance of preferences.

Liberal theory's emphasis on the convergence of preferences as a precondition for cooperation, rather than the realist focus on power balancing, leads me to conclude that U.S.-EU cooperation is likely to persist. China scholar David Shambaugh, among others, argues that some sort of geopolitical realignment to offset U.S. “unipolarity” is likely to arise among states committed to a “multipolar” world order, leading to a “Europe-China axis.”⁴⁸ No such trend has emerged. In fact when one considers such an alliance not in terms of an abstract notion like “multipolarity” but of concrete issues in need of management—trade, the appreciation and convertibility of Chinese currency, human rights, intellectual property, Tibet, North Korea, Burma, Darfur, the Olympics, Taiwan—one finds that Europe and the United States are closer to each other than either is to China. An axis against Europe's concrete interests in the service of a geopolitical abstraction has little appeal.

These trends explain why Europe has played an increasingly important global role over the past two decades, and why it is likely to do so for generations to come. They also explain why the particular instruments of global influence that Europe possesses—those of a civilian power *par excellence*—are likely to become more useful over time. In all these senses Europe is a rising power.

46. As Brooks and Wohlforth (2005) rightly argue, European policy in the case of Iraq cannot be interpreted as “soft balancing”—and this case itself is an anomaly. Indeed U.S. deployments are becoming more multilateral over time; see Kreps (2008–09).

47. The only consistent exceptions were the Western interventions in Lebanon.

48. Shambaugh (2004).

Why the EU's Decentralized Institutions Sometimes Might Be Optimal

Europe, it is often argued, must unify to remain a superpower. Proposals to achieve this include an expansion of majority voting, a centralized spokesperson, mandatory common policies, a common European military force, a European defense industrial policy and so on. Centralization is often taken to be the measure of effectiveness. If centralizing reforms fail, European defense and foreign policy fail as well.⁴⁹ Many important aspects of policy—trade, enlargement, regulation, UN policy, and much more—have already been centralized, but many others, particularly those “political-military” in nature, remain essentially decentralized. Is Europe destined to remain, as Henry Kissinger once said of Germany, an “economic giant and a political dwarf”?

The answer, I believe, is that it might not. Europe often functions more effectively when its governments work as a decentralized network than when they are more centralized.⁵⁰ Centralized institutions can generate international coordination and credibility through precommitment, but at the cost of flexibility and national sovereignty. If governments “undercommit” in advance, they might lack the means or legitimacy to act in a crisis; if they “overcommit,” they might end up deadlocked or, even worse, might block decentralized action by individual states in a crisis. European governments have thus struck a prudent trade-off: the precise level of commitment shifts over time and across issues, depending on the potential collective gains and the possible risks from being overruled.

To illustrate the shifting considerations, compare cold war and post-cold war security institutions in Europe. During the cold war, European security policy was dominated by the task—which required a credible common position—of establishing a collective, visible institutional and ideological defense of potential Soviet intimidation or attack. It included a tight system of coordinated planning, tripwire defense, and coherent declaratory policy designed to enhance the credibility of commitment.⁵¹ Considerable pressure was placed on any government that strayed from common NATO policy. If even a single NATO member did not support the alliance, the result could be disastrous for all.

49. See Andréani, Bertram, and Grant (2001); and Grant (2009).

50. See Slaughter (2004).

51. The NATO alliance against the Soviet Union can be modeled as something akin to an n-country prisoner's dilemma game in which individual governments have an incentive to defect by not contributing their full military effort to collective defense or by resisting controversial steps toward that defense, such as missile deployment. See, for instance, Sandler and Hartley (1999, pp. 225–26).

Post-cold war security challenges, by contrast, do not generally involve direct and immediate security threats to Europe, beyond homeland security concerns. The challenge rather is to encourage a subset of countries—a “coalition of the willing”—to deploy modest force against a smaller enemy in pursuit of a secondary security concern.⁵² It is unrealistic to expect the EU or any international organization to precommit itself to act in such circumstances. Needless to say European governments are unlikely to relinquish sovereignty to form a common European army—they did not do so during the cold war, when the threat was more serious than it is today. Indeed such centralization might render policymaking even less effective by reducing flexibility without a corresponding increase in desired outcomes; governments would simply block effective collective action and preempt individual action. Given the smaller scale and less imperative nature of these operations, it is often unnecessary, and even counterproductive, for all nations to be involved in any given action. Europe's more decentralized, “coalition-of-the-willing” form thus might be more effective because it is more flexible.

Indeed flexible, rather than centralized, institutions might be not just adequate but advantageous. In the post-cold war era, the primary task of international organizations has not been so much to establish a credible commitment as to provide flexible coordination and legitimation to back such efforts. When governments prefer to act in their own name, they do so. When a “coalition of the willing” seeks to act, using an international institution as cover, it does so. When different international institutions offer different opportunities for domestic legitimation, the presence of multiple, redundant decisionmaking procedures can be advantageous. In such circumstances flexibility and ambiguity can be virtues. Consider the EU's recognition of Kosovo—a decision on which a number of members, including Spain, Cyprus, Romania, and Greece, were hesitant to act, fearing it would set a separatist precedent in their domestic politics. A compromise was reached whereby the EU recognized Kosovo and aid began to flow, but individual members were permitted to decide whether to accord bilateral recognition. Though widely criticized in the press as a “waffle,” the compromise in fact marked a pragmatic turning point in Kosovo policy.⁵³ At the very least the European actions demonstrate that, under conditions of incomplete consensus, decentralized institutions are relatively effective and well suited to the challenges facing Europe.

52. Viewed *ex ante*, this is a problem more akin to a classic case of “collective security,” where the objective is uncertain in advance and likely to be of relatively little concern to most members of the organization.

53. See, for example, Tansey and Zaum (2009).

Conclusion

The world of today and of the foreseeable future is bipolar. Only the two global superpowers, the United States and Europe, are consistently able to project the full spectrum of "smart" power internationally. In some respects, particularly the projection of high-intensity military force, the United States possesses instruments superior to those of European countries. Yet European countries possess an unmatched range and depth of civilian instruments for international influence. Moreover the post-cold war world is becoming more hospitable to the exercise of distinctively European forms of power, increasing Europe's influence accordingly. There is every reason to believe this trend will continue.

This is not to deny, however, that a number of other Great Powers—the United States, China, and India among them—are also on the rise. This might seem contradictory: how can most Great Powers be "rising" at once? Yet this is a puzzle only for realists, who assume that the aims of governments conflict in a zero-sum fashion. From a liberal perspective, the notion that more than one country gains influence at the same time is quite natural, as long as the environment is essentially positive sum and different Great Powers' aims are compatible. Since the end of the cold war such an environment has generally existed among the Great Powers—as even the George W. Bush administration came to see. This situation opens up a possibility for most Great Powers in the world system to increase their influence over global outcomes all at once—because their preferences converge more fully than they did previously, and because deepening interdependence generates greater potential for common problem solving. Yet even nonrealists can fall into anachronistic zero-sum habits of mind and assume that the rise of Chinese economic power must imply the decline of the United States or that the rise of U.S. military prowess must mean the decline of Europe.

Among the places where awareness of Europe's superpower status, and its unique civilian power assets, seems to have penetrated least is official Washington. Inside the Beltway, Europe is widely viewed as a declining region, barely able to take care of its own geopolitical interests and increasingly irrelevant unless it centralizes its policy. It is ironic that this should be so at a time when U.S. high officials have unanimously embraced the need for more "smart power"—the U.S. phrase for matching military with civilian forms of influence—yet the U.S. political system seems consistently unable or unwilling to generate the resources for such an effort. Rather than discussing the obvious possibilities for complementarity, the transatlantic debate remains mired, as it was ten, twenty, forty years ago, in discussions of military burden sharing. Today it takes the form of questions about who is providing troops to Afghanistan for a counterinsurgency mission that U.S. and European analysts agree will fail without a

massive civilian surge. This is a failure to learn lessons not simply from current history but also from international relations theory.

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