
Does Europe Have Something to Offer the World?

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The international relevance of a small continent burdened with high unemployment and welfare-state economies that cannot cope with aging populations—a continent probably more popular with tourists than it is with investors—is not apparent at first glance, especially when juxtaposed with the rise of Asia. Nevertheless, Europe remains a perplexing, modern continent. From a political and institutional standpoint, this modernity is exemplified by the European Union (EU).

To be sure, the European Union is probably going through its most significant crisis in 50 years. The rejection of the EU draft constitution by referendum in France and the Netherlands—two founding member countries—is a significant setback for the European project. With the draft constitution (a compromise document that was taking the EU in the right direction) on its deathbed, European governments are groping for solutions. But this period of introspection and disarray will not last forever. Once European leaders find a way to accommodate what is probably the key message sent by Dutch and French voters—that the European Union needs the

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unambiguous support of its citizens and can no longer be driven primarily by its elites—the European project will be able to move forward again. In this new context, the constructive ambiguity that has allowed European leaders to build the EU without having to define precisely its institutional nature and ultimate goal will no longer be sufficient. Interestingly, nearly two-thirds of

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European citizens support the idea of a constitution for the European Union.¹

What remains new in old Europe is the European Union. It is a unique political construct that retains an extraordinary capacity to attract new members, probably more than it ever intended. Every club finds a degree of vindication in having a long list of applicants. Yet beyond the current phase of introspection is a need to explore—in a practical sense—what the existence of the European Union means for the world, as well as what benefits it brings to an unstable international environment.

THE TRANSATLANTIC RELATIONSHIP IS RELEVANT TO THE ENTIRE WORLD

Moving Beyond the U.S.-EU Comparison

For some reason, most authors cannot evaluate the European Union—its nature, its role, and especially its strength—without comparing it to the United States. Robert Kagan's famous essay, "Power and Weakness," argues that the United States represents "power" while the European Union displays "weakness." This argument reinvigorated the cottage industry of comparative analysis, which did not necessarily need revival.² Analysts also feel compelled to opine about whether the United States or the European Union will dominate the twenty-first century—for those who have not already decided that it will be Asia, that is.³ Thus, for Charles Kupchan it is the "end of the American era," while Mark Leonard overwhelms us with all the reasons why "Europe will lead the twenty-first century." The literature on the subject is plentiful.⁴ Though power is understood to be as much a relative notion as it is absolute, the relevance of this approach is not convincing.

The obsession with comparing the United States to the European Union is detrimental to a balanced evaluation of the nature and potential of the European Union, as the analysis inevitably drifts to a debate about which system is superior. The debate is loaded with bias and, more importantly, is largely fruitless. Also, an exercise that consists of extrapolating

trends to conjure up the power equilibrium of the future relies on so many vast assumptions that its inherent value and actual relevance is small.

A more practical approach would be to ask how the United States and the European Union can continue to work together. Improving their working relationship in the context of a more dangerous and fluid international environment is more important than ascertaining who will be stronger and which system is better. It is by putting these kinds of preoccupations aside that the European Union and the United States will be able to go beyond leadership issues—particularly in the case of NATO, which has everything to gain by reshuffling its organization to better accommodate the evolution of the European Union—and maximize their joint effectiveness by making the most of their differences. A strong Europe does not have to be a counterweight to the United States. In fact, a functioning and effective Europe is in the interest of the United States.

The notion of comparative advantage that is at the heart of a market economy does not imply that one economy is or should be better than the other, but rather that wealth maximization is made possible by economic differences that, once combined, increase wealth for all involved. Such an approach can be useful to evaluate politico-strategic relationships as well, which do not have to be the zero-sum game posited by the mercantilist political economy tradition. As in the case of companies, countries and larger political entities are engaged in a process of “co-opetition,” a blend of cooperation and competition.⁵ The practice allows parties to pursue their own interests while fruitfully engaging other countries.

When it comes to the European Union, writers often quote—and rightly so—Jean Monnet, who was both a visionary and a pragmatist. But Monnet, a founding father of the EU, had another important and seldom-noted characteristic: he was an ardent believer in the transatlantic relationship as well. As he wrote in his *Memoirs*: “Europe and America cannot ignore each other’s problems and need one another to solve them. Separated, they cannot work effectively toward world peace.”⁶ Both his actions and writings show that one need not choose between a flourishing Europe and the transatlantic relationship.

Hence, for practitioners who value pragmatism, what matters is less the possible relative decline of the United States in the coming decades but rather the need for the European Union to continue to move forward. This means rationalizing its internal organization, maintaining peace on the continent, maximizing economic wealth, and energizing the transatlantic relationship, which remains essential and, if well managed, can accommodate potential power readjustments.

Is Europe a Puissance?

Moving away from a comparative analysis, one is left wondering what the European Union actually is. Power is increasingly difficult to define. Not that one of power's traditional components, military might, has become obsolete—far from it. The European Union must also be evaluated by this criterion, although this does not mean it should necessarily seek to become a military powerhouse. But the European Union is a strange

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thing—as the expression goes, an unidentified political object—that can frustrate the evaluator. Is the European Union actually a real power? Does it matter either way? In keeping with our practical approach, we submit that the European Union is a power in the sense that it counts: it is a well-organized and major player in international trade, an active participant in international rela-

tions—as an entity or through its individual members—and it pursues an idiosyncratic form of political union that does not need to be compared to anything else in order to exist.

We can borrow the conclusion reached by Hanns Maull concerning the power status of the European Union, which the author prefers to characterize as “a force.” He argues that Europe is and will remain for the foreseeable future “a collective of nation-states that are already closely integrated and may become even more so; in short, a postmodern actor, but neither a great power nor a quasi-state in the making.”⁷ But this tells us little about the relevance of the European project for the rest of the world. Is it true that, as former U.S. President Bill Clinton said, “the shining light of the European Union is a matter of the utmost importance, not just to Europeans, but to everyone on this planet?”⁸

THE EUROPEAN UNION ENGAGES THE WORLD*The European Union is a Natural International Player*

As a multilateral endeavor, the European Union is naturally comfortable with the increasingly multilateral nature of contemporary international relations. True, the process of reaching a common position with 25 members can be an arduous one. But this very process has two advantages:

it often enables the Union to develop sound policies, which will prove more solid when entering into frictions with other countries; and it gives the European Union the opportunity to hone its negotiation skills. The European Union is thus multilateral-ready, with firsthand experience of the value and difficulty of multilateralism.

The European Union and its member states are also natural participants in, and proponents of, international law. All EU members are keen supporters of the UN system, as demonstrated by their actions during the Iraq crisis, despite varying interpretations of the situation and the fault lines that it created. Indeed, the serious political divergences and vocal debates in Europe and within the European Union did not revolve around the legitimacy of the United Nations. In the context of the Iranian nuclear question, the European Union (led by Germany, France, and the United Kingdom—the EU-3) showed that it could lead a long-term diplomatic effort on behalf of a large part of the international community, including the United States.

In addition, EU member states are among the highest contributors to development aid. Most are above the official development aid global average of 0.25 percent of gross national income. Countries such as the Netherlands and Sweden are above 0.7 percent, the UN Millennium Development Goals' 2015 target for developed countries. In comparison, Japan and the United States are below the global average of development aid contributions, when measured as a portion of national income. Members of the European Union are also committed to reaching broad agreements with regard to the environment and similar global issues. Overall, the European Union has a balanced approach to globalization, recognizing its inherent merits but also keen to soften its negative effects.

Finally, Europe is increasingly involved in military and peacekeeping operations in its neighborhood and around the world. Since December 2003, the Union has had a security strategy entitled, "A secure Europe in a better world." Earlier this year, a group of five EU countries established a small gendarmerie force (*Force de gendarmerie européenne*), headquartered in Italy, that can be deployed in unstable theaters to help fill the gap between military operations and state-building or reconstruction programs.⁹ In December 2004, NATO-led operations in Bosnia were transferred to the control of the European Union. This illustrates that NATO and the European Union can be complementary and do not have to be competitors: progressively, the EU should become the second pillar of NATO and allow some of its members to play a bigger role in the realm of security, in the same spirit as that of the North Atlantic Treaty. It

remains to be seen if the European Union as an entity really wants to be, or should become, a military power as such. A pragmatic option would be to leave most military missions to a core group of its members that are able to combine their assets and have the will to do so, an option provided for by current European treaties.

Three Ways in Which the EU Engages the World

As an economic powerhouse, the EU can engage the world economically. The European Union is a very important player in international trade, as well as a large investor throughout the world. Its economic clout is particularly meaningful for neighboring countries that constitute what Mark Leonard refers to as the “Eurosphere”—a sphere that has the European Union not only as its biggest trading partner but also its main investor and largest purveyor of aid. These economic ties create *de facto* bonds between the European Union and its neighboring regions.

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Also of interest is how the European Union chooses to combine economics and politics. For instance, through its European Neighborhood Policy the European Union engages eastern neighbors such as Ukraine, southern Caucasus countries like Armenia, and most Mediterranean countries, including Algeria and Syria. In addition, European countries that are not yet candidates for EU membership are managed within the

framework of the Stabilization and Association process. By merging economics and politics, these agreements gently elbow European counterparts into liberalizing their economies and expanding the rule of law within their own political systems. The countries that enter into such agreements with the European Union are provided with incentives and expected to become more democratic. This is exactly what happened with eight Central and East European countries after the collapse of communism in the early 1990s, even before joining the EU was considered a serious option for them.

It is partly in this sense that the European Union is considered a “transformative power.” For other countries, dealing with the European Union at this level means more than just exchanging goods or being on the receiving end of investments: it means entering into a more formalized

relationship that over time has the potential to significantly transform the country's economy and, perhaps more importantly, its political system. As Leonard rightly notes, "Europe's obsession with legal frameworks means that it can completely transform the countries it comes in contact with, instead of just skimming the surface."¹⁰

Last but not least, there is the effect that the prospect of joining the European Union—however near or distant it may be—has on some countries. Maull says it all in the following heading: "Gravitational pull: the membership perspective as a prime source of European influence."¹¹ The European Union possesses significant bargaining power vis-à-vis applicants that are ready to go to great lengths to be admitted. The European Union can opt for the combination of carrots and sticks it deems the most appropriate. The new reality is that the later a country joins, the less it can expect in terms of wealth transfer from the EU—agricultural subsidies, infrastructure programs, regional funds—and the larger the extent of the *acquis communautaire* (the EU's regulations and requirements) it must adopt.

However, the membership pull of the European Union as a form of power also presents some shortcomings. One is obvious: not all the countries situated in the European Union's vicinity will have the ability to become member states. The debate about who should join the European Union is beyond the scope of this article. What is highly probable, though, is that some countries will be disappointed, as not every interested country will be invited to apply, nor will all applicants succeed. This could generate resentment and lead to negative geopolitical developments. For instance, the very mixed signals sent by many European capitals to Turkey—a perennial applicant now formally negotiating its entry into the EU with the European Commission—could end up weakening the domestic hand of pro-EU politicians in Turkey. This could cause a political backlash that is not in the European Union's interest.

Another shortcoming is that the Union's membership appeal will inevitably decrease with time: Once every potential applicant has had its chance, and assuming that this process cannot go on forever, the pool of candidates will dry up. We strongly disagree with Leonard when he suggests, "The point is not to offer membership—that is clearly unrealistic for many of Europe's new neighbours—but we should certainly not close off the possibility. We must be fuzzy about where the borders of the Union will lie, but crystal clear about what countries need to do to hope to join."¹² The constructive ambiguity that is no longer working within member countries cannot be replaced by an "admission uncertainty" when it comes to outside countries: it would be neither fair nor sustainable. In fact, as

applicant countries' citizens demand updates on the status of the integration process, this ambiguity simply would not work.

CAN THE EUROPEAN UNION BE AN EXAMPLE FOR OTHERS?

As a poorly defined, ongoing experiment currently facing a crisis, it would be odd to present the European Union as a model for other countries or regions of the world. But in several ways, the European Union can be an inspiring example.

The major success of the European Union has been to sustain peace on the continent. True, there was bloodshed during the 1990s in the Balkans. But no armed conflicts have taken place between European Union members in the past 50 years, an achievement of historical proportion considering the rooted enmities between countries such as Germany and France and the fact that the two World Wars—to mention only these—

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started on the "old continent." The transformation of Europe from a war-torn continent into a continent of peace—an achievement that is nothing short of remarkable—is partly due to the European Union, a peaceful joint venture between an increasing number of nations. Though it would be foolish to say that war has been eradicated from Europe for good, one can reasonably hope that technocratic battles in Brussels may prove an enduring substitute to

much more destructive forms of warfare. Surely, this can be construed as a valuable example for some parts of the world.

Let us consider Asia. According to Henry Kissinger, Asia presents many of the characteristics of nineteenth-century Europe, with an unstable balance of power between increasingly competitive nation-states within each of which nationalism is on the rise.¹³ While Asia may represent the future of the world from an economic standpoint, it is also an increasingly worrisome area in strategic terms. There are ideological tensions in Korea, and, perhaps more alarmingly in the long run, there are nationalistic tensions between countries that have increasingly similar and intertwined economic systems. Such tensions are found in the China-Japan relationship and also between South Korea and Japan. It seems to us that the European Union can be a positive example for Asia. It is up to that continent to find

its own blend of idealism and pragmatism, hopefully harnessed by visionary leaders who will direct their countries toward a new future rather than pander to nationalist feelings. If Kissinger is right, if Asia really is in a nineteenth century configuration, then what Asia must aim to do is bypass its twentieth century, as suggested by Timothy Garton Ash.¹⁴ In doing so, the European Union can provide helpful advice. Such advice could also be relevant, perhaps for different reasons, for Latin America and Africa.

The euro, the common currency for 12 of the 25 EU members, is a very tangible example of what states working together can achieve in an area where national sovereignty was long considered the norm. Converting to the euro is the logical final step—though obviously not a compulsory one—in the EU economic integration process. And membership in the Union, even without or prior to joining the euro, carries significant benefits both from a macroeconomic standpoint—by imposing budgetary and governance rules and providing economy-boosting wealth transfer measures—and from a political one. It is worth noting that among the former members of the Soviet empire, the economic difference between the countries that have joined the European Union and are working their way toward euro admission and those that have not is quite striking. The UN Human Development Index, which includes life expectancy and literacy rates, has increased for the three Baltic states over the past 15 years placing them in the high human development category. However, for most of the Commonwealth of Independent States the rating has either remained at the 1990 level or dropped, as in the case of Kazakhstan and Moldova. Such a discrepancy between the two groups is also true in the case of Transparency International's Corruption Perceptions Index.¹⁵

The euro is now the second-most used currency after the U.S. dollar and is probably on its way to becoming the second-ranking international reserve currency as well, meaning that non-EU members also benefit from the monetary unification process of the European Union. In January 2006, the weight of the euro was increased by five percentage points relative to the U.S. dollar and the Japanese yen in the special drawing rights of the IMF, as a result of changes in each currency's share of world trade and international reserves. According to Nobel Prize-winning American monetary economist Robert Mundell, "The advent of the euro may turn out to be the most important development in international monetary arrangements since the emergence of the dollar as the dominant currency."¹⁶

The euro is already a source of inspiration. In December 2005, the Asian Development Bank said it would launch a theoretical currency unit comprising a basket of 13 Asian currencies akin to the European Currency

Unit (ECU) to promote regional cooperation. The ECU was an artificial currency used by member states as an internal accounting unit before it evolved into the euro. Some analysts see the release of the Asian Currency Unit (ACU) as the first step in a possible long march toward an integrated Asian currency. Also, during the summer of 2005, China acknowledged that the euro was part of the currency basket through which it has set the value of its own currency. Overall, the euro represents a positive externality for non-European countries.

Paradoxically, the fact that the EU is so idiosyncratic and difficult to describe can actually reinforce its value as a potential example for others. First, the European Union is the opposite of a one-size-fits-all political construct. It is the combination of a political vision with an institutional process, plus a pinch of dream. It can inspire a group of countries, but they can and

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should invent their own form of unification, which might or might not aim toward a common currency. Future unions could be completely different. This is because the European Union is an example, rather than a model. A second valuable EU characteristic is that the European unification process has not dissolved the nation-state. The European Commission is not a supranational entity but rather a glamorized executive secretariat that monitors the implementation

of decisions made together by member countries. The commission can suggest policies that will only see the light of day if so approved by the member states. Far from being dissolved into a shapeless entity, member states may well be strengthened by union.

In today's globalized world nation-states can improve their position through membership in a larger entity. This is particularly true for smaller countries, which can speak louder on the world stage by being a member of a club such as the European Union. Assuming that most countries still highly value the concept of nation-state—a format that also emerged in Europe and around which the international system still largely revolves—the EU example is all the more compelling for the rest of the world because it enables the states joining larger entities to make the most of two worlds, that of statehood and unionhood. Robert Gilpin's assessment remains largely true for today's European Union: "Contrary to the opinion of many liberals that regionalism represents an eclipse of the state . . . these regional

arrangements are essentially inter-state alliances whose primary purpose is to strengthen the position of individual states in an interdependent and highly competitive global economy.¹⁷ The fact that the European project cannot be reduced to an alliance between states—it is a vision, a venture with a soul, an antiwar construct—does not mean that this dimension of the EU does not constitute its core and main source of strength.

Contrary to Samuel Huntington's assertion, the European Union is not "the single most important move toward an anti-hegemonic coalition."¹⁸ Not only does it predate U.S. hegemony as we understand it today, the European Union was actually launched, and crucially so, with the support of the United States. But even more importantly, the European Union deserves to be assessed as what it is: a novel political and institutional venture with various successes, failures, and flaws. It does not need to be more or less powerful than other entities to benefit its members and make its own mark on the world stage.

The EU coin has two different sides. The first is a domestic side that represents the legal and economic convergence of European nations over decades, culminating with the euro and an ever-expanding membership. The second is an international side, the one most apparent to nonmembers, exemplified by EU-led operations in troubled areas or the Union speaking with one voice on international trade issues. But both sides of the EU coin have an impact on the rest of the world through engagement and by example. The EU's relevance stems as much from what it is as from what it does. The European Union may not be the "shining light" seen by former president Bill Clinton, but it is certainly a positive development that Europe has moved from being an exporter of its own vicissitudes to a provider of possible solutions to the world. ■

ENDNOTES

- 1 *Eurobarometer*, Autumn 2005, Directorate General Press and Communications, European Commission. For an analysis of the EU's existential crisis, see Nicolas de Boisgrollier, "The European Disunion," *Survival* 47 (3) (Autumn 2005): 55–62.
- 2 Robert Kagan, "Power and Weakness," *Policy Review* 113 (June–July 2002).
- 3 Mark Leonard, *Why Europe Will Run the 21st Century* (New York: Public Affairs, 2005), 112, 143.
- 4 Charles Kupchan, *The End of the American Era: U.S. Foreign Policy and the Geopolitics of the 21st Century* (New York: Knopf, 2002); Jeremy Rifkin, *The European Dream: How Europe's Vision of the Future Is Quietly Eclipsing the American Dream* (New York: Penguin, 2004); T.R. Reid, *The United States of Europe: The New Superpower and the End of American Supremacy* (New York: Penguin, 2004); Guillermo de la Dehesa, *Europe at the Crossroads: Will the EU Ever Be Able to Compete with the United States as an Economic Power?* (New York: McGraw-Hill, 2005); Rockwell A. Schnabel, *The Next Superpower?: The Rise of Europe and Its Challenge to the United States* (Lanham, MD: Rowman & Littlefield, 2005).
- 5 Adam M. Brandenburger and Barry J. Nalebuff, *Co-Opetition* (New York: Doubleday, 1996).
- 6 Jean Monnet, *Mémoires* (Paris: Fayard, 1976), 561.

- 7 Hanns W. Maull, "Europe and the New Balance of Global Order," *International Affairs* 81 (4) (July 2005): 777.
- 8 Timothy Garton Ash, *Free World: America, Europe, and the Surprising Future of the West* (New York: Random House, 2004), 100.
- 9 The first five participating countries are Spain, France, Italy, the Netherlands, and Portugal. A *gendarmerie* force is basically a police force that has a military status (a type of force that does not exist in all EU countries).
- 10 Leonard, 6.
- 11 Maull, 782.
- 12 Leonard, 106.
- 13 Henry Kissinger, *Does America Need a Foreign Policy? Toward a Diplomacy for the 21st Century* (New York: Free Press, 2002).
- 14 Garton Ash, 145.
- 15 United Nations Development Program, *Human Development Report 2005*, 223–226. Available at <www.transparency.org/policy_research/surveys_indices/cpi/2005>.
- 16 Leonard, 79. This phenomenon is all the more interesting as many American economists believed that a European common currency was either undesirable or unsustainable, primarily because of differing development levels and macroeconomic conditions within the zone as well as an absence of the labor flows (for language and other reasons) that are instrumental in reducing economic imbalances. They have been proven wrong, so far.
- 17 Robert Gilpin, "No One Loves a Political Realist," *Security Studies* 5 (3) (Spring 1996): 19.
- 18 Samuel P. Huntington, "The Lonely Superpower," *Foreign Affairs* 78 (2) (March-April 1999).