



*Robert Schuman*

**THE EUROPEAN SUPERPOWER**

*– John McCormick*



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Miami European Union Center  
University of Miami  
1000 Memorial Drive  
101 Ferré Building  
Coral Gables, FL 33124-2231  
Phone: 305-284-3266  
Fax: (305) 284 4406  
E-Mail: [jroy@miami.edu](mailto:jroy@miami.edu)  
Web: [www.miami.edu/eucenter](http://www.miami.edu/eucenter)

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## THE EUROPEAN SUPERPOWER

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**John McCormick\***

**The Jean Monnet Chair  
University of Miami  
Miami, Florida  
April 2005**

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\* John McCormick is an Associate Professor of Political Science at the Indianapolis University campus of Indiana University and a former Visiting Professor at the Center for European Studies at Exeter University in Britain. His teaching and research interests focus on environmental policy and the politics of the European Union. His recent publications include *Comparative Politics in Transition*, *The European Union: Politics and Policies* and *Understanding the European Union*.

## THE EUROPEAN SUPERPOWER

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### Introduction

It has become almost conventional in the American political and academic establishments to describe the United States as the world's last remaining superpower. Much of the recent scholarly literature is founded on the assumption of an American hegemony, with the claim that there is no other actor capable of challenging US power, either today or for the indefinite future. Ikenberry, for example, argues that the pre-eminence of American power is unprecedented in modern history: "We live in a one-superpower world, and there is no serious competitor in sight".<sup>1</sup> For Wohlforth, the unipolar system is durable, with no state likely for decades "to be in a position to take on the United States in any of the underlying elements of power".<sup>2</sup> Elsewhere, he asserts that there are no signs of attempts from other actors to counterbalance the United States.<sup>3</sup> For former national security advisor Zbigniew Brzezinski, the United States is the first, last and only global superpower.<sup>4</sup> The media in the United States appear to have accepted the lone superpower thesis<sup>5</sup>, as – by and large – have the American people.

However, there is an opposing school of thought that suggests that US power is declining, in line with the prediction of balance-of-power theory that the end of the cold war would bring a decline in the Atlantic alliance, and a reassertion of European power. The potential for decline was noted by Paul Kennedy in 1987<sup>6</sup>, while in 1993 Christopher Layne was writing of the "unipolar moment", arguing that American hegemony was an interlude that would quickly give way to multipolarity, in part because history has shown that the dominance of a single power creates an environment that is conducive to the emergence of new powers.<sup>7</sup> As Kenneth Waltz has argued, "overwhelming power repels and leads other states to balance against it".<sup>8</sup> Meanwhile, Charles Kupchan, while noting that the peace and prosperity of the late 1990s rested on American power, was arguing in 1998 that America's preponderance and its will to underwrite international order would not last indefinitely, and that its global influence would decline as other large countries emerged and became "less enamored of following America's lead".<sup>9</sup>

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<sup>1</sup> G. John Ikenberry, "Introduction" in G. John Ikenberry (Ed), *America Unrivaled: The Future of the Balance of Power* (Ithaca: Cornell University Press, 2002), p. 1.

<sup>2</sup> William C. Wohlforth, "The Stability of a Unipolar World", in *International Security* 24:1 (Summer 1999), p.8.

<sup>3</sup> William C. Wohlforth, "US Strategy in a Unipolar World", in G. John Ikenberry (Ed), *America Unrivaled: The Future of the Balance of Power* (Ithaca: Cornell University Press, 2002).

<sup>4</sup> Quoted by Samuel Huntington, "The Lonely Superpower", in *Foreign Affairs*, 78:2 (March/April 1999).

<sup>5</sup> With a few exceptions. See, for example, "EU in position to be the world's next superpower" in *Chicago Tribune*, 6 January 2002, and "Europe now seen as new superpower" in *The Washington Times*, 19 October 2003.

<sup>6</sup> Paul Kennedy, *The Rise and Fall of Great Powers: Economic Change and Military Conflict from 1500 to 2000* (New York: Random House, 1987).

<sup>7</sup> Christopher Layne, "The Unipolar Illusion: Why New Great Powers Will Arise", in *International Security*, Vol. 17, No. 4 (Spring 1993), pp. 5-51.

<sup>8</sup> Kenneth N. Waltz, "America as a Model for the World? A Foreign Policy Perspective", in *PS*, December 1991, p. 669.

<sup>9</sup> Charles A. Kupchan, "After Pax Americana: Benign Power, Regional Integration, and the Sources of a Stable Multipolarity", in *International Security*, 23:2 (Fall 1998), pp. 40-79.

Related to these arguments, a third school of thought now holds that the European Union (EU) is asserting itself on the international stage, and has begun to look much like a superpower itself. Thus Haseler writes of “Europe’s hour”, suggesting that it is “well along the road to becoming the world’s second superpower”.<sup>10</sup> Citing mainly economic indicators, Reid argues that the rise of Europe has meant the end of American global supremacy.<sup>11</sup> Such arguments have reached a new crescendo since the fallout over Iraq, which saw the most serious transatlantic disagreement in decades. They have typically been limited, conditional, and cautionary, suggesting that while the EU has made great strides, it has too many internal divisions to assert itself as a united global actor. Risse, for example, notes that while the EU matches the US in economic power, it lacks the willingness to match it in military power.<sup>12</sup> Similarly, former US Secretary of State Alexander Haig comments that “passives” such as Europe have been “afraid to use military force” in response to terrorism.<sup>13</sup> The general conclusion is that the EU lacks the military capability to qualify as a superpower.

This paper is an attempt to interpret the meaning of recent changes in the transatlantic relationship, tying them to the ongoing debates about global power. It offers three cross-cutting sets of arguments:

- First, we need to move beyond the cold war association of “superpower” with military power alone, and we must bring economic, social, political and diplomatic factors into the equation. Once this is done, it becomes clear that the idea of American hegemony, and of a unipolar international system, is open to question.
- Second, critical changes have taken place in the international system that have bolstered the relative power and significance of the EU. The most critical of these has been the decline of American leadership and influence. Most tellingly, there is reason to question the much-vaunted military dominance of the United States. The US has the training and the technology to achieve its objectives quickly, but its political leaders often find themselves unable to win the peace. Vietnam and Iraq have clearly shown that overwhelming military force cannot always defeat determined opposition. More broadly, US credibility is declining because the American values and priorities are increasingly at odds with those in much of the rest of the world. The United States has become something of a rogue state.
- Finally, there have been developments internal to the EU. With the single market program all but complete, the EU has expanded to take in 25 member states and a population of more than 450 million, making it the biggest capitalist market in the world. Most of its wealthiest members have adopted a single currency that has taken its place alongside the US dollar as one of the world’s two most important international

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<sup>10</sup> Stephen Haseler, *Super-State: The New Europe and Its Challenge to America* (London: I. B.Taurus, 2004).

<sup>11</sup> T R Reid, *The United States of Europe: The New Superpower and the End of American Supremacy* (New York: Penguin, 2004).

<sup>12</sup> Thomas Risse, “US Power in a Liberal Security Community”, in G. John Ikenberry (ed) *America Unrivaled: The Future of the Balance of Power* (Ithaca: Cornell University Press, 2002).

<sup>13</sup> Alexander Haig, “The Promise and Peril of Our Times”, Foreign Policy Research Institute, 25 November 2003, at <http://www.fpri.org>.

currencies; the EU has vigorously pursued a common commercial policy that has made it an equal of the United States in international trade negotiations; its economy is almost as big as that of the United States and it accounts for nearly one-third of world trade; and it has adopted common policies in a wide variety of areas, and most notably has made progress on the development of the all-important common foreign and security policy.

This combination of events has allowed the EU to assert itself in the global arena, and to become not just a new kind of civilian superpower (exerting economic, political, and diplomatic influence), but has also generated greater pressure for the EU to expand its military capabilities. Indeed, it might be argued that the EU *must* assert itself, in order both to promote and protect the values for which it stands, to support European interests in the world, and to balance the role of the United States by offering an alternative set of definitions of global problems, and prescriptions for dealing with those problems.

### **The decline of American power**

The post-war world brought a new kind of global actor into the international system: the superpower. Only the United States and the Soviet Union were accorded the new label, which was typically understood to mean the ability to project power globally, and to enjoy a high level of autonomy and self-sufficiency. Unlike the old imperial powers such as Britain, Spain, and France, or modern regional powers such as China or India, a superpower has interests all over the world, and the ability to directly influence and protect those interests.

Because the cold war was in large part a competition for ideological influence backed up by military power, and because the USSR was clearly not a global economic actor, the term “superpower” was conventionally associated with military power. Indeed, it still is, and when most Americans talk of the United States as the last remaining superpower, they usually couch their conversation in terms of US military prowess. Conversely, the assertion that the EU does not yet rank as a superpower rests mainly on the absence of a combined European military force that could match, counterbalance, or even complement US military force. However, there is reason to question US military capabilities. True, the United States spends far more on defence each year than any other country. True, it has an enormous military arsenal at its disposal. True, its military technology is the most advanced in the world. And true, one of the defining features of the contemporary world is the size and the power of the US military. However, the effect of that power, and the status of the United States as global hegemon, has been compromised by at least four key developments.

First, there has been a change in the nature of international relations, where peaceful diplomacy is increasingly preferred over the use of military force. There was little question during the cold war that the United States and the Soviet Union had the nuclear capability to destroy each other and much of the rest of the world, and thus posed an overwhelming threat that gave each an unprecedented ability either to achieve their political goals, or at least to cancel the goals of the other. But in the post-cold war world, in which there are no longer any major state powers actively using weapons of mass destruction as a means of containment, the nature of power has changed. Military capability remains an important measure, to be sure, but it has its limitations. And in the age of globalization, real ongoing influence in the world must be

measured more in terms of the dominance of multinational corporations in the global trading system, the strength and influence of currencies and banking systems, budget deficits and trade balances, and the availability of resources for foreign direct investment. Violence as a tool of international relations has been largely discredited, to be replaced by a broader preference for the use of diplomatic, moral and even cultural influence, and of the “soft power” described by Nye: the ability to lead by example, to co-opt rather than to coerce, and to shape the preferences of others.<sup>14</sup>

Second, the United States faces domestic problems that weaken its ability to project its power internationally. Not least of these is its continued failure to control government spending. In 1998, after decades of budget deficits, it was able to achieve a budget surplus of nearly \$70 billion, rising to nearly \$240 billion in 2000; today it has a deficit of more than \$400 billion, there is no end in sight to its deficit spending, and it has accumulated a national debt of \$6 trillion (six times the figure in 1980). The deficit has undermined faith in the dollar, whose value relative to other major currencies is falling. It also obliges the federal government to spend some 15 per cent of its revenues on interest payments. The United States has also had a perpetual trade deficit since the late 1970s (reaching a record of nearly \$420 billion in 2002). It also has a significant dependency on imported oil, which accounts for about half its oil consumption, holds its economic welfare hostage to the global price of oil, and pushes the protection of oil supplies to the top of its foreign policy agenda.

Third, the ability of the US to lead is undermined by the growing breach between Americans and non-Americans on political norms and social values, undermining the moral advantages once enjoyed by the United States. It has become increasingly clear that US policymakers are driven by a different set of values, goals and priorities from those that drive politics in most other industrialized countries, and even in emerging states. In the political field, the differences are exemplified by contrasting views over terrorism, the Middle East, Cuba, the International Criminal Court, the land mines treaty, support for the United Nations, and global environmental issues. In the economic field they are exemplified by the contrast between American support for free trade, and the US imposition of tariffs on imports and the provision of subsidies to domestic industries. In the social field, they are exemplified by differences over national health care, abortion, capital punishment, and the place of religion in public life. Huntington argued in 1999 that “on issue after issue, the United States has found itself increasingly alone, with one or a few partners, opposing most of the rest of the world’s states and peoples”.<sup>15</sup> Prestowitz – who describes the United States as a “rogue nation” - notes the inconsistencies in US policy, and describes the US as a country inclined to take a unilateral approach to dealing with many such problems, that cares little about the views of other countries, whose self-righteousness makes it unwilling to listen to competing analyses or to consider alternative solutions, and that has alienated its allies and enraged its enemies.<sup>16</sup>

Finally, there are limits on the effectiveness of the American military. The United States clearly has the biggest and most technologically advanced military establishment in the world,

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<sup>14</sup> Joseph Nye, *Soft Power: The Means to Success in World Politics* (New York: Public Affairs, 2004), p. 5.

<sup>15</sup> Samuel Huntington, “The Lonely Superpower”, in *Foreign Affairs*, 78:2 (March/April 1999).

<sup>16</sup> Clyde Prestowitz, *Rogue Nation: American Unilateralism and the Failure of Good Intentions* (New York: Basic Books, 2003).

capable of launching the kind of “shock and awe” attack to which Iraq was subjected in 2003. It spends more on the military than the next ten countries combined<sup>17</sup>, and almost twice as much as the EU (whose member states spent \$171 billion in 2001). Its military arsenal is the greatest the world has ever seen, with nearly 1000 missiles carrying nuclear warheads, 54 tactical nuclear submarines, 12 aircraft carriers, 5500 combat aircraft (including 21 stealth bombers and nearly 200 other long-range bombers), and more than 1.4 million military personnel.<sup>18</sup> The US military is currently active in some 50 countries around the world. And unlike the European Union, which also has a significant military capability but many separate command structures, the US military is under a single command system.

However, American military capability is limited or undermined by at least four key problems:

- The United States in recent decades has shown a remarkable ability to achieve its military goals through the use of overwhelming force, but an unfortunate inability always to secure the peace and stability that should ideally follow. As Winston Churchill once quipped, “America is very powerful but very clumsy”. The United States has not always been able to win friends and influence publics in those parts of the world in which its military has been engaged. In Vietnam, overwhelming military power could not offset the determination of insurgents with a will to win. In Iraq today, the failure of American soldiers to reach out and interact with Iraqis stands in contrast to the more effective “softly, softly” approach used by their British counterparts. Instead of being seen as a purveyor of ideas, the United States is too often seen as a purveyor of violence. The notion of the United States as a “shining city on a hill” and as a beacon of liberty and democracy has been tarnished during the Bush administration by the pre-emptive strike, by disregard for allies and international organizations, by the scandal over the treatment of prisoners in Iraq, and by a growing number of questions in the minds of allies and enemies alike about the motives and values behind US policy.
- The cases of Vietnam and Iraq have shown that there is a limit to how far the US can employ its military power within a vacuum of political support from other countries. The contrast between the first Gulf war (with its significant coalition) and the 2003 Iraqi invasion (with its US domination) offer an indication of the problem. President George W. Bush argued in 2002-03 that the United States would launch an attack on Iraq with or without a supporting resolution from the UN Security Council, and with or without military or political support from other countries. However, it not only became quickly clear that the United States needed access to bases and airfields in other countries in order to launch a substantial military operation, but the widespread public and political opposition to the war in other countries greatly undermined American credibility in its pursuit of the war on terrorism. The extent to which the United States relied on other countries for the pursuit of the war in Iraq also became clear as the Bush administration sought to encourage other countries to forgive their debt to Iraq, and sought to encourage NATO partners to commit troops to Iraq in more than a reconstructive or peacekeeping

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<sup>17</sup> In order, they are Russia, China, Japan, Britain, France, Germany, Saudi Arabia, Italy, India, and South Korea.

<sup>18</sup> International Institute for Strategic Studies, *The Military Balance 2002-2003* (Oxford: Oxford University Press, 2002), pp. 16-26.



role. In his first visit to the United States after becoming NATO secretary-general in 2003, Jaap de Hoop Scheffer described as “a dangerous illusion” the idea that the United States could act alone on security issues of the magnitude of Iraq (while also arguing, to be sure, that the idea that Europe could ever rival the United States was “politically impossible, militarily unrealistic, and financially unaffordable”).

- The US military commitment to Iraq and Afghanistan is so significant (135,000 troops in the former, and 15,000 in the latter) that – unless it is able soon to withdraw militarily from Iraq – it will be unable to use its military to address a serious crisis in another part of the world, such as North Korea.
- As predicted by structural realist theory, the tendency of the United States to take on more tasks and responsibilities threaten to weaken the American state. In other words, there is a limit to how far the United States can continue to maintain or increase its defence spending without causing significant problems in other policy areas. The remarkable level of that spending – projected to grow from nearly \$400 billion in 2003 to nearly \$470 billion in 2007<sup>19</sup> – diverts resources away from other endeavours, and has contributed to record budget deficits, a growing national debt, and public criticism of the failure to invest more effectively in education, health care, the alleviation of poverty, and preserving social security. At the same time, the US has less to invest abroad in economic and social development, undercutting its ability to compete in the global economic system, and reducing its political and economic influence.

There are limits, then, to the ability of the United States to exploit its military and economic advantages, and to live up to the idea of superpower. So what is there to indicate that the European Union is in a position to play a more assertive role in international relations?

### **The changing role of Europe**

During the cold war, against a background of fear of the Soviet Union, and the need for economic reconstruction and political reconciliation, western Europe was generally prepared to consent to US leadership.<sup>20</sup> European governments often criticized US policy – for example over Vietnam, nuclear weapons, and the Middle East – but they were rarely in the position either to change that policy or to influence international opinion. Even after the end of the cold war, Europeans were initially the weaker partners in the transatlantic relationship, playing only a supporting role in the 1990-91 Gulf war, and then being unable to do much to offer an alternative to the US lead on the Balkans. But this all changed with the second Gulf war. A new Europe, that was more integrated, more economically assertive, and less in need of the US defensive shield, was in a stronger position to criticize the March 2003 invasion of Iraq. At the same time, US unilateralism emphasized what many had long suspected: that the United States was increasingly

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<sup>19</sup> International Institute for Strategic Studies, *The Military Balance 2002-2003* (Oxford: Oxford University Press, 2002), p. 241.

<sup>20</sup> Jonathan P G Bach, “US-Western European Relations: The Transatlantic Partnership in the Shadow of Globalization”, in Martha Honey and Tom Barry (Eds) *Global Focus: US Foreign Policy at the Turn of the Millennium* (New York: St Martin’s Press, 2000).

out of step with thinking in much of the rest of the world. This was especially true of attitudes in Europe, where 70-90 per cent of those questioned in opinion polls opposed the invasion, and large majorities also saw the United States as a threat to world peace, and supported the idea of an independent European foreign policy.

In debating the actual or potential role of the European Union as a global actor, Americans in particular make two fundamental mistakes. First, they still mainly think of the EU as a group of countries with independent capabilities and policies, rather than as an association of countries with common interests, typically working jointly rather than in isolation.<sup>21</sup> As Kupchan notes, “most Americans dramatically underestimate – or dismiss altogether – the geopolitical significance of the EU ... Strategists continue to look right past a united Europe because it is a new animal, a political entity that defies standard categories”.<sup>22</sup> This may explain the puzzling characterization by US Defence Secretary Donald Rumsfeld in January 2003 of France and Germany as “old Europe” and as “problems” in the crisis over Iraq, contrasting them with the Eastern European governments that supported US policy. Most Americans are barely aware of the existence of the EU, and even the minority typically has a poor understanding of its implications.

Second, critics of the “EU as superpower” argument typically contend that any aspirations that the EU might have to significant global stature is undermined by its lack of a unified military or a large defence budget that would allow it to use weapons to promote its foreign policy goals. However, as noted earlier, the nature of power has changed. Not only is US military power overrated, but the lack of a unified military obliges the European Union to use non-military means to pursue its objectives. It might well use such means even if the military option was available, because of the lack of political support for war. As former French foreign minister Dominique de Villepin noted, “There is no military solution to terrorism. You need to have a political strategy”.<sup>23</sup> The civil approach resonates more widely in a world that no longer worries about cold war military tensions, and among publics that increasingly reject the use of violence as a tool of foreign policy. They are particularly favored in a Europe long ago tired by war, and which since 1952 has been building an economic union in large part because it seeks peace and prosperity.

The idea that a revitalized and peaceful Europe might be able to reassert itself is not new; one only has to think back to De Gaulle’s 1959 optimistic proclamation: “Yes, it is Europe – a Europe from the Atlantic to the Urals, all of Europe – that will decide the destiny of the world!” But the idea has rarely gone beyond such proclamations, and there have been remarkably few critical analyses of the role of the EU in international relations, at least prior to the dispute over Iraq.

Johan Galtung wrote in 1981 of the European Community as a superpower in the making, but mainly in the context of warning that European integration could lead to a new form of

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<sup>21</sup> For example, in one collection of studies of US global power (G. John Ikenberry (Ed), *America Unrivaled: The Future of the Balance of Power* (Ithaca: Cornell University Press, 2002)), the authors repeatedly refer to “the major powers of Europe” or to specific EU member states such as Germany or France, rather than to the EU as a unit.

<sup>22</sup> Charles A. Kupchan, *The End of the American Era: US Foreign Policy and the Geopolitics of the Twenty-First Century* (New York: Vintage Books, 2002), p. 132.

<sup>23</sup> Quoted in Porch article,

colonialism.<sup>24</sup> In 1988, Samuel Huntington argued that if the European Community could achieve political cohesiveness, it would have the population, economic wealth, technology and military strength (actual or potential) to be “the preeminent power of the 21<sup>st</sup> century”, and that if that century was not the American century, it was most likely to be the European century.<sup>25</sup> Joseph Nye concurred, noting in 1990 the potential of the European Community to rival and challenge US power, although he argued that it first had to address its economic problems and to develop political cohesion.<sup>26</sup>

David Buchan wrote in 1993 of the “many-headed might” of the EU, arguing that it had many of the “physical potentials of a superpower ... [but] certainly does not feel or look like one”. He noted the unquestionable role of the EU as a dominating trading power, on a par with the United States and Japan, but argued that a combination of historical and political divisions among its member states, and divisions of powers between the member state and EU institutions, and within EU institutions, ensured that there was “no prospect of the United States of America being mirrored in Europe”.<sup>27</sup>

Among European leaders, the usual view for many years was that Europe had few prospects of competing politically with the United States, and most would have agreed – however unwillingly – with the sentiments of Luxembourg foreign minister Jacques Poos, who lamented that its response to the first gulf crisis had shown the “political insignificance of Europe”, or his Belgian counterpart Mark Eyskens, who felt that the response had shown Europe to be “an economic giant, a political dwarf, and a military worm”.<sup>28</sup> Reflecting the changing balance in the world, British prime minister Tony Blair provided food for thought with a speech in Warsaw in 2000 in which he called on Europe to become a superpower, not a superstate: “Europe’s citizens need Europe to be strong and united. They need it to be a power in the world. Whatever its origin, Europe today is no longer just about peace; it is about projecting collective power”. Other European leaders have expressed similar sentiments. Spanish prime minister Jose Luis Rodriguez Zapatero has argued that “Europe must have faith in the prospect of becoming the most important global power in twenty years”.<sup>29</sup>

On the economic front, there is no longer any question of the stature of Europe. In the 1980s there was widespread concern within Europe about its failure to meet the economic challenges posed by the United States and Japan, a concern that led to much talk of Eurosclerosis. Changes since then – including the near-completion of the European single market and the adoption of the euro – have created a different set of circumstances, and today’s European Union is unquestionably able to use its economic wealth to project its influence throughout the world. Consider the following indicators:

- With just over seven per cent of the world’s population, the European Union accounts for nearly 28 per cent of the world’s GDP (almost as much as the United States). It also

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<sup>24</sup> Johan Galtung, *The European Community: A Superpower in the Making* (New York: HarperCollins, 1981).

<sup>25</sup> Samuel Huntington, “The US – Decline or Renewal?” in *Foreign Affairs* 67:2 (Winter 1988-89), p. 93.

<sup>26</sup> Joseph Nye, *Bound to Lead: The Changing Nature of American Power* (New York: Basic Books, 1990), pp. 142-154.

<sup>27</sup> David Buchan, *Europe: The Strange Superpower* (Aldershot: Dartmouth, 1993).

<sup>28</sup> *New York Times*, 25 January 1991.

<sup>29</sup> In interview with *Der Spiegel*, quoted in *The Economist*, 13 November 2004, p. 58.

accounts for more than one-third of global merchandise trade (nearly three times the share of the United States).<sup>30</sup> So powerful now is the EU that it is all but impossible for agreement to be reached in global trade negotiations without agreement first being reached between the US and the EU.

- With enlargement in 2004, the population of the EU grew from 375 million to 453 million, giving the EU nearly 60 per cent more consumers than the United States. More importantly, the personal wealth of western Europeans – combined with the largely open internal market than now exists in the EU – means that the EU is now the largest capitalist market in the world. It will only become bigger as Bulgaria, Romania and other neighbors line up to join.
- The EU is the biggest source of official development assistance (ODA) in the world, accounting for just over half the total of \$52 billion in 2001 (compared to 22 per cent from the United States and 19 per cent from Japan).<sup>31</sup> Despite criticism of how ODA is sometimes used and misused, it remains a potent tool for political influence.
- The strength and the possibilities of the European market are reflected in the unprecedented surge of corporate takeovers and mergers that has occurred in the EU since the mid-1980s, notably in the chemicals, pharmaceuticals, and electronics industries. These have made the EU the biggest mergers and acquisitions market in the world. Recent examples include the merger between Air France and KLM, the merger that created the pharmaceuticals giant GlaxoSmithKline, and the aggressive program of takeovers pursued by the cellphone company Vodafone.
- European multinational corporations have become increasingly aggressive in pursuing targets outside the EU. The EU is the source of two-thirds of all foreign direct investment flowing into the United States, with millions of American jobs now reliant on European investment. The 1998 merger between Chrysler and Germany's Daimler was symbolic of the inroads being made into the US market by European corporations.
- The EU has become the engine of economic growth for Eastern Europe and the former USSR, which have a combined population of nearly 262 million consumers, enormous productive potential, and a wealth of largely untapped natural resources.
- The conversion to the euro by 12 of the 25 member states (which among them account for 74 per cent of the GDP and 67 per cent of the population of the EU) has underpinned the economic weight of Europe by giving it a currency that stands alongside the US dollar and the Japanese yen in terms of credibility and influence. The early years of the euro were not promising, as it slumped from \$1.17 at the time of its launch in early 1999 to a low of 83 cents. Since then, however, the euro has won back that lost value and more, and it is increasingly usual to hear analysts describing the currency as a challenger to the status of the US dollar in global trade and finance, perhaps eventually replacing the dollar as the primary international reserve currency. The US dollar is used by 285 million

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<sup>30</sup> World Trade Organization figures.

<sup>31</sup> World Bank figures.

Americans, while the euro is used by 304 million Europeans, with the promise of more to come. Governments and corporations are increasingly borrowing in euros, nearly 40 per cent of foreign exchange transactions are now carried out in euros, central banks are holding more of their reserves in euros, and euros are increasingly used by consumers outside the euro zone, notably in Eastern Europe.

The economic power of the EU is exemplified by the frequency with which trade wars have broken out across the Atlantic since the end of the cold war. These have included the 1996-98 dispute over US attempts to punish companies dealing with Cuba, the 1998-2001 dispute over trade in bananas, the steel tariffs imposed by the Bush administration in 2002 (and lifted in 2003), the tariffs imposed by the EU on US imports in response to tax breaks for American exporters (leading to the biggest sanctions ever authorized by the World Trade Organization), anti-dumping laws, and hormone-treated beef. In most cases the EU has prevailed, using its economic power to force concessions from the United States.

While the questions about the economic power of the European Union have long been resolved, many are still asked about its ability to develop a common foreign and security policy, which has been a work in progress for more than thirty years. There is little question about its arsenal: it has a nuclear capability (through Britain and France), and the armed forces of its members add up to substantial firepower: nearly two million active service military personnel, 12,000 artillery pieces, 3,600 combat aircraft, nearly 200 surface naval vessels (including six aircraft carriers), and 83 submarines (including eight tactical nuclear submarines).<sup>32</sup> However, it has been handicapped by the inclination of its major powers to often follow their own lines on foreign and security policy issues, by the neutrality of several of its member states (Austria, Finland, Ireland, and Sweden), and by a division of opinion among its leaders about how the EU should relate to NATO and to the US role in global security matters. The result has been a tortuous hike through the minefield of international politics, although there has been some progress toward resolving the differences of opinion.

After false starts in the 1950s, agreement was reached in 1970 on European Political Cooperation, a loose and voluntary foreign policy process revolving around meetings of the foreign ministers, and more concerned with the procedure for agreeing foreign policy than with what that policy should be.<sup>33</sup> But Europeans during the 1970s and 1980s were more focused on economic concerns, and it took the Gulf war of 1990-91 to provide a wake-up call. Coincidentally, the end of the cold war, the reunification of Germany, and the failure of the EU to provide leadership in dealing with the break-up of Yugoslavia all forced a reassessment of policy.<sup>34</sup>

The Common Foreign and Security Policy (CFSP) followed, representing a stronger commitment to a common foreign policy, and leading to more regularized and consistent agreement on common strategies, joint actions (such as transporting humanitarian aid to Bosnia,

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<sup>32</sup> International Institute for Strategic Studies, *The Military Balance 2002-2003* (Oxford: Oxford University Press, 2002).

<sup>33</sup> Clive Archer and Fiona Butler, *The European Community: Structure and Process* (New York: St. Martin's Press, 1992), 173.

<sup>34</sup> Neill Nugent, *The Government and Politics of the European Union*, 4th ed (Basingstoke: Palgrave Macmillan, 1999), 448-449.

and supporting the Middle East peace process), and common positions (such as those on the Balkans, the Middle East, and combating terrorism). But there were many more examples of weakness and division, including the failure of the EU to broker peace in Bosnia in 1993-95 (a job subsequently completed under US leadership), and its feeble response to the 1997-98 crisis in the Yugoslav province of Kosovo (resolved by NATO under US leadership). This latter failure was to prove the catalyst that finally encouraged the EU to take action on building a military capability.<sup>35</sup> This led to the launch in 1999 of the European Security and Defence Policy, by which the EU made a commitment to humanitarian, rescue, peacekeeping, and other crisis management operations, including peacemaking, and agreed plans to develop a 60,000-member Rapid Reaction Force that could be deployed at 60 days' notice and sustained for at least one year to carry out these tasks.

The problems with the CFSP have in part been a consequence of the different policy priorities of the member states, as well as of a division between Atlanticists (such as Britain, the Netherlands, and several Eastern European member states) that favor a close security association with the United States through NATO), and Europeanists (such as France and Germany, who favor European independence). The United States was content to see the Europeans taking responsibility for those tasks from which NATO should best keep its distance, but insisted that there should be no overlap or rivalry in the event of the creation of a separate European institution. Meanwhile, Atlanticists such as Britain continued to feel nervous about undermining the US commitment to Europe, while realizing that the commitment might eventually wane regardless.

Matters were brought to a head over Iraq, which made clear the divided thinking on key foreign policy issues within the EU, most notably among its five major players: Britain, Italy, Spain (pro-invasion) and France and Germany (anti-invasion). Such divisions had already been made clear by the 1990-91 Gulf war, but by 2003 there were three important new factors in play. First, the cold war was long over, and Europeans had become more used to the idea that they needed to take care of their own security concerns rather than continuing to rely on the American protective shield. Second, the EU was more economically assertive in 2003 than it had been in 1990-91. Finally, the political and public division of opinion over the 2003 invasion was greater than it had been in 1991. Feeling in Europe had changed dramatically even between September 2001 – when there was an outpouring of sympathy and support for the United States and a hope that Americans and Europeans could exploit the common bond of a war on terrorism – and March 2003 – by which time it had become abundantly clear that the Bush administration was prepared to pay almost no attention to European thinking on the best way of dealing with the threat of terrorism.

### **The role of public opinion**

In all the debates about economic and military power, it is often forgotten that the influence of powerful states must also be measured by public perceptions about what they stand for and what they strive to achieve. The history of relations between powerful and less powerful states shows

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<sup>35</sup> J. Bryan Collester, “How Defense ‘Spilled Over’ Into the CFSP: Western European Union (WEU) and the European Security and Defense Identity (ESDI)”, in Maria Green Cowles and Michael Smith (Eds) *The State of the European Union: Risks, Reform, Resistance, and Revival* (Oxford: Oxford University Press, 2000).

that public and political opinion in the latter typically reflects a significant degree of hostility and resentment toward the former. The expression of power cannot always win over the hearts and minds of those whose support is sought, or whose behavior is to be changed. Particularly since the end of the cold war, there has been a strong body of evidence that the tide of public opinion has turned against US analyses of key international problems, and its suggested solutions.

During the cold war, while many questioned the methods sometimes employed by the United States (for example, in Vietnam and Chile), majority public opinion in Western Europe acknowledged and appreciated the importance of the security shield provided by US military power in the face of the Soviet threat. Kupchan puts it more bluntly: Europe and America were friends during the cold war “because they had no choice”.<sup>36</sup> With the end of the cold war, the need for that shield became less critical, and Europeans coincidentally became more aware of their own deficiencies in addressing security challenges, and became more aware of their differences of opinion with American policy. In the wake of Iraq, public support in Europe for US policy has fallen significantly, and the United States has been failing to win the moral and political arguments that are so much a part of its projection of its view of the world, its identification of international priorities, and the methods it chooses to achieve its goals. Perhaps at no time in history have US policies been so heartily criticized by Europeans and their political leaders as they are today. Iraq drew new attention to the many ways in which the US view of the world differs from the European view, thereby undermining the moral leadership of the United States, and impressing on many Europeans the need for an alternative set of prescriptions to international problems.

Analyses of the transatlantic rift over Iraq have tended to focus on the disagreements between pro- and anti-invasion governments and political leaders. Thus the rift has been described as continued confirmation of the inability of Europeans to agree on critical international issues. However, a study of public opinion in the European Union – rather than political opinion - tells a different story. There was a remarkable degree of consistency in public opposition to the war across the continent, with 70-90 per cent opposed in Britain, Denmark, France, Germany, and even in “new” European countries such as the Czech Republic and Hungary. Several pro-war governments quickly found themselves in trouble with their electorates, the Spanish government paying the ultimate price in March 2004 when it lost a national election in large part because of the unpopularity of its support for invasion. Massive anti-war demonstrations were meanwhile held in most major European capitals, including Berlin, London and Rome.

The experience of Tony Blair offers perhaps the most salutary illustration of the changing nature of the transatlantic game. His support for the position of the Bush administration on Iraq was clear and unwavering, and predictable given the extent to which British prime ministers have typically fallen in place behind US policy since 1945 (Vietnam being one notable exception). It was even more remarkable given that he was a liberal political leader providing support to one of the most conservative American administrations of recent decades. However, public opposition in Britain was substantial and Blair saw his approval ratings fall rapidly amid ever more stringent demands that he resign. Even his most ardent critics were willing to concede

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<sup>36</sup> Charles A. Kupchan, *The End of the American Era: US Foreign Policy and the Geopolitics of the Twenty-First Century* (New York: Vintage Books, 2002), p. 119.

that he should be given credit for the constancy of his position, and for making a significantly more convincing argument in favor of war than George Bush, but his public support continued to wane, and as the Iraqi impasse dragged on into 2004, there was more pressure on him or distance himself from the policies of the Bush administration. Voter disenchantment was clearly demonstrated by the significant losses suffered by Blair's Labor party in June 2004 local and European Parliamentary elections.

It is difficult to imagine that US-British relations will ever be the same again. Blair's adoption of the position of most of his post-war predecessors – that Britain should keep close relations with the United States in order to bolster the transatlantic relationship, to keep open the channels of communication, and to increase Britain's leverage – was predictable, but it is unlikely that his successors will ever again be expected to quite so readily adopt a position of support for US policy. When the British, long the most ardent European supporters of US policy, begin to question the extent to which Europeans and Americans any longer see the world in the same way, we know that things have changed. The only significant foreign policy difference between the British and most of their EU partners is the way they see the EU, and as generational change combines with hostility to US policy, so the British will shift increasingly into the European camp, thereby removing the one significant bridge across the transatlantic rift.

Across Europe, opinion polls show remarkable levels of hostility towards US policy and the US role in the world:

- A June 2003 survey found that less than half of those questioned wanted to see a strong global US presence. In Germany, long a staunch US ally, 81 per cent of respondents felt that the EU was more important than the United States to their vital interests, up from 55 per cent in 2002. President Bush's approval rating in Germany, already a modest 36 per cent in 2002, had fallen to 16 per cent in 2003.<sup>37</sup>
- Figures gathered by the US Department of State and the Pew Research Centre showed a substantial fall in positive views toward the United States between 1999 and 2003: down from 83 per cent to 48 per cent in Britain, down from 76 per cent to 34 per cent in Italy, down from 62 per cent to 31 per cent in France, and down from 78 per cent to 25 per cent in Germany.<sup>38</sup>
- The difference of opinion on Iraq was illustrated by a 2003 Pew Research Centre poll which found that while 62 per cent of Americans felt that the invasion had helped the war on terrorism, barely one-third agreed in Britain, France and Germany.<sup>39</sup> It is important to note here that there was little difference of opinion in these three countries: the first an active supporter of US policy, and the others active critics.

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<sup>37</sup> Survey co-sponsored by the German Marshall Fund. Results reported in BBC News Online, <http://news.bbc.co.uk>, September 4, 2003.

<sup>38</sup> 1999/2000 figures from US Department of State. Others from Pew Research Centre, <http://people-press.org>.

<sup>39</sup> Pew Research Centre, <http://people-press.org>.



- Most remarkably of all, a Eurobarometer survey in October 2003 found that 53 per cent of Europeans viewed the United States as a threat to world peace on a par with North Korea and Iran, and second only to Israel.<sup>40</sup>

In parallel, there is growing support in the EU for the idea of the EU becoming a superpower in the mould of the United States.<sup>41</sup> According to the Worldviews survey undertaken in 2002, and measuring opinion in six European states (Germany, Britain, France, Italy, Poland, and the Netherlands), 65 per cent of respondents felt that the EU should become a superpower, while just 14 per cent felt that the United States should remain the sole superpower. Opinion was strongest in France and Italy (91 per cent and 76 per cent in favor), there was 56 per cent support even in Britain, and Germans had the most cautious view (48 per cent in favor). Majorities in all countries felt that becoming a superpower would help the EU “cooperate more effectively with the United States in dealing with international problems”, while only a minority saw it as a path to competing with the US. Germans were most in favor of competition, which was supported by 22 per cent of respondents. Although enthusiasm for the new role fell off when respondents were asked if they would still support the idea if it meant greater military expenditure by their governments, the majority was still in favor in most countries. Illustrating the different views of how to deal with international problems, large majorities in all the countries surveyed saw economic power as more important than military power in determining a country’s overall power and influence in the world.

It is important to bear in mind that, whatever the relative balance of economic and military power between the two actors, the likelihood of European public and political support for American leadership will be reduced if (a) the two actors do not share common enemies or threats, or (b) the two actors promote significantly different policies, or (c) the two actors have different sets of values and different perceptions of the way the world works. The shared threat of the Soviet Union is now gone, and while both sides have common views on the threat of terrorism, Europeans see its causes and effects quite differently from Americans, and have a different set of prescriptions for dealing with it. For example, in the lead-up to the 2003 invasion of Iraq, there was more support in Europe for addressing the causes of terrorism (such as resentment in the Middle East over US policy on the Israeli-Palestinian problem) rather than taking the US approach of an attack on the terrorists and the countries that supposedly harbored or encouraged them.

The nuclear threat of the cold war brought Americans and Europeans together in common cause, helping them overlook or forget most of the issues over which they disagreed. Now that the threat has gone, and Europeans have become more economically assertive, there is more time and opportunity for both sides – particularly the Europeans – to think about what divides the two sides. For example, with the clarity provided by the absence of a real nuclear threat, Europeans have been reminded of ways in which they differ with Americans on important social issues: Americans are more supportive of capital punishment, which has been abolished in the EU; there is greater American hostility to legalized abortion, an issue over which there is little discussion in

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<sup>40</sup> Eurobarometer poll, October 2003.

<sup>41</sup> Worldviews survey undertaken by the Chicago Council on Foreign Relations and the German Marshall Fund, 2002.

the EU; and religion is seen by Europeans to play a worrying role in public and political life in the United States.

### **The new power of Europe**

The transatlantic rift over the invasion of Iraq may come to be seen in time as a turning point in the relative global roles of the United States and the European Union, in much the same way as the Suez crisis in 1956 redefined the relative global roles of the US, Britain and France. The analyses of the causes and effects of the rift have been many and varied, but at least two core assumptions have informed much of the discussion since March 2003. First, the rift has been typically portrayed as a temporary dispute, generated by the differing worldviews of transient political leaders, and it has been argued that – as with other transatlantic disagreements over the years – the wounds will eventually heal. Second, it is usually taken for granted that the US and Europe have common values and institutions, and that despite their disagreements they typically pull in the same direction when it comes to the definition of how best to promote the ideals of capitalism and democracy.

Both assumptions are flawed. First, the transatlantic rift was emerging even before Iraq (particularly over trade issues), and Iraq itself has probably done irreparable harm to the transatlantic relationship, fundamentally changing the way that Americans and Europeans view each other, and the way both actors are seen by others. The rift should be seen not as the result of a short-term difference of opinion between the Bush administration and key European allies, but as symptomatic of a broader long-term divergence between Europe and the United States. Second, while both actors are champions of capitalism and democracy, they also disagree on a wide range of political, economic and social issues, and US global leadership is questioned more widely and deeply than ever before by Europeans and others. Most notably, in which American-style military solutions to problems are increasingly out of step with the new pressures and priorities of globalization, the European preference for diplomatic resolutions to problems gives them an important strategic advantage and a new sense of their differences with the United States.<sup>42</sup>

Above all, the differences over Iraq were symbolic of a new reality: that the European Union is a superpower, with the means and the will to challenge American global leadership, and with a credibility in global affairs that the United States increasingly lacks. Europeans still lack a common foreign and security policy, but it now seems inevitable that they one day will, and the rift with the United States has provided the search for that policy with a new sense of urgency. Even if European leaders still differ over how to proceed on core international issues, majority public opinion in Europe is increasingly united by its criticism of both the style and substance of American foreign policy, and thus political support for common security policies can only grow. History will show that Iraq has been a watershed, the boost that Europeans needed to focus on bridging their differences over foreign policy, and the encouragement they needed to finally back up their unquestioned economic might with a foreign and security policy to match.

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<sup>42</sup> For example, see the analysis in Robert Kagan, *Of Paradise and Power: America and Europe in the New World Order* (New York: Alfred Knopf, 2003).