Europe
Old Continent in a New World

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EUROPE: Old Continent in a New World

For most Americans, Europe is familiar, even taken for granted. So many of our cultural and historical roots lie in Europe, yet we have often ignored or overridden Europe as we have defined our role in the world.

This year’s Camden Conference focused on the trends, complexities, and global relations affecting Europe and on some lessons Americans should be learning from the European experience and perspective.

The conference, which took place February 23 through 25, 2007, presented nine speakers, each of whom addressed a topic important to all of us. This issue of Highlights distills the messages of those speakers. (Highlights is not a verbatim record. The conference can be viewed in its entirety on our Website.) Highlights is designed to convey the sense of each speaker’s presentation—in the speaker’s own words wherever possible—and to indicate areas of agreement and disagreement. Every session, from David P. Calleo’s keynote address to the concluding panel discussion, is included here.

We hope Highlights adds to your understanding and provides you with a springboard for further discussion.

The 20th Camden Conference was dedicated to the memory of former Board President Roy Salzman.
Does the European Union by its very existence present a viable alternative to the “overblown idea” that the United States should be “the world’s boss”? Might Europe, through its “multipolar” model, help other regions and perhaps the world find new and better ways of resolving the conflicts that make the twenty-first century so threatening? And could this long-suffering continent be the friend America needs to help it move beyond its failed international policies—policies that are weakening the fabric of its own democracy?

David P. Calleo, Dean Acheson Professor and Director of European Studies at Johns Hopkins School of Advanced International Studies, presented these enticing possibilities in his keynote address to the twentieth annual Camden Conference. He also cautioned that projecting the European model onto other stages will not be easy.

Calleo described the U.S. vision of the post-Soviet world order as “unipolar”—with us cast in the role of the world’s unique superpower, the world’s natural and benign hegemon. “Boss.” Europe, in contrast, has developed a “multipolar” vision that works, albeit somewhat laboriously, for itself and also offers an approach to the broader world.

Calleo traced these differing visions to three “distinct theories of international relations.” The United States tends to espouse a combination of the first two: the Hobbesian “realist” school, which sees the natural state of human society as “a war of all against all,” in which “a hegemon, a dominant state,” is needed to impose order, and the “liberal” school, which believes that democracy and the free market will bring civil order and that democratic states do not wage war on each other. The hybrid U.S. view holds that, to work, “Adam Smith’s liberal vision requires not only the ‘invisible hand’ of the free market but also the visible hand of a hegemon.”

This vision has recently grown “not only unpopular but self-defeating,” Calleo argued. It has “embroiled us in conflicts where we seem unlikely to prevail and [from which we] have great difficulty extricating ourselves,” and where we have “created enemies, even among old friends.”

Europe’s “Constitutionalist” Alternative

But is there a workable alternative? Calleo’s answer: a third theory of international relations, “constitutionalism,” which accepts that conflict is natural but prescribes a “balance of power” to resolve such conflicts rather than a single superpower. If we had to name a real-world example of this theory, he added, “it would be hard to avoid choosing the European Union.” Rather than a federation in the American sense, the EU “remains an association of free and very distinctive nation-states….By cooperating in an organized ‘constitutional’ fashion, member states can achieve national aims that they could never hope to achieve alone.”

It isn’t an easy way of running things, Calleo conceded. Rather, “success in this kind of union requires perpetual study and negotiation to identify and achieve common interests and values. The [European] Union provides the machin...
“If there is a model that can save our century, it is likely to be Europe’s: perpetual engagement and bargaining dedicated to what we might call reciprocal appeasement. It is unlikely to be the Hobbesian model of global American hegemony.”

“None of these conditions is easily duplicated in other and quite different parts of the world,” Calleo allowed, warning that too much is at stake not to try, given the failure of U.S. hegemony. “Today’s explosive rise of China, not to mention India, does have disturbing similarities to the rapid growth of Germany, Japan, and the United States in the years leading to World War I,” he noted. “In the last century, everyone paid a terrible price for failing to create a global system that could reconcile old and new powers.” The outsize proportions of China and India, and an impending ecological crisis that may limit economic growth, “make those problems of the twentieth century seem comparatively trivial.”

“If there is a model that can save our century, it is likely to be Europe’s model: perpetual engagement and bargaining dedicated to what we might call reciprocal appeasement. It is unlikely to be the Hobbesian model of global American hegemony,” Calleo said. In response to questions, Calleo discussed both the Middle East and Asia as areas where the European model might be applied. “The Chinese idea—and they’ve tried it with the so-called Shanghai Council—is to get Russia and India into a kind of Asian parallel to the European Union,” Calleo noted. “But the problem with this, of course, is that China is a threat to all of these countries.” To make it work, the United States and perhaps Europe, too, may need to play the kind of protective and supportive role in Asia that America played in the early years of the EU.

In general, noted Calleo, “this European model is unlikely to succeed if we ourselves oppose it. Preventing that requires, among other things, repairing and rethinking European-U.S. relations.” After the clash in the run-up to the Iraq war, such a rethinking now seems vital: “America’s military and diplomatic position has deteriorated to a point where it threatens broad Western interests throughout the world. Limiting the damage has provided the United States and ‘Old Europe’ with a new common interest.”

Moving On

“Unfortunately,” he cautioned, “at this moment of historic challenge, both the United States and Europe are suffering from frozen historical imaginations . . . fixated on past accomplishments rather than present challenges.” Both require great transformations. “The United States must learn to lead in a plural world. For that it must exorcise the demon of unipolarity—grow less assertive, more self-confident perhaps.” And Europe “needs to grow more forceful for its own sake.” A glimpse of this can already be seen in European initiatives on Iran, Lebanon, and Palestine. “Of course, Europe’s initiatives may stall or fail. Nevertheless, the reality of a multipolar world seems to be imposing itself.”

Harking back, perhaps unintentionally, to the previous two Camden Conferences, on the Middle East and on China, Calleo noted: “It is in Europe’s vital interest to avoid a war of civilizations with Arabs and the broader Muslim world. It is essential for Europe that there be, and soon, a durable and equitable settlement between Israel and Palestine. And Europe must find the political and institutional imagination needed to embrace a resurgent Russia and a rising China and India.”

If Europe fails, America will suffer not only around the world but also at home, Calleo suggested. “We Americans should recognize that we have a dangerous concentration of power in Washington—dangerous for the world and for us . . . Like all great powers, the United States needs to be checked and balanced. For superpowers, like us, something beyond a purely national constitutional framework is required. To keep power in check at home, it must also be balanced abroad,” and such balancing “is often better done among friends than between enemies.”

“The Iraq misadventure has shown clearly how much America needs to be contained by its friends—by those who share the values of liberty at home and respect for the rights of other peoples,” he concluded. “To be Europe’s stabilizing friend was America’s vital postwar role. Europe in a sense must now assume that role for the overstretched and disoriented constitution of post-Soviet America. Restoring balance to America requires restoring power to Europe.”

Reported by Sarah Miller
The essential role of the European Union is to strengthen democracy within its borders and beyond, according to Professor John Gillingham, a leading historian on the formation of the EU, speaking at The Camden Conference. “The future of the EU, as well as the security of Europe, may well hinge on the effectiveness of the discharge of this historic mission,” he said, adding that whether or not the EU will succeed is an open question.

The twentieth century marked a fundamental change in the way of life in Europe. In the wake of two world wars, Europe was sick of bloodshed. A change of mood had occurred, and countries were more willing to try to cooperate. This could only have happened with the guarantee of security provided by NATO and the United States during the Cold War era. The United States earned Europe’s gratitude, said Gillingham, by championing global economic liberalism and by encouraging European cooperation when the process faltered. In this atmosphere, friendships began to be built in 1951 with the establishment of the European Coal and Steel Community, enabling economic cooperation among six European countries. The ECSC laid the groundwork for the EU by binding Europe in shared political values. Positive results ensued, including the development of democracy in formerly repressive Spain and Portugal and the encouragement to former Soviet-bloc countries to evolve into self-governing states with open markets. Trade protectionism broke down, and a single European market was launched; Europe was on the road to integration. Without question, said Gillingham, Europe would be a less prosperous and pleasant place had these changes not occurred. “The breaking down of protectionism and the enforcement of fair competition is subject to setback,” he said, “but the glass of market liberalization was at least half full.”

The mid-1980s marked the high-water level of economic liberalism in the EU, according to Gillingham, and underlying problems in the EU philosophy and institutional structure became increasingly apparent. The EU is not based on a grand plan or on the design of one visionary leader, said Gillingham; instead, it is a mishmash of sometimes conflicting policies and institutions that have led to a zigzag pattern of growth in the past fifty years, with periods of economic and social progress interrupted by stagnation and, in the past five years, regression.

The basic problem, noted Gillingham, is that there are two contradictory visions of what the European Union should be. On the one hand, it is seen as an economic organ whose purpose is to foster fair market competition. On the other, it is seen as a centralized political bureaucracy. Resolving this identity crisis is crucial to building an effective, integrated Europe, said Gillingham. “At work here is nothing less than a struggle for the soul of the European Union.”

The EU has shown its best success when the focus has been on market liberalization; it has not functioned well as a unified governing body, he said. Layers of laws and bureaucracies have created an administrative nightmare. Citing as a prime example the 1971 decision to take the U.S. dollar off the gold standard and the subsequent economic fluctuations in Europe, Gillingham noted that influences from outside Europe have had more impact on the countries of the EU than any internal decisions made by EU administrators. Further, by the mid-1990s, cooperation in the European Council was impossible. This created a credibility problem both abroad and with the peoples of Europe, as was amply demonstrated by the rejection of the EU constitution in what Gillingham called the “double whammy”—a decisive vote against the constitution in public referenda held in May and June 2005. That rejection changed the rules of the game, Gillingham believes. From now on, the EU can no longer be crafted and managed by an elite few. The people of Europe demand a say in what the future will look like. Gillingham

The European Union is “the biggest achievement of peace all over the world,” according to Ulrike Guérot, who is involved in the EU constitution-building process in her role at the German Marshall Fund of the United States. “It’s probably what the United States has been struggling [to reach] … in sixty years of … foreign policy,” said Guérot. “We are there … that’s not a failure.”

“A constitution is essential,” Guérot said, and there have indeed been failures in the fifteen-year-long development of a constitution. Calling the attempts to enact an EU constitution a “complex and difficult story,” Guérot believes the failures of the 2005 constitutional referenda in France and the Netherlands were not failures of the EU itself, and they represent an opportunity to adopt a new approach to the way the EU should be administered. That approach should embrace wider public involvement through a parliamentary assembly made up of the citizens of European parliaments and national parliaments—as opposed to the current system, in which the EU is run by heads of state and government. Some form of constitutional treaty is essential and must be adopted quickly if the EU is to enlarge further by embracing the Balkans and Turkey, she said. That enlargement would serve to stabilize peace in the region, a situation aligned with American foreign-policy goals. “If there is no institutional reform in the next two years, there will be no enlargement, and United States foreign-policy goals in Europe will fail because the EU will not be able to shoulder them,” she said.

Germans play a key role right now. The current EU president, German Chancellor Angela Merkel, is focusing on European economic improvement, with a cornerstone being the development of a European Energy Action Plan designed to unite and commonly manage shared resources across Europe. At issue is a stable energy supply for all EU members and security of energy resources. Currently underway, Guérot said, are talks on creating a European energy commission, which would require a “huge transfer of sovereignty” from the individual countries to a commissioner. “In a single European market with a single currency, the lights cannot be off in the
Balkans because a pipeline is down in Italy and France.” Resources must be Europeanized and stabilized, she said.

With Chancellor Merkel’s focus on a relaunch of the constitutional effort, Guérot predicts that a new and simpler constitutional treaty will be ready within the year, but it will be a very different document from the one that failed in France and the Netherlands. Guérot described it as a treaty, rather than a constitution, because, she said, it is easier for some countries to accept that term. She estimates it will run about 250 pages, with legal language removed to make it easier for the general public to understand, and it will include sections on current social problems and population migration. “We will have a neat and nice and short document, I think, by the end of the year,” she said.

It is probable that the constitutional treaty will be voted on in a Europe-wide referendum held on the same day, or at least all nations will vote on the same day. This will inhibit what Guérot called “the domino effect,” allowing some countries to wait and see how the vote turns out in other countries. She said it is worth noting that currently eighteen countries have ratified the constitution, four more are in favor of it, and only five countries are what she called “black sheep.” The black sheep could easily change their colors, according to Guérot. “After the French elections, the situation will change,” she said. “I’ll bet a bottle of Moët & Chandon on that.” And, she added, if the French vote yes, the Dutch will follow, the Poles will not be able to resist because they get so much financial help from the EU, and the Czechs will follow their lead. Only the United Kingdom would remain in doubt, and Guérot predicts that if it comes down to their being the only nation left on the outside, their ties to the continent will be stronger than the desire to go it alone.

Guérot believes the EU also must overhaul the way in which it adopts policies. Currently, a unanimous vote by representatives of all EU countries is required for many changes—a counterproductive approach that has “deadlocked” Europe. “It is a systemic rupture,” she said, “between progress and national blackmailing by one country. We will have to come to the point of, say, four-fifths of the people being … sufficient to constitute the political entity that is called the European Union.”

Problems do exist, said Guérot, and it is not an easy process to build integration. Rising right-wing populism has blamed Brussels for jobs moving out of one country to another, but, according to Guérot, it is difficult to attribute job loss to Europeanization when globalization and other factors play big roles. Collective gain does not mean that there will not be individual losers, she said. If a construction worker in northern Germany is replaced by a lower-wage Polish worker from 50 kilometers away, there is individual loss, but the view that some countries win and others lose is false. Guérot said a more accurate assessment is that, regardless of national boundaries, those under forty years old who are educated are the winners and those over forty and uneducated are the losers. People do fall through the cracks. The job is to catch them, she said, not ignore them.

The euro monetary system has also had its start-up pains, but Guérot believes it is still the biggest achievement since 1992, having grown its reserves from 4 percent to 36 percent today.

Addressing the U.S. criticism of Europe, Guérot argued that the United States does not like the strength of the euro because it implies a shift of power away from one side of the Atlantic to the other. The United States generally says it wants Europe to succeed, but when it competes or opposes American policy, the story changes. The United States should be involved in supporting the efforts of European integration, Guérot said. They have been doing so since World War II, but the Bush administration has moved into the position of critic and put pressure on Europe to take Turkey into the EU. It is counterproductive to pressure Europe in this way, she said. Europe has its own agenda, and what it wants is not always the same as what the United States wants.

The military arena is another source of dispute across the Atlantic, but it shouldn’t be, said Guérot. The EU defense policy has only been in place for eight years, and already it has conducted twenty-seven missions and deployed 100,000 soldiers. It needs time to develop. She predicted that it will take until 2025 for a European army, foreign service, and common defense policy to settle in. It is essential that Europe step up to that responsibility, she said, because it is clear that NATO can no longer function effectively as an organization of equal partners on equal footing. Europeans can no longer voice policy differences with the United States without being perceived as the enemy. That was clear, she pointed out, when the United States, as it prepared to invade Iraq, claimed that Europe was either “with us or against us.”

The future is always uncertain, and the challenges to European integration are not easy, said Guérot, but the strength of the EU is that it is not static, and that—in a century that requires flexibility—is its best asset. “Europe is a beautiful idea of mankind, and we should pursue it with all the difficulties it entails,” she concluded.

Reported by Christine Parrish
national political system, let alone the EU’s. You have a kind of “stomach confidence” in your own national system, which you just don’t have in something as abstract as the EU. I want this beast to fly. I don’t think the future for me and my kids will be as good without the EU constitution.

Q: How successful can the energy discussion among the EU countries be without Russia’s being involved?

Guérot: Russia won’t be a part of it, but Russia needs the money and the EU countries need the gas. Russia is at least as dependent on the EU as we are on them. They need cash for pipelines, etc.

Gillingham: The Russians are aware that they get cash for gas, but they are also aware of India and China and will strengthen their position with them and others. The Russian government has a huge stake in oil revenues and in rebuilding their country. The EU has no lever of coercion that can be used against Vladimir Putin.

Q: What are the powers that the individual nations are being asked to give up?

Gillingham: No one knows yet. There is a huge gap between the aims of the constitution and the mechanism for enforcement. Taxes are mentioned, but there are no specifics. There has been plenty of talk about a common security policy, but there’s no real fighting force and no real industrial base to support something like a U.S. military. They have been talking about these ideas for seven years and have produced nothing.

Guérot: I have a different answer. The EU has a three-pillar system. The first pillar is about single-market currency and economics; the second is about security; and the third is about justice and human affairs. The EU has some aspects that are supranational and some that are intergovernmental. The first part [currency and economics] comes under the supranational heading. The other two [security and justice and human affairs] fall under the intergovernmental heading, and if one nation says no, then it won’t happen.

One idea with the constitution was to make a unified, institutional system and to apply the same regulations to all policy areas. One problem on currency is that you abandon sovereignty. Is that a loss? Evidently not, since the euro is more powerful than separate currencies. Regarding the army, there is a ten-year goal to merge military projects. I wouldn’t say there will be one EU army, but there will be a process of merging personnel and projects.

Q: World trade and subsidies are devastating farmers in the third world. What can Europe do?

Guérot: This is a good example of how the EU operates supranationally. I question the blame on the EU, because the United States is just as much at fault [visit www.subsidies.org]. Most subsidies go to the really, really big farms, in both the United States and Europe. The EU was committed to reducing these subsidies before 2002, but the U.S. administration supported all the subsidies possible, and there was no incentive for the EU to reduce them. We are all sick of the oversupply of markets. We need to think creatively about how to build an agricultural system. We need to go to a local and organic economy.

Gillingham: Yes, 40 percent of the EU budget goes into these subsidies. If you eliminate them, the system will fall apart. Most nations in the EU benefit from the subsidies. There will have to be compensation, and it will be almost impossible to renegotiate. As it is, the system is frozen until 2013. The real shift will be from subsidies to an income supplement for people who own land. It changes the game and reduces overproduction, but it’s expensive.

Q: I grew up in Europe, I am a college student, and my peers don’t see the peace benefits of the EU because no one in my age group has experienced war. What are the new, good arguments for the EU?

Guérot: I think there is one main argument for the EU, and it is to be in a system that is fighting for the best solutions. The problem is that opponents of the EU are not against the policies of the EU but against the EU itself. This is comparable to being a politician in America but being against democracy. Of course the EU is an intellectually constructed framework, but now you have a lot of things you will only regret when you lose them—such as free crossing of borders, no tremendous volatility of currencies. It’s hard to achieve but easy to lose. Everybody born after 1989 no longer has the memory. Our frame of reference is falling apart [as we benefit] from peace in Europe, which we take for granted, along with civil freedom and human rights.

If you go to exit polls in the French referendum, you will see that voters between the ages of eighteen and forty were 60 percent against the EU and that the older voters were for the EU. The prosperity argument no longer works for the youth because of unemployment.

Q: From the standpoint of competitiveness with Asian economies, will it be increasingly difficult for Europe to keep up its level of social welfare? What will be the impact of the EU on European socialism?

Guérot: What is socialism? It is social democracy. In Europe, you don’t have one social program. You have at least two or three versions of socialism. In Scandinavia, where it works well, socialism is tax-financed, not financed with social assistance tied to labor costs—unlike France and Germany. Political-science charts show that most Americans would like to have the Finnish system in terms of economic performance. Although Scandinavians have high taxes, they also are high-performing and have a high quality of life. This is not the same when applied to the French, Italian, and German systems. And so we need to reform.

Can we stem and hold a certain level of social gains in a
global economy of two billion if India and China are willing to work harder just to catch up with where we are? In thirty years, they may want to slow down. Can we wait for that? You used to have poor and rich countries. Now we are eliminating the difference. South Korea caught up with Germany in per capita income recently. The price we are paying is that the income spread is increasing in all countries.  

Gillingham: Europe has been groaning under the weight of the welfare state for about twenty years. It is very costly and it has to be reduced. Everybody recognizes that the welfare state cannot grow, that costs will only increase with retirees. Certainly, as markets open in Europe, there will be more political fallout. It is precisely this problem of maintaining the welfare benefits that the electorates have become accustomed to that will require more power for the states to deal with. If they don’t, there will be very heavy consequences.

Reported by Elizabeth Banwell

Impediments to continuing prosperity are an aging population, archaic labor practices, high welfare expectations, and more.

Richard N. Cooper

Since 1958, European treaties have created a customs union, a common agricultural policy, free migration of people and capital, and, most recently, the adoption of a common currency. Since 1991, the number of signatories to the European Union has grown from six members to today’s twenty-seven members, and there is now a respectable waiting list of countries wishing to join. “Clearly, Europeans are doing something right,” said Professor Richard N. Cooper as he addressed The Camden Conference.

European economic performance has been outstanding over the last half century. In the 1950s, following World War II, a recovering Europe was poor. Spain and Portugal, for instance, were below the standard of India today. Western Europe’s GDP grew at the rate of 2.8 percent per year over half a century, and incomes today are four times higher than they were in 1950. Europeans are rich by any standard. Interestingly, one of the richest countries in the European Union today is Ireland, a very poor European country in the 1950s. Over this time span, European per capita output rose from 50 percent per capita of a U.S. standard in 1950 to 75 percent of a U.S. standard today.

This sharp rise in income has resulted in radical transformations in the European economy. One indicator has been the decline of agriculture as a percentage of the labor force. Agriculture moved from 50 percent of the labor force in the 1950s in Italy, for example, to 10 percent today. Poor countries have been and continue to be agricultural countries. Similarly, there has been a sharp decline in manufacturing jobs. While the manufacturing and agricultural segments of the economy engage fewer and fewer people, output or productivity in both of these sectors has increased substantially. One of the consequences of the reduction of the agricultural labor force in Europe is that the average age of European farmers is increasing at almost the rate of one year per year. The children of farmers—now having many more attractive economic alternatives—elect not to pursue farming.

The increase in income among Europeans has been associated with a concomitant increase in leisure time.

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Richard N. Cooper

insignificantly, the work year has decreased over the last five decades from 2,100 hours to 1,600 hours per year. Europeans today are experiencing greater health, wealth, and longevity and are living better lives. Moreover, during this same time frame, Europe has shed its colonies—the last handover occurred in 1999, when Portugal returned Macau to China. France has absorbed most of its remaining colonial territories into the French political system.

Given this fantastic success story over the last fifty years across Europe, why is there cause for malaise, asked Cooper. Recognizing that Europe is very diverse and that countries within Europe have important differences, he chose to answer his own question by focusing primarily on Germany, France, and Italy, which collectively represent 60 percent of the GDP in Europe.

While economic growth has been outstanding in these three countries over the last forty years, it has been lackluster for the past sixteen years. Although the economic growth rate had surpassed the U.S. rate in the earlier portion of this period, for the last ten years it has fallen behind. Why? Cooper listed several factors that are in play.

■ Leisure (the hours of the year not working) has increased faster than in the United States. Europeans do things by rule, so most individuals do not have the option of working more, even if they desire to do so.

■ Productivity growth has fallen behind that of the United States, after a long catch-up period, and while there is much hand-wringing about this phenomenon, there has been little action to increase research and development or to implement educational changes.

■ There is a reluctance to acknowledge the need to shed labor, to redefine jobs, and to allow unsuccessful firms to fail. In Europe, there is strong public support to preserve struggling companies, an attitude uncommon in the United States.

■ Over recent decades, there has been a failure to compete in “hot areas” with the United States and other countries in the emerging fields of computer technology, biotechnology, and nanotechnology. Less attention has been paid to encouraging innovation in these new and growing components of the economy.

■ Unemployment rates are much higher in France, Germany, and Italy than in the United States—not surprising, as these countries pay their unemployed well and citizen choices are responsive, in part, to economic incentives. The presence of a very generous welfare system in Europe impacts unemployment. Who, for example, would choose to work when government benefits are 90 percent of one’s after-tax salary?

■ While there is continued talk about the undesirability of high unemployment, there is a reluctance to see it as the natural consequence of public policy. In contrast, changes in labor-market policy have reduced unemployment in Spain and the Netherlands.

■ The European Union is not all there is to Europe. Most policies are still made by nation-states.

“The world has no experience ... with declining young populations and will be learning from the pioneering work in Germany, Italy, and Japan as they develop social and economic responses to these changes.”

A key issue influencing economic productivity is demography. Annual global population growth, which was nearly 2 percent in the 1960s, is now at 1.3 percent and falling. In rich countries, except for the United States, the birth rate has crashed, with significant implications for payout of pensions, health care for the aged, and the age composition of society. Germany’s population peaked in 2006. (Japan’s peaked the previous year.)

In the coming decades, population will decline in Italy and many other European countries. The rising average age of population in these countries produces profound social and economic consequences. The number of young adults in European countries is already declining; between now and 2025, it is expected to decline by more than 20 percent in Italy and Germany. Meanwhile, the number of elderly adults is growing significantly, as baby boomers age and as longevity increases. The world has no experience in managing economies with declining young populations and will be learning from the pioneering work in Germany, Italy, and Japan as they develop social and economic responses to these changes.

Given fewer young adults, there are profound implications for how economies work. Fewer youth means fewer people in the labor force who will be highly educated and flexible geographically and economically, fewer new households, less demand for schools, less demand to equip new workers with machinery, and so forth. As a consequence, in most of the rich countries, investment, when compared with a decade or two ago, is down. The flexibility of these economies to respond to changes—mainly driven by globalization, technology, and rising incomes—will be compromised. By 2025, for example, the number of people in Italy over the age of eighty will exceed the number of people under the age of ten. If this trend continues, by 2050, 80 percent of Italian children will have neither siblings nor cousins.

Cooper cited the book The Future of Europe: Reform or Decline (MIT Press, 2006), by two U.S.-trained Italian economists, Alberto Alesina and Francesco Giavazzi, who have concluded that if Europe does not seriously reform, it will unquestionably decline, falling farther behind the United States economically and suffering a reduction of political influence throughout the world.

Cooper turned to the economic inflexibility and rigidity afflicting European countries. Specific examples abound. Currently, collecting on a bounced check takes sixty-eight days in the United States, fifty-four days in Holland, 584 days in Austria, and 845 days in Italy. Opening a new busi-
To address these problems, action is required quickly. Alesina and Giavazzi argue that there is a need to liberalize product, energy, and labor markets. In the latter case, the focus needs to be on protecting workers, not jobs. A proactive immigration policy would help to mitigate the demographic issues of insufficient young workers and the undersupply of particular skill sets within the workforce. Research and development in universities needs to be freed from regulations that stifle innovation and creativity. The judicial system and fiscal policy require reform. There is too much money spent on public activities, and that money is spent inefficiently. Taxes are too high and the return on investment is too low. In contrast, the United States and Japan have the lowest taxes, and it can even be argued that these countries perhaps tax their citizens too lightly.

Just as we should not confuse the EU with Europe, we should not confuse Europe with Europeans or European companies with Europe. Some of the most successful firms in the world are European, although, as a group, these companies are not quite as profitable as those in the United States. Many European firms are going global; they may be headquartered in Europe, but sales and procurement functions are increasingly outside Europe. Small family firms in Germany, for instance, may have no future; young members of the German ownership families are choosing not to assume roles in senior management merely to preserve the line of succession.

Cooper offered a final warning about one of the key impediments to success in Germany, France, and Italy: the reliance upon employee protectionism. There is a pervasive practice in these three European countries, he said, of company insiders protecting themselves against outsiders—employees are, in effect, tenured. As a result of this protectionist psychology in established institutions, he noted, potential employers are reluctant to hire new workers.

The challenge for Europe, Cooper concluded, is to make the next thirty-five to fifty years as successful as the last fifty years. This will require coping with demographic changes and altering ways of doing business.

Reported by Meg Malmberg

The Balkans: Crucible of EU Foreign Policy

Nicholas Whyte

Because of the Balkans, the EU is now an international keeper of peace as well as an international leader for prosperity.

In his address to The Camden Conference, Nicholas Whyte focused on the impact of the western Balkans on the EU and on the EU’s impact on the Balkans. He said he would show how the horrendous acts against mankind, engineered and allowed by Slobodan Milosevic, over time strengthened the EU, and how the prospective entry of the Balkan countries into the EU is strengthening the Balkans. He repeatedly emphasized that, to be effective, negotiations must be backed by the credible threat of coercive force.

The scene is set in the late 1980s in the former Yugoslavia, made up of six diverse federal republics: Slovenia, ethnically homogeneous and wealthy; Croatia, also relatively wealthy, with a Serb minority; Bosnia, much more mixed (Serbs, Croats, Muslims, with a history of conflict); Montenegro, an ancient kingdom that never could make up its mind about its Serbian-ness; poor Macedonia, with an ethnic Albanian minority; and Serbia, which included primarily Albanian Kosovo. Nearby Albania, officially an atheist state, was the most repressed of all the Communist states. It may be significant that neither Yugoslavia nor Albania was Soviet dominated, Tito having broken with Stalin in 1948 and Albania somewhat later.

Whyte argued that Yugoslavia need not have broken up. The path to disintegration was taken by Milosevic and the

Nicholas Whyte, based in Brussels, is with Independent Diplomat, a nonprofit consulting service specializing in international diplomacy and conflict resolution. He previously served as European Program Director for the International Crisis Group, coordinating field research, analysis, and advocacy activities related to the Balkans, Moldova, and the Caucasus.
Serbian leadership in the late 1980s and early 1990s, using nationalism and ethnic exclusivity to stay in power.

Whyte discussed and disputed two alternative favorite views about why Yugoslavia split apart. The first is that German recognition of Croatia and Slovenia in 1991 triggered the conflict, pushing the EU into a corner and causing the breakup. This does not mesh with the facts. By 1991, the war was already underway for more than six months. The second view is that Europeans and Americans never tried to do a deal to keep Yugoslavia together. In fact, the Europeans did try, but Milosevic chose another path. In addition, President Franjo Tudjman of Croatia unleashed force against his citizens, which Milosevic allowed.

“Europeans promised a great deal to the Balkans but delivered very little,” Whyte said. “The Americans, whether willfully or through ignorance, remained aloof. UN forces were deployed with inadequate mandates and unclear roles regarding the use of force. The EU deployed unarmed monitors dressed in white suits—the so-called ice-cream men. Refugees started flooding into Europe with appalling stories of concentration camps, mass rapes, ethnic cleansing, and genocide.”

Europe, meanwhile, was focused on other things: the Maastricht Treaty, a single currency, the collapse of Communism. They did not realize, according to Whyte, that it takes the credible threat of coercive force to reach peace in such a situation—that they had to back up words with deeds. The sheer awfulness of the situation caused a shift in U.S. policy and brought in NATO, culminating in a settlement on Bosnia in 1995, which could have happened in 1992 or 1993 had there been the international will for it.

“The Balkans... but delivered very little. ... Refugees started flooding into Europe with appalling stories of concentration camps, mass rapes, ethnic cleansing, and genocide.”

For the EU and America, Whyte said, the Kosovo crisis in 1999 reflected the conclusion that Slovenians and Croatians had reached in 1990: that Milosevic was not dealing with them in good faith. He was unwilling to keep agreements previously negotiated. Kosovo’s resistance, passive and pacifist, was led by Ibrahim Rugova, who believed that he could get accommodations without resorting to violence. Serbia broke agreements and took up arms. NATO went to war without a UN mandate.

That the EU failed to intervene in its own backyard became very significant, said Whyte. The need for closer European political cooperation had long been apparent. Starting from the Treaty of Amsterdam in 1995, the EU built up the nucleus of what may become a foreign ministry in Brussels, using as its base the Secretariat of the European Council (whose original purpose was to prepare agendas for ministers’ meetings). Pursuant to the Amsterdam Treaty, a new high representative for foreign affairs, former NATO Secretary General Javier Solana, entered the picture, driven by European failure in Bosnia, Kosovo, and Croatia.

The next crisis occurred in Macedonia in 2001, with ethnic Albanians confronting the Macedonian government to seek a better deal in a constitution that did not include them. Solana played a major role, using vigorous diplomacy with the United States and the EU. NATO and EU troops were brought in as peacekeepers—the first-ever deployment of EU troops on a military mission. Soon afterward, Solana brokered an agreement between Serbia and Montenegro. “I know now how to answer Henry Kissinger’s question of thirty years ago when he asked, ‘What is Europe’s phone number?’ It is the private office of Javier Solana.”

“Because of the Balkans,” Whyte reminded the audience, “we now see the EU as a power more able to push its way as an international keeper of peace as well as an international leader for prosperity. In the end, it might be said that Milosevic did more for European integration in this area than any other leader.”

The EU now has a vision and a strategy for the Balkans, offering the opportunity for future membership. The burdens of EU membership are great, requiring many conditions that certain countries, not long independent and without the skill sets necessary to implement such agreements, find difficult. To become a member, a country must be accepted by the European Commission, which must give it a positive write-up. To get a positive write-up, a country must formally apply. To formally apply, it needs a stabilization agreement. To get a stabilization agreement, it must be a sovereign state.

Whyte summarized the current status of the Balkans vis-à-vis entry into the EU: Slovenia has joined; Croatia has stated its intent to join; Macedonia has been recognized as a candidate but has not started negotiations; Albania signed an agreement but has not yet applied; Bosnia/Montenegro are about to sign an agreement; Serbia is held up because it has not yet accounted for crimes in Bosnia; Kosovo is not yet independent.

The behavior of the Balkan states has changed, Whyte pointed out. They are no longer playing the game of territorial aggrandizement. The borders are set. The level of commitment of the Balkan states to the EU, however, remains a concern. While the commitment to EU membership is welcomed, the EU may be taking in countries too fast. It is reminiscent, Whyte said, of the quote of St. Augustine and his commitment to chastity. “He wished to have it, but not quite yet.”

In conclusion, Whyte said that while the period of 1991 to 1999 was one of disastrous neglect and complacency in Europe toward the Balkans, the last eight years have seen increasing encouragement and support from the EU because of their integrated vision for the region. While the failure to adopt the EU constitution is a problem, it will not impede progress. Croatia will become part of the EU in 2009 without a constitution. In general, however, the EU still lacks an overarching strategy for its neighbors.
The audience had questions for Whyte.

Q: What are Turkey’s prospects for joining the EU, given the apparent support?
Whyte: For the EU not to recognize this large democratic Muslim country would be a great historical mistake. Unfortunately, Turkish politicians are not positioning Turkey as well as they should. While certain French politicians have run on a platform to exclude Turkey, Turkey does have boosters. Britain for one. Greece sees Turkey as an anchor for its future stability. Germany’s current president signed a coalition agreement to continue to work with Turkey.

Q: Please comment on the use of coercion that you say is needed to make words effective.
Whyte: Demonstrated willingness to use coercive force is required to back up negotiations to make them effective. The problem in the 1990s was NATO’s unwillingness to move from its classic role of defending Western Europe to becoming a peacekeeping entity.

Q: How do the developing countries see the benefits of the EU, given the demands the EU makes on these countries?
Whyte: First, the applicants are relatively poor and see the EU countries as rich and getting richer. Second, they see themselves as Europeans and are trying to prove how European they are. Third, the reforms required provide open markets both ways. As a result of these benefits, the reforms are happening more rapidly in countries seeking to join the EU than in those that are not.

Q: Given that Albanians live in three states with a growing population, what are the prospects for unification and joining the EU?
Whyte: Albanians live primarily in Albania, Kosovo, and western Macedonia. While they like the idea of living together in one state, the reality is that they are not doing much to make that happen. Kosovo will be barred from joining another country.

Reported by Susan M. Deutsch

Priorities from Central and Eastern Europe

The newest members of the EU will strengthen it and change it.

Janusz Bugajski

The addition of eight new countries from Central and Eastern Europe (CEE) to the European Union in 2004, with two more to come this year, has, Janusz Bugajski told The Camden Conference, “extended and strengthened the security of the EU itself,” which is the EU’s “most important foreign-policy achievement.” The entry of the ten has helped to “ensure the success of political, legal, and economic reform in each of them, as well as boosting their economic performance and their democratic credentials.”

The population of the ten new EU states represents 22.2 percent of the combined population of the European Union (103.1 million of 463.5 million). The largest states are Poland (38.1 million) and Romania (22.3 million); the smallest is Estonia (1.4 million). The others are the Czech Republic, Hungary, Bulgaria, Slovakia, Lithuania, Latvia, and Slovenia. All are NATO members. The European Parliament has 732 members; CEE states represent 28 percent of that group. The parliament is directly elected but is a “relatively weak body” that

Janusz Bugajski is Director of the New European Democracies Project and Senior Fellow of the Europe Program at the Center for Strategic and International Studies in Washington, DC. He has served as a consultant on Eastern European issues for USAID, the Department of Defense, and the Free Trade Union Institute. His latest book is Atlantic Bridges: America’s New European Allies (2006).
“CEE countries want to keep the United States closely engaged in Europe ‘militarily, economically, and politically.’ They do not see the Western Europeans in the EU as capable of defending their security and national interests during a major crisis.”

believes that it isn’t clear “whether this would actually enhance or undermine the development of a common foreign policy.”

To date, the EU’s “foreign-policy and security apparatus has exercised limited influence over the policies of individual governments.” Therefore, there are continuing divisions within all of the EU states over major foreign-policy questions, such as relations with Russia and with the United States.

Bugajski discussed the foreign-policy priorities that the CEE states as a whole would like to see the EU uphold—or at least not to weaken. One priority is to maintain strong transatlantic relations: They want to keep the United States closely engaged in Europe “militarily, economically, and politically.” They do not see the Western Europeans in the EU as capable of defending their security and national interests during a major crisis. A second priority is to develop and maintain a common EU foreign policy, one that “does not alienate the United States” or that would increase “insecurities within Europe’s borders or along them.”

A third priority for the CEE states is maintaining effective security in a way that does not “duplicate, weaken, and sideline NATO without providing a genuine alternative.” Finally, the last two priorities Bugajski identified involve bringing the rest of the former Soviet Union, the Balkans, and the former Yugoslav republics into both the EU and NATO. He refers to these as the “Eastern Dimension” and the “Southern Dimension.”

Actually, the CEE states do not present a united front in terms of foreign-policy priorities, said Bugajski; there are two rather geographically distinct divisions represented—the Baltic Group and the Central Europe Group. Bugajski described what he sees as their differing approaches.

The Baltic Group includes Poland, Estonia, Latvia, Lithuania, and Romania. This group, said Bugajski, “feels more vulnerable to pressure from Russia, is more assertive in trying to focus EU policy on the Eastern Dimension, and seems more committed to the transatlantic relationship and a strong American role and presence in Europe.”

Members of the Central Europe Group—including the Czech Republic, Slovenia, Hungary, Slovakia, and Bulgaria—“have adopted a more circumspect position in their eastern policy and are more focused on the deepening of EU integration and pursuing their economic development,” without “major foreign-policy ambitions in the region or beyond.” Therefore, they would minimize the military role and defense spending.

Notwithstanding these different emphases and priorities, Bugajski believes that the CEE states “are learning to be coalition builders” on issue-specific interests with older EU members. These “temporary coalitions” depend on the issue at hand and on the current policies of the individual governments; they cut across all borders within the EU.

Bugajski cited Poland as an example of a nation involved in this kind of opportunistic coalition building. On budgetary issues, Warsaw aligns with such countries as Spain (rather than the United Kingdom, France, or Germany), in order to benefit from EU subsidies. On economic policy, it is aligned with the UK and its more liberal economic model (rather than the social model pursued by France and Germany). On agriculture subsidization policy, Poland is closer to France. On security and defense policy, Poland aligns with the UK and its strong links to the United States (rather than with France or Germany).

There are a number of questions that Bugajski believes will preoccupy all of the EU states in the coming years. They include:

■ Will there be further EU expansion? Will the EU’s institutions be able to absorb new members?
■ Will there be a new effort to revise and propose a constitutional treaty? Will parts of it be incorporated into other treaties and legislation? Bugajski sees any new attempt as a long-term process.
■ Can economic growth and global competitiveness be sustained?
■ Will a common and effective EU security and foreign policy emerge?
■ What will be the long-term impact of immigration and xenophobia, of major demographic changes, and the clash between secularism and religious traditionalism?
■ Given the opposition of some EU members to extending the current Partnership and Cooperation Agreement because of Russia’s negative policies, how will the EU’s relations with Russia develop?
■ Since so much depends on U.S. policies, how will the EU’s relations with Washington evolve?

Finally, Bugajski discussed the EU in the context of the United States and its relations with the CEE states. He noted the historic linkages between the United States and these
Although we are not facing a clash of civilizations, Professor Jytte Klausen told the audience at The Camden Conference, European countries will have to change how they deal with minority religions if Muslim integration into European society is to be successful.

Extremist groups have benefited from the growing sense among Muslims that they have been subjected to global victimization. As a result, we are witnessing the increased involvement of “offshore” actors. Such international political groups include the Muslim Brotherhood, which is moderately conservative in Europe; Hizb-ut-Tahir, a mostly non-violent extremist group organizing on university campuses; terrorist groups such as al-Qaeda and the Algerian GSPC; the Muslim World League, a mostly Saudi organization that builds mosques; Jamaat-e-Islami, a fundamentalist movement in Pakistan; Middle Eastern governments; and a range of Shia, Sufi, and other entities. All have connections, one way or another, with European Muslim movements. Klausen argues, however, that Europe is not being Islamicized. The argument made by some that European Muslims are Trojan horses is both alarmist and inaccurate. Terrorism is a very serious issue, but Islamists are not the only terrorists, and although Europe’s Muslims are refugees from other countries, they have little or no political influence.

Responding to an audience question about what appears to be growing xenophobia within the EU, Bugajski said the impact has generally been quite marginal. Poland is more provincial and has an inward-looking government, but that has not affected its policies within the EU. Don’t exaggerate the power of the parties of the ultraright, he said; they are within the general European norm.

Bugajski also said, in response to a question, that Turkey’s inclusion in the EU was “essential for the integrity of Europe’s borders”; he added that the new CEE members support Turkish membership. “If Turkey, then why not Morocco?” asked another attendee. “Is it any less culturally rich and sophisticated?” Bugajski responded that Morocco should have the prospect of joining—“it depends on the definition of Europe.”

Reported by Lucia Hatch

The Islamic Challenge

Can Europe lead the way in integrating Muslims into non-Muslim societies?

Jytte Klausen

Although we are not facing a clash of civilizations, Professor Jytte Klausen told the audience at The Camden Conference, European countries will have to change how they deal with minority religions if Muslim integration into European society is to be successful.

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Muslims do not form a political bloc. Only in Britain—where the Muslim population eligible to vote is roughly one million, and where the electoral system allows small groups some power in particular constituencies—are there enough

■ Jytte Klausen, Professor of Comparative Politics at Brandeis University, is an affiliate at the Center for European Studies at Harvard University. Her most recent book is The Islamic Challenge: Politics and Religion in Western Europe (2005); her next book focuses on the controversy surrounding the publication of Danish cartoons of the Prophet Muhammad.
Jytte Klausen

Muslims to influence electoral politics. “Actually, we have no idea how many Muslims there are in Europe,” Klausen pointed out. Calculations are based on questionable demographic estimates. The current consensus is that there are roughly fifteen million Muslims in Western Europe, or 3 to 8 percent of the population, depending on the country.

Not only are the numbers of Muslims in most countries low, but only 20 percent of Europe’s Muslims are of Arab background. In France, the majority come from North Africa; in Britain, most come from the Indian Subcontinent; in Germany, the Netherlands, and Denmark, they most often are of Turkish origin. In addition, many are illegal immigrants who cannot vote. In most places, their small numbers make it difficult for them to be a force for change, let alone for true political power.

This does not mean that they assimilate readily into existing communities. In some areas, where there is high residential segregation, immigrants may create a majority. Schools in many communities are also segregated, resembling those in the United States before the Civil Rights Acts. Discrimination and Islamophobia have led to socioeconomic disadvantage and identity-formation, which may explain the return to the headscarf and, in some instances, the burka, often worn by women whose mothers wear Western attire. Klausen says we know surprisingly little about why more women begin to wear religious dress. It may be a sign of religious pressure from male members of a household, but it probably is more often a desire for self-expression and religious commitment. Given recent history and the comments that young women make about their reasons, it is likely that women who wear Islamic garb now may decide not to wear it later.

Although public-opinion polls among European Muslims cannot be statistically valid because of their small numbers and a lack of knowledge about who is Muslim, it is possible to learn through interviews something of the views of the more elite European Muslims, those who are active in and leaders of their communities.

The fact that about two dozen Muslims have become parliamentarians in Western European countries suggests that some acceptance and integration is happening. Surprisingly, however, only one or two out of every five Muslim leaders are European born. In Europe, unlike the United States, where the second and third generations become the leaders in their communities, native-born Muslims are angry and disenchanted. They believe they have done all the right things, attended university, and still cannot get jobs. Frequently it is their parents, the immigrants themselves, who believe things are going well: “I can say things here I could never say at home without being put in jail.” While the positions of those immigrants are positive, Klausen suggests that the views we are hearing from the younger generations indicate that change needs to take place quickly before they become further radicalized.

Three out of five Muslim leaders claim their religion is very important. How is this belief reflected politically? Many religious Muslims, Klausen observed, vote for the Green Party or for the Christian Democrats, who, they feel, have the right view of religion but focus too much on the “Christian” part. At the same time, mainstream political parties fear putting up Muslim candidates because voters have negative views of Muslims and thereby increase tensions on both sides.

Although most European countries are highly secular, Klausen said, they lack the built-in rules and regulations that separate church and state. A major concern among Muslims is the freedom to practice their religion as they wish. The shortage of imams, especially European-educated ones, is a potential problem. While priests and ministers are educated in public institutions in Europe, only two public institutions train imams. These imams often take jobs in universities and hospitals, thus forcing the mosques to bring imams from overseas. This practice is fraught with problems for moderate European Muslims and for interfaith relations, as the number of mosques continues to grow. One can foresee only heightened disagreements and conflicts.

The desire for religious equality and the right to religious freedom will create increasingly divisive and complicated issues. Discussions among various religious and governmental groups, including the diverse Muslim constituencies, will be critical to resolving conflicts and integrating Muslims into European society.

At the end of her prepared remarks, Klausen responded to a wide range of questions from the audience. Asked about the differences between Muslims in the United States and in Europe, she commented that Muslims here tend to be wealthier and less disenchanted than those in Europe. Border controls are also an important factor. Within Europe and between Europe and the Middle East, she said, borders are so porous that it is difficult to contain and control potential terrorists or troublemakers. In addition, legal immigration is essentially closed in Europe now. At one time, European governments made deals with other governments to allow the immigration of workers and of individuals formerly associated with colonial forces. Today a Muslim can enter a European country only if he or she has a special skill, has family in the country, or qualifies for political asylum. As a result, illegal immigration is rampant and borders are increasingly difficult to secure. Recent cooperation among the security forces in a number of European countries is helping in this regard.

Questions about Sharia law led to a discussion of how it is applied in Europe, where, according to Klausen, the courts are required to use Sharia law when adjudicating family issues among noncitizens. This situation creates extraordinary problems when these laws conflict with individual rights.
guaranteed by the European country and when decisions must be made in areas about which there is little background and knowledge. Asked about a backlash among Christians regarding Muslim practices, Klausen said there is much confusion about the difference between observing one’s religion and proselytizing. In general, Europeans object to proselytizing by any group and have even banned Christian groups from going door to door, but confusion surrounds the question of whether wearing traditional Muslim dress is religious observance or proselytizing.

Ending on a positive note, Klausen stated that European Muslims have the potential for disseminating information globally and leading the way, along with European governmental and religious leaders, in developing a model for integrating Muslims into non-Muslim societies.

■ Reported by Judy Stein

Issues and Anxieties Between Russia and Europe

For Russia, competition comes first. Cooperation is the result of good competition.

Dmitri Trenin

Postulating that there are plenty of issues and plenty of anxieties when one considers Russia’s relations with Europe and with the wider world, Dmitri Trenin, in his address to The Camden Conference, suggested that, while after the Cold War one might have thought in terms of “Russia in Europe,” today one must think in terms of “Russia and Europe.”

At the end of the Cold War, many Russians viewed Europe as a home toward which they were headed after more than three-fourths of a century of Communism. Russia was concerned with belonging, with being a part of Europe. Its principal theme was integration. In the 2000s, the principal theme is “to be.” Russia is concerned with being independent and developing its own identity. If there is a move toward integration, it is with the wider world, rather than with Europe or a part of the world.

Several external factors have encouraged this change. In its report Dreaming with BRICs: The Path to 2050, Goldman Sachs, recognizing that Brazil, Russia, India, and China (the BRICs economies) have changed their political systems to embrace global capitalism, predicted that China and India would be the dominant global suppliers of manufactured goods and services, while Brazil and Russia would become similarly dominant as suppliers of raw materials. The report went on to say that the BRICs’ economies would eventually overtake those of the more established and richer countries of Western Europe and then approach that of the United States. Vladimir Putin, said Trenin, has assumed the role of spokesman, if not of leader, of this group. Western actions have also influenced Russia’s move away from Europe. NATO, for example, has on two occasions rebuffed Russia’s interest in becoming a member of the Atlantic Alliance, the last time after 9/11. And Russians believe their sensitivities were not taken into consideration in Western talks on missile defense. Russia sees American and European attitudes as a vote of no confidence, which has increased tensions between Russia and Western Europe.

These tensions can be seen in Russia’s view of the world.
Dmitri Trenin

Today. In the 1990s, Russia talked of gradually adopting European laws and legislation as Russian national legislation; there is no such talk now. In the Gorbachev and Yeltsin eras, said Trenin, Russia’s interest was in cooperation; today it is in competition. Russia sees the world “not as an assembly of nice people but as a jungle in which you fight your way through. Competition comes first. Cooperation is the result of good competition.” If Gorbachev made concessions and Yeltsin was submissive, today Russia will compete on its own terms. The emphasis is on a partnership of equals.

Despite the serious strains between Russia and some European countries over a variety of issues, economic exchanges remain relatively solid. “Energy is the key word here,” Trenin pointed out. Russia, which supplies 25 to 30 percent of Europe’s energy needs, has never threatened Europe with cutbacks. The high price of oil and gas, however, works to Russia’s comparative advantage, and Russia is unapologetic about using this advantage as a means to the riches and global prominence that it seeks. It regards itself as an energy superpower, isolated in the world but for two friends—oil and gas. As a result, Russia is concerned with the security of demand as well as the security of supply. It hopes to trade interests in its oilfields for interests in delivery systems in Europe, a proposition that so far has been met only with suspicion.

In its oil and gas dealings, Trenin said, Russia shows how its actions can be both naive and cynical. Russia had been subsidizing its former borderlands with gas at much-reduced prices (one-fourth of the going rate in Europe) as a way to keep these countries close. In 2004, deciding that this approach was ineffective, Russia tried to negotiate a new arrangement. When this proved unsuccessful, it attempted to squeeze Ukraine, hoping that Ukraine would then steal gas from the pipelines bound for Europe, thus setting up a Russia-Europe alliance against the border countries. The ploy failed, and the action inflicted a major blow on Russia’s reputation.

Looking at how Russia deals with the former parts of the Soviet Union, Trenin sees several potential areas of conflict. Russia wants to act as a great power but no longer as an empire. Its interest in the borderlands has become monetized, and it competes openly with Europe and the United States for influence in the area. The “color revolutions” in Ukraine and Georgia resulted in increased Western influence. While there is no reason for Europe to see Russia as a threat today, according to Trenin, if Russia goes back to its historic patterns, military action could be a matter of concern to its border countries.

Turning to Russia’s domestic affairs, Trenin pointed out that for today’s leaders, the operative word has become sovereignty. “Russia’s business is nobody else’s business. With plenty of money and power, leaders have become overconfident, even arrogant. They not only rule the place; they own big chunks of the place.”

With plenty of money and power, [Russian] leaders have become overconfident, even arrogant. They not only rule the place; they own big chunks of the place.”

Demographics present several problems for Russia, as they do for Western Europe, but the causes are different. Whereas European countries suffer from low birth rates, Russia suffers from high mortality. It is a very serious problem linked to social behavior and the brutal conditions of everyday life. “It is hard to conceive of a society in which people subjected to the conditions the Russian people have been subjected to would not have rebelled against the government.” But the Russians have not.

Russia also needs, at a minimum, in-migration of at least one million people a year, but it has not yet developed a workable plan to meet this need and to handle a large immigrant population. Trenin sees Russian ethnicity and religion as another potential problem. An individual formerly was considered Russian if he or she spoke the language, carried a passport, and had a father-connected name. As this kind of national identity changes, the likelihood of internal conflict increases.

Trenin noted that Russia wants to be seen as an equal partner in the world with the other leaders: the United States, China, India, and Europe—if Europe gets itself together and functions as a serious player. Trenin said that if Russia succeeds—and that is a big if—then the country that used to be known as European but not Western will become Western in terms of its institutions (because it must do so to survive) but not European. Russians today think of the West less as a geographical notion and more as a sum of institutions that ensure one’s progress, one’s good life. They believe that the United States, within its borders, is to be emulated, but they reject American actions in many parts of the world. The Russia of the 1990s was pro-Western; today it is becoming Western. Trenin does not see these two concepts as conflicting.

Although the story of Russia today is not the story of a flourishing democracy, it is the story of a growing, though rough, capitalistic society. Money and private property as well as open borders and globalization are in Russia’s favor. Left-wing populism and right-wing ultranationalism are the negative factors.

“For the foreseeable future, then, Russia will remain an interesting place,” said Trenin, “a country to watch and a country to do business with—not so much a country to engage but a country to engage with.”

Reported by Judy Stein
Adapting the Atlantic Alliance to the 21st Century

Can Europe and the United States define their common interests and find a common strategy?

Robert L. Hutchings

Ambassador Robert L. Hutchings, in the concluding address at The Camden Conference, touched on the full range of issues raised in the course of the weekend—from the current challenges of the European integration project to the contrasting U.S. and European approaches to Russia, and from the impact of global demographic shifts to the threat of international terrorism. He placed these disparate but interrelated topics in the context of the need for restructuring the Atlantic Alliance to enhance its ability to remain relevant in a radically changed international environment.

Hutchings opened by citing the famous line of Lord Palmerston: “Britain has no permanent allies, only permanent interests.” He then posed the question of whether the Atlantic Alliance’s longevity (it has survived longer than any such alliance in world history) and its success in the Cold War means that we have turned Palmerston on his head. Referring to a comment earlier in the conference that it was now “unimaginable” that Germany and France would wage war against each other, Hutchings wondered whether it was similarly unthinkable for the Atlantic Alliance to come to an end, or whether, in light of recent events, we are in fact now seeing the beginning of its breakup.

Recalling the forces that gave rise to the Atlantic Alliance in the post–World War II era, Hutchings underscored the “remarkable” character of the American commitment to the security of Europe. “One wonders,” he said, “whether we would make the same commitment today,” but he went on to point out that we did so as recently as 1999, when the United States expanded its commitment to include the new Central and Eastern European members of NATO. Fulfilling the pledge that Dean Acheson made at the creation of NATO, the administration once again sought and obtained the advice and consent of the Senate for this expansion of America’s obligations.

From the very beginning, Hutchings emphasized, the Atlantic Alliance was linked to American support for the integration of Europe. Indeed, even before NATO was formed, the Marshall Plan had required and incorporated European coordination and cooperation. In those early years, the United States repeatedly subordinated its own short-term interests to the goal of promoting greater European integration. Those sacrifices were not based solely on altruism but on the conviction that America’s own long-term interests would benefit from a stronger and more cohesive Europe. When the Treaty of Rome, establishing the European Economic Community, was signed in March 1957, President Eisenhower called the event “one of the finest days in the history of the Free World, perhaps even more so than winning the war.” “Coming from General Eisenhower,” Hutchings added, it was “quite a statement.” Another expression of the “European idea” promoted by the United States beginning in that period was Radio Free Europe [of which Hutchings had been deputy director].

Having emphasized the common interests of America and Europe in the formative years of the alliance, Hutchings said that he did not want to gloss over the fact that there were disagreements and divergences as well. On the American side, there had been doubts from the beginning about which countries should be included in the Atlantic Alliance, the precise nature of the U.S. commitment, and what we could do to induce the Europeans to play a greater role in their own defense. On the European side, there was always anxiety about the durability and reliability of U.S. commitment, combined with an underlying resentment at American domination. Balancing these conflicting tendencies was not

Robert L. Hutchings. Diplomat in Residence at Princeton’s Woodrow Wilson School, has served as Chairman of the National Intelligence Council, Special Adviser to the Secretary of State with ambassadorial rank, Director for European Affairs with the National Security Council, and Deputy Director of Radio Free Europe. Among his recent books is American Diplomacy and the End of the Cold War (1997).
always easy. But overall, Hutchings concluded, it is fair to term the alliance a “spectacular success,” citing both the end of the Cold War in 1989/90 and the further progress of European integration in subsequent years.

In connection with the latter, Hutchings expressed the hope that the debate over European integration would not take place in a “crisis mode.” Pointing to the successes of the expansion to twenty-seven members, the creation of a common currency, and the beginning of a common foreign policy, he said, “That’s enough for one decade.” There is now a need for a pause, and while there clearly are problems, as was noted by other speakers, there is not a “crisis” requiring immediate action.

Hutchings recalled that on a recent visit to Germany, he found that optimism about the Atlantic Alliance in that earlier period now appeared to be based on “shaky assumptions.” Speaking to a group of university students, Hutchings was struck by the fact that the audience had no experience of any U.S. administration other than one headed by George W. Bush. This causes them to associate U.S. policy with unilateralism, assertiveness, and militarism.

Reflecting on whether or not we had become “the victims of our own success,” Hutchings cited his former National Security Council colleague David Gompert: “The old Euro-Atlantic order was based on conditions that no longer exist—U.S.-Allied military inter-dependence, agreement on the use of force, and a presumption that allies would stand together in crises. Analytically, therefore, the pre-Iraq alliance is not the right point of departure for considering a possible new Euro-Atlantic order. Nor is it wise to proceed from some perceived wisdom that a close U.S.-European relationship is essential. That intellectual shortcut bypasses the crucial question of how U.S. and European interests match now and looking to the future.”

The crisis that brought home the idea that the assumptions of continued transatlantic solidarity may no longer be valid was the Iraq war, when the allies parted ways on an issue of fundamental international security. Hutchings, however, did not consider the war the cause of the alliance crisis. A rupture, he stated, would have come about at some point due to underlying factors—the end of the Cold War, the increasing prosperity and less military content. To achieve this will require addressing the “rigidities” of the original alliance.

The rest of Hutchings’s address examined the range of challenges facing Europe and the United States:

**Iran:** We and the Europeans have developed a good common approach, but if it comes to imposing sanctions on Iran, let alone using force, we will part ways.

**Iraq:** It will be a challenge to move toward a more cooperative approach despite the sharp U.S.-European policy differences of the past few years. Hutchings regretted that the Bush administration had not followed the recommendations of the Iraq Study Group. At some point, he felt, we will be forced to move in that direction and will ask the Europeans to assist in efforts to preserve stability in the region. Whether the Europeans will be ready to take that on is “an open question.”

**Afghanistan:** With the deteriorating security situation, the United States is asking the Europeans to provide considerably more troops, and Hutchings doubted the readiness of the European public or leaders to step up their security involvement.

**Kosovo:** There has been a transfer of responsibility to European hands. This is increasingly an EU, not a NATO, issue. Europeans understand that the United States is not in a position to offer much help in this region.

**Terrorism:** The initial reactions of the United States and Europeans to 9/11 were divergent, with the United States “overreacting” and Europe “underreacting.” Events of the past six years have drawn us closer together, as attacks in Madrid and London have brought home the seriousness of the threat to Europe and our increasing realization that the militarization of its response was a “bankrupt strategy.” There is good operational cooperation across the Atlantic, but no agreement on a common strategy. If the alliance is to have “real meaning” in the years ahead, we need to develop that common strategy.

**World Trade:** Blame for the suspension of the Doha Round of multilateral trade talks can be widely apportioned. Only the United States and Europe, working together, can put it back on track. We have a powerful shared interest in doing so. Hemispheric free trade has gone flat.

**Russia:** Hutchings stressed the need for Europe and the United States to develop approaches to Russia that are not in conflict—a situation that does not exist at present.

**Europe:** While spectacular success has been achieved in the past decade, there are constitutional and governance issues that need to be addressed now. More fundamentally, the demographic and social-welfare issues present a new set of challenges.

Expressing the hope that the list of issues was not “too gloomy,” Hutchings noted that many of them represented not threats but opportunities. To deal with them, we cannot go back to the “halcyon days” of the original Atlantic Alliance, he said. That alliance is now “finished . . . The question is whether those habits and patterns of partnership, built up over two generations and counting, can be re-fashioned, reformed, and applied to these current challenges.”

A new Atlanticism is needed—one with a global reach and less military content. To achieve this will require addressing the “rigidities” of the original alliance. In the Cold War context, Hutchings said, the need for unanimity was appropriate; the world of today calls for greater flexibility. The U.S. president and secretary of state hold periodic but infrequent meetings with their EU counterparts, but no dialogue takes place between those meetings. If there is to be a new strategic convergence, neither the NATO nor the EU framework suffices; we must have a new architecture for the alliance.

“My bottom line,” Hutchings concluded, “is that on all these issues and others, the United States and Europe have a great deal at stake. We also have a great deal to be gained by working together to address these problems. But just because we should do so doesn’t mean that we will do so.”

Reported by Bob Rackmales
Wrapping Up Questions for All

Sunday’s panel comprised John R. Gillingham III, Ulrike Guérot, Richard N. Cooper, Janusz Bugajski, Jytte Klausen, Dmitri Trenin, and Robert L. Hutchings. (Keynoter David P. Calleo and speaker Nicholas Whyte had to leave partway through the session.) James W. Warhola moderated. Questions and answers have been edited to highlight essential points from as many exchanges as space allows.

Q: In his keynote address, David Calleo referred to “reciprocal appeasement” as the way the United States and the EU interact. How do Russians interact with the EU, considering what Dmitri Trenin referred to as Russia’s “competitive” approach?

Trenin: The Russians see the EU as a model of how things can be done successfully in a modern way. Europe is a positive word for them. “To do things the European way” is their goal. The EU is a success story they would like to emulate. From an EU perspective, Russia is a foreign-policy challenge—and an opportunity.

Q: With some twenty different languages in the EU, discussing the meaning of a particular word in English is problematic, but is the EU really a “union” or could it be better described as a “joint venture”?

Guérot: English is of course the lingua franca in Brussels. The EU is about “variable identities”—meaning that, ideally, you can be both German, for example, and European. Individual Europeans make up the European Union.

Gillingham: The issue is really the conflict between loyalties to the EU and to one’s nation-state—or, to put it differently, national versus transnational loyalty. How can they best be reconciled? A federal outcome for the EU is not necessary. We could end up with a league of states, or a network organization, or a treaty binding states together. How the constitutional question finally plays out is not yet resolved. The possibilities will develop over time.

Q: How can the United States restore its reputation in the eyes of Europe?

Klausen: There are still large reserves of goodwill toward the American people. The real issue is your government’s policies. In any case, it’s likely this will resolve itself over the next five years or so.

Trenin: I agree. The problem from a Russian perspective is not the reputation of the United States; it’s the foreign policy of the United States.

Hutchings: It’s nice to think that it is only our policies: change them and everyone will love us again. It’s true that America’s reputation has fluctuated in the past—remember how we were viewed during Vietnam?—but what is new this time is that there is a global trend toward disapproval of the United States itself, not just U.S. foreign
policy. Animosity and opposition now come from our friends as well as our adversaries.

**Q: What impact, if any, might China have on the EU?**

**Bugajski:** In the economic arena, China will have much impact. Additionally, on security issues relating to China, the EU will need to coordinate with the United States to ensure stability.

**Cooper:** China’s trade is growing rapidly worldwide. Several years ago, I wrote in a paper that I was struck by how little attention the EU was giving to China. This is no longer the case. Europe is taking notice of China and will increasingly in the future see the economic growth of China as a potentially positive force.

**Gillingham:** China has been telling the rest of the world that its growth is a “peaceful rise,” that its ambitions are limited to being a regional power. Whether this will change in the future is an issue. And then, add India to the mix, and it’s time for us to “shut up and learn.”

**Q: What will the EU do—and what should it do—about Iran’s nuclear ambitions?**

**Hutchings:** If Iran continues to pursue its drive toward uranium enrichment, Europe should support and encourage severe economic sanctions, which are certainly preferable from its point of view to possible U.S. military action. A compromise between the U.S. harder line and the EU preference for a softer approach would be for them to agree—obviously, in confidential discussions—to economic sanctions in exchange for ironclad assurances from the United States that we would not resort to military force. And, of course, we’d both have to get Russia on board for this approach.

**Q: I have heard reference to a “lack of imagination” on the part of the United States about 9/11. What exactly is meant by that?**

**Klausen:** The United States certainly failed to appreciate how al-Qaeda intended to operate. But since 9/11, counterterrorism tactics, in both the United States and the EU, have become more effective.

**Hutchings:** When I used the term lack of imagination, one of the things I was referring to was the recently leaked National Intelligence Estimate (NIE), which pointed out that the jihadist threat is “spreading and intensifying”—this some five years after 9/11. There’s something wrong with a model that creates ten times as many terrorists as it eliminates. We have to take a very broad approach to combating terrorism and not rely, as we have essentially done so far, purely on a military approach.

**Cooper:** Part of the problem is how to get the relevant focus of senior political figures on this. How, in other words, do you pick the right needle from the haystack? Certainly, we need to develop better intelligence, but, realistically, you can’t ask our political leaders to spend their time worrying about every conceivable thing that could happen to the United States. Our leaders have to focus on real issues, not just potential ones. After all, they, like us, only have twenty-four hours in a day.

**Bugajski:** A democracy indeed can’t control everything that happens; that’s the inherent difference between a “vulnerable democracy” and a “safe police state.”

**Q: With regard to global warming, what sorts of solutions are coming out of the EU and Russia?**

**Guérot:** Europe was late focusing on global warming, but now it’s become the top priority of the G-8. And the United Kingdom, under Tony Blair, has pushed it to the top of the EU agenda. The Chinese say they need to catch up fast and that the developed world must let them do so. The underlying problem is that solving the threat of global warming involves short-term costs for long-term benefits—something that is very difficult politically for democracies. The most realistic solution is to rely on market structures—for example, emissions trading systems, which don’t require tough political decisions.

**Cooper:** There are only three possible ways to deal with global warming. One, ignore it and adapt to the resulting climate changes as they occur—after all, humans have shown themselves to be extremely adaptable. Two, invest in R&D and hope that we find the “silver bullet” in time. Incidentally, although it was certainly never expressed directly, this was essentially Clinton’s strategy, and it’s now Bush’s strategy as well. Three, raise prices. That’s always how you influence activities and behavior that are damaging: You make people pay. Europe has a very strong “declaratory” policy, but the actual content is largely empty.

**Q: Are there still nuclear warheads in Russia?**

**Trenin:** The “inconvenient truth” is that they are still there, and the issue must be dealt with.

**Q: What should Maine be doing to participate more effectively in today’s global marketplace?**

**Hutchings:** They should join the EU. [Laughter.]

**Cooper:** Immigration might be the answer for Mainers. [More laughter.] Spending on R&D is the most useful approach, especially in the traditional areas of forestry and fisheries. Wood products, combined in a value-added fashion with plastics, and aquaculture, now increasingly successful in parts of northern Europe and Asia, could be other long-term solutions.

*Reported by Thomas McAdams Deford*
Established in 1987 and marking its twentieth anniversary this year, The Camden Conference provides the opportunity for experts and interested individuals to share knowledge and concerns on issues of global importance. Each year, a topic is selected and a series of related events are held in Maine communities from Damariscotta to Bar Harbor—culminating in a weekend conference in February in Camden, Maine.

Community events include lectures, short courses, and symposia; group discussions of selected books, journal articles, and news reports; and films, art exhibits, and other cultural occasions. All events are open to the public; most are free of charge. They are led by scholars and other well-informed area residents.

Speakers at the three-day conference come from government, business, the media, academia, and international organizations. Each speaker addresses an aspect of the year’s topic, answers questions from the audience, and participates in an exchange of ideas. The speakers spend the entire weekend in Camden, challenging each other, publicly and informally.

In the years since The Camden Conference was founded, programs have examined “The Making of American Foreign Policy”; “The Environment and Foreign Policy”; and “The Influence of the News Media in Shaping U.S. Foreign Policy.” In other years, the focus has been on such specific geopolitical areas as Russia, Africa, Japan, the Middle East, China, and Latin America.

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In 2008 The Camden Conference will explore the role of religion as a potent influence upon the formation and the implementation of foreign policy—especially the shaping of foreign policy in the United States—and as a crucial factor in ongoing conflicts and crisis settings. Sessions may include topics such as:

- What role, if any, should religion play in the formation of U.S. foreign policy?
- How much influence do specific religious groups have on the shaping of our foreign policy? Is this a new phenomenon or merely the latest version of a long-standing “messianic” strain in how Americans see themselves in the world?
- To what extent can any nation pursue a “moral” or “ethical” foreign policy?
- How do we understand the influence of religion in such long-running conflict areas as the Balkans, Sudan/Darfur, Nigeria, Northern Ireland, the Indian Subcontinent, and the Middle East?
- To what extent is the rise of fundamentalist religious movements a response to the disruption of traditional values due to secularism, failed nationalism, “modernism,” and/or the perceived intrusions and corruptions of the West?
- Does religious faith and commitment unite or divide the human family?
- Where has religion played a positive role in advancing mediation and peacemaking endeavors? How does religion provide a stimulus for seeking social justice, economic development, and protection of human rights as elements in global diplomacy?

Check the Camden Conference Website for updates on speakers, programs, community events, and registration.