

Balancing America: Europe's International Duties

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The Postwar Transatlantic Balance

The Bush administration has put a new face on American power. Suddenly, it seems, the United States is behaving like a traditional European hegemon. Europeans are used to a different kind of American leadership, one committed to multilateral solutions and therefore solicitous of the views of allies. Something, they think, has gone wrong with the old America. This is particularly distressing for those European states and political groupings grown attached to what they see as a global division of labor – one where the United States is a »military« power and they are »civilian« powers. It is a vision that harkens back to the Middle Ages: America is the state and Europe is the church. The comfort of this arrangement depends on a basic similarity of visions and aims. Otherwise, unless the church can translate its moral authority into political and military power, the state calls the tune. This appears to be what has happened in the Atlantic Alliance. The former identity of transatlantic perspectives seems suddenly to have vanished. Americans now have different goals and norms from Europeans. Since the American government controls the alliance's military power, it feels free to pursue its own aims, whether European allies approve or not. Europeans, dismayed, want to know how this change came about, and what they should do about it. They search for clues by studying the new habits of »successor generations,« or the growing influence of the non-Europeans in American culture and politics.

Perhaps a more reliable analytical tool is the old-fashioned balance of power. The collapse of the Soviet Union was, after all, a geopolitical revolution. It was not the end of history, but it was the end of a long period where American military power had been seriously counterbalanced by Soviet military power, above all on the European continent. The existence of the bipolar balance had obvious effects on transatlantic relations. So did its abrupt disappearance. It is difficult to calculate who are the real

winners and losers from this revolution. The Americans are winners, it is said, because they are now the world's only superpower. The Russians seem losers because they are no longer a superpower, although they are, in fact, probably much better off for having purged themselves of their communist incubus. Europe's situation is more complex still. In certain respects, Western Europe derived many special advantages from the particular circumstances of the Cold War. Despite their military dependency, European states felt secure and believed they had great influence over American policy. Some Europeans imagined those particular circumstances to be more permanent than they really were. It is such Europeans who are particularly dismayed at the Bush administration's foreign policy. Others – General de Gaulle comes to mind – long ago warned against the »neurasthenia« of those who presumed that the Cold War's transatlantic identity of interests would last indefinitely. Of course, there were numerous transatlantic clashes during the Cold War itself. Perhaps it would be useful to reflect further on how the postwar transatlantic balance evolved and what changed when the Cold War ended.

America's need and capacity for financing its big external deficits became a key dimension to the transatlantic balance of power.

In the Western world, the balance of power is at least as much economic as military. We confidently assume that direct military confrontations are no longer imaginable between the United States and the West European states, presumably because we believe mature democracies do not go to war with one another. But we cannot ignore the transatlantic economic rivalry that was a major feature of postwar relations and which has, if anything, intensified since the Cold War ended. While we like to believe that purely economic competition, properly conducted, leads to mutual gain, we cannot deny that transatlantic economic relationships are highly politicized. This is particularly true of monetary relations, the history of which often serves as a metaphor for the underlying geopolitical balance between Europe and America.

During the Cold War, international monetary issues were often closely tied to another set of politicized economic questions – those to do with military »free-riding« and »burden-sharing.« Throughout most of the postwar period, U.S. military spending was proportionally much heavier than European – even though Europe was the principal region where

Western security was threatened. Since the United States was a Western democracy as well as a military hegemon, it had increasing difficulty juggling its heavy military spending with growing demands for civilian spending. By the 1970s, the United States was beginning to run significant fiscal and external deficits. Americans tended to count these deficits as signs that free-riding Europe was taking unfair economic advantage of America's military role. Americans grew perpetually aggrieved at what they saw as European free-riding and frequently demanded more equitable burden-sharing. Monetary issues came into play because the deficits were generally financed by manipulating the dollar in one fashion or another, often at the expense of America's allies. Accordingly, monetary arrangements were a constant bone of transatlantic contention.

For Europeans, the Soviet threat contained the American threat.

Given these considerable sources of transatlantic conflict, what explains Europe's comfortable position during the Cold War? Why were the Americans not more successful in extracting burden-sharing? While it is often noted how, during the Cold War, Western Europe flourished as a free-rider on the security provided by the United States, it is seldom observed that Western Europe was also a free-rider on the Soviet Union – on the balance provided by Russia against the United States. Given the Soviet Union's huge land forces and its formidable strategic deterrent, the United States could not afford to alienate the West Europeans any more than they could afford to alienate the Americans. Had Western Europe somehow moved to the Soviet camp, the balance of world forces would have shifted against America. The whole situation was a great inducement to mutual reasonableness across the Atlantic. No doubt American domination at its worst would have been far more agreeable for Western Europe than Soviet domination. But thanks to the Cold War, Western Europe suffered neither.

Anyone who doubts that the Cold War contained the Americans as well as the Soviets should recall postwar transatlantic relations before the Cold War. American officials were dreaming of an American Century, a new world system where global free trade would give free rein to American industry's overwhelming competitive superiority. Little of this was welcome to the European states, trying to shelter and transform their national economies until they reached American levels of productivity,

and trying at the same time to build welfare systems that would end the terrible social conflicts of the interwar years. Anyone who doubts the toughness of the transatlantic confrontations over these matters should read the third volume of Robert Skidelsky's superb new biography of John Maynard Keynes, »Fighting for Britain«.¹ Keynes led the fight to gain the financing Britain desperately needed from America. He died in the process, his health undoubtedly weakened by the harsh negotiations and his own vivid realization of Britain's dismal financial situation. It did not help that Britain's plight stemmed in no small part from the calculating wartime policies of the United States, which had regulated the flow of aid so that Britain would be without reserves at the end.

Ultimately, Britain was rescued not by Keynes but by Stalin. With the advent of the Cold War and the prospect that America might »lose« Europe to Russia, the United States grew solicitous, not only of its old wartime ally, Britain, but of Western Europe in general. In Germany, for example, the vindictiveness of the Morgenthau Plan gave way to the generosity of the Marshall Plan. Americans became open-handed patrons not only of European recovery but of European integration. Despite the misgivings of the old free-traders in the State Department, Europe was encouraged to form a bloc with enough scale to compete comfortably with the Americans. Thus, for Europeans, the Soviet threat contained the American threat.

The continental West Europeans made good use of their Cold War opportunities. To a considerable extent, they could ignore their military weakness and concentrate their resources on economic growth and social peace. Behind their American military shield, they constructed a political-economic union that began to rival the United States economically, and also carried great political potential. As this Europe grew much stronger,

1. Robert J. A. Skidelsky, *John Maynard Keynes, vol. 3, Fighting for Britain, 1937–1946* (London: Macmillan, 2000). Another fascinating book showing the intense confrontations of this pre-Cold War period is Lanxin Xiang, *Recasting the Imperial Far East: Britain and America in China, 1945–1950*, (Armonk NY: M.E. Sharpe, 1995), a study of Anglo-American competition to control the China trade between 1945 and the Korean War. A pathbreaking general study of European-American issues in this period is Alan Milward, *The Reconstruction of Western Europe, 1945–1951* (Berkeley: University of California Press, 1984). And, of course, there is Richard Gardner's early study of Anglo-American economic conflict, *Sterling-Dollar Diplomacy in Current Perspective: the Origins and Prospects of Our International Economic Order* (New York: Columbia University Press, 1980).

transatlantic friction over trade and monetary questions grew more acute. As noted a moment ago, the United States, pursuing both guns and butter, was regularly in danger of one form or another of »overstretch.« America's big deficits envenomed transatlantic trade and monetary issues. »Burden sharing« became a major transatlantic issue.

European states present themselves as too weakened from their long Cold War dependency to behave like serious world powers, conscious of their own interests and capable of standing up for them effectively.

As a practical matter, the real question was not how America was going to bring its accounts into balance but how it was going to finance its deficits. Successive U.S. administrations grew highly adept at doing so by manipulating the dollar. After the collapse of the Bretton Woods system, the United States oscillated between two courses. In most of the 1970s, it financed deficits by creating dollars and exporting them to creditors. When the resulting abundant credit and weak dollar began to threaten an upsurge of domestic inflation, as it did in the Carter administration, the United States tightened credit and began to finance its deficits by borrowing back from abroad much of the money it had exported earlier. This was the American formula for most of the Reagan era. Both the exporting and importing of dollars were greatly eased by the dollar's being the world's reserve and transactions currency, which meant that the demand for dollars was strong and the supply abundant. America's oscillating monetary policies naturally involved wide fluctuations in the dollar's exchange rate. Here the United States enjoyed a further advantage over national European economies. The comparatively huge size and self-sufficiency of its economy left the United States relatively indifferent to the dollar's exchange rate, since it had comparatively little effect on domestic prices. European economies were much more open to foreign trade and therefore more troubled by changes in their exchange rates. In addition, the effects of a volatile dollar fell unevenly on Europe's national currencies and thereby created problems for the nascent »Single Market«.

Over the postwar decades, European governments grew increasingly irritated at what they saw as America's asymmetrical economic advantages. The European Community was mobilized to right the balance. Early on, the Community centralized and took over trade diplomacy so that Europeans were able to negotiate on far more equal terms. Com-

plaints about American monetary hegemony were already heard loudly in the 1960s, and first efforts at European monetary integration began in the early 1970s. By the 1980s, the European Community also began to consider structures to organize common diplomacy and defense. In short, the postwar economic relationship had no shortage of grievances. America's need and capacity for financing its big external deficits became a key dimension to the transatlantic balance of power. So long as the Cold War lasted, however, the underlying antagonisms inherent in the transatlantic relationship continued to be contained by compelling military interests. West European states still needed their American protector. And the United States needed its affluent allies, who not only financed America's habitual deficits but who themselves formed an indispensable element in the global political-economic power balance that contained the Soviets. In effect, the Cold War balance was tripolar.

The Soviet Demise and Europe's Ambitious Response

With the collapse of the Soviet Union, the mutual enemy that bound America and Europe to a community of fate was gone. There was no longer any compelling reason why the defense of Europe should be America's primary strategic aim. Nor was there any reason why Europe's own security should depend on its American alliance. Of course, the old habits of military cooperation lingered on. Americans still enjoyed exercising military leadership, tried to think up new common projects, and generally clung to their entrenched position in NATO, at least until Yugoslavia required them to do something serious. And Europeans still hoped to enjoy the benefits of free-riding, as well as the influence the alliance gave them over American policy. But without a Soviet superpower to contend with, NATO became a habit rather than a necessity. In the post-Cold War world, Europe and America were both looking for new identities and roles. Increasingly, moreover, they were on separate geopolitical wavelengths.

European states saw the Soviet collapse as a critical challenge to the European Community. The Soviet withdrawal automatically recreated a big Germany, with a weak Eastern Europe ripe for German domination. The old »German Problem« thus threatened to revive and the continent risked falling back into its familiar self-destructive quarrels. Under the circumstances, Europeans believed their integration would either go for-

ward sharply or begin to disintegrate. Europe's response was Maastricht. The European Community was to become the European Union. It was to complete its monetary integration, develop common foreign and security policy and ultimately common defense. Meanwhile, it was to reach out to take in the European states of the old Soviet bloc. And it was to overhaul its constitution so that a union of up to thirty countries, endowed with the collective attributes of a great power, could act with efficiency and dispatch and still avoid a »democratic deficit«. In short, Maastricht registered the determination of the European powers to use the EU to make themselves masters of the reopened Pan-European space. While it is still not clear how the EU can square enlargement with its institutions, the historical record of the 1990s suggests the powerful geopolitical will and logic behind the EU's efforts.

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Monetary union (EMU) was, for example, an accomplishment full of long-term strategic implications. Europe was not explicitly aiming to supplant the dollar as the world's reserve currency. Primarily, it was trying to stabilize monetary conditions within the EU itself. Nevertheless, by creating the euro, Europe implicitly declared its independence from the dollar. The euro would inevitably rival the dollar and, by its very existence, create a plural rather than unipolar monetary order. In effect, the scale of Europe's own regional ambitions implied a world order with a variety of regional great powers, rather than a single superpower – a vision that put the EU more in tune with the aspirations of other rising Eurasian powers, like China, Russia or India, than of Europe's old ally, the United States.

The New American Century: Clinton Version

Americans, meanwhile, were concocting revolutionary geopolitical dreams of their own. America's post-Cold War world project has unfolded in two acts: Clinton's globalist »Wilsonian« model and Bush's »war on terrorism«. While these models are radically different in some respects, they share one fundamental idea: that the end of the bipolar

world system naturally means the advent of a »unipolar« world system. From this it follows that the United States, the sole remaining super-power, is the world's natural hegemon and must inevitably dominate the new global order. The nature of the order imagined, however, varies considerably between the two models. The Bush model is, of course, still taking form. The Clinton model, which flourished in a period of rare geopolitical confidence and macroeconomic improvement, now seems to have collapsed. Its rise and fall over the last decade perhaps reveals something about the real balance of forces across the Atlantic.

Clinton came into office not very interested in traditional geopolitics. He was uncomfortable with the use of force and had uneasy relations with America's military establishment. In later years, his administration grew more active militarily – particularly as NATO's enlargement and »Partnership for Peace« opened the way for American troops on Russia's borders or in Central Asia. And, of course, the U.S. military was reluctantly involved in Yugoslavia. But Clinton's enduring first concern was rejuvenating the American economy. He faced the accumulated fiscal and monetary messes left behind by previous administrations caught in the rigors of Cold War budgeting. Thanks to the end of the Cold War, sharp cuts in military spending permitted Clinton's administration to reverse the large federal fiscal deficits that seemed to be growing out of control. Cutting the fiscal deficit had the effects it was supposed to have. Capital flowed into private investment; growth and productivity picked up and fed a remarkable boom. Domestic success stoked Clinton's geopolitical imagination. NATO enlargement and the »Partnership for Peace« brought the American military deep into Russia's old sphere. But Clinton's primary goals were »geo-economic«. An integrated world economy, where American prowess would dominate the advanced industries and services, was to ensure America long-lasting global preeminence. Europe was potentially America's greatest competitor, but the ambitions of Maastricht were not taken seriously by most American leaders and analysts.

Why has the Clinton model seemed to collapse in recent years? The present downturn has gradually been recognized as something more than a normal cycle. Commentaries abound on the economy's various structural maladjustments. The most obvious is the striking macroeconomic imbalance, expressed through a large and growing current-account deficit. This means, in effect, that the American economy »absorbs« – consumes and invests – substantially more than it produces. The difference comes from abroad; hence the big current-account deficit. This habit of

»over-absorption« has its roots in the Cold War, where it was bound up with the Cold War's perennial burden-sharing issues. But even though sharp cuts in defense spending did allow the Clinton administration to balance the federal budget, the external or current-account deficit nevertheless kept growing. The United States went on absorbing substantially more than it produced. As the government spent less, the civilian economy absorbed still more. As a result, the old need to finance the external deficit remained.

For several years, the boom provided its own solution, as large inflows of investment capital came to America from Europe and Japan, whose own economies were languishing. In the euphoria of the moment, the American boom appeared to be self-sustaining. The more the United States spent, the more it grew. The more it grew, the more it attracted the foreign capital needed to finance its spending – its outsized consumption and investment that led to the current account deficit. The normal signs of inflation were absent, even when the economy had manifestly reached full-employment. »Globalization« and the high dollar made it difficult for American producers to raise prices or wages. A »new paradigm« had supposedly made inflation obsolescent. High investment and productivity growth, fed by »information technology«, promised an abundant and ever more efficient increase in supply.

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When inflation finally did appear, it came in the alluring form of »asset inflation«. Excess money, swollen still further by a generous Federal Reserve, flowed into equity and real estate markets. Prices for equities reached vertiginous levels in relation to real earnings, which in some cases began to be depressed by the high dollar. By the beginning of the new decade, the stock market was crashing, paced by a series of giant bankruptcies and accounting scandals. Not surprisingly, foreign investors have grown wary and capital inflows are greatly reduced. A weaker dollar is the natural consequence. It is not clear how far this process will continue, given the huge annual current account deficit, and the continuing need for fresh large capital inflows to finance it. If the dollar does con-

tinue to fall, the euro's function as an international reserve currency may evolve very rapidly. A very low dollar should eventually help America's trade balance. But European protectionism seems a likely further consequence. The tendency toward a world of blocs is already evident and seems a logical outcome of wildly unstable exchange rates.

All in all, economic events at the start of the new century suggest a rather different world from the triumphalist Wilsonian vision so influential in the Clinton administration. The Clinton boom's twin foundations have vanished. The atrocities of September 11 ended the geopolitical confidence of the 1990s, while renewed military spending and tax cuts, with effects magnified by the recession's falling revenues, have destroyed Clinton's fiscal balance. It has become very clear, moreover, that America's current prosperity depends on its ability to absorb more than it produces, in other words, on its ability to finance a very large current account deficit. Traditionally, financing that deficit has depended on a compensating »exorbitant privilege« – America's ability to print and borrow international money at will. The installation of the euro as Europe's common currency suggests that the scope of America's privilege is likely to be reduced considerably. If so, the United States will find it more expensive to finance its deficits and the pressure to reduce them should increase greatly. But there will be no easy economic policy for doing so. Cutting absorption in the United States will mean either reducing consumption – which will lower living standards – or reducing investment – which will lower economic growth and probably productivity growth as well. The effects will not only be unwelcome in the United States but in many other parts of the world – Asia particularly – where the United States has often served as »consumer of last resort«. Cutting absorption will grow still more difficult insofar as the American government returns to the military budgets of the Cold War, and the fiscal deficits that accompanied them.

Power Versus Equilibrium

The fate of the Clinton model suggests that American economic dominance can hardly be taken for granted in the global economy of the post-Cold War era. In and of themselves, today's economic trends suggest a more plural future – a world of several major powers rather than a closely integrated system with one dominant power. There is, to be sure, something artificial and incomplete about an analysis that talks about eco-

conomic trends isolated from political and military power. It implies an autonomy of economics that does not, in fact, exist in the real world. The failure of the Clinton model repeats a recurring pattern of American overstretch, probably no more egregious than the breakdown of earlier highly touted models of American economic superiority – the Kennedy-Johnson »New Economy« of the 1960s, for example, or the »Reagan Revolution« of the 1980s. So long as America's military power remained intact, and needed by its rich allies, the American economy was soon able to find its way back to prosperity with some new macroeconomic model, one able to finance the continuing deficits. In other words, the old bad habits soon found a way to perpetuate itself.

Clinton, of course, generally avoided brandishing America's superior military power to ensure its economic success. Perhaps he imagined that in the post-Cold War world, such power had grown obsolescent and retrograde – even unusable. He wanted an America whose preeminence flowed from high intelligence, practical creativity and nimble entrepreneurship, as opposed to the martial virtues of unyielding courage, unswerving loyalties and inflexible principles. He represented a generation for whom the use of military force had lost its legitimacy. In his vision of the future, America's military power, left over from the Cold War, would be devalued and multilateralized.

The New American Century: Bush Version

The succeeding Bush administration clearly has a different world view – more military and unilateral. Bush's government is much more comfortable with the use of military power. From its first days, it has been looking for enemies and has made clear that it does not wish to be hobbled by multilateral agreements or alliances. These tendencies were clearly established before September 11. The atrocities of that day merely reinforced them. The Bush administration used the public reaction to legitimize a major re-armament, with the fiscal consequences discussed above. Some elements of the administration also flaunt an Manichaeian vision of a world divided between good and evil – a view out of fashion since the early Cold War. The war on terrorism is thus defined as a war of good against evil. The world is divided between allies and the »enemy«. »Terrorism« is a more satisfactory enemy than the former Soviet Union, which was a real country whose military resources put strict limits on the

use of American military power, a constraint that was a great inducement to constructive diplomacy. Terror by contrast, is an ineffable and inexhaustible evil. And, although terrorism does not really balance American power in any practical sense, it nevertheless justifies an infinite build-up of it. In the worst case, the Bush unipolar vision – combined with enhanced military power, a penchant for unilateralism, and perhaps a declining economy – sets the United States on a course opposing the rise of all the other big powers in the world. The United States inserts its superior military power into the spheres of the others in order to thwart their ambitions.

Europe's Options: Appeasement and Balancing

What is Europe's proper response to the aggressive policies of the Bush administration? Three options have been suggested for our discussion – appeasement, balancing, and multilateralism.² One, of course, does not necessarily exclude the others. Multilateralism, however, seems to me a false option – more a technique of foreign policy than a policy in itself. Almost all diplomacy makes use of multilateral structures. Even Stalin had his Warsaw Pact. Such structures may be good or bad in themselves, depending on who dominates them and for what purposes. For a country to cooperate with its neighbors as a matter of principle is doubtless praiseworthy in most cases, although not in all. It was not praiseworthy, for example, when the Vichy regime collaborated with the Nazi regime to send French Jews to their deaths. A country profoundly committed to building a durable confederacy might make multilateral cooperation the primary goal of its foreign policy – as might be the case with France and Germany in their mutual determination to build the European Union. The value of their cooperation depends on the value of what they achieve. A weak country might be deeply devoted to a multilateral alliance so that it can block the policies of more powerful neighbors. Until the Bush administration declared its independence, being able to shape American initiatives seemed one of the primary benefits to Europeans of belonging to NATO. The value of such cooperation for the weak depends on how the

2. See internet symposium »Pax Americana or International Rule of Law? Europe's Options in World Politics«, <http://www.fes.de/paxamericana>.

outcomes are affected. Multilateral structures without an underlying balance of power are not likely to provide much relief from hegemony.

If multilateralism is regarded as a technique rather than a policy, Europe's real policy options are either appeasement or balancing. The argument for appeasement is that U.S. policies are not all that opposed to Europe's own interests, or that Europe cannot stop them in any event. Therefore it might better go along in the hopes of shaping things, at least at the margins, in order to benefit itself. The first argument assumes a closeness of transatlantic interests that cannot be taken for granted. The United States is heavily engaged with Europe's southern neighbors in the Arab world and also closely involved with the Russians. In neither case can it be said with much assurance that American policies and European interests are easily compatible. Despite the heroic efforts of Secretary of State Powell, the Bush administration seems set on a course in Israel and Palestine that promises to alienate a large part of the Arab world. And with the administration's apparent obsession with invading Iraq, American policy threatens a revolutionary upheaval with all sorts of dire consequences, including the use of weapons of mass destruction or an explosion of terrorism in Western countries. While the Americans will not be immune from the effects, geography seems to make the Europeans more vulnerable. The Arabs are Europe's close neighbors. Increasingly, they form a significant portion of Europe's own population. The cost of some deep and permanent alienation with the Arab world is likely to weigh very heavily on Europe's future.

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The same argument may also be made about the effects of U.S. policy toward Russia. Since NATO's enlargement and its Partnership for Peace, the United States has been taking advantage of Russia's current weakness to extend American military power deep into Russia's traditional sphere of influence. At the same time, recent months have also seen the United States seeking a »special relationship« with Russia – through direct contacts between Bush and Putin. The new relationship pointedly excludes the Europeans and is widely seen as a device to inhibit close bilateral cooperation between Russia and Europe. While it is difficult to know the real significance of this latter Machiavellian game, it seems unlikely to be

in Europe's interest. Certainly the alienation of Russia through NATO enlargement is not. Russia is Europe's close neighbor – a semi-European country with whom the EU countries should have intimate economic and cultural ties. Indeed, the successful development of these ties seems critical for Europe's own long-term prospects. Poisoning those prospects by resurrecting old Cold War antagonisms is clearly not to Europe's benefit. The cost will be very high. In short, appeasing current U.S. policy in the two regions of greatest concern to Europe – the Middle East and Russia – is not easy to reconcile with Europe's own long-term interests.

Europe Helpless?

Is Europe helpless to do anything other than support the Americans? This is a proposition whose truth does not seem self-evident. Why should Europe not be able to stop local American initiatives it really does not like? A war against Iraq would be unlikely without European bases. In theory, the EU countries could even deny the Americans the use of NATO assets. And NATO enlargements that offend Russia's strategic interests could not take place without European acquiescence. Most European governments go along with American initiatives in public but speak against them privately. This pluckless course is responsible for much of the current widespread contempt for the European powers – in Russia, the Middle East and the United States as well. European states present themselves as too weakened from their long Cold War dependency to behave like serious world powers, conscious of their own interests and capable of standing up for them effectively. While creating the euro suggests that Europe's geopolitical will is far from exhausted, in strategic and military matters many Europeans are still hoping to cling to the geopolitical framework of the Cold War, where the United States, Western Europe, and Russia were all locked together in a three-legged balance particularly favorable to Europe's interests. But the Soviet collapse has radically disrupted that old balance. Maastricht seemed to indicate that European statesmen understood this and were prepared to act boldly to meet the challenge, ultimately in its military as well as its economic and political dimensions. But Europe's transformation from military dependency involves numerous complex and painful issues among the European states themselves. The backward-looking free-rider mentality of the Cold War is well entrenched among Europe's smaller states, perhaps especially

among the late arrivals to the EU. Among the big states, the British are schizophrenic and the Germans reluctant. Rather than accept a European responsibility for creating a new balance, it is tempting all around to hope that the inertia of ideas will somehow maintain the old Cold War equilibrium, still balancing the Americans even in the absence of the Soviets. Perhaps Clinton's anti-militarism encouraged that hope. By now there should be fewer illusions.

The Military Gap: Too Big to Balance?

Europe clearly cannot hold up its end of the Western geopolitical balance if it remains utterly dependent on the United States for military protection. It is commonplace to highlight a great gap between European and American military capabilities and spending. The perception of that gap is then used to support the view that Europe is therefore bound to U.S. policies, no matter how much it disapproves of them. But comparing U.S. and European military capabilities is a complex exercise. And using the comparison to assess Europe's capacity for diplomatic independence is still more so. A few critical observations about Europe's »gap« may serve to make a more general point.

To begin with, it is not necessarily true that Europe is handicapped geopolitically because it does not match the United States in expenditure or in all the various kinds of advanced technology in the American arsenal. The purpose of transatlantic military comparison is not to show what would happen in a military confrontation between Europe and the United States. Should such a situation occur, Europe's sizeable nuclear forces would presumably give it a »second strike« capability and this strategic balance would, we can hope, quickly limit the extent of any conflict.

Most military comparisons are trying to measure something else: Europe's capacity to protect itself in its own home territory or Europe's capacity for intervening elsewhere – in places where important interests may need defending. Home defense encompasses the need to fight terrorism as well as the wars in Europe's Near Abroad – the Balkans in particular. Europe, of course, has a long experience with terrorism and does not feel it has much to learn from the United States, even though cooperation could conceivably yield helpful results all around. The general public impression of Europe's military weakness comes primarily from Europe's sorry showing in the initial Yugoslav crisis. But this was

less a question of military power than of political cohesion. Particularly damaging was the absence of the usual Franco-German partnership – a result both of Germany’s enthusiasm for Croatian independence, together with Germany’s lingering Cold War disabilities in the military realm. These disabilities still remain a major liability for collective European defense, but are slowly being addressed. Currently, German politicians seem to be emphasizing the need for more rapid progress.

It is not healthy for America’s own inner balance to have allies incapable of looking out for their own interests. If the transatlantic balance is not restored by a strong EU, the United States will advance its unipolar fantasy, using its power to sustain its economy, and creating along the way the enemies it needs to fill its world view.

European military forces are often said to be suffering from various sorts of »technology gaps.« The real military significance of such gaps is often exaggerated. Ever since Vietnam, the United States has been trying to develop »smart weapons« that will fight wars on the ground without risking the lives of American soldiers. Whether forces based on this principle are truly more effective militarily depends on the terrain or on the nature of the opposing forces. Above all, it depends on the purpose of the mission. Such forces are not ideal for pacifying territory, or protecting civilian populations, or even hunting down bands of terrorists. A military equipped in this way risks being limited to strikes that are initially devastating but which cannot be followed up successfully. It may even be argued that European forces are better balanced and therefore potentially more effective for those missions where intervention is actually needed. In their current state, however, European forces are not even remotely comparable in their capacity for projecting power beyond Europe. To some extent, this is a simple lack of planes for transporting troops. European governments, presumably giving a low priority to such external interventions, have not bothered to spend the money. Arguably, the war on terrorism should change their strategic priorities.

Europe’s real military problem is not so much military in a technological sense, but political and geopolitical. In the military sphere Europe remains more a coalition than a federation. The three principal members, Britain, France and Germany, each have formidable military traditions and resources. But one of the three, Germany, is relatively undeveloped.

This gives Britain a critical role it lacks in other dimensions of the European Union. Europe's collective military action thus tends to reflect the uncertain stability of an Anglo-French coalition – in the absence of Germany. So long as Germany does not play its proper role, Europe will remain weak in the military sphere and the temptation to cling to the now illusory comforts of free-riding will remain strong. An appropriate new transatlantic balance will not be created.

Europe's International Duties

Europe's pusillanimity harms not only itself but its American ally. It is not healthy for America's own inner balance to have allies incapable of looking out for their own interests. Only an active great power who is a friend can lead the American political imagination out of its current unipolar impasse. A dysfunctional unipolar infatuation persists in America, thanks in good part to the perception of a diminished Europe, whose geopolitical will is crippled. If the transatlantic balance is not restored by a strong EU, the United States will advance its unipolar fantasy, using its power to sustain its economy, and creating along the way the enemies it needs to fill its world view.

In any case, Europe surely should have a greater role in the new century than as a foil for American imperial fantasies. Since the 1950s Europe has created what is by far the most significant regional structure in the world. The European Union is not merely another federal superpower slowly in the making. It embodies a genuinely new political formula, where states retain their sovereignty but pool it in a regular search for solutions that represent mutual gains. This is a talent the rest of the world now needs urgently. With Europe, Russia, and China all on the rise, Eurasia's pluralist trends are very likely to prevail. Huge intractable problems lie ahead over economic redistribution and environmental degradation. The best hope for peace lies in a concert system that gets used to confronting issues in a collective spirit, and before they become unmanageable. Europeans, who have been refining their interstate mechanisms for decades, ought now to be putting that rich experience to work developing a post-Cold War system for Eurasia – a system that not only offers a reasonable and mutually profitable framework for Russia, but also reaches out to embrace the rapidly rising power of China. It is not too early to speak of a »Eurasia of States«. The historic opportunity will not lie around forever.

At so critical a time for shaping the world, why should Western political imaginations be so exclusively dominated by a more primitive view of international politics – one that denigrates the possibilities of cooperation and has an unhealthy fascination with military force and conflict?