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Multipolarism sans the EU Pole? The Geopolitics of Europe's Economic Mess

Economists have been warning that the debt crisis engulfing Greece and the rest of the European Union (EU) where some economies have high government deficits and debt levels could affect the rest of the global economy, including that of the United States where many banks are heavily exposed to the debt of these economies.

That the threat of global financial contagion is real explains why President Barack Obama has been pressing European leaders to come-up with an effective response to the Greece's huge debt problem that could spread into the PIIGS (Portugal; Italy; Ireland; Greece; Spain) economies and eventually to Great Britain and the rest of the EU, resulting in Global Financial Meltdown II.

But the economic problems affecting the EU - sovereign debt; the decline of the euro; financial contagion -- go beyond, well, economics, and could have a major impact on global politics, including on U.S. foreign policy. After all, successive Democratic and Republican Administrations going back to President Harry Truman have welcomed the process of European political and economic integration which they perceived to be in U.S. national interest and a reflection of its liberal-democratic values. If the current economic shockwaves start slowing down or even reversing the merger of the European nation-states into a geo-strategic and geo-economic power, Washington could discover that dealing with a weakened EU or an EU-less world is going to be as challenging as adjusting to a post-Cold War international system.

In many ways, European integration has become a permanent feature of post-World War II U.S. foreign policy. Indeed, the strategy of overcoming the menace of nationalism that had devastated Europe during two world wars and integrating (West) Germany into a Western-oriented and pro-American joint regional European system helped strengthen U.S. strategic position vis-à-vis the Soviet Bloc during the Cold War while the creation of a prosperous Euro free-trade bloc seemed to benefit American economic interests by removing barriers to commerce and investment.

But what had started as a regional customs union founded by France, Belgium, the Netherlands, Luxembourg, Italy and West Germany in 1957 has been transformed since then into a political and

economic confederation of 27 member-states with more than 500 million citizens - the so-called United States of Europe -- with its own flag and anthem, and since 2002, a currency (euro) as well as a parliament and a huge government bureaucracy in Brussels that oversee a massive economic powerhouse that generates an estimated 28 percent share of the nominal gross world product.

While Washington had welcomed the establishment of the EU in 1993 and the ensuing absorption of former members of the Soviet Bloc -- including a unified Germany -- into the Western grouping, the end of the Cold War and the integration of the world economy have created a new global political and economic environment in which the EU was being perceived in Washington to be both a partner and an adversary.

On the one hand, the expanded EU together with an enlarged NATO were regarded as part of a revitalized alliance helping the U.S. contain new and old strategic threats (resurgent Russia; rising China; Mideast terrorism), spreading democracy worldwide and liberalizing the global economy. But on the other hand, the EU has also emerged as a forceful economic power competing with the U.S. in the global markets as its euro acquired the potential to replace the U.S. dollar as the world's reserve currency. At the same time, the trans-Atlantic tensions over the Iraq War, Russia and other diplomatic and military issues reflected a growing divergence in the strategic interests between the U.S. and the EU or at least, the so-called Old Europe club of Germany and France.

Indeed, against the backdrop of the Iraqi fiasco and the Wall Street meltdown which seemed to underscore the erosion in U.S. global military and economic status as the "world's only remaining superpower," foreign policy pundits have proposed that the post-Cold War "unipolar" international system of Pax Americana was being transformed into a multipolar structure. The United States would still be first among equals (or *primus inter pares*) -- which is the next best thing to being Number One -- but would have to share global leadership with the new global superpowers, which will include the EU in addition to China, India and Russia.

In fact, former British foreign secretary David Miliband had warned that unless the EU would take steps to project its global power, the U.S. and China could end-up forming a G-2 or a new bipolar system. "I think that there is a scenario where America and China are the powers that count," he said. "It is massively in our interests to make sure that we have a stake in that debate, and the most effective way of doing so is ... to ensure we do it with a European voice."

But the Greek economic crisis and the response of Germany and rest of the EU to the economic plight of one of its members - Greece had joined the European Community (EC), the earlier incarnation of the EU, in 1981 - has raised many doubts not only about the long-term survival the "eurozone," a currency zone which includes 16 EU members as a monetary bloc whose policy is managed the and a European Central Bank (ECB) located in Frankfurt, and that of the EU as a cohesive economic confederation. A failure on the part of Greece to put its economic house in order and the spreading out of the debt crisis to the southern European economies of Spain, Portugal and even Italy could produce a momentum towards the shrinking of the eurozone to a "northern" core consisting of Germany, France, Belgium, the Netherlands, Luxembourg, Austria and Slovenia and making it less likely that the economies of Eastern Europe, the Baltic states, the Balkans - not to mention Great Britain - would join it any time soon. And in any case, even the most enthusiastic Euro-bull admits that the prospects for enlarging the EU or deepening its institutional foundations are very gloomy.

While economic explanations allow us to understand the mounting debt problems facing many of the EU members, it is important to remember that political factors (institutional corruption; powerful socialist parties) and even "civilizational" issues (the influence of the conservative Catholic and Greek-Orthodox Churches) are some of the important reasons for the resistance to economic change in the southern European countries. At the same time, the opposition in prosperous and fiscally responsible Germany to come to the aid of Greek exposed the notion of a United States of Europe as a wishful thinking, if not a myth. Derived of any sense of a unifying European identity -- as a Nation of Europe -- the EU will probably evolve along the lines of the late French President Charles de Gaulle's vision of a Europe of Nations or more likely resemble former British Prime Minister Margaret Thatcher's Euro-skeptic scheme of a loose European free-trade zone.

In a way, even before the current economic mess it was becoming clear that Miliband's idea of turning the EU into one of the main poles in the new multipolar system lacks political support

among the European governments and publics. If anything, the reforms in the structure of the EU and the creation of a permanent President of the European Council and a strengthened High Representative - who supposed to play the role of the EU's foreign secretary - that were implemented after the Lisbon Treaty came into force last year, only underscored the failure of the EU to assert its role as a global power. Just compare the role that German Chancellor Angela Merkel and French President Nicolas Sarkozy have played in dealing with the recent crisis to the missing-in-action attitude of EU's "President" Herman van Rompuy and its "foreign secretary" Catherine Ashton and you get the idea: European policies remain a reflection of interests of the most powerful nation-states there and are determined by its national leaders.

A more fragmented EU where the drive towards unification takes a back seat to protecting national security and economic interests of its members creates a new geopolitical setting in Europe that could resemble the Realpolitik system of the 19th Century instead of a post-nationalism utopia envisioned by some futurologists in the 21st Century. Germany will probably attempt to extend its influence in "Mitteleuropa" which would require a cautious management of its relationship with Russia, while France may try to assert its role as a Mediterranean power that needs to protect its economic and strategic interests in the Middle East. Expect Greece and Serbia to start gravitating towards Russia and form stronger ties with Israel as a way of containing a common threat from a resurgent Turkey, while the Baltic States may look towards Poland for support against an aggressive Russia. Britain will probably continue to maintain its bi-diplomatic approach of maintaining the "special relationship" with Washington and romancing France and Germany. And now add the growing dependency of Europeans on foreign energy sources to all this mix of nationalism and balance-of-power competition, and it becomes obvious that U.S. Secretary of States will probably continue to echo Dr. Henry Kissinger's lament from the 1970's: "When I want to call Europe, I cannot find a phone number."

And that could prove to be both good and bad news for Washington. A Europe in disarray would be less of a reliable military ally; instead, the Americans would have no choice but to form ad-hoc alliances with this or that European power to deal with this or that problem. That would probably depress those of us who were hoping that Europe could work closely with the U.S. to resolve global issues.

At the same time, the ability of the Europeans to constrain American global power will be hampered in the future. Germany and France could face a situation under which their opposition to U.S. policies would leave them with only two choices, of either accommodating the Americans or forming counterbalancing alliances with China, Russia, or Iran. A perception of a weakened and less reliable U.S. will probably create incentives for the Europeans to distance themselves from the Americans. American policymakers are not going to find the phone number of a united Europe anytime soon. But they need to ensure that someone in Europe is going to return their phone calls.

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