

Europe 2030: Global Power or Hamster on a Wheel?

TWENTY YEARS CAN be a very long time in politics, but it is a very short period in terms of historical change. The European Union (EU), a political entity entirely without historical precedent, embodies that paradox of stasis and change. Indeed, one might call the EU an institutionalized contradiction: it functions, even though, in theory, it should not.

For states on the European continent, the EU embodies a new political system, the second since the international system that prevailed since the seventeenth-century's Peace of Westphalia destroyed itself in the twentieth century's two world wars. Then, during the five decades of the cold war, Europe was defined politically by the bipolar world order to which the conflict between East and West gave rise. Europe was the stage upon which the global confrontation between the United States and the Soviet Union, between freedom and dictatorship, and between capitalism and communism played out.

When, in 1989, the Iron Curtain unexpectedly fell and the Soviet Union disintegrated, Europe's bipolar system was finished as well. In its place was established the EU's model of integration, which relied on NATO's survival and thus on a continuing U.S. security guarantee for Europe. Even today, Europeans, accustomed to infighting, are in no position to ensure their own protection and are unwilling to bear the burdens

necessary to do so. The United States may not be a formal member state, but it is *de facto* a part of the EU, indispensable to Europe's system of integration and its ability to sustain itself in the post-cold war era.

And yet that system does not follow any known model of national or international law. The EU is neither a union of sovereign states nor a federation or a confederation—and much less a federal state. It is a completely new entity, *sui generis*. The nearest definition of the EU's character is that of a “composite of states,” in which the continued national sovereignty of the member states is combined with their obligations to European institutions, European law, and European policies—for example, to the common market, the agricultural market, the economic union, and the monetary union. To complicate matters further, eleven of the EU's twenty-seven member states do not belong to the monetary union, and Norway, a nonmember state, plays a role in policing the EU's external borders.

That complexity is not lost on the EU's 500 million citizens, and it poses a serious problem in a democracy: the tremendously intricate composite of European and national sovereignties and jurisdictions inspires more head scratching than it does emotional zeal, confidence, or identification. And that is at the heart of the EU's current crisis.

Contradictions are for intellectuals, not for politicians and political parties. Winning elections requires clear, consistent messages with which people can identify. Who would be willing to risk giving up his national family, his language, and the security of his country for one giant, incomprehensible question mark? Who would sacrifice himself for a cause that almost no one understands? France and the Netherlands answered those questions in 2005, in referendums that derailed the EU's draft constitution. And Ireland's referendum last year on that document's quasi-constitutional successor, the Lisbon Treaty, showed once again that when such questions are put to a popular vote, there simply is no majority for Europe.

ENVIED ABROAD, UNLOVED AT HOME

After 1989, there was a stampede toward the EU, which would recur if the union's doors were opened to neighboring nonmember states. I suspect that even Russia would jump at the chance to join. Certainly, other

countries would: the Balkan states and Turkey, Ukraine, Georgia, perhaps Moldova, and Mediterranean states like Morocco and Israel.

And yet, while almost all of the EU's neighbors wish to join, its own citizens increasingly oppose not only further expansion but also deeper political integration. The EU guarantees economic development and prosperity, social and democratic stability, and, together with NATO, security for all its members. But as soon as those benefits are secured, most of its citizens seem to rediscover their inner parochial, favoring the exclusion of others and resisting European "encroachment" on national sovereignty.

Nevertheless, if any of the EU's member states were to hold a referendum on withdrawal from the union, a majority in favor would be found almost nowhere, except perhaps among the British (more precisely, the English). Even one of the continent's most trenchant and high-profile euroskeptics, Czech president Václav Klaus, does not speak for the overwhelming majority of his country's citizens on this issue.

Europe's national governments have a strong institutional incentive to orchestrate that political schizophrenia because the demand for democratic accountability continues to be concentrated at the national level. As a result, governments enact policies in the European Council that they then denounce to their own countries' press and parliaments as the "bureaucratic mistakes" and "overreaching" of Brussels. So their citizens, too, learn to reject the EU while embracing it.

Initially, the European unification process was not at all contradictory. It was conceived as a project for Europe's elite—governments, parliaments, and the bureaucracy. In other words, national interests would balance each other through new, transnational bureaucracies, institutions, and rules. The question of democratic validation played only a subordinate role, if any. *Historical* validation arose almost of its own accord: the Second World War was still a living memory for Western Europeans, and the Soviet threat defined a dangerous present. The widespread desire for a new order, and through it an end to Europe's fratricidal wars, meant that for the six founding members—Germany, France, Italy, and the Benelux countries—the attempt to achieve European unification needed no further justification.

By contrast, the rationale for the EU today is neither consistent nor self-evident. The EU's further development is blocked, as its bureaucratic-administrative and political effectiveness have now run up against the full

weight of national tradition. Europe stagnates, even as it marches on. Consider, for example, the high level of efficiency and competence that produced the economic, social, and political success of the *Ost-erweiterung* (Eastern expansion), which took in ten new members in 2004, followed by Bulgaria and Romania in 2007. The introduction of the common currency and the subsequent expansion of the euro zone similarly attest to superior governance.

Yet, at the same time, the EU's lack of democratic validation is now, decades on, being acutely felt, particularly in its inability to craft a common external policy—witness, for example, the EU member states' failure to take a common stand on an EU strategy during the financial crisis or the recognition of Kosovo. And as European nations proceed down the path of integration into this curious composite entity, the lack of sufficient mechanisms of democratic validation will inevitably erode the EU's internal effectiveness and stability as well. Indeed, it is a deficiency that threatens to sidetrack every further development that requires an amendment of the EU treaty—that is, national ratification. As the uncertain fate of the Lisbon Treaty suggests, the dog of Europe, which has been biting its own tail over institutional reform for almost two decades, may be prepared to do so for another generation.

NO SUPER-STATE

The European nations, with their various languages, cultures, and narratives, are all about 1,000 years old. Their differentiation constitutes Europe's essence, its character, and its reality—and thus the essence, character, and reality of the EU. To believe that these historically determined realities will melt and then be homogenized by the churning force of integration is to indulge in sheer fantasy.

As a result, the tension between the EU and its member states cannot be overcome through a federation. Instead, the EU must assume those parts of traditional national sovereignty that the common market has rendered functionally obsolete for small European nation states, as well as those needed to ensure a lasting peace on the European continent while excluding any hegemony.

The EU has thus far fulfilled its obligations: it has achieved economic success through the common market, European law, monetary union, and

the removal of rigid internal borders within the Schengen area. The EU also functions almost perfectly as a framework for peace: because its structure weakens the larger, more powerful members and strengthens the smaller, less powerful states, all are compelled to balance and bargain over their interests constantly. That prevents the rise of any internal hegemonic threat—the only kind that matters to a European order that remains insulated from external threats by the implied U.S. security guarantee.

Furthermore, binding all member states and EU institutions to European law has created a new tradition and with it a new political reality. The protection of particular national interests of all member states now depends on a functioning EU. But while that means that a fundamental reconfiguration of Europe's integration process is almost inconceivable, its erosion is not. In fact, that would be precisely the consequence of the EU's failure to address its lack of democratic legitimacy and efficacy.

To sum up: on the one hand, the EU has been an enormous accomplishment. It has created an unparalleled, stable state of security for all of Europe, a common market, and a common currency. It has added a total of fifteen member states since 1989, expanded freedom of movement by removing internal borders, and at least begun to craft a common foreign and security policy with joint international EU civil and military missions. Against the backdrop of European history, such achievements reaffirm the idea of progress.

On the other hand, over the past two decades, Europeans have shown a consistent inability to adapt their common institutions to the demands of enlargement and to a world that is undergoing rapid and radical change. That reflects the failure of Europe's elites to foster the emotional support of citizens that is necessary for the common European project to succeed. Instead of generating democratic legitimacy for European integration, Europe's elites seem able to deliver only a chronic hardening of opposition to the project.

BIGGER AND BETTER

Institutional reform and democracy are intimately connected because an enlarged EU without effective institutions will become even more opaque and inefficient in the public eye, while opportunities for compromise within the European Council will be further reduced. And, from the

perspective of Europe's peace and stability as well as its power, the importance of enlargement cannot be overestimated. By offering the prospect of membership (and lesser forms of association, with privileged market access), Europe wields real influence in a difficult neighborhood that includes not only Russia, Ukraine, the southern Caucasus, and Turkey but also the Middle East and North Africa.

Enlargement policy is based on the promise of full membership, along with extensive financial subsidies for candidate states that enact structural reforms and bring their economies into line with the practices of the common market. After accession to the EU, new member states enjoy full rights, including veto power over questions of treaty ratification and in areas that require unanimity. They also obtain generous structural subsidies to modernize their industries and infrastructure, not to mention the advantages of integration into the common market. The prerequisite for obtaining all these blessings is meeting the Copenhagen Criteria—that is, accepting and implementing the EU's core values and the *acquis communautaire* (the complete body of EU law).

The prospect of EU membership therefore offers nothing less than successful rejuvenation of a country's economy, society, government, and legal system. By projecting power in this way, the EU has pioneered a policy that recognizes that security in the twenty-first century must be founded not primarily on military dominance but on complete and transformative modernization as well as on the harmonization, and even integration, of national interests. The EU can be neatly summed up as a partial relinquishment of sovereignty for the sake of guaranteed modernization and stability.

But it is precisely the promise of enlargement—Europe's most important source of power—that is increasingly endangered by the EU's inability to enact institutional reform. Indeed, it is conceivable that the Irish "no" will continue to stall the Lisbon Treaty's ratification, which would leave the EU's enlargement policy in shambles because the union simply no longer has the institutional capacity to maintain its functions and efficiency while absorbing new states.

This is why the desire of Great Britain and other euroskeptics to enlarge the EU while preventing consolidation is illusory. As has been evident since 1989, enlargement without integration is undermining the EU's capacity to act. In a persistently precarious region—and in a realigned

world order in which China, India, Brazil, Russia, and the United States are global players—this self-imposed weakness will strain the EU's inner cohesion and drastically reduce Europe's influence in the world.

THE EU IN THE FINANCIAL CRISIS

The global financial crisis has laid bare the European Union's flaws and limitations. Indeed, what Europe lost, first and foremost, with the rejection of the constitutional treaty is now obvious: its faith in itself and its common future. Amid this worst crisis since the Great Depression, each passing day seems to drive EU members further backward, toward the national egoism and protectionism of the past.

The euro and the European Central Bank (ECB) have been bulwarks in defending monetary stability during the financial crisis. Any weakening of those institutions would cause severe damage to common European interests, but the behavior of EU member governments during the past few months raises doubt about whether they recognize that fact. As the crisis continues, it becomes obvious that the common currency and the ECB alone are not sufficient to defend the common market and European integration. Without common economic and financial policies, coordinated at the very least among the members of the euro zone, the cohesion of the common currency too is in unprecedented danger. In Italy, Spain, Ireland, Portugal, and Greece, confidence is rapidly evaporating. Though the stronger economies in northern Europe are doing better, they too are struggling. Should that continue, perhaps bringing a de facto end to the Maastricht criteria and rising national protectionism in the form of industrial subsidies, the euro will be seriously jeopardized. It is easy to imagine what the euro's failure would mean for the EU as a whole: a disaster of historic proportions.

The new EU member states in eastern Europe, which have neither the economic strength nor the political stability of long-term members, are now beginning to take a nosedive. Given the exposure of some euro-zone states such as Austria, this crisis will also affect the euro area directly. To wait and see is, therefore, the wrong strategy.

There is no reason to believe that the current global economic crisis has bottomed out. If it intensifies further, Europe will rapidly face a grim alternative: either the richer and more stable economies in the north—first

and foremost Europe's largest economy, Germany—will use their greater financial resources to help the weaker euro-zone economies, or the euro will be endangered and with it the whole project of European integration. It must never be forgotten that the EU is a project designed for mutual economic progress. If that economic bond disappears, national interests will reassert themselves and rip the project apart.

SALVAGING EUROPE

So, what will the EU look like in 2030? If one looks back just twenty years from today, to 1989, there is little ground for optimism that the EU, with its existing structures, will make more than limited progress. It certainly will not become a world power. While it will not be threatened with collapse, it will be subject to steady erosion and decline, reflected in key indicators such as demographic growth, proportion of the world's population, and share of the global economy. That means that Europe will have to contend with a relative, but nevertheless dramatic, loss of power, for the EU's cohesion and appeal have, to a great extent, always been based on the promise of prosperity and growth. With that promise now threatened by macroeconomic and global political trends, the EU's internal erosion will accelerate.

Europe's relative decline will fan popular fears of globalization and diminish support for further EU enlargement. It will encourage populism, nationalism, and sharpening competition for increasingly scarce EU resources. In addition, there is the question of Germany, the largest and most economically powerful member state, which had previously tied its national interests to the EU but which, faced with the logjam of European integration, is already "renationalizing" its policy to support narrowly defined German interests, further weakening the union's cohesion.

Indeed, the Franco-German engine, which is crucial to the EU acting in unison, appears blocked, at least at the moment. Their rhetoric suggests that France and Germany have a great deal in common, but the facts tell a completely different story. In nearly all strategic aspects of EU crisis management, Germany and France are blocking each other—although ironically, both are doing virtually the same thing. They are thinking first and foremost of themselves, not of Europe, which is thus, in effect, without leadership.

The EU was and is an institutionalized compromise, and it must remain so now, in the midst of a global economic crisis. If Germany and France do not quickly resolve their differences and find a joint strategic answer to the crisis, they will damage themselves and Europe as a whole.

Even if the Lisbon Treaty were finally ratified, Europe would remain unable to act in concert for a significant time, since the EU-27 will be in no position to coordinate a common strategic plan. The respective national positions are simply too different, and most national governments lack incentives to bring Europe further along in a common project. That reflects the compromise struck by pro-Europeans and euroskeptics after 1989, which enabled enlargement but also contributed significantly to the loss of the European project's emotional and visionary qualities and reduced EU reforms to the lowest common denominator.

Now, even that compromise has finally been undone by Ireland. With the Irish "no" to the Lisbon Treaty, Europe has been thrown back on the reality of a two-speed integration process. Henceforth, if the erosion of Project Europe is to be stopped, European politics will once again be divided into an *avant-garde* and a *rearguard*.

It would be preferable if such a two-speed Europe were to function within the framework of the Lisbon Treaty—without which institutional reform is impossible—but the key point is that those states that want to continue along the path of integration, and can, should do so. The states that do not want to, or that cannot, continue along that path should remain behind rather than stall the others' progress. It would be better to proceed divided than to remain at a standstill together—and thus better to live with a system of extensive opt-outs than with persistent logjams. Only in that manner can the next two decades rekindle a new dynamism in favor of European integration. Reclaiming European citizens' confidence and support requires addressing foreign and defense policy, financial and economic policy, energy policy, and the organization of Europe's social-welfare arrangements. And here, a group of states can lead the way decisively, regardless of whether they do so within or outside of the treaties.

With an even tighter federation, deeper integration, more efficient and transparent institutions, a greater democratic consensus, and a strategic expansion that admits Turkey, Europe could stop its dramatic relative decline by 2030 and even reverse it. A boost in terms of European soli-

darity and legitimacy—that is, the emotional cohesion of Europe’s citizens—could provide a decisive counterweight to the growing centrifugal forces within the EU. Yet those very attributes are in scarce supply after the Dutch, French, and Irish referendums.

That is why I doubt that Europe’s malaise can be overcome before 2030. The current situation, combined with the dramatic lack of leadership in today’s generation of European politicians, militates against a positive outcome, much less a strong, united Europe. Indeed, there will be hardly anything that one could call a European government. While the partial creation of a common defense system, along with a European army, is possible by 2030, a common foreign policy is not. Expansion of the EU to include the Balkan states, Turkey, and Ukraine should also be ruled out.

Constrained by dysfunctional institutions and diminishing effectiveness, Europe as a world power and global partner of the United States will, for an indeterminate period, be capable of only limited action on the international stage. That is not good news for those who believe that the West as a strategic reality continues to be indispensable to a global future of freedom, prosperity, and security. At some point, crises and acute threats may force the Europeans to grow up quickly. Despite the financial crisis, Europe today does not lack economic strength, but rather the political will to act in unison. Unfortunately, from today’s perspective, almost everything argues against Europe’s emergence as a world power; instead, it remains a hamster on a wheel—constantly in motion, but never making any progress.