

The European Union

*A New Economic Rival or
The Ultimate Counterweight?*

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by

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Table of Contents

Introduction	3
Polling A Year after the Iraq War	5
The Cultural Divide: A Matter of Perception.....	8
American Exceptionalism Not Accepted in Europe	10
The Loyal Opposition	13
The Trans-Atlantic Problem Today	15

The European Union: A New Economic Rival or The Ultimate Counterweight

Introduction

The European Union has just recently admitted ten new nations, mostly from the Eastern Europe Soviet bloc, which means the European Union now has twenty-five nations under their banner with a population of 450 million, a factor largely ignored by the public. If Romania, Bulgaria, and Turkey join, the European Union will total 550 million which is twice as large as the U.S.A.. This enlargement signifies Western Europe's opening the door to their cousins to the east (see "Europe Lifts the Curtain," N.Y. Times editorial, 4/30/04); however, a common foreign policy will remain a challenge as the conflict in Iraq made clear. The Union's newest members are mostly pro-American (e.g., Poland) and the European Union is currently divided between "the unwilling" (France and Germany) and "the willing" (coalition forces in Iraq). Nevertheless, the expansion of the European Union is historic, symbolically ending the division of Europe resulting from the Cold War. It also promotes institutional reform and perhaps even a new constitution (see "A Constitution for Europe?" by Clif Fox at this website, Oct. 30, 2003), and may change the very nature of the future (see also Europe Unbound: Enlarging & Reshaping the Boundaries of the European Union by Sam Zielonka, 2002).

This expansion has already started heads talking about betting that an expanded Europe will rival the U.S. as an economic superpower ("Europe's Gamble," National Geographic, May '04). Others see the enlargement (literally 280,000 more square miles, which includes 94 million more acres of farmland) as a "reckless gamble" as nationhood, recently acquired, now has to be subordinated to the European Union, another "superpower." As one person interviewed by The National Geographic said, "We lived through the Nazis and we lived through the Communists, so we are not afraid of The European Union." So, there is acceptance amidst doubts. But there

is concern in the U.S. that the European Union definitely has their sights on competing against the U.S. for economic dominance of world markets.

As the European Union has been expanding, the U.S. Pentagon has near final plans to withdraw most of the 80,000 troops stationed in Germany as part of an extensive realignment of American military forces. This shift would amount to a drastic change in how U.S. forces are deployed around the globe. Is the U.S. punishing the Germans for their lack of support for the U.S.-led invasion of Iraq? The Pentagon says “no” and that the repositioning was set in motion long ago.

In his book, The Pentagon’s New Map, Tom Barnett worries about America’s war on terrorism with its “preemptive strategies” and that it will have a divisive effect on globalization’s Functioning Core which is his geostrategic designation of peace for the world. “If, in waging war against the forces of disconnectedness, the U.S. ends up dividing the West and the Trans-Atlantic security bond between North America and Europe, then the cure may be worse than the disease. Barnett says “clearly that gap (between “constructive engagement” theories held by Europe and the U.S.’s unilateralism for shaping the new rules) had long existed between the U.S. and Europe, only to grow truly dysfunctional when the unifying Soviet threat disappeared...and agreeing on what constitutes the right rule-set “reset” is where America and Europe appear to disagree the most.”

Barnett continues in more detail about his concerns of “divisions” between the core nations: “The real danger, in my mind, lies in potential splits not just among the old core but between the original pillars of Globalization II (North America, Western – Old Europe, and Japan) and the emerging pillars of Globalization III, such as China, India, Brazil ... and Russia. In some ways you could call this scenario the “west versus the rest” – sort of a division between Old School and New School globalization.”

Additionally, Barnett says the system level competition in the world today is “largely economic now (emphasis added) ... instead of military superpowers jostling over desired client states, we now have supranational entities such as the European Union and NAFTA jostling over candidates for free-trade agreements.” A case in point is that immediately after the U.S. placed economic sanctions on Syria (5/10/04) for failing to cooperate on the war on terrorism, the European Union sent a trade delegation to Syria as an obvious affront to the U.S. (5/13/04).

Barnett quotes from Robert Kagen’s 2003 book, Of Paradise & Power: America & Europe in the New world Order: “it is time to stop pretending that Europeans & Americans share a common view of the world, or even that they occupy the same world.” Europe, with its newly enlarged “European Union” of 450 million people, now appears ready to compete against the U.S. economically and politically in the 21st Century. At the very least the European Union does not accept the U.S. vision of “American Exceptionalism,” or that U.S. power is overwhelming, or that the torch of determining world history has passed across the Atlantic to the Americans. The real “soft threat” to the U.S. may not be China after all in the Pacific but one much nearer to our Atlantic shores. (see An Alliance at Risk: The U.S. & Europe Since September 11, Laurent Cohen-Tanugi, the Johns Hopkins Univ. Press, 2003).

Polling A Year after the Iraq War

The Pew Research Center released a “global attitudes poll” (March 16, 2004) which measured the European Union’s rift with the U.S. war in Iraq and it revealed an “intensified discontent” with America and its policies. It also showed a growing percentage of Europeans want foreign policy and security arrangement independent from the U.S. ... and there was a considerable support for the European Union to become as powerful as the U.S. (emphasis added). “Some of the key findings are as follows:

“In your opinion would it be a good thing or a bad thing if the European Union becomes as powerful as the U.S.?”

	<u>Good</u>	<u>Bad</u>	<u>Difference</u>
France	90	9	+81
Germany	70	22	+48
Russia	67	12	+55
Great Britain	50	39	+11

“As a consequence of the war, do you have more confidence or less confidence that the U.S. wants to promote democracy all around the world?”

	<u>More</u>	<u>Less</u>	<u>Difference</u>
U.S.A.	69	21	+48
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France	16	78	-62
Germany	24	70	-46
Russia	14	53	-39

“Who do you think could do the best job at helping the Iraqi people form a stable government?”

	<u>The U.S./ Allies</u>	<u>The United Nations</u>
U.S.A.	42	46
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France	8	82
Germany	8	84
Russia	9	47

“...did (survey country) make the right decision or wrong decision to not use military force against Iraq?”

	<u>Right</u>	<u>Wrong</u>
France	88	11
Germany	86	11
Russia	83	10

“Do you think the U.S. War on Terrorism is a sincere effort to reduce international terrorism or don’t you believe that?”

	<u>Sincere</u>	<u>Not Sincere</u>
France	35	61
Germany	29	65
Russia	35	48

“Do you think the partnership between the U.S. and Western Europe should remain as close as it has been or do you think that Western Europe should take a more independent approach to security and diplomatic affairs than it has in the past?”

	<u>Remain Close to U.S.</u>	<u>More Independent</u>	<u>Difference</u>
France	21	75	3:1
Germany	36	63	2:1
Russia	24	56	2:1

The Cultural Divide: A Matter of Perception

There exists today a significant cultural gap between the European Union and the U.S. The rift over the Iraq War only widened it. Different modern histories, cultural change, and different approaches to terrorism are some of the underlying causal factors for it. One expert expressed it best: “The Europeans are simply not as shocked by terrorism as Americans are... 9/11 meant not just new policies but a new way of thinking about the world for them.” (Michael Clark, director of the International Policy Institute, London). A French expert gave his take on this recent rift: “The war has become massively unpopular in Europe. People see it here as aggravating terrorism, not fighting it” (Francois Heisbourg, director of The Foundation for Strategic Research, Paris). Bottom line is that Europe sees terrorism as just another threat to be managed but the U.S. views it as a total war; thus, Europeans and Americans have a fundamental perceptual divide that reinforces old grievances and exposes a new rivalry that began when the U.S.S.R. collapsed, long before 9/11.

The Economist magazine, in their annual special issue on America (11/8/2003), pointed out how different the U.S. and Western Europe had become. Citing various research studies, the editors pointed out some of the most significant cultural and political gaps between the two continents had to do with the role of government, patriotism (some would say “nationalism”), and religion.

“Which is more important for government today: to guarantee no one is ever in need or to provide freedom for individuals to pursue their goals (N.O.R.C., Chicago):

	<u>For Guarantees</u>	<u>For Freedoms</u>
U.S.	25	60

France	55	35
Germany	60	40
Great Britain	60	25
Italy	65	20

“Are you proud to be an (survey country)? (Pew Research)

	<u>Very Proud</u>	<u>Difference from U.S.</u>
U.S./”American”	80	

U.K./”Briton”	50	-30
Fr./”French”	38	-42
Ger./”German”	20	-60

“How important would you say religion is in your own life.” (N.O.R.C.)

	<u>Very Important</u>
U.S.	61

France	10
Germany	20
Italy	25
Great Britain	30

To borrow from the field of geology, there has occurred, mostly over the last half-century, a “continental drift” between the two tectonic plates, as to each’s core values and views of human nature. Part of the explanation lies in the American concept of “exceptionalism”

which irritates the old grievances between the U.S. (the “upstart” in the 18th Century) and the British Empire and even today between Old Europe and the New World.*

American Exceptionalism Not Accepted in Europe

When one views the U.S. claim of being “the last, best hope on Earth” (Abraham Lincoln) it puts the rift with Europe today in sharper focus. DeTocqueville (1836) was the first to record that “America is intrinsically different from other countries in the world in its values and its institutions. Thomas Jefferson expressed it that the U.S. was “peculiar in our principles” when compared to Europe. H.G. Wells once said, “America’s unique origins had produced a distinctive value system and unusual politics.” The Economist (Nov:03) cited the following telltale differences:

- 1.) U.S. is among the most religious countries in the world.
- 2.) Has the highest propensity for its citizens to join voluntary organizations.
- 3.) Has one of the most highly decentralized political systems with more elective offices than any other nation.
- 4.) Never had any of the pre-conditions for either feudalism or aristocracy.
- 5.) Has the highest military spending budget of any nation on earth; yet, worries more about their national interests and security than most others.
- 6.) Worker productivity today equates to 300 more hours a year compared to the average European Union worker.
- 7.) Has the highest proportion of young people in universities and colleges.

* See The American Cause, Russell Kirk, 1957, I.S.I. Books, New 2003 edition. (“a noble and energetic summary of what we are fighting for in this current war,” Nat. Review).

8.) Has an unusually strong feeling of patriotism not matched today in Europe; yet, not a very trusting nation as to large concentrations of power like big government and big business.

Like Ronald Reagan before him, President George W. Bush personifies today the “American Exceptionalism” theme when he says (at Whitehall last November): “The U.S. and Great Britain share a mission in the world beyond the balance of power or the simple pursuit of national interests.” Earlier, he said (June ’03): “The advance of freedom is a ‘calling’ we follow. Our country was created in the name and cause of freedom, and if the self-evident truths are true for us, they are true for all.” In his campaign speeches Bush slips in the line that “freedom is the Almighty’s gift to every man and woman in this world... and as the greatest power on the face of the Earth, we have an obligation to help the spread of freedom (N.Y. Times, 4/13). One can see the angst in some European leaders when they say that “America is both a blessing and a curse” to a once-dominant Europe. And it was Ronald Reagan who concretized the new feeling: “We have the power to begin the world over gain.”

Europe seems to misunderstand America’s “mission from God” by recasting it as “militarism” and an arrogance separated from their own self-appointed experience and wisdom. Alan Brinkley (Washington Post 3/29/04) made Europe’s case recently by stating in a book review about the history of Bush’s “war cabinet”: “America’s current aggressively unilateralist, highly militaristic and powerful interventionist foreign policy is not simply a response to the terrorist attacks of September 11, 2001... it provided this policy with an unexpected opportunity to legitimize itself. It was a product of a generation of experiences that forged a tightly-knit cohort of policymakers.” One could easily say that this “Bush Team” disdains eurocentrism more than any previous modern presidency, even to the point of derisive comments about “Old Europe.”

The new American position (via “The Bush Doctrine”) is more interventionist, justified by self-defense and human rights. In the recent work by Daalder and Lindsay ([America Unbound](#), Brookings, 2003), the authors lay out the thematic differences between “Old Europe” and the U.S. and here are some of them:

- (1) The U.S. today champions a new pro-active doctrine of (a) preemption and (b) regime change while de-emphasizing “deterrence,” “constructive negotiation,” or “containment,” all Europeanist concepts leftover from the Cold War.
- (2) The Bush Administration (since 9-11) is committed to challenging the existing order, is no longer risk-adversive, and maintains that this is a permanent change.
- (3) The Bush Administration believes that the lethal combination of “terrorism, tyrants, and technologies” has caused the U.S. to redefine the key principles of world diplomacy and will not honor the “balance of power” strategies of the past. (see “Think Again,” Jason Burke, [Foreign Policy](#), May/June ’04: “Al Qaeda is more lethal as an ideology than as an organization. ‘Al Qaedaism’ will continue to attract supporters in the years to come – whether Osama Bin Laden is around to lead them or not -- Al Qaeda functioned like a venture capital firm – providing funding, contacts, and expert advice to many different militant groups and individuals from all over the Islamic world ... this internationalist ideology – sustained by anti-Western, anti-Zionist, and anti-Semitic rhetoric has adherents among many groups ... and their goal is the establishment of the ‘caliphate’ or single Islamic state in the lands that would encompass today all of the Mideast, North Africa, Spain, Central Asia, parts of the Balkans, and some territories in the Far East ... into almost a mystical transformation of a just and perfect society.” Perhaps the new Spanish leaders should take note of this article in [Foreign Policy](#).

- (4) The Europeans see a “world of law” whereby the international order can constrain the U.S. autonomy and power; however, the Bush Administration sees a different world where deterrence and negotiation will not work against fanaticism and the world to us is either “black or white” in regards to terrorism.
- (5) The Bush Doctrine stipulates that it indeed will pursue power to achieve security and will make ample use of its unprecedented military superiority and technology to do so.

The Loyal Opposition

Presidential candidate, John Kerry, has also placed himself in the middle of this international debate (some would say he has placed himself on the “French Left”) that has fueled even more pronounced Euro-criticism of the U.S. Kerry has complained on the campaign trail that “other countries have lost respect for U.S. ... never in the last 20 years that I have been in the Senate has the reputation of the U.S. been as tattered as it is around the world because of this administration.” (The Hill, 3/24/04). American exceptionalism is not an American concept personally carried by Kerry in his views of the world and he indeed maintains that the United Nations rather than the U.S. needs to be in control of security of the international order. It might be of interest that although George W. Bush and John Kerry were both from privileged backgrounds, Kerry attended boarding schools in Europe as a child, his father was in the foreign service, and his immediate ancestors were Jewish immigrants from Eastern Europe who changed their family name to “Kerry” and religion to Catholicism after arriving in the U.S. (see the new biography by the Boston Globe newstaff released this May). One might conclude that Kerry is more sympathetic to “Continental Europe” than is the general U.S. population.

The recent Pew global attitudes survey (mentioned previously) has drawn attention to Europe’s rejection of “exceptionalism,” a concept held by most Americans. More than 7 in 10

French and German respondents say they have less confidence that the U.S. wants to promote democracy all around the world. Only 1 in 5 Americans believes this (i.e., 80% of Americans support the notion of American's exceptional status in world history; see "Kerry's French Lessons," The Hill, 3/24/04). Kerry's embracing of Europe's criticisms, while attempting to turn it on the Bush Administration per se and not America as a whole, has nevertheless been controversial with "Middle America" where the election in 2004 will be won or lost. Ever since Kerry refused to name the European leaders he had allegedly talked to when he shared their criticisms, his campaign has lost momentum despite his primary election successes.

What is becoming increasingly clear to the American public is, in Ken Timmerman's words (The French Betrayal of America, 2004), that France "in many ways has declared itself an enemy" and is "growing away from America." The enormous difference between the two positions of (a) legitimate dissent and (b) active subversion of America's right to defend itself "was not lost on George W. Bush and his top advisors." Timmerman's book also lays out some of the causes for the split, one which was "France's particularly strong history of relations with Iraq and the massive corruption involved in arms and oil deals between the two countries over three decades." The author attempted to find other answers than merely France's claim to a larger role in determining world affairs and could not find them.* Otherwise, "why did President Chivac cast aside the 225 yr. old alliance with America in favor of a tinpot dictator from a mud and wattle village whose ability to survive was (always) in doubt?"

* See Clif Fox, "A Constitution for Europe?" : "... for DeGaulle, an important function of the European Community was to assure French hegemony in Europe, and to elevate France as Europe's 'natural leader' to the position of equal partnership with the United States."

The Trans-Atlantic Problem Today

Including Kerry's espousal of European criticisms, one might pose the question about our European allies: "Who needs friends like this?" Diplomatic tensions between Europe and the U.S. have revealed in dramatic terms what is now commonly referred to as the "Atlantic divide."

To summarize the thesis of the An Alliance at Risk, there has been considerable damage to the Atlantic partnership; to wit, France and Germany went far beyond their own disagreement with U.S. policy toward Iraq by leading an international opposition against it. Additionally, Americans resent France in particular for their lack of solidarity and the French resent the U.S. for open efforts to divide Europe between old and new. Many in the U.S. have begun to think of the Atlantic alliance as a "thing of the past." The neoconservatives in the Bush cabinet think that Europe has once again proven its irrelevance and its potential nuisance capacity; i.e., the European Union should be treated with benign neglect. Likewise, Europeanist governments encourage the pursuit of a diplomatic and military capability that is independent of the U.S. and plan to engage the U.S. as a "counterweight" to U.S. supremacy and unilateralism. Where does all this leave us? As An Alliance puts it: "In the new geopolitical landscape resulting from the end of the Cold War and the attack on the Twin Towers, the Atlantic partnership can no longer be taken for granted, and its preservation will require deliberate efforts and fresh thinking on both sides to cope with differences."

Some of the underlying dynamics that will have to be kept in mind for the future found in An Alliance at Risk are the following:

- (1) After the 9/11 tragedy and compassion faded, Europe quickly reestablished its distance from an America entirely absorbed in the war against terrorism.
- (2) Whether Europeans like it or not, the stability of the international system has only one guarantor in a world plagued by profound disorder and it is the United States and its overwhelming military power.

- (3) The U.S. will (perhaps reluctantly) be required to be more attentive to the international community and restoration of a more constructive dialogue between the two poles of Western civilization.

Some of the underlying causes of this Atlantic rift which represents such a deep trend can be summarized from An Alliance at Risk and other sources as follows:

- (1) There has been a simple recurrence of an age-old left wing anti-imperialism (particularly in France) “refurbished with the fantasies and resentments provoked by the new American-driven globalization seen as a steamroller and by the assertion of and speed of American military power in the world.” (see America As Empire: Global Leader or Rogue Power?, Jim Garrison, 2004).
- (2) The European Union has exclusive jurisdiction to defend the economic and trade interests of its member states and makes “good use of it against the United States” and this has created competition between these two principle “continental economic powers.” The new European identity now asserts itself as a structural opponent to the U.S. (see the intense Ryder Cup Golf competition between European golfers and American golfers every two years, which has become a world media event).
- (3) France has always seen themselves as America’s only historical rival in its claim to “universality” of its political model (i.e., the French Revolution in Europe against the American Revolution in North America), and thus struggles with the speed of the Americanization of the world. Remember it was deGaulle who challenged U.S. domination of NATO early on.
- (4) Classic anti-Americanism actually preceded the founding of the United States and originated in the prejudices of the European (notably French)

elites of the 18th Century toward the New World. America emerged as a democratic capitalist power juxtaposed to classic collectivist/Socialist countermodels which were nationalistic, anti-capitalist and anticolonialist. This is called historical anti-Americanism and it differs from the more recent criticism of “free-market globalization” and the new foreign policy anti-Americanism.

- (5) The new hostility to U.S. foreign policy by many European leaders stems from the U.S. strategic supremacy (military positioning in over 100 places in the world), its cultural influence worldwide, and its attachment to the security of Israel. One might say it is the price of power. Fed by old and new European stereotypes, America now appears “too powerful, too arrogant, too prosperous, too egotistical, too influential, and too unilateral” to those Europeans jealous of the American supremacy which was heightened since the end of the Cold War. The “new politics” of the European Union tends to project an essentially pejorative image of the U.S. today.
- (6) The U.S. has balked at the European-driven efforts to create a nexus between foreign policy and ideology. The U.S. culture simply rejects an international order based on multilateral institutions (loss of sovereignty) and the rule of world law and treaties like the Kyoto Protocol and the International Criminal Court (i.e., the “one world” government concept has never resonated in the U.S.). European unification has created an unintended consequence for the U.S. – the European Union orchestrating the defusion of American power through “world organizations” largely controlled by their diplomats and not ours. Both Kissinger and Brzezinski

have posed the question whether future progress toward European unification will end up eroding strategic transatlantic bonds because of the unbounded economic and political rivalry headed our way.

- (7) There is now a strong demographic contrast between the two sides of the Atlantic which is very likely to increase the gap: the U.S. is younger, more ethnically diverse, interested more in individual opportunity and less in welfare state guarantees, growing not declining in total population (see “Europe’s Gray Future,” Wash. Post, 5/10/03: “... who will want to invest in an aging and shrinking population? ... demographics, and the aging of Europe deserve to be on any transatlantic agenda today.”), and not at all concerned if the U.S. says (according to the Alliance at Risk) “farewell to Europe – Europe out of its depth.”
- (8) Another cause for the rift is the intellectual consequences from the Enlightenment* in which Western civilization actually had two branches: the British Enlightenment which promoted classical liberalism and the French Enlightenment which promoted a more secular collectivist doctrine of progress. The Enlightenment leaders believed in reason and science as the privileged means of making sense of the world and subordinated religion and spiritual aspects. What has lasted through the last three centuries in Western intellectual society is both the Anglo-American tradition and the Continental (French) tradition which differ markedly. The British Enlightenment emphasized the liberty of the individual institutionalized in a liberal democracy and free markets. On the other

* The Enlightenment ...”a European intellectual movement of the 1600-1700’s in which ideas concerning God, reason, nature, and man were synthesized into a “world view” ... a celebration of reason, the power by which man improves his own condition, and the belief that human history is a record of general progress.” (Britannica).

hand, the French Enlightenment emphasized the rationalism of elites institutionalized in bureaucratic authority and the credentialed society. According to James Kurth (“Western Civilization, Our Tradition,” The Intercollegiate Review, Fall '03), “the principal enemy of Western civilization is within the West itself. The West’s great enemy today is the contemporary (post modern) version of the Enlightenment, especially the French (Continental) Enlightenment which thinks they will create a global and universal civilization both abroad and at home in the name of progress.” One can see why the United Nations is preferred over a unilateral U.S. if your intellectual traditions trace from the French Enlightenment. (Kurth also criticizes Bush’s neoconservatives as too secular in their attacks emanating from post-modernists and for advancing a kind of America Empire on the world.)

- (9) Speaking of the British Enlightenment, Great Britain has not been prominently mentioned in this discussion about the “Atlantic divide.” They have backed the U.S. position in Iraq even under great duress; their cultural numbers in the polls do not reflect an exact parallel to their continental brothers, and they relish keeping the Anglo-American alliance solid and steady. One historian mused that the British understand the global shift to the U.S. better than the continent does and would be willing to serve the Americans as the Greeks did to the Romans two millennia ago. Great Britain’s “power index” relative to the U.S. has greatly increased in the last two years to say the least.

- (10) The hegemonic stability theory (by Robert Gilpin of Brookings) suggests that the international system is most stable as in a Pax Americana when there is one dominant power, not necessarily a bipolar world. If that is true, it is in the U.S. national interest now to prevent any great power rival from emerging. How that theory plays out with the European Union as the counterweight to U.S. diplomacy remains to be seen.

America believes that it will, for the foreseeable future, shape the rules of world order, not Europe. Europe fears American dominance and insists on strategic restraint that helps explain why one poll in France showed that over 40% of the French wanted the U.S. to lose the war in Iraq. “Europe is not in polite disagreement with the U.S. any longer and the Atlantic security bond is at a crossroads. It portends a broader clash among geopolitical world views in the 21st Century.” (An Alliance at Risk).

This “divide” between Old Europe and the U.S. was noted recently even here in Texas (The Texas Pilgrim, May '04) and the thoughts by the editor and publisher, Jim Windham, can serve as a good conclusion to this paper:

“The recent addition of ten nations to membership in the European Union is a good time to revisit the rift that exists between the U.S. and certain European Union members, namely of Old Europe. A number of political players (i.e., Kerry) and commentators, chiefly those who disapprove of the foreign policy of the Bush Administration, would have us believe that the problems are almost entirely driven by our persistence in pursuing pre-emptive war in Iraq. It is much deeper than that and this is not a passing fancy ... but represents a major divergence of historical proportions with enormous implications... it occurs to me that we come much closer to

an affinity with the new former Warsaw Pact European Union members... than with our old European friends.” In a final thought, Windham then references Tom Friedman who has suggested that we may very well be witnessing the beginning of the end of “The West” as we have known it. Another, more common, expression might be “with friends like this, who needs enemies.”

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Appendix I

A Reminder to France

66,033 Americans are buried or missing in France. Many thousands more died fighting for France but are buried and honored here in the U.S.

Cemetery	Americans Buried
Meuse-Argonne	15,200
Normandy	10,944
St. Mihiel	4,437
Aisne-Marne	3,349
Suresnes	998
Somme	2,177
Epinal	5,679
Brittany	4,908
Rhone Dragungnan	1,155
Oise-Aisne	6,253
Lorraine	10,933

Appendix II

The Contradistinction

The End of Europe? by Niall Ferguson Posted: Thursday, March 4, 2004 SPEECHESAEI
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Well, thank you very much indeed, Chris, and thank you also to Lynde and Harry Bradley, whose generosity makes this series of lectures possible. And thank you also for turning off your cell phones.

I want to speak this evening about what may seem a rather dramatic subject--the end of Europe, by which I don't mean its disappearance from the map, but a fundamental transformation in the political and economic institutions of the European Union.

In order to illustrate my argument, I want to take you back very far in time. In fact, I want to take you back to the year 732. In Gibbon's *Decline and Fall of the Roman Empire*, in Chapter 52, Part 2, he describes what might have happened if the Muslim that had invaded across the Straits of Gibraltar and invaded Spain and then France in the year 711 had won what became known in the West as the Battle of Poitiers. So let me quote Gibbon, that much greater Oxford historian.

"A victorious line of march had been prolonged above a thousand miles from the Rock of Gibraltar to the banks of the Loire; the repetition of an equal space would have carried the Saracens to the confines of Poland and the Highlands of Scotland; the Rhine is not more impassable than the Nile or Euphrates, and the Arabian fleet might have sailed without a naval combat into the mouth of the Thames. Perhaps"--and here is the quintessential Gibbon--"perhaps the interpretation of the Koran would now be taught in the schools of Oxford, and her pulpits might demonstrate to a circumcised people the sanctity and truth of the revelation of Mahomet."

Some of you who know my work on empire may have anticipated that this evening I would talk about empire. Indeed, American empire is the subject of my forthcoming book. But I thought we'd done American empire last year in this very room. And so what I want to talk about instead is a different notion. It's a little neologism of my own. It's "impire," with an "i". It's about what happens when a political entity, instead of expanding outwards towards its periphery, exporting power, implodes--when the energies come from outside into that entity.

And I want to try and suggest to you that the face of Europe today and in the coming decades was unwittingly, or perhaps presciently, foreseen by Gibbon in that characteristically ironical passage. I want to try to suggest to you that the end of Europe is not merely an economic phenomenon but will in fact prove to be a cultural phenomenon. Europe will turn out to be not an empire in the sense that I think the United States is today--that is to say, an expansive geopolitical entity--not a rival or a

competitor or a counterweight to the United States, but almost its antithesis, something that is drawing political energies into it, that is perhaps even being colonized by exogenous forces.

So that's my argument.

I think it's fair to say that Americans, if I dare to generalize, regard the European Union as a relatively serious institution. I think they see it as economically comparable, at least in scale, with the United States, with, after all, a combined gross domestic product that, by some measures at least, is very nearly equal to that of the United States. Indeed, given exchange rate movements at the moment, I suspect that when they work out the combined GDP of the EU for 2004 and compare it with that of the United States, it may come out slightly higher, even in current dollar terms. Americans see a strong European currency, belying the predictions of "Cassandras" that the euro would fail. They see, if they look closely, evidence that, at least by some measures, West European productivity is not far behind that of the United States. They see, perhaps above all, an equal in trade negotiations.

Nor is it only as an economic counterweight that Americans take Europe seriously. In simple demographic terms, the European Union is a larger entity than the United States and will be larger still with the accession of May the 1st of this year of 10 new countries. With its population of 450 million people, the Europe of 25 will be one and a half times larger than the United States.

Americans also detect in Europe a cultural challenge, perhaps even a cultural rival. It's not just that, like my sparring partner from last year, Robert Kagan, they detect in Europeans a kind of Venusian aversion to the exercise of military power as compared with the Martian--or martial--American preference for the use of force. They also see profoundly different attitudes towards, for example, the welfare state. And they detect--and I think with some reason--a certain hostility to the United States that has perhaps become more overt in the last few years than it was before.

Americans also see a political process, a constitutional process going on in Europe, which, at least for a time last year, seemed to suggest the emergence of a genuine federal United States of Europe. And although that constitution has been put on the back burner, the draft treaty for a European constitution--to give it its proper name--is not, ladies and gentlemen, by any means a dead letter. Those who look closely at the way the European Union works will recognize that, at least in legal terms, it already is a federal system in the American sense; that the European Court is in every sense the equal of the Supreme Court in the United States. It is the highest legal instance in Europe.

And then, if one looks at the small print of the draft constitution, one sees ways in which the federal or quasi-federal institutions of the EU are gaining in power. Were that draft treaty to be implemented, then the rules of qualified majority voting, which allow countries to have rules imposed upon them by a majority, would be extended to cover many more areas of European policy.

Viewed from Washington, Europe seems strong in diplomatic terms, too. Who could mistake the reality that at least some European powers are currently able to exercise at least a kind of disruptive influence on American power? The world is not really unipolar so long as the European Union enjoys the unique distinction of having two permanent members of the United Nations Security Council.

There are other respects in which I think Americans should take Europe seriously in the international sphere, and they're often underestimated. In recent years Europeans have contributed a great deal more in official aid to developing countries. They've contributed substantially more to peacekeeping missions organized by the United Nations. My future colleague Joseph Nye at Harvard talks about soft power, and detects a certain decline in the soft power of the United States. He might equally well, it seems to me, argue that the soft power of the European Union has been growing steadily and that as the world--if the Pew Global Attitude Survey is anything to go by--becomes more hostile to the United States, so, subtly and implicitly, it becomes more friendly to the European Union.

So whether you read Robert Kagan or the very different work that's been produced by scholars like Sam Huntington, John Mearsheimer, Charles Kupchan, it's clear that American thinkers take the European Union very seriously indeed. But what I want to do this evening is to suggest to you that they should not take it so seriously; that in fact the European Union--in all of these respects that I have just listed--is much less impressive on close inspection than it appears through a transatlantic telescope.

When we look closely at the way in which the European Union is evolving and try to set its evolution in some kind of historical perspective, I believe it becomes apparent that, far from approaching a kind of parity with the United States, whether in economic and cultural and political or in international terms, in reality the European Union is an entity on the brink of decline and perhaps ultimately even of dissolution.

Now, for the avoidance of doubt, I'm not saying that the European Union will disappear as an institution in our lifetimes. Institutions, in Europe particularly, tend not to disappear. They just decline in their power. Like, for example, today's Organization of Economic Cooperation and Development--once the prototype of a far larger post-Marshall Aid European union, today a harmless agency for gathering data and producing economic reports. And ladies and gentlemen, Europe is littered with such agencies, which once embodied grandiose plans--think, for example, of the Bank for International Settlements or the International Labor Organization. There's scarcely a European capital without the relic of some past plan for great greater European integration.

My suggestion is not that the European Union will vanish, but simply that its institutions are in danger of atrophying and that it, too, may one day be no more than a humble data-gathering agency with expensive but impotent offices in the city of Brussels and elsewhere.

Let me try to illustrate to you why I think this is. There are really three parts to my argument, one of which is quite obvious and I will deal with as swiftly as possible. And that is, essentially, to point out why so many of these signs of rapid integration and of approaching parity with the United States are false signs.

The second and more interesting part of the argument has to do with a fundamental historical insight into the way that the European Union or, to be precise, the process of European integration, has always functioned from its very inception until the present. I want to draw on the work of recent scholars, not all of which will be known to you, to suggest that there is a key to understanding the process of European integration, and that key can be summed up in a single phrase: German gravy.

Finally, having bored you near to unconsciousness with economics, I will soar away from such dry matter and offer a third cultural argument to the effect that Europe may not only experience a kind of institutional decline, but that its very culture is in itself authentically, and in the true sense of the word, decadent. So my conclusion will be as much cultural as economic.

First, the economics. In every year of the last decade but one--that was 2001--the economy of the United States has grown in real terms faster than that of the European Union. In every year but two out of the last nine years, productivity has grown faster in the United States than in Europe. If you look at the average of unemployment--and these are the standardized measures of unemployment that the OECD uses--you can see that on average over the last decade unemployment in the European Union has been double what it has been in the United States.

Why is this? I think there are two ways of explaining European economic under-performance in the past decade. One of them is that the labor market and indeed markets generally are less flexible than those of the United States. The other is simply that the monetary policy of the European Central Bank has been somewhat inept, or at least somewhat unbalanced, in the way that it has treated the different members of the euro zone.

The key point about economic under-performance in Europe is that it is principally, or at least predominantly, a German story. It is richly ironic that only 20 years ago scholars were warning that Germany--along, of course, with Japan--was going to surpass the United States among the world's biggest economies. In truth, those of us who were living in Germany in the 1980s could see an impending economic crisis in that country, a crisis that German reunification temporarily postponed in an orgy of deficit finance and subsidized consumption.

Now we see the reality. There is a profound problem in the German economy that would be there whether the Bundesbank was still in charge of monetary policy in that country or not. The problem is worsened by the fact that, under the ECB, interest rates in Germany are probably around 100 basis points higher than they should be. And given that the German economy is roughly a third of the economy of the euro zone, an unhealthy Germany is an unhealthy European economy.

I want to add a little footnote to this story. If you look closely at man-hour statistics--comparing the productivity of, say, a Frenchman in a single hour with that of his American counterpart--there is in fact nothing to choose between them. As a worker, a Frenchman is just as efficient as an American. It's less true in the case of a German worker, but the difference is not huge. One of the biggest differences in economic terms between Western Europe and the United States has been an astonishing divergence in working hours. In the past decade or so, Americans have steadily worked more hours per year. In fact, according to figures from the OECD, the average American in employment works nearly 2,000 hours a year--and hours a year are a good measure of just how much work people are doing. The average German, ladies and gentlemen, works fully 22 percent less of the year.

Between 1979 and the present, the length of the working year grew in the United States. Or, if you want to put it in more conventional terms, the vacation shrank. Precisely the opposite happened in Europe. In Europe, working hours diminished, vacations grew. Labor participation also diminished. Fewer and fewer of the population actually entered the labor market altogether. And that in many ways explains that differential in GDP growth rates as well as anything I could suggest to you. It's a little hint of what I'm going to say in a minute, that this, I think, is more than just an economic phenomenon. In some ways it is a symptom of that cultural malaise in Europe that I want to see as a critical part of the end of Europe.

To put it very crudely, it is the work ethic itself that has declined and fallen. And it is, I think, noteworthy that the decline in working hours is most pronounced in what were once distinctly Protestant countries of northwestern Europe. Once.

I would, if time permitted, talk some more about the economic and political implications of European enlargement. I would, if time permitted, like to suggest to you that the acquisition of 10 new states, most of them in Central and Central Eastern Europe, does not necessarily portend great advantages either for those new member states or for the older member states of Western Europe. Let me merely point out that one respect in which Central European economies have coped with their relatively lower productivity compared with Western Europe since the ending of communist rule in those countries nearly 15 years ago has been by working longer hours. In fact, the Czechs are among the very few people in the world today who work more hours per year than the Americans.

My question, and it is a rhetorical one, though it may invite further comment--not least from my good friend Radek Sikorski, a greater expert in these matters than I can ever claim to be--but my question is, really, whether East Europeans who have discovered the benefits of economic liberty since the fall of the Berlin Wall may not find that liberty circumscribed by the mass of regulations and rules that emanates daily from Brussels.

I could also talk about the extent to which, despite the appearance of a greater European cultural identity, in reality, a certain fragmentation of European culture is still very evident in the many euro-barometer polls that have been conducted over the past years.

It's clear that a sense of Europeanness, far from growing at the expense of national identity, has, if anything, suffered something of a decline in recent years.

I could, if time permitted, dwell on why it is that the draft constitution for a European treaty has been grounded, or beached, perhaps even sunk by recent political events in Europe. Some of you will be familiar with these stories; others will be indifferent to them. I would rather proceed at speed to the second part of my argument.

In other words, the conventional points that suggest an approaching European parity with the United States, be they economic, cultural, or political, are points which are at best arguable and, in my view, largely false.

But now let me broaden my argument. Let me introduce a certain historical perspective. I'm not, as anybody who has read the book *Virtual History* will know, an economic determinist or any kind of determinist. I do not, in fact, regard economics as in some sense the driving force of human history. But there are exceptions to that rule. There are certain processes that are primarily economic in their character. And I think it's true to say that European integration is one of those processes.

There's been some very good work on the history of European integration done recently. It hasn't been, I think, widely enough understood or received. Perhaps the most interesting work has been produced by the venerable British economic historian Alan Milward, but it's also been complemented by the young Harvard historian Andrew Moravcsik. Between them, working independently, they've arrived at a new interpretation--and I think it deserves to be called a new interpretation--of why European integration happened at all after the Second World War.

Instead of the conventional view that a few saintly figures, like Jean Monnet, realized a vision of European integration to prevent the recurrence of war in Europe and generally make everybody happier and better off, they argue that, beginning with the negotiations that produced the European Coal and Steel Community, the nation states of Western Europe made very limited concessions of sovereignty in the pursuit of the national economic interest--or, to be quite specific, in pursuit of the interests of well represented economic groups within their societies, principally heavy industry and small agriculture.

If one understands the process of European integration in these terms--essentially an economically driven set of deals between still largely sovereign nation states--one thing becomes abundantly clear. And that is, ladies and gentlemen, that from the very outset this process relied on what I rather crudely called a moment ago "German gravy." It was the Germans who, from the very word go, were prepared to subsidize the other parties in the process of European integration.

To give you just one example: The fundamental bottom line of the coal and steel community was that German taxpayers would prop up the inefficient coal mines of Belgium at the cost of hundreds of thousands of marks. In the same way, it was German taxpayers who paid the development aid to the French colonial empire, aid that was an integral part of the Treaty of Rome.

It's often forgotten that where the British saw a choice between empire and Europe, and dithered and hesitated about that choice, the French did what I always do whenever I see a choice. They said, "We'll have both, please." Not only did the French seek to retain their African empire and what was left of their Asian empire within the structures of the emerging European community, but, with a brilliant stroke of diplomacy, they insisted that the other five members that signed the Treaty of Rome should subsidize their colonies. And so it was that, in an extraordinary deal, Konrad Adenauer agreed to payments to French colonies that came very largely from German taxpayers. Likewise, the Common Agricultural Policy, which became the single largest item in the budget of the European community, was from its very inception underwritten by net contributions from German taxpayers. That was how it worked.

If you add up all the--to use the technical term--unrequited transfers that Germany has paid through the European budget since its inception, one of the most striking facts that I can offer you is that the total exceeds the amount that Germany was asked to pay in reparations after the First World War. It is more than 132 billion marks, the sum that the Germans in the 1920s insisted would bankrupt them if they paid it. Well, they finally did pay it. They paid it not as reparations, but as net contributions to the European budget.

And that, I think, explains one of the more striking findings of recent European survey data. Euro-barometer surveys show that there's a real discrepancy between what people think about the European Union relative, as it were, to the general good and what they think about the European Union relative to their own national good. And it's an almost perfect correlation. Countries that are net gainers, net recipients from the European budget, think that the European Union is quite good, but they think it's even better for their own country. Countries that are net donors to the European budget--and that principally means Germany, but also in some measure Britain--think that the European Union is okay for their country but is very good generally.

And this, it seems to me, takes us to the very heart of the political economy of European integration. Let me tell you some simple percentages about the way the European Union works, to illuminate the fundamental imbalance between representation and taxation which is at the heart of the story of European integration.

Today, Germany accounts for around a quarter, a little under a quarter, of the combined gross domestic product of the entire European Union. It accounts for just over a fifth, 22 percent, of its population. It accounts for 16 percent of the seats in the European Parliament, and around about 11 percent of votes on the Council of Ministers, though that process of voting is, of course, under a process of reform. (In fact, if the draft treaty isn't enacted after enlargement, Germany's share of votes in the Council of Ministers will fall to 8 percent.) But if you look at net contributions to the European budget in the years 1995 to 2001, Germany contributed 67 percent.

So the Germans get between 8 and 11 percent of the decisive votes in the Council of Ministers, that is, the key decision making body of the European Union, but they contribute two-thirds towards the combined budget.

Now, that's all very well, ladies and gentlemen, if Germany is the fastest growing economy in Europe. But as I've already pointed out to you, it is today the slowest growing economy in Europe. It is, in fact, the sick man of Europe. And although the German economy is very large, it is far from clear why, when it has not grown at all in the past six quarters, that economy should continue to subsidize the economies of the smaller, poorer countries of Southern and now also Central Europe.

My estimation, ladies and gentlemen, is that the train is still running, but there ain't no gravy anymore. And as that reality gradually dawns, the process of European integration, which I believe has depended from its very inception on German gravy, is bound to come to a halt. Who, after all--who is going to pay for those, and I quote, "maximum enlargement-related commitments," to the 10 new member states which have been capped at 40 billion euros? The general assumption appears still to be that the German taxpayer will pay that money. I see no reason whatsoever why that should be the case. Indeed, the very smallness of the sum that has been agreed illustrates the way the German purse-strings are tightening.

But ladies and gentlemen, I didn't come here this evening to make a purely economic argument. What I've said I think is in fact a sufficient argument to explain the end of the process of European integration as we have known it up until this point. But I have one last argument to make that is not, in the end, an economic argument at all.

The fundamental problem that Europe faces, more serious than anything I've mentioned so far, is senescence. It's a problem that we all face as individuals to varying degrees, but from society to society the problem of senescence, of growing old, varies hugely. In the year 2050, which is less remote than it may at first sound, current projections by the United Nations suggest that the median age of the European Union countries, the EU 15, will rise from 38 to 49. The median age will rise in the United States, too, though less sharply. (I wish I had time to tell you about the problems that you are going to face, because then it would stop you feeling the complacency that you may have begun to feel this evening.)

The situation in the United States is not great at all in this respect, but it is--and I believe this is the most one can say--better than the situation of the European Union. The German population is projected to decline absolutely from 82 to 67 million between now and 2050. Falling populations will be a characteristic feature of the once globally dominant societies of Western Europe. An increase in retirement ages would help only slightly, but it is not an adequate answer to the problems that already beset the social security systems of Western Europe. The implicit liabilities of the German social security system at the moment are currently around about 270 percent of German GDP. There are problems with the social security and Medicare systems in this country--very serious problems indeed. But the problems in Europe are much worse, and they will bite politically much sooner.

There is only one way out for this continent, and that is immigration. There is an obvious source of youthful workers who aspire to a better standard of living. All around Europe there are countries whose birth rate is more than twice the European average, indeed, significantly more than twice. The trouble is that nearly all these countries are predominantly Muslim. Not only that, but there is, right next door to the European Union, in fact between the European Union and Iraq, a country that now has a very plausible claim to European Union membership. And that country is Turkey.

Turkey's per capita income is in fact, by some measures, higher than that of Hungary, Latvia, and Lithuania, all of which are about to enter the European Union--certainly higher than those Balkan economies that hope to be in the next, or next but one, wave. The arguments against Turkish membership--and the Turks have been pressing for some form of membership since the 1980s--are getting weaker and weaker. And you know the only one that is left? It's one most often heard among German conservatives, but occasionally it slips out of a French mouth, too. That argument is a cultural argument. It is the argument that Europe is fundamentally a Christian entity; that the European Union is a kind of latter day secular version of Christendom.

Ladies and gentlemen, I only wish that were true. The reality is--and it is perhaps the most striking cultural phenomenon of our times--that Western and Eastern Europe are no longer in any meaningful sense Christian societies. They are quite clearly post-Christian--indeed, in many respects, post-religious--societies. In the Netherlands, Britain, Germany, Sweden, and Denmark, less than 1 in 10 of the population attends church even once a month. A clear majority do not attend church at all. There are now more Muslims in England than Anglican communicants. More Muslims attend mosque on a weekly basis than Anglicans attend church. In the recent Gallup Millennium Survey of Religious Attitudes conducted just a couple of years ago, more than half of all Scandinavians said that God did not matter to them at all. This, it seems to me, makes the claim to a fundamental Christian inheritance not only implausible but also downright bogus in Europe. The reality is that Europeans inhabit a post-Christian society that is economically, demographically, but, in my view, above all culturally a decadent society.

They cannot, though they will try, resist forever the migration that must inevitably occur from south and from east. They will try. Indeed, they try even now to resist the migration that really ought legally to be permissible from the new member states to the old member states after May the 1st. Even that has become contentious. Increasingly, European politics is dominated by a kind of dance of death as politicians and voters try desperately and vainly to prop up the moribund welfare states of the post-Second World War era, but above all to prop up what little remains of their traditional cultures.

I understand Samuel Huntington is worried that Mexican culture is taking a firm root in this country and shows no sign of being dissolved into the traditional American melting pot. I read an alarmist article by him in *Foreign Policy* this week. Well, I have good news for him. Long before the mariachis play in Harvard Yard, long before that, there will be

minarets, as Gibbon foretold, in Oxford. Indeed, ladies and gentlemen, there already is one. The Center for Islamic Studies is currently building in my old university a new center for Islamic studies. I quote: "Along the lines of a traditional Oxford college around a central cloistered quadrangle, the building will feature a prayer hall with traditional dome and minaret tower." It will open next year. I wonder what Gibbon would have said.

Thank you very much.